Initial Public Offering **SUPPLEMENTED PREP PROSPECTUS** April 25, 2003

ONYX TRUST

SERIES A-1

Maximum: $20,000,000 (200,000 Redeemable Units)

Minimum: $15,000,000 (150,000 Redeemable Units)

Onyx Trust, Series A-1 (the "Trust"), a closed-end income trust established under the laws of Ontario, proposes to issue and sell to purchasers pursuant to this prospectus transferable and redeemable Series A-1 trust units (the "Units"), each of which represents an undivided interest in the underlying Trust assets. The purpose of the transaction is to provide holders of Units (the "Unitholders") with an exposure to a mezzanine tranche of a portfolio of 100 equally-weighted investment grade corporate obligors (the "Portfolio"), such tranche to be rated A by Standard & Poors Rating Service, a division of McGraw-Hill Companies, Inc. ("S&P") (the "Series A-1 Mezzanine Tranche"). See "The Trust – Investments of the Trust" and Schedule "A" attached hereto.

The Trust's principal objectives in respect of such Units are:

(i) to provide Unitholders with a stream of tax-deferred quarterly distributions consisting entirely of return of capital of approximately $1.50 per Unit or $6.00 per annum to yield 6.0% of the issue price of the Units, such yield to be set on the day preceding the closing of the Offering; and

(ii) to redeem all outstanding Units on May 17, 2008 (the "Maturity Date"), at the original subscription price of $100 per Unit. See "Description of the Units".

The Series A-1 Mezzanine Tranche will benefit from a First Loss Tranche (the "First Loss Tranche") equal to 5.0% of the portfolio size which will be equal to a minimum of $750,000,000 and a maximum of $1,000,000,000, such that at the Maturity Date, Unitholders will receive their original subscription price of $100 per Unit unless the Cumulative Net Loss Amount resulting from the occurrence of Credit Events in the Portfolio over the term of five years exceeds the First Loss Tranche.

To provide the Trust with the means to meet its investment objectives, the Trust will enter into a swap agreement (the "Swap Agreement") with the Toronto branch of JPMorgan Chase Bank (the "Bank"). It is a condition of closing that the Swap Agreement be rated A by S&P. Pursuant to the Swap Agreement: (A) the Trust will (i) invest the net proceeds from the offering in Permitted Investments; (ii) pledge to the Bank, as collateral, the Initial Collateral Amount which will decrease by the Initial Payment and by an amount equal to the Quarterly Payments; and (iii) pay to the Bank, quarterly, the BA Rate on the Outstanding Collateral Amount and (B) at the Maturity Date, the Bank will pay to the Trust the Initial Collateral Amount minus the Outstanding Collateral Amount and the Trust shall pay to the Bank the Initial Amount minus the Outstanding Amount plus any Holdback Amount. See "The Swap Agreement".

Units may be surrendered at any time for redemption but will be redeemed only on a quarterly basis on the last business day of each of the months of March, June, September and December (the "Redemption Date") for an amount equal to 95% of the Unwind Price per Unit determined as of such Redemption Date. Up to the Maturity Date, the Redemption Price will vary depending on a number of factors such as interest rates, the implicit leverage of the Series A-1 Mezzanine Tranche, the creditworthiness of the Reference Entities and the Cumulative Net Loss Amount. See "Description of the Units – Redemption" and "Risk Factors". On the Maturity Date, the Trust will redeem all outstanding Units at 100% of the NAV. See "Description of the Units - Redemption".

Prospective purchasers should take into account various risk factors associated with this offering. In particular, the Redemption Price on the Maturity Date is dependent on whether the Cumulative Net Loss Amount exceeds the First Loss Tranche. In such a case, Unitholders will only be able to determine the final return on the Units upon the termination of the Trust. There can be no assurance that the Trust will be able to achieve its capital repayment objective or its distribution objective. No investigation has been made as to the financial conditions of any Reference Entity. There is currently no market through which the Units may be sold and the Trust does not intend to list the Units on any stock exchange. Consequently, purchasers may not be able to resell securities purchased under the prospectus. However, National Bank Financial Inc. (the "Agent") has agreed with the Trust that it will use its reasonable efforts to assist Unitholders to locate potential buyers if they wish to sell their Units. See "Risk Factors".

In the opinion of counsel, provided that the Trust qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the "Act"), the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans and will not constitute, on the Closing Date, "*foreign property*" within the meaning of Part XI of the Act. See "Eligibility for Investment".

Price: $100 per Unit

	Price to the Public [1]	Agent's Fees	Proceeds to the Trust [2]
Per Unit	$100	$3.00	$97.00
Minimum Offering[3]	$15,000,000	$450,000	$14,550,000
Maximum Offering[3]	$20,000,000	$600,000	$19,400,000

(1) The offering price was established by negotiation between the Trustee and the Agent.
(2) The expenses of this offering of up to $600,000 which together with the Agent's fees will be paid by the Trust out of the proceeds of the offering.
(3) There will be no closing unless a minimum of 150,000 Units are sold. The maximum offering assumes that 200,000 Units are sold.

The Trust is not considered a mutual fund pursuant to Canadian securities legislation and does not operate in accordance with the rules applicable to mutual funds enacted by the Canadian securities regulators. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation. The Trust is not a trust company and does not carry on business as a trust company and, accordingly, the Trust is not registered under the trust company legislation of any jurisdiction.

The Agent is the promoter of the Trust. Consequently, the Trust may be considered a "connected issuer" under applicable securities legislation. See "Relationship Between the Trust and the Agent".

The Agent conditionally offers the Units, subject to prior sale, on a best effort basis, if, as and when issued by the Trust and accepted by the Agent in accordance with the conditions contained in the Agency Agreement described under "Plan of Distribution", and subject to the approval of certain legal matters by Fasken Martineau DuMoulin LLP, on behalf of the Trust and the Agent. See "Plan of Distribution".

Subscriptions will be received for the Units offered hereby, subject to rejection or allotment in whole or in part, and the Agent reserves the right to close the subscription books at any time. Closing of this offering is expected to occur on or about May 2, 2003, but no later than May 15, 2003 (the "Closing Date"). Registrations and transfers of Units will be effected only through the book-based system administered by The Canadian Depository for Securities Limited ("CDS"). A purchaser of Units will receive only a customer confirmation from a registered dealer which is a CDS Participant and from or through which Units are purchased. Beneficial owners of Units will not have the right to receive physical certificates evidencing their ownership of Units.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Fasken Martineau DuMoulin LLP, in accordance with legislation in effect at the date hereof, provided that the Trust qualifies as a mutual fund trust within the meaning of the Act, Units will be qualified investments under such Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. In the opinion of such counsel, based upon information provided by the Trust, the Units will not constitute, on the Closing Date, “*foreign property*” within the meaning of Part XI of the Act.

PROSPECTUS SUMMARY

The following summary does not purport to be complete and is qualified in its entirety be reference to the detailed information appearing elsewhere in this prospectus. Capitalized terms not defined in this summary are defined elsewhere in the prospectus. Unless indicated otherwise, all amounts are expressed in Canadian dollars and the information in the prospectus as to the Initial Amount and the Credit Position of each Reference Entity assumes the maximum offering.

The Offering

Issuer: Onyx Trust, Series A-1.

Offering: A minimum of 150,000 and a maximum of 200,000 transferable and redeemable Units of the Trust.

Amount: A minimum of $15,000,000 and a maximum of $20,000,000.

Price: $100 per Unit.

Investment Objectives: The Trust's principal objectives in respect of such Units are:

(i) to provide Unitholders with a stream of tax-deferred quarterly distributions consisting entirely of return of capital of approximately $1.50 per Unit or $6.00 per annum to yield 6.0% of the issue price of the Units; and

(ii) to redeem all outstanding Units on May 17, 2008, at the original subscription price of $100 per Unit. See "Description of the Units".

Investment Strategy: The Trust will provide Unitholders with an exposure to a mezzanine tranche of the Portfolio. This tranche will benefit from the protection of a First Loss Tranche which will absorb all the Cumulative Net Loss Amount resulting from Credit Events on the Portfolio up to an amount equal to 5.0% of the Portfolio Size. To provide the Trust the means to meet its investment objectives, it will enter into a Swap Agreement with the Toronto branch of JPMorgan Chase Bank.

Use of Proceeds: The net proceeds to the Trust from the maximum offering of the Units are estimated to be $18,800,000 ($14,450,000 in the case of the minimum offering) and will be invested in Permitted Investments pursuant to the Swap Agreement. See "Use of Proceeds".

Initial and Outstanding Amount: The Initial Amount will be equal to the gross proceeds of the Offering. The Outstanding Amount will be equal to the Initial Amount less the Cumulative Net Loss Amount in excess of the First Loss Tranche, subject to a minimum of zero.

Rating: It is a condition of closing that the Swap Agreement be rated A by S&P. A rating is not a recommendation to buy, sell or hold and may be subject to revision or withdrawal at any time. See "The Swap Agreement-Rating".

Portfolio: The Portfolio will consist of a pool of investment grade Reference Obligations of 100 equally-weighted Reference Entities collectively having an initial Moody's weighted average rating of Baa2. The Portfolio Size will be equal to $1,000,000,000. The composition of the Portfolio is not expected to change until the Credit Observation End Date, except as provided herein. See "The Trust – Investments of the Trust – The Portfolio" and Schedule "A" attached hereto.

Credit Events: The occurrence of one of the following events from and including the Closing Date up to and including the Credit Observation End Date in respect of a

	Reference Entity: Bankruptcy, Failure to Pay and Restructuring, all as determined in the Swap Agreement. Net Loss Amounts resulting from Credit Events will be determined by the Calculation Agent. See "The Trust – Credit Events" and "The Calculation Agent – Settlement following Credit Events".
Distributions:	The Trust will make quarterly distributions to Unitholders of record on the last Business Day of the Quarterly Payment Observation Date (as defined herein) (the "Record Date") and pay such distributions on the Distribution Date. The quarterly distributions will be of approximately $1.50 per Unit (6.0% per annum of the issue price of the Units). The initial distribution is anticipated to be payable on July 9, 2003 and is targeted to be approximately $0.97 per Unit. The distributions will constitute partial capital reimbursement of the issue price of the Units. Distributions will be paid in cash to the Unitholders and not reinvested to subscribe to additional Units of the Trust. See "Description of the Units – Distributions".
Redemption before Maturity:	Subject to the right of the Trust to suspend redemptions, Units may be surrendered at any time for redemption but will be redeemed only on a Redemption Date. Units surrendered for redemption by a Unitholder will be redeemed on such Redemption Date and the Unitholder will receive payment on the 10th Business Day following the Redemption Date (the "Redemption Payment Date"). Unitholders whose Units are redeemed on the Redemption Date will be entitled to receive the Redemption Price which is equal to 95% of the Unwind Price per Unit. See "Description of the Units – Redemption".
Mandatory Redemption:	On the Maturity Date, the Trust will redeem all outstanding Units at 100% of their NAV. On the Maturity Date, the NAV per Unit could be less than the issue price of the Units if the Cumulative Net Loss Amount exceeds the First Loss Tranche. See "Description of the Units – Mandatory Redemption".
Swap Agreement:	Pursuant to the Swap Agreement: (A) the Trust will (i) invest the net proceeds from the offering in Permitted Investments; (ii) pledge to the Bank, as collateral, the Initial Collateral Amount which will decrease by the Initial Payment and by an amount equal to the Quarterly Payments; and (iii) pay to the Bank, quarterly, the BA Rate on the Outstanding Collateral Amount and (B) at the Maturity Date, the Bank will pay to the Trust the Initial Collateral Amount minus the Outstanding Collateral Amount and the Trust shall pay to the Bank, the Initial Amount minus the Outstanding Amount plus any Holdback Amount. See "The Swap Agreement".
	General
Administrative Agent:	The Administrative Agent, National Bank Trust Inc., will act as administrative agent, transfer agent and registrar of the Units and custodian of the assets of the Trust, save and except for the Outstanding Collateral Amount which will be kept by the Bank, and will be responsible for the day-to-day administration of the Trust. See "Management of the Trust – The Administrative Agent".
Eligibility for Investment:	Provided that the Trust qualifies as a mutual fund trust, the Units will be qualified investments under the Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans. The Units will not constitute, on the Closing Date, "*foreign property*" within the meaning of Part XI of the Act. See "Eligibility for Investment".
Income Tax:	Unitholders should not receive any taxable income before the Maturity Date. Dispositions of the Units by a Unitholder will trigger a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are less than) the

