STRONGCO INCOME FUND

ANNUAL INFORMATION FORM
for the year ended December 31, 2008

March 30, 2009

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

"AcquisitionCo" means Strongco AcquisitionCo Inc., an Ontario corporation, which amalgamated with Old Strongco on May 6, 2005 to form New Strongco;

"Administration Agreement" means the administration agreement dated as of May 6, 2005 between Old Strongco and the Fund, and assigned to Strongco LP on September 1, 2006;

"Affiliate" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"Amalco" means the corporation formed on September 1, 2006 as a result of the amalgamation of New Strongco and Newco under the OBCA;

"Arrangement" means the arrangement completed on May 6, 2005, under the provisions of section 182 of the OBCA, as described in the Arrangement Agreement;

"Arrangement Agreement" means the arrangement agreement dated March 23, 2005, between Old Strongco, the Fund and AcquisitionCo;

"associate" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"Business" means the business of selling and renting new and used equipment, providing after-sale customer support (parts and service) and industrial supplies, and designing, manufacturing, selling, installing and servicing bulk material handling equipment carried on by Strongco;

"Business Day" means a day, other than a Saturday, Sunday or statutory or civic holiday, when banks are generally open for the transaction of business in Toronto, Ontario;

"control" means, with respect to control of a body corporate by a Person, the holding (other than by way of security) by or for the benefit of that Person of securities of that body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate (whether or not securities of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) provided that such votes, if exercised, are sufficient to elect a majority of the board of directors of the body corporate;

"Declaration of Trust" means the declaration of trust dated March 21, 2005, as amended and restated on April 28, 2005, and as further amended and restated on September 1, 2006, governing the Fund, as the same may be further amended from time to time;

"Exchange Notes" means the notes issued in exchange for LP Notes by a wholly-owned Affiliate of the Fund pursuant to a note indenture which will have terms similar to the LP Notes except that the interest rate on such notes shall be 0.05% less than the interest rate on LP Notes;

"Credit Facilities" means the credit facilities established in favour of Strongco LP by a Canadian chartered bank pursuant to the Facility Letter;

"Facility Letter" means the amended and restated facility letter between a Canadian chartered bank and Strongco LP dated August 11, 2008, as amended by a letter dated February 27, 2009, establishing the Credit Facilities;

"Fund" means Strongco Income Fund, a trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust;

"GAAP" means generally accepted accounting principles;

"In Specie Redemption Price" has the meaning ascribed thereto under the heading "Information Concerning the Fund – Redemption at the Option of Unitholders";

"Limited Partnership Agreement" means the limited partnership dated July 26, 2006 between Strongco GP as general partner and New Strongco as the initial limited partner to which the Fund became a party as a limited partner thereof on September 1, 2006;

"LP Notes" means the notes that may be issued from time to time by Strongco LP in connection with a redemption of LP Units;

"LP Units" mean the limited partnership units of Strongco LP;

"LTIP" means the Strongco Inc. Long-term Incentive Plan established on May 6, 2005 and assigned to Strongco LP on September 1, 2006;

"Meeting" means the 2009 annual and special meeting of the Unitholders of the Fund scheduled to be held on April 30, 2009;

"Newco" means Strongco Investco Inc., an Ontario corporation, incorporated on July 26, 2006 and amalgamated with New Strongco on September 1, 2006 to form Amalco;

"New Strongco" means Strongco Inc., an Ontario corporation, as it existed following the completion of the Arrangement but prior to the completion of the Reorganization, and the entity that carried on the Business during that time period;

"New Strongco Shares" means the common shares of New Strongco;

"OBCA" means the *Business Corporations Act* (Ontario), as amended, including the regulations promulgated thereunder;

"Old Strongco" means Strongco Inc., an Ontario corporation, as it existed prior to the completion of the Arrangement, and the entity that carried on the Business prior to the Arrangement;

"Old Strongco Shares" means the common shares of Old Strongco;

"Ordinary Resolution" means a resolution proposed to be passed as an ordinary resolution at a meeting of Unitholders (including an adjourned or postponed meeting) duly convened for that purpose and held in accordance with the provisions of the Declaration of Trust at which a quorum is present, which resolution is passed by the affirmative votes of the majority of the Units represented at the meeting and voted upon such resolution, or a resolution in writing circulated to all Unitholders and executed by Unitholders holding more than 50% of the outstanding Units entitled to be voted on such resolution;

"Redemption Price" has the meaning ascribed thereto under the heading "Information Concerning the Fund – Redemption at the Option of Unitholders";

"Reorganization" means the internal reorganization completed by the Fund and its subsidiaries on September 1, 2006;

"Special Resolution" means a resolution proposed to be passed as a special resolution at a meeting of Unitholders (including an adjourned or postponed meeting) duly convened for that purpose and held in accordance with the provisions of the Declaration of Trust at which a quorum is present, which resolution is passed by the affirmative votes of the holders of more than 66 2/3% of the Units represented at the meeting and voted upon such resolution or a resolution in writing circulated to all Unitholders and executed by Unitholders holding more than 66 2/3% of the outstanding Units entitled to be voted on such resolution;

"**Strongco**" has the meaning ascribed thereto under the heading "General Development of the Business – History of the Business" in this Annual Information Form;

"**Strongco Entities**" means Strongco LP and Strongco GP and any of their respective Affiliates;

"**Strongco GP**" means Strongco GP Inc., an Ontario corporation, incorporated on July 21, 2006, and the general partner of Strongco LP;

"**Strongco LP**" means Strongco Limited Partnership, a Manitoba limited partnership, established on July 26, 2006, and the entity that currently carries on the Business;

"**Subsidiary**" means, in relation to any Person, any body corporate, partnership, joint venture, association or other entity of which more than 50% of the total voting power of shares or units of ownership or beneficial interest entitled to vote in the election of directors (or members of a comparable governing body) is owned or controlled, directly or indirectly, by such Person;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

"**Trustees**" mean the trustees of the Fund from time to time;

"**TSX**" means the Toronto Stock Exchange;

"**Unit**" means a unit of the Fund; and

"**Unitholders**" mean the holders of Units from time to time.

ANNUAL INFORMATION FORM

Forward-looking Statements

This Annual Information Form ("AIF") contains forward-looking statements. All statements other than statements of historical fact contained in this AIF are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, budgets, projected costs and plans and objectives of or involving the Fund or Strongco. Unitholders can identify many of these statements by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this AIF. Although the Fund and Strongco believe that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the factors which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: impact of economic cycles, competition, dependence on key personnel, status of relationships with equipment manufacturers, risk involving equipment manufacturers, quality of products distributed, fluctuations in foreign exchange rates and interest rate fluctuations.

The information contained in this AIF, including the information set forth under "Risk Factors Relating to the Fund and Strongco", identifies additional factors that could affect the operating results and performance of the Fund and Strongco.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this AIF are made as of the date of this AIF.

GENERAL DEVELOPMENT OF THE BUSINESS

History of the Business

Arrangement

On March 23, 2005, the Fund, Old Strongco and AcquisitionCo entered into the Arrangement Agreement which provided for the implementation of the Arrangement. The purpose of the Arrangement was to create the Fund as a publicly-traded income trust which would carry on the existing Strongco Business through its wholly-owned subsidiary, New Strongco. The Arrangement was completed on May 6, 2005.

Prior to the completion of the Arrangement, Old Strongco was a publicly-traded corporation and the Old Strongco Shares were listed on the TSX. Pursuant to the terms of the Arrangement, each issued and outstanding Old Strongco Share was transferred to the Fund in exchange for one Unit. Immediately following the completion of the Arrangement, 10,043,185 Units were outstanding.

Reorganization

On September 1, 2006, the Fund and its subsidiaries completed the Reorganization which resulted in the Strongco Business then carried on by New Strongco being transferred to Strongco LP. The purpose of the Reorganization was to reorganize the Fund and its subsidiaries so that the Fund would be better positioned to pursue expansion opportunities, including public merger transactions with other mutual fund trusts. The Fund had determined that the proposed trust on partnership structure would better accommodate its future expansion objectives and would be better received by the capital markets, thereby making the Units more attractive as consideration in any merger or acquisition transaction. Furthermore, the Business carried on by New Strongco was generating profits. As a consequence, New Strongco had become taxable. The tax payable at the New Strongco level had reduced cash flow. It was anticipated that the transfer of the Business from New Strongco to a partnership would facilitate increases in cash flow and could enable higher distributions as the Fund's income grew.

The sole general partner of Strongco LP is Strongco GP, of which the Fund is the sole shareholder. The sole limited partner of Strongco LP is the Fund.

The Fund does not carry on any active business, but rather it holds, directly or indirectly, 100% of the issued and outstanding securities of Strongco LP. Strongco LP is a multi-line equipment distributor in Canada which carries on the business of selling and renting new and used equipment; providing after-sale customer support (parts and service); and designing, manufacturing, selling, installing and servicing dry bulk material handling equipment.

In this AIF, unless the context otherwise requires, "**Strongco**" refers to Strongco LP for the period since September 1, 2006; New Strongco for the period from March 6, 2005 to September 1, 2006; and Old Strongco for the period prior to March 6, 2005.

Recent Developments

Acquisition of Champion Road Machinery

On March 20, 2008, the Fund announced that it had completed the acquisition of substantially all of the assets (excluding real property) of the Champion Road Machinery division (the "**Champion Business**") of Volvo Group Canada Inc. ("**Volvo Canada**"). The acquisition was completed in accordance with the terms of an asset purchase agreement (the "**Champion Road Machinery Agreement**") dated effective as of the 1st day of March, 2008 between Volvo Canada and Strongco LP. The aggregate purchase price was approximately $25 million, of which approximately $7 million was paid in cash and the balance by the assumption of certain liabilities relating to the Champion Business.

The Champion Business provides full service sales, rentals, parts and service for the Volvo Motor Grader line in Ontario. In addition to graders, the Champion Business carries the Volvo Compact line in Ontario as well as Hamm and Super Pac compaction, ProPav pavers and Johnston sweepers and Frink plow equipment.

Appointment of New President and Chief Executive Officer

On August 12, 2008, the Fund announced the appointment of Mr. Robert H. R. Dryburgh to the position of Chief Executive Officer, effective August 11, 2008. At the time of this appointment, Mr. Dryburgh was a Trustee of the Fund. Mr. Dryburgh is a Chartered Accountant and a Chartered Director. Mr. Dryburgh has held senior management and executive positions in various public and private corporations in Canada and the United States. Mr. Dryburgh succeeded Mr. Robin MacLean who held the position of Chief Executive Officer of the Fund since August 1, 2005.

Appointment of New Chief Financial Officer

On November 10, 2008, the Fund announced the appointment of Mr. J. David Wood to the position of Chief Financial Officer of the Fund, effective December 15, 2008. Mr. Wood is a Chartered Accountant with an Honours Bachelor degree from the University of Toronto. Mr. Wood was previously employed as Chief Financial Officer at another publicly traded company in Canada. Mr. Wood succeeded Mr. Grant McCardle who held the position of Chief Financial Officer of the Fund since May 1, 2007.

Suspension of Distributions

On August 12, 2008, the Fund announced that distributions to Unitholders of the Fund would be suspended until further notice, commencing with the distribution for the month ended August 31, 2008. This change was in response to lower than expected year to date results in both of Strongco's operating segments, concerns about the near term economic outlook and a need to retain cash to maintain balance sheet strength.

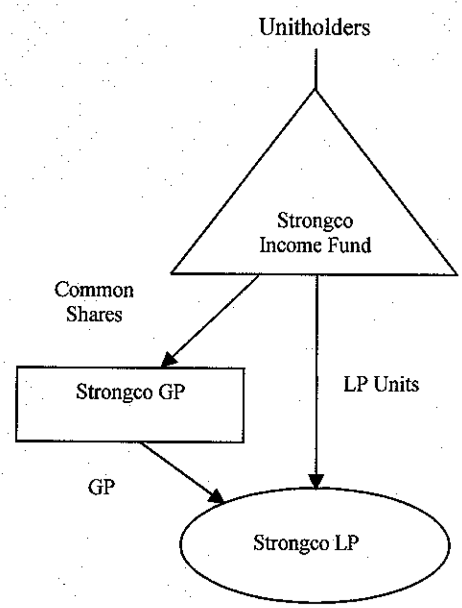
INFORMATION CONCERNING THE FUND

The following information includes a summary of the material attributes and characteristics of the Units and certain provisions of the Declaration of Trust. This summary is qualified in its entirety by reference to the full text of the Declaration of Trust, which has been filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

Structure of the Fund

The Fund is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. The Fund qualifies as a "mutual fund trust" for purposes of the Tax Act. The Fund owns, directly or indirectly, all of the outstanding securities of Strongco LP and Strongco GP. The head and principal office of the Fund is located at 1640 Enterprise Road, Mississauga, Ontario L4W 4L4.

