

DAVIS-REA MUTUAL FUNDS

SIMPLIFIED PROSPECTUS

**DATED
AUGUST 28, 2017**

Davis-Rea Balanced Fund Davis-Rea Equity Fund Davis-Rea Fixed Income Fund

Class A, Class B, Class F and Class O Units

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

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Introduction

This simplified prospectus contains selected important information about the Davis-Rea Mutual Funds. The information in this simplified prospectus will help you make an informed investment decision and will help you understand your rights as an investor in a fund.

This simplified prospectus contains information about the funds and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the funds.

This document is divided into two parts. The first part, from pages A-2 through A-18, contains general information applicable to all of the Davis-Rea Mutual Funds. The second part, from pages B-1 through B-12, contains specific information about each of the funds described in this document.

Additional information about each fund is available in the following documents:

- the annual information form;
- the most recently filed fund facts;
- that fund's most recently filed audited financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this document, which means they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling us at **(416) 324-2200** or toll-free at **(877) 391-9929** or from your dealer.

These documents are also available on the internet site for the funds at **www.davisrea.com** or by contacting us by e-mail at **info@davisrea.com**.

These documents and other information about the funds are available on the internet site of the System for Electronic Document Analysis and Retrieval (also known as SEDAR) at **www.sedar.com**.

Unless otherwise stated, all dollar amounts in this simplified prospectus are in Canadian dollars.

In this document, "we", "us", "our" and "Davis-Rea" refer to Davis-Rea Ltd., the manager of the funds.

What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?

A mutual fund is a pool of money contributed by people with similar investment goals that is invested in a portfolio of investments on the investors' behalf by professional managers. Fund unitholders share the fund's income, expenses, gains and losses in proportion to their interest in the fund.

Mutual funds own different types of investments depending upon their investment objectives, including stocks, bonds and cash. The value of these investments changes from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's units may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

To address the different investment needs of different types of investors, each of the funds offers class A units, class B units, class F units and class O units to the public. Each fund may also issue class N units, which are non-voting and do not pay a management fee, but they can only be purchased by another fund. Each class of units of a fund represents an investment in the same investment portfolio of the fund, but each class of units has a different management fee and expenses that are attributable to it. As a result, a separate net asset value is calculated for each class of units of a fund.

None of your investments in a Davis-Rea Mutual Fund is guaranteed.

Unlike bank accounts or GICs, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. See "Purchases, Switches and Redemptions" at page A-6 for more information.

General Investment Risks

An investment in a fund can involve significant risks and is not intended to be a complete investment program. There is a risk that an investment in a fund may be lost entirely or in part. Investors should consider, among others, the following risk factors before investing, which is not intended to be a complete list of the risk factors that may arise as a result of investing in a fund. Investors should also read the annual information form about the funds and consult with their advisors before deciding to invest in a fund.

Risk of Obtaining Investment Objectives

While we believe that each fund's investment policies will be successful over the long-term, there can be no guarantee against losses resulting from an investment in units of a class of a fund and there can be no assurance that a fund's investment approach will be successful or that its investment objective will be attained. Any investment may decline in value and a fund may realize substantial losses, rather than gains, from some or all of its investments.

General Economic Conditions

The success of a fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political developments. These factors may affect the value and liquidity of a fund's investments. Unexpected volatility or illiquidity may also impair a fund's profitability or result in losses.

Interest Rate Fluctuations

The value of a fund's investments in bonds, debentures, notes and other fixed-income debt instruments will vary with interest rates. When interest rates rise, the value of securities with a fixed rate of interest will decline. Conversely, when interest rates fall, the value of such securities will increase.

Company Risk and Stock Market Risk

If there is negative news about a company in which a fund invests, its shares may lose value, causing the value of the investment to change. For example, the value of an investment in a particular company may change if that company's shares fall with the rest of the stock market. If a fund has a long position in these securities, such loss in the securities will decrease the value of the fund. Conversely, positive news about a company or a general rise in the value of the equity markets may cause the value of the company's stock to increase and may increase the value of a fund.

Liquidity Constraints

A fund's investments may be subject to liquidity constraints because of insufficient depth or volume on the trading markets that the fund's securities trade on. The trading of restricted or illiquid securities may also result in higher brokerage costs, and may sell at a lower price, than other similar securities.

Foreign Investment Risks

A fund's investment in foreign securities may be affected by economic conditions in that foreign country. The stock markets in such countries may not be as stable and financial data and information may be less reliable than it would be in North America. Political instability and social unrest may also affect a fund's investment in foreign securities. Investments in a foreign currency may also affect a fund's net asset value depending on how the value of such foreign currency changes as compared to changes in the Canadian dollar.

Net Asset Value

The value of a fund's investments may fluctuate as a result of various factors, including general economic conditions and fluctuations in the securities markets. A fund's investment strategies may not be successful and, therefore, there can be no guarantee that an investment in the fund may not decline in value.

Multi-Class Risk

Each fund has issued more than one class of units and in the future may issue additional classes of units. Notwithstanding the fact that a fund may issue more than one class of units, the fund may be treated as one entity. As a result, all of the assets of a fund may be available to meet all of the liabilities of each class of units of the fund. As a result, the investment performance, expenses or liabilities of one class of units of a fund may affect the value of another class of units of the fund. However, this is only expected to be an issue if a fund becomes insolvent or is unable to meet all of its liabilities.

Reliance on Key Personnel

The success of each fund is dependent on the successful implementation of its investment objectives and the investment strategies we adopt. The death, disability or withdrawal of a senior employee of Davis-Rea could adversely affect one or more of the funds.

Restriction or Suspension of Redemption Rights

We may from time to time restrict redemptions of units of a fund if normal trading is suspended on any stock exchanges on which securities are listed and traded which represent 50% or more of the value of the assets of the fund, or in certain other instances.

Conflicts of Interest

A fund may be subject to various conflicts from time to time, partially because we have other clients and may have different obligations to such clients, including as a result of our different registrations. We always endeavour to treat all of our clients fairly in accordance with applicable legal requirements, and to allocate investment opportunities amongst our clients in an equitable and appropriate manner. When retaining service providers on behalf of a fund, including dealers, we always try to ensure that all transactions undertaken on behalf of the fund are done on a best execution basis.