	adjusted cost base of the Units. On the Maturity Date, Unitholders will have to include in their income the pro rata portion of the income earned by the Trust, which income will correspond to the excess of the Outstanding Amount over the Outstanding Collateral Amount *minus* any loss carry forwards. See “Canadian Federal Income Tax Considerations”.
Tax Deferral for Distributions:	The Trust will make partial reimbursements of capital to the Unitholders, thereby reducing the adjusted cost base of the Units for such Unitholders. The adjusted cost base of the Units purchased under the offering is therefore expected to be less than the issue price per Unit on the Maturity Date.
Book-Based System:	The Units will be evidenced by one nominative Global Unit held by CDS, or on its behalf, as registered holder of the Units. Registration of the interests and transfers of the Units will be made only through the book-based system of CDS. No Unitholders will be entitled to any certificate or other instrument from the Trust or CDS evidencing the ownership thereof and no Unitholders will be shown on the records maintained by CDS, except through an agent who is a CDS Participant. See “Description of the Units – Registration and Transfer”.
Risk Factors:	An investment in Units is subject to certain risks, including: (i) there is no assurance that the Trust will be able to achieve its capital repayment objective or its distribution objective. If the Cumulative Net Loss Amount resulting from Credit Events on the Portfolio over the five-year term was to exceed the First Loss Tranche, Unitholders might not receive their original subscription price at Maturity and the distributions could be reduced; (ii) the risk that the Redemption Price may fluctuate based upon a number of factors such as interest rates, the implicit leverage of the Series A-1 Mezzanine Tranche, the creditworthiness of the Reference Entities and the Cumulative Net Loss Amount; (iii) the use of leverage in the event that the Cumulative Net Loss Amount resulting from Credit Events on the Portfolio over the five-year term exceeds the First Loss Tranche; (iv) the risk that the credit rating assigned to the Swap Agreement may be lowered or withdrawn; (v) the reduction in the potential return on the investment for Unitholders upon early redemption of the Units; (vi) the absence of recourse of Unitholders against the Portfolio resulting from the absence of a proprietary interest of the Trust in the Portfolio; (vii) the reliance on the creditworthiness of the Bank for the Swap Payment; (viii) the reliance on credit agencies’ opinions with respect to the quality of the Reference Obligations and the fact that no investigation has been made as to the financial conditions of the Reference Entities; (ix) the Trust’s lack of operating history; (x) the limited ability of the Trustee to change the composition of the Portfolio; (xi) the fact that the Portfolio will not be rebalanced to ensure that the Portfolio maintains the same initial weighted average rating; (xii) the current absence of a secondary market for the trading of the Units, the possibility that such market may never develop and, if such market develops, the possibility that such market will be illiquid and that the Units trade at a discount to their issue price;

(xiii) the potential difficulty to obtain bids for Reference Obligations upon the occurrence of Credit Events;

(xiv) potential conflicts of interest of the Bank as swap counterparty and as Calculation Agent;

(xv) potential liability of Unitholders;

(xvi) disqualification of the Trust as a "mutual fund trust" under the Act; and

(xvii) potential changes in tax or other legislation. See "Risk Factors".

Summary of Fees and Expenses Payable by the Trust

The following table contains a summary of the fees and expenses payable by the Trust. For further particulars, see "Fees and Expenses".

Type of Charge	**Description**
Expenses of issue:	The expenses of this offering of up to $600,000 and fees of the Agent of $3.00 per Unit will be paid by the Trust out of the proceeds of the offering.
Operating expenses of the Trust:	The Trust will pay, out of the Quarterly Payment, all on-going expenses incurred in connection with the operation and administration of the Trust including fees payable to the directors of the Trustee, Administrative Agent fees, legal and audit fees, Unitholders' reporting fees, and other costs to be incurred in connection with the Trust's continuous public disclosure obligations. The Trust estimates the operating fees to be approximately $100,000 per annum.

GLOSSARY

The capitalized terms described below have the following meaning in this prospectus.

Administrative Agent:	National Bank Trust Inc.
Agency Agreement:	The agreement entered into on April 25, 2003, between the Trust and the Agent relating to the offer, issuance and sale of the Units.
Agent:	National Bank Financial Inc.
Average Outstanding Amount:	The sum of the Outstanding Amounts on each day in the Quarterly Period, divided by the actual number of days in the Quarterly Period.
Bank:	The Toronto branch of JPMorgan Chase Bank, acting as the swap counterparty pursuant to the Swap Agreement.
BA Rate:	The then current bankers' acceptance rate over the applicable period. The current 3-month BA Rate is 3.36%.
BBS:	The "book-based system" of securities issuance and registration in which electronic records replace physical certificates; this system was established by CDS pursuant to rules and procedures therefor, under agreements and rules establishing and governing the procedures for, among other things, the settlement of securities transactions under such system.
Book-Entry System:	The record entry securities transfer and pledge system established and governed by one or more agreements between CDS and CDS Participants pursuant to which the operating rules and procedures for such system are established and administered by CDS, including in relation to BBS and CDS.
Business Day:	Any day on which commercial banks and foreign exchange markets are generally open to settle payments in London, New York, Toronto and Montreal.
bps:	Basis points; one basis point equals 0.01%.
Calculation Agent:	JPMorgan Chase Bank. As Calculation Agent, JPMorgan Chase Bank is responsible, amongst other things, for obtaining bids and determining the Final Price.
CDS:	The Canadian Depository for Securities Limited or its nominee.
CDS Participant:	A broker, dealer, bank or other financial institution or other person for whom CDS effects book-entry transfers and pledges of Units under the Book-Entry System.
Conditions to Settlement:	Conditions to Settlement are satisfied when the Bank has delivered a Credit Event Notice during the period from and including the Closing Date to and excluding the Maturity Date and the Bank has delivered a Notice of Publicly Available Information during the period from and including the Closing Date to and excluding the Maturity Date.
Credit Event Notice:	An irrevocable notice sent by the Bank to the Trust that describes a Credit Event that occurred on or after the Closing Date and on or prior to the date 15 calendar days prior to the Maturity Date.
Credit Observation End Date:	May 2, 2008 (5 years from the Closing Date).
Credit Position:	1% of the Portfolio Size.

Cumulative Net Loss Amount: The aggregate of all Net Loss Amounts that have been determined since the Closing Date.

Day Count Fraction: The actual number of days in a Quarterly Period divided by 365 (366 in a leap year).

Dealer: A dealer, or principal affiliates thereof, in obligations of the type of the Reference Obligation of the effected Reference Entity for which quotations are to be obtained selected from a list of 10 recognized dealers, excluding the Bank. Upon a Dealer ceasing to be a dealer in the type of the Reference Obligation of the effected Reference Entity or ceasing to exist or becoming subject to Bankruptcy, then the Bank and the Trust shall agree on a substitute Dealer.

Distribution Date: The date five Business Days following the Record Date, provided that with respect to the last Quarterly Period, the Distribution Date shall be a date on or before the 10^{th} Business Day following the Maturity Date.

Final Price: For each Reference Obligation subject to a Credit Event, the highest quotation, expressed as a percentage, obtained by the Calculation Agent in accordance with the terms and conditions of the Swap Agreement.

First Loss Tranche: A tranche which will absorb the Cumulative Net Loss Amount up to an amount equal to 5.0% of the Portfolio Size.

Global Unit: The certificate issued to CDS and evidencing the aggregate principal amount of the Units.

Holdback Amount: Zero, unless the Conditions to Settlement have been satisfied and no Settlement Date occurs with respect to such Credit Events prior to the Maturity Date and the aggregate of the Credit Positions with respect to such Credit Events exceeds the First Loss Tranche minus the Cumulative Net Loss Amount. If not zero, the Holdback Amount shall equal the lesser of: (i) the aggregate amount of the Credit Positions of Reference Entities with respect to which Credit Events have occurred but no Final Price has been determined minus the greater of the First Loss Tranche minus the Cumulative Net Loss Amount and zero; and (ii) the Outstanding Amount as at the Maturity Date.

Initial Amount: The gross proceeds of the offering, which is a minimum of $15,000,000 and a maximum of $20,000,000.

Initial Collateral Amount: The gross proceeds of the offering, which is a minimum of $15,000,000 and a maximum of $20,000,000.

Initial Payment: An amount to be determined at the Closing Date equal to the aggregate of the Agent's fees and expenses of the offering.

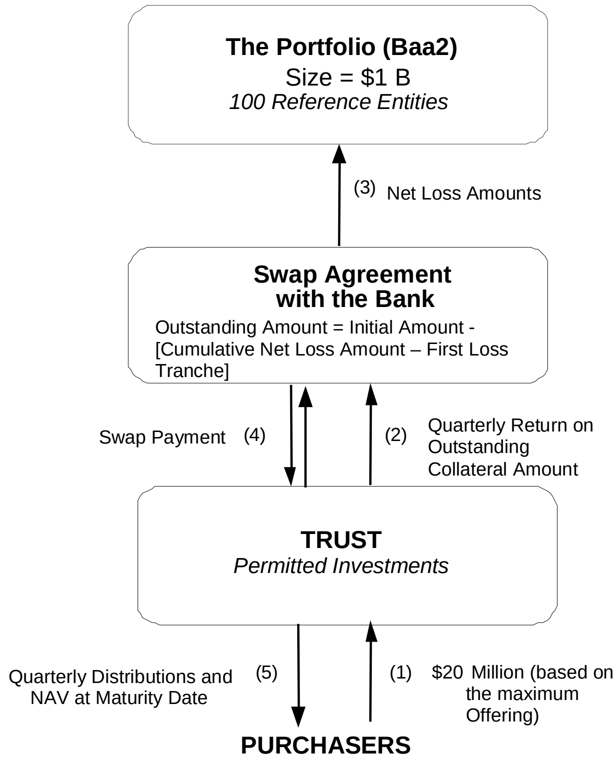
LIBOR: London Interbank Offered Rate: LIBOR is the interest rate at which banks borrow funds from other banks in the London interbank market.

Maturity Date: The earlier of (i) May 17, 2008 (15 calendar days following the Credit Observation End Date) and (ii) the Quarterly Payment Date immediately following the date when the Outstanding Amount is reduced to zero.

Net Loss Amount:	With respect to a Settlement Date, for each Reference Entity in relation to which a Credit Event has occurred and the Conditions to Settlement have been satisfied, an amount in Canadian dollars equal to the product of: (a) the Credit Position relating to such Reference Entity; and (b) (100% *minus* the Final Price).
Notice of Publicly Available Information:	An irrevocable notice from the party delivering the relevant Credit Event Notice (which may be oral, including by telephone) to the other party that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice.
Outstanding Amount:	On any date, the Initial Amount less the Cumulative Net Loss Amount in excess of the First Loss Tranche, subject to a minimum of zero. The Outstanding Amount will be subject to adjustments in the event the Trust terminates a portion of the Swap Agreement pursuant to the Unwind Agreement. At the Maturity Date, the Outstanding Amount will be comprised of the Outstanding Collateral Amount adjusted positively or negatively by the Swap Payment.
Outstanding Collateral Amount:	On any date, the Initial Amount less the Initial Payment and the cumulative Quarterly Payments to such date. The Outstanding Collateral Amount will be subject to a further reduction in the event the Trust terminates a portion of the Swap Agreement pursuant to the Unwind Agreement.
Permitted Investments:	Negotiable obligations in Canadian dollars that have a remaining term to maturity ending on or prior to the next following Quarterly Payment Date or the right to require repayment at par on or prior to the next following Quarterly Payment Date and that are issued, or fully and unconditionally guaranteed as to principal and interest, by: (a) the government of Canada and that are depository bills or notes within the meaning of the *Depository Bills and Notes Act* (Canada) (“DBNA”) evidenced through CDS; or (b) a Canadian financial institution described in Schedule I of the *Bank Act* (Canada), having a short-term rating of at least A-1 (Standard & Poors Rating Service) or a long-term unsecured debt rating of at least AA- (Standard & Poors Rating Service) and a short-term rating of at least P-1 (Moody’s) or a long-term rating of at least Aa3 (Moody’s) and are depository bills or notes within the meaning of the DBNA evidenced through CDS.
Portfolio Size:	A minimum of $750,000,000 and a maximum of $1,000,000,000.
Quarter:	Each month of March, June, September and December.
Quarterly Payment:	On any Quarterly Payment Date an amount equal to the product of: (i) 6.46%; (ii) the Average Outstanding Amount; and (iii) the Day Count Fraction.
Quarterly Payment Date:	With respect to any Quarterly Payment Observation Date, the date three Business Days following that Quarterly Payment Observation Date; provided that with respect to the last Quarterly Period, the Quarterly Payment Date shall be the Maturity Date.