The following diagram illustrates the current structure of the Fund and its related entities:



Activities of the Fund

The Declaration of Trust provides that the Fund is a limited purpose trust and its activities are restricted to:

(i) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with investments in debt and/or equity securities and/or assets of any of the Strongco Entities, as well as other corporations, partnerships, trusts and other persons conducting the business of (a) distributing equipment and/or (b) providing after-sale customer support services in connection therewith, and/or (c) manufacturing and/or servicing engineered systems, and such other investments as the Trustees may determine;

(ii) temporarily holding cash in interest-bearing accounts or short-term certificates of deposit, short term government debt or investment grade corporate debt, or money market mutual funds for the purposes of the Fund's activities, including making investments or paying the expenses and liabilities of the Fund, paying amounts owing by the Fund in connection with the redemption of any Units or other securities of the Fund, and making distributions to Unitholders;

(iii) issuing Units and other securities of the Fund (including securities convertible into or exchangeable for Units or other securities of the Fund, or warrants, options or other rights to acquire Units or other securities of the Fund), including for the purposes of: (a) obtaining cash to conduct the activities described above, including raising funds for further acquisitions, (b) implementing Unitholder rights plans, distribution reinvestment plans and Unit purchase plans, incentive option plans or other compensation plans, if any, established by the Fund, the Strongco Entities or another Subsidiary or Affiliate of the Fund, (c) making non-cash distributions to Unitholders as contemplated by the Declaration of Trust, including pursuant to distribution reinvestment plans, if any, established by the Fund, or (d) satisfying any indebtedness or liability of or borrowing by the Fund;

(iv) issuing debt securities or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of its assets as security;

(v) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Strongco Entities or another Subsidiary or Affiliate of the Fund or the performance of any obligation of the Strongco Entities or another Subsidiary or Affiliate of the Fund, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of its assets, including debt or equity securities issued by the Strongco Entities or any of the Fund's other Subsidiaries or Affiliates, as the case may be, as security for such guarantee, and subordinating its rights under indebtedness owed to the Fund to other indebtedness;

(vi) issuing or redeeming rights and Units pursuant to any incentive plan or Unitholder rights plan adopted by the Fund;

(vii) disposing of all or any part of any of the Fund's assets;

(viii) repurchasing and redeeming securities issued by the Fund, subject to the provisions of the Declaration of Trust and applicable law;

(ix) satisfying the obligations, liabilities or indebtedness of the Fund; and

(x) undertaking such other activities, or taking such other actions, as are related to or in connection with the foregoing or as are contemplated by the Declaration of Trust or as may be approved by the Trustees from time to time;

provided that the Fund may not undertake any activity, take any action, or make any investment that would result in the Fund not being considered a "mutual fund trust" or a "registered investment" for purposes of the Tax Act.

Units

An unlimited number of Units may be issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of the termination or winding-up of the Fund. All Units are of the same class with equal rights and privileges. The Units entitle the holder thereof to one vote for each whole Unit held at all meetings of Unitholders. Except as set out under "Information Concerning the Fund – Redemption at the Option of Unitholders" below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Issuance of Units

The Declaration of Trust provides that Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine, including pursuant to any Unitholder rights plan, or any incentive option or other compensation plan established by the Fund. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a pro rata basis. The Declaration of Trust also provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder's share of the distribution). In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation.

Trustees

The Declaration of Trust provides that the Fund will have a minimum of three and a maximum of ten Trustees. The Trustees are to supervise the activities and manage the affairs of the Fund. The current number of Trustees has been fixed at six. The term of office for each Trustee will expire at the Meeting or until a successor is appointed. The following table sets out, as at the date hereof, the name, province and country of residence and principal occupation of each Trustee, and the period during which each Trustee has served as a Trustee of the Fund.

ROBERT J. BEUTEL Residence: Ontario, Canada Trustee Since: April 2005 Occupation: President, Oakwest Corporation Limited	Mr. Beutel is an executive officer of Oakwest Corporation Limited (an investment and management holding company), a position he has held since 1987. Mr. Beutel is also a director of Accord Financial Corp. (a publicly listed financial services company) and a director and Chairman of Hanfeng Evergreen Inc. (a publicly listed fertilizer production company). Mr. Beutel is Chairman of the Trustees, a member of the audit committee and a member of the corporate governance and compensation committee. Mr. Beutel is also a director and Chairman of the board of directors of Strongco GP, a wholly-owned subsidiary of the Fund and the general partner of Strongco LP, the operating entity that carries on the Strongco business. Mr. Beutel was a director of Strongco from July 2001 to September 1, 2006 and Chairman of the board of directors of Strongco from November 2003 to September 1, 2006.
IAN C.B. CURRIE Q.C. Residence: Ontario, Canada Trustee Since: April 2006 Occupation: Corporate Director	Mr. Currie is a corporate director. He serves on the board of directors of the following public companies: Route 1 Inc., a developer and marketer of innovative remote computing systems, of which he is Chairman; and Jannock Properties Limited, a liquidation trust, of which he is Chairman and President. Prior to the spring of 2000, Mr. Currie was Chairman of Jannock Limited, a manufacturer and distributor of building products. Mr. Currie was also Managing Partner and Chief Executive Officer of Fraser Milner Casgrain LLP, a leading business law firm. Mr. Currie is chair of the corporate governance and compensation committee of the Trustees. He became a member a member of the audit committee of the Trustees effective December 18, 2008. Mr. Currie was a director of Strongco from April 27, 2006 to September 1, 2006.

ROBERT H.R. DRYBURGH, C.A.. C.Dir. Residence: Ontario, Canada Trustee Since: December 2007 Occupation: : President and Chief Executive Officer, Strongco	Mr. Dryburgh is the President and Chief Executive Officer of the Fund and of Strongco GP. He was appointed to these positions on August 11, 2008. Prior to joining Strongco as President and Chief Executive Officer, Mr. Dryburgh was a corporate director. He is a trustee of the Frank Lloyd Wright Foundation, a non-profit organization dedicated to conserving Frank Lloyd Wright's works and educating architects. He has held senior management and executive positions in various public and private corporations in Canada and the United States, including: Executive Vice-President of Heico Acquisitions Inc., an investment holding company, and Executive Vice-President of a Heico's portfolio company, Robertson-Ceco Corporation, a leading manufacturer of custom engineered metal buildings from 2004 to 2006; President of Straightline Division, United States Steel Corporation, a technology based steel distribution/supply chain management company from July 2001 to September 2004; and President of Jenisys Engineered Products Division of Jannock Limited, a manufacturer and distributor of construction products, from 1992 to 2000. Mr. Dryburgh is a Chartered Accountant and a Chartered Director. Mr. Dryburgh was a member of the audit committee prior to his appointment as President and Chief Executive Officer of the Fund on August 11, 2008.
CHARLES M. PHILLIPS Residence: Ontario, Canada Trustee Since: October 2005 Occupation: President and Chief Executive Officer, Armtec Limited Partnership	Mr. Phillips is the President and Chief Executive Officer of Armtec Limited Partnership, a leading manufacturer and marketer of drainage products and engineered solutions for infrastructure applications in a diverse cross-section of industries, positions he has held since January 1999. Mr. Phillips was President of the Big 'O' Division of Jannock Limited, a manufacturer and distributor of construction products, from February 1998 to January 1999, the Vice President, Finance of the Jenisys Engineered Products Division of Jannock Limited, from October 1995 to February 1998, and the Director of Finance of the Jannock Steel Division of Jannock Limited from February 1990 to October 1995. Mr. Phillips held successively senior positions in Jannock Limited during his tenure with that company, which began in 1987. Mr. Phillips is also a director of Canadian Wireless Limited, the general partner of Canadian Wireless Trust. Mr. Phillips is a member of the corporate governance and compensation committee. He was a member of the audit committee of the Trustees from April 27, 2006 to May 1, 2007. He was also a director of Strongco from October 2005 to September 1, 2006.
RICHARD A. SCOTT Residence: Ontario, Canada Trustee Since: March 2005 Occupation: Partner, Fraser Milner Casgrain LLP	Mr. Scott is a partner with Fraser Milner Casgrain LLP, a leading business law firm, and has practiced extensively in the areas of corporate and commercial law, mergers and acquisitions and securities law since 1986. Mr. Scott was a director of Strongco from September 2003 to September 1, 2006.
IAN SUTHERLAND Residence: Ontario, Canada Trustee Since: April 2005 Occupation: Chairman, The North West Company Inc.	Mr. Sutherland was, for most of his career, an officer of MCAN Mortgage Corporation and a predecessor, The Mutual Trust Company. He was Chief Executive Officer of The North West Company Inc. from 1993 to 1997 and has been Chairman of North West Company Fund from 1997 to 2008. Mr. Sutherland is Chairman and a director of MCAN Mortgage Corporation and a trustee of North West Company Fund. Mr. Sutherland is chair of the audit committee of the Trustees. He was also a director of Strongco from October 2004 to September 1, 2006.

A quorum of Trustees, being the greater of two Trustees or a majority of the Trustees then holding office (provided that the majority of Trustees present are resident in Canada), may fill a vacancy among the Trustees, except a vacancy resulting from an increase in the number of Trustees (other than as noted below) or from a failure of the Unitholders to elect the required number of Trustees at a meeting of Unitholders called for such purpose. In the absence of a quorum of Trustees, or if the vacancy has arisen from a failure of the Unitholders to elect the required number of Trustees at a meeting of Unitholders called for such purpose, the Trustees will promptly call a special meeting of Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are not Trustees then in office, any Unitholder may call the meeting. The Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Unitholders following such appointment, but the number of additional Trustees so appointed may not at any time exceed one-third of the number of Trustees who held office at the expiration of the immediately preceding annual meeting of Unitholders.

A Trustee may resign upon written notice to the Fund and may be removed by an Ordinary Resolution of the Unitholders. A vacancy created by the removal of a Trustee may be filled at the same meeting of Unitholders, failing which it may be filled by the remaining Trustees.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustees will have full, absolute and exclusive power, control and authority over the assets of the Fund and over the affairs of the Fund to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the assets of the Fund and may, in respect of the assets of the Fund, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof. Subject to such terms and conditions, the Trustees are responsible for, among other things: (i) supervising the activities and managing the investments and the affairs of the Fund; (ii) maintaining records and providing reports to Unitholders; (iii) effecting distributions from the Fund to Unitholders; (iv) effecting the payment of the redemption or repurchase price for Units; (v) acting for, voting on behalf of, and representing the Fund as a holder of LP Units and (vi) voting in favour of the Trustees to serve as directors of Strongco GP.

The Declaration of Trust provides that the Trustees must act honestly and in good faith with a view to the best interests of the Fund and in connection therewith must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee and officer of the Fund, as well as former Trustees and officers, and their respective heirs and legal representatives, will be entitled to indemnification from the Fund in respect of the exercise of that person's powers, and the discharge of that person's duties, provided that the person acted honestly and in good faith with a view to the best interests of the Fund and exercised the degree of care, diligence and skill required by the Declaration of Trust and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the person had reasonable grounds for believing that his or her conduct was lawful.

The Declaration of Trust provides that the Trustees must vote the LP Units in the manner provided for and on the conditions contained therein. The Declaration of Trust also provides that the Trustees shall not take any action that would result in the Fund becoming liable as a general partner of Strongco LP; that the directors of Strongco GP shall manage or supervise the management of the business affairs of Strongco GP; that Strongco GP shall administer, manage, control and operate the Business of Strongco LP; and that the directors of Strongco GP shall at no time be comprised of a majority of directors who also serve as Trustees.

Voting Securities

The Fund is authorized to issue an unlimited number of Units. As at the date hereof, there are 10,508,719 Units issued and outstanding, each carrying the right to one vote.

As at the date hereof, the Trustees and executive officers of the Fund and the directors and executive officers of Strongco GP as a group beneficially own, directly or indirectly, or exercise control or direction over 677,023 Units (approximately 6.4% of the outstanding Units). Robert J. Beutel is a director, officer and shareholder of Oakwest Corporation Limited which owns 2,140,400 Units (approximately 20.37% of the outstanding Units).

Long-Term Incentive Plan

Key senior management of Strongco and its Affiliates are eligible to participate in the LTIP. The purpose of the LTIP is to ensure that management's incentives are fully aligned with those of Unitholders and to provide eligible participants with compensation opportunities that will encourage ownership of Units, enhances Strongco's ability to attract, retain and motivate key personnel, and reward key senior management for significant performance and associated per Unit cash flow growth of the Fund. Pursuant to the LTIP, Strongco will set aside a pool of funds based upon the amount by which the Fund's distributions per Unit exceed cash distribution threshold amounts. Computershare Trust Company of Canada, as administrator of the LTIP, will then purchase Units in the market with such pool of funds and will hold such Units until such time as ownership vests to each participant. Generally one-third of these Units will vest equally in each of the three years following the grant of the awards. LTIP participants will be entitled to receive distributions on all Units held for their account prior to the applicable vesting date. Unvested Units held by the trustee for a LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date. The LTIP is administered by the corporate governance and compensation committee of the Trustees. The corporate governance and compensation committee of the Trustees has the power to, among other things, determine: (i) those individuals who will participate in the LTIP; (ii) the level of participation of each participant; and (iii) the time or times when ownership of the Units will vest for each participant.

In respect of the 2005 fiscal year, the cash distribution threshold amount was set at $1.80 per annum per Unit, prorated for the period of 2005 during which the Fund was in existence (the "**Base Distribution**"). In respect of the 2006 fiscal year, the Base Distribution was initially set at $1.85 per annum per Unit and was increased to $1.89 per annum per Unit upon the completion of the Reorganization for the remainder of the year. For 2007, the Base Distribution was set at $2.00 per annum per Unit. For 2008, the Base Distribution was set at $1.20 per annum per Unit. The amount which forms the LTIP incentive pool will be determined in accordance with the table below:

Percentage by which Cash Distributions per Unit exceeds the Base Distribution	Proportion of Aggregate Cash Distributions per Unit in excess of the Base Distribution available for incentive payments
5% or less	10%
over 5% to 10%	15% of any excess over 5% to 10%
greater than 10%	20% of any excess over 10%

The corporate governance and compensation committee of the Trustees has the discretion to adjust these amounts and percentages from time to time.

Grant of Option to Robert H.R. Dryburgh

On August 11, 2008, the Fund granted, subject to Unitholder approval, an option (the "**Option**") to Robert H.R. Dryburgh, the President and Chief Executive Officer of the Fund and Strongco GP, to purchase 100,000 Units of the Fund (the "**Optioned Units**"), on the terms and conditions set out in a unit option agreement made the 11th day of August, 2008 between the Fund and Mr. Dryburgh. The Option will be exercisable, subject to Unitholder approval, at the price of $2.98 per Optioned Unit. The Option expires on August 11, 2013. 50% of the Optioned Units will vest and will become exercisable by Mr. Dryburgh 12 months after the grant date, and the balance of the Optioned Units will vest and will become exercisable 24 months after the grant date.

Committees of the Trustees

Corporate Governance and Compensation Committee of the Trustees

The Trustees have a corporate governance and compensation committee, the members of which are Ian C.B. Currie (Chair), Robert J. Beutel and Charles M. Phillips. The Trustees have determined that each member of the corporate governance and compensation committee is "independent" from the Fund and Strongco within the meaning of the Canadian Securities Administrators' National Instrument 58-101 ("**NI 58-101**").

