



Pavilion  
RESOURCE FUND

## Pavilion 2022-1

---

SAVE MONEY ON YOUR TAXES

SHELTER YOUR TAXABLE INCOME

PREVENT OAS CLAWBACKS

INVEST IN THE CANADIAN RESOURCES SECTOR



Accient Capital Management Inc.

# Forward Looking Statements



Certain statements or information contained in this Offering Memorandum constitute “forward-looking statements” within the meaning of that phrase under applicable Canadian securities laws. Any statements that express, or involve discussions as to, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, through the words or phrases such as “will likely result”, “are expected to”, “expects”, “anticipate”, “believe”, “continue”, “estimate”, “intend”, “plan”, “potential”, “predict”, “project”, “seek” or other similar words) are not statements of historical fact and may be forward-looking statements. Forward-looking statements involve the Administrator’s internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, investment opportunities, future expenditures, plans for and results of investments, portfolio results, business prospects and opportunities. Although the Administrator believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies which could cause the Fund’s actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Fund. **No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.**

Forward-looking statements contained in this Offering Memorandum include, but are not limited to, statements with respect to: use of proceeds of the Offering; the business to be conducted by the Fund, the business to be conducted by the Partnership; timing and payment of distributions; payment of fees to the Administrator, Portfolio Manager, and Investment Fund Manager; the Fund’s investment objectives and investment strategies; anticipated investments; treatment under governmental regulatory regimes and tax laws; financial and business prospects and financial outlook; timing of dissolution of the Fund; possibility of extension of the dissolution date of the Fund; and types of portfolio securities and results of investments, the timing thereof and the methods of funding.

In addition to other factors and assumptions which may be identified in this Offering Memorandum, assumptions have been made regarding, among other things: the Fund’s qualification as a “mutual fund trust” and not a “SIFT trust” under the TaxAct; use of proceeds of the Offering; the retention of securities dealers in connection with the Offering and payment of service fees to such securities dealers; the business to be conducted by the Fund; the appointment of the Administrator; the general stability of the economic and political environment in which the Fund operates; the Fund’s investment objectives and investment strategies; timing and payment of distributions; treatment under governmental regulatory regimes and tax laws; the ability of the Portfolio Manager to obtain qualified staff, equipment and services in a timely and cost efficient manner; valuation of the Fund’s investments; the timing of dissolution of the Fund; the possibility of substantial redemptions of Trust Units; and currency, exchange and interest rates.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to: ability of the Fund to achieve or continue to achieve its objectives; incorrect assessments of the value of investments; availability of investments that meet the Fund’s investment objectives; concentration of investments in the portfolio of the Fund which could result in the Fund’s portfolio being less diversified than anticipated; the possibility of the Fund being unable to acquire or dispose of illiquid securities; variability of the Net Asset Value, which depends on a number of factors that are not within the control of the Fund, including performance of the portfolio, and performance of equity markets generally; possibility of substantial redemptions of Trust Units; general economic, market and business conditions, retention of certain key employees of the Administrator and Portfolio Manager; conflicts of interest involving certain directors, officers or employees of the Trustee, Portfolio Manager or Administrator; the risks discussed under “Risk Factors” and other factors, many of which are beyond the control of the Fund, the Trustee and the Administrator. Readers are cautioned that the foregoing list of factors is not exhaustive.

Management has included the above summary of forward-looking information in order to provide Unitholders with a more complete perspective on the Fund’s current and future operations and such information may not be appropriate for other purposes. These forward-looking statements are made as of the date of this Offering Memorandum and the Fund and the Administrator disclaim any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. Investors should read this entire Offering Memorandum and all consult with their own professional advisors to ascertain and assess the income tax, legal, risks and other aspects of their investment in the Trust Units. **The forward-looking statements contained or incorporated by reference in this offering memorandum are expressly qualified by the foregoing cautionary statements.**

# General Disclaimers



This presentation is provided by Accilent Capital Management Inc. ("Accilent Capital") and may be used for informational purposes only. Accilent Capital cannot guarantee the accuracy and accepts no responsibility for any loss arising from the use of or reliance on the information contained herein. The information in this presentation was current at the time of posting but may be superseded by subsequent disclosures or circumstances. Commissions, management fees and expenses may be associated with fund or partnership investments.

