BPI FINANCIAL CORPORATION

ANNUAL INFORMATION FORM

April 30, 1999

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Annual Information Form

April 30, 1999

TABLE OF CONTENTS

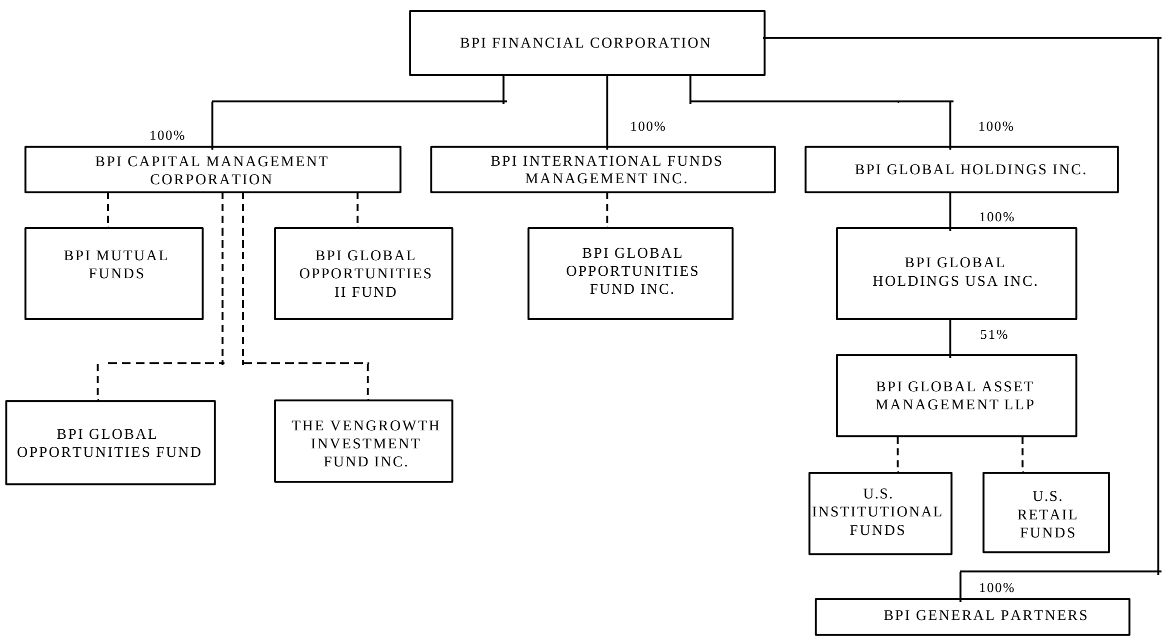
BPI FINANCIAL CORPORATION

INCORPORATION AND ORGANIZATION

BPI Financial Corporation

BPI Financial Corporation was incorporated under the laws of Canada by articles of incorporation dated January 29, 1993. Its common shares are listed and posted for trading on The Toronto Stock Exchange under the symbol BPF.

BPI Financial Corporation has a number of wholly-owned or partially-owned subsidiaries through which it carries on its business as an investment fund sponsor, manager and distributor, the most significant of which are BPI Capital Management Corporation ("BPI Management"), BPI Global Asset Management LLP ("BPI Global") and BPI International Funds Management Inc. ("BPI International").



———————— ownership interest

------------------ investment management and administration activities

BPI Management

BPI Management was incorporated under the laws of Canada on February 2, 1987 and amalgamated with Bolton Tremblay Funds Inc. ("Bolton Tremblay") under such laws by certificate and articles of amalgamation dated June 30, 1994. BPI Management is a wholly-owned subsidiary of BPI Financial Corporation.

BPI Global

BPI Global was formed on March 31, 1997 as a Delaware limited liability partnership pursuant to a partnership agreement dated March 31, 1997 (the "Partnership Agreement") between BPI Global Holdings

USA Inc. ("BPI Holdings") as a 51% partner and JBS Advisors, Inc. ("JBS Advisors") as a 49% partner. BPI Holdings is a wholly-owned subsidiary of BPI Global Holdings Inc. ("BPI Global Holdings"), a wholly-owned subsidiary of BPI Financial Corporation. BPI Holdings and BPI Global Holdings are corporations formed under the laws of Delaware. JBS Advisors is a private Florida corporation owned by Daniel Jaworski, Pablo Salas, Ryan Burrow and Paul Holland, each of whom are officers of BPI Global. The Partnership Agreement of BPI Global provides for the operation of BPI Global and contains certain "piggy back", right of first refusal and "buy-sell" provisions with respect to each partner's interest in BPI Global.

BPI Global provides investment advisory services to mutual funds (including certain of the BPI Mutual Funds), corporations, private and public pension funds, endowments and foundations in Canada, the United States and Europe.

BPI International

BPI International was incorporated under the laws of the Commonwealth of Barbados on May 26, 1998 to provide investment management, sales and marketing, and administrative services for mutual funds and other investment funds outside Canada. BPI International is a wholly-owned subsidiary of BPI Financial Corporation.

General Partners

The remaining subsidiaries of BPI Financial Corporation are the wholly-owned general partners (the "BPI General Partners") of limited partnerships formed under the laws of Ontario for the purpose of funding sales commissions on the sales of shares or units ("Units") of the Funds (as defined below) sold on a redemption charge basis ("Redemption Charge Units"). The BPI General Partners were all incorporated under the laws of Ontario.

Other

As used in this annual information form, the term "Corporation" refers to BPI Financial Corporation and the term "BPI" refers to the Corporation and its subsidiaries. Unless otherwise specified, the information in this annual information form is presented as at December 31, 1998, the end of BPI's most recently completed financial year.

On August 1, 1993, the Corporation acquired from BPI Capital Corporation, which has since changed its name to Arrow Capital Corporation ("Arrow Capital"), all the shares of BPI Management and the shares of the BPI General Partners owned by Arrow Capital at that time, as well as all of the operating assets of Arrow Capital. Arrow Capital remains the Corporation's largest single shareholder.

The Corporation's registered and principal office is located at BCE Place, 161 Bay Street, Suite 3900, Toronto, Ontario M5J 2S1. The office of BPI Global is located at Tower Place at the Summit, 1900 Summit Tower Blvd., Suite 450, Orlando, Florida 32810. BPI has sales offices in British Columbia at 1116 - Cathedral Place, 925 W. Georgia Street, Vancouver, British Columbia V6C 3L2, and in Quebec at Place de la Cathédrale, Suite 1520, 600 Blvd. de Maisonneuve Ouest, Montreal, Quebec H3A 3J2. As at December 31, 1998, BPI had a total of 186 permanent employees, including 16 BPI Global staff members.

GENERAL DEVELOPMENT OF THE BUSINESS

BPI Management began operations in August, 1987 with $2.2 million in assets under management in The BPI Europe & Far East Fund. A second fund, the BPI Global Income Fund, was launched in February, 1988. BPI Management acquired the management rights for the former Walwyn Series of Funds from Walwyn, Stodgell, Cochrane, Murray Limited in June, 1988. The management rights for the BPI One Decision

Balanced Fund were acquired from M.K. Wong Management Ltd. of Vancouver in June, 1989. BPI Management amalgamated with Bolton Tremblay on June 30, 1994 and the amalgamated BPI Management became the sponsor, manager and principal distributor of the 13 mutual funds formerly known as the Bolton Tremblay Funds and the BT Landmark Funds. BPI Management has subsequently launched and merged a number of mutual funds and created other related investment vehicles.

The Corporation established BPI Global as its global asset management partnership in March 1997 and incorporated BPI International as its international funds management and distribution subsidiary in May 1998.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Mutual Fund Industry in Canada

Industry Overview

The mutual fund industry in Canada has continued to enjoy significant growth. According to The Investment Funds Institute of Canada ("IFIC"), the trade association that represents mutual fund managers, registered mutual fund dealers, investment dealers and brokers and interested professional firms in Canada, assets under management in mutual funds in Canada were $326.6 billion as at December 31, 1998, compared to $283.2 billion as at December 31, 1997. This growth is attributable to many factors. Low inflation, low interest rates and rising stock and bond markets have characterized most periods since the latter part of 1993 and have encouraged investors to invest in mutual funds rather than placing their money in savings accounts or guaranteed investment certificates. In addition, demographic trends which encourage savings and investment, new entrants into the mutual fund industry, a wider range of mutual fund products offered to investors and more intensive and innovative marketing of mutual funds have contributed to the growth of the industry.

Mutual fund managers have successfully marketed self-directed registered retirement savings plans ("RRSPs") which encourage investment within such self-directed RRSPs in mutual funds managed by those mutual fund managers. As a result, the mutual fund industry has benefited and will continue to benefit from the relatively high contribution levels and contribution carry-forward provisions permitted by tax legislation, including the foreign property component which may be included in RRSPs, registered retirement income funds, deferred profit sharing plans and registered pension plans. In addition, pension legislation permits employees, upon leaving an employer, to transfer pension moneys to "locked-in" RRSPs. Changes to both tax and pension legislation have caused companies to re-examine the retirement benefit packages provided to employees and, in particular, many employers are now providing group RRSPs in lieu of pension plans. These changes provide additional opportunities for growth in assets under management in the mutual fund industry.

The business of money management and mutual fund management is highly competitive. Financial institutions entered the mutual fund industry in a significant way in the late 1980s, using existing distribution networks, such as branches, in the case of banks and trust companies, and insurance agents in the case of insurance companies, to offer mutual funds with no sales commissions. In addition, a few very large foreign-based mutual fund companies have established Canadian mutual fund operations.

Mutual funds are typically offered for sale through the following four channels:

(a) banks, trust companies and other deposit taking institutions,

(b) investment dealers, brokers and financial planning organizations,

(c) insurance companies, or

(d) direct sales forces.

Independent mutual fund groups have traditionally offered mutual funds through mutual fund dealers, investment dealers and brokers (collectively, "Dealers"). These mutual fund groups offer mutual funds on a front-end load basis as well as a redemption charge basis, whereby the manager pays a sales commission to the distributing Dealer at the time of purchase and the investor is subject to a declining redemption charge if the investment is redeemed within a specified time (typically six years) from the date of purchase. Some independent mutual fund groups have developed their own direct marketing capability. Others, such as BPI Management, have responded to enhanced competition by improving service and marketing to Dealers and holders of Units of the Funds ("Unitholders"). Recently, banks, trust companies and other deposit-taking institutions as well as insurance companies have begun to offer mutual funds managed by other companies, including, in some cases, BPI Management.

Increased competition has also led to the development of increasingly specialized mutual funds, including funds that invest in certain regions, funds that invest in countries that have reached a certain stage in their economic development, funds that invest in specific industries and funds that have other specialized asset allocation or investment strategies. Through investment in companies with an international presence and investment up to foreign property limits, among other techniques, many mutual fund groups offer funds which give an investor an effective exposure to foreign markets while still remaining 100% eligible for investment by RRSPs. BPI Management has kept pace with this trend, offering a variety of different products. See "Development of New Products" and "The Funds".

Key Factors Affecting Profitability

Fund managers receive their revenue principally through management fees charged to the various funds managed by them and, in some cases, by way of fees charged directly to investors. The manager's fees are typically expressed as a percentage of the net assets of a fund during a specified period. The amount of management fees depends on the rate of the fee and the net assets of the fund. The rate of the management fee will typically vary depending on the type of portfolio managed - the rate for managing equity portfolios is generally higher than the rate for managing a fixed income portfolio. From time to time to encourage very large holdings by investors, BPI may, in certain cases, reduce the management fees that it would be entitled to receive from a Fund with respect to that investor. The reduction of management fees is negotiable between BPI and the investor and is based on various factors, including the size of the holdings of such investor.

The net assets of a fund increase through sales of units and/or the appreciation in the market value of its portfolio investments and decrease through redemptions and/or the decline in the market value of portfolio investments. Sales are a function of relative performance, effective marketing and distribution, quality of service and prevailing market conditions. Generally, during periods of low interest rates, investors tend to increase the proportion of investments in equity securities. Redemptions are a function of a number of factors, including relative rates of return as compared to competing funds, prevailing market conditions and ongoing client and Dealer service. Relative rates of return for mutual funds invested in equity securities depend primarily on the quality of the particular portfolio investments, the state of the industries of the various portfolio investments and the timing of purchases and sales of portfolio investments. Relative rates of return for mutual funds invested in fixed income securities generally depend on the maturity schedule of investments, the timing of purchases and sales of portfolio investments and interest rates.