Quarterly Payment Observation Date:	The last calendar day of each of the months of March, June, September and December provided that the final Quarterly Payment Observation Date shall be one day prior to the Maturity Date.
Quarterly Period:	The period from and including one Quarterly Payment Observation Date to but excluding the next following Quarterly Payment Observation Date; provided that: (a) the initial Quarterly Period shall commence on and include the Closing Date and end on, and exclude June 30, 2003; and (b) the final Quarterly Period shall end on and exclude the Maturity Date.
Record Date:	The last Business Day of each of the months of March, June, September and December.
Redemption Date:	The last Business Day of each of the months of March, June, September and December.
Redemption Payment Date:	The 10^{th} Business Day following the Redemption Date.
Redemption Price:	95% of the Unwind Price per Unit.
Reference Entities:	Obligors in the Portfolio which appear in Schedule A.
Settlement Date:	The date on which the relevant Final Price is determined.
Swap Agreement :	The agreement to be entered into between the Trust and the Bank on the Closing Date pursuant to which: (A) the Trust will (i) invest the proceeds from the offering in Permitted Investments; (ii) pledge to the Bank, as collateral, the Initial Collateral Amount which will decrease by an amount equal to the Initial Payment and the Quarterly Payments; and (iii) pay to the Bank, quarterly, the BA Rate on the Outstanding Collateral Amount and (B) at the Maturity Date, the Bank or the Trust will pay the Swap Payment, as the case may be.
Swap Payment:	At the Maturity Date, a payment payable by the Bank to the Trust in an amount equal to the Initial Collateral Amount minus the Outstanding Collateral Amount and a payment payable by the Trust to the Bank in an amount equal to the Initial Amount minus the Outstanding Amount plus any Holdback Amount, payable on a net basis.
Standard Specified Currencies:	Any of the lawful currencies of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy, United Kingdom and the United States of America and the euro (and any successor currency to any such currency or Additional Specified Currencies).
Trustee:	3838366 Canada Inc.
Unwind Price:	A bid provided by the Bank on the first Business Day of each Quarter to unwind a portion of the Outstanding Amount in the amount of $1 million, determined in its sole discretion, based on market conditions.
Unwind Price per Unit:	The Unwind Price times the Outstanding Amount divided by $1 million less operating expenses payable and divided by the number of Units outstanding.
Valuation Date:	In relation to a Reference Entity affected by a Credit Event, any date, as determined by the Calculation Agent, between 45 to 60 Business Days following the satisfaction of the Conditions to Settlement in relation to such Reference Entity.

TRANSACTION STRUCTURE



(1) The purchasers will subscribe to Units issued by the Trust pursuant to this offering.

(2) The Trust will enter into a Swap Agreement with the Bank. Pursuant to the Swap Agreement, the Trust will: (i) invest the net proceeds from the offering in Permitted Investments; (ii) pledge to the Bank, as collateral, Permitted Investments in an amount equal to the Initial Collateral Amount, which will decrease by an amount equal to the Initial Payment and the Quarterly Payments; and (iii) pay to the Bank, quarterly, the BA Rate on such Outstanding Collateral Amount.

(3) Any net loss resulting from a Credit Event of a Reference Entity included in the Portfolio will be added to the Cumulative Net Loss Amount. If the Cumulative Net Loss Amount exceeds the First Loss Tranche, the excess will reduce the Initial Amount provided the Outstanding Amount cannot be less than zero.

(4) On the Maturity Date, the Bank will pay to the Trust the Initial Collateral Amount minus the Outstanding Collateral Amount and the Trust shall pay to the Bank, the Initial Amount minus the Outstanding Amount plus any Holdback Amount, payable on a net basis. See “The Swap Agreement”.

(5) In each quarter, the Trust will receive the product of (i) 6.46%; (ii) the Average Outstanding Amount during the Quarterly Period; and (iii) the Day Count Fraction (the “Quarterly Payments”). The Quarterly Payments will be released by the Bank from the Outstanding Collateral Amount. The Trust will make quarterly distributions to Unitholders equal to approximately $1.50 per Unit or 6.0% per annum. On the Maturity Date, the Trust will redeem all outstanding Units at 100% of the NAV, which will consist of the Outstanding Amount less operating expenses payable by the Trust. See “Description of the Units – Mandatory Redemption”.

The purpose of the transaction is to provide Unitholders with credit exposure to a mezzanine tranche of the Portfolio. The Trust will source this credit exposure through the Swap Agreement. The occurrence of Credit Events resulting from Bankruptcy, Failure to Pay or Restructuring will result in a Net Loss Amount which will impact the purchaser if the Cumulative Net Loss Amount exceeds the First Loss Tranche. Net Loss Amounts will be determined by the Bank, acting as Calculation Agent, using the highest quotation on a Reference Obligation of the relevant Reference Entity obtained by Dealers pursuant to a bidding process.

THE TRUST

The Trust is a closed-end income trust established under the laws of Ontario pursuant to a master declaration of trust dated as of April 25, 2003 and regulation made thereunder dated as of April 25, 2003 (collectively, the "Trust Agreement"). The Trust was established for the primary purpose of: (i) using the proceeds from the sale of the Units to purchase financial instruments or securities for the purpose of producing income therefrom; (ii) providing Unitholders with a stream of revenues derived from the financial instruments or securities underlying the Units; and (iii) returning on the Maturity Date the net proceeds from the disposition of the underlying financial instruments or securities. Unless otherwise indicated, all amounts are expressed in Canadian dollars.

The offices of the Trust are located at 121 King Street West, Suite 600, Toronto, Ontario, M5H 3T9.

Status of the Trust

The Trust is not considered a mutual fund pursuant to Canadian securities legislation and does not operate in accordance with the rules applicable to mutual funds enacted by the Canadian securities regulators.

The Trust is not a trust company and does not carry on business as a trust company and, accordingly, the Trust is not registered under the trust company legislation of any jurisdiction.

Investments of the Trust

Investment Objectives

The Trust's investment objectives in respect of the Units are to provide Unitholders with a stream of tax-deferred quarterly distributions and to redeem all outstanding Units at the original subscription price of $100 per Unit on the Maturity Date.

Investment Strategy

The Trust intends to achieve its investment objectives by entering into the Swap Agreement with the Bank in order to provide Unitholders with a credit exposure to a mezzanine tranche of the Portfolio.

Series A-1 Mezzanine Tranche

The Series A-1 Mezzanine Tranche will benefit from the protection provided by the First Loss Tranche which will absorb all the Cumulative Net Loss Amount up to an amount equal to 5.0% of the Portfolio Size. However, in the event that the Cumulative Net Loss Amount would exceed the First Loss Tranche, each additional Credit Event could result in a Net Loss Amount of up to 50% of the Initial Amount (assuming no recovery) directly reducing the Outstanding Amount, the distributions to Unitholders and the NAV to be returned to Unitholders at Maturity.

The Portfolio

The Portfolio is comprised of investment grade Reference Obligations of 100 equally-weighted Reference Entities. The Reference Entities included in the Portfolio all have the same Credit Positions and have been selected initially by the Trustee and the Promoter based on the following investment criteria:

(i) Reference Entities with a Reference Obligation having an investment grade rating by Moody's or by Standard & Poors Rating Service, a division of McGraw-Hill Companies, Inc. ("S&P") or any successor thereof; and

(ii) no more than 8% of the Portfolio comprising Reference Entities in any one industry sector.

The table attached hereto as Schedule “A” sets forth the name of each Reference Entity comprised in the Portfolio, its Moody’s industry sector, its Moody’s credit rating or its S&P’s credit rating. Each Reference Entity is equally weighted in the Portfolio and the Trustee may request that any such Reference Entity be substituted before the Closing Date.

The composition of the Portfolio is not expected to change, even if the Reference Entities included in the Portfolio may no longer meet the investment criteria described above. However, the Trustee may, from time to time, request the Bank to replace certain Reference Entities if, in its judgement, such replacement is advisable. Such replacement is subject to the prior approval of the Bank and the obtaining of a rating confirmation from S&P and may result, as the case may be, in a reduction of the First Loss Tranche or in a reduction in the Outstanding Amount and in the Quarterly Payments. Any change in the Portfolio shall not be subject to the approval of the Unitholders.

The ratings of the Reference Obligations will be initially distributed as follows in the Portfolio according to their Moody’s rating:

Ratings	**Weighting**
Aaa	3.0%
Aa1	1.0%
Aa2	1.0%
Aa3	1.0%
A1	7.0%
A2	13.0%
A3	16.0%
Baa1	18.0%
Baa2	23.0%
Baa3	17.0%

The following is a description of the meaning of the ratings provided by Moody’s:

Aaa

Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as “gilt edged”. Interest payments are protected by a large or by an exceptionally stable margin and the principal is secured. While the various protective elements are likely to change, such changes are most unlikely to impair the fundamentally strong position of the issues.

Aa

Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than the Aaa securities.

A

Bonds which are rated A possess many favorable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Baa

Bonds which are rated Baa are considered as medium-grade obligations (i.e., they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Moody's applies numerical modifiers 1, 2 and 3 in each generic rating category from Aa to Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. The Baa3 rating is the last investment grade rating above speculative grades.

The Portfolio will have an initial Moody's weighted average rating of Baa2.

Terms such as Reference Obligations and the applicable Credit Events are more fully described in the Swap Agreement. Consequently, the description below does not purport to be complete and is qualified in its entirety by reference to the provisions of the Swap Agreement.

Reference Obligation

The Reference Obligation of each Reference Entity shall be selected by the Bank, in its sole discretion, on or before the relevant Valuation Date and shall be any obligation of such Reference Entity (either directly or as provider of a guarantee that is unconditional but for any requirement for the beneficiary to give notice that a payment is due under such guarantee or any similar procedural requirement) which: (i) ranks at least equal in priority of payment with the senior unsecured indebtedness of that Reference Entity; (ii) is either a (1) bond that is transferable and not in bearer form, or (2) a loan that is assignable or is a consent required loan; (iii) is payable in any of the Standard Specified Currencies; (iv) does not have a remaining maturity of greater than 30 years from the Valuation Date; and (v) is not contingent; provided, however, if Restructuring is the only Credit Event specified in a Credit Event Notice delivered by the Bank or the Trust in relation to a Reference Entity, then an obligation may only be selected as a Reference Obligation by the Calculation Agent if it is a fully transferable obligation that has a final maturity date no later than the restructuring maturity limitation date.

Credit Events

Any loss following a Credit Event of a Reference Entity included in the Portfolio will be first applied against the First Loss Tranche and the excess, if any, will then be applied against the Outstanding Amount. A Credit Event will occur only once with respect to any Reference Entity, except for a Restructuring. A Credit Event is triggered by the occurrence of any of the following events during the period from and including the Closing Date up to and including the Credit Observation End Date (i) a Bankruptcy; (ii) a Failure to Pay; and (iii) a Restructuring. When determining the existence or occurrence of any Credit Event, the determination shall be made without regard to: (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any obligation; (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any obligation, however described; (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

Bankruptcy: means that a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing, its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

Failure to Pay: means, after the expiration of any applicable (or deemed) grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the payment requirement under one or more obligations.

Restructuring: means,

(a) that with respect to one or more obligations, including as a result of an obligation exchange, and in relation to an aggregate amount of not less than the default requirement, any one or more of the following events occurs, is agreed between a Reference Entity or a governmental authority and the holder or holders of such obligation, or is announced (or otherwise decreed) by a Reference Entity or a governmental authority in a form that is binding upon a Reference Entity, and such event is not provided for under the terms of such obligation in effect as of the later of the issue date and the date as of which such obligation is issued or incurred:

(i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;

(ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;

(iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;

(iv) a change in the ranking in priority of payment of any obligation, causing the subordination of such obligation; or

(v) any change in the currency or composition of any payment of interest or principal to any currency which is not a permitted currency.

(b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:

(i) the payment in euros of interest or principal in relation to an obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

(ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

(iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

(c) If an obligation exchange has occurred, the determination as to whether one of the events described under (a)(i) to (v) above has occurred will be based on a comparison of the terms of the obligation immediately before such obligation exchange and the terms of the resulting obligation immediately following such obligation exchange.

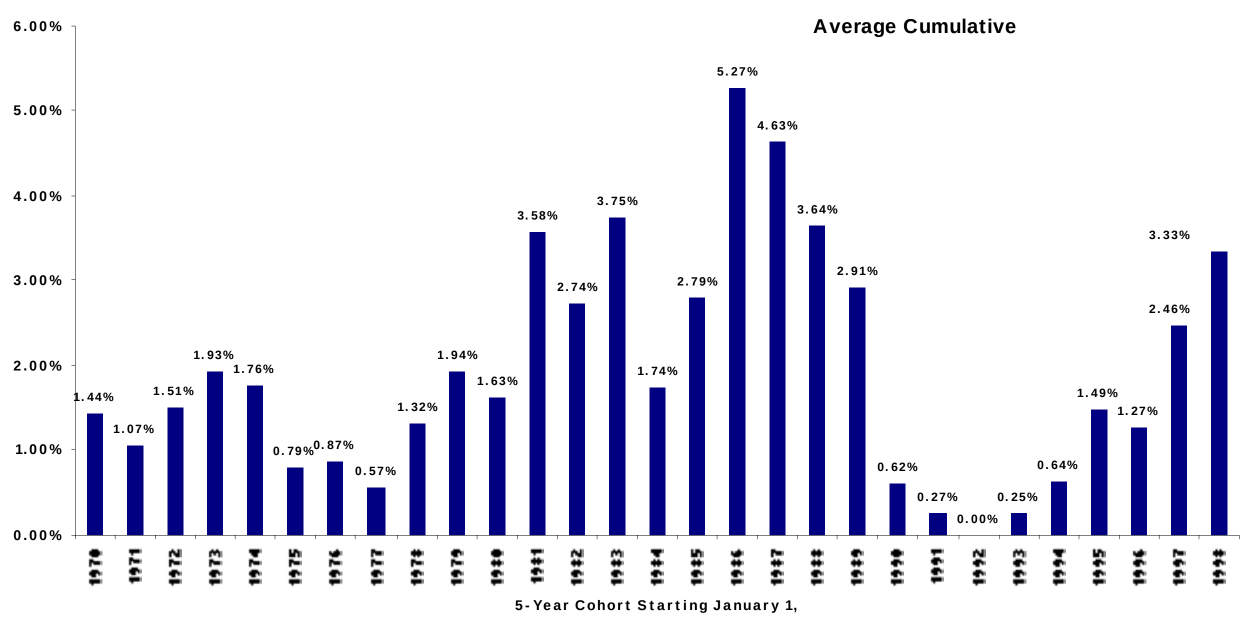
If a Credit Event occurs before the Credit Observation End Date and as a result thereof, such Credit Event, together with all prior Credit Events produces a loss which exceeds the First Loss Tranche, the Conditions to Settlement are satisfied and no Settlement Date occurs with respect to such Credit Event prior to the Maturity Date, the Outstanding Amount on the Maturity Date will be subject to a Holdback Amount. However, the Trust shall be entitled to receive from the Bank the Holdback Amount less the Net Loss Amount upon determination of the Final Price and receive payment thereof on the 5^{th} Business Day following the Settlement Date.