The corporate governance and compensation committee of the Trustees is responsible for examining corporate governance practices observed within the Fund and for making recommendations with respect to such matters to the Trustees. In addition, this committee serves as the nominating committee of the Trustees. The responsibilities of the committee as they pertain to corporate governance matters include: reviewing corporate governance practices in general; examining the adequacy and effectiveness of the Trustees' practices in light of changing requirements and making suggestions for improvement; maintaining an oversight of the number and composition of the Trustees and their committees and providing advice to the Trustees in this regard; reviewing the effectiveness of the Trustees including time commitments, conflicts of interest and continuing qualification, contribution by individual Trustees and composition and effectiveness of committees of the Trustees; developing criteria for the selection of Trustees and identifying individuals for appointment as Trustees; overseeing orientation and education programs for new Trustees; making recommendations to the Trustees as to the committees of the Trustees to be constituted from time to time, the mandate of such committees and the structure of such committees; assessing the quality and effectiveness of the Trustees' relationship with management; recommending topics of interest or importance for discussion and/or action taken by the Trustees and addressing information requirements of the Trustees; reviewing and approving the Fund's response to applicable corporate governance guidelines on an annual basis for inclusion in the Fund's annual report or information circular; assessing the merits of any Unitholder proposals and formulating draft responses for Trustee approval; and approving, if requested, the engagement by an individual Trustee of an outside legal or other advisor at the expense of the Fund.

The corporate governance and compensation committee of the Trustees is also responsible for reviewing and making recommendations in respect of compensation to be paid to the Trustees and other compensation matters that the committee may be asked by the Trustees to address. The responsibilities of the committee as they pertain to compensation matters include: reviewing and making recommendations to the Trustees on an annual basis with respect to compensation of the Trustees; and reviewing and approving the report on executive compensation required by regulatory authorities. In addition, the corporate governance and compensation committee of the Trustees is responsible for implementing, administering and making amendments to, and otherwise dealing with matters relating to, the LTIP, in accordance with the terms of the LTIP.

Audit Committee of the Trustees

Composition of the Audit Committee

The Trustees have an audit committee, the members of which are Ian Sutherland (Chair), Robert J. Beutel and Ian C. B. Currie. The Trustees have determined that each member of the audit committee is "independent" from the Fund and Strongco and "financially literate" within the meaning of the Canadian Securities Administrators' Multilateral Instrument 52-110. Each member of the audit committee has the ability to perform his responsibilities as an audit committee member based on his education and/or experience as summarized below.

Ian Sutherland - Mr. Sutherland is a chartered accountant and a chartered financial analyst. He has been a director or trustee, an audit committee member and the chair of the audit committee of a number of public companies and income trusts.

Robert J. Beutel - Mr. Beutel has been employed in the investment industry for over 20 years having been briefly the president of a regulated trust company in addition to his current role as President of Oakwest Corporation Limited. Mr. Beutel has been an audit committee member on a number of previous occasions, in one case for over 10 years.

Ian C. B. Currie – Mr. Currie serves on the board of directors of a number of public, private and not-for-profit organizations. He was also Managing Partner and Chief Executive Officer of Fraser Milner Casgrain LLP, a leading business law firm. Mr. Currie previously served on the audit committee of a large corporation. He was previously a member of the audit committee of the Fund from May 1, 2007 to December 13, 2007.

For more information concerning the education and experience of the members of the audit committee of the Trustees, see "Information Concerning the Fund – Trustees" above.

Audit Committee Charter

The responsibilities and duties of the audit committee of the Trustees are set out in the audit committee charter, the text of which is set forth in Appendix "A" to this Annual Information Form.

Pre-Approval of Non-audit Services

In accordance with the Canadian Institute of Chartered Accountants' independence standards for auditors, the Fund is restricted from engaging its external auditors to provide certain non-audit services to the Fund, including bookkeeping or other services related to the accounting records or financial statements, information technology services, valuation services, actuarial services, internal audit services, corporate finance services, management functions, human resources functions, legal services and expert services unrelated to the audit. The Fund does engage its external auditors from time to time, to provide certain non-audit services other than the restricted services. All non-audit services must be specifically pre-approved by the audit committee.

External Auditor Service Fees

The following table sets forth the aggregate fees billed by Ernst & Young LLP, the Fund's and Strongco's external auditors, for services rendered for the fiscal years 2008 and 2007:

	2008	2007
Audit Fees(1)	$393,600	$303,000
Audit-related fees(2)	$0	$0
Tax fees(3)	$48,000	$93,240
All other fees(4)	$108,000	$0
Total	$549,600	$396,240

Notes:

(1) "Audit fees" include the aggregate fees billed by Ernst & Young LLP for the audit of the annual consolidated financial statements and other regulatory audits and filings.

(2) "Audit related fees" include the aggregate fees billed by Ernst & Young LLP, for the provision of technical, accounting and financial reporting advice services.

(3) "Tax fees" include the aggregate fees billed by Ernst & Young LLP for the provision of corporate tax compliance, tax planning and other tax related services.

(4) "All other fees" includes the aggregate fees billed by Ernst & Young LLP for the provision of services related to the transition to International Financial Reporting Standards (IFRS) and the certification of Strongco's annual filings.

Distributions

The Declaration of Trust provides that monthly distributions are to be paid to Unitholders of record on the last Business Day of each calendar month or such other date as may be determined from time to time by the Trustees (provided that December 31 in each calendar year shall be a distribution record date) and are to be paid generally on the 20th day of the following month (or if that day is not a Business Day, on the next following Business Day or such earlier date determined from time to time by the Trustees).

The Fund may make additional distributions in excess of the aforementioned monthly distributions during the year, as the Trustees may determine. The distribution declared in respect of the month ending December 31 in each year will include such amount in respect of the taxable income and net realized capital gains, if any, of the Fund for such year as is necessary to ensure that the Fund will not be liable for income taxes under Part I of the Tax Act in such year. Any income of the Fund that is unavailable for cash distribution will, to the extent necessary to ensure that the Fund does not have any such income tax liability, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing.

The Fund has declared distributions to Unitholders for each of the financial years ended December 31, 2006, December 31, 2007 and December 31, 2008 as set out below.

From January 1, 2006 to December 31, 2006, the Fund made cash distributions to Unitholders totaling $2.00 per Unit. The following table sets forth the per Unit amount of monthly cash distributions declared and paid by the Fund for 2006:

Period	**Record Date**	**Payment Date**	**$ Per Unit**
December 2006	December 29, 2006	January 19, 2007	0.18
November 2006	November 30, 2006	December 20, 2006	0.18
October 2006	October 31, 2006	November 20, 2006	0.18
September 2006	September 29, 2006	October 20, 2006	0.18
August 2006	August 31, 2006	September 20, 2006	0.17
July 2006	July 31, 2006	August 21, 2006	0.17
June 2006	June 30, 2006	July 20, 2006	0.17
May 2006	May 31, 2006	June 20, 2006	0.17
April 2006	April 28, 2006	May 19, 2006	0.15
March 2006	March 31, 2006	April 20, 2006	0.15
February 2006	February 28, 2006	March 20, 2006	0.15
January 2006	January 31, 2006	February 20, 2006	0.15

On March 14, 2007, the Fund announced that the monthly cash distributions to Unitholders would be decreased from $0.18 per Unit to $0.10 per Unit commencing with the distribution in respect of the month ended March 31, 2007. This decrease was made in response to the increased level of competition and softening in the construction equipment sector.

From January 1, 2007 to December 31, 2007, the Fund made cash distributions to Unitholders totaling $1.36 per Unit. The following table sets forth the per Unit amount of monthly cash distributions declared and paid by the Fund for 2007:

Period	**Record Date**	**Payment Date**	**$ Per Unit**
December 2007	December 31, 2007	January 18, 2008	0.10
November 2007	November 30, 2007	December 20, 2007	0.10
October 2007	October 31, 2007	November 20, 2007	0.10
September 2007	September 28, 2007	October 19, 2007	0.10
August 2007	August 31, 2007	September 20, 2007	0.10
July 2007	July 31, 2007	August 20, 2007	0.10
June 2007	June 29, 2007	July 20, 2007	0.10
May 2007	May 31, 2007	June 20, 2007	0.10
April 2007	April 30, 2007	May 21, 2007	0.10
March 2007	March 31, 2007	April 20, 2007	0.10
February 2007	February 28, 2007	March 20, 2007	0.18
January 2007	January 31, 2007	February 20, 2007	0.18

For the months of January and February 2008, the Fund made cash distributions to Unitholders totaling $0.20 per Unit. On March 17, 2008, the Fund announced a restructuring of distributions to Unitholders from the then current monthly cash distribution of $0.10 per Unit to distributions consisting of $0.05 per Unit in cash and an "in-kind" distribution of $0.05 per Unit in equity, commencing with the distribution for the month ended March 31, 2008. The in-kind portion of the distributions were to be settled with additional Units issued to Unitholders. For the months ended March 31, 2008, April 30, 2008 and May 31, 2008, the in-kind Units were issued at a deemed price equal to the volume-weighted average price of all Units of the Fund traded on the TSX on the 10 trading days preceding the applicable record date. For the months ended June 30, 2008 and July 31, 2008, the in-kind Units were issued at a deemed price equal to the volume-weighted average price of all Units of the Fund traded on the TSX on the 10 trading days prior to the two days before the applicable record date. On August 12, 2008, the Fund announced that distributions to Unitholders would be suspended until further notice, commencing with the distribution for the month ended August 31, 2008.

From January 1, 2008 to July 31, 2008, the Fund made distributions consisting of cash and/or in-kind Units totaling $0.70 per Unit. The following table sets forth the per Unit amount of monthly distributions declared and paid by the Fund for 2008:

Period	Record Date	Payment Date	$ Per Unit in Cash	$ Per Unit In-kind	$ Per Unit Total
July 2008	July 31, 2008	August 20, 2008	0.05	0.05	0.10
June 2008	June 30, 2008	July 18, 2008	0.05	0.05	0.10
May 2008	May 30, 2008	June 20, 2008	0.05	0.05	0.10
April 2008	April 30, 2008	May 20, 2008	0.05	0.05	0.10
March 2008	March 31, 2008	April 21, 2008	0.05	0.05	0.10
February 2008	February 29, 2008	March 20, 2008	0.10		0.10
January 2008	January 31, 2008	February 20, 2008	0.10		0.10

Material Debt

Pursuant to the amended and restated Facility Letter dated August 11, 2008, the lender provided the Credit Facilities comprised of an operating facility in the maximum principal amount of $30 million to Strongco LP and a foreign exchange facility with a maximum face amount of $5,000,000. On February 27, 2009, the said Facility Letter was amended to provide that the maximum principal amount of the operating facility shall be $20 million. The purpose of the operating facility is to finance general corporate requirements and the purpose of the foreign exchange facility is to hedge foreign currency exposure. As at the date of this AIF, there was approximately $10 million outstanding under the Credit Facilities.

The Credit Facilities bear interest at rates calculated with regard to a certain financial ratio of Strongco LP and vary in accordance with borrowing rates in Canada and the United States. The Credit Facilities are secured by a first charge on the assets of Strongco LP subject to certain exceptions. The terms of the Credit Facilities provide for restrictions on the operations and activities of Strongco LP. Generally, the most significant restrictions relate to permitted investments and distributions, as well as the occurrence and maintenance of certain financial ratios.

The operating facility is repayable on demand, at which time Strongco LP would have to repay or refinance the Credit Facilities.

Redemption at the Option of Unitholders

Units are redeemable at any time on demand by the holders thereof upon delivery to the Fund of a duly completed and properly executed notice requesting redemption in a form approved by the Trustees specifying the number of Units to be redeemed. As of the close of business on the date the Units are tendered for redemption, all rights to and under the Units tendered for redemption shall (subject to the following) be surrendered and the holder thereof shall be entitled to receive a price per Unit (the "**Redemption Price**") equal to the lesser of:

(i) 90% of the Market Price of the Units on the principal stock exchange on which the Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 trading days on such stock exchange (or market) ending immediately prior to the date on which the Units were tendered for redemption; and

(ii) the Closing Market Price of the Units on the date on which the Units were tendered for redemption on the principal stock exchange on which Units are listed (or, if Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading).

For the purposes of determining the Redemption Price, "Market Price" will be the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade of Units during the specified trading day period; provided that if there was trading of Units on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, "Market Price" will be the average of the following prices established for each of the trading days during the specified trading day period: the average of the last bid and ask prices of Units for each trading day on which there was no trading of Units and the weighted average trading prices of the Units for each trading day on which there was trading of Units. For the purposes of determining the Redemption Price, "Closing Market Price" will be: (i) an amount equal to the closing price of the Units on the applicable market or exchange if there was a trade of Units on the specified date and the applicable market or exchange provides a closing price; (ii) an amount equal to the average of the highest and lowest prices of Units on the applicable market or exchange if there was trading of Units on the specified date and the applicable market or exchange provides only the highest and lowest trading prices of Units traded on a particular day; or (iii) the average of the last bid and ask prices on the applicable market or exchange if there was no trading of Units on the specified date.

