



SUPREMEX INCOME FUND
ANNUAL INFORMATION FORM

March 19, 2009

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EXPLANATORY NOTES

The information in this Annual Information Form is stated as at December 31, 2008, unless otherwise indicated.

Unless otherwise indicated or the context otherwise requires, Supremex refers to Supremex Income Fund (the “Fund”), Supremex Inc. (“Supremex”) and Buffalo Envelope Inc. together with their respective subsidiaries and other entities controlled by them. References to “Management” in this Annual Information Form mean the senior officers of Supremex. Any statements in this Annual Information Form made by or on behalf of Management are made in such persons’ capacities as officers of Supremex and not in their personal capacities.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the “Glossary of Terms” at the end of this Annual Information Form. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars. References to “\$” are to Canadian dollars and references to “US \$” or “US dollars” are to United States dollars.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements relating to the future performance of the Fund. A statement is forward-looking when it uses what the Fund knows and expects today to make a statement about the future. Forward-looking statements may include words such as *anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target* and *will*. These statements relate to future events or future performance and reflect current assumptions, expectations and estimates of Management regarding growth, results of operations, performance, business prospects and opportunities, Canadian economic environment and ability to attract and retain customers. Such forward-looking statements reflect current assumptions, expectations and estimates of Management and are based on information currently available to the Fund as at the date of this document. Forward-looking statements are subject to certain risks and uncertainties, and should not be read as guarantees of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking statements. Consequently, we cannot guarantee that any forward-looking statements will materialize. Such assumptions, expectations, estimates, risks and uncertainties are discussed throughout this Annual Information Form and, in particular, in Risk Factors. Consequently, readers should not place any undue reliance on such forward-looking statements. The Fund disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

DEFINITION OF EBITDA AND DISTRIBUTABLE CASH

References to “EBITDA” are to (loss) earnings before net financing charges, income taxes, amortization of property, plant and equipment, intangible assets, deferred compensation, impairment of goodwill and loss on disposal of machinery and equipment.

Management views distributable cash as an operating performance measure, as it is a measure generally used by Canadian income funds as an indicator of financial performance. Distributable cash is defined as cash flow related to operating activities adjusted for the net change in non-cash working capital balances, change in post-retirement benefits obligation, change in accrued pension benefit assets and maintenance capital expenditures. Distributable cash is important as it summarizes the funds available for distribution to unitholders. As the Fund distributes substantially all of its cash on an on-going basis and since EBITDA is a metric used by many investors to compare issuers on the basis of the ability to generate cash from operations, management believes that in addition to net earnings, EBITDA is a useful supplementary measure from which to make adjustments to determine distributable cash.

EBITDA and Distributable Cash are not earnings measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Distributable Cash may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA and Distributable Cash should not be construed as an alternative to net earnings determined in accordance with GAAP as indicators of the Fund’s performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

CORPORATE STRUCTURE

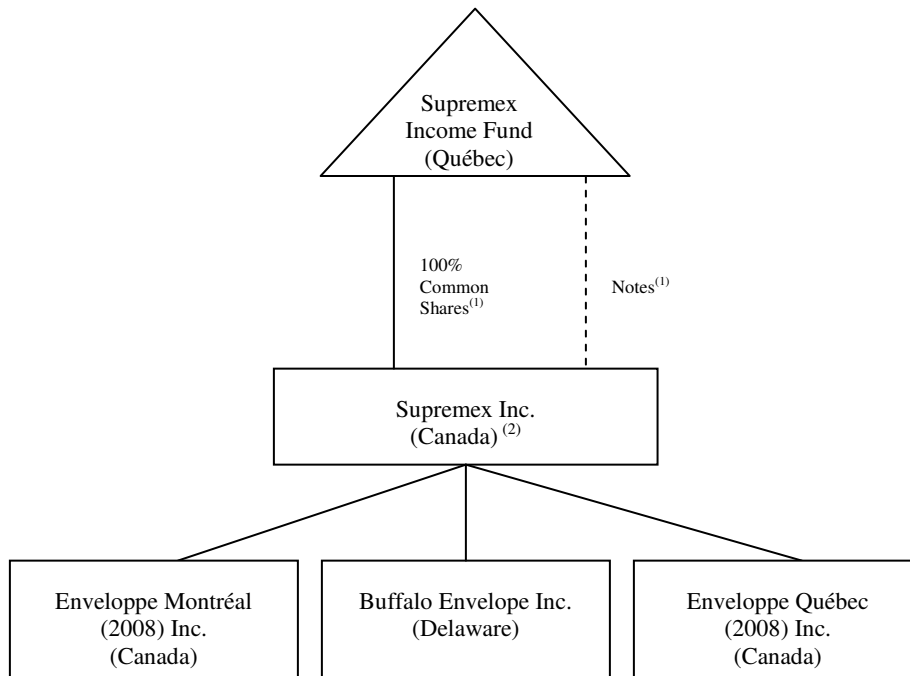
Name, Address and Incorporation

The Fund is an unincorporated, open-ended trust established under the laws of the Province of Québec by a fund declaration of trust made as of February 10, 2006 as amended and restated as of March 31, 2006 (the “Fund Declaration of Trust”). The Fund was established to acquire and hold the common shares of Supremex (the “Shares”) and the principal amount of the notes (the “Notes”).

The principal and head office of Supremex is located at 7213 Cordner, LaSalle, Québec, Canada, H8N 2J7.

Intercorporate Relationship

The following chart illustrates, on a simplified basis, the structure of the Fund (including jurisdiction of establishment/incorporation of the various entities).



(1) The Fund owns all of the Shares and all of the Notes.

(2) Supremex Inc. owns all of the shares of Enveloppe Montréal (2008) Inc., Buffalo Envelope Inc. and Enveloppe Québec (2008) Inc.

GENERAL DEVELOPMENT OF THE BUSINESS

General

The Fund used the net proceeds from the Initial Public Offering completed on March 31, 2006 to acquire and hold the Shares of Supremex and the principal amount of the Notes.

History of Supremex

The Supremex business was founded by four envelope industry executives in 1977 by the incorporation of Enveloppe Supreme Inc.

In 1990, the Schrodgers Canadian Buy-out Fund and Company, Limited, an investment fund, acquired a 78% interest in Supremex, while the management group retained the remainder. By 1991, Supremex had become Canada's third largest envelope manufacturer, operating facilities in Mississauga and Markham, Ontario and Montreal, Québec and carrying on business under each of the names "Enveloppe Supreme", "Unique Envelope", "Elite Envelope" and "Sentry Envelope".

In 1991, Supremex acquired the assets of Innova Envelope from Abitibi-Price Inc., creating the largest envelope manufacturer in Canada. In 1994, Supremex also acquired a 75% interest in Classic Envelope Plus Ltd., an envelope printer, and acquired the remaining 25% in 1998. As part of a strategic realignment, Supremex subsequently sold Classic Envelope Plus Ltd. in 2005.

Supremex was sold by the Schrodgers Canadian Buy-out Fund and Company, Limited and the management group to Cenvéo (then Mail-Well Holdings Inc.) in 1995. Between 1995 and the closing of the Initial Public Offering, Supremex continued to operate and grow under its own general strategic direction, operating principles and corporate identity.

After 1995, Supremex continued to expand aggressively through the completion of several strategic acquisitions. In 1996, Supremex acquired the assets of PNG Products Inc., PAC National Group and PNG Enveloppe