Accilent Capital created this presentation to be used by the general public and its clients. **The presentation does not, and it is not intended to, provide any financial, legal, accounting, or tax advice, and must not be relied upon by you in that regard. The presentation should not be used, or relied upon by you, as a substitute for your independent research or consultation with your own financial, legal or tax advisors.**

Investment funds or partnerships are not guaranteed, their values change frequently, and past performance provides no assurance or indication of future performance. Investment fund or partnership securities are not covered by the Canada Deposit Insurance or by any other government deposit insurer.

Please review the offering memorandum carefully for important information before investing. It is intended that any offering of securities of Pavilion Resource Fund LP will only be made in reliance upon the availability of exemptions from the applicable registration and prospectus requirements pursuant to applicable securities laws. **NO SECURITIES REGULATORY AUTHORITY HAS EXPRESSED AN OPINION ABOUT THESE SECURITIES AND IT IS AN OFFENSE TO CLAIM OTHERWISE.**

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE ONTARIO SECURITIES COMMISSION OR ANY SECURITIES REGULATOR OR EXCHANGE NOR HAS THE ONTARIO SECURITIES COMMISSION OR ANY SECURITIES REGULATOR OR EXCHANGE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRESENTATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

This document does not constitute an offer to sell or the solicitation of an offer to buy the securities, in any jurisdiction, including but not limited to, the United States. This document is not to be distributed or disseminated in the United States. The securities Pavilion Resource Fund LP have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold in the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

# Investor Key Points

## Current Investment Opportunity Profile

- Potential For Above Average Investment Returns
- 13 Year Proven Track Record
- 100% - 115%+ tax benefit, over time, for every dollar invested
- Excellent Macro Timing (Bull Market or Super Cycle?)
- Reduced Risk due to tax refunds, diversification and professional management

# Vision and Purpose

All Great Businesses or Investment Funds start with a why!

## Accilent Capital Management Inc.

Founded in 2002 by Daniel C. Pembleton – Celebrating 20 Years

- To identify niche markets and design and manage smarter, more effective investment products, and make them accessible to private investors in Canada.

## Pavilion Resource Fund

The Fund was created in 2008

- “We saw how Canadian resource pioneers were generating billions of dollars in resource-related wealth, so we created a resource fund that would act as a blueprint for investors looking to replicate this investment style – with the added benefit of significant tax deductions and credits.”

# Why consider an Investment in Pavilion?

- Flow Through's are the only significant tax shelter available to Canadians today
- They can be purchased both individually and by corporations to reduce your taxes owed
- It is a smart investment vehicle for high income earners with tax problems
- Experienced Institutional Grade Investment Manager, that has developed and successfully managed 18 Pavilion Funds to date
- Flow Through's are a Government-endorsed and supported program since 1954 to encourage development of the Canadian resource sector

# Who can benefit by Investing in Pavilion?

- Individuals or Families that want to save money on their personal taxes.
- High Income earning Canadians that want to lower their average tax rate.
- Successful business owners that would like to reduce their corporate taxes.
- Retired Canadians that would like to prevent claw back's on their OAS pension.
- Investors that have accumulated large RRSP account balances
- Investors that have a one-time tax issue to solve
- Investors that are looking for diversification and professional management for their Canadian natural resource portfolio.

# Investment Selection

What qualities should you look for in a Private Investment Fund

- Solid Management with Experience
- Clear Investment Premise
- A Defined Hold Period
- Track Record & Performance
- Management Fees Aligned with Investor Interests
- Downside Protection & Risk Mitigation
- Tax Efficiency
- Consistent Reporting

# Solid Management with Experience

- Daniel Pembleton MBA, CFA, founded Accilent Capital Management Inc. in 2002 to provide investment advisory services for third party and proprietary funds, individual managed accounts, and structured investments.
- He has been working in the financial industry as a trader and portfolio manager for over 25 years. Nearly a decade of this time was spent with RBC Dominion Securities in institutional fixed income where he rose to the level of Vice-President Global Money Markets.
- His education includes an Honors BA in economics from Brock University, an MBA from Western's Ivey School of Business and a Chartered Financial Analyst (CFA) designation in 1998 from the CFA institute.