Moody's Default and Recovery Rates of Corporate Bond Issuers

Historical Average Cumulative 5-Year Default Rates for Baa Credits (1)

Net Loss Amounts resulting from Credit Events on the Portfolio will first be absorbed by the First Loss Tranche. However, if the Cumulative Net Loss Amount was to exceed the First Loss Tranche, then the Trust might not be able to return to Unitholders their original subscription price. Moody's has analyzed, since 1970, cumulative five-year default rates for cohorts of corporate bonds rated Baa at the beginning of the five-year period. According to their studies, five-year cohorts have experienced a maximum cumulative default rate of 5.27% and a minimum of 0.00% for an average cumulative five-year default rate of 2.25% over the period.

The graph below shows the five-year cumulative default rates for Baa cohorts:



The table below shows the average default rates per Moody’s various credit ratings for the five-year periods from 1983 to 2002:

Credit Rating	Average Percentage of Default Rate
Aaa	0.17
Aa1	0.17
Aa2	0.33
Aa3	0.29
A1	0.47
A2	0.68
A3	0.62
Baa1	1.80
Baa2	2.24
Baa3	4.23

Recovery Rates [(2)]

According to Moody’s, the average recovery rates for defaulted bonds of investment-grade issuers was US $52.48 for senior unsecured bonds per US $100 par from 1982 to 2001.

Accordingly, using the average recovery rates for defaulted bonds of investment grade issuers, the amount to be returned to Unitholders at Maturity and the quarterly distributions might be reduced in the event that eleven Credit Events occur in the Portfolio over the 5-year term. Such default rate would represent twice the highest historical cumulative 5-year default rate for Baa cohorts as per Moody's studies.

(1) Source: Moody’s Investors Service Inc., Default & Recovery Rates of Corporate Issuers, February 2003.
(2) Source: Moody’s Investors Service Inc., Default & Recovery Rates of Corporate Issuers, February 2002.

THE SWAP AGREEMENT

General

On the Closing Date, the Trust will enter into the Swap Agreement with the Bank. Under the Swap Agreement, (A): the Trust will (i) invest the net proceeds from the offering in Permitted Investments; (ii) pledge to the Bank, as collateral, the Initial Collateral Amount which will decrease by an amount equal to the Initial Payment and the Quarterly Payments; (iii) pay to the Bank, quarterly, the BA Rate on the Outstanding Collateral Amount; and (B) at the Maturity Date, the Bank will pay to the Trust the Initial Collateral Amount minus the Outstanding Collateral Amount and the Trust shall pay to the Bank the Initial Amount minus the Outstanding Amount plus the Holdback Amount, payable on a net basis. The Bank will hold the Outstanding Collateral Amount provided it maintains at least a long-term senior unsecured debt rating of A2 from Moody’s. In the event the rating of the Bank is downgraded below A2, the Outstanding Collateral Amount will be kept by a third party to be agreed upon between the Bank and the Trust. If the Conditions to Settlement are satisfied and no Settlement Date occurs with respect to one or more Credit Events prior to the Maturity Date and the aggregate of the Credit Positions with respect to such Credit Events exceeds the First Loss Tranche minus the Cumulative Net Loss Amount, the Outstanding Amount on the Maturity Date will be subject to a Holdback Amount. However, the Trust shall be entitled to receive from the Bank the Holdback Amount less the Net Loss Amount upon determination of the Final Price and receive payment thereof on the 5th Business Day following the Settlement Date.

The Swap Agreement will terminate on the earlier of (i) the Credit Observation End Date and (ii) when the Outstanding Amount is reduced to zero, provided that if there is any Holdback Amount, the Swap Agreement will terminate on the 5th Business Day after the last Net Loss Amount has been determined. In addition, the Swap

Agreement may terminate upon certain stated events described under “Description of the Units – Early Redemption”. On the Maturity Date, the Outstanding Collateral Amount will be released to the Trust if it is not required to be paid to the Bank pursuant to the Swap Agreement. At any time, the Bank will have no recourse to the Trust in respect of the Swap Agreement other than to the Outstanding Collateral Amount. Under the Swap Agreement, the Bank has agreed to release a portion of the Outstanding Collateral Amount to fund the Quarterly Payments on the Quarterly Payment Dates.

For example, if:

- the rate on the Quarterly Payment is set at 6% annually;

- the Initial Payment is $1.2 million;

- both the Initial Amount and the Initial Collateral Amount are $20 million; and

- the Cumulative Net Loss Amount at Maturity is less than the First Loss Tranche,

then the Outstanding Collateral Amount at the Maturity Date will be $12.8 million and the Swap Payment that would be received by the Trust from the Bank would be equal to the Initial Collateral Amount minus the Outstanding Collateral Amount ($7.2 million). No amount would therefore by payable by the Trust to the Bank. The NAV to be returned to Unitholders would be equal to the aggregate of the Swap Payment payable to the Trust and the Outstanding Collateral Amount that would be released by the Bank to the Trust (an aggregate of $20 million), less operating expenses.

Unwind Agreement

In order to fund redemptions of Units prior to the Maturity Date, the Bank and the Trust will enter into an agreement (the “Unwind Agreement”) on the Closing Date pursuant to which the Trust will be entitled, on each Quarterly Payment Date, to terminate a portion of the Outstanding Amount of not less than $1 million under the Swap Agreement at the Unwind Price. If the Trust elects to terminate a portion of the Swap Agreement, it will result in an equal reduction of the Outstanding Collateral Amount and adjustment of the Outstanding Amount or First Loss Tranche, as the case may be.

Rating

It is a condition of closing that the Swap Agreement be rated A by S&P. This rating is the third highest rating of the categories. S&P assigns a rating to the Swap Agreement in a manner similar to the way it rates other structured transactions. S&P’s rating requires an analysis of the following: (1) credit quality of the Reference Entities in the Portfolio; and (2) credit quality of the Bank. S&P’s rating does not address the risk due to early redemption upon the occurrence of an early termination event pursuant to the Swap Agreement or a termination by the Trust of the whole or a portion of the Outstanding Amount pursuant to the Unwind Agreement. Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating.

S&P’s analysis includes the application of its proprietary default expectation model (the “S&P CDO Evaluator”) which is used to estimate the default rate the portfolio is likely to experience. The S&P CDO Evaluator is based upon S&P’s proprietary corporate debt default studies and takes into consideration each obligor rating, the number of obligors, the obligor/industry concentration, and the remaining weighted average maturity of the portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the portfolio must withstand. For example, the higher the obligor/industry concentration or the longer the weighted average maturity, the higher the default level is assumed to be.

Credit enhancement to support a particular rating is then provided on the results of the S&P CDO Evaluator, as well as other more qualitative considerations such as legal issues and management capabilities.

Credit enhancement is typically provided by a combination of overcollateralization/subordination, cash collateral/reserve account, excess spread/interest, amortization and bond insurance.

There can be no assurance that actual defaults on the Portfolio will not exceed those assumed in the application of the S&P CDO Evaluator or that recovery rates with respect thereto will not differ from those assumed in determining the credit enhancement to support the given rating. A rating is not a recommendation to buy, sell or hold and may be subject to revision or withdrawal at any time.

First Loss Tranche

The Swap Agreement provides that the Outstanding Amount will be reduced only to the extent that the Cumulative Net Loss Amount exceeds the First Loss Tranche.

Indemnity Agreement

Pursuant to an Indemnity Agreement to be entered into at the Closing Date between the Bank, the Trust and the Trustee, the Trust and the Trustee have undertaken to indemnify the Bank against any claim relating to or arising out of the sale of the Units or for any misrepresentation or omission or alleged omission in the prospectus or for any order or investigation by a securities regulatory authority based upon any misrepresentation or alleged misrepresentation or for any omission or alleged omission or for any breach of any representation or covenant in the Swap Agreement.

The Bank

JPMorgan Chase Bank (Toronto) is a branch of JPMorgan Chase Bank which is a wholly-owned bank subsidiary of J.P. Morgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. JPMorgan Chase Bank is a commercial bank offering a wide range of banking services to its customers, both domestically and internationally. Its business is subject to examination and regulation by Federal and New York State banking authorities. JPMorgan Chase Bank resulted from the merger on November 10, 2001 of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York. As of December 31, 2002, JPMorgan Chase Bank had total assets of US $622.4 billion, total net loans of US $180.6 billion, total deposits of US $300.6 billion, and total stockholders' equity of US $35.5 billion. As of December 31, 2001, JPMorgan Chase Bank had total assets of US$537.8 billion, total net loans of US$174.9 billion, total deposits of US$280.5 billion and total stockholders' equity of US$33.3 billion.

JPMorgan Chase Bank is rated AA- by S&P and Aa3 by Moody's.

JPMorgan Chase Bank and its affiliates may deal in each Reference Obligation of the Reference Entities and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Entity, any affiliate of a Reference Entity, any other person or entity having obligations relating to a Reference Entity, and may act with respect to such business in the same manner as each of them would if the Swap Agreement did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity or the Trust or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

Additional information, including the most recent Form 10-K for the year ended December 31, 2002 of J.P. Morgan Chase & Co. (formerly known as "The Chase Manhattan Corporation"), the 2002 Annual Report of J.P. Morgan Chase & Co. and additional annual, quarterly and current reports filed with the Securities and Exchange Commission by J.P. Morgan Chase & Co., as they become available, may be obtained without charge by each person to whom this document is delivered upon the written request of any such person to the Office of the Secretary, J.P. Morgan Chase & Co., 270 Park Avenue, New York, New York 10017.

The information set out in this section relating to JPMorgan Chase Bank has been provided by JPMorgan Chase Bank. The delivery of this document shall not create any implication that there has been no change in the affairs of JPMorgan Chase Bank since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

THE CALCULATION AGENT

General

JPMorgan Chase Bank will act as the Calculation Agent. As Calculation Agent, JPMorgan Chase Bank is responsible, amongst other things, for obtaining bids and determining the Final Price to settle Credit Events.

Settlement following Credit Events

The determination of the Net Loss Amount to be incurred by the Portfolio following the occurrence of a Credit Event of a Reference Entity and the settlement proceedings governing such determination are described below. This description does not purport to be complete and is qualified in its entirety by reference to the provisions of the Swap Agreement, which are based on the mechanisms published by the International Swaps and Derivatives Association, Inc.

Upon the occurrence of a Credit Event, the Bank shall send to the Trust a Credit Event Notice and a Notice of Publicly Available Information containing a copy, or a description in reasonable detail, of the relevant Publicly Available Information. "Publicly Available Information" means information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which (a) has been published in or on not less than two internationally recognized published or electronically displayed news sources, regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Calculation Agent or any of its affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless such party or its affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an obligation; (b) is information received from (i) the Reference Entity, or (ii) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an obligation; (c) is information contained in any petition or filing instituting a proceeding described under subsection "(d)" of the definition of "Bankruptcy" against or by the Reference Entity; or (d) is information contained in any order, decree or notice, however described, of a court, tribunal, regulatory authority or similar administrative or judicial body.

Any of the following public sources will be deemed to be an internationally recognized published or electronically displayed news source: Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Nihon Keizai Shimbun, New York Times, Wall Street Journal and Financial Times (and successor publications).

The Swap Agreement provides that the Final Price of the Reference Obligation will be determined pursuant to the "Highest" valuation method. The Calculation Agent will conduct a valuation process on a Valuation Date upon the fulfilment of the Conditions to Settlement. During such period, the Calculation Agent shall solicit bids (quotations) for the Reference Obligation of the relevant Reference Entity from five Dealers. In the event that the Calculation Agent is unable to obtain at least two quotations on or prior to the fifth Business Day following the applicable Valuation Date, then the Calculation Agent shall request a disinterested party that is a dealer in an obligation of the type of the Reference Obligation to attempt to obtain two quotations from at least five dealers. If such disinterested party is unable to obtain two quotations, the Calculation Agent will determine the Final Price in its reasonable discretion.