Effect of Redemptions and Termination

A significant redemption of units of a fund may have a significant adverse effect on a fund's performance. In addition, a fund could be terminated at any time. Either event may create adverse tax and/or economic consequences for the unitholders of the applicable fund, depending on the timing of such redemption or termination.

Organization and Management of the Davis-Rea Funds

<p>Manager</p> <p>Davis-Rea Ltd. 79 Wellington Street West Suite 3535, P.O. Box 239 Toronto, Ontario M5K 1J3</p>	<p>The manager is responsible for the day-to-day activities of the funds, providing or arranging for all required administrative services of the funds.</p>
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<p>Trustee</p> <p>CIBC Mellon Trust Company 320 Bay Street Toronto, Ontario M5H 4A6</p>	<p>Each fund is a trust. When you invest in a fund, you are buying units in a trust. The trustee holds title to the property of each fund on behalf of the unitholders of that fund.</p>
<p>Portfolio Advisor</p> <p>Davis-Rea Ltd. 79 Wellington Street West Suite 3535, P.O. Box 239 Toronto, Ontario M5K 1J3</p>	<p>We provide investment advice to each fund in accordance with that fund's investment objective.</p>
<p>Custodian</p> <p>CIBC Mellon Trust Company 320 Bay Street Toronto, Ontario M5H 4A6</p>	<p>CIBC Mellon Trust Company is the custodian of each fund.</p>
<p>Fund Administrator</p> <p>CIBC Mellon Trust Company 320 Bay Street Toronto, Ontario M5H 4A6</p>	<p>As the manager of the funds, we have retained the fund administrator to provide certain administrative services to each of the funds.</p>
<p>Registrar</p> <p>CIBC Mellon Trust Company 320 Bay Street Toronto, Ontario M5H 4A6</p>	<p>The registrar keeps track of the registered owners of units of each class of each fund in a register of unitholders of that class of that fund.</p>
<p>Auditor</p> <p>Collins Barrow Toronto LLP Chartered Accountants 11 King Street West, Suite 700 Toronto, Ontario M5H 4C7</p>	<p>The auditor examines the annual financial statements of the funds and expresses an opinion thereon.</p>

<p>Independent Review Committee</p>	<p>The independent review committee, or IRC, of a fund provides independent oversight and impartial judgment on conflicts of interest involving the fund. Among other matters, the IRC prepares, at least annually, a report of its activities for investors in each fund which is, or will be, available on our website at www.davisrea.com or upon request by any investor, at no cost, by calling: (416) 324-2200 or toll-free at (877) 391-9929, or e-mailing to: info@davisrea.com</p> <p>The IRC is currently comprised of three members, each of whom is independent of Davis-Rea Ltd., its affiliates and the funds. Additional information about the IRC, including the names of its members, and governance of each fund is available in the annual information form of the funds.</p> <p>In addition, the auditors of the funds may not be changed unless the IRC has approved the change in accordance with National Instrument 81-107 <i>Independent Review Committee for Investment Funds</i> and a written notice describing the change in auditors is sent to unitholders at least 60 days before the effective date of the change.</p>
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If a fund (the “Top Fund”) holds units of another fund managed by us (the “Underlying Fund”), the units of the Underlying Fund that are held by the Top Fund will not be voted. If applicable, we may arrange for the units of the Underlying Fund to be voted by the beneficial holders of units of the Top Fund.

Purchases, Switches and Redemptions

You may buy a class of units of a fund offered by this simplified prospectus by contacting your dealer. We will not issue units of a class of a fund unless your dealer confirms to us that it has received the necessary funds or a certified cheque from you to buy the units of that class of the fund. Your purchase or redemption order should be sent to your dealer. Cheques should be made payable to the name of the applicable fund.

When redeeming units of a class of a fund you should indicate whether you wish to redeem a specified dollar amount or number of units of that class of the fund. You may have to pay an administrative fee to your dealer. As a security measure, telephone or electronically transmitted redemption requests will normally not be accepted.

When you redeem units of a class of a fund, we will send you the proceeds within two (2) business days of receiving all necessary documents.

See “Fees and Expenses” and “Dealer Compensation” for more information on the fees and expenses and dealer compensation you may have to pay when you purchase units of a class of a fund.

Purchase Option

Units of class of a fund usually cannot be converted into units of another class of the fund.

Class A Units

Class A units of a fund are designed for retail investors. If you buy class A units of a fund from us, which is typically when class A units of a fund will be issued, you do not have to pay us any sales charge.

If you buy class A units of a fund through another dealer, you may have to pay a sales charge to that dealer (i.e. a front-end load sales charge). That dealer will generally deduct the amount of the sales charge that you negotiate with that dealer, which cannot exceed 5.00% of your subscription and forward the net amount to us to be invested in class A units of the applicable fund. Subject to a fund’s short-term trading fee, you can redeem your class A units of the fund under this option at any time and do not have to pay any redemption fees.

See “Fees and Expenses”.

Class B Units

Class B units of a fund are designed for retail investors who buy units of a fund through their own dealer.

If you buy class B units of a fund through your dealer, you may have to pay a sales charge to your dealer (i.e. a front-end load sales charge). Your dealer will generally deduct the amount of the sales charge that you negotiate with them, which cannot exceed 5.00% of your subscription and forward the net amount to us to be invested in class B units of the applicable fund. Subject to a fund’s short-term trading fee, you can redeem your class B units of the fund under this option at any time and do not have to pay any redemption fees.

If you buy class B units of a fund through another dealer, we will also pay your dealer a trailer fee equal to 0.50% per annum of the average net asset value of the class B units of the funds that you buy.

See “Fees and Expenses”.

Class F Units

Class F units of a fund are designed exclusively for investors who have entered into an investment management agreement with their dealers. This may include:

- (i) individual investors whose dealer participates in our class F program where we do not pay any sales charges, trailing fees or other fees to their dealer. In such a situation, the

individual investor pays their dealer an all-inclusive set fee (usually based on assets under administration) for all services and advice that they provide to the investor; and

- (ii) other investors provided we do not pay any sales charges, trailing fees or other fees to their dealer.