DANIEL C PEMBLETON, President

MBA, CFA, IFM, PM, CTM

Registered with the Ontario Security Commission and other provincial regulators as:

- Portfolio Manager
- Investment Fund Manager
- Commodities Trading Manager

# Management Team

Michael Anderson - CPA

Fund Accountant – Project Manager

Kat Inokai

Vice President - Communications

Mark Taucar - CFA

Portfolio Manager

Graham Koehler

Vice President – Business Development

Fiona Henderson

Operations Manager

Cesar Cossio

Financial Analyst

Nancy Lu

Marketing and Administration Coordinator



## Clear Investment Premise & Defined Hold Period

- Pavilion funds differentiate themselves in the Flow Through field by seeking an absolute return on investors' capital and not relying on just the tax benefits to provide returns
- A diversified portfolio of small and microcap natural resource stocks can provide better than market return over measured time periods
- Our Team has forged extensive resource industry connections. This network enables us to invest alongside some of Canada's elite investors in Oil & Gas, Mining and Alternative Energy Sectors.
- Using oil and gas as well as mineral and mining stocks increases the universe of stocks to choose from and provides better diversification than either sectors alone
- The max 5 year holding period allows resource explorers and deliverers time to execute their business plans and increase value "through the drill bit"

Accilent Capital has successfully managed proprietary funds from 2008 onward, through some of the most volatile markets.

# Track Record & Performance

In the years since its inception, Pavilion funds have held the number one position in terms of unit values more often than any other Flow-Through fund available\*.

During some of the most volatile markets of recent history.

\*Based on data compiled by Accilent Capital Management Inc. from publicly available sources believed to be accurate including; news releases; issuer web sites and; SEDAR filings.

# Historical Performance

(Updated to November 30, 2021)

- **ABSOLUTE RETURNS**

Lowest Exit = \$3.53

Highest Exit = \$23.68

Average value of all 18 funds to date = \$13.80

- **INCLUDING TAX BENEFIT**

Average Return on all past funds including Tax Savings  
@ 50% MTR = 133%

\*\*These values were during the longest bear market in junior resources history, and we are now entering what looks like a bull market or potentially a commodity Super Cycle.

# Management Fees Aligned with Investors Interests

## General Partner

- Dan Pembleton MBA, CFA

## Investment Team Members

- Dan Pembleton President, PM
- Michael Anderson - CPA  
Fund Accountant
- Cesar Cossio, Analyst

- **Investment Advisor:** Dan Pembleton MBA, CFA
- **Fund Type:** Offering Memorandum
- **Offering Maximum:** \$22mm
- **Final Closing Date:** December 15<sup>th</sup> - 2022
- **Management Fee:** 2.25%
- **Performance Fee:**

First \$11.20 = 100% to investor (12% Return)

\$11.21 to \$20.00 = 80/20 split (80% to Investor)

Over \$20.00 = 60/40 split (60% to Investor)

# Downside Protection and Risk Mitigation

- Tax Refunds
- Diversification
- Professional Management
- Hold Period

# Pavilion Ladder Effect <sup>TM</sup>

Spreading The Risk Over Multi - Year Investments

- Investing annually will diversify your portfolio into multiple funds and resource companies
- Stronger returns on some funds can negate weaker returns from others, for an overall better performance
- Use the tax credits (refund) to partially fund next year's purchase
- At year 3 your new investment may be fully funded from previous tax benefits

## Pavilion Ladder Effect <sup>TM</sup>

Spreading The Risk Over Multi-Year Investments:



# Consistent Reporting

T5013 Each Year The Fund Is Active

Semi-Annual Financials Statement

Annual Audited Financial Statement

Quarterly NAV and Commentary provided  
by the Fund Manager



## How It Works



Canadian resource companies receive government tax deductions on their exploration and development activities