On each Settlement Date, the Bank shall be entitled to payment from the Trust of an amount equal to the Net Loss Amount to the extent that such Net Loss Amount together with the Cumulative Net Loss Amount exceeds the First Loss Tranche. Such payment will take the form of a reduction in the Outstanding Amount, up to a maximum equal to the Initial Amount.

MANAGEMENT OF THE TRUST

The Trustee

3838366 Canada Inc. (the "Trustee") is acting as Trustee of the Trust pursuant to the provisions of the Trust Agreement.

The Trustee will be managing the Trust and, as such, the Trustee may, from time to time, request the Bank to replace certain Reference Entities comprised in the Portfolio if, in its judgement, such replacement is advisable. Such replacement will be subject to the approval of the Bank and may result in a reduction of the First Loss Tranche.

The Trustee or any successor trustee may resign upon 60 days' written notice to Unitholders or may be removed with the approval of a majority of the votes cast at a meeting of Unitholders called for such purpose with two or more persons present in person or by proxy representing not less than 10% of Units then outstanding. Any such resignation or removal shall become effective only on the acceptance of appointment by a successor trustee. If the Trustee resigns or is removed by Unitholders, its successor must be approved by Unitholders. If, after the resignation or removal of the Trustee, no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor trustee. The appointment of any successor trustee is subject to the approval of the Bank acting reasonably.

The Trust Agreement provides that the Trustee will not be liable in carrying out its duties under the Trust Agreement except in cases of wilful misconduct, bad faith, negligence or disregard of its obligations and duties or in cases where the Trustee fails to act honestly and in good faith with a view to the best interests of the Unitholders or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Trust Agreement provides that, to the extent the Trustee has contracted or delegated the performance or certain activities to the Administrative Agent, it will be deemed to have satisfied the aforesaid standard of care. In addition, the Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by them in carrying out its duties.

The address of the Trustee is 800 Square Victoria, Suite 3400, Montreal, Québec, H4Z 1E9.

Directors and Officers

The table below sets forth the name and municipality of residence of the directors and officers of the Trustee, their office held with the Trustee and their principal occupations:

Name and Municipality of Residence	Office	Principal Occupation
Claude Dalphond .... Montreal, Québec	Chairman of the Board, President and Chief Financial Officer	Director of various companies
Benoit Deschamps .... Montreal, Québec	Director	Consultant and Director of various companies
Raymond Cloutier............................... Montreal, Québec	Director	Director of various companies
Robert Y. Girard .... Montreal, Québec	Director and Secretary	Partner, Fasken Martineau DuMoulin LLP

During the past five years, the persons mentioned above have held the principal occupations hereinafter indicated: prior to June 2000, Mr. Claude Dalphond was Chairman, Master Trust for the Montreal Urban Community Transportation Company Pension Plan (a transportation company); from August 1997 to November 2000, Mr. Benoit Deschamps was Vice President, Financial Planning, and Treasurer of Le Groupe Vidéotron Ltée (a cable company); prior to December 2002, Mr. Raymond Cloutier was Managing Director of National Bank Financial Inc. (an investment dealer); and prior to October 2001, Mr. Robert Y. Girard was a partner at Desjardins Ducharme Stein Monast (a law firm).

Each of the directors of the Trustee, except Mr. Robert Y. Girard, will be entitled to an attendance fee of $750 for each meeting attended.

Remuneration of Trustee

The Trustee will have no remuneration to act in such capacity but will be reimbursed for all expenses and liabilities which are properly incurred by it in connection with the activities of the Trust.

Credit Facility

The Trust Agreement provides that the Trustee shall have the power to establish a loan facility or otherwise borrow money up to amount not exceeding 20% of the value of the assets of the Trust. A credit facility may be used for various purposes including to effect market purchases of Units, maintaining liquidity and funding redemptions.

Any credit facility will contain provisions to assure that in the event of a default under such credit facility, the lender's recourse will be limited solely to the assets of the Trust. Such provisions are intended to ensure that Unitholders will not be liable for the obligations of the Trust under such credit facility.

The Administrative Agent

Pursuant to an agreement to be executed on or prior to the Closing Date between the Trust and National Bank Trust Inc. (the "Administrative Agent Agreement"), the Administrative Agent is responsible for providing administrative services to the Trust including, without limitation: authorizing the payment of operating expenses incurred on behalf of the Trust; preparing financial statements, financial and accounting information as required by the Trust and making distributions to Unitholders; ensuring that Unitholders are provided with financial statements (including annual and quarterly financial statements) and other reports as are from time to time required by applicable laws; ensuring that the Trust complies with regulatory requirements and applicable stock exchange listing requirements; preparing the Trust's reports to Unitholders and the Canadian securities regulatory authorities; providing the Trustee with information and reports necessary for it to fulfil its fiduciary responsibilities and negotiating contractual agreements with third-party providers of services. The Administrative Agent shall exercise its powers and discharge its duties on a basis which is fair and reasonable to the Trust, honestly, in good faith and in the best interests of Unitholders and in connection therewith shall exercise the degree of care, diligence and skill that a prudent administrative agent would exercise in the circumstances. The Administrative Agent shall also act as custodian of the assets of the Trust, save and except for the Outstanding Collateral Amount which will be held by the Bank, and as transfer agent and registrar for the Units. See "Custodian, Registrar and Transfer Agent".

The address of the Administrative Agent is 1100 University Street, Suite 900, Montreal, Québec, H3B 2G7.

The Administrative Agent is entitled to receive a fee of $27,000 from the Trust for the first year of its appointment. Thereafter, the annual fee will be negotiated between the Administrative Agent and the Trust. The Administrative Agent is entitled to be reimbursed for its expenses.

DESCRIPTION OF THE UNITS

General

The following is a brief summary of the material characteristics and attributes of the Units. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Trust Agreement.

The Trust is authorized to issue an unlimited number of transferable, redeemable Units. All Units will have the same rights, rank *pari passu* in all respects and represent an equal, undivided interest in the net assets of the Trust.

Unitholders are entitled to one vote at all meetings of Unitholders for each Unit held and are entitled to participate equally with respect to any and all distributions made by the Trust on the Units. Units are issued only as fully paid and are non-assessable and no fraction of a Unit will be issued.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation.

Distributions

The Trust will make quarterly distributions to the Unitholders of record on the Record Date and pay such distributions on the Distribution Date. The quarterly distributions are initially targeted to be approximately $1.50 per Unit (6.0% per annum of the issue price). The initial distribution is anticipated to be payable on July 9, 2003 to Unitholders of record on June 30, 2003, and is targeted to be approximately $0.97 per Unit. The annual distribution will be payable quarterly in arrears and be equal to (a) the product of (i) 6.46%; and (ii) the Average Outstanding Amount, less (b) all operating expenses payable by the Trust. Distributions will be paid in cash to the Unitholders and not reinvested to subscribe to additional Units of the Trust. The quarterly distributions will be reduced if the Cumulative Net Loss Amount resulting from Credit Events on the Portfolio was to exceed the First Loss Tranche.

Redemption

Units may be surrendered for redemption at any time to the Administrative Agent but will be redeemed only on the Redemption Date. Units surrendered for redemption by a Unitholder at least ten Business Days prior to the Redemption Date will be redeemed as at such Redemption Date and the Unitholder will receive payment in respect of any Units surrendered for redemption on or before the Redemption Payment Date. If a Unitholder makes such surrender after 4:00 p.m. (Eastern time) on the 10th Business Day immediately preceding a Redemption Date, its Units will be redeemed as at the Redemption Date in the following quarter and the Unitholder will receive payment for the Units on the Redemption Payment Date in respect of such Redemption Date.

Unitholders whose Units are redeemed on any Redemption Date other than the Maturity Date will be entitled to receive a price equal to the Redemption Price of the Units determined as at such Redemption Date. The Redemption Price will vary depending on a number of factors, such as the Quarterly Payments, interest rates and the creditworthiness of the Reference Entities.

A Unitholder who desires to exercise Unit redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Montreal, Québec, or Toronto, Ontario) on behalf of the Unitholder a written notice of the Unitholder's intention to redeem Units, no later than 4:00 p.m. (Eastern time) on the relevant notice date. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver a notice to CDS by the required time.

By causing a CDS Participant to deliver to CDS a notice of a Unitholder's intention to redeem Units, the Unitholder shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect, and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Trust or the Trustee to the CDS Participant or the Unitholder.

The Trustee may suspend the redemption of Units or payment of redemption proceeds: (i) for the whole or any part of a period during which normal trading is suspended on the stock exchange on which the Units are listed for trading; or (ii) with the prior consent of the *Commission des valeurs mobilières du Québec* or any successor thereof. The suspension may apply to all requests for redemption received prior to the suspension but as for which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised of the suspension and that the redemption will be effected at a price determined on the first Redemption Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Trustee shall be conclusive.

Resale of Units Tendered for Redemption

The Trust will enter into an agreement (the "Recirculation Agreement") with the Agent whereby the Agent will agree to use commercially reasonable efforts to find purchasers for any Units tendered for redemption prior to the relevant Redemption Payment Date. The Trust may, but is not obligated to, require the Agent to seek such purchasers. In such event, the amount to be paid to the Unitholder on the Redemption Payment Date will be an amount equal to the proceeds of the sale of the Units, less any applicable commission. Such amount shall not be less than the amount that a Unitholder would have been otherwise entitled to receive on the Redemption Payment Date. The Recirculation Agreement will provide that the Agent shall not be required to seek purchasers for Units redeemed on the Maturity Date.

Early Redemption

The Units are not redeemable by the Trust prior to the Maturity Date, except upon the occurrence of an early termination event pursuant to the Swap Agreement. In such case, all outstanding Units shall be redeemed by the Trust upon 15 Business Days' prior written notice from the Trust to the transfer agent. An early termination event means generally that there shall have been a regulatory event requiring the termination, dissolution or winding-up of the Trust, an action from a party to terminate, dissolve or wind-up the Trust, a merger of the Trust assets, changes relative to the Trustee, changes in regulation or taxation practices or the imposition of any withholding tax or a failure by the relevant issuer to pay amounts due under any Permitted Investments. An early termination event may also be designated if, among other things, a party to the Swap Agreement becomes insolvent or fails to make payments due thereunder.

On the date set for redemption (the "Early Redemption Date"), a Unitholder of record on such date shall be entitled to receive from the Trust an amount per Unit equal to the NAV of the Trust on that day.

Mandatory Redemption

On the Maturity Date, the Trust shall redeem all the Units and pay to Unitholders an amount equal to 100% of the NAV determined as at such Maturity Date on or before the 10th Business Day following such Maturity Date. The NAV at the Maturity Date could be less than the original subscription price.

If there is a Holdback Amount, the NAV on the Maturity Date may be reduced by such Holdback Amount. However, Unitholders shall be entitled to receive, as an adjustment, *pro rata* to the number of Units held by each of them on the Maturity Date, an amount equal to the Holdback Amount less the Net Loss Amount forthwith upon receipt thereof by the Trust from the Bank.

Net Asset Value

The NAV of the Trust will be determined by the Trustee and will be calculated as of the last Business Day of each quarter.

The NAV of the Trust on a particular date will be equal to the aggregate value of the assets of the Trust, less the aggregate value of the liabilities of the Trust (including any operating expenses payable) and the underlying income taxes on income earned. The “NAV per Unit” is obtained by dividing the NAV of the Trust by the number of Units outstanding.

In determining the NAV of the Trust at any time:

(i) the value of the Swap Agreement shall be established by the Trustee based on updated credit information pertaining to the Reference Entities included in the Portfolio, current interest rates and the remaining term of the Swap Agreement;

(ii) money market instruments shall be valued at cost at the time of calculation;

(iii) the value of any bonds, debentures and other debt obligations will be valued by taking the average bid and ask prices;

(iv) the value of any cash on hand or on deposit, prepaid expenses and interest accrued and not yet received, shall be deemed to be the face amount thereof unless the Administrative Agent determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Administrative Agent determines to be the fair value thereof; and

(v) if an asset cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Trustee to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Trustee shall make such valuation as it considers fair and reasonable.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

Purchase for Cancellation

Subject to applicable law and the capacity of the Trust to obtain financing, the Trust may at any time purchase Units by private agreement or otherwise for cancellation at prices not exceeding the Unwind Price per Unit on the day immediately prior to such purchase.

Registration and Transfer

Registration of interests in and transfers of the Units will be made only through a book-based system administered by CDS (the "Book-Entry Only System"). On the Closing Date, the Trust will deliver to CDS a certificate evidencing the Units subscribed for under this offering. Units must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation.

The ability of a beneficial owner of Units to pledge or otherwise take action with respect to such owner's interest in Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Trust has the option to terminate registration of the Units through the Book-Entry Only System in which case certificates for Units in fully registered form would be issued to beneficial owners of such Units, or their nominees.

Modification

The provisions or rights attaching to the Units may only be modified, amended or varied with the consent of Unitholders given in accordance with provisions contained in the Trust Agreement as described herein under the heading "Unitholder Matters – Acts Requiring Unitholder Approval" and, in certain cases, with the consent of the applicable securities regulatory authorities and the Bank.