The expenses of a manager are generally related to portfolio management, distribution, financing of sales commissions, marketing, fund administration and accounting, and client and Dealer services. Fund managers that distribute their mutual funds through Dealers incur expenses by providing sales compensation to such Dealers to sell the manager's funds and to provide ongoing service to clients invested in the funds. Sales compensation may take the form of sales commissions, trailer or service fees, co-operative advertising and general marketing support. Marketing expenses are generally related to advertising, preparation of marketing materials and promotions. Expenses related to services will be incurred primarily through the hiring and training of personnel, the development or purchase and maintenance of computer systems, and the development of other systems designed to ensure the efficient administration of mutual funds.

A large proportion of securities of mutual funds distributed by independent mutual fund managers are sold on a redemption charge basis (also known as a deferred sales charge basis) because funds sold on a redemption charge basis provide investors with the opportunity to pay reduced or no sales charges if they remain invested in the fund for a certain period of time. When mutual fund securities are sold on a redemption charge basis, although no sales commission is paid by the investor at the time of sale, the Dealer distributing the mutual fund securities still receives a sale commission, the payment of which is the responsibility of the manager. In periods where the volume of Units sold on a redemption charge basis is high, a mutual fund manager will generally require sources of funding other than cash flow from operations in order to pay Dealer commissions. The ability to develop and access financing of Dealer commissions is a significant competitive factor in the mutual fund industry for mutual fund managers that offer funds on a redemption charge basis. The required additional funding has historically been derived from equity financing, debt, securitized financing or off-balance sheet vehicles and until mid-1997 from certain limited partnership arrangements. See “Financing of Funds Sold on a Redemption Charge Basis”.

Canadian Regulatory Requirements

BPI Management, the Funds and all Dealers are subject to regulation by the Canadian securities administrators. All mutual fund dealers and securities dealers will soon be required to become members of, and be subject to the membership requirements of, certain self-regulatory organizations.

In order to conduct its business, BPI Management is registered as a securities dealer, investment counsel and portfolio manager in Ontario. An application must be made annually to renew these registrations. The *Securities Act* (Ontario) prescribes educational and proficiency standards for individuals engaged in making investment decisions and trading in securities, imposes capital requirements to protect against insolvency and requires the filing of financial statements and reports and requires the maintenance of contingency funds administered by specified trust companies.

As a securities dealer, investment counsel and portfolio manager, BPI Management is subject to conflict of interest regulations made pursuant to the *Securities Act* (Ontario). These regulations impose limitations on the ability of BPI Management to advise or make recommendations with respect to the Funds.

An annual information form and simplified prospectus must be filed by each publicly-offered Fund annually in every province and territory of Canada in which their Units are offered for sale, and a receipt for the same must be obtained from securities regulatory authorities in order that the Units of each Fund may be sold in such provinces and territories. The BPI Global Opportunities Fund is a privately-offered mutual fund whose securities are sold by way of offering memorandum. The BPI Global Opportunities II Fund is a closed-end fund whose securities are listed on The Toronto Stock Exchange and the Montreal Exchange. As a consequence of a proposed realignment of the responsibilities of these stock exchanges announced in March 1999, the listing of the Global Opportunities II Fund on the Montreal Exchange may be terminated. Each of the Funds and BPI Management, as the manager and principal distributor, is liable for any misrepresentation in the offering documents of the Funds.

Pursuant to securities legislation in certain of the provinces of Canada, a Fund is prohibited from making an investment, by way of a loan or otherwise, in or to BPI, directors and officers of BPI, its associates, principal investors in the Funds or in companies in which any of the foregoing has a significant interest.

Pursuant to a policy issued by the Canadian securities administrators, a publicly offered mutual fund is required to obtain unitholder approval for certain changes in its operations, including (with certain exceptions) changes to any contract which could result in increased fees being charged to the fund, a change in the manager of the fund (other than to an affiliate of the existing manager), a change in the fundamental investment objectives of the fund, a change in the auditors of the fund or a decrease in the frequency of calculating the net asset value of the fund. In addition, the prior approval of the relevant securities regulatory authorities is required for a change in the manager of a fund (other than to an affiliate of the existing manager), a change in the control of the manager of a fund and, in certain circumstances, a change in the custodian of a fund.

Since 1995, Canadian securities administrators have been engaged in a comprehensive review of the way in which investment funds are regulated in Canada. In January 1995, Glorianne Stromberg issued her report entitled "Regulatory Strategies for the Mid-'90s - Recommendations for Regulating Investment Funds in Canada", commonly referred to as the Stromberg Report. An industry group, established by the Ontario Securities Commission, considered the recommendations in the Stromberg Report and in November 1996 issued a report setting out the industry's perspective on those recommendations. Since then, the Canadian securities administrators have undertaken a number of initiatives.

Effective May 1, 1998, National Instrument 81-105 and Companion Policy 81-105CP govern the marketing and sales activities of mutual fund managers and dealers in respect of publicly offered mutual funds. In addition, the Canadian securities administrators have released for comment proposed National Instruments and Companion Policies to reformulate the regulatory regime applicable to publicly offered mutual funds currently embodied in National Policy No. 39 ("NP 39") and to provide for a new disclosure regime for publicly offered mutual funds, replacing that currently embodied in National Policy No. 36. Both of these proposed instruments are expected to be finalized during 1999.

The Canadian securities administrators have been working with the Investment Dealers Association of Canada and the Investment Funds Steering Group to establish the Mutual Fund Dealers Association of Canada ("MFDA"), which is proposed to be a self regulatory organization for mutual fund dealers outside of Quebec. The MFDA has chosen its first board of directors, working committees are currently formulating rules and the British Columbia, Alberta and Ontario Securities Commissions have agreed to guarantee a line of credit which will provide financing to the MFDA until it generates its own revenue. It is expected that the MFDA will commence taking members during 1999.

Committees of the Canadian securities administrators have been examining distribution structures in the mutual fund industry, issues associated with fund governance and the differences between the regulatory regime for mutual funds and segregated funds. The Canadian securities administrators have also indicated an intention to move forward in 1999 and 2000 on new rules for securities lending repurchase agreements by mutual funds, fund on fund investments, transfers between financial institutions and mutual funds, principal trading between funds and related parties and interfund trading of securities. The Ontario Securities Commission and the other members of the Canadian securities administrators have also increased their compliance reviews of both dealers and advisers.

In May 1998, The Investment Funds Institute of Canada released a report entitled Final Report of the Code of Ethics Committee on Personal Investing which sets out a model code on such matters as standards of conduct for employees, confidentiality of information and personal trading by persons with access to non-public information concerning a fund's portfolio holdings or trading activities. All manager members of IFIC were required to have a code of ethics on personal investing which at minimum complies with the IFIC model code by December 31, 1998. BPI Management adopted its Code of Ethics and Rules for Personal Investing in 1997, prior to release of the IFIC report and model code. BPI Management believes that its personal trading standards meet or exceed the requirements of the IFIC model code in all material respects.

In January 1999, Industry Canada released a second report authored by Glorianne Stromberg entitled "Investment Funds in Canada and Consumer Protection: Strategies for the Millennium" ("Stromberg II"). This follow-up report reviewed industry progress to date in implementing the 1995 Report and made further recommendations for regulatory policy and rule making. The recommendations in Stromberg II centered on improving the current regulatory structure and improving knowledge level of consumers, including (i) increasing consumer awareness of financial affairs; and (ii) introducing a code of standards for seminars, speakers, newsletters, websites and advertising.

In February 1999, the Canadian securities administrators released a concept proposal proposing a model of functional regulation pursuant to which market regulation for all financial service providers would be assumed by the provinces and territories with the aim of achieving a co-ordinated, harmonized regulatory structure for the supervision of market activities across the country.

It is not yet clear what further legislative changes will result from the recent regulatory initiatives, including the Stromberg Report, Stromberg II and the work being conducted by the Canadian securities administrators or how such changes might impact mutual fund management companies, including BPI Management.

US Regulatory Matters

BPI Global is registered as an investment adviser with the United States Securities and Exchange Commission ("SEC") under the Investment Advisers Act. To maintain its registration under the Investment Advisers Act, BPI Global must annually update its registration form with the SEC. This form provides disclosure about the operations, investment policies and practices and client fees of BPI Global.

Business of the Corporation

BPI's business consists of managing and administering investment funds, mutual funds, labour sponsored funds, the Opportunities Funds and assets managed for pension plans, endowments and other institutional investors. The business is conducted in Canada, the United States and, with the creation of BPI International in 1998, in the growing international offshore market.

The following table shows the current composition of BPI's principal business operations as at April 30, 1999:

	Mutual Funds	Labour Sponsored Funds	Opportunities Funds	Other	Total
BPI Management (Canada)	3,683,894,589	457,833,173	358,107,838	-	4,499,835,600
BPI Global (USA)	-	-	39,806,130	830,825,380	870,631,510
BPI International (International; Offshore)	-	-	11,227,370	-	11,227,370
	3,683,894,589	457,833,173	409,141,338	830,825,380	5,381,694,480

Overview - BPI Management

The Corporation, through its wholly-owned subsidiary, BPI Management, is engaged in the business of sponsoring, managing and distributing investment funds in Canada. BPI Management currently manages 20 publicly-offered mutual funds (the "BPI Mutual Funds"), one privately-offered mutual fund (the BPI Global Opportunities Fund) and BPI Global Opportunities II Fund ("Opportunities II Fund"), a publicly-offered closed-end fund. As used in this annual information form, the term "Funds" means the BPI Mutual Funds, the BPI Global Opportunities Fund and Opportunities II Fund.

In its capacity as manager, BPI Management is responsible for the day-to-day business of each of the Funds, including managing each Fund's investment portfolio, making brokerage arrangements for the purchase and sale of portfolio investments and providing accounting, investment research, statistical, registrar and transfer agency and other administrative services. CIBC Mellon Trust Company acts as the registrar and transfer agent for the units of Opportunities II Fund. In its capacity as principal distributor, BPI Management arranges for the sale of Units of the Funds in each of the provinces and territories of Canada through Dealers. BPI Management also acts as trustee (the “Trustee”) of each of the Funds.

BPI Management has also entered into an agreement with Transamerica Life Insurance Company of Canada (“Transamerica”) to provide distribution, management and administration services to Transamerica with respect to the BPI Legacy Funds, a group of 12 segregated funds issued by Transamerica. See “BPI Legacy Funds”.

BPI Management derives its revenues principally from ongoing management fees calculated as a percentage of the net asset value of the Funds under its management. To the extent that this net asset value increases, management fee revenue will also increase. The net asset value of the Funds is affected by the rise and fall in the market value of the portfolio investments of the Funds and by sales and redemptions of Units of the Funds. See also “The Mutual Fund Industry in Canada - Key Factors Affecting Profitability”.

BPI Management incurs expenses which are directly related to the number of Units of Funds which are sold, such as (i) sales commissions paid to Dealers in respect of Units sold on a redemption charge basis, (ii) distribution fees paid to certain partnerships which provide distribution and other services to the Funds, and (iii) expenses related to the net asset value of the Funds, such as servicing fees paid to Dealers and fees paid to investment advisors.

According to information provided by IFIC, BPI Management has grown from being the 48th largest investment fund manager in Canada as of December 31, 1991 to being the 24th largest investment fund manager in Canada as at June 30, 1994 (the date of the acquisition of Bolton Tremblay) and the 23rd largest as at December 31, 1998, based on assets under management by BPI Management. The following table sets forth the aggregate net assets for the investment fund industry in Canada for the members of IFIC at the relevant date and BPI Management’s relative position as at December 31, 1998, June 30, 1994 and December 31, 1991.

