



**REPORT OF THE INDEPENDENT REVIEW COMMITTEE  
TO THE SECURITYHOLDERS OF  
NORREP FUND, NORREP OPPORTUNITIES CORP. and NORREP CORE PORTFOLIOS LTD.**

**YEAR ENDED OCTOBER 31, 2016**

**Introduction**

The Independent Review Committee (the “IRC”) of Norrep Fund, Norrep Opportunities Corp. and Norrep Core Portfolios Ltd. (the “Funds”) is making its annual report to securityholders for the period ending October 31, 2016, as required under National Instrument 81-107 *Independent Review Committee for Investment Funds*.

Norrep Capital Management Ltd. (formerly called Hesperian Capital Management Ltd.), in its role as manager of the Funds under NI 81-107 (the “Manager”), appointed the initial members of the IRC on October 23, 2007 and the IRC became operational on November 1, 2007. Following an internal corporate reorganization that resulted in the change of name of the Manager and a technical change in control of the Manager under applicable securities laws, the members of the IRC were removed as members of the IRC effective at the closing of the reorganization on December 1, 2014, and were immediately thereafter reappointed by the Manager.

**Mandate of the IRC**

The mandate of the IRC is to review and provide input to the Manager on conflicts of interest matters and to review and provide its decision to the Manager on such conflicts. The Manager is required under NI 81-107 to identify conflicts of interest, and potential conflicts of interest, inherent in its management of the Funds and request input from the IRC on how it manages those conflicts of interest.

Certain matters require the IRC’s prior approval; however, in most cases, the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Funds. For recurring conflicts, the IRC provides the Manager with standing instructions on how the conflict should be managed (“Standing Instructions”).

**Members of the Independent Review Committee**

Each member of the IRC is independent of the Funds, the Manager and other companies related to the Manager. During the period, except as noted above under “Introduction”, there were no changes in the composition of the IRC and there were no relationships that may cause a reasonable person to question a member’s independence. Other than Norrep Short Duration 2016 Flow-Through Limited Partnership, Norrep Short Term Income Fund, Norrep Market Neutral Income Fund,

Norrep Canadian Enhanced Equity Fund and Norrep Enhanced Credit Fund, the members of the IRC are not members of any other independent review committees.

<b>Name</b>	<b>Residence</b>	<b>Length of Service (First Appointed)</b>
James B. Rooney, Q.C. (Chair)	Calgary, Alberta	October 23, 2007
Michael P. Robinson, C.M.	Vancouver, British Columbia	October 23, 2007
Ian T. Brown, BSc., P. Geol, ICD.D	Calgary, Alberta	October 23, 2007

The IRC meets regularly with representatives of the Manager, and also holds meetings without representatives of the Manager being present, to discuss matters affecting the Manager’s policies and procedures, standing instructions and conflict of interest matters referred to the IRC. During the period from November 1, 2015 to October 31, 2016, the IRC held four meetings with representatives of the Manager. A portion of each meeting was reserved for discussion without the representatives of the Manager being present.

**Holding of Securities**

As at October 31, 2016, the members of the IRC did not beneficially own, directly or indirectly, in aggregate, in excess of 10% of the outstanding shares or units of any series of the Funds.

As at October 31, 2016, no member of the IRC beneficially owned, directly or indirectly, any class of voting or equity securities of Norrep Capital Management Ltd.

As at October 31, 2016, no member of the IRC beneficially owned, directly or indirectly, any class of voting or equity securities of any service provider to the Funds or the Manager.

**Compensation and Indemnities**

The members of the IRC are entitled to be compensated by the Funds and to be indemnified by the Funds in appropriate circumstances. The aggregate compensation and expenses paid by all Norrep funds to the IRC for the period November 1, 2015 to October 31, 2016 was \$99,274.39. This amount was allocated pro rata among the Norrep funds.

No indemnities were paid to the IRC by the Funds during the period.

The initial compensation of the Independent Review Committee was set by the Manager. The IRC reviews and determines its own compensation on an annual basis. In deciding what the appropriate level of compensation is, the IRC considers the work load of the IRC and contribution made by each of its members, the complexity and difficulty of the tasks undertaken by the IRC, and the value brought by the IRC to the Funds, including cost savings.

**Conflict of Interest Matters**

During the period of November 1, 2015 to October 31, 2016, the IRC is not aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation. The Manager has the obligation to notify the IRC of any such instance.

During the period of November 1, 2015 to October 31, 2016, the IRC is not aware of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval. The Manager has the obligation to notify the IRC of any such instance. The IRC is obligated to notify the applicable securities regulatory authority in such a case.

### **Standing Instructions**

The IRC has approved Standing Instructions, which constitute a written approval or recommendation from the IRC that permits the Manager to proceed with specific action(s) set out in the Standing Instructions on an ongoing basis, without having to refer the conflict of interest to the IRC, provided the Manager complies with the terms and conditions of the Standing Instructions.

The following approvals and Standing Instructions of the IRC were provided to the Manager for the period of November 1, 2015 to October 31, 2016.

### **Approvals with Standing Instructions**

During the period, the Manager followed the approval and standing instructions made by the IRC to allow certain Funds to purchase securities from, or sell securities to, another Fund managed by the Manager (referred to as inter-fund trades). The standing instruction requires the Manager to comply with the inter-fund trade provisions of National Instrument 81-107 and to report on a specified basis to the IRC.

During the period, the Manager followed the approval and standing instructions made by the IRC to allow Norrep Short Duration 2015 Flow-Through Limited Partnership to transfer its assets to Norrep Energy Class of Norrep Opportunities Corp. in exchange for shares of Norrep Energy Class. The standing instruction requires that the Manager comply with the conflicts of interest policies and procedures regarding rollover transactions and to report on a specified basis to the IRC.

**Norrep Investment Funds Served by the IRC**

Norrep Fund

Funds within Norrep Opportunities Corp.:

- Norrep II Class
- Norrep Income Growth Class
- Norrep U.S. Dividend Plus Class
- Norrep Energy Class
- Norrep Entrepreneurs Class
- Norrep High Yield Class
- Norrep Global Income Growth Class
- Norrep Tactical Opportunities Class

Funds within Norrep Core Portfolios Ltd.:

- Norrep Premium Growth Class
- Norrep Core Canadian Class
- Norrep Core Global Class

Norrep Short Term Income Fund

Norrep Short Duration 2016 Flow-Through Limited Partnership

Norrep Market Neutral Income Fund

Norrep Canadian Enhanced Equity Fund

Norrep Enhanced Credit Fund

Dated: December 13, 2016

ON BEHALF OF THE INDEPENDENT REVIEW COMMITTEE

*(Signed) "James B. Rooney"*

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James B. Rooney, Q.C. (Chair)