UNITHOLDER MATTERS

Meeting of Unitholders

The Trust Agreement provides that meetings of Unitholders may be convened by the Trustee at any time and must be convened if requisitioned by the Unitholders holding not less than 10% of the Units then outstanding by a written requisition specifying the purpose of the meeting. Not less than 21 days notice will be given of any meeting of Unitholders. The quorum at any such meeting is two Unitholders present in person or by proxy and representing not less than 10% of the Units then outstanding. If no quorum is present at such meeting when called, the meeting will be terminated if called on the requisition of Unitholders and otherwise will be adjourned for not less than 10 days and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum. At any such meeting, each Unitholder will be entitled to one vote for each whole Unit registered in the Unitholder's name.

The Trust does not intend to hold annual meetings of Unitholders.

Acts Requiring Unitholder Approval

Pursuant to the Trust Agreement, the following matters require the approval of Unitholders by a simple majority vote at a meeting called and held for such purpose:

(i) any change in the basis of calculating fees or other expenses that are charged to the Trust which could result in a material increase in charges to the Trust;

(ii) a decrease in the frequency of calculating the NAV or of redeeming Units;

(iii) a change in the Trustee;

(iv) a change of the auditors of the Trust;

(v) an amendment, modification or variation in the provisions or rights attaching to the Units; and

(vi) in certain cases, if the Trust undertakes a reorganization with, or transfer of its assets to, another trust or acquires another trust's assets.

A change in the fundamental investment objectives of the Trust, as described under "Investments of the Trust – Investment Strategy", requires the approval of the Unitholders by a two-thirds majority vote at a meeting called and held for such purpose, unless such changes are necessary to ensure compliance with applicable laws.

Notwithstanding the right of Unitholders to convene meetings and to vote thereat, the Trust Agreement provides that Unitholders shall not be entitled to convene a meeting for the purposes of amending the issues described in paragraphs (i) to (vi) above and in the subsequent paragraph thereof.

The Trustee may, without the approval of or notice to Unitholders, amend the Trust Agreement for certain limited purposes specified therein, including to:

(i) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law or regulation applicable to or affecting the Trust;

(ii) make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;

(iii) bring the Trust Agreement into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interest of any Unitholder; or

(iv) maintain the status of the Trust as a "mutual fund trust" for the purposes of the Act.

Except for changes to the Trust Agreement which require the approval of Unitholders or change described above which do not require approval or prior notice to Unitholders, the Trust Agreement may be amended from time to time by the Trustee upon not less than 60 days' prior written notice to Unitholders.

Reporting to Unitholders

The Trust will make available to Unitholders its annual and quarterly financial statements.

Limitation on Non-Resident Ownership

In order for the Trust to maintain its status as a "mutual fund trust" under the Act, the Trust must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Act. Accordingly, the master declaration of trust provides that at no time may non-residents of Canada (within the meaning of the Act) be the beneficial owners of more than 49% of the Units. The Trustee may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustee becomes aware that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the Trustee may make a public announcement thereof and shall not issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident of Canada. If, notwithstanding the foregoing, the Trustee determines that more than 49% of the Units are held by non-residents, the Trustee may send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustee 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 Unitholders receiving such notice have not sold the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents of Canada within such period, the Trustee may on behalf of such Unitholders sell such Units and, in the interim, shall suspend voting and distribution rights attached to such Units.

Upon such sale the affected holders shall cease to be Unitholders and their rights shall be limited to receiving the net proceeds of such sale.

TERMINATION OF THE TRUST

The Trust will terminate on the first Business Day next following the last payment made by the Trust to Unitholders after the Maturity Date (the "Termination Date"). However, the Termination Date may be extended for a maximum period of three months without the approval of Unitholders in the event of a Financial Market Disruption. A "Financial Market Disruption" means a period during which over-the-counter market bond transactions are restricted or if, in the opinion of the Trustee acting reasonably, it would not be advisable to terminate the Trust, given the situation prevailing in the financial markets. The extension must end once events causing such disruptions have ceased to exist. Prior to the Termination Date, the Administrative Agent will, to the extent possible, after paying or making adequate provision for all of the Trust's liabilities, distribute the net assets of the Trust to Unitholders as soon as practicable after the Termination Date.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, the following is a summary of the principal Canadian federal income tax considerations which, unless indicated otherwise, will apply to prospective purchasers acquiring Units pursuant to this Prospectus who are individuals (other than trusts) and who, for purposes of the Act, are resident in Canada, deal at arm's length with the Trust and hold their Units as capital property (each a "Unitholder"). This summary is based upon the facts set out in this Prospectus, the current provisions of the Act, the regulations thereunder, and counsel's understanding of the current administrative practices of the Canada Customs and Revenue Agency (the "Agency") and the specific proposals to amend the Act and regulations thereunder announced prior to the date hereof by the Minister of Finance (the "Proposed Amendments"). No assurances can be given that the Proposed Amendments will become law as proposed or at all. **This summary is also based on the assumption that the Trust was not established and will not be maintained primarily for the benefit of non-residents of Canada for purposes of the Act.**

This summary is not exhaustive of all possible federal income tax considerations and does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign or provincial income tax considerations, which might differ from the federal considerations summarized herein.

This summary is of a general nature only and does not constitute legal or tax advice to any particular purchaser. Prospective purchasers are advised to consult their own tax advisors with respect to the tax consequences to them of a prospective investment in Units in their individual circumstances.

Status of the Trust

Provided that the Trust meets certain prescribed conditions at such time and provided that its sole undertaking is and continues to be the investing of its funds in property (other than real property or an interest in real property) as described in this Prospectus, the Trust will qualify at a particular time as a "mutual fund trust" as defined in the Act. This summary assumes that the Trust will satisfy the minimum distribution requirements on closing, so that it may elect to be deemed to be a mutual fund trust from the date that it was established to and including the date of closing, and that it will continuously satisfy the minimum distribution requirements thereafter. If the Trust were not to so qualify as a mutual fund trust, the income tax consequences described below would in some respects be materially different.

Taxation of the Trust

The Trust is subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. Income tax paid by the Trust on any net realized capital gains not paid or payable to Unitholders is recoverable by the Trust to the extent and in the circumstances provided in the Act.

Any amount payable under the Swap Agreement is considered to be an amount of income payable under the Swap Agreement and taxable as such. According to the terms of the Swap Agreement, the amount will be determinable only on the Maturity Date and therefore the Swap Payment to the Trust should be taxable as income in the year of the Maturity Date.

The Trust generally intends to deduct in computing its income in each taxation year for purposes of the Act the full amount available for deduction in each year and, therefore, provided the Trust makes distributions in each year of its net income, if any, including net realized capital gains, it will generally not be liable in such year for income tax under Part I of the Act other than such tax on net realized capital gains that would be recoverable by it in such year. The Trust should not have any income before the Maturity Date. See "The Trust – Investments of the Trust". Therefore, any expenses, such as the fees and expenses incurred by the Trust, including the expenses of this offering, will generate a loss, for tax purposes, which will be carried forward by the Trust and used by it in the year in which the Swap Payment will occur.

The Act provides for a special tax on designated income of certain trusts which have designated beneficiaries. This special tax does not apply to a trust for a taxation year if the trust is a mutual fund trust throughout such year. Accordingly, provided that the Trust qualifies, or is deemed to qualify, as a mutual fund trust throughout a taxation year, it will not be subject to the special tax for such taxation year.

Taxation of Unitholders

A Unitholder will generally be required to include in the calculation of the Unitholder's income under the Act the net income including the net realized taxable capital gains of the Trust paid or payable to the Unitholder in the year, whether received in cash or reinvested in additional Units. To the extent that distributions by the Trust to a Unitholder in any year exceed the net income, including net realized capital gains of the Trust for the year, such distributions generally will not be included in the calculation of the Unitholder's income for the year but will reduce the adjusted cost base of the Unitholder's Units.

Under the Act, a trust is permitted to deduct in computing its income an amount which is less than the amount of its distributions. This will enable the Trust to utilize, in a particular year, losses from prior years without affecting the ability of the Trust to distribute its income annually. The amount distributed to a Unitholder but not deducted by the Trust will not be required to be included in the income of the Unitholder. However, unless such amount relates to the non-taxable portion of capital gains, the taxable portion of which has been allocated to the Unitholder, the adjusted cost base of the Unitholder's Units would be reduced by such amount.

The price of Units should reflect the Swap Payment which could eventually become payable to the Trust. See "The Trust – Investments of the Trust". Consequently, Unitholders who acquire additional Units may become taxable on their share of income and gains of the Trust that accrued or were realized before the Units are acquired and not made payable at such time.

Upon the actual or deemed disposition of a Unit, including on a sale or redemption, a capital gain (or capital loss) will generally be realized by the Unitholder to the extent that the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

One half of any capital gains (the "taxable capital gains") realized will be included in computing the income of a Unitholder and one half of any capital loss realized may be deducted against taxable capital gains in accordance with the provisions of the Act.

Unitholders are generally subject to an alternative minimum tax. In general terms, net income of the Trust paid or payable to a Unitholder will not increase the Unitholder's liability under the Act for alternative minimum tax. Amounts designated as net realized capital gains paid or payable to a Unitholder by the Trust or realized on the disposition of Units by the Unitholder may increase the Unitholder's liability for alternative minimum tax.

The Act levies a refundable tax of 6 2/3% on the investment income, taxable capital gains included earned by a private corporation under Canadian control. This tax, like refundable dividend tax on hand of a corporation, will be refunded once the corporation pays a taxable dividend at the rate of $1 for each $3 of dividend paid.

USE OF PROCEEDS

The net proceeds from the issue of the Units offered hereby are estimated to be $18,800,000 ($14,450,000 in the case of the minimum offering). The proceeds from this offering will be invested in Permitted Investments pursuant to the Swap Agreement.

PLAN OF DISTRIBUTION

Pursuant to an agency agreement (the "Agency Agreement") to be entered into prior to the Closing Date between National Bank Financial Inc. and the Trust, the Agent has agreed to offer Units for sale as agent of the Trust, on a best efforts basis, if, as and when issued by the Trust, in accordance with the terms and conditions of the Agency Agreement. Units will be offered at a price of $100 per Unit. The Agent will be entitled to a fee equal to $3.00 for each Unit sold and be reimbursed for reasonable out-of-pocket expenses incurred by it. The Agent may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group. While the Agent has agreed to use its best efforts to sell Units offered hereby, the Agent will not be obligated to purchase Units which are not sold.

Under the terms of the Agency Agreement, the Agent may, at its discretion on the basis of its assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement.

Proceeds from subscription will be held by the Agent in trust in a segregated account until closing. If subscriptions for a minimum of 150,000 Units have not been received within 60 days following the date of issuance of receipt for the (final) prospectus, the offering may not continue without the consent of those who have subscribed on or before such date. In the event the minimum offering is not achieved and the necessary consents are not obtained or the closing does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The decision to accept or reject the subscription will be made promptly, and in any event within two days of receipt of the subscription. In the event that a subscription is rejected, all monies received with the subscription will be refunded immediately. The Agent reserves the right to close the subscription books at any time without notice. Closing will take place on or about May 2, 2003 or such later date as may be agreed on by the Trust and the Agent, that is on or before May 15, 2003.

Pursuant to policy statements of certain Canadian securities administrators, the Agent may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution.

RELATIONSHIP BETWEEN THE TRUST AND THE AGENT

National Bank Financial Inc. is the promoter of the Trust and holds 10% of the voting securities of the Trustee. Consequently, the Trust may be considered a "connected issuer" under applicable securities legislation. The Agent will receive no benefit in connection with this offering other than the fees payable to the Agent for acting as agent in this offering. See "Plan of Distribution" and "Promoter".

FEES AND EXPENSES

Expenses of Issue

The expenses of this offering (including the costs of creating and organizing the Trust, the costs of printing and preparing this prospectus, legal expenses of the Trust, marketing expenses and certain other expenses), up to $600,000, will be paid by the Trust out of the gross proceeds of the offering. In addition, the Agent's fees will be paid to the Agent from the gross proceeds or described under "Plan of Distribution".

Fees and Other Expenses

The Trust will pay, out of the Quarterly Payment, all on-going expenses incurred in connection with the operation and administration of the Trust. It is expected that these expenses will include, without limitation: (a) fees payable to the directors of the Trustee; (b) fees payable to the Administrative Agent for acting as administrative agent of the Trust and performing services under the Administrative Agent Agreement; (c) fees payable to the auditors and legal advisors of the Trust; (d) mailing and printing expenses in connection with the Trust's continuous public disclosure obligations; and (e) regulatory filing fees. The aggregate amount of these operating fees is estimated to be approximately $100,000 per annum. See "Management of the Trust".

RISK FACTORS

The following are certain considerations relating to an investment in Units which prospective purchasers should consider before purchasing such securities.

Net Asset Value of a Unit on the Maturity Date

The Cumulative Net Loss Amount that will be incurred upon the occurrence of Credit Events on the Portfolio which is in excess of the First Loss Tranche will directly reduce the Outstanding Amount, thereby directly decreasing the NAV of a Unit to be paid to a Unitholder on the Maturity Date. Therefore, the NAV per Unit to be paid to a Unitholder on the Maturity Date may be less than the issue price of a Unit offered hereunder. An investment in the Trust is appropriate only for purchasers who have the capacity to absorb a loss of some or all of their investment.