To fund these activities, they will sometimes sell Flow-Through shares which are identical to common shares with the added element of permitting tax deductions for the investor

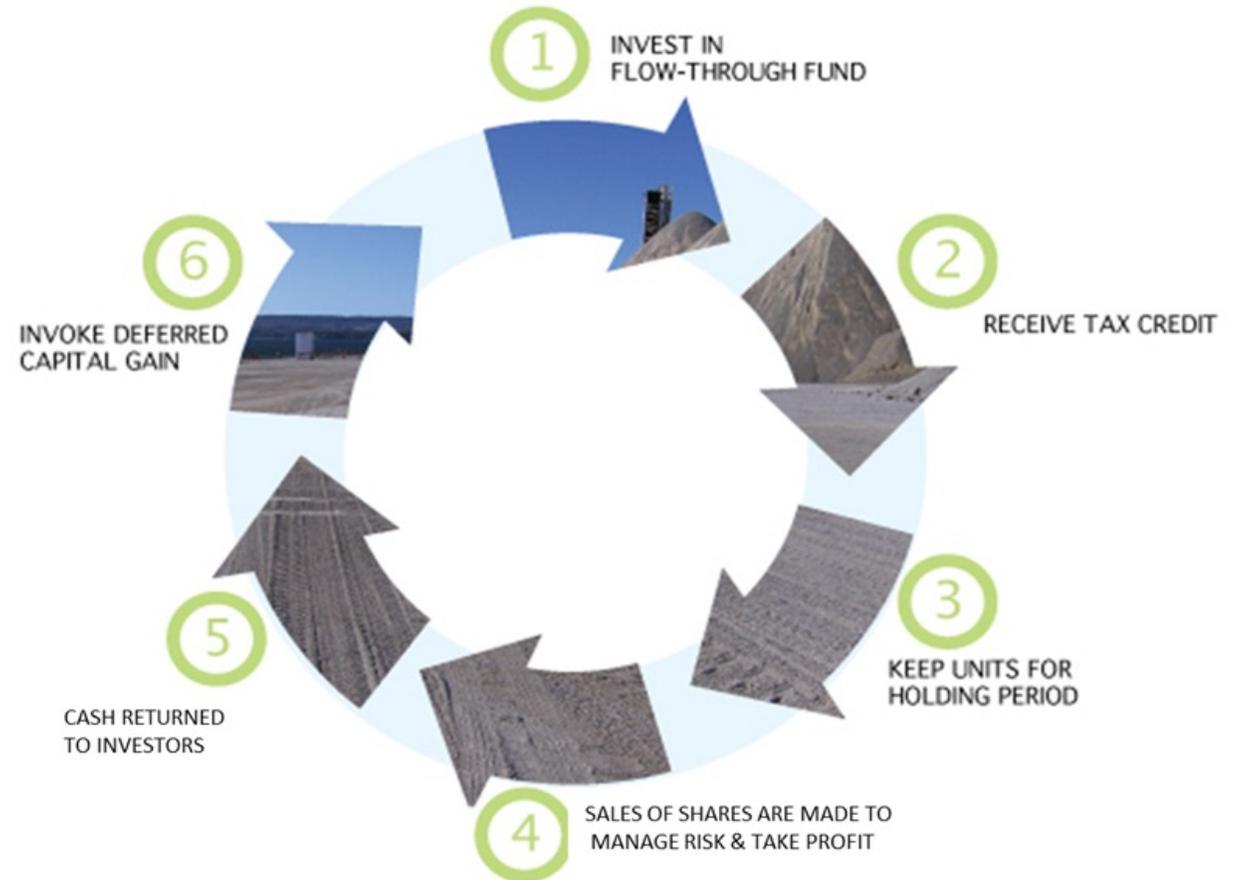
Resource companies 'flow-through' their government tax deductions (CEE credits) to the investors at the end of the calendar year

T5013 issued to each investor for tax purposes

# Tax Efficiency

- Additional benefit since year 2000 is the METC (Mineral Exploration Tax Credit) of 15% of total invested in mining. The credit has been extended right through 2024.
- Investors can use these deductions when calculating their taxable income and can reduce the income tax they pay.
- Any Unused Deductions & Credits can be carried forward for 20 years.