You do not have to pay any sales charge if you buy class F units of a fund as you already pay your dealer for the advice and other services your dealer provides to you. We can therefore charge a lower management fee. However, your dealer must be a participant in our class F program. If we become aware that you are no longer eligible to hold class F units of a fund, we will give you 30 days' notice before we switch your class F units of the fund for class A units of the fund. Subject to a fund's short-term trading fee, you can redeem your class F units of the fund under this option at any time and do not have to pay any redemption fees.

See "Fees and Expenses".

Class O Units

Class O units of a fund are designed exclusively for institutional investors and individual investors who have been approved by us. Each eligible investor must enter into a class O unit account agreement with us.

The criteria for approval may include the value of the investment. No management fees are charged to, or are payable by, a fund with respect to class O units. Each investor will negotiate a separate management fee directly payable to us, which will be specified in that investor's class O unit account agreement.

If you buy your class O units of a fund from us, you do not have to pay any sales charge.

If you buy class O units of a fund through another dealer, you may have to pay a sales charge to that dealer (i.e. a front-end load sales charge). That dealer will generally deduct the amount of the sales charge that you negotiate with that dealer, which cannot exceed 5.00% of your subscription and forward the net amount to us to be invested in class O units of the applicable fund. Subject to a fund's short-term trading fee, you can redeem your class O units of the fund under this option at any time and do not have to pay any redemption fees.

See "Fees and Expenses".

Price of a Unit of a Class of a Fund

The price of a unit of a class of a fund is equal to the net asset value per unit of that class of the fund. The net asset value per unit of a class of a fund is determined by adding up the value of the assets of that class of the fund, subtracting the liabilities of that class of the fund and dividing the remainder by the number of units of that class of the fund that are outstanding.

The net asset value of each class of a fund is calculated in Canadian dollars at the close of business on each business day. If we receive your purchase order to buy units of a class of a fund before such time on any business day, your purchase order, if accepted by us, will be processed at the net asset value per unit of that class of the fund on that day. If we receive your

purchase order to buy units of a class of a fund after such time, it will be processed, if accepted by us, at the net asset value per unit of that class of the fund on the next business day. A “business day” is each day on which the Toronto Stock Exchange is open for trading.

Minimum Investments

Your initial investment in class A units, class B units and class F units of a fund must usually be at least \$5,000. Subsequent investments by such unitholders must be at least \$100. If you buy class A units, class B units or class F units of a fund by means of a pre-authorized investment plan, the minimum subsequent investment per transaction is \$25.

The initial minimum investment to buy class O units of a fund must usually be \$100,000.

If your payment for units of a class of a fund is not received by us from your dealer within two (2) days of processing your order, we will redeem your units of that class of the fund. If the proceeds of redemption are greater than what you owe, the fund will keep the difference. If the proceeds are less than what you owe, we will pay the difference to the fund and will collect this amount from your dealer, who may collect it from you.

We may reject a purchase order within one day of receiving it.

Redemptions

You should send your redemption request to your dealer who is responsible for sending your redemption order to us on the same day that your dealer receives it from you. We will confirm with your dealer that your dealer has received from you all of the necessary information and instructions to redeem your units of a class of a fund.

No redemption fee has to be paid with respect to class A units, class B units, class F units or class O units of a fund, although your dealer may charge you an administrative fee.

We will redeem your units of a class of a fund on the business day your redemption order is received from your dealer, provided it is received on or before the close of business on such day. If your redemption order is not received from your dealer until after the close of business on such day, we will process your redemption order on the next business day. Once the instructions necessary to complete your redemption are received from your dealer, we will send your money to you. If we do not receive these instructions from your dealer within 10 business days of the redemption, the fund will repurchase your units of that class of a fund. If the redemption proceeds are greater than the repurchase amount, the fund will keep the difference. If the redemption proceeds are less than the repurchase amount, we will pay the fund the difference. We will then collect this difference from your dealer, who may collect it from you.

The obligation to pay the redemption proceeds will be discharged when the monies are deposited into your bank account or a cheque is mailed to you, unless the cheque is not honoured on presentation for payment. In certain limited situations, we may allow you to redeem your units of a class of the fund on an *in specie* basis.

Units of a class of the fund are usually not redeemable at our option.

Suspension of Redemptions

Under extraordinary circumstances, your right to redeem units of a class of a fund may be suspended. We may refuse orders to redeem units of a class of a fund:

- (i) if normal trading is suspended in the market, within or outside Canada, which represents more than 50% by value, or underlying market exposure, of the total assets of the fund without any allowance for liabilities and if the assets of the fund cannot be traded in any other market that represents a reasonably practical alternative for the fund; or
- (ii) with the consent of the Ontario Securities Commission.

A fund will not accept any purchase orders during any period when the right to redeem units of a class of the fund is suspended.

Reclassification

A reclassification of units from one class of a fund to another class of the same fund is not considered to be a disposition for tax purposes and, accordingly, a unitholder will not realize a gain or loss on such reclassification.

Switches

You can switch your investment from a class of units of one fund to the corresponding class of units of another fund through your dealer. Such a switch will result in a redemption of the units of the fund you own and a purchase of units of the new fund. Because you are moving your investment from one fund to another fund, the switch will be a taxable transaction to you and you may realize a gain or loss in the same manner as you would otherwise realize on a redemption of units of a fund. A switch fee of up to 2.00% of the value of the units switched may be charged by your dealer. See “Fees and Expenses”.

Optional Services

Registered Tax Plans

Units of each class of a fund are qualified investments for deferred income plans under the *Income Tax Act* (Canada).

Pre-Authorized Chequing Plan

Provided that your initial investment is at least \$5,000 under a pre-authorized chequing plan (PAC) you can indicate a regular amount of investment (not less than \$25) to be made on a periodic basis (e.g., on the 1st and the 15th of each month), to buy class A units, class B units or class F units of a fund, and the chequing account from which the investment amount is to be debited. A void cheque is required. You may suspend or terminate such a plan on ten days’ prior written notice.