	December 31,1991	June 30, 1994	December 31, 1998
		($ billions)	
Aggregate Net Assets for IFIC Members	$49.9	$126.4	$326.6
Aggregate Net Assets of Funds managed by BPI Management	$0.071	$1.357	$3.528(1)
Funds managed by BPI Management as a % of IFIC Members	0.14%	1.07%	1.08%

(1) Excluding BPI Global Opportunities II Fund, The VenGrowth Investment Fund Inc. and ENSIS Growth Fund Inc. which, as a closed-end fund or a labour-sponsored fund, are not included in IFIC calculations.

Overview - BPI Global

BPI Global provides investment advisory services to mutual funds, including certain of the BPI Funds (see below) , corporations, private and public pension funds, endowments and foundations throughout Canada and the United States. As of April 30, 1999, BPI Global managed assets of over $2.4 billion consisting of $1.56 billion of assets of BPI Mutual Funds for which BPI Global provides investment advice to BPI Management pursuant to an investment advisory agreement dated March 31, 1997, as amended (the “Advisory Agreement”) and $882 million of assets managed for primarily U.S. institutions, mutual funds and individuals. The Advisory Agreement has an initial term of five years, subject to earlier termination in certain circumstances and to successive automatic one year renewals. The Advisory Agreement provides for the payment of an annual fee by BPI Management to BPI Global based on the assets under management (such fee declining as assets increase) by

BPI Global on behalf of BPI Management and certain performance fees, subject to a minimum asset level of US$500 million.

BPI Management has retained BPI Global to provide investment advice to BPI Management in respect of the portfolios of BPI American Equity Value Fund, BPI American Small Companies Fund, BPI Global Equity Value Fund, BPI International Equity Value Fund, BPI Global Small Companies Fund and BPI Emerging Markets Fund pursuant to the Advisory Agreement. BPI Global also provides investment advice to BPI Management regarding the "foreign content" portion of the portfolios of other BPI Funds.

In 1997, BPI Global launched three privately-offered U.S. investment funds. BPI International Group Trust I and BPI International LP I were established to provide long-term capital appreciation to pension plans and non-pension plan institutional investors, respectively, by investing primarily in a diversified portfolio of equity securities issued by non-U.S. entities. BPI Global Opportunities Fund LP was established to maximize absolute total return to its limited partners by investing in a globally diversified portfolio of equity and fixed income securities. BPI Global provides investment management services to all three investment funds.

In April 1999, BPI Global was named portfolio sub-advisor to the US$237 million Marshall International Stock Fund, one of a series of funds advised by M&I Investment Management Corporation of Milwaukee, Wisconsin, an affiliate of Marshall & Ilsley Corp., a US$21 billion multi-state bank holding company.

Overview - BPI International

BPI International provides investment management, sales and marketing, and administrative services for mutual funds and other funds outside Canada. BPI International is the manager and sponsor of the BPI Global Opportunities Fund Inc., a Cayman-Islands registered mutual fund offered to institutional and high net worth investors in the offshore market. BPI Global has been retained as investment advisor to the BPI Global Opportunities Fund Inc.

Assets Under Management

Assets under management is a key measure of BPI's business, since BPI derives its revenues principally from ongoing management fees calculated as a percentage of the net asset value of the investment funds under its management or administration. For a discussion of performance of the Funds' portfolios, see "The Funds - Performance of the Funds" and for a discussion of recent sales of Units of the Funds, see "Distribution of the Funds - Sales". Assets under management by BPI Management also grew as a result of its acquisition of Bolton Tremblay in June of 1994. See "General Development of the Business".

BPI Management has experienced substantial growth in assets under management over the past five years. The following table shows the growth in the aggregate mutual fund assets under management, gross sales and gross redemptions for the periods ended December 31, 1994 through 1998:

	Period Ended December 31				
	1998(3)	**1997**(3)	**1996**(3)	**1995**(3)	**1994**(2)
				(millions)	
Assets Under Management	$ 3,626	$3,205	$2,231	$1,346	$1,246(1)
Gross Sales	$ 1,228	$1,412	$ 965	$ 593	$ 403
Gross Redemptions	$ 705	$ 535	$ 361	$ 613	$ 431

(1) Includes $1.16 billion of mutual fund assets under management in connection with the acquisition of Bolton Tremblay in June, 1994.
(2) Gross sales and gross redemptions of the Bolton Tremblay and the BT Landmark Funds have been excluded for the period prior to June 30, 1994.
(3) Excludes assets under management and net sales (being gross sales net of gross redemptions) for The VenGrowth Investment Fund Inc. of $34,077,083 and $33,808,529, respectively, for the calendar year ended December 31, 1995, $89,433,626 and $50,391,796, respectively, for the calendar year ended December 31, 1996 and $146,931,343 and $44,981,090, respectively, for the calendar year ended December 31, 1997

and $235,691,358 and $59,372,273, respectively for the calendar year ended December 31, 1998 and for ENSIS Growth Fund Inc. of $4,643,488 and $4,766,227, respectively for the calendar year ended December 31, 1998. Also excludes pension plan and private institutional assets of $882 million managed by BPI Global as at April 30, 1999.

The Funds

BPI Management currently manages 20 publicly-offered mutual funds, one privately-offered mutual fund and one publicly-offered closed-end fund. The Funds are designed to provide investors with an opportunity to invest in one or more professionally managed portfolios. Although each Fund has distinctive investment objectives, the Funds generally seek to provide investors with a reasonable rate of return, growth in value of their original investment and security of capital.

Set out below is a list of the Funds, indicating the name of each Fund, whether each Fund is 100% eligible for certain retirement plans or constitutes foreign property for the purposes of restrictions on investment by such retirement plans, the investment objectives and policies of each Fund (other than Opportunities II Fund) and the aggregate net asset value of each Fund as at December 31, 1998.

	Fundamental Investment Objective	Primary Investments and Policies to Pursue the Fund's Investment Objective	Net Assets as at December 31, 19 ($ millions)
Canadian Equity Funds			
BPI CANADIAN EQUITY VALUE FUND			
RSP Eligible	• to achieve growth of capital over the long term through the investment of its assets in a diversified portfolio of equity securities of primarily Canadian issuers	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • equity holdings will include common shares, convertible securities and preferred shares. • from time to time the Fund may vary the proportion of equity investments made by it to suit the current market conditions and may also invest in treasury bills, bonds, debentures and notes	405.2
BPI CANADIAN MID-CAP FUND			
RSP Eligible	• to achieve long-term capital appreciation by investing primarily in a diversified portfolio of equity securities of Canadian based publicly traded companies with medium market capitalization	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • primarily equity securities of Canadian companies with a market capitalization (the share price multiplied by the number of shares outstanding) of between approximately $250 million and $1.25 billion	34.8
BPI CANADIAN SMALL COMPANIES FUND			
RSP Eligible	• to achieve long term capital appreciation, primarily through investment in a broadly diversified portfolio of equity securities of primarily Canadian publicly traded companies with relatively small capitalization	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • primarily equity securities of Canadian companies with a market capitalization (the share price multiplied by the number of shares outstanding) of between approximately $10 million and $500 million • may also invest in preferred shares and short or long term fixed income securities	214.4

	Fundamental Investment Objective	Primary Investments and Policies to Pursue the Fund's Investment Objective	Net Assets as at December 31, 199
BPI CANADIAN RESOURCE FUND INC.			
RSP Eligible	• to secure above average capital return by investing mainly in Canadian companies within the natural resources industries while also taking advantage of value opportunities in bonds and non-resource industries when appropriate	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior potential • from time to time investments may include securities of companies situated in other parts of the world which appear to provide above average capital return • the Fund's holdings provide broad coverage of the securities of companies which are active as explorers and producers of natural resources such as metals, non-metallic minerals, oil, gas, forest products and related companies invested in such fields	23.9
BPI DIVIDEND EQUITY FUND			
RSP Eligible	• to achieve an attractive total return through investment primarily in a portfolio of Canadian and foreign equities, provided that the Fund's Units will at all times be eligible for investment by registered retirement savings plans and not foreign property to such plans	• the Fund's equity investments are diversified across industry sectors and are primarily in common shares, convertible securities and preferred shares paying a consistent dividend stream	9.2
<u>*American Equity Funds*</u>			
BPI AMERICAN EQUITY VALUE FUND			
Foreign Property US$	• to achieve above average growth of capital over the long term, consistent with the preservation of invested capital through the investment of its assets primarily in securities of United States companies	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • equity holdings will include common shares, convertible securities and preferred shares • from time to time the Fund may vary the proportion of equity investments made by it to suit the current market conditions and may also invest in treasury bills, bonds, debentures and notes • from time to time the Fund may invest in companies located outside the United States and the proportions of investments in various parts of the world will vary	146.3
BPI AMERICAN SMALL COMPANIES FUND			
Foreign Property US$	• to seek above average growth of capital through investment in securities of primarily North American companies which appear to offer growth potential	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • primarily equity securities of American companies with a market capitalization (the share price multiplied by the number of shares outstanding) of between approximately U.S. $20 million and U.S. $1 billion • equity holdings will include common shares, convertible securities and preferred shares • particular emphasis will be placed on companies whose growth has not been recognized in terms of market pricing and on companies expected to realize improved earnings	134.2

	Fundamental Investment Objective	Primary Investments and Policies to Pursue the Fund's Investment Objective	Net Assets as at December 31, 19[cut off]
International Equity Funds			
BPI GLOBAL EQUITY VALUE FUND			
Foreign Property US$	• to achieve long-term capital appreciation by investing principally in a diversified portfolio of international equity securities	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • equity holdings will include common shares, convertible securities and preferred shares • from time to time the Fund may vary the proportion of equity investments made by it to suit the current market conditions and may also invest in treasury bills, bonds, debentures and notes • from time to time the relative proportions of the investment portfolio invested in any one market region may vary in order to take advantage of international stock market cycles, to obtain a greater degree of geographical diversification for the portfolio or for other investment considerations determined by the investment adviser	612.2
BPI INTERNATIONAL EQUITY VALUE FUND			
Foreign Property US$	• to achieve long-term capital appreciation by investing primarily in a diversified portfolio of equity securities issued by companies, governments and other entities of any nation other than Canada and the United States	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • the Fund will invest primarily in common shares, preferred shares and securities convertible into common shares and preferred shares of publicly-traded companies and may also invest in fixed income securities	45.5
BPI GLOBAL SMALL COMPANIES FUND			
Foreign Property US$	• to seek above average growth of capital through investment in securities of global small capitalization companies which appear to offer superior growth potential	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • primarily equity investments in small to medium sized companies with a market capitalization (the share price multiplied by the number of shares outstanding) of between approximately U.S. $20 million and U.S. $750 million, although the Fund may invest in debt instruments of governments or corporations from time to time • while the majority of the portfolio will consist of investments in developed securities markets (as defined by the Morgan Stanley Capital International Indices), the Fund may also invest in the securities of companies in emerging markets (as defined by the Morgan Stanley Capital International Indices)	96.1

	Fundamental Investment Objective	Primary Investments and Policies to Pursue the Fund's Investment Objective	Net Assets as at December 31, 19[illegible]
BPI EMERGING MARKETS FUND			
Foreign Property US$	• to seek capital appreciation through investing primarily in equity and debt securities of issuers who are located, or doing significant business, in emerging market countries and debt securities of governments or government agencies of the emerging market countries	• the Fund seeks equity securities of issuers whose potential is significantly enhanced by their relationship to the emerging markets country and are believed to be inexpensively priced relative to the productivity of their equity or assets • the Fund seeks to invest in debt securities of emerging market issuers whose credit fundamentals are likely to improve or debt securities of emerging market sovereign issuers which are considered undervalued in relation to changing fundamentals of the country such as currency value, interest rate and economic policy change • emerging market countries include countries where political and economic trends have produced recently, or are producing, a more stable economy, or countries that have developed recently, or are developing financial markets and investment liquidity • the Fund will generally not invest in United States or Canadian issuers unless such issuers are doing significant business in emerging markets countries • the Fund may use structured fixed income securities to obtain or modify exposure to fixed income markets and forward contracts to obtain exposure to a particular market or currency	6.2
BPI GLOBAL OPPORTUNITIES FUND			
Foreign Property US$	• to achieve long-term capital appreciation by investing in a globally diversified portfolio of stocks, bonds and other securities likely to benefit in the near term from structural change affecting specific companies, industries and national economies	• the Fund, which is diversified on a global basis, invests in securities which, in the opinion of BPI Management, trade below their intrinsic value, and in companies and sectors which offer significant growth potential • invests in companies identified by international accounting analysis as holding assets or cash flows not generally recognized in their home markets, in deeply discounted emerging markets stocks and bonds, in pre-emerging markets identified as containing undervalued productive assets and in regional and emerging markets closed-end funds selling at sizeable discounts to net asset values • seeks investment opportunities in securities which, due to risk, liquidity or custodial concerns, may not be suitable for traditional mutual fund investment, and may invest in options in order to leverage returns from specific securities or timely market calls and to hedge against sudden market fluctuations and may take short sale equity positions in companies which, in the opinion of BPI Management, are overvalued	163.6