## The Transformative Nature of Investing in Flow Through Funds



*Converting income tax payable today (at highest marginal tax rate) into a FUTURE capital gain*

### Ontario Example (from the Pavilion Calculator)

<b>Taxable Income</b>	<b>\$200,000</b>
Proposed Investment	\$20,000
Approximate Tax Savings (including the Federal 15% ITC)	\$11,352
Capital At Risk	\$8,648
Fund Return	\$20,000 (same as purchase amount)
Return adjusted for Capital Gains	\$16,399
Return on Capital at Risk	131% (after tax return 90%)

**Important Information:**

A contribution of \$20,000 to an RRSP will constitute a tax savings of \$9,638. Note that maximum RRSP contribution for 2020 is \$27,230.

With a flow-through partnership, in place of an RRSP, you can realize an extra tax savings of up to \$1,714 which can be put into other investments or to pay down debt.

An additional deduction of \$235 can also be taken in the first year. The rest of the offering costs (\$2,115) is spread over the next 4 years.

The capital gains tax is calculated as an average overall tax rate for the given income. In reality, it is calculated at the highest marginal tax rate.

However, we cannot know what will be your highest marginal tax rate of the specific investor at the time the investor gets back the money. Thus, we are using the average.

## Using Pavilion To Offset Large Capital Gains

	Without Using Pavilion	With Investing \$435,000
Taxable income on \$1,000,000 capital gains	\$500,000	\$500,000
Tax on \$500,000 income at 54% MTR Without FT	\$270,000	\$270,000
Less: CEE credit deduction of 100%	N/A	(\$435,000)
Less: METC at 15%	N/A	(\$65,250)
Total tax owed in year 1	\$270,000	\$0
Tax Savings from Flow Through	\$0	\$270,000

**\*Assumptions:**

Cap Gain of \$1mm, Highest Marginal Tax Rate, Investment of \$435,000 into Pavilion, the investment only breaks even over time. Alternative Minimum Tax may be payable.

The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting or professional advice. You should consult with your own accountants and/or lawyers for advice on the specific circumstances before taking any action. We strongly recommend that you consult your investment professional for a comprehensive review of your personal financial situation before undertaking any investment strategy. Information herein is subject to change without notice and Accilent is not responsible for any inaccuracies or to update this information.

# In Summary

Pavilion is a tax advantaged entry point for a diverse portfolio of resource investments designed to provide a return on the invested capital.

The Fund highlights Accilent Capital's strengths and experience in commodities, small and micro-cap investing, as well as our ability to work with other specialists within the investing community.



- ✓ Solid Management with Experience
- ✓ Clear Investment Premise
- ✓ A Defined Exit and Hold Period
- ✓ Track Record & Performance
- ✓ Management Fees Aligned with Investor Interests
- ✓ Downside Protection & Risk Mitigation
- ✓ Tax Efficiency
- ✓ Consistent Reporting

## Early Purchase Discount

To assist in raising some early capital, we incentivize investors by offering a unit price discount for a period of time

Allows PM to capitalize on attractive buying opportunities that may disappear later in the year once more activity from all FT issuers

All investors will participate in the potential profit advantage, so early capital receives a bonus in form of discount

Discounted units do NOT adversely affect the tax benefits in any way as they are based on Dollars invested

## Early Purchase Discount

**To June 30 = \$9.00 per unit**

July 1 to September 30 = \$9.50 per unit

October 1 to December 4 = \$10.00 per unit

December 5 to final close = \$11.00 per unit

## Connect With Us Today:

Graham Koehler

VP - Business Development, Canada

T:250.869.7989

Email: [gkoehler@accilentcapital.com](mailto:gkoehler@accilentcapital.com)

Or visit our website and contact our office:

Visit: [accilentcapital.com](http://accilentcapital.com)

Email: [service@accilentcapital.com](mailto:service@accilentcapital.com)

416.429.9779