While you have a statutory right to withdraw from your initial purchase of units of a class of a fund under a pre-authorized chequing plan, you will not have a right to withdraw from

subsequent purchases of units of that class of the fund. You will continue to have all other statutory rights under securities law, including the rights as described at page A-17 under the heading “What Are Your Legal Rights?” You have the right to terminate your participation in a pre-authorized chequing plan at any time.

Systematic Withdrawal Plan

You can establish a systematic withdrawal plan (SWP), provided you are not investing through a retirement savings plan. Under a systematic withdrawal plan you can indicate a regular amount of cash withdrawal (not less than \$25 monthly) to be made on a periodic basis and the class of units of a fund from which the investment is to be withdrawn. Withdrawals will be made by way of a redemption of units of that class of a fund and it should be noted that if withdrawals are in excess of any distributions and net capital appreciation, they will result in an encroachment on, or possible exhaustion of, your original capital. If you choose the systematic withdrawal plan, any distributions declared on units of that class of a fund held under such a plan must be reinvested into additional units of that class of the fund. To establish a systematic withdrawal plan in respect of a class of units of a fund your account must have a minimum value of \$5,000. You may modify, suspend or terminate a systematic withdrawal plan on ten days’ prior written notice.

Short-Term Trading

We have adopted policies and procedures to detect and deter short-term trading. Short-term trades are defined as a combination of a purchase and redemption of units of a fund within a short period of time that we believe is detrimental to other investors in the fund. Such trades may try to take advantage of certain funds which hold securities priced in other time zones or illiquid securities that trade infrequently.

The interests of the investors in a fund and the fund’s ability to manage its investments may be adversely affected by short-term trading because, among other things, these types of trading activities can dilute the value of the fund’s units, can interfere with the efficient management of the fund’s portfolio and can result in increased brokerage and administrative costs to the fund. While we will actively take steps to monitor, detect and deter short-term trading, it cannot ensure that such trading activity will be completely eliminated.

A purchase and a redemption of a unit of a fund within a short period of time may be subject to a short-term trading fee of up to 2.00% of the purchase price (excluding any sales charge) if you redeem your units of a fund within 90 days of buying them. The fee payable, if imposed, will be deducted from the redemption proceeds when you redeem your units of the applicable fund and such fees will be retained by that fund. We, in our sole discretion, may waive the short-term trading fee. See “Fees and Expenses”.

Fees and Expenses

The following table lists the fees and expenses that you may have to pay if you invest in units of a class of a fund. You may have to pay some of these fees and expenses directly. A fund pays the other fees and expenses. This will reduce the value of your investment in a fund.

Fees and Expenses Payable by a Fund									
Management Fees	<p>An annual management fee based on a fixed percentage of the daily closing net asset value of each Fund is charged to clients who hold units in that Fund. The following services are provided to clients in exchange for this management fee, including but not limited to:</p> <ul style="list-style-type: none"> - the day-to-day management of each Fund; - making investment portfolio decisions and arranging for the execution of portfolio transactions; - providing for or arranging for advice and assistance in connection with investment programmes; - dealing with the purchase and redemption of units of each Fund; - paying trailer commissions and other forms of compensation to dealers; - negotiating contractual arrangements with, and supervising, third-party service providers, including the custodian, auditors and legal counsel; - providing office accommodation, personnel, office supplies and internal accounting services in respect of each Fund; and - monitoring compliance with applicable laws. <p>Set out below is the management fee that we receive from each class of units of each Fund:</p> <table style="margin-left: 40px;"> <tr> <td>Class A units</td> <td style="text-align: right;">1.75%</td> </tr> <tr> <td>Class B units</td> <td style="text-align: right;">2.00%</td> </tr> <tr> <td>Class F units</td> <td style="text-align: right;">1.50%</td> </tr> <tr> <td>Class O units</td> <td style="text-align: right;">1.75% (maximum paid directly by class O unitholders)</td> </tr> </table> <p>The management fee of each Fund is payable monthly in arrears.</p>	Class A units	1.75%	Class B units	2.00%	Class F units	1.50%	Class O units	1.75% (maximum paid directly by class O unitholders)
Class A units	1.75%								
Class B units	2.00%								
Class F units	1.50%								
Class O units	1.75% (maximum paid directly by class O unitholders)								
Operating Expenses	<p>A fund is responsible for paying all operating expenses incurred in the normal course of its activities including record keeping, fund and unitholder accounting costs, audit fees and expenses, reporting and filing fees, legal fees, insurance costs, custodial expenses, brokerage commissions and other expenses directly related to portfolio transactions of the fund and taxes payable by the fund. To the extent applicable these costs are borne by the class of units of the fund to which they apply.</p> <p>The funds are also responsible for paying each member of the independent review committee or IRC of the funds an annual fee of \$7,500. A fund will also reimburse each member of its IRC for any fees and/or expenses they incur in carrying out their duties on behalf of the fund. These fees will be <i>pro rated</i> between the three funds based on the</p>								

Fees and Expenses Payable by a Fund	
	<p>assets under management of each fund.</p> <p>If one fund (a “Top Fund”) invests in class N units of another fund (an “Underlying Fund”), there may be fees and expenses payable by the Underlying Fund in addition to the fees and expenses payable by the Top Fund. However, there will not be any management fees payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service. Additionally, no sales fees or redemption fees are payable by a Top Fund for investing in units of an Underlying Fund.</p>
Fees and Expenses Payable Directly by You	
Sales charges: class A units, class B units and class O units	You may pay a negotiable sales charge (i.e. a front-end load sales charge) to your dealer not exceeding 5.00% of your subscription.
Short-term trading fee	We may, in our discretion, impose a short term trading fee of 2.00% of the value of the units of a class of a fund that you redeem, if you hold units of that class of the fund for less than 90 days.
Redemption fee	There is no redemption fee if you redeem class A units, class B units, class F units or class O units of a fund. Your dealer may charge you an administrative fee when you redeem units of a fund.
Switch fee	Your dealer may charge you up to 2.00% of the net asset value of any units of a class of a fund that you switch to the corresponding class of another fund.
Registered Tax Plan Fee	No administration fee is charged by a fund, but you may be charged an administrative fee by your dealer.