Fluctuation in Quarterly Distributions

The Cumulative Net Loss Amount that will be incurred upon the occurrence of Credit Events on the Portfolio, which is in excess of the First Loss Tranche will reduce the Outstanding Amount and therefore the quarterly distributions to be paid to Unitholders.

Fluctuations in Redemption Price of Units

The Redemption Price of the Units may fluctuate due to a number of factors such as interest rates, the implicit leverage of the Series A-1 Mezzanine Tranche, the creditworthiness of the Reference Entities and the Cumulative Net Loss Amount.

An increase in the interest rates could reduce the value of the Units given that the Units are subject to a maximum distribution. Finally, a weakening of the creditworthiness of each of the Reference Entities comprised in the Portfolio might have a negative impact on the value of the Units.

Leverage Effect

If the Cumulative Net Loss Amount was to exceed the First Loss Tranche, each additional Credit Event could result in a Net Loss Amount of up to 50% of the Initial Amount (assuming no recovery), due to the leverage effect, thereby reducing the Outstanding Amount and the NAV. In such a case, the return could be substantially reduced.

Credit Rating

There is no assurance that any credit rating assigned to the Swap Agreement hereunder will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the value of the Units.

Early Redemption

Upon the occurrence of an early termination event pursuant to the Swap Agreement, the Trust will redeem on the Early Redemption Date all of the outstanding Units, thereby reducing the potential return on the investment for a Unitholder. In addition, the price paid by the Trust to the Unitholders upon the Early Redemption Date may be lower than the issue price per Unit.

No Recourse to Reference Obligations

The obligation to make quarterly distributions and to redeem the Units on the Maturity Date in accordance with the terms hereof is an obligation of the Trust. Unitholders will not have, and the Units will not represent any proprietary interest whatsoever in the Reference Obligations. Accordingly, Unitholders will have no recourse whatsoever, directly or indirectly, to the Reference Obligations to satisfy amounts owing to them under the Trust Agreement.

Each Unitholder will be deemed to agree that the obligations of the Trust in respect of such Unit will be payable solely by the Trust. The Units do not represent obligations of, nor are they insured or guaranteed by, the Trustee, the Bank or any of their respective affiliates. None of the Trustee, the Reference Entity, the Bank or any of their respective affiliates, any Unitholders or any of their respective owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns will be personally liable for distributions in respect of the Units.

Creditworthiness of the Bank

Because the capacity of the Trust to redeem Units on the Maturity Date possibly depends on the payment by the Bank of the Swap Payment on the Maturity Date, the likelihood that Unitholders will receive the NAV will be dependent upon the financial health and creditworthiness of the Bank.

Creditworthiness of the Reference Entities

The prospectus does not provide any information with respect to any Reference Entity or the likelihood of the occurrence of a Credit Event. The credit ratings of the Reference Obligations are those of Moody’s or S&P’s and the Trustee and the Promoter have relied on those credit ratings to select the Reference Entities without investigating each Reference Entity. Credit Ratings are not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency. As the occurrence of Credit Events may result in significant losses to the Trust and to Unitholders, each prospective purchaser is advised to conduct its own investigation and analysis with respect to the above matters. Financial and other information with respect to each Reference Entity may be available from publicly available sources, but no representation is made with respect thereto by the Trust, the Trustee, the Bank or any of their respective affiliates as to the accuracy or completeness of any such information.

Lack of Operating History

The Trust is a newly organized investment trust with no previous operating history.

Limitation on Changes Made to the Portfolio

Although the Trustee and the Promoter will be selecting the Reference Entities comprised in the Portfolio, changes in the Portfolio by the Trustee will be limited and subject to the prior approval of the Bank.

No Rebalancing of the Portfolio

There is no assurance that the Portfolio will keep its initial Moody's weighted average rating of Baa2 until the Credit Observation End Date as a result of possible changes in the credit ratings of the Reference Entities. In such event, the Trustee will not seek to replace the Reference Entities to maintain the initial Moody's weighted average rating of the Portfolio.

Marketability of Units

There is currently no public market for the Units and the Trust does not intend to list the Units on any stock exchange. Consequently, purchasers may not be able to resell Units purchased under the prospectus. The Agent has agreed with the Trust that it will use its reasonable efforts to assist Unitholders to locate potential buyers if they wish to sell their Units. Notwithstanding the foregoing, there is no certainty that a liquid market for the Units will exist and, consequently, the market values of the Units may be lower than they would otherwise be if such Units traded on a liquid market.

Potential Difficulty to obtain Bids for a Reference Entity

The Cumulative Net Loss Amount upon Credit Events could be material if the Bank, acting as Calculation Agent, has difficulties in obtaining bids for a Reference Obligation. The difficulties may result from a lack of Dealers interested in bidding on such Reference Obligation or the lack of a market for such Reference Obligation.

Conflicts of Interest

In determining the Final Price of a Reference Obligation, the Bank will act as calculation agent to solicit bids. As counterparty under the Swap Agreement, a potential conflict of interest may exist since the Bank conducts the valuation process that determines the Net Loss Amount upon a Credit Event which might reduce the Swap Payment on the Maturity Date. In providing the Unwind Price a potential conflict of interest might also exist with the Bank since such Unwind Price could have an impact on the Outstanding Amount which will be payable by the Bank on the Maturity Date. However, the Bank has undertaken to act in good faith and in a commercially reasonable manner.

Liability of Unitholders

The Trust is a unit trust and, as such, the Unitholders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. There is no guarantee therefore, that Unitholders could not be made party to legal action in connection with the Trust. However, the Trust Agreement will provide that no Unitholder, in his capacity as such, will be subject to any liability whatsoever, in damages, contract or otherwise, to any person in connection with the Trust's property or the obligations or the affairs of the Trust and all such persons shall look solely to the Trust's property for satisfaction of claims of any nature arising out of or in connection therewith and the Trust's property only shall be subject to levy or execution. Pursuant to the Trust Agreement, the Trust will indemnify and hold harmless each Holder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

The Trust Agreement provides that the Trustee shall use reasonable means to cause the Trust's operations to be conducted in such a way as to minimize any such risk and, in particular, where feasible, to cause every written contract or commitment of the Trust to contain an express disavowal of liability of Unitholders.

In any event, it is considered that the risk of any personal liability of Unitholders is minimal in view of the anticipated equity of the Trust, and the nature of its activities. In the event that a Unitholder should be required to satisfy any obligation of the Trust, such Unitholder will be entitled to reimbursement from any available assets of the Trust.

The Bank has undertaken not to claim an amount in excess of the Outstanding Collateral Amount and not to claim from the Trust any additional amounts owed in relation to the Portfolio. The outstanding responsibility of the Trust relating to the Portfolio will be limited to the Initial Amount

Disqualification as a Mutual Fund Trust

If the Trust does not qualify as a mutual fund trust within the meaning of the Act, the amount received by the Unitholders from the distributions made by the Trust could be treated differently under the Act and, accordingly, be considered taxable income. In addition, there could be other adverse material tax effect on the Unitholders.

Change in Legislation

There can be no assurance that income tax, securities, and other laws will not be changed in a manner which adversely affects the distributions received by the Trust or by the Holders.

LEGAL OPINIONS

The matters referred to under “Eligibility for Investment” and “Canadian Federal Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Fasken Martineau DuMoulin LLP. Mr. Robert Y. Girard is a director and the secretary of the Trustee, and partner of Fasken Martineau DuMoulin LLP.

PROMOTER

National Bank Financial Inc. is the promoter of the Trust by reason of its initiative in creating the Trust. The promoter holds 10% of the voting securities of the Trustee. The promoter will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder and from its involvement in creating the Trust, other than the fees payable to the Agent for acting as agent in this offering. See “Plan of Distribution”.

AUDITORS

The auditors of the Trust are PricewaterhouseCoopers LLP, chartered accountants, of Montreal, Québec.

CUSTODIAN, REGISTRAR AND TRANSFER AGENT

Pursuant to a custodian agreement (the “Custodian Agreement”) to be executed on or prior to the Closing Date between the Trust and National Bank Trust Inc., the Administrative Agent will act as the custodian of the Trust in respect of the assets of the Trust, save and except for the Outstanding Collateral Amount which will be held by the Bank. Pursuant to a registrar and transfer agent agreement (the “Registrar and Transfer Agent Agreement”) to be executed on or prior to the Closing Date between the Trust and National Bank Trust Inc., the Administrative Agent, at its principal offices in Montreal and Toronto, will be appointed registrar and transfer agent for the Units.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

(a) the Trust Agreement described under “The Trust”;

(b) the Swap Agreement described under “The Swap Agreement”;

(c) the Unwind Agreement described under “The Swap Agreement – General”;

(d) the Indemnity Agreement described under “The Swap Agreement – Indemnity Agreement”;

(e) the Administrative Agent Agreement described under “Management of the Trust – The Administrative Agent”;

(f) the Recirculation Agreement described under “Description of the Units – Resale of Units Tendered for Redemption”;

(g) the Agency Agreement described under “Plan of Distribution”; and

(h) the Custodian Agreement and Registrar and Transfer Agent Agreement described under “Custodian, Registrar and Transfer Agent”.

Copies of the foregoing agreements, after the execution thereof, may be inspected during business hours at the principal office of the Trust during the course of distribution of the Units offered hereby.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in several of the provinces of Canada provides a purchaser with the right to withdraw from an agreement to purchase securities within two Business Days after receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

AUDITORS' REPORT

To the Trustee of
Onyx Trust, Series A-1:

We have audited the statement of net asset of Onyx Trust, Series A-1 as at April 25, 2003. This statement is the responsibility of the Trust's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this statement presents fairly, in all material respects, the financial position of the Trust as at April 25, 2003 in accordance with Canadian generally accepted accounting principles.

Montreal, Canada — *(Signed) PricewaterhouseCoopers LLP*
April 25, 2003 — Chartered Accountants

COMPILATION REPORT

To the Trustee of
Onyx Trust, Series A-1:

We have reviewed, as to compilation only, the accompanying unaudited pro forma statement of net asset of Onyx Trust, Series A-1 as at April 25, 2003 which has been prepared for inclusion in the prospectus relating to the sale and the issue of Units of the Trust. In our opinion, the unaudited pro forma statement of net asset has been properly compiled to give effect to the proposed transactions and assumptions described in the Notes thereto.

Montreal, Canada — *(Signed) PricewaterhouseCoopers LLP*
April 25, 2003 — Chartered Accountants

ONYX TRUST, SERIES A-1

Statements of Net Assets

As at April 25, 2003

		Actual		Pro Forma (unaudited)
Assets				
Cash	$	100	$	100
Short Term Investments	$	-	$	18,800,000
Derivative Related Asset	$	-	$	-
	$	100	$	18,800,100
Unitholders' Equity				
Authorized				
Unlimited number of units in series, without par value				
Issued and fully paid				
1 Series A-1 unit (200,001 Series A-1 units in the case of the Pro Forma statement).	$	100	$	20,000,100
Less: Agent's fees and offering cost	$	-		1,200,000
Net Assets	$	100	$	18,800,100

On behalf of the Trustee:

(Signed) Benoît Deschamps

(Signed) Robert Y. Girard

Notes to Statements of Net Assets
As at April 25, 2003

1. Establishment of the Trust and Authorized Units

Onyx Trust, Series A-1 (the "Trust") was established under the laws of Ontario on April 25, 2003 by regulation pursuant to a master declaration of trust. The Trust is authorized to issue an unlimited number of transferable, redeemable Series A-1 units, each of which represents an equal, undivided interest in the net assets of the Trust. All units have equal rights and privileges. Each whole unit is entitled to one vote and is entitled to participate equally with respect to any and all distributions made by the Trust. Units may be surrendered at any time for redemption but will be redeemed only on a quarterly basis on the last business day of each of the months of March, June, September and December (the "Redemption Date") for an amount equal to the Redemption Price of the Units determined as of such Redemption Date.

The Redemption Price will be equal to the 95% of the Unwind Price per Unit.

On April 25, 2003, the Trust issued one unit for a cash consideration of $100.

2. Net Assets per Unit

On April 25, 2003 the Trust had net assets per Unit of $100. After giving effect to the offering, the net assets per Unit, after deducting the Agent's fees and expenses of the offering, will be $94.00 ($96.33 in the case of the minimum offering).

3. Subsequent Event

On April 25, 2003, the Trust retained National Bank Financial Inc. to offer for sale to the public pursuant to a prospectus dated April 25, 2003, 200,000 units (150,000 units in the case of the minimum offering), as described in Note 1, for gross proceeds of $20,000,000 ($15,000,000 in the case of the minimum offering).

The Trust sold a credit default protection to JPMorgan Chase Bank under which the Trust will have to pay the Bank if credit defaults occur in the reference portfolio which generate a cumulative loss which exceeds the First Loss Tranche.

At the closing of this offering, on May 2, 2003, the Trust will invest the net proceeds in Permitted Investments and enter into a credit default swap agreement with the Bank.