The aggregate Redemption Price payable by the Fund in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the Fund no later than the last day of the calendar month following the calendar month in which the Units were tendered for redemption, provided that the entitlement of the Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

(i) the total amount payable in cash by the Fund in respect of such Units and all other Units tendered for redemption in the same calendar month may not exceed $50,000 (the "**Monthly Limit**"), provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month;

(ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market that, in the sole discretion of the Trustees, provides a representative fair market value price for the Units; and

(iii) the normal trading of Units must not be suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the date that the Units are tendered for redemption or for more than five trading days during the 10 trading day period prior to the date on which the Units are tendered for redemption.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the Monthly Limit, then the Redemption Price for each Unit tendered for redemption will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* of the assets of the Fund. If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the other specified limitations, then each redeeming Unitholder will be entitled to receive a price per Unit (the "**In Specie Redemption Price**") equal to the fair market value thereof as determined by the Trustees, which may be satisfied by way of a distribution *in specie* of the assets of the Fund. In each such case, a proportionate amount of the LP Units held by the Fund having an aggregate value equal to the Redemption Price (or, as applicable, the In Specie Redemption Price) will be redeemed in consideration of the issuance to the Fund of LP Notes. The LP Notes will then be transferred to a wholly-owned Affiliate of the Fund in exchange for Exchange Notes. The Exchange Notes will then be distributed to the redeeming Unitholder in full satisfaction of the Redemption Price (or, as applicable, the In Specie Redemption Price). Exchange Notes will be issued only in integral multiples of $100. Where the principal amount of Exchange Notes to be received by a Unitholder is not equal to a multiple of $100, that number will be rounded to the next lowest integral multiple of $100. The Fund will be entitled to all distributions paid on the LP Units on or before the date of the distribution *in specie*. Where the Fund makes a distribution *in specie* of securities on the redemption of Units, the Fund currently intends to allocate to the redeeming Unitholder any capital gain or income realized by the Fund as a result of the distribution of securities to the Unitholder on the redemption of such Units.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. The assets of the Fund that may be distributed *in specie* to Unitholders in connection with a redemption (including the Exchange Notes) will not be listed on any stock exchange, no market is expected to develop in such securities and such securities may be subject to an indefinite "hold period" or other resale restrictions under applicable securities laws.

Repurchase of Units

The Fund will be allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities laws and the rules prescribed under applicable stock exchange or regulatory policies.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders are required to be called and held annually, for the purpose of: (i) the election of Trustees; (ii) the appointment of auditors of the Fund for the ensuing year; (iii) generally, any other matter that requires a resolution of Unitholders; and (iv) transacting such other business as the Trustees may determine or as may be properly brought before the meeting. The Declaration of Trust provides that Unitholders will be entitled to pass resolutions that will bind the Fund with respect to:

(a) the election or removal of Trustees of the Fund;

(b) any amalgamation, arrangement, other merger or capital reorganization of the Fund or the Strongco Entities, with any other entity, except: (i) in conjunction with an internal reorganization (including an amalgamation, arrangement or merger of the Fund, Strongco LP and/or any other Subsidiary of the Fund); or (ii) the acquisition by any of the Strongco Entities of the securities or assets of another entity;

(c) the appointment or removal of nominees of the Fund to serve as directors of Strongco GP (provided that casual vacancies may be filled by the directors of Strongco GP as provided in the by-laws of Strongco GP);

(d) the appointment or removal of the auditors of the Fund;

(e) the appointment of an inspector to investigate the performance by the Trustees of their respective responsibilities and duties in respect of the Fund;

(f) the approval of amendments to the Declaration of Trust (as described under "Information Concerning the Fund – Amendments to the Declaration of Trust");

(g) the sale, lease or exchange of all or substantially all of the assets of the Fund (other than in connection with an in specie redemption of Units by the Fund or an internal reorganization (including an amalgamation, arrangement or merger of the Fund, Strongco LP and/or any other Subsidiary of the Fund));

(h) the exercise of certain voting rights attached to the securities of Strongco LP;

(i) the ratification of any Unitholder rights plan, distribution reinvestment plan and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Declaration of Trust requiring Unitholder approval;

(j) the dissolution of the Fund prior to the end of its term; and

(k) such other business as the Trustees may determine or as may properly be brought before a meeting, including, without limitation, any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders for their approval.

No other action taken by Unitholders or any other resolution of the Unitholders will in any way bind the Trustees.

Resolutions: (i) electing or removing the Trustees; (ii) appointing or removing nominees of the Fund to serve as directors of Strongco GP; (iii) appointing or removing the auditors of the Fund; (iv) with respect to the exercise of certain voting rights attached to the securities of Strongco held by the Fund; (v) ratifying any Unitholder rights plan, distribution reinvestment plan and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Declaration of Trust requiring Unitholder approval; and (vi) where applicable, required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders; must be passed by an Ordinary Resolution of Unitholders (or as otherwise required by any such laws, regulations, stock exchange rules or any other provision of the Declaration of Trust). The balance of the foregoing matters must be passed by a Special Resolution of the Unitholders.

Subject to the foregoing limitations, a meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened if requisitioned in writing by the holders of not less than 5% of the Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy holder need not be a Unitholder. Two persons present in person and either holding personally or representing by proxy in the aggregate at least 10% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Unitholders, will be terminated (not adjourned), but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at the resumption of such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a "mutual fund trust" under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 49% of the Units then outstanding. This 49% limitation will be applied with respect to the issued and outstanding Units on both a non-diluted basis and a fully-diluted basis. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware that the beneficial owners of at least 49% of the Units then outstanding are, or may be, non-residents of Canada or that such a situation is imminent, the Trustees or the transfer agent and registrar shall make a public announcement thereof and thereafter the transfer agent and registrar shall not accept a subscription for Units from or issue or register a transfer of such Units to a person unless the person provides a declaration that he or she is not a non-resident of Canada within the meaning of the Tax Act. If, notwithstanding the foregoing, the Trustees determine that 49% or more of the Units are held by non-residents of Canada, the Trustees may direct the transfer agent and registrar to send a notice to non-resident holders of Units chosen (to the extent possible) in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the persons receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents of Canada within the meaning of the Tax Act within such period, the Trustees may, on behalf of such persons, sell such Units and, in the interim, shall suspend the voting and distribution rights, if any, attached to such Units. Upon such sale, the affected holders shall cease to be holders of the Units so sold and their rights shall be limited to receiving the net proceeds of such sale.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended or altered from time to time by Special Resolution.

The Trustees may, at their discretion and without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments for the purpose of:

(i) ensuring continuing compliance and conformity of the Declaration of Trust with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or the Fund; or

(ii) providing additional protection or added benefits for Unitholders, in the opinion of counsel to the Trustees; or

(iii) removing any conflicts or inconsistencies in the Declaration of Trust or making minor changes or corrections that are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders; or

(iv) making amendments that, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws or policies of any governmental authority having jurisdiction over the Trustees or the Fund; or

(v) for purposes of ensuring that the Fund continues to qualify as a mutual fund trust under the Tax Act; or

(vi) as may be otherwise specifically contemplated in the Declaration of Trust.

Notwithstanding the foregoing, the Trustees may not amend the Declaration of Trust in a manner which would result in the Fund failing to qualify as a "mutual fund trust" or "registered investment" under the Tax Act.

Exercise of Certain Voting Rights Attached to Securities Held by the Fund

The Trustees are prohibited from voting securities of any of the Strongco Entities to authorize:

(a) any sale, lease or other disposition of all or substantially all of the assets (or any interest therein) of any of the Strongco Entities, except in conjunction with an internal reorganization (including an amalgamation, arrangement or merger of the Fund, Strongco LP and/or any other Subsidiary of the Fund) or a permitted charge, pledge or lien;

(b) any amalgamation, arrangement or other merger, combination or capital reorganization of any of the Strongco Entities except in conjunction with an internal reorganization (including an amalgamation, arrangement or merger of the Fund, Strongco LP and/or any other Subsidiary of the Fund) or the acquisition by any of the Strongco Entities of the securities or assets of another entity;

(c) the winding-up or dissolution of any of the Strongco Entities prior to the end of the term of the Fund, except in conjunction with an internal reorganization; or

(d) any material amendment to the constating documents of any of the Strongco Entities in a manner which may be prejudicial to the Fund and the Unitholders,

without the approval of the Unitholders by Special Resolution at a meeting of Unitholders called for that purpose.

Term of the Fund

Subject to the provisions of the Declaration of Trust, the Fund has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on March 21, 2005. On a date selected by the Trustees which is not more than two years prior to the expiry of the term of the Fund, the Trustees are obligated to commence to wind-up the affairs of the Fund so that it will terminate on the expiration of the term. In addition, at any time prior to the expiry of the term of the Fund, the Unitholders may by a Special Resolution require the Trustees to commence the termination, liquidation or wind-up of the affairs of the Fund.

The Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the Fund, the Trustees will give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the Trustees will proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose will, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Unitholders, sell and convert into money the LP Units and all other assets comprising the Fund in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees will distribute the remaining part of the proceeds of the sale of the LP Units and other assets comprising the Fund together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their pro rata interests. If the Trustees are unable to sell all or any of LP Units or other assets which comprise part of the Fund by the date set for termination, the Trustees may distribute the remaining LP Units or other assets *in specie* directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.

Take-over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made and not less than 90% of the Units, on a fully diluted basis, (other than Units held at the date of the takeover bid by or on behalf of the offeror or associates or Affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by holders who did not accept the take-over bid, on the same terms on which the offeror acquired Units pursuant to the take-over bid.

Information and Reports

The Fund will furnish, in accordance with and subject to applicable securities laws, to Unitholders such consolidated financial statements of the Fund (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) all such information as is required by applicable law and the Declaration of Trust to be provided to such holders.

The Fund is subject to the continuous disclosure obligations under all applicable securities legislation.

Strongco LP has undertaken to provide the Fund with (i) a report of any material change that occurs in the affairs of Strongco LP in form and content that it would file with the applicable regulatory authorities as if it were a reporting issuer; and (ii) all financial statements that it would be required to file with the applicable regulatory authorities as if it were a reporting issuer under applicable securities laws. All such reports and statements are required to be provided to the Fund in a timely manner so as to permit the Fund to comply with the continuous disclosure requirements relating to reports of material changes in its affairs and the delivery of financial statements as are required under applicable securities laws.

In addition, the Fund has undertaken to the securities commission or other securities regulatory authorities in each of the provinces of Canada that for so long as the Fund is a reporting issuer under applicable securities laws, it will:

- in complying with its reporting issuer obligations, treat any operating entity as a subsidiary of the Fund; however, if generally accepted accounting principles prohibit the consolidation of financial information of the operating entity and the Fund, for as long as the operating entity (including any of its significant business interests) represents a significant asset of the Fund, the Fund will provide Unitholders with separate financial statements for the operating entity (including information about any of its significant business interests); and

- annually certify that it has complied with this undertaking and file the certificate on SEDAR concurrently with the filing of its annual financial statements.

In addition, the Fund has undertaken to the securities commission or other securities regulatory authorities in each of the provinces of Canada that for so long as the Fund is a reporting issuer under applicable securities laws, it will:

- require each of the directors and senior officers of any operating entity to file with the securities commissions or other securities regulatory authorities in each of the provinces of Canada such reports about trades in Units (including securities which are exchangeable into Units) as he or she would be required to file pursuant to applicable insider reporting requirements as if the operating entity were a reporting issuer and to comply with statutory prohibitions against insider trading; and

- annually certify that it has complied with this undertaking.

Strongco LP has undertaken to the Fund to the foregoing effect in order for the Fund to comply with its undertakings to the securities commissions or other securities regulatory authorities in each of the provinces of Canada.

Administration Agreement

On May 6, 2005, the Fund and New Strongco entered into the Administration Agreement, which agreement was assigned to Strongco LP on September 1, 2006. Under the terms of the Administration Agreement, Strongco LP provides administrative and support services to the Fund including, without limitation, those necessary to (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders all information to which Unitholders are entitled under the Declaration of Trust, including relevant information with respect to financial reporting and income taxes; (iv) call and hold meetings of Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings; (v) assist the Trustees in calculating distributions to Unitholders; (vi) attend to all administrative and other matters arising in connection with any redemption of Units; (vii) ensure compliance with the Fund's limitations on non-resident ownership; and (viii) generally provide all other services as may be necessary or as may be requested by the Trustees of the Fund.

The Administration Agreement has an initial term of 10 years, and is renewable for two additional five year terms at the option of the Fund and Strongco LP. The Administration Agreement may be terminated by either party in the event of the insolvency or receivership of the other party, or in the case of default by the other party in the performance of a material obligation under the Administration Agreement, with certain exceptions, which is not remedied within 30 days after written notice has been delivered.

Conflicts of Interest

The Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on the Fund. The Declaration of Trust provides that if a Trustee or an officer of the Fund is a party to a material contract or transaction or proposed material contract or transaction with the Fund or any of its Affiliates, or is a director or officer or an individual acting in a similar capacity of, or has a material interest in, any person (other than a Strongco Entity) who is a party to a material contract or transaction or proposed material contract or transaction with the Fund or any of its Affiliates, such Trustee or officer of the Fund or any of its Affiliates, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees the nature and extent of such interest. Except in certain specified circumstances, a Trustee who is a party to or so interested in such a material contract or transaction will be precluded from voting on such a material contract or transaction but the presence of such Trustee at the relevant meeting shall be counted towards any quorum requirement. These provisions in the Declaration of Trust are intended to be equivalent to the relevant provisions of the OBCA applicable to directors and officers of a corporation.

INFORMATION CONCERNING STRONGCO LP

The following is a summary of the material attributes and characteristics of Strongco LP, the LP Units and of certain provisions of the Limited Partnership Agreement governing the affairs of Strongco LP. This summary is qualified in its entirety by reference to the full text of the Limited Partnership Agreement which has been filed on SEDAR at www.sedar.com

Name and Formation of Strongco LP

Strongco LP (the entity that currently carries on the Strongco Business) is a limited partnership established under the laws of the Province of Manitoba on July 26, 2006 under the name of "Strongco Limited Partnership/Société en Commandite Strongco". The sole general partner of Strongco LP is Strongco GP, of which the Fund is the sole shareholder. The sole limited partner of Strongco LP is the Fund. Strongco LP has three subsidiaries in the United States that do not currently carry on business and are in the process of being dissolved. Strongco LP's head and registered office is located at 1640 Enterprise Road, Mississauga, Ontario, L4W 4L4.