Impact of Sales Charges – Class A Units, Class B Units and Class O Units

The following tables show the amount of fees that you will have to pay if you make an investment of Cdn. \$1,000 in class A units, class B units or class O units of a fund and you hold that investment for one, three, five or ten years and then immediately redeem such units at the end of that period.

Class A units

	At Time of Purchase	1 Year	3 Years	5 Years	10 years
Sales Charge Option	\$0 to \$50.00	\$0	\$0	\$0	\$0

Class B units

	At Time of Purchase	1 Year	3 Years	5 Years	10 years
Sales Charge Option	\$0 to \$50.00	\$0	\$0	\$0	\$0

Class O units

	At Time of Purchase	1 Year	3 Years	5 Years	10 years
Sales Charge Option	\$0 to \$50.00	\$0	\$0	\$0	\$0

Class F units

You do not pay a sales charge if you buy class F units of a fund.

Dealer Compensation

Units of each class of a fund are offered for sale on a continuous basis through dealers.

Your dealer will receive the following sales commission and trailer fees.

If you buy class A units, class B units or class O units of a fund, your dealer may receive a sales commission from you of up to 5.00% of your subscription (i.e. a front-end load sales charge). The sales commission your dealer receives depends on what sales commission you negotiate with your dealer.

If you buy class B units of a fund, we will also pay your dealer an annual trailer fee from our management fee of 0.50% of the average daily net asset value of the class B units of the fund that you buy.

Other Kinds of Dealer Compensation

We may share with dealers up to 50% of their eligible costs in marketing units of a class of a fund. For example, we may pay a portion of the costs of a dealer advertising the availability of

units of a class of a fund through the financial advisors of that dealer. We also pay for marketing materials that are given to dealers to help support their sales efforts.

In addition, we may pay part of the costs of a dealer in running a seminar to inform investors about a fund or about the general benefits of investing in the fund.

We also may pay up to 10% of the costs of some dealers to hold educational seminars or conferences for their financial advisors to teach them about the advantages of investing in a fund. The dealer makes all decisions about where and when the conference is held and who can attend.

Under applicable securities legislation, it is the obligation of your dealer and its sales representatives to ensure that the units of a class of a fund that you buy are suitable for you, taking into consideration your investment objectives and risk tolerances, regardless of the compensation you pay your dealer.

Dealer Compensation from Management Fees

We paid dealers \$142.79 in trailer fees during the year ended December 31, 2016.

Income Tax Considerations for Investors

The following is a summary of the principal Canadian federal income tax consequences of distributions made by a fund as well as the gains or losses that occur on the disposition of units of the fund. It assumes that you are an individual resident in Canada for Canadian federal income tax purposes, who holds units of a fund as capital property and deals with the fund at arm's length.

Each fund distributes enough income and net realized capital gains each year to ensure that it pays no ordinary income tax under the *Income Tax Act* (Canada). To the extent that distributions are made in excess of a fund's net income and net realized capital gains, they are treated as returns of capital.

Funds Held in a Registered Plan

Each fund is a "registered investment" for the purposes of the *Income Tax Act* (Canada). As long as each fund maintains such status, units of that fund will be qualified investments under the *Income Tax Act* (Canada) for registered plans such as registered retirement saving plans or registered retirement income funds.

If you hold your units of a fund in a registered plan such as a registered retirement saving plan or registered retirement income fund, you do not have to pay taxes on distributions received from the fund or on capital gains realized upon redeeming or otherwise disposing of your units within the plan. However, withdrawals from registered plans are generally taxable at your personal tax rate. You or your registered plan may be subject to taxation in respect of an investment in a fund in certain circumstances, including if the units of the fund are, at any time, not a qualified investment or are a prohibited investment or are used in a transaction that is a prohibited advantage under the *Income Tax Act* (Canada) for the registered plan. You should consult your own tax advisor for advice regarding the implications of acquiring, holding and disposing of units of a fund in your registered plan, including whether or not units of a fund would be a

prohibited investment or whether a particular transaction constitutes a prohibited advantage for your registered plan.

Management fees payable by you to us in connection with your units of a fund held in a registered plan are not tax deductible.

Funds Not Held in a Registered Plan

If you hold your units of a fund outside of a registered plan, you must include the amount of all distributions of net income and net taxable capital gains paid or payable by the fund to you during the year (computed in Canadian dollars) in your net income for tax purposes even though the distributions are reinvested in additional units of the fund. Distributions in excess of your share of net income and net capital gains of a fund are treated as returns of capital and will reduce the adjusted cost base of your units of the fund.

To the extent that distributions are made by a fund out of its Canadian dividends, net capital gains or foreign income, and the appropriate designations are made by the fund, the nature of the distribution will be preserved. In addition, you will be entitled to claim any applicable dividend tax credits and foreign tax credits.

The higher the portfolio turnover rate of a fund in a year, the greater the chance that you may receive a distribution from the fund that must be included in computing your income for tax purposes for that year.

The price you pay to purchase units of a fund may include income and capital gains that the fund has earned, but not yet realized (in the case of capital gains) and/or paid out as a distribution. If you buy units of a fund just before it makes a distribution, you will be taxed on that distribution. In other words, you may have to pay tax on income or capital gains that a fund has earned (but has not yet distributed) before you owned your units of the fund.

You must take into account, in computing your income for a year, any capital gain or capital loss you make on redeeming a unit of a fund. Your capital gain (or capital loss) will be the amount by which the redemption proceeds exceed (or are exceeded by) the adjusted cost base of that unit and any costs of disposition. Exchanging units of a fund for units of another fund will result in a disposition for tax purposes, and capital gains or losses will arise.

One half of a capital gain (or a capital loss) is a taxable capital gain (or allowable capital loss) and is included in computing your income (or subject to the detailed rules of the *Income Tax Act* (Canada) may be allowed as a deduction against taxable capital gains).

The adjusted cost base of a unit of a fund will generally be the weighted average cost of all your units of the fund, including units purchased on a reinvestment of distributions. For example, suppose you own 500 class A units of a fund with an adjusted cost base of \$10 each for a total cost of \$5,000. Suppose you then purchase another 200 class A units of the same fund at \$12 each for a total of \$2,400. You have now spent \$7,400 for 700 class A units of that fund. Your new adjusted cost base of each class A unit of that fund would be \$7,400 divided by 700 class A units or \$10.57 per unit.