	Fundamental Investment Objective	Primary Investments and Policies to Pursue the Fund's Investment Objective	Net Assets as at December 31, 19
BPI ASIA PACIFIC FUND			
Foreign Property U.S.$	• to provide superior investment returns through capital growth by investing primarily in equity securities of companies located (or having their principal activities) in Asia or the Pacific Rim region	• BPI Management selects securities which, in its opinion, trade well below their intrinsic value and securities of companies offering consistent and superior growth potential • equity holdings will include common shares, convertible securities and preferred shares • from time to time the Fund may vary the proportion of equity investments made by it to suit the current market conditions and may also invest in treasury bills, bonds, debentures and notes • from time to time the relative proportions of the investment portfolio in any one Asian or Pacific Rim country may vary in order to take advantage of stock market cycles, to obtain a greater degree of geographical diversification for the portfolio or for other investment considerations	10.1
<u>Balanced Funds</u>			
BPI INCOME & GROWTH FUND			
RSP Eligible	• to achieve an attractive total return comprised of income and capital gains, through investment in a portfolio of Canadian and foreign equities and debt obligations provided that the Fund's Units will at all times be eligible for investment by registered retirement savings plans and not foreign property to such plans	• the Fund's equity investments are diversified across industry sectors and are primarily in issuers with a consistent dividend or income stream • the Fund's fixed income investments will include high quality corporate bonds and debt obligations issued or guaranteed by the Government of Canada or any province, territory or municipality thereof or any agency of any of the foregoing • the BPI Management balances the risks and reward of the Fund's investments by actively monitoring its investment allocations in the equity and fixed income markets and through the use of cash	407.3
<u>Income Funds</u>			
BPI CANADIAN BOND FUND			
RSP Eligible	• to achieve superior returns consistent with security of capital primarily through investment in bonds, debentures, notes of Canadian governments and corporations and mortgages	• debt obligations issued or guaranteed by the Government of Canada or any province, territory or municipality thereof or any agency of any of the foregoing, and high quality corporate obligations, as well as short term paper and certificates of deposit issued by Canadian financial institutions and corporations • the portfolio may also include first mortgages on real estate in Canada directly or through investment in units of real estate investment trusts in Canada or mortgage-backed securities	46.2

	Fundamental Investment Objective	Primary Investments and Policies to Pursue the Fund's Investment Objective	Net Assets as at December 31, 19
BPI CORPORATE BOND FUND			
RSP Eligible	• to achieve an attractive total return comprised of income and capital gains by investing primarily in high yield corporate bonds of Canadian issuers	• BPI Management selects securities whose fundamental values are not reflected in their credit ratings and prices • primarily fixed income securities denominated in Canadian or United States dollars that are rated below investment grade or not rated (typically be in securities rated BBB to C by Dominion Bond Rating Service Limited, B++ to C by Canadian Bond Rating Service or the equivalent ratings given by other qualified independent ratings organizations) • terms to maturity may vary • investments will include securities issued by corporations, trusts or partnerships and from time to time may include convertible securities of Canadian issuers	7.8
BPI GLOBAL RSP BOND FUND			
	• to achieve superior returns consistent with security of capital, primarily through investments in high quality debt securities	• investments will include debt securities of international and Canadian companies, debt securities issued or guaranteed by governments, governmental agencies or supranational entities • investments will generally be denominated in or have exposure to currencies other than the Canadian dollar • a portion of the assets may be denominated in or exposed from time to time to the Canadian dollar • the Fund seeks to achieve high returns through management of yield, maturity and currency considerations affecting such securities	19.9
BPI DIVIDEND INCOME FUND			
RSP Eligible	• investment generally in high yield, fixed income securities to provide as high a current income as is compatible with maintaining safety of capital through the investment of its assets in a diversified portfolio of selected securities under constant professional investment management	• primarily preferred shares and may also invest in common shares, government and corporate bonds, debentures, notes, certificates of deposit or other evidences of indebtedness • the proportion to be invested in each class of such investments and the maturities of the fixed income securities vary to meet changing conditions and the portfolio advisor will seek liquidity, if, in its opinion, events and market conditions indicate the wisdom of such change of emphasis	684.3
BPI HIGH INCOME FUND			
RSP Eligible	• to generate a high level of monthly income and long term capital appreciation by investing in high yielding income producing investments	• primarily high yielding equity instruments and Canadian corporate bonds and may also invest in international corporate and government debt securities • equity investments will include Canadian common and preferred shares, Canadian and U.S. real estate investment trusts ("REITs"), royalty trusts and similar high yielding investments • the Fund will invest in corporate bonds which have a low rated or unrated credit quality but offer a higher current yield than strictly investment-grade bonds • investments may be denominated in or have exposure to currencies other than the Canadian dollar • the proportion to be invested in any one class of investments (including cash) and the maturities of the debt securities will vary to meet changing market conditions	270.3

	Fundamental Investment Objective	Primary Investments and Policies to Pursue the Fund's Investment Objective	Net Assets as at December 31, 199
Money Market Funds			
BPI T-BILL FUND			
RSP Eligible	• to seek a high level of interest income and to maintain a stable capital value and liquidity	• mainly government treasury bills, bank certificates of deposit, bankers' acceptances and short term corporate obligations, with maturities not exceeding 13 months or 25 months for government instruments • securities are limited to those issued or guaranteed by Canadian federal and provincial governments or their agencies and short term corporate securities	246.1
BPI U.S. MONEY MARKET FUND			
RSP Eligible US$	• to seek a high level of interest income and to maintain a stable capital value and liquidity from money market securities denominated in U.S. dollars	• U.S. dollar denominated Canadian government treasury bills, bank certificates of deposit, bankers' acceptances, short term Canadian corporate obligations and debt obligations of supranational entities with maturities not exceeding 13 months or 25 months for government instruments • securities are limited to those issued or guaranteed by Canadian federal, provincial and municipal governments, their agencies, Canadian corporate securities, securities of certain supranational entities and securities of foreign issuers within the applicable tax limits	7.2

(1) The BPI Global Opportunities Fund is offered on a private placement basis.

BPI Global Opportunities II Fund

BPI Global Opportunities II Fund (formerly known as BPI Canadian Opportunities II Fund) ("Opportunities II Fund") was created as a closed-end investment trust on December 16, 1996 with a ten-year term, the primary investment objective of which is to achieve capital appreciation through investment in a diversified portfolio of securities in primarily Canadian small capitalization companies. Effective November 1998, the unitholders of the Opportunities II Fund voted to change the fund's name to BPI Global Opportunities II Fund and to change the objective of the fund, which is now to achieve long-term capital appreciation by investing in a globally diversified portfolio of stocks bond and other securities likely to benefit in the near term from structural change affecting specific companies, industries and national economies. As a result of these changes, the structure and investment objectives of this fund are similar to those of the BPI Global Opportunities Fund. Under the management agreement between BPI Management and Opportunities II Fund (the "Management Agreement"), BPI Management is entitled to receive an annual management fee of 1.80% of the daily net asset value of the Fund. In addition, it is entitled to an annual performance fee equal to 20% of the amount by which the percentage increase in the net asset value per Unit of the Fund exceeds the threshold annualized increase of 10%, calculated in accordance with the Management Agreement. See "Management of the Funds - Management Fees".

Effective November 5, 1998, Unitholders of the Fund also approved the implementation of a quarterly redemption right (subject to a declining, deferred redemption charge) commencing September 30, 1999. As at April 30, 1999, the implementation of this limited redemption right remains subject to regulatory approval.

BPI Global Opportunities Fund Inc.

BPI Global Opportunities Fund Inc. is a company organized as a Regulated Mutual Fund and operating as an open-end investment fund under the laws of, and domiciled in, the Cayman Islands. The investment objective of the Fund is to maximize absolute return by investing in a globally diversified portfolio of equity and fixed income securities. Institutional Shares and Class "A" Shares of the Fund are offered to sophisticated investors who meet certain minimum eligibility and investment criteria. BPI International is the manager and sponsor of the Fund and is entitled to receive an annual management fee of 1.5% from the Institutional Shares and 2.0% from the Class "A" Shares, based on the net asset value (before performance fee accruals) of the outstanding Institutional Shares or Class "A" Shares, as applicable. BPI International is also entitled to receive a performance fee from each holder of Institutional Shares and Class "A" Shares equal to 20% in the increase of the net asset value of such shares from the beginning of each year. See "The Funds - Performance Fees".

BPI International has retained BPI Global as the investment advisor to the BPI Global Opportunities Fund Inc.

Performance of the Funds

The performance of the Funds is largely dependent on the capabilities and expertise of BPI Management's investment team and investment advisors retained by BPI Management. In addition, the Funds' performance may affect the aggregate amount of assets managed by BPI Management and, therefore, the amount of management fee revenue that BPI Management is able to generate. Performance may also affect the frequency of redemptions and the level of sales of Units. See also "Key Factors Affecting Profitability".

The following table shows the average annual compound rates of return for each Fund compared to an appropriate benchmark index and each Fund's management expense ratio (annualized), in each case for the period ended December 31, 1998. The management expense ratio is the sum of the fees and operating expenses (other than interest, goods and services tax , foreign withholding taxes and income taxes, if any) paid by a Fund during the year expressed as a percentage of that Fund's average net assets during the year.

	Average Annual Compound Rate of Return[1]				**Managemen t Expense**
	6 Month	**1 Year**	**3 Year**	**5 Year**	**Ratio**
Canadian Equity Funds					
BPI Canadian Equity Value Fund[2]	-13.2%	-9.2%	9.3%	6.2%	2.54%
BPI Dividend Equity Fund	-4.4%	N/A	N/A	N/A	2.65%
BPI Canadian Mid-Cap Fund	-7.0%	-8.7%	N/A	N/A	2.92%
BPI Canadian Small Companies Fund[2]	-25.0%	-35.0%	-7.3%	-1.5%	3.02%
BPI Canadian Resource Fund Inc. [2]	-26.2%	-38.7%	-18.6%	-13.5%	3.25%
TSE 300 Total Return Index[3]	-11.2%	-1.6%	13.3%	10.7%	-
International Equity Funds					
BPI Asia Pacific Fund	14.2%	-6.82%	N/A	N/A	3.25%
BPI Global Equity Value Fund	7.1%	32.2%	22.1%	16.8%	2.46%
BPI International Equity Value	3.1%	29.8%	N/A	N/A	2.60%
BPI Global Small Companies Fund	-3.8%	1.7%	10.9%	8.1%	2.53%
BPI Emerging Markets Fund [4]	-8.8%	-11.9%	N/A	N/A	3.25%
BPI Global Opportunities Fund	36.6%	70.3%	48.7%	N/A	2.58%
BPI Global Opportunities II Fund[6]	N/A	N/A	N/A	N/A	2.08%
Morgan Stanley - World Index (C$)[3]	11.1%	33.6%	23.0%	19.7%	-
American Equity Funds					
BPI American Equity Value Fund[2]	19.3%	50.5%	31.8%	24.6%	2.41%
S&P 500 Total Return Index (C$)[3]	13.6%	37.7%	33.3%	27.8%	-

	Average Annual Compound Rate of Return[1] 6 Month	1 Year	3 Year	5 Year	Managemen t Expense Ratio
BPI American Small Companies Fund	-13.9%	-14.5%	11.9%	12.5%	2.60%
Russell 2000 Index (C$)[3]	-4.1%	3.4%	14.5%	13.6%	-
Balanced Funds					
BPI Income & Growth Fund	-0.8%	6.6%	N/A	N/A	2.54%
TSE 300 Index/ScotiaMcLeod Universe Bond Total Return Index[3][5]	-3.3%	3.8%	11.8%	9.9%	-
Money Market Funds					
BPI T-Bill Fund[2]	2.2%	4.2%	3.9%	4.5%	0.65%
ScotiaMcLeod 91 Day T-Bill [4]	2.5%	4.7%	4.3%	5.1%	-
BPI U.S. Money Market Fund	2.3%	4.6%	N/A	N/A	0.65%
Income Funds					
BPI Canadian Bond Fund[2]	2.9%	6.2%	5.4%	4.6%	1.50%
BPI Corporate Bond Fund	-0.2%	4.3%	N/A	N/A	1.50%
BPI Global RSP Bond Fund	2.3%	6.6%	8.9%	N/A	1.50%
BPI Dividend Income Fund[2]	-3.9%	2.7%	14.8%	12.4%	1.21%
BPI High Income Fund	-8.4%	-8.1%	N/A	N/A	1.47%
ScotiaMcLeod Universe Bond Total Return Index[3]	4.5%	9.2%	10.4%	9.2%	-

Source: The Funds' rates of return are based on the Corporation's records (as provided to Fundata Canada Limited). The rates of return for the Indices are taken from information provided by TD Securities Inc..