Old Strongco (the predecessor in business to Strongco LP prior to the completion of Reorganization on September 1, 2006) was incorporated as Sullivan Mill Equipment Limited under the laws of the Province of Ontario on July 26, 1946. Its name was changed to Sullivan Strong Scott Inc. on July 25, 1974 and further changed to Strong Equipment Corporation on February 12, 1986 with the French version, Corporation d'Équipement Strong, being added on December 31, 1988. Its name was further changed to "Strongco Inc.", on December 31, 1997. Several corporations and businesses have been acquired by and amalgamated with Old Strongco throughout its history. On May 6, 2005, Old Strongco amalgamated with AcquisitionCo pursuant to the Arrangement to form New Strongco. On September 1, 2006, New Strongco amalgamated with Newco to form Amalco. Amalco does not currently carry on any business and is in the process of being dissolved.

Distribution Policy

Upon completion of the Reorganization, Strongco LP adopted a policy to loan to the Fund or distribute to the Fund an amount equal to its distributable cash which is required to provide the Fund with its monthly distributions to Unitholders. Distributions will be made on the LP Units within 30 days following the end of each month and are intended to be received by the Fund prior to its related distribution to Unitholders. Distributable cash will represent, in general, all of Strongco LP's available cash, subject to: (i) retaining such reasonable working capital and other reserves as may be considered appropriate by the directors of Strongco GP; (ii) the satisfaction of Strongco LP's debt service obligations, if any, under credit facilities or other agreements with third parties; (iii) satisfying Strongco LP's interest and other expense obligations, and any applicable taxes; (iv) satisfying obligations under the LTIP and retaining such reserves to stabilize distributions to Unitholders of the Fund as considered appropriate by the directors of Strongco GP; (v) providing for capital expenditures as considered appropriate by the directors of Strongco GP from time to time; and (vi) applicable law and compliance with any other contractual obligations.

Description of Capital

Strongco LP is authorized to issue an unlimited number of units designated as "LP Units". The Fund is the sole limited partner of Strongco LP, holding all of the issued and outstanding LP Units, and Strongco GP is the sole general partner, holding a 0.01% general partnership interest in Strongco LP. The LP Units entitle the holders thereof to one vote for each LP Unit held at each meeting of partners of Strongco LP and have economic rights that are equivalent in all material respects. In addition, the general partner is entitled to one vote at each meeting of partners of Strongco LP. Holders of LP Units have in the aggregate the right to receive 99.99% of all distributions made by Strongco LP and the general partner has the right to receive 0.01% of all distributions made by Strongco LP.

Allocation of Income and Losses

The Limited Partnership Agreement provides that the income or loss of Strongco LP for tax purposes for each fiscal year is allocated to Strongco GP and the Fund in proportion to their respective rights to receive distributions made by Strongco LP.

Limited Liability

The Limited Partnership Agreement provides that Strongco LP will operate in a manner so as to ensure, to the greatest extent possible, the limited liability of the Fund. The Fund may lose its limited liability in certain circumstances. Strongco GP will indemnify the Fund against all claims arising from assertions that its liability is not limited as intended by the Limited Partnership Agreement unless the liability is not so limited as a result of or arising out of any act of the Fund.

Amendments to the Limited Partnership Agreement

The Limited Partnership Agreement may only be amended with the consent of partners holding at least 66⅔% of the outstanding LP Units voted on the amendment at a duly constituted meeting or by a written resolution of partners holding more than 66⅔% of the outstanding LP Units entitled to vote at a duly constituted meeting. Notwithstanding the foregoing:

(i) no amendment will be permitted to be made to the Limited Partnership Agreement changing the liability of any limited partner, allowing any limited partner to exercise control over the business of Strongco LP, changing the right of a partner to vote at any meeting, adversely affecting the rights, privileges or conditions attaching to any of the LP Units or changing Strongco LP from a limited partnership to a general partnership, in each case, without the unanimous approval of the partners;

(ii) no amendment may be made to the Limited Partnership Agreement which would adversely affect the rights and obligations of any particular partner without similarly affecting the rights and obligations of all other partners without the unanimous approval of the partners; and

(iii) no amendment which would adversely affect the rights and obligations of Strongco GP, as general partner, will be permitted to be made without its consent.

The foregoing approval requirements are subject to additional restrictions on, or conditions to the approval of, amendments to the Limited Partnership Agreement provided for in the Declaration of Trust.

Meetings of Partners

Strongco GP may call meetings of partners and will be required to convene a meeting of partners on receipt of a request in writing of partners holding not less than 66⅔% of the outstanding LP Units. A quorum of a meeting of partners consists of one or more partners present in person or by proxy.

INFORMATION CONCERNING STRONGCO GP

Description of Strongco GP

Strongco GP was incorporated under the laws of the Province of Ontario on July 21, 2006 under the name of "Strongco GP Inc./Société Strongco GP Inc.". The authorized capital of Strongco GP consists of an unlimited number of common shares. The Fund is the holder of 100% of the outstanding securities of Strongco GP.

Functions and Powers of Strongco GP

The Limited Partnership Agreement provides that Strongco GP has exclusive authority to manage the business and affairs of Strongco LP, to make all decisions regarding the business of Strongco LP and to bind Strongco LP. Strongco GP is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Strongco LP and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. The authority and power vested in Strongco GP to manage the business and affairs of Strongco LP includes all authority necessary or incidental to carry out the objects, purposes and business of Strongco LP, including without limitation, the ability to engage agents to assist Strongco GP to carry out its management obligations or administrative functions. Strongco GP does not have the authority to dissolve Strongco LP or wind up Strongco LP's affairs except in accordance with the provisions of the Limited Partnership Agreement.

Withdrawal or Removal of Strongco GP

The Limited Partnership Agreement provides that Strongco GP is not permitted to resign as general partner of Strongco LP on less than 180 days' written notice to the limited partners of Strongco LP or where such resignation would have the effect of dissolving Strongco LP.

The Limited Partnership Agreement also provides that Strongco GP must not be removed as general partner of Strongco LP unless: (i) Strongco GP has committed a material breach of the Limited Partnership Agreement, which breach has continued for 30 days after notice, and that removal is also approved by special resolution of the limited partners of Strongco LP; or (ii) the shareholders or directors of Strongco GP pass a resolution in connection with the bankruptcy, dissolution, liquidation or winding-up of Strongco GP, or Strongco GP commits certain other acts of bankruptcy or ceases to be a subsisting corporation.

Directors of Strongco GP

The directors of Strongco GP are Messrs. Robert J. Beutel, J. David Wood and Leonard V. Phillips, a majority of whom are not Trustees of the Fund as required under the Declaration of Trust. The term of office of all the directors of Strongco GP will expire at the next annual meeting of shareholders of Strongco GP scheduled to be held or completed by June 30, 2009.

Management of Strongco GP

The following table sets out the name, province and country of residence and positions held in Strongco GP of each of the current officers and the senior management of Strongco GP and their respective principal occupations during the past five years.

ROBERT J. BEUTEL Residence: Ontario, Canada Position: Chairman	Mr. Beutel is an executive officer of Oakwest Corporation Limited (an investment and management holding company), a position he has held since 1987. Mr. Beutel is also a director of Accord Financial Corp. (a publicly listed financial services company) and a director and Chairman of Hanfeng Evergreen Inc. (a publicly listed fertilizer production company). On November 3, 2003, Mr. Beutel became chairman of the board of Strongco. Mr. Beutel is also Chairman of the Trustees of the Fund.
ROBERT H. R. DRYBURGH Residence: Ontario, Canada Position: President and Chief Executive Officer	Mr. Dryburgh is the President and Chief Executive Officer of the Fund and of Strongco GP. He was appointed to these positions on August 11, 2008. Prior to joining Strongco as President and Chief Executive Officer, Mr. Dryburgh was a corporate director. He is a trustee of the Frank Lloyd Wright Foundation, a non-profit organization dedicated to conserving Frank Lloyd Wright's works and educating architects. He has held senior management and executive positions in various public and private corporations in Canada and the United States, including: Executive Vice-President of Heico Acquisitions Inc., an investment holding company, and Executive Vice-President of a Heico's portfolio company, Robertson-Ceco Corporation, a leading manufacturer of custom engineered metal buildings from 2004 to 2006; President of Straightline Division, United States Steel Corporation, a technology based steel distribution/supply chain management company from July 2001 to September 2004; and President of Jenisys Engineered Products Division of Jannock Limited, a manufacturer and distributor of construction products, from 1992 to 2000. Mr. Dryburgh is a Chartered Accountant and a Chartered Director.

J. DAVID WOOD Residence: Ontario, Canada Position: Vice-President, Finance	Mr. Wood is the Vice-President, Finance of Strongco GP and the Chief Financial Officer of the Fund, positions he has held since December 15, 2008. Prior to joining Strongco, Mr. Wood was Executive Vice President and Chief Financial Officer at CPI Plastics Group Limited ("**CPI**"), a publicly traded company involved in the manufacturer of thermo-plastic extrusion products. He has held senior financial management positions at various other public and private companies in Canada including: Chief Financial Officer of CFM Corporation, a leading manufacturer of gas and wood-burning fireplaces and gas barbeques grills, Senior Vice President Finance of Magna International Inc., a manufacturer of auto parts and assemblies, and Director of Finance for Dell Computer Corporation, a leading manufacturer and distributor of computer hardware and peripherals. Mr. Wood is a Chartered Accountant and holds an Honours Bachelor degree from the University of Toronto. On November 19, 2008, CPI announced that following a delay in the filing of its financial statements for the third quarter ended September 30, 2008 and related management's discussion and analysis, CPI had requested that the Ontario Securities Commission ("**OSC**") and other applicable Canadian securities regulators issue a temporary management cease-trade order prohibiting CPI's directors, officers and other insiders from trading in the securities of CPI until the company's third quarter financial statements and MD&A were publicly released and filed. The OSC granted a compliance extension to CPI for the third quarter until December 8, 2008 to file its financial statements and MD&A. On January 7, 2009, CPI announced that it could not make repayment on amounts owing under its credit facilities and that its lender would be seeking the immediate court appointment of an interim receiver over all CPI's assets. CPI announced that it did not intend to object to the appointment.
THOMAS J. PERKS Residence: Ontario, Canada Position: Vice-President, Corporate Development	Mr. Perks is the Vice-President, Corporate Development of Strongco GP. He has been in the employ of Strongco and one of its predecessor companies since October 1969. During this time he progressed from a technician through to National General Manager, Product Support. On December 16, 2004 he became Vice-President, Product Support and on November 1, 2007 he became the Vice-President, Corporate Development of Strongco GP.
LEONARD V. PHILLIPS Residence: Ontario, Canada Position: Vice-President, Administration and Secretary	Mr. Phillips is the Vice-President, Administration and Secretary of Strongco GP. He joined Strongco in 1998 as a result of Strongco's acquisition of Contractors Machinery & Equipment Ltd. ("**CME**"), an equipment distribution company. On October 29, 2003, he became Vice-President, Administration and Secretary of Strongco. Mr. Phillips is also Secretary of the Fund. Prior to joining Strongco, Mr. Phillips served as CME's Vice-President, Finance and Administration.

DESCRIPTION OF THE BUSINESS OF STRONGCO

Business and Property

Strongco is a multi-line equipment distributor in Canada. Strongco sells and rents new and used equipment, provides after-sale customer support (parts and service), and designs, manufactures, sells, installs and services dry bulk material handling equipment. Strongco distributes numerous equipment lines in various geographic territories, including those manufactured by Volvo Canada, Case Corporation ("**Case**") and Manitowoc Crane Group ("**Manitowoc**"). Strongco distributes its products through a network of 32 facilities and one sales office in Canada and one sales office in the United States.

Strongco's business is comprised of two segments: the equipment distribution segment (the "**Equipment Distribution Segment**") and the engineered systems segment (the "**Engineered Systems Segment**").

Equipment Distribution Segment

Strongco's Equipment Distribution Segment sells and rents mobile industrial equipment such as rubber-tired loaders and backhoe loaders, skid-steer loaders, articulated and rigid frame trucks, hydraulic excavators, motor graders, forestry equipment, aggregate crushing and rock drilling equipment, pavers and mobile cranes, and provides after-sale customer support (parts and service).

Engineered Systems Segment

Strongco's Engineered Systems Segment designs, manufactures, sells, installs and services dry bulk material handling equipment, including belt conveyors, screw conveyors, idlers, feed milling and grain handling equipment and their related assemblies.

The Equipment Industry

The North American equipment industry consists of a large number of manufacturers and distributors of various types of equipment used in a wide assortment of industrial activities. Most equipment manufacturers sell their products primarily through a network of independent distributors which provide the sales and service expertise demanded by customers. A distributor receives the right, typically on an exclusive basis, to distribute a manufacturer's product within a designated territory.

There are two types of equipment distributors in North America: "multi-line" distributors, which sell, rent and service a full range of equipment produced by several different manufacturers, and "single-line" distributors, which sell and service a similar range of equipment made by a single manufacturer. Strongco is a "multi-line" distributor.

Equipment distributors usually depend upon three interconnected revenue streams: equipment sales and rentals, parts sales and service revenue. Profit margins derived from the parts and service business are substantially higher than those derived from equipment sales and, to a lesser degree, rentals. Therefore, maximizing the parts and service business is important to a distributor's success. In order to maximize the parts and service business a distributor must ensure that there is an adequate population of its lines of equipment in the field. In addition, distributors must maintain, or have quick access to, sufficient inventories in order to meet customers' requirements for fast delivery, an important factor in a customer's choice of distributor.

The equipment industry has been consolidating at both the manufacturer and distributor levels for several years. Among other things, this has led to the emergence of several large distributors, such as Strongco, which grew substantially through acquisitions during the 1990s. By adding branches that represent the same equipment lines, a distributor can reduce the level of inventory which it would otherwise carry by virtue of its ability to transfer equipment and parts inventories among a greater number of locations. Furthermore, when distributors are merged, duplicate facilities and personnel functions can be eliminated while remaining overhead costs are allocated over a larger revenue base. The consolidation of the industry has enabled Strongco, primarily through acquisitions, to develop a geographically diverse network of sales and service facilities to meet customer requirements in its chosen territories.

Strategy

Strongco's overall strategic objective is to maximize profits across the economic cycle by being a leading multi-line equipment company within each of the geographic areas in which it operates. During the 1990s, the executive officers of Strongco actively pursued a strategy of expanding Strongco's distribution and service businesses to achieve economies of scale and to take advantage of the consolidation of the equipment industry. Since 2000, the strategy has involved streamlining the business and enhancing its operational focus by disposing of several non-core operations.