You should keep detailed records of the purchase cost of your units of a fund and distributions you receive on those units so you can calculate their adjusted cost base. Other factors may affect the calculation of the adjusted cost base and you may want to consult a tax advisor.

In certain situations where you dispose of units of a fund and would otherwise realize a capital loss, the loss will be denied. This may occur if you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired units of a class of a fund (which are considered to be “substituted property”) within 30 days before or after you dispose of your units of the same class of the fund. In these circumstances, your capital loss may be deemed to be a “superficial loss” and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the class of units of that fund that are substituted property.

Dividends and capital gains distributed by a fund and capital gains realized on the disposition of units of the fund may give rise to alternative minimum tax.

You should consult your tax advisor about the tax treatment in your particular circumstances of any fees you pay to us when investing in a fund. Please see the annual information form for more details.

Tax Information Reporting

Each of the funds is a “Reporting Canadian financial institution” for purposes of the Canada-United States Enhanced Tax Information Exchange Agreement (the “IGA”) and Part XVIII of the Income Tax Act (Canada), and intends to satisfy its tax reporting obligations to the Canada Revenue Agency under such laws. As a result, certain investors in a fund may be requested to provide information to the funds or their registered dealer relating to their citizenship, residency and, if applicable, a U.S. federal tax identification number. If you are identified as a U.S. taxpayer (including a U.S. citizen who is resident in Canada) or if you do not provide the requested information, the IGA and Part XVIII of the Income Tax Act (Canada) will generally require information about your investment in the funds to be reported to the Canada Revenue Agency, unless your investment is held in a registered plan. The Canada Revenue Agency will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Income Tax Treaty.

What are your Legal Rights?

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two (2) business days of receiving the simplified prospectus or fund facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form, fund facts or financial statements of a fund misrepresent any facts about the fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

Specific information about each of the funds described in this document

Davis-Rea Balanced Fund

Fund Details

<i>Type of Fund</i>	Balanced
<i>Date Fund Was Started</i>	March 18, 2013 The fund was established on February 7, 2003 and previously issued its class A units and class O units on an exempt basis since March 14, 2005. Class F units of the fund have been available since March 18, 2013. Class B units of the fund have been available since March 17, 2014.
<i>Securities Offered</i>	Class A units, class B units, class F units and class O units of a mutual fund trust
<i>Registered Tax Plan Status</i>	Units of each class of the fund are qualified investments for RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSA's under the <i>Income Tax Act</i> (Canada)

What Does the Fund Invest In?

Investment Objectives

The investment objective of the fund is to preserve capital and to minimize market fluctuations while generating superior long-term returns by primarily investing in a combination of equity and fixed income investments, either directly or indirectly.

The fundamental investment objective of the fund cannot be changed without the approval of the investors who own units of the fund.

Investment Strategies

We may shift the weighting of the fund's assets from time to time based on our assessment of the markets. The equity securities and fixed income investments held by the fund may include foreign securities. Usually, we will not invest the fund in such fixed income investments unless they have a credit rating of B or higher. The duration of any fixed income investment held by the fund will also vary depending on our assessment of the direction of interest rates. At our

discretion, the fund may also hold cash and/or short-term money market instruments, and may from time to time invest up to 70% of its assets in class O units of the Davis-Rea Equity Fund and/or the Davis-Rea Fixed Income Fund. The fund may also invest in preferred shares and convertible debentures.

Investment Restrictions

The fund will only hold investments that may be held by a “mutual fund trust” under the *Income Tax Act* (Canada). As the fund is a registered investment under the *Income Tax Act* (Canada) for trusts governed by RRSPs, RRIFFs, DPSPs, RESPs, RDSPs and TFSAs, the fund will refrain from any investment which would make it liable for a material amount of penalty tax under the *Income Tax Act* (Canada) for investments that may not be held by such registered plans.

What are the Risks of Investing in the Fund?

The fund may be subject to the risk of not obtaining its investment objective, general economic conditions, interest rate fluctuations, company or government risk and stock market risk, liquidity constraints, foreign investment risks, net asset value fluctuations, multi-class risk, reliance on key personnel, the possible restriction or suspension of redemption rights, unitholder liability concerns, conflicts of interest and the impact of redemptions. These risks are described at page A-2 of this simplified prospectus.

Investment Risk Classification Methodology

The risk methodologies used in this simplified prospectus are based on guidelines established by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the Task Force). The Task Force concluded that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. Standard deviation is a common statistic used to measure the volatility and risk of an investment. Funds with higher standard deviations are generally classified as being more risky.

Generally, the fund’s risk classification is determined based on the historical standard deviation of the fund’s performance during the past three to five years (if available). However, we and the Task Force also recognize that other types of risk, both measurable and non-measurable, may exist. The fund’s historical performance may also not be indicative of future returns and the fund’s historical volatility may not be indicative of its future volatility. As result, there may be times when the use of standard deviation as a measure of risk produces a result that we believe is inappropriate and misleading to investors. In such circumstances, we will use our discretion to determine the risk classification of the fund based on other factors, including the type of investments made by the fund and the liquidity of those investments.

The fund has been assigned an investment risk rating in one of the following categories:

- **Low** – for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;
- **Low to Medium** – for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;

- **Medium** – for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/or international equity securities;
- **Medium to High** – for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and
- **High** – for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (for example, emerging markets, precious metals).

The fund has been assigned a risk rating of medium. The investment risk level of the fund is also reviewed at least annually and/or any time a material change occurs in the fund.

Additional information about the methodology used by us to determine the fund's risk level is available at your request, and at no cost, by using the contact information on the back of this simplified prospectus.

Who Should Invest in this Fund?

We believe that the fund is appropriate for investors seeking capital preservation and long-term capital growth with a medium risk tolerance and a long-term investment horizon.

Distribution Policy

Net realized capital gains and net income may be declared payable from time to time, at our discretion. Normally, this will only occur on a quarterly basis. We intend that sufficient net realized capital gains and/or net income will be made payable to unitholders of each class of the fund each year so that the fund will generally not have any regular tax liability.