(1) Except for six month returns which represent actual returns over six months, the indicated rates of return are the historical annual compounded total returns. Rates of return include changes in unit value and reinvestment of all dividends and distributions and are net of management fees and expenses, but do not take into account sales, redemption, distribution or optional charges or performance fees payable by any Unitholder which may have reduced returns.
There can be no assurance that the performance of any Funds will equal or exceed the performances described above.
(2) Bolton Tremblay was the manager of these Funds prior to June 30, 1994.
(3) The indicated rates of return do not include management and performance fees and expenses.
(4) The BPI Emerging Markets Fund adopted its current investment objectives and policies effective March 29, 1996 and prior to that date was managed as a global real estate securities fund.
(5) Average annual compound rate of return calculated with a 50% weighting of the TSE 300 Index and a 50% weighting of the ScotiaMcLeod Universe Bond Total Return Index.
(6) Effective November 5, 1998, the Opportunities II Fund adopted its current investment objectives and prior to this date was managed as a Canadian mandate investment fund.

Management of the Funds

BPI Management is the manager, registrar and transfer agent and principal distributor for each of the Funds, other than Opportunities II Fund for which CIBC Mellon Trust Company acts as registrar and transfer agent. BPI Management is the trustee of each of the Funds other than BPI Canadian Resource Fund Inc. In its capacity as manager, BPI Management is responsible for the day-to-day business of each of the Funds, including managing each Fund's investment portfolio, making brokerage arrangements for the purchase and sale of portfolio investments and providing accounting, investment research, statistical and clerical services. The Corporation believes that the quality and continuity of the professionals employed by the Corporation who provide these services have been key factors in the continuing performance and growth of the Funds.

Investment Management by BPI Management

BPI Management has adopted an investment team approach to the management of the Funds with the team currently consisting of Frederick Dalley, Steven Misener, Kevin Klassen, Eric Bushell, Ben Cheng, Robert Lyon and Andrew Waight.

Frederick F. Dalley, Executive Vice President, Portfolio Management, has over 17 years' experience in investment management and the investment industry. Steven E. Misener, CFA, is Senior Vice President, Portfolio Management and has over 14 years' investment management experience. Kevin D. Klassen, CFA, CA, Vice President, Portfolio Management, has over 12 years' capital markets experience including portfolio management, merger and acquisitions and corporate finance. Eric B. Bushell, CFA, Vice-President, Portfolio Management has over five years' portfolio experience with BPI Management. Benedict Cheng, CFA, Portfolio Manager, Robert Lyon, CFA, Associate Portfolio Manager and Andrew Waight, CFA, Associate Portfolio Manager each joined BPI Management in 1997 from institutional money management firms and have 7, 6 and 4 years' experience, respectively, in portfolio management.

In managing investment fund assets, BPI Management characterizes its investment style as a bottom-up value investment approach. This means that the value characteristics of a specific company are more relevant to the investment decision than are general macro-economic considerations, such as the characteristics of an industry or geographical considerations.

Investment Management by BPI Global

The portfolio management team of BPI Global consists of Daniel Jaworski, Managing Director and Chief Investment Officer, Pablo Salas, Managing Director and Paul Holland, Managing Director. Ryan Burrow is the President of BPI Global and is responsible for marketing and the operations of BPI Global. Each of these employees commenced employment on March 31, 1997. Daniel Jaworski has approximately 11 years' of investment management experience. Pablo Salas has over 13 years' of investment management and corporate/international banking experience. Paul Holland has 12 years' experience in the investment industry. Ryan Burrow has approximately 17 years' experience in the investment management and banking industries.

BPI Global is the investment advisor for the Opportunities Funds and the BPI Global Opportunities Fund Inc. BPI Global also manages international institutional accounts and U.S. retail mutual funds. See "Business of the Corporation - Overview - BPI Global".

Investment Management by BPI International

BPI International is the manager, sponsor and distributor of the BPI Global Opportunities Fund Inc., a Cayman Islands domiciled fund. See "Business of the Corporation - Overview - BPI International".

Investment Management by Asia Strategic

BPI Management has retained Asia Strategic Investment Management Limited, Hong Kong ("Asia Strategic Management") to provide advisory services to BPI Management for the BPI Asia Pacific Fund. The advisory agreement is subject to termination by either party on 90 days prior written notice.

Investment Decisions

Investment decisions as to the purchase or sale of all the portfolio securities of Funds for which investment advice is provided by BPI Global and Asia Strategic Management are made by BPI Management utilizing the investment recommendations provided by BPI Global and Asia Strategic Management, as the case may be, subject to each Fund's investment objectives and restrictions. BPI Management is responsible for all investment advice provided to the Funds, including that provided indirectly by BPI Global and Asia Strategic Management.

Management Agreements

The management agreements for the BPI Global Equity Value Fund and BPI American Small Companies Fund may be terminated at any time on not less than 90 days' notice to such Funds or BPI Management. In the case of BPI Global Small Companies Fund, BPI Emerging Markets Fund, and BPI Global RSP Bond Fund, the Trustee may remove BPI Management with the consent of the Unitholders on 90 days' notice to BPI Management in the event that BPI Management commits fraud, fails to perform its duties or becomes bankrupt. The management agreements for BPI American Equity Value Fund, BPI International Equity Value Fund, BPI Dividend Equity Fund, BPI Income & Growth Fund, BPI Canadian Bond Fund, BPI Corporate Bond Fund, BPI Canadian Equity Value Fund, BPI Canadian Resource Fund Inc., BPI Canadian Small Companies Fund, BPI Canadian Mid-Cap Fund, BPI Asia Pacific Fund, BPI Dividend Income Fund, BPI High Income Fund and BPI U.S. Money Market Fund may be terminated if BPI Management becomes bankrupt or is insolvent or is otherwise unable to perform the services required by the management agreements, provided Unitholder approval is obtained. The management agreement for BPI T-Bill Fund may be terminated if BPI Management resigns, becomes insolvent or violates a provision of the management agreement and does not cure such violation within 30 days after being given notice thereof by the Fund. The BPI Global Opportunities Fund and the Opportunities II Fund management agreements may be terminated by BPI Management upon 90 days' notice to such Funds or by any of such Funds if BPI Management becomes bankrupt or is insolvent or is otherwise unable to perform the services required by the management agreements, provided the prior approval of Unitholders is obtained.

Any change of the manager of a publicly offered mutual fund requires the prior approval of provincial securities regulatory authorities and the Unitholders of such fund and any change of control of the manager of a publicly offered mutual fund requires the prior approval of provincial securities regulatory authorities.

Management Fees

Pursuant to management agreements with each Fund, BPI Management receives an annual management fee in the amounts set out below based on the net asset value of assets under management:

Fund	**Management Fee**
Equity Funds	
BPI Canadian Equity Value Fund	2.00%
BPI Dividend Equity Fund	2.00%
BPI Canadian Mid-Cap Fund	2.00%
BPI Canadian Small Companies Fund	2.00%
BPI Canadian Resource Fund Inc.	2.00%(1)
BPI Asia Pacific Fund	2.25%
BPI Global Equity Value Fund	2.00%
BPI International Equity Value Fund	2.00%
BPI Global Small Companies Fund	2.00%
BPI Emerging Markets Fund	2.00%
BPI Global Opportunities Fund	2.25%
BPI American Equity Value Fund	2.00%
BPI American Small Companies Fund	2.00%
Balanced Funds	
BPI Income & Growth Fund	2.00%
Income Funds	
BPI Canadian Bond Fund	1.25%
BPI Corporate Bond Fund	1.25%
BPI Global RSP Bond Fund	1.25%
BPI Dividend Income Fund	1.00%
BPI High Income Fund	1.25%
Money Market Funds	
BPI T-Bill Fund	0.65%(2)
BPI U.S. Money Market Fund	0.65%(2)
Closed-End Fund	
BPI Global Opportunities II Fund	1.80%

(1) The annual management fee for BPI Canadian Resource Fund Inc. is 2.00% on the portion of net assets which is up to $200 million. Between $200 million and $400 million, the fee is 1.75%, between $400 and $600 million, the fee is 1.50%, and over $600 million, the fee is 1.25%.

(2) BPI Management is responsible for all operating expenses of the Fund, all expenses relating to the management of the Fund's investment portfolio and for all selling and advertising expenses of the Fund. The Fund is responsible for the payment of interest, brokerage fees, commissions and taxes (if any).

To the extent that BPI Management has used limited partnerships or uses other securitized partnerships (collectively, the "Partnerships") to fund sales commissions on sales of Redemption Charge Units, such Partnerships are entitled to a portion of the management fees otherwise payable to BPI Management in respect of the net assets of a Fund attributable to Redemption Charge Unit sales financed by such Partnerships. See "Financing of Funds Sold on a Redemption Charge Basis".

In managing the Funds, BPI Management is responsible for the fees of sub-advisers, for all expenses relating to the management of the Funds' investment portfolios, for all selling and advertising expenses relating to the Funds and, in the case of BPI T-Bill Fund and BPI U.S. Money Market Fund, for all other fees and expenses of these Funds, except for payment of brokerage fees, commissions, interest and taxes (if any). All other fees and expenses relating to the operation and business of the Funds including, but not limited to, legal, audit, accounting, custodial and safekeeping fees, brokerage fees and charges, commissions, taxes (if any), interest, operating and administrative costs, transfer agency costs (which include costs relating to the issue, maintenance and redemption of Units), the costs of financial and other reports in prospectuses required to comply with laws regulating the issue and sale of Units, are the responsibility of each Fund. From time to time, BPI Management may pay a portion of the operating expenses of a Fund to maintain the management expense ratio at an acceptable level.

Performance Fees

If a Unitholder of the BPI Global Opportunities Fund experiences gains in the net asset value of his or her Units which exceed 10% per annum (determined on an annualized basis for Units purchased during a calendar year) BPI Management is entitled to receive from the Unitholder 20% of the gain in excess of the 10% as a performance fee. This performance fee is calculated and payable at year end or on redemption of such Units.

Unitholders of the former BPI Canadian Opportunities RSP Fund (prior to its merger with BPI Global Opportunities Fund) will not be subject to a performance fee in BPI Global Opportunities Fund until the net asset value of their individual units exceeds the original cost of their units in BPI Canadian Opportunities RSP Fund plus the applicable 10% threshold in any calendar year. This calculation will be performed individually for each Unitholder and may result in differential treatment of individual Unitholders.

BPI Management is also entitled to an annual performance fee equal to 20% of the amount by which the percentage increase in net asset value per Unit of the BPI Global Opportunities II Fund exceeds a threshold annualized increase of 10%. This performance fee is calculated daily for the purposes of determining the net asset value of the BPI Global Opportunities II Fund and is payable on the last day of each fiscal year of the Fund based on the cumulative increase in the net asset value per Unit. For the purpose of calculating this performance fee, to the extent that the increase in net asset value per Unit in any given year does not exceed the threshold, then the amount by which such increase falls below the threshold will be carried forward and deducted from the amount of any increase in the net asset value on which the performance fee is calculated in subsequent years.

BPI International is entitled to receive a performance fee from each holder of Institutional Shares and Class “A” Shares of the BPI Global Opportunities Fund Inc. equal to 20% of the increase of the net asset value of such shares from the beginning of each year. The performance fee is calculated monthly and payable annually. Where Institutional Shares or Class “A” Shares of the Fund are purchased during the course of a fiscal year, certain adjustments to the amount of money paid for the purchase of such shares are necessary so that (i) the performance fee paid to BPI International is charged only to those shareholders whose shares have appreciated in value since their acquisition, (ii) all shareholders of each class have the same amount per share at risk and (iii) all shares of each class have the same net asset value per share.

As the investment advisor to each of the Opportunities Funds and the BPI Global Opportunities Fund Inc., BPI Global is entitled to receive a percentage of the performance fees paid to BPI Management or BPI International, as the case may be.

The VenGrowth Investment Fund Inc.

Under an agreement between BPI Management and The VenGrowth Investment Fund Inc. (“VenGrowth”), an Ontario labour-sponsored venture capital corporation, made as of December 20, 1994, as amended (the “VenGrowth Administration Agreement”), BPI Management acts as the marketer and administrator for VenGrowth, providing marketing, cash management, registrar, transfer agency, fund accounting, shareholder reporting and other shareholder administration services to VenGrowth. BPI Management is paid an annual fee of 1.15% of the net asset value of VenGrowth (less a portion of certain trailer fees paid by VenGrowth to Dealers), plus an annual fee of 0.15% of the value of VenGrowth’s investments in cash reserves and other liquid securities. This fee is paid monthly in arrears based on the net asset value of VenGrowth and the value of VenGrowth’s investments in reserves and other liquid securities as at the end of the preceding month. BPI Management received $370,653 in fees from VenGrowth for the fiscal year ended January 31, 1995, $922,718 for the eleven months ended December 31, 1996, $1,612,809 for the fiscal year ended December 31, 1997 and $2,374,175 for the fiscal year ended December 31, 1998.

VenGrowth also reimburses BPI Management for certain out-of-pocket expenses incurred in connection with shareholder reporting and administration services provided to VenGrowth and the cost of printing marketing materials for VenGrowth.

The VenGrowth Administration Agreement has an initial term of five years and eight months expiring on August 31, 2000 and will be renewed automatically for a further term of five years unless VenGrowth's shareholders resolve to terminate the engagement of BPI Management at the expiry of the initial term. BPI Management may terminate the VenGrowth Administration Agreement in certain circumstances. VenGrowth may also terminate the VenGrowth Administration Agreement in certain circumstances.

ENSIS Growth Fund Inc.

Under an agreement between BPI Management and ENSIS Growth Fund Inc. ("ENSIS"), a Manitoba labour-sponsored venture capital corporation, made as of December 12, 1997 (the "ENSIS Management Agreement"), BPI Management provides marketing and administration services to ENSIS, including sales, marketing, cash management, registrar, transfer agency, fund accounting, shareholder reporting and other shareholder administrative services to ENSIS. BPI Management is paid an annual fee of 1.09% of the net asset value of ENSIS, plus an annual fee of 0.15% per annum of the value of the fund's investments in cash reserves or near cash reserves, both calculated and payable monthly.

ENSIS also reimburses BPI Management for all out-of-pocket expenses incurred in connection with shareholder reporting and administration services provided to ENSIS and the cost of printing marketing materials for ENSIS.

The ENSIS Management Agreement has an initial term commencing on December 12, 1997 and ending December 31, 2003, and will be renewed automatically for a further term of five years unless the shareholders of ENSIS resolve to terminate the engagement of BPI Management at the end of the initial term. BPI Management or ENSIS may terminate the ENSIS Management Agreement in certain circumstances.

BPI Management received $40,048 in fees from ENSIS for the fiscal year ended December 31, 1998.

Keystone BPI High Income Fund

Under an investment advisory agreement dated November 12, 1997 (the "Keystone Advisory Agreement") between BPI Management and Mackenzie Financial Corporation ("Mackenzie"), BPI Management agreed to provide investment advice and certain administrative services to the Keystone BPI High Income Fund (the "Keystone Fund"), a publicly offered Canadian mutual fund established by Mackenzie.

Under the Keystone Advisory Agreement, BPI Management is paid an advisory fee, calculated daily and payable monthly, based on the net asset value of the assets of the Keystone Fund. Mackenzie also reimburses BPI Management for certain out-of-pocket expenses incurred in connection with marketing support provided to Mackenzie in the promotion of the Keystone Fund.

The initial term of the Keystone Advisory Agreement ended January 1, 1999. The Keystone Advisory Agreement will be automatically renewed year to year thereafter unless terminated by either party on not less than 90 days' prior written notice. The Keystone Advisory Agreement may be terminated by either party if the other party is in breach of the Agreement and has not remedied the breach within 30 days of receipt of written notice requiring the breach to be remedied. If the Keystone Advisory Agreement is terminated by Mackenzie for any reason other than the breach of the Agreement by BPI Management, BPI Management will be entitled to receive the advisory fee for an additional one year period from the date of termination, calculated based on the Keystone Fund net assets as at the date of termination.

Third Party Mandates

To capitalize on the convergence of distribution channels in the investment funds marketplace, in the past year BPI Management has entered into a number of third party services agreements with other financial institutions. These agreements allow BPI Management to increase the distribution of its products by providing money management services, directly or through investment in one or more of the Funds, to investment funds offered by or through other financial institutions. As of December 31, 1998 total assets under management in this area amounted to approximately $20 million. BPI Management currently anticipates that this aspect of its business will experience continued growth during 1999.

Administrative Services

BPI Management seeks to provide its Unitholders and Dealers with timely, efficient and comprehensive administrative support. The computer systems utilized by BPI Management enable it to electronically receive and process industry standard orders through the FundSERV order entry system and to assist its client service team in dealing with Unitholder and Dealer inquiries. On-line access to client accounts is made available by BPI Management to its Dealers through the FundSERV network in order to assist Dealers in servicing and maintaining their client accounts effectively. BPI Management has licenced and introduced a computerized Unitholder administration system, a document imaging system, an interactive telephone voice response system, a sales database system and a portfolio management/fund accounting system utilizing industry standard software and hardware. These systems have significantly improved service levels and staff productivity. Both of these factors are important in ensuring that BPI meets the needs and expectations of its Dealers and Unitholders and thereby retains its competitive position in the industry.

Distribution of the Funds

Like most other mutual fund management companies not affiliated with financial institutions, BPI Management does not have its own sales force. As the principal distributor of the Funds, BPI Management relies on Dealers in each province and territory of Canada for distribution of the Funds. The Corporation's management believes that BPI Management has established its position in the mutual fund industry and will continue to grow as a result of its competitive strategy which focuses on the following four major elements:

(a) the relationships that BPI Management fosters with its Dealers in each province and territory of Canada for distribution of the Funds;

(b) the performance of the Funds;

(c) the quality of its service to and communications with Dealers and their client investors; and

(d) the development of new products.

Management believes that all of these elements have contributed to the growth in BPI Management's assets under management, its revenues and its ability to compete effectively.

Sales

BPI Management experienced strong sales of the Funds in 1997. Set out below are the aggregate annual gross sales and net sales for each of the 1996, 1997 and 1998 calendar years for the Funds:

	Gross Sales	Net Sales
	($ millions)	
1998 Total	1,228.2	523.4
1997 Total	1,411.9	875.8

1996 Total	964.9	603.7

The table below sets out the aggregate monthly gross sales and net sales of the Funds for each month in 1998 and the first four months of 1999:

	Gross Sales	**Net Sales**
	($ millions)	
1998		
January	100.7	47.3
February	130.5	73.0
March	142.2	85.8
April	113.4	16.9
May	105.1	41.8
June	100.0	31.2
July	105.0	45.3
August	85.3	32.0
September	81.7	35.2
October	82.0	33.8
November	92.7	46.7
December	89.6	34.4
	1,228.2	523.4
1999		
January	109.2	42.1
February	122.2	59.6
March	132.9	72.8
April	103.0	43.2
	467.3	217.7

BPI Legacy Funds - The BPI Family of Segregated Funds

In February 1998, BPI Management launched the BPI Legacy Funds in alliance with Transamerica. Transamerica is a wholly-owned subsidiary of Transamerica Occidental Life Insurance Company, an insurance company incorporated pursuant to the laws of the State of California whose shares are listed on the New York and Pacific Stock Exchanges as well as on major exchanges in Europe. Transamerica is governed by the *Insurance Companies Act (Canada)*. On February 18, 1999, Dutch insurer Aegon NV announced that it will acquire Transamerica Accidental Life Insurance Company to create the third largest U.S. life insurance company. BPI Management does not anticipate that this transaction will affect the Legacy Funds.

BPI Management was the second Canadian independent mutual fund company to directly enter the segregated fund market. Segregated funds (or “seg” funds) are life insurance products, originally designed for pension plans, which are becoming popular alternatives to mutual funds and other investment products. The assets of segregated funds are kept and managed separately from the general assets of a life insurance company.

The BPI Legacy Funds are individual variable annuity insurance contracts offered through Transamerica and sold by registered life insurance agents. As the BPI Legacy Funds are insurance products, they offer guarantees and other benefits not available with mutual funds such as Maturity and Death Guarantees, Reset Options and estate planning benefits.

Each BPI Legacy Fund invests all of its net assets in a corresponding BPI Mutual Fund set opposite it below:

Fund	**Underlying Fund**

Fund	**Underlying Fund**
Equity	*Equity*
BPI Canadian Equity Value Segregated Fund	BPI Canadian Equity Value Fund
BPI Dividend Equity Segregated Fund	BPI Dividend Equity Fund
BPI Canadian Mid-Cap Segregated Fund	BPI Canadian Mid-Cap Fund
BPI American Equity Value Segregated Fund	BPI American Equity Value Fund
BPI Global Equity Value Segregated Fund	BPI Global Equity Value Fund
BPI International Equity Value Segregated Fund	BPI International Equity Value Fund
Balanced	*Balanced*
BPI Income & Growth Segregated Fund	BPI Income & Growth Fund
Income	*Income*
BPI Canadian Bond Segregated Fund	BPI Canadian Bond Fund
BPI Corporate Bond Segregated Fund	BPI Corporate Bond Fund
BPI Dividend Income Segregated Fund	Dividend Income Fund
BPI High Income Segregated Fund	BPI High Income Fund
Money Market	*Money Market*
BPI T-Bill Segregated Fund	BPI T-Bill Fund

The investments in the segregated funds are already included in net assets and the management fees disclosure for the underlying BPI Fund to which it relates. The Corporation and BPI Management entered into an agreement with Transamerica dated January 28, 1998 pursuant to which BPI Management and the Corporation have agreed to provide distribution, management and administration services to Transamerica in respect of the BPI Legacy Funds. Under this agreement, BPI Management has agreed to actively market the BPI Legacy Funds to Dealers and to provide all necessary accounting, registrar, transfer agency and administration services required for the administration of the BPI Legacy Funds. The Corporation has agreed to pay or cause to be paid all sales commissions required to be paid in respect of Units of the BPI Legacy Funds issued on a deferred sales commission basis, in exchange for an assignment of all applicable redemption fees, and to pay all applicable servicing commissions payable in respect of Units of the BPI Legacy Funds.

Development of New Products

The growth and success of BPI depend in part on BPI's ability to introduce new products which meet the needs of its network of Dealers and their client investors.