Strongco initiated its strategy by building an extensive equipment, parts and service network in Alberta, Ontario, Quebec and Atlantic Canada by: (i) acquiring businesses which provided it with access to new or additional product lines, facilities and personnel; and (ii) obtaining distribution rights to new or additional equipment lines directly from various manufacturers.

One of the principal elements of success in the equipment industry is the ability of a distributor to deliver its products, including service, to its customers at the lowest possible cost. Strongco has created an extensive distribution network in which duplicate overhead costs have been reduced and other costs have been allocated over a larger revenue base.

In order to implement its strategy and to achieve its objectives, Strongco acquired 21 companies and/or businesses between 1990 and 1999, each carrying well recognized, established equipment lines. As a result of these acquisitions, Strongco benefited from economies of scale, expanded geographically and broadened its product mix, thereby reducing its exposure to any one geographic area or industry. Since 2000, Strongco has disposed of various operations including its former U.S. based equipment distribution business, its supplies businesses in Western Canada, Northern Ontario and Quebec, its equipment operations in Manitoba and its rental operations in Ontario and Saskatchewan. As a result of these dispositions, Strongco enhanced its focus in key markets within its core Canadian equipment operations.

In 2008, Strongco continued to focus on its core business of mobile equipment sales and service and its engineered systems group. With this strong foundation, Strongco continued to execute its plans to lead in product support and customer care. As part of its strategy, Strongco continued to make significant investments in personnel, product support infrastructure and inventory. Segment revenues for the year benefited from the contribution of the acquisition of the Champion Business in March of 2008. In addition, the efforts to upgrade Strongco's sales and customer support teams have begun to show results.

Business of Strongco

During the 2008 financial year, Strongco continued to operate in two business segments: (i) Equipment Distribution; and (ii) Engineered Systems. The Equipment Distribution Segment represented approximately 93.2% of Strongco's total 2008 revenue. The Engineered Systems Segment accounted for approximately 6.8% of Strongco's total 2008 revenue.

Equipment Distribution Segment

The Equipment Distribution Segment sells and rents mobile equipment and provides after-sale customer support (parts and service) through a network of 29 branches located in Alberta, Ontario, Quebec and Atlantic Canada. Strongco's Equipment Distribution Segment represents one of the largest "multi-line" equipment distribution operations in Canada.

Products and Customers

The principal products distributed by The Equipment Distribution Segment include rubber-tired loaders and backhoe loaders, skid-steer loaders, articulated and rigid frame trucks, hydraulic excavators, motor graders, forestry equipment, aggregate crushing and rock drilling equipment, pavers, and mobile cranes.

These products are supplied by a number of manufacturers, including: Volvo (rubber-tired loaders, backhoe loaders, skid-steer loaders, articulated trucks, hydraulic excavators and motor graders); Manitowoc (hydraulic cranes including Manitowoc lattice-boom crawler cranes, Grove mobile hydraulic cranes and National Crane articulating and telescoping cranes); ESCO Limited (mine supplies and ground engaging tools); and Case (skid-steer loaders, loader backhoes, excavators and rubber-tired loaders). Effective May 17, 2001, Strongco became the exclusive dealer for all Volvo construction equipment products in Alberta, excluding the Municipal District of Provost; the Municipal District of Wainwright; and the County of Vermillion River, in addition to its existing dealership arrangements with Volvo in Ontario, Quebec and Atlantic Canada. Effective September 1, 2006, Strongco began representing Manitowoc in the provinces of Manitoba, Saskatchewan and Alberta. Effective March 1, 2008, Strongco commenced representing the Volvo Motor grader and Volvo compact lines in Ontario as a result of acquiring the Champion business from Volvo Canada.

The Equipment Distribution Segment's customer base includes residential housing contractors, road builders, aggregate producers, forestry companies, pulp and paper producers, mining companies, general contractors, utilities, municipalities and waste handling companies.

In 2006, the Equipment Distribution Segment's revenues were largely related to equipment sales, corresponding to the continued strong economic growth in the Alberta construction equipment market. In eastern Canada, increased equipment sales in infrastructure and construction projects were offset by weaker sales into the forestry sector. In the central region, construction equipment sales gains were offset by significant declines in the forestry equipment sales. In the western region, increases in equipment sales revenues were due to accelerated commercial, residential and infrastructure spending as well as resource based projects in Alberta. In 2006, the Equipment Distribution Segment experienced its greatest growth in its Volvo construction equipment and Manitowoc crane lines.

In 2007, revenues in the Equipment Distribution Segment declined. This decline was primarily related to equipment sales, particularly in western Canada. Equipment sales were negatively impacted by the relative strength of the Canadian dollar. The forestry sector generated some activity, but overall remained weak, as this sector continued to struggle in Canada generally. In eastern Canada, equipment sales revenues decreased due to high competition driven by higher dealer inventories in North America. In central Canada, declines in construction and forestry equipment sales revenues were offset by gains in crane equipment sales. In western Canada, forestry, construction and crane equipment sales decreased due to higher levels of competition and reduced demand for general purpose production equipment. Revenues in 2007 from customer support activities (parts and services) remained consistent with 2006 levels.

Effective December 1, 2007, Strongco ceased to represent the Tigercat forestry equipment line as a result of Volvo Canada formally entering the forestry equipment market and expanding their product offerings to this segment. With extensive experience in the Canadian forestry market and as a distributor of Volvo products, Strongco will be able to offer Volvo's expanded product offerings in the forestry equipment market to its customers.

In 2008, revenues in the Equipment Distribution Segment increased. This increase was due primarily to an increase in equipment sales in Central Canada. The acquisition of the Champion Business was a significant factor in the increase in revenues in Central Canada. Revenues in equipment sales and product support in Quebec also increased from 2007 to 2008. Western Canada revenues also increased but sales were constrained by the availability of certain types of equipment and, in the latter part of the year, by the economic uncertainty surrounding oil production.

Components of the Equipment Distribution Business

The fundamental components of the Equipment Distribution business include: (a) equipment sales and rentals; and (b) customer support (parts and service).

Equipment Sales and Rentals

Although Strongco's primary objective is to sell equipment "out-of-the-box", it will enter into limited term rental purchase option agreements when there is a high probability that the customer will purchase the equipment at the end of the rental option period. Such customers enter into rental contracts pursuant to which they commit to rent the particular piece of equipment from Strongco for a specific period at a fixed charge. At the end of the rental period the customer has the option of buying the equipment for a pre-established price or returning the equipment to Strongco. The typical rental purchase option term is for a minimum term of three months and the majority of rental purchase options are converted to sales within a six month period. Strongco exited from its pure rental (rent-to-rent with no purchase option) business when it sold its Strongco Rentals – Western division in November 2004 and its Strongco rentals – Ontario division in December 2007.

Customer Support

The Strongco Equipment Distribution Segment devotes significant resources to customer support. All Strongco Equipment Distribution Segment's service branches maintain inventories of faster moving replacement parts. More extensive inventories are held at regional centres in Moncton, New Brunswick; Montreal, Quebec; Mississauga, Ontario; and Edmonton, Alberta. Customer service is enhanced by Strongco Equipment Distribution Segment's on-line, bilingual computer system which provides all Strongco Equipment Distribution Segment's branches with immediate access to all parts inventories at any branch. In addition, a fleet of Strongco-operated service vehicles provides on-site customer service.

Dispositions

Strongco sold the assets of its equipment and rental operations in Manitoba and Saskatchewan effective November 29, 2004 for proceeds of $9.1 million and a loss on disposition of $0.5 million. These operations consisted entirely of rent-to-rent business and this disposition significantly advanced Strongco's objective to reduce its involvement in this segment of the business.

Effective December 1, 2007, Strongco completed the sale of its aerial lift rental operations in Ontario for proceeds of $1.7 million. This disposition completed Strongco's divestment from its rent to rent aerial lift business and furthers Strongco's objective of continuing to focus on its core equipment distribution activities throughout Canada and to redirect resources to its growing crane operations.

Acquisitions

On March 20, 2008, Strongco purchased substantially all of the assets (excluding real property) of the Champion Business of Volvo Canada for a total consideration of approximately $25 million. The Champion Business provides full service sales, rentals, parts and service for the Volvo Motor Grader line in Ontario. In addition to graders, the Champion Business carries the Volvo compact line in Ontario as well as the Hamm and Super Pac compaction, ProPav pavers and Johnston Sweepers and Frink plow equipment.

Engineered Systems Segment

Strongco is involved in the dry bulk material handling equipment business through its Strongco Engineered Systems Segment. This business, which was previously carried on by the Sullivan Strong Scott division of Strongco, is the original business of Strongco, dating back to 1946. The Engineered Systems Segment custom designs, manufactures, sells, installs and services dry bulk material handling equipment including belt conveyors, screw conveyors, idlers, feed milling and grain handling equipment and design-build installations for customers such as feed mill and grain elevator operators, aggregate producers, mining concerns, natural resource producers and refineries.

The Engineered Systems Segment is a major participant in the Canadian industry with a presence in international markets. In Canada, the Engineered Systems Segment operates out of facilities located in British Columbia, Alberta, Ontario, Quebec and Nova Scotia. In late 1995, the Engineered Systems Segment opened a sales branch in North Carolina with a view to further penetrating the United States market. The Engineered Systems Segment has also conducted business in overseas markets.

Products and Customers

The majority of the Engineered Systems Segment's revenue result from sales of bulk material handling products designed by its personnel and manufactured or assembled at its plants in Cannington, Ontario and Calgary, Alberta. Customers normally have specific and unique requirements for conveyors which usually involve large, highly engineered custom applications. Accordingly, there is a substantial, value-added custom engineering component to the business of the Engineered Systems Segment. The balance of this segment's revenue is derived from the distribution of goods manufactured by others. The Engineered Systems Segment is also involved in the design and construction of turn-key grain and feed mill facilities in Western Canada.

In 2006, the growth in the Engineered Systems Segment revenue was primarily due to the recognition of revenue from one large project. Additional revenue growth was a result of the strength in the mining, industrial and building products industries. In 2006, the Engineered Systems Segment continued to see both the number and size of projects increase and experienced continued growth with its belt conveyor product line.

In 2007, the growth in the Engineered Systems Segment was primarily due to the completion of several large projects. Additional revenue growth was a result of continuing strength in the mining, industrial and building products industries. The Engineered Systems Segment experienced strong demand for projects in the mining sector.

In 2008, the decline in revenues in Strongco's Engineered Systems Segment was due to the effect of the economic slowdown in both Canada and the United States which negatively impacted capital projects of the kind in which the Engineered Systems Segment participates.

Acquisitions and Dispositions

The Engineered Systems Segment has not acquired or disposed of any businesses since the beginning of 2001.

Suppliers

Most of the business of the Equipment Distribution Segment is governed by distribution agreements with the original equipment manufacturers whose products they sell. These agreements grant the right to distribute the manufacturers' products within defined territories. These territories typically cover an entire province. It is an industry practice that, within a defined territory, a manufacturer grants distribution rights to only one distributor. This is true of most of the distribution arrangements entered into by the Equipment Distribution Segment. Most distribution agreements may be cancelled upon 60 to 90 days notice by either party.

Some of the suppliers for the Equipment Distribution Segment provide floor plan financing to assist with the purchase of equipment inventory. In some cases this is done by the manufacturer, and in other cases the manufacturer engages a third party lender to provide the financing. Most floor plan arrangements typically include an interest-free period of up to seven months.

Competition

The Equipment Distribution Segment competes with regional and local distributors of competing product lines. It competes on the basis of: (i) relationships maintained with customers over many years of service; (ii) prompt customer service through a network of sales and service facilities in key locations; (iii) access to products, which is facilitated within the Equipment Distribution Segment by an on-line, bilingual computer system; and (iv) the quality and price of their products. In most product lines in most geographic areas in which the Equipment Distribution Segment operates, its main competitors are distributors of Caterpillar products.

No single competitor competes with the Engineered Systems Segment in all of its territories or in all of its product lines. Consequently, its competition comes primarily from regional companies which compete in specific product lines and specific territories. The Engineered Systems Segment's competitive strengths consist of its reputation for product quality and its ability to meet specific customer requirements for custom engineered products.

Facilities and Equipment

Management believes that substantially all of Strongco's properties and equipment are in a condition satisfactory for their operations and that Strongco has sufficient plant, property and capacity to meet its current and projected distribution, rental, and manufacturing needs. Strongco operates from 33 facilities in Canada, 27 of which are leased and six of which are owned. In addition, Strongco leases one facility in the U.S. which is used as an Engineered Systems Segment sales office. The following table sets forth information regarding Strongco's facilities as at December 31, 2008.

Location	Segment(s)	Number of Owned Facilities	Number of Leased Facilities	Total Number of Facilities
Alberta	Equipment/Engineered Systems	-	6	6
British Columbia	Engineered Systems	-	1	1
New Brunswick	Equipment	1	-	1
Nova Scotia	Equipment/Engineered Systems	-	1	1
Newfoundland	Equipment		2	2
Ontario	Equipment/Engineered Systems	3	13	16
Quebec	Equipment/Engineered Systems	2	4	6
North Carolina	Engineered Systems	-	1	1
	TOTAL:	6	28	34

Employees

Strongco's personnel as at December 31, 2008 consisted of the following active employees:

Segment		Number of Employees
Equipment Distribution		621
Engineered Systems		131
Head Office		10
	Total:	762

Each Segment reports to and is supported by head office staff who provide treasury, accounting and administrative services. The hourly paid employees based out of the Mississauga and the Brampton parts and service departments of the Equipment Distribution Segment and the hourly paid employees located at the Mississauga facility of the Engineered Systems Segment belong to the Canadian Auto Workers' Local 252. The current collective bargaining agreement, which covers 53 employees, will expire on December 31, 2011.