Fund Expenses Indirectly Borne by Investors

The following information is intended to help you compare the cost of investing in class O units of the fund with the cost of investing in other mutual funds. No class A, class B or class F units of the fund have yet been issued. The following tables show the fees and expenses paid by the fund that are indirectly borne by an investor of class O units of the fund:

	<i>Over one year</i>	<i>Over three years</i>	<i>Over five years</i>	<i>Over ten years</i>
Fees and expenses for every \$1,000 you invest in class O units of the fund ¹	\$4.10	\$12.91	\$22.63	\$51.51

¹These fees and expenses do not include any management fees, as they are charged outside the fund.

The foregoing is a unitholder's cumulative proportional share of the fees and expenses paid by the fund, in dollars, over a period of one, three, five and ten years assuming:

- (i) an initial investment of \$1,000;
- (ii) a total annual return of the fund of 5% in each year; and
- (iii) the management expense ratio and operating expenses of that class of units of the fund were the same throughout the ten-year period as they were in the last completed financial year of the fund.

Please see "Fees and Expenses" on page A-11 of this simplified prospectus for other information about fees and expenses paid directly by the investor.

Davis-Rea Equity Fund

Fund Details

<i>Type of Fund</i>	Equity
<i>Date Fund Was Started</i>	<p>March 18, 2013</p> <p>The fund was established on May 31, 2011 and previously issued its class O units on an exempt basis since June 19, 2011. Class A units and class F units of the fund have been available since March 18, 2013. Class B units of the fund have been available since March 17, 2014.</p>
<i>Securities Offered</i>	Class A units, class B units, class F units and class O units of a mutual fund trust
<i>Registered Tax Plan Status</i>	Units of each class of the fund are qualified investments for RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs under the <i>Income Tax Act</i> (Canada)

What Does the Fund Invest In?

Investment Objectives

The investment objective of the fund is to preserve and enhance capital by primarily investing in Canadian, U.S. and international equity securities for long-term gain.

The fundamental investment objective of the fund cannot be changed without the approval of the investors who own units of the fund.

Investment Strategies

Securities for the fund will be selected by us based on our assessment of the markets and potential investment opportunities. We intend to focus the fund on various sectors of the economy from time to time, and will typically only invest in the equity securities of large to medium capitalized companies with a market capitalization of not less than \$250 million. Any exceptions to this market capitalization will be limited to less than 10% of the value of the fund. We may also use derivatives from time to time to hedge against changes in currency, losses from movements in the stock markets or to realize additional gains. At our discretion, the fund may also hold cash and/or short-term money market instruments, fixed income securities and

convertible debentures, and may from time to time invest up to 10% of its assets in class O units of the Davis-Rea Fixed Income Fund.

Investment Restrictions

The fund will only hold investments that may be held by a “mutual fund trust” under the *Income Tax Act* (Canada). As the fund is a registered investment under the *Income Tax Act* (Canada) for trusts governed by RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs, the fund will refrain from any investment which would make it liable for a material amount of penalty tax under the *Income Tax Act* (Canada) for investments that may not be held by such registered plans.

What are the Risks of Investing in the Fund?

The fund may be subject to the risk of not obtaining its investment objective, general economic conditions, interest rate fluctuations, company risk and stock market risk, liquidity constraints, foreign investment risks, net asset value fluctuations, multi-class risk, reliance on key personnel, the possible restriction or suspension of redemption rights, unitholder liability concerns, conflicts of interest and the impact of redemptions. These risks are described at page A-2 of this simplified prospectus.

Investment Risk Classification Methodology

The risk methodologies used in this simplified prospectus are based on guidelines established by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the Task Force). The Task Force concluded that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. Standard deviation is a common statistic used to measure the volatility and risk of an investment. Funds with higher standard deviations are generally classified as being more risky.

Generally, the fund’s risk classification is determined based on the historical standard deviation of the fund’s performance during the past three to five years (if available). However, we and the Task Force also recognize that other types of risk, both measurable and non-measurable, may exist. The fund’s historical performance may also not be indicative of future returns and the fund’s historical volatility may not be indicative of its future volatility. As result, there may be times when the use of standard deviation as a measure of risk produces a result that we believe is inappropriate and misleading to investors. In such circumstances, we will use our discretion to determine the risk classification of the fund based on other factors, including the type of investments made by the fund and the liquidity of those investments.

The fund has been assigned an investment risk rating in one of the following categories:

- **Low** – for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;
- **Low to Medium** – for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;

- **Medium** – for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/or international equity securities;
- **Medium to High** – for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and
- **High** – for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (for example, emerging markets, precious metals).

The fund has been assigned a risk rating of medium to high. The investment risk level of the fund is also reviewed at least annually and/or any time a material change occurs in the fund.

Additional information about the methodology used by us to determine the fund's risk level is available at your request, and at no cost, by using the contact information on the back of this simplified prospectus.

Who Should Invest in this Fund?

We believe that the fund is appropriate for investors seeking capital appreciation, long-term capital growth with a medium to high risk tolerance and a long-term investment horizon.

Distribution Policy

Net realized capital gains and net income may be declared payable from time to time, at our discretion. Normally, this will only occur on a quarterly basis. We intend that sufficient net realized capital gains and/or net income will be made payable to unitholders of each class of the fund each year so that the fund will generally not have any regular tax liability.

Fund Expenses Indirectly Borne by Investors

The following information is intended to help you compare the cost of investing in class A, class B and class O units of the fund with the cost of investing in other mutual funds. No class F units of the fund have yet been issued. The following tables show the fees and expenses paid by the fund that are indirectly borne by an investor of class A, class B or class O units of the fund:

	<i>Over one year</i>	<i>Over three years</i>	<i>Over five years</i>	<i>Over ten years</i>
Fees and expenses for every \$1,000 you invest in class A units of the fund	\$22.05	\$69.51	\$121.84	\$277.34

Fees and expenses for every \$1,000 you invest in class B units of the fund	\$25.10	\$79.11	\$138.67	\$315.64
Fees and expenses for every \$1,000 you invest in class O units of the fund ²	\$1.37	\$4.30	\$7.54	\$17.17

The foregoing is a unitholder's cumulative proportional share of the fees and expenses paid by the fund, in dollars, over a period of one, three, five and ten years assuming:

- (i) an initial investment of \$1,000;
- (ii) a total annual return of the fund of 5% in each year; and
- (iii) the management expense ratio and operating expenses of that class of units of the fund were the same throughout the ten-year period as they were in the last completed financial year of the fund.