1998 New Funds and Fund Mergers

BPI Management also seeks to provide investors with investment flexibility by periodically introducing additional mutual funds with a variety of investment objectives and policies in response to a perceived need for new investment alternatives. In 1998, BPI Management launched the BPI Dividend Equity Fund which invests primarily in equity securities having a consistent dividend stream. The Corporation also expanded the range of BPI Legacy Funds by adding the BPI Dividend Equity Segregated Fund and the BPI Corporate Bond Segregated Fund effective February 1, 1999.

During 1998, BPI reorganized and restructured some of the mutual funds it manages. In July 1998, BPI Canadian Balanced Fund was merged into the BPI Income & Growth Fund. In December 1998, the BPI Global Balanced RSP Fund was merged into the BPI Income & Growth Fund.

For further details concerning the BPI Dividend Equity Fund and the BPI Income & Growth Fund, see "The Funds".

BPI Global Opportunities Fund

In mid-1995, BPI began selling, on a private placement basis, the BPI Global Opportunities Fund and the BPI Canadian Opportunities RSP Fund. These Funds had investment objectives and a risk/return profile designed to appeal to the "sophisticated investor" market in Canada. In November 1998, the BPI Canadian Opportunities RSP Fund was merged into the BPI Global Opportunities Fund. The aggregate net asset value of the BPI Global Opportunities Fund as at March 31, 1999 was over $160 million.

BPI Global Opportunities II Fund

In February 1997, BPI completed a public offering of Units of a closed-end investment trust, BPI Canadian Opportunities II Fund. The offering raised $132 million payable in two equal installments. Effective November 5, 1998, the unitholders of the BPI Canadian Opportunities II Fund approved the change of the fund's mandate to a global mandate and the renaming of the fund to the BPI Global Opportunities II Fund. For further details concerning BPI Global Opportunities II Fund, see "The Funds".

Marketing Initiatives

In 1998, BPI Management continued its comprehensive marketing program, launched in July 1996, introducing the "BPI Mutual Funds" trade name, a new logo and new marketing literature to emphasize brand awareness of BPI. As part of this program, a national advertising campaign has been implemented with the objective of increasing the awareness of BPI and creating a unique market position in the minds of Dealers and Unitholders. In addition to the brand development program, BPI is the principal sponsor of The National Ballet of Canada's current production of "The Nutcracker" and, in 1998, was a sponsor of the Vancouver Symphony Orchestra.

In November 1997, the Corporation launched its internet web site (www.bpifunds.com) and has continued to receive positive comments from Dealers and unitholders for its thoroughness and commitment to timely updates. The Corporation is committed to the internet as a medium for value-added information exchange with independent financial advisors and Unitholders.

The Corporation intends to continue the expansion of its brand development program, through advertising, sponsorship and its marketing literature program.

Dealer Compensation

BPI Management provides compensation, including sales commissions, servicing commissions and sales incentives, to Dealers placing orders for the purchase of Units in order to encourage and assist Dealers in their distribution efforts.

BPI offers two sales commission options to purchasers of Units of the Funds. An investor may purchase Units of the Funds on a sales charge basis, in which case the investor pays a negotiated sales commission directly to the Dealer not exceeding 5% of the market value of the investment (or 2% for Units of BPI T-Bill Fund or BPI U.S. Money Market Fund). Alternatively, an investor may purchase the Units on a redemption charge basis, in which case BPI Management pays, or arranges for the payment of, a fixed sales commission to the Dealer in the amount of 5% of the market value of the investment. In 1997, sales of Redemption Charge Units accounted for approximately 78% of total gross sales of Units of the Funds (excluding BPI U.S. Money Market Fund, BPI T-Bill Fund and Opportunities II Fund). When an investor redeems Redemption Charge Units, he pays an annually declining redemption charge (also referred to as a deferred sales charge) to BPI Management or the Partnership, if any, if the Units so purchased are redeemed within a specified period after purchase ranging from one to six years (the "Redemption Period"), unless the redemption (i) qualifies for an annual free redemption available to all Fund investors of approximately 10% of the Redemption Charge Units held by them in any Fund, or (ii) is made for the purpose of reinvesting such proceeds in Units of another Fund.

If an investor redeems Redemption Charge Units before the expiry of the Redemption Period for the purpose of transferring to Units of another Fund, the investor will not be required to pay a redemption fee, but a negotiable transfer fee of up to 2% of the market value of the Units transferred to another Fund may be charged by the Dealer. A similar negotiable transfer fee may be charged by a Dealer for a transfer of Units purchased on a sales charge basis.

For a discussion of the methods by which BPI Management finances the payment of sales commissions to Dealers in respect of Units purchased on a redemption charge basis, see “Financing of Funds Sold on a Redemption Charge Basis”.

In order to enhance ongoing service to investors, BPI Management makes monthly servicing commission payments to Dealers based upon the aggregate value of their clients’ investments in the Funds, at the annual rates indicated below, for so long as such clients’ investments remain in the Funds. The servicing commissions are calculated and payable monthly to approved Dealers for sales representatives of the Dealer with client assets invested in the BPI Mutual Funds and BPI Global Opportunities Fund. Servicing commissions in respect of client assets in the BPI Mutual Funds and BPI Global Opportunities Fund acquired prior to May 1, 1998 will be payable to approved Dealers only for salespersons of the Dealer which have client assets in the Funds as at April 30, 1998 in excess of $100,000.

	Annual Rate	
Fund	**Sales Charge Units**	**Redemption Charge Units**
Equity Funds	1.00%	0.50%
BPI Dividend Equity Fund		
BPI Canadian Equity Value Fund		
BPI Canadian Mid-Cap Fund		
BPI Canadian Small Companies Fund		
BPI Canadian Resource Fund Inc.		
BPI Asia Pacific Fund		
BPI Global Equity Value Fund		
BPI International Equity Value Fund		
BPI Global Small Companies Fund		
BPI Emerging Markets Fund		
BPI Global Opportunities Fund(1)		
BPI American Equity Value Fund		
BPI American Small Companies Fund		
Balanced Funds		
BPI Income & Growth Fund		
Income Funds	0.50%	0.25%
BPI Canadian Bond Fund		
BPI Corporate Bond Fund		
BPI Global RSP Bond Fund		
BPI Dividend Income Fund		
BPI High Income Fund		
Money Market Funds	0.10%	NIL
BPI T-Bill Fund		
BPI U.S. Money Market Fund		

(1) BPI Management may, in its discretion, pay Dealers 10% of any performance fee received by it in connection with its management of the BPI Global Opportunities Fund.

BPI Management also offers the following sales incentives to Dealers:

Co-Operative Marketing Programs: BPI Management may from time to time fund on a co-operative basis with Dealers up to 50% of the direct costs of sales communications and investor seminars to provide educational information concerning a Fund, the Funds or mutual funds generally. Investors are given written notice in the sales communications or seminars that BPI Management has paid in part for the sales communication or investor seminar.

Conferences and Other Educational Programs: BPI Management may financially participate in or provide product support at Dealer conferences, the primary purpose of which is the provision of educational information about financial planning, investing in securities, mutual fund industry matters or the Funds. However, BPI Management will not subsidize more than 10% of the total direct cost of such conferences (excluding travel and accommodation costs). BPI Management may reimburse Dealers for up to the total cost of the fees for educational courses taken by salespersons and BPI Management may also host educational or due diligence seminars or conferences, the primary purpose of which is the provision of educational information about financial planning, investing in securities, mutual fund industry matters or the Funds. However, BPI Management will not pay or subsidize Dealer travel or accommodation costs to attend such seminars or conferences.

Promotional and Other Items: BPI Management may give promotional items of nominal value to Dealers and salespersons and may engage in reasonable business promotional activities with Dealers and salespersons.

Financing of Funds Sold on a Redemption Charge Basis

An investor purchasing Redemption Charge Units of a Fund is not required to pay a sales commission to the Dealer at the time of sale, but instead pays an annually declining redemption charge if the Units are purchased or redeemed within a specified period after purchase ranging from one to six years. With respect to these sales, BPI Management must arrange for payment of the sales commission to the Dealer at the time of sale.

In 1998, sales of Redemption Charge Units accounted for approximately 78% of total gross sales of Units of the Funds (excluding sales of Units of BPI U.S. Money Market Fund, BPI T-Bill Fund and the Opportunities II Fund). In periods in which there are high volumes of sales of Redemption Charge Units, the Corporation’s cash flow from operations may be insufficient to fund sales commissions on Redemption Charge Units and alternative sources of funding will be required. To date, BPI Management has used a combination of limited partnerships, securitized partnerships, internal cash flow and bank financing to pay Dealer commissions.

The following table summarizes the principal features of the limited partnerships and securitized partnerships established by BPI Management to finance the sale of Redemption Charge Units.

Partnership	Distribution Period	Total Value of Sales Commissions Funded	Annual Fees Paid to Partnership (% of the Net Asset Value of Redemption Charge Units Financed)
BPI Limited Partnership I	March 27, 1990 - Feb. 28, 1991	$789,864	0.75% (All Funds except the BPI T-Bill Fund (“T-Bill”) and the BPI U.S. Money Market Fund (“US MMF”) (which each pay 0.25%))
BPI Limited Partnership II	March 1, 1991 - June 30, 1992	$917,517	0.75% (All Funds except T-Bill and US MMF (which each pay 0.25%))
BT Landmark Limited Partnership 1992	Jan. 2, 1992 - Mar. 6, 1993	$10,025,739	0.55% (All Funds)
BPI Limited Partnership III	July 1, 1992 - Dec. 31, 1992	$408,215	0.75% (All Funds except T-Bill and US MMF (which each pay 0.25%))

Partnership	Distribution Period	Total Value of Sales Commissions Funded	Annual Fees Paid to Partnership (% of the Net Asset Value of Redemption Charge Units Financed)
BPI Limited Partnership IV	Jan. 1, 1993 - Dec. 31, 1993	$2,224,125	0.75% (All Funds except T-Bill and US MMF (which each pay 0.25%))
Multi-Manager Limited Partnership I	Jan. 18, 1993 - Dec. 31, 1993	$13,396,621	0.53% (All Funds)
BPI Limited Partnership V	Jan. 1, 1994 - June 30, 1994	$3,427,192	0.65% (All Funds except T-Bill and US MMF (which each pay 0.25%))
BT Landmark Limited Partnership 1994	Jan. 2, 1994 - June 30, 1994	$7,155,276	0.62% (All Funds)
BPI (1994) Fees Partnership	July 1, 1994 - Dec. 31, 1994	$4,461,217	1.40% (All Funds except T-Bill and US MMF (which each pay 0.65%) and the BPI Dividend Income Fund (which pays 1.0%))[(1)]
BPI Limited Partnership VI	Jan. 1, 1995 - Sept. 30, 1995	$7,210,377	0.635% (All Funds)
BPI (1995) Fees Partnership	Oct. 1, 1995 - Dec. 31, 1995	$3,199,818	1.40% (All Funds except T-Bill and US MMF (which each pay 0.65%) and the BPI Dividend Income Fund (which pays 1.00%))[(1)]
BPI Limited Partnership VII	July 1, 1996 - Dec. 23, 1996	$15,303,326	0.565% (All Funds)
BPI Limited Partnership VIII	January 2, 1997 - July 31, 1997	$22,923,676	0.50% (All Funds)
BPI (1995) Fees Partnership	June 1, 1998 - Dec. 31, 1998	$20,653,685	1.70% (All Funds except T-Bill and US MMF (which each pay 0.50%)), Canadian Bond, Global RSP Bond and High Income (which each pay 1.00%) and Dividend Income (which pays 0.75%)[(1)]

(1) BPI Management is entitled to participate in the fees payable to BPI (1994) Fees Partnership and the BPI (1995) Fees Partnership, in respect of various services provided to these Partnerships, net of interest, expenses and other deductions.

To the extent available, BPI prefers to use direct methods of financing the payment of sales commissions, such as internal cash flow and bank financing, as BPI Management is then entitled to retain 100% of the management fees paid by the Funds and all deferred sales commissions paid by investors and generally is entitled to deduct for tax purposes 100% of the sales commissions so financed in the year incurred. When limited partnerships are used, BPI Management is required to pay a significant part of the management fees received on the financed Redemption Charge Units to the limited partnerships, the limited partnerships are entitled to all deferred sales commissions paid by investors and sales commissions are deductible by the limited partnerships, rather than by BPI Management.

As described under “The Mutual Fund Industry in Canada - Financing of Fund Securities Sold on a Redemption Charge Basis”, changes to the tax rules governing limited partnerships have resulted in the use by mutual fund managers of limited partnerships to finance defined sales commissions becoming uneconomic. These changes have not had an adverse impact on the Corporation’s ability to finance the sale of Redemption Charge Units. The Corporation has a committed credit facility with its principal banker, a Canadian chartered bank, providing the Corporation with a seven-year revolving credit facility of up to $75 million for the purpose of paying commissions on the sale of Redemption Charge Units. In addition, the Corporation has used its excess cash flow to finance commissions and intends to utilize a securitized partnership or other off-balance sheet financing vehicles in 1999 to finance a portion of sales commissions.

The Corporation expects that the revolving credit facility, its own cash flow from operations and securitized partnerships or other off-balance sheet financing vehicles will be sufficient to fully meet its financing needs for 1999 and future years.

Custodian of Portfolio Securities

State Street Trust Company Canada, 100 King Street West, Suite 3500, Toronto, Ontario M5X 1A9 is the custodian (the "Custodian") of the assets of each of the BPI Mutual Funds pursuant to custodian agreements dated as of December 16, 1997 for Corporate Bond Fund, June 25, 1997 for Canadian Mid-Cap Fund, International Equity Value Fund and Income & Growth Fund, January 2, 1997 for Canadian Equity Value Fund, Canadian Small Companies Fund, Canadian Resource Fund, American Equity Value Fund, American Small Companies Fund, Global Equity Value Fund, Global Small Companies Fund, Emerging Markets Fund, Canadian Bond Fund, Global RSP Bond Fund Dividend Income Fund, T-Bill Fund and U.S. Money Market Fund, September 24, 1996 for the Asia Pacific Fund and December 18, 1996 for the High Income Fund. The Custodian will only appoint as sub-custodians those companies who meet the guidelines of the Canadian securities administrators for sub-custodians.

The Custodian also provides fund accounting services to each of the Funds and acts as custodian of the assets of the privately-offered investment funds managed by BPI Global. Goldman Sachs & Co. acts as custodian of the assets of Opportunities II Fund, BPI Global Opportunities Fund and the BPI Global Opportunities Fund Inc.

Auditors

The auditors of the Funds are PricewaterhouseCoopers LLP, Chartered Accountants, 145 King Street West, Toronto, Ontario M5H 1V8. The auditors may not be changed without the approval of Unitholders signified at a meeting duly called for such purpose.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The Tables below show selected financial information for BPI on a consolidated basis during the last five fiscal years, and, with respect to certain of the information, for the last eight quarters. During 1996, BPI changed its fiscal year end from January 31 to December 31. As a result, the previous fiscal period of BPI was the 11 months from February 1, 1996 to December 31, 1996.

Selected Consolidated Financial Information - Last Five Fiscal Periods

	Year Ended December 31, 1998	Year Ended December 31, 1997	11 month period ended December 31, 1996	Years ended January 31 1996	1995
		(thousands of dollars, except per share amounts)			
Revenue	88,752	$69,374	$42,232	$33,100	$23,553
Net Income	3,590	3,036	621	4,045	5,838
Cash Flow From Operations	19,031	16,693	10,414	7,818	7,975
Total Assets	114,812	91,841	66,564	49,225	48,999
Long-Term Bank Loans	34,500	21,500	5,500	2,750	4,930
Shareholders' Equity	46,605	46,007	44,543	36,034	33,021
Net Earnings Per Share (basic)	0.09	0.07	0.02	0.11	0.20
Net Earnings Per Share (fully diluted)	0.08	0.07	0.02	0.10	0.18
Cash Flow Per Share	0.45	0.41	0.28	0.21	0.27

Cash Flow Per Share (fully diluted)	0.41	0.36	0.25	0.19	0.25
Dividends Per Share	0.04	0.04	0.04	0.04	0.01

Selected Consolidated Financial Information - Last Eight Quarters

(thousands of dollars, except per share and price data)

	Mar/99	Dec/98	Sept/98	June/98	Mar 30/98	Dec 31/97	Sept 30/97	June 30/97
Revenue	20,944	29,387	20,174	20,579	18,612	17,984	19,709	17,041
Net Income	381	2,113	438	676	363	601	1,292	655
Net Earnings Per Share (basic)	1.0	5.0	1.0	1.6	0.01	0.01	0.03	0.02
Net Earnings Per Share (fully diluted)	1.0	4.6	1.0	1.5	0.01	0.01	0.03	0.01
Market price range - high	3.00	3.09	3.80	4.30	4.43	5.55	5.35	3.74
Market price range - low	2.30	1.60	1.85	3.25	3.01	3.80	3.30	3.00

Dividend Policy

Prior to the fiscal year ended January 31, 1995, the Corporation paid no dividends on its Common Shares. In the fiscal periods ended January 31, 1995, January 31, 1996, December 31, 1996 and December 31, 1997, the Corporation paid an annual dividend on its Common Shares of $0.01, $0.04, $0.04 and $0.04 per share, respectively. As of December 31, 1998, the Corporation had declared and paid dividends on its Common Shares totaling $0.03 per share and had declared, but not paid, an additional dividend of $0.01 per share. This reflects the Corporation's current dividend policy of paying an annual dividend in the amount of $0.04 per Common Share. This dividend was paid in full in January 1999. This policy will be reviewed periodically in light of the Corporation's financial position, profitability, cash flow and other factors considered relevant by the Corporation's board of directors.

Normal Course Issuer Bid

Effective February 19, 1999, The Toronto Stock Exchange ("TSE") accepted the Corporation's notice of intention (the "Notice") to make a normal course issuer bid through the facilities of the TSE commencing February 25, 1999. The Corporation may purchase for cancellation up to 2,107,719 of its common shares at prevailing market prices. Purchases under the bid will terminate no later than February 24, 2000. As of April 30, 1999, the Corporation had purchased 70,900 Common Shares at an average price of $2.60 per share.

The Corporation's previous normal course issuer bid commenced on February 25, 1998 and expired on February 24, 1999. During the previous normal course issuer bid, BPI repurchased 572,000 Common Shares at an average price of $3.02 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information requirements relating to management's discussion and analysis were included in the Corporation's 1998 Annual Report. To obtain a copy of the Corporation's 1998 Annual Report, see "Additional Information".

MARKETS FOR SECURITIES

The Common Shares of the Corporation are listed and posted for trading on The Toronto Stock Exchange. The trading symbol is BPF.

DIRECTORS AND OFFICERS

The following table sets forth the names, municipalities of residence, the position held with the Corporation and the principal occupation during the five years preceding the date of this Annual Information Form of each of the directors and senior officers of the Corporation. All directors have been elected or appointed to hold office until the next annual meeting of shareholders of the Corporation.

Name and Municipality of Residence	Position with the Corporation	Principal Occupation	Director Since
WILLIAM B. HARRIS Toronto, Ontario	Director and Chairman of the Board of Directors	Chairman of the Board of the Corporation	November 23, 1994
JAMES L. MCGOVERN Toronto, Ontario	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Corporation	January 29, 1993
FREDERICK F. DALLEY Toronto, Ontario	Director and Executive Vice-President, Portfolio Management	Executive Vice-President, Portfolio Management of the Corporation	January 29, 1993
GARFIELD R. MITCHELL Toronto, Ontario	Director	Director, Community Affairs, George Weston Limited (holding company for food processing and retail companies)	January 29, 1993
ROBERT C. PILON Toronto, Ontario	Director	President, Ruttlon Productions Inc. (entertainment company)	August 29, 1994
LOUDON F. OWEN Toronto, Ontario	Director	Managing Partner, McLean Watson Capital (venture capital company)	June 11, 1996
ARTHUR R. SOLER Ajax, Ontario	Director	President, Cadbury Chocolate Canada Inc.	May 11, 1998
J. BRIAN SHEEDY Toronto, Ontario	Chief Financial Officer	Chief Financial Officer of the Corporation	—
JOHN A. COOK Toronto, Ontario	Executive Vice-President, Sales and Marketing	Executive Vice-President, Sales and Marketing of the Corporation	—

Name and Municipality of Residence	Position with the Corporation	Principal Occupation	Director Since
STUART D. WAUGH Toronto, Ontario	Executive Vice-President, General Counsel and Secretary	Executive Vice-President, General Counsel and Secretary of the Corporation	—
JOANNA T. LICZYK Toronto, Ontario	Vice-President and Controller	Vice-President and Controller of the Corporation	—

The principal occupation of each director and officer for the last five years is as follows: Mr. Harris was, prior to June 30, 1997, Chairman of The Mercantile and General Reinsurance Company and was, prior to September, 1996, Chairman of Barclays Bank of Canada. Mr. McGovern and Mr. Dalley have each held senior management positions with the Corporation and have concurrently held senior management positions with the Corporation or its predecessor. Mr. Mitchell has been employed by George Weston Limited and Wittington Investments, Limited providing research and advice on charitable giving and special projects and is currently Director, Community Affairs. Mr. Pilon has been president of Ruttlon Productions Inc., an entertainment company, since July 1995 prior to which he was associated with Live Entertainment Corporation of Canada. Mr. Owen has been Managing Partner, McLean Watson Capital Inc. Mr. Soler has been President of Cadbury Chocolate Canada Inc. Mr. Sheedy has been an employee of the Corporation since February 1, 1995, prior to which he was a partner of the accounting firm Deloitte & Touche. Mr. Cook has been an employee of the Corporation since March 1992. Mr. Waugh has been an employee of the Corporation since April 1998, prior to which he practiced corporate and securities law with the firm of McCarthy Tétrault. Ms. Liczyk has been an employee of the Corporation since June 30, 1994, prior to which she was the Vice-President and Controller of Bolton Tremblay (a mutual fund management company which amalgamated with BPI Management on June 30, 1994).

As of April 30, 1999, the directors and senior officers of the Corporation as a group beneficially own 1,235,258 Common Shares (approximately 3.0%), together with options to acquire 1,208,905 Common Shares. Certain directors and senior officers of the Corporation and members of their immediate families also own approximately 83% of the outstanding share capital of Arrow Capital Corporation, which owns 32% of the Common Shares.

The Corporation has no Executive Committee. Messrs. Harris, Mitchell and Pilon are members of the Corporation’s Audit Committee and Human Resources Committee, and Messrs. Harris, Mitchell, Pilon and Owen are members of the Corporate Governance Committee.

ADDITIONAL INFORMATION

If and when the Common Shares of the Corporation are offered to the public pursuant to a prospectus or preliminary prospectus which has been filed with the securities commissions, any person may request the following from the Corporation:

(a) a copy of the annual information form of the Corporation, including any document incorporated by reference;

(b) a copy of the audited comparative financial statements of the Corporation for its most recently completed fiscal year and the unaudited interim financial statements (if applicable);

(c) a copy of the Corporation's management information circular for the most recent annual meeting of shareholders that involved the election of directors or a copy of any annual filing prepared in lieu of that management information circular, as appropriate; and

(d) a copy of any other documents that are incorporated by reference into the preliminary prospectus or prospectus.

Additional statutory information (as applicable), including management's discussion and analysis of financial condition and results of operations, directors' and officers' remuneration and indebtedness, principal holders of Common Shares of the Corporation, options to purchase Common Shares and interests of insiders in material transactions, is contained in the Corporation's Management Information Circular with respect to the Annual Meeting of the Corporation to be held on May 3, 1999 and in the 1998 Annual Report of the Corporation. Additional financial information is provided in the Corporation's audited comparative financial statements for its most recently completed financial year.

A copy of any of the above documents may be obtained without charge upon request by writing to BPI Financial Corporation, BCE Place, 161 Bay Street, Suite 3900, Toronto, Ontario, M5J 2S1, Attention: Investor Relations.