The employees located in Alberta in the parts and service departments of the Equipment Distribution Segment belong to the International Association of Machinists and Aerospace Workers, Local Lodge 1722. The current collective bargaining agreement, which covers 78 employees, was entered into effective May 1, 2008 and will expire on April 30, 2010.

Environmental Matters

Strongco is subject to environmental regulation by federal, provincial and local authorities. Strongco holds all necessary environmental permits for its operations and is in compliance in all material respects with the terms of its permits and applicable government regulations. The costs associated with such compliance are not material in comparison to the revenue generated by such operations. There are currently no environmental orders outstanding or pending against Strongco.

Strongco's policy is to conduct its operations in a manner that complies with all legal requirements regarding health, safety and the environment. In most instances, it is also Strongco's practice to commission, at a minimum, Phase I environmental site assessments in respect of every corporate acquisition that it makes.

Strongco has put in place a company-wide environmental management system to govern the environmental conduct and activities related to its business segments. Detailed training manuals have been distributed to all of Strongco's operating entities for use in training Strongco employees in environmental matters related to its segments. In 2006, Strongco hired a manager whose sole responsibility is to manage all aspects of health, safety and environmental matters of Strongco's Business at the operational level.

Revenue and Seasonality

The following reflects the comparative quarterly revenue earned in the respective quarters by each segment for 2008 and 2007. In general, business activity in the Equipment Distribution Segment (which comprises the majority of Strongco's revenue and earnings base) follows a weather related pattern of seasonality. Typically, the first quarter is the weakest quarter as construction and infrastructure activity is constrained in the winter months. This is followed by a strong pickup in the second quarter as construction and other contracts begin to be put out for bid and companies begin to prepare for summer activity. The third quarter generally tends to be a bit slower from an equipment sales standpoint, which is partially offset by continued strength in equipment rentals and customer support (parts and service) activities. Fourth quarter activity generally strengthens as companies make year end capital spending decisions in addition to the exercise of purchase options on equipment which has previously gone out on rental contracts.

Comparison of Seasonality of Segment Revenue

	For the Quarter Ended 2008				
	Dec.	Sept.	Jun.	Mar.	Total
	(in millions of Canadian dollars, except percentage amounts)				
Net Sales:					
Equipment Distribution Segment	103.7	98.6	119.3	76.7	398.3
Percentage of Total Sales	93.8%	92.6%	94.6%	91.2%	93.2%
Engineered Systems Segment	6.9	7.9	6.8	7.4	29.0
Percentage of Total Sales	6.2%	7.4%	5.4%	8.8%	6.8%
Total Sales	110.6	106.5	126.1	84.1	427.3
Total Percentage	25.9%	24.9%	29.5%	19.7%	100%

	For the Quarter Ended 2007				
	Dec.	Sept.	Jun.	Mar.	Total
	(in millions of Canadian dollars, except percentage amounts)				
Net Sales:					
Equipment Distribution Segment	96.6	91.2	94.9	67.4	350.1
Percentage of Total Sales	89.6%	90.7%	89.6%	82.3%	88.4%
Engineered Systems Segment	11.2	9.3	11.0	14.5	46.0
Percentage of Total Sales	10.4%	9.3%	10.4%	17.7%	11.6%
Total Sales	107.8	100.5	105.9	81.9	396.1
Total Percentage	27.2%	25.4%	26.7%	20.7%	100%

RISK FACTORS RELATING TO THE FUND AND STRONGCO

The following information is a summary only of certain risk factors relating to the Fund and Strongco and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones facing the Fund and Strongco. Additional risks and uncertainties not currently known to the Fund or Strongco, or which the Fund or Strongco currently considers immaterial, may also impair the operations of the Fund or Strongco. If any such risks actually occur, the business, financial condition, or liquidity and results of operations of the Fund and/or Strongco, and the ability of the Fund to make distributions on the Units and the trading price of the Fund's Units, could be materially adversely affected.

Risks Relating to the Business

Current Global Financial Conditions

Current challenging global financial conditions have been characterized by increased volatility and numerous financial institutions have gone into bankruptcy or have had to be rescued by governmental authorities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. These factors may impact the ability of the Fund and Strongco to obtain equity or debt financing on terms favourable to the Fund and Strongco. Continued increased levels of volatility and market turmoil may impact Strongco's operations and adversely affect the price of the Units.

Business and Economic Cycles

Each of Strongco's business segments operates in a capital intensive environment. Strongco's customer base consists of companies operating in the construction and urban infrastructure, aggregates, forestry, mining, feed mill and grain handling, municipal, utility, industrial and resource sectors which are all affected by trends in general economic conditions within their respective markets. Changes in interest rates, commodity prices, exchange rates, availability of capital and general economic prospects may all impact their businesses by affecting levels of consumer, corporate and government spending. Strongco's business and financial performance is largely affected by the impact of such business cycle factors on its customer base. The Fund and Strongco have endeavoured to minimize this risk by: (i) operating in various geographic territories across Canada with the belief that not all regions are subject to the same economic factors at the same time, (ii) serving a variety of industries which respond differently at different points in time to business cycles and (iii) seeking to increase Strongco's focus on customer support (parts and service) activities which are less subject to changes in the economic cycle.

Competition

Strongco faces strong competition in each of its business segments.

The Equipment Distribution Segment competes with regional and local distributors of competing product lines. They compete on the basis of: (i) relationships maintained with customers over many years of service; (ii) prompt customer service through a network of sales and service facilities in key locations; (iii) access to products; and (iv) the quality and price of their products. In most product lines in most geographic areas in which the Equipment Distribution Segment operates, their main competitors are distributors of Caterpillar products.

No single competitor competes with the Engineered Systems Segment in all of its territories or in all of its product lines. Consequently, its competition comes primarily from regional companies which compete in specific product lines and specific territories. The Engineered Systems Segment's competitive strengths consist of its reputation for product quality and its ability to meet specific customer requirements for custom engineered products.

Manufacturer Risk

Most of the Equipment Distribution Segment consists of selling and servicing mobile equipment products manufactured by others. As such, Strongco's financial results may be directly impacted by: (i) the ability of the manufacturers it represents to provide high quality, innovative and widely accepted products on a timely and cost effective basis and (ii) the continued independence and financial viability of such manufacturers.

Most of the business of the Equipment Distribution Segment is governed by distribution agreements with the original equipment manufacturers, including Volvo Canada, Case and Manitowoc. These agreements grant the right to distribute the manufacturers' products within defined territories which typically cover an entire province. It is an industry practice that, within a defined territory, a manufacturer grants distribution rights to only one distributor. This is true of all the distribution arrangements entered into by Strongco. Most distribution agreements are cancellable upon 60 to 90 days notice by either party.

Some of the suppliers for the Equipment Distribution Segment provide floor plan financing to assist with the purchase of equipment inventory. In some cases this is done by the manufacturer, and in other cases the manufacturer engages a third party lender to provide the financing. Most floor plan arrangements include an interest-free period of up to seven months.

The termination of one or more of Strongco's distribution agreements with its original equipment manufacturers, as a result of a change in control of the manufacturer or otherwise, may have a negative impact on the operations of Strongco.

In addition, availability of products for sale is dependent upon the absence of significant constraints on supply of products from Strongco's original equipment manufacturers. During times of intense demand or during any disruption of the production of such equipment, Strongco's equipment manufacturers may find it necessary to allocate their limited supply of particular products among their distributors.

The ability of Strongco to maintain and expand its customer base is dependent upon the ability of Strongco's suppliers to continuously improve and sustain the high quality of their products at a reasonable cost. The quality and reputation of their products is not within Strongco's control and there can be no assurance that Strongco's suppliers will be successful in improving and sustaining the quality of their products. The failure of Strongco's suppliers to maintain a market presence could have a material impact upon the earnings of Strongco and the Fund.

The Fund believes that this element of risk has been mitigated through its representation of equipment manufacturers with demonstrated ability to produce a competitive, well accepted, high quality product range. Although distribution agreements with these manufacturers are cancellable by either party within a relatively short notice period as specified in the relevant distribution agreement, Strongco believes that it has established strong relationships with its key manufacturers.

Contingencies

In the ordinary course of business, the Fund and Strongco may be exposed to contingent liabilities in varying amounts and for which provisions have been made in the interim unaudited consolidated financial statements. These liabilities could arise from litigation, environmental matters or other sources.

A statement of claim has been filed naming a division of Strongco as one of several defendants in proceedings under the Superior Court of Quebec. The action claims errors and omissions in the contractual execution of work entrusted to the defendants and names Strongco as jointly and severally liable for damages of approximately $5.9 million. Although management cannot predict the outcome of this claim at this time, Strongco believes that it has a strong defense against the claim and that the claim is without merit.

Dependence on Key Personnel

The expertise and experience of its senior management is an important factor to Strongco's success. Strongco's continued success is thus dependent on its ability to attract and retain experienced management.

Information Systems

The Equipment Distribution Segment utilizes a legacy business system which has been successfully in operation for over 15 years. As with any business system, it is necessary to evaluate its adequacy and support of current and future business demands. The system was written and was supported by Strongco's Information Systems Manager who retired on December 31, 2006. Strongco is utilizing an outside consultant to support the system while an evaluation of current and future requirements is undertaken during the upcoming periods.

Foreign Exchange

While the majority of Strongco's sales are in Canadian dollars, significant portions of its purchases are in U.S. dollars. While management believes that Strongco can maintain margins over the long term, short, sharp fluctuations in exchange rates may have a short term impact on earnings. In order to minimize the exposure to fluctuations in exchange rates, Strongco has entered into foreign exchange forward contracts on a transaction specific basis.

Interest Rate

Interest rate risk arises from potential changes in interest rates and the impact on the cost of borrowing. The majority of Strongco's debt is floating rate debt which exposes Strongco to fluctuations in short term interest rates.

Risks Relating to the Units

Unpredictability and Volatility of Unit Price

A publicly-traded income trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Units will trade cannot be predicted. The market price of the Units could be subject to significant fluctuations in response to variations in quarterly operating results and other factors. The annual yield on the Units as compared to the annual yield on other financial instruments may also influence the price of Units in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units.

Nature of Units

The Units are hybrid securities in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in Strongco and should not be viewed by investors as shares in Strongco. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although the Fund qualifies as a "mutual fund trust" as defined by the Tax Act, the Fund is not a "mutual fund" as defined by applicable securities legislation.

Cash Distributions

Although the Fund intends to distribute the income earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the amounts of income to be generated by Strongco and paid to the Fund. The actual amount paid in respect of the Units will depend upon numerous factors, including profitability, the availability and cost of acquisitions, fluctuations in working capital expenditures, applicable law and other factors beyond the control of Strongco. Cash distributions are not guaranteed and will fluctuate with the Fund's performance. Strongco has the discretion to establish cash reserves for the proper conduct of its business. Adding to these reserves in any year would reduce the amount of cash available for distribution in that year. There can be no assurance regarding the actual levels of cash distributions by the Fund. On August 12, 2008, the Fund announced that distributions to Unitholders would be suspended until further notice, beginning with the month ended August 31, 2008.

Credit Facilities

Strongco LP has an operating line of credit to a maximum principal amount of \$20 million with a Canadian chartered bank (see "Material Debt" above). As at the date of this AIF, there was approximately \$10 million in credit available under the Credit Facilities.

The operating facility is repayable on demand. Strongco LP will have to refinance or repay the Credit Facilities upon demand. If the Credit Facilities are replaced by new debt that has less favourable terms or if Strongco LP cannot refinance its debt, funds available for distribution to the Fund and cash distributions to Unitholders may be adversely impacted.

The Credit Facilities contain restrictive covenants that limit the discretion of Strongco's management with respect to certain business matters and may, in certain circumstances, restrict Strongco LP's ability to make distributions, which could adversely impact cash distributions on the Units of the Fund. These covenants place restrictions on, among other things, the ability of Strongco LP to incur additional indebtedness, to create other security interests, to complete amalgamations and acquisitions, make capital expenditures, to pay dividends or make certain other payments and guarantees and to sell or otherwise dispose of assets. The Credit Facilities also contain financial covenants requiring Strongco LP to satisfy financial ratios and tests, (see "Material Debt" above). A failure of Strongco LP to comply with its obligations under the Credit Facilities could result in an event of default which, if not cured or waived, could permit the acceleration of the relevant indebtedness. The Credit Facilities are secured by customary security for transactions of this type, including first ranking security over all present and future personal property of Strongco LP, a mortgage over Strongco LP's central real property and an assignment of insurance. If Strongco LP is not able to meet its debt service obligations, it risks the loss of some or all of its assets to foreclosure or sale. There can be no assurance that, at any particular time, if the indebtedness under the Credit Facilities were to be accelerated, Strongco LP's assets would be sufficient to repay in full that indebtedness.

Based on its 2009 projections, Strongco LP is not likely to be in compliance with the debt to tangible net worth and debt service coverage covenants under the Credit Facilities as at March 31, 2009 and, as a result of cross default provisions, Strongco LP is also likely to be in breach of covenants under certain of its equipment notes payable as at March 31, 2009. Strongco LP has made a request to its bank to amend the debt to tangible net worth and debt service coverage covenants going forward to avoid future covenant violations. There is no assurance that the bank will grant these amendments or provide waivers or forbearance for future covenant breaches should they occur. If future covenant violations were to occur, the bank and equipment note lenders, at their option, could declare Strongco LP to be in default under their respective lending agreements, which in turn could result in a restriction of Strongco LP's access to funds under those lending facilities. There is no assurance that Strongco LP would be able to obtain funding from alternative sources.

Capital Investment

The timing and amount of capital expenditures by Strongco will directly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the Trustees of the Fund deem it necessary to make significant capital or other expenditures. The Fund announced the suspension of distributions to Unitholders on August 12, 2008 until further notice.

Restrictions on Potential Growth

The payout by the Fund of a significant portion of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of the Fund and its cash flow.

Unitholder Limited Liability

The Declaration of Trust provides that no Unitholder will incur or be subject to any liability, direct or indirect, absolute or contingent, in connection with the Fund or its assets or obligations and, in the event that Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholder's share of the Fund's assets.