Notes to the Unaudited Pro forma Statement of Net Assets

As at April 25, 2003 (unaudited)

Pro forma assumptions

The unaudited pro forma statement of net assets gives effect to the following transactions as if they occurred on April 25, 2003 (as more fully described in the prospectus dated April 25, 2003).

a) Credit Default Swap Agreement

The Trust intends to achieve its investment objective by entering into a Credit Default Swap Agreement with JPMorgan Chase Bank in order to provide Unitholders with a credit exposure to the mezzanine tranche of the Portfolio. The agreement will have an initial notional amount of $20,000,000 with a scheduled termination date of 5 years from the effective date of the agreement. The Portfolio will consist of a pool of investment grade Reference Obligations of 100 equally-weighted Reference Entities collectively having an initial Moody's weighted average rating of Baa2. The Portfolio Size will be equal to $750,000,000 in the case of the minimum offering and $1,000,000,000 in the case of the maximum offering. Under the terms of the credit default swap agreement, the Trust will pay the Bank if credit events occur in the reference portfolio which generate a cumulative loss which exceeds the First Loss Tranche. Credit events will include bankruptcy, failure to pay and restructuring of a reference entity.

Pursuant to the Credit Default Swap Agreement: (A) the Trust will (i) invest the net proceeds from the offering in Permitted Investments; (ii) pledge to the Bank, as collateral, Permitted Investments in an amount equal to the Initial Collateral Amount which will decrease by an amount equal to the Initial Payment and the Quarterly Payments (the "Outstanding Collateral Amount"); (iii) pay to the Bank, quarterly, the BA Rate on such Outstanding Collateral Amount; and (B) at the Maturity Date, the Bank will pay to the Trust the Initial Collateral Amount minus the Outstanding Collateral Amount and the Trust shall pay to the Bank the Initial Amount minus the Outstanding Amount plus the Holdback Amount.

Credit Risk

Credit Risk From the Reference Entities
Credit risk is the loss that could arise from Reference Entities being unable to meet its financial obligations through either bankruptcy, failure to pay or restructuring of a Reference Entity. The Trust will be exposed, via the Credit Default Swap, to the default risk of the reference entities in the portfolio which would generate a cumulative loss which exceeds the First Loss Tranche. The maximum credit risk exposure at the unaudited pro forma statement of net assets date is $18,800,000.

Derivative-Related Credit Risk
Credit risk from derivative transactions is generated by the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Trust. This market value is referred to as replacement cost since it is an estimate of what it would cost to replace transactions at prevailing market rates if a default occurred. The Trust will be exposed to this risk after enter into the proposed Credit Default Swap Agreement. The maximum derivative-related credit risk at the unaudited pro forma statement of net assets date is nil.

Valuation of the Credit Default Swap

Valuation methods are strongly influenced by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates, which reflect varying degrees of risk. Valuation of the Credit Default Swap is calculated using pricing models that incorporate the credit quality of the reference entities, the time value of money and yield curves.

The estimated fair value reflects market conditions on a given date, and for this reason cannot be representative of future fair values. They also cannot be considered as being realizable in the event of immediate settlement of these instruments.

b) Short Term Investments

The short term investments have a remaining term to maturity ending on or prior to the next following Quarterly Payment Date and were issued, or fully and unconditionally guaranteed as to principal and interest by the Government of Canada or a Canadian financial institution having a short-term or long-term rating from Standard & Poors Rating Service of at least A-1 or AA- and a short-term or long-term rating from Moody's of at least P-1 or Aa3 respectively.

c) Equity Financing

The Trust issued 200,000 units (150,000 units in the case of the minimum offering) for gross proceeds of $20,000,000 ($15,000,000 in the case of the minimum offering). The Agent's fees and offering costs of $1,200,000 ($550,000 in the case of the minimum offering) has been deducted from the Unitholders' equity.

CERTIFICATE OF THE TRUSTEE AND THE PROMOTER

Dated: April 25, 2003

This prospectus, together with the documents and information incorporated herein by reference, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of each of the provinces of Canada. For the purpose of the province of Québec, this prospectus contains no misrepresentation likely to affect the value or the market price of the securities to be distributed.

3838366 Canada Inc.
as Trustee on behalf of Onyx Trust, Series A-1

By: *(Signed)Claude Dalphond*
President and
Chief Financial Officer

On behalf of the Board of Directors of 3838366 Canada Inc.

By: *(Signed)* *Benoit Deschamps*
Director

By: *(Signed)* *Robert Y. Girard*
Director

National Bank Financial Inc., as Promoter

By: *(Signed) Alain Pelchat*

CERTIFICATE OF THE AGENT

Dated: April 25, 2003

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of each of the provinces of Canada. For the purposes of the province of Québec, this prospectus contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

NATIONAL BANK FINANCIAL INC.

(Signed) Josée Lévesque

SCHEDULE "A"

THE PORTFOLIO

No.	Name	Moody's Industry	Moody's Rating	S&P Rating
1	ACE LIMITED	Insurance	A3	BBB+
2	AGRIUM INC	Farming and Agriculture	Baa2	BBB
3	ALBERTSONS INC	Grocery	Baa1	BBB+
4	ALCOA INC	Mining, Steel, Iron and Nonprecious Metals	A2	A
5	AMERADA HESS CORP	Oil and Gas	Baa3	BBB
6	AMERICAN INTERNATIONAL GROUP INC	Insurance	Aaa	AAA
7	AMGEN INC	Healthcare, Education and Childcare	A2	A+
8	AOL TIME WARNER INC	Leisure, Amusement, Motion Pictures, Entertainment	Baa1	BBB+
9	ARAMARK CORP	Personal, Food and Misc. Services	Baa3	BBB-
10	ARROW ELECTRONICS INC	Electronics	Baa3	BBB-
11	ARVINMERITOR INC	Automobile	Baa3	BBB-
12	AT&T CORP	Telecommunications	Baa2	BBB+
13	BANK OF AMERICA CORP	Banking	Aa2	A+
14	BAXTER INTERNATIONAL INC	Healthcare, Education and Childcare	A3	A
15	BCE INC	Telecommunications	Baa1	A
16	BELLSOUTH CORP.	Telecommunications	A1	A+
17	BOEING CAPITAL CORP	Aerospace and Defense	A3	A+
18	CARNIVAL CORP	Leisure, Amusement, Motion Pictures, Entertainment	A3	A
19	CATERPILLAR INC	Machinery (Nonagriculture, Nonconstruction, Nonelectronic)	A2	A+
20	CENDANT CORP	Diversified/Conglomerate Services	Baa1	BBB
21	CENTEX CORP	Buildings and Real Estate	Baa2	BBB
22	CINGULAR WIRELESS LLC	Telecommunications	A3	A+
23	CITIGROUP INC	Banking	Aa1	AA-
24	CLEAR CHANNEL COMMUNICATIONS INC	Broadcasting	Baa3	BBB-
25	CNA FINANCIAL CORP	Insurance	Baa2	BBB-
26	COLUMBIA ENERGY GROUP	Oil and Gas	Baa2	BBB
27	COMCAST CABLE COMMUNICATIONS	Broadcasting	Baa3	BBB
28	COMPUTER ASSOCIATES INTERNATIONAL INC	Electronics	Baa2	BBB+
29	CONAGRA FOODS INC	Beverage, Food and Tobacco	Baa1	BBB+
30	CONOCOPHILLIPS	Oil and Gas	A3	A-
31	COOPER INDUSTRIES INC	Machinery (Nonagriculture, Nonconstruction, Nonelectronic)	A3	A-
32	COUNTRYWIDE HOME LOANS INC	Finance	A3	A
33	COX ENTERPRISES INC	Broadcasting	Baa1	BBB
34	CSX CORP	Cargo Transport	Baa2	BBB
35	CVS CORP	Retail Stores	A2	A
36	DEERE AND COMPANY	Farming and Agriculture	A3	A-
37	DELPHI CORP	Automobile	Baa2	BBB
38	DEVON ENERGY CORP	Oil and Gas	Baa2	BBB
39	EASTMAN KODAK COMPANY	Healthcare, Education and Childcare	Baa1	BBB+
40	ELECTRONIC DATA SYSTEMS CORP	Electronics	Baa2	A-
41	ERAC USA FINANCE COMPANY	Personal Transportation	Baa1	BBB+
42	FEDERATED DEPARTMENT STORES INC	Retail Stores	Baa1	BBB+
43	FIRSTENERGY CORP	Utilities	Baa2	BBB
44	FLEETBOSTON FINANCIAL CORP	Banking	A1	A
45	FORD MOTOR CREDIT COMPANY	Finance	A3	BBB
46	FPL GROUP CAPITAL INC	Utilities	A2	A
47	GENERAL ELECTRIC CAPITAL CORP	Finance	Aaa	AAA
48	GENERAL MOTORS ACCEPTANCE CORP	Finance	A2	BBB
49	GOODRICH CORP	Aerospace and Defense	Baa3	BBB
50	HARRAH'S ENTERTAINMENT INC	Hotels, Motels, Inns and Gaming	Baa3	BBB-

SCHEDULE “A”

THE PORTFOLIO

No.	Name	Moody's Industry	Moody's Rating	S&P Rating
51	HEWLETT-PACKARD COMPANY	Electronics	A3	A-
52	HOUSEHOLD FINANCE CORP	Finance	A2	A
53	INCO LTD	Mining, Steel, Iron and Nonprecious Metals	Baa3	BBB-
54	INTERNATIONAL BUSINESS MACHINES CORP	Electronics	A1	A+
55	INTERNATIONAL LEASE FINANCE CORP	Diversified/Conglomerate Services	A1	AA-
56	INTERNATIONAL PAPER CO	Printing and Publishing	Baa2	BBB
57	LABORATORY CORP OF AMERICA HOLDINGS	Healthcare, Education and Childcare	Baa3	BBB
58	MARRIOTT INTERNATIONAL INC	Hotels, Motels, Inns and Gaming	Baa2	BBB+
59	MBIA INSURANCE CORP	Insurance	Aaa	AAA
60	MBNA CORP	Banking	Baa2	BBB
61	MCDONALD'S CORP	Personal, Food and Misc. Services	A2	A+
62	MCKESSON CORP	Healthcare, Education and Childcare	Baa2	BBB
63	MERRILL LYNCH AND COMPANY INC	Finance	Aa3	A+
64	METLIFE INC	Insurance	A2	A
65	MONSANTO COMPANY	Chemicals, Plastics and Rubber	Baa1	A
66	MOTOROLA INC	Electronics	Baa2	BBB
67	NABORS INDUSTRIES INC	Oil and Gas	A3	A-
68	NATIONAL RURAL UTILITIES COOP FINANCE CORP	Utilities	A2	A
69	NEWMONT MINING CORP	Mining, Steel, Iron and Nonprecious Metals	Baa3	BBB
70	NEWS AMERICA INC	Broadcasting	Baa3	BBB-
71	NORDSTROM INC	Retail Stores	Baa1	A-
72	OMNICOM GROUP INC	Broadcasting	Baa1	A-
73	PSEG POWER LLC	Utilities	Baa1	BBB
74	RADIAN GROUP INC	Insurance	A2	A
75	RAYTHEON CO	Aerospace and Defense	Baa3	BBB-
76	RYDERSYSTEM INC	Personal Transportation	Baa1	BBB
77	SABRE HOLDINGS CORP	Electronics	Baa2	BBB+
78	SAFEWAY INC	Grocery	Baa2	BBB
79	SBC COMMUNICATIONS INC	Telecommunications	A1	AA-
80	SEARS ROEBUCK ACCEPTANCE CORP	Finance	Baa1	BBB+
81	SEMPRA ENERGY	Utilities	Baa1	A-
82	SIMON PROPERTY GROUP LP	Buildings and Real Estate	Baa2	BBB+
83	SOUTHWEST AIRLINES COMPANY	Personal Transportation	Baa1	A
84	SUPERVALU INC	Grocery	Baa3	BBB
85	TARGET CORP	Retail Stores	A2	A+
86	TEMPLE-INLAND INC	Printing and Publishing	Baa3	BBB
87	TEXTRON INC	Diversified/Conglomerate Services	A3	A
88	THE DOW CHEMICAL COMPANY	Chemicals, Plastics and Rubber	A3	A-
89	THE HERTZ CORP	Personal Transportation	Baa2	BBB
90	THE PMI GROUP INC	Insurance	A1	A+
91	TOYS R US INC	Retail Stores	Baa3	BBB-
92	TRANSOCEAN INC	Oil and Gas	Baa2	A-
93	TYSON FOODS INC	Beverage, Food and Tobacco	Baa3	BBB
94	VERIZON GLOBAL FUNDING CORP	Telecommunications	A2	A+
95	VIACOM INC	Broadcasting	A3	A-
96	VISTEON CORP	Automobile	Baa2	BBB
97	WALT DISNEY COMPANY	Broadcasting	Baa1	BBB+
98	WEYERHAEUSER COMPANY	Diversified Natural Resources, Precious Metals, and Minerals	Baa2	BBB
99	WYETH	Healthcare, Education and Childcare	A3	A
100	XL CAPITAL LTD	Insurance	A1	A+