Please see "Fees and Expenses" on page A-11 of this simplified prospectus for other information about fees and expenses paid directly by the investor.

²These fees and expenses do not include any management fees, as they are charged outside the fund.

Davis-Rea Fixed Income Fund

Fund Details

<i>Type of Fund</i>	Fixed Income
<i>Date Fund Was Started</i>	<p>March 18, 2013</p> <p>The fund was established on May 31, 2011 and previously issued its class O units on an exempt basis since June 19, 2011. Class A units and class F units of the fund have been available since March 18, 2013. Class B units of the fund have been available since March 17, 2014.</p>
<i>Securities Offered</i>	Class A units, class B units, class F units and class O units of a mutual fund trust
<i>Registered Tax Plan Status</i>	Units of each class of the fund are qualified investments for RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs under the <i>Income Tax Act</i> (Canada)

What Does the Fund Invest In?

Investment Objectives

The investment objective of the fund is to preserve capital while providing income and some capital gains by primarily investing in bonds and other fixed income securities with a strong credit rating.

The fundamental investment objective of the fund cannot be changed without the approval of the investors who own units of the fund.

Investment Strategies

The fixed income investments held by the fund may include government securities, corporate securities and bonds issued by foreign governments and issuers. Usually, we will not invest the fund in such investments unless they have a credit rating of B or higher. The duration of any fixed income investment held by the fund will also vary depending on our assessment of the direction of interest rates. At our discretion, the fund may also hold cash and/or short-term money market instruments, preferred shares and convertible debentures.

Investment Restrictions

The fund will only hold investments that may be held by a “mutual fund trust” under the *Income Tax Act* (Canada). As the fund is a registered investment under the *Income Tax Act* (Canada) for trusts governed by RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs, the fund will refrain from any investment which would make it liable for a material amount of penalty tax under the *Income Tax Act* (Canada) for investments that may not be held by such registered plans.

What are the Risks of Investing in the Fund?

The fund may be subject to the risk of not obtaining its investment objective, general economic conditions, interest rate fluctuations, liquidity constraints, foreign investment risks, net asset value fluctuations, multi-class risk, reliance on key personnel, the possible restriction or suspension of redemption rights, unitholder liability concerns, conflicts of interest and the impact of redemptions. These risks are described at page A-2 of this simplified prospectus.

Investment Risk Classification Methodology

The risk methodologies used in this simplified prospectus are based on guidelines established by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the Task Force). The Task Force concluded that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. Standard deviation is a common statistic used to measure the volatility and risk of an investment. Funds with higher standard deviations are generally classified as being more risky.

Generally, the fund’s risk classification is determined based on the historical standard deviation of the fund’s performance during the past three to five years (if available). However, we and the Task Force also recognize that other types of risk, both measurable and non-measurable, may exist. The fund’s historical performance may also not be indicative of future returns and the fund’s historical volatility may not be indicative of its future volatility. As result, there may be times when the use of standard deviation as a measure of risk produces a result that we believe is inappropriate and misleading to investors. In such circumstances, we will use our discretion to determine the risk classification of the fund based on other factors, including the type of investments made by the fund and the liquidity of those investments.

The fund has been assigned an investment risk rating in one of the following categories:

- **Low** – for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;
- **Low to Medium** – for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;
- **Medium** – for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/or international equity securities;

- **Medium to High** – for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and
- **High** – for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (for example, emerging markets, precious metals).

The fund has been assigned a risk rating of low to medium. The investment risk level of the fund is also reviewed at least annually and/or any time a material change occurs in the fund.

Additional information about the methodology used by us to determine the fund's risk level is available at your request, and at no cost, by using the contact information on the back of this simplified prospectus.

Who Should Invest in this Fund?

We believe that the fund is appropriate for investors seeking capital preservation, long-term capital growth with a low to medium risk tolerance and a long-term investment horizon.

Distribution Policy

Net realized capital gains and net income may be declared payable from time to time, at our discretion. Normally, this will only occur on a quarterly basis. We intend that sufficient net realized capital gains and/or net income will be made payable to unitholders of each class of the fund each year so that the fund will generally not have any regular tax liability.

Fund Expenses Indirectly Borne by Investors

The following information is intended to help you compare the cost of investing in class O units of the fund with the cost of investing in other mutual funds. No class A, class B or class F units of the fund have yet been issued. The following tables show the fees and expenses paid by the fund that are indirectly borne by an investor of class O units of the fund:

	<i>Over one year</i>	<i>Over three years</i>	<i>Over five years</i>	<i>Over ten years</i>
Fees and expenses for every \$1,000 you invest in class O units of the fund ³	\$2.00	\$6.29	\$11.02	\$25.09

³These fees and expenses do not include any management fees, as they are charged outside the fund.

The foregoing is a unitholder's cumulative proportional share of the fees and expenses paid by the fund, in dollars, over a period of one, three, five and ten years assuming:

- (i) an initial investment of \$1,000;
- (ii) a total annual return of the fund of 5% in each year; and
- (iii) the management expense ratio and operating expenses of that class of units of the fund were the same throughout the ten-year period as they were in the last completed financial year of the fund.

Please see "Fees and Expenses" on page A-11 of this simplified prospectus for other information about fees and expenses paid directly by the investor.

DAVIS-REA MUTUAL FUNDS

Additional information about the funds are available in a fund's annual information form, fund facts, management reports of financial performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents at your request, and at no cost, by calling us at **(416) 324-2200** or toll-free at **(877) 391-9929**, by e-mail at **info@davisrea.com** or from your dealer.

These documents and other information about the funds, such as information circulars and material contracts, are also available on the **Davis-Rea Mutual Funds** internet site at **www.davisrea.com** or at www.sedar.com.

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