The Declaration of Trust further provides that the Trustee and the Fund shall make all reasonable efforts where practicable to cause to be inserted in any written agreement, undertaking or obligation made or issued on behalf of the Fund an appropriate statement of the disavowal and limitation of liability of the Unitholders and Trustees. Personal liability may also arise in respect of claims against the Fund that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered unlikely.

On December 16, 2004, the Government of Ontario passed the *Trust Beneficiaries' Liability Act,* 2004 which limits the liability of holders of trust units, in a manner similar to that afforded to holders of shares of Ontario incorporated limited liability corporations. The legislation provides that the beneficiaries of a trust are not as beneficiaries, liable for any act, default, obligation or liability of the trust or any of its trustees that arises after the Act became law if, when the act or default occurs or the obligation or liability arise: (a) the trust is a reporting issuer under the *Securities Act* (Ontario); and (b) the trust is governed by the laws of Ontario. The Fund is a reporting issuer under the *Securities Act* (Ontario) and is governed by the laws of Ontario. However, the courts have not yet had an opportunity to consider this legislation.

The operations of the Fund will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability on the Unitholders for claims against the Fund.

Tax Related Risks

The income of Strongco and the Fund must be computed and will be taxed in accordance with Canadian tax laws, all of which may be changed in a manner that could adversely affect the amount of distributable cash available to Unitholders. There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of Units. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations would be materially and adversely different in certain respects. The Declaration of Trust provides that an amount equal to the taxable income of the Fund will be distributed each year to Unitholders in order to eliminate the Fund's taxable income and provides that additional Units may be distributed to Unitholders in lieu of cash distributions. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, in circumstances when they do not directly receive a cash distribution.

If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act or if the Units of the Fund cease to be listed on a "designated stock exchange" (as defined in the Tax Act) in Canada, the Units will cease to be qualified investments for Registered Retirement Savings Plans, Registered Retirement Income Funds, Deferred Profit Sharing Plans, Registered Education Savings Plans, Registered Disability Savings Plan and Tax Free Savings Accounts (collectively "Deferred Income Plans"). The Fund will endeavour to ensure that the Units continue to be qualified investments for Deferred Income Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments in such plans and there is no assurance that the conditions prescribed for such qualified investments will be adhered to at any particular time. Finally, if the Fund ceases to qualify as mutual fund trust for purposes of the Tax Act, the Fund will be required to pay tax under Part XII.2 of the Tax Act. The payment of Part

XII.2 tax by the Fund will affect the amount of cash available for distribution by the Fund and may have adverse consequences for Unitholders.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than "taxable Canadian property" as defined in the Tax Act. If the proposed amendments to the Tax Act released by the Minister of Finance (Canada) on September 16, 2004 (the "**Proposed Amendments**") are enacted as proposed, the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Units held by non-residents of Canada or partnerships which are not "Canadian partnerships" for purposes of the Tax Act is more than 50% of the fair market value of all issued and outstanding Units unless no more than 10% (based on fair market value) of the Fund's property is at any time taxable Canadian property within the meaning of the Tax Act and certain other types of specified property. A partnership will only qualify as a Canadian partnership at a particular time if all of its members at that time are resident in Canada. The Proposed Amendments do not currently provide any means of rectifying a loss of mutual fund status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion which did not include these Proposed Amendments, and it is counsels' understanding that further discussions will take place with the private sector before a decision is made concerning whether the Proposed Amendments will be enacted. Bill C-52, which received Royal Assent on June 22, 2007, amended the relevant provisions of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the Proposed Amendments released on September 16, 2004. It should also be noted that the restrictions on non-resident Unitholders may limit the demand for Units and therefore adversely affect the value of the Units of the Fund.

On October 31, 2006, the Minister of Finance (Canada) announced the "Tax Fairness Plan" which, in part, proposed to significantly change the taxation of most publicly traded trusts and partnerships, including income trusts such as the Fund, and distributions and allocations from these entities to their investors. Legislation to implement the proposed changes received Royal Assent on June 22, 2007 (the "**SIFT Rules**"). The SIFT Rules apply a tax on certain income (other than taxable dividends) earned by a SIFT trust as defined in the Tax Act, and would treat the taxable distributions of such income received by Unitholders of a SIFT trust as dividends. Pursuant to the SIFT Rules, the Fund will constitute a SIFT trust and, as a result, the Fund and its Unitholders will be subject to the SIFT Rules. The SIFT Rules generally do not apply until the 2011 taxation year for income trusts, the units of which were publicly traded prior to November 1, 2006, such as the Fund. However, the SIFT Rules will apply immediately in any taxation year ending after 2006 if the SIFT trust does not comply with the Normal Growth Guidelines issued by the Department of Finance on December 15, 2006 and amended on December 4, 2008 and February 25, 2009, unless the excess growth arose as a result of a prescribed transaction.

There can be no assurance that the Fund will be able to retain the benefit of the deferred application of the SIFT Rules until 2011. Loss of the benefit of the deferred application of the SIFT Rules before 2011 could have a material and adverse affect on the value of the Units. When the SIFT Rules apply to the Fund, the return to Unitholders may be adversely affected.

No assurance can be given that Canadian federal or provincial income tax law respecting the taxation of income trusts and other flow-through entities will not be further changed in a manner that adversely affects the Fund, Strongco and its Unitholders.

MARKET FOR SECURITIES

The Units are listed and posted for trading on the TSX under the symbol "SQP.UN". The following table sets forth the reported high and low prices and the trading volume for the Units on the TSX for the periods indicated:

Month 2008	**High** ($)	**Low** ($)	**Volume**
December	1.52	1.25	853,370
November	1.50	1.12	897,219
October	3.04	1.00	486,092
September	3.27	3.00	383,187
August	4.98	2.70	882,385
July	5.65	4.52	168,106
June	5.83	5.20	241,204
May	6.10	5.55	126,548
April	6.28	5.60	214,357
March	6.89	5.31	324,226
February	6.92	5.85	243,205
January	6.68	5.94	250,236

Source: Tsx Historical Data

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by the Fund or any of it subsidiaries or their predecessors within the most recently completed financial year or before the most recently completed financial year but are still in effect:

- the Declaration of Trust described under the heading "Information Concerning the Fund".
- the Arrangement Agreement described under the heading "General Development of the Business – History of the Business".
- the Administration Agreement described under the heading "Information Concerning the Fund – Administration Agreement".
- the Limited Partnership Agreement described under the heading "Information Concerning Strongco LP".
- the Facility Letter defined under the heading "Glossary of Terms".
- the Champion Road Machinery Agreement described under the heading "Recent Developments – Acquisition of Champion Road Machinery".

Copies of each of the above-noted documents have been filed on SEDAR at www.sedar.com.

EXPERTS

Ernst & Young LLP ("**E&Y**") have prepared an audit report on the audited consolidated financial statements of the Fund as at December 31, 2008 and 2007 and for the years then ended. E&Y are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. E&Y have no registered or beneficial interests, direct or indirect, in the Fund's securities.

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found on SEDAR which can be accessed at www.sedar.com. Additional information, including trustees' and directors' and officers' remuneration and indebtedness, principal holders of the Fund's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Fund's information circular for its annual and special meeting of Unitholders to be held on April 30, 2009. Additional financial information is provided in the Fund's financial statements and management's discussion and analysis for the financial year ended December 31, 2008.

APPENDIX "A"

STRONGCO INCOME FUND

AUDIT COMMITTEE CHARTER

1. Purpose

The primary function of the Audit Committee is to assist the trustees (the "**Trustees**") of Strongco Income Fund (the "**Fund**") in fulfilling their oversight responsibilities by reviewing the financial information which will be provided to unitholders and others, the systems of internal controls which management has established, and the Fund's audit and financial reporting process.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section 4 of this Charter. The Audit Committee shall be given full access to the Fund's management and records and external auditors as necessary to carry out these responsibilities. For purposes of this Charter, the "**Fund**" refers to Strongco Income Fund together with its subsidiaries and controlled entities.

2. Composition

The Audit Committee shall be comprised of not fewer than three Trustees, each of whom is an independent Trustee. For purposes of this Charter, an "**independent**" Trustee is one who has no direct or indirect material relationship with the Fund. A "**material relationship**" is a relationship which could, in the view of the Trustees, be reasonably expected to interfere with the exercise of a Trustee's independent judgement. For further guidance on the issue of independence, the Trustees should consult section 1.4 of Multilateral Instrument 52-110 - Audit Committees (a copy of which is attached).

All members of the Audit Committee shall be financially literate. "**Financial literacy**" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund's financial statements.

3. Authority

In recognition of the fact that the external auditors are ultimately accountable to the Trustees and the Audit Committee as representatives of the unitholders, the Audit Committee shall have the primary responsibility to select, evaluate and recommend to the Trustees the appointment or re-appointment and where appropriate, replacement, of the external auditors and shall review and recommend all audit engagement fees and terms and all non-audit engagements with the external auditors. The Audit Committee will also discuss the rotation of the engagement of the audit partners when required. The Audit Committee shall consult with management but shall not delegate these responsibilities.

4. Responsibilities and Duties

To fulfill its responsibilities and duties, the Audit Committee shall:

(a) Require the external auditors to report directly to the Audit Committee.

(b) Recommend to the Trustees: (i) the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Fund; and (ii) the compensation of the external auditors.

(c) Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Fund, including the resolution of disagreements between management and the external auditors regarding financial reporting.

(d) Pre-approve all non-audit services to be provided to the Fund by the Fund's external auditors.

(e) Review the Fund's financial statements, MD&A and annual and interim earnings press releases before the Fund publicly discloses this information.

(f) Satisfy itself that adequate procedures are in place for the review of the Fund's public disclosure of financial information extracted or derived from the Fund's financial statements, other than the public disclosure referred to in (e) above, and periodically assess the adequacy of those procedures.

(g) Establish procedures for: (i) the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Fund of concerns regarding questionable accounting or auditing matters.

(h) Review and approve the Fund's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Fund.

(i) Review the accounting principles, policies and practices followed by the Fund in accounting for and reporting its financial results of operations and satisfy themselves as to the appropriateness thereof.

(j) Obtain on an annual basis a formal written statement from the external auditors delineating all relationships between the audit firm and the Fund, and review and discuss with the external auditors such relationships to determine the "independence" of the auditors.

(k) Review any management letter prepared by the external auditors concerning the Fund's internal financial controls, record keeping and other matters and management's response thereto.

(l) Discuss with the external auditors their views about the quality of the implementation of Canadian generally accepted accounting principles, with a particular focus on the accounting estimates and judgments made by management and management's selection of accounting principles and meet in private with appropriate members of management and separately with the external auditors to share perceptions on these matters, discuss any potential concerns and agree upon appropriate action plans.

(m) Approve the scope of the annual audit, the audit plan, the access granted to the Fund's records and the co-operation of management in any audit and review function and preapprove the scope and cost of any non-audit services to be undertaken by the Fund's external auditors.

(n) Review the effectiveness of the independent audit effort, including approval of the fees charged in connection with the annual audit, any quarterly reviews and any non-audit services being provided.

(o) Assess the effectiveness of the working relationship of the external auditors with management.

(p) Review key regulatory developments and their implications for the Fund.

(q) Review the risk management policies followed by the Fund in operating its business activities and the completeness and fairness of any disclosure thereof.

(r) Assess the risk of fraud and error for the Fund and its financial reports and monitor management's role in controlling fraud and error.

(s) Review annually this Audit Committee Charter for adequacy and recommend any changes to the Trustees.

(t) Report to the Trustees on the major items covered at each Audit Committee meeting and make recommendations to the Trustees and management concerning these matters.

(u) Perform any other activities consistent with this Charter, the Fund's declaration of trust and governing law as the Audit Committee or the Trustees deem necessary or appropriate.

(v) Ensure that the appropriate internal controls over financial reporting are in place, and that the Fund's public disclosure of financial information is timely and accurate, so as to permit the Chief Executive Officer and the Vice-President, Finance to provide the required certification of the Fund's annual and interim filings.

(w) Ensure that the information required by the various committees of the Trustees is available to them so as to permit them to fulfil their mandates.

5. Relationship to Internal Audit

The Audit Committee will:

(a) Review and approve management's decisions relating to any potential need for internal auditing, including whether this function should be outsourced and if such function is outsourced, approve the supplier of such service.

(b) Ensure that an effective system of disclosure controls and procedures and internal control over financial reporting for the Fund has been designed and is being implemented so as to provide reasonable assurance:

   (i) that material information relating to the Fund is made known to the appropriate officers of the Fund by others within the Fund;

   (ii) regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP; and

   (iii) such that the Chief Executive Officer and the Vice-President, Finance may certify the Fund's annual and interim filings as required under applicable securities laws, rules and policies.

(c) Approve the mandate for the internal audit function.

(d) Review annually the internal audit department's objectives, goals, staffing and financial budget.

(e) Ensure that the Vice-President, Finance has direct and open communication with the Audit Committee with respect to planned audits, findings, recommendations and management response thereto, and that the Vice-President, Finance meets with the Audit Committee without other management personnel present.

(f) Ensure that, taken together, the work of the internal and external auditors provide an appropriate level of audit coverage and is effectively coordinated.

6. Audit Committee Meetings

The Audit Committee will meet on a regular basis, at least quarterly, and will hold special meetings as circumstances require. The timing of the meetings, and the calling of and procedure at meetings, shall be determined by the Chairman of the Audit Committee. A majority of the members of the Audit Committee present in person or participating by conference telephone shall constitute a quorum of the Audit Committee.

The acts of the Audit Committee at a duly constituted meeting shall require no more than the vote of a majority of the members present. A resolution or other instrument in writing signed by all members of the Audit Committee shall constitute an act of the Audit Committee.

7. Resources

The Audit Committee shall have the authority to retain independent legal, accounting and other consultants to advise it. The Audit Committee may request any officer or employee of the Fund or outside consultants to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The Audit Committee shall advise the Trustees on the extent of funding, if any, that may be necessary for payment of compensation to any consultants retained to advise the Audit Committee.

Approved by the Trustees on June 14, 2005.