DUNDEE GOODMAN
PRIVATE WEALTH

ETF RISK DISCLOSURE STATEMENT
LEVERAGED AND INVERSE EXCHANGE-TRADED FUNDS
(November 2011)

You should carefully consider the investment objectives, risks and expenses of any Exchange-Traded Fund ("ETF") prior to investing. Leveraged & Inverse Leveraged ETFs are not suitable for all investors and should be used by sophisticated investors who understand leverage risk, the consequences of daily rebalancing and intend to actively monitor and manage their investments. This risk disclosure cannot disclose all the risks and other factors necessary to evaluate your participation in a particular ETF. Before investing in an ETF, you should read the ETF's prospectus available on SEDAR (http://www.sedar.com) or by contacting your Dundee Advisor.

Market risk

You will bear the risk of loss and volatility associated with the underlying indexes or other benchmark being tracked by the ETF.

ETFs (including Leveraged ETFs) are designed to track the performance of certain indexes or other benchmarks and "inverse" or "short" ETFs (including Inverse Leveraged ETFs) deliver the opposite of the performance of the index or benchmark they track. ETF managers may use different strategies to achieve this goal, but they generally cannot take defensive positions in declining markets because they must track faithfully the performance of the underlying index or other benchmark regardless of how that index or other benchmark is performing. As a result, the ETF manager cannot take action to mitigate losses if the performance (or inverse performance) of the underlying index or other benchmark falls.

Market Risk is Magnified by Leverage

Leveraged & Inverse Leveraged ETFs are riskier than index mutual funds and traditional ETFs that do not use leverage or inverse leverage. You could lose a significant portion of your investment if betting index or benchmark directions incorrectly.

Leveraged ETFs seek to provide leveraged returns at multiples of the performance (or in the case of Inverse Leveraged ETFs, inverse performance) of the index or benchmark they track. The use of leverage magnifies risk and can cause Leveraged & Inverse Leveraged ETFs to be more volatile and subject to extreme price movements.

Tracking Errors

ETFs (including Leveraged & Inverse Leveraged ETFs) are meant to be held short-term only

You should not expect an ETF (including Leveraged & Inverse Leveraged ETFs) to track its underlying index or benchmark perfectly. Over longer periods an ETF may perform very differently from its underlying index or benchmark. The longer you hold an ETF, the greater the likelihood that you will lose money regardless of which direction you bet. ETFs are not suitable for holding periods longer than a few days and must be traded daily to achieve the greatest likelihood of tracking of the underlying index or benchmark.

A tracking error is the difference in performance between an ETF and its underlying index or benchmark. Tracking errors can be caused by impact of transaction fees and expenses, changes in composition of the underlying index or benchmark and the ETF manager's replication strategy. To track the underlying index or benchmark as closely as possible, most ETFs reset daily. As a result, you must buy and sell the products daily in order to achieve the greatest likelihood of correlated performance. Due to the effect of compounding, tracking errors grow over time and the performance of an ETF can differ significantly from the performance (or inverse performance) of its underlying index or benchmark. If you hold an ETF beyond a day, it can build up tracking error that may grow the longer it's held. Tracking errors can be magnified in volatile markets or if an ETF is tracking a very volatile underlying index or benchmark.

Risks Magnified by Market Volatility

Many Leveraged & Inverse Leveraged ETFs involve HIGH RISK especially during a volatile market environment.

Leveraged & Inverse Leveraged ETFs are heavily influenced by both direction and volatility of the underlying index or benchmark. Leveraged ETFs seek to provide daily returns which are a multiple of the return of the relevant benchmark or a multiple of the inverse of the return of the relevant benchmark in the case of Inverse Leveraged ETFs. As a result, Leveraged & Inverse Leveraged ETFs must react to market fluctuations and these products are likely to underperform in volatile markets as a result of the need for constant and substantial portfolio adjustments. In markets in which there are no clear trends, the impact of daily rebalancing may be harmful to performance over time.

Additional Counter-Party and Credit Risks

Leveraged & Inverse Leveraged ETFs involve risks beyond performance of the underlying index or benchmark.

Leveraged & Inverse Leveraged ETFs track the performance of an underlying index or benchmark by investing in derivative instruments, such as futures contracts or swaps, designed to replicate the performance or inverse performance of that index or benchmark. As a result, the products are exposed to the credit risks of the counterparties who issued the derivatives in addition to the risks inherent in the underlying index or benchmark. In other words, even if index or benchmark you have bet on has done well, if the relevant counterparty failed, you still could suffer a loss of up to your entire investment.

Higher Operating Expenses

Since ETFs (including Leveraged & Inverse Leveraged ETFs) typically rebalance their portfolios on a daily basis in order to compensate for anticipated changes the performance of the underlying index or benchmark they track, these products may have frequent trading and increased portfolio turnover. As a result, ETFs generally have higher operating expenses and management fees than other funds.

Liquidity Risk

Unlike index mutual funds that are redeemable, ETFs (including Leveraged & Inverse Leveraged ETFs) trade like stocks and there may be no market makers to provide liquidity to facilitate trading in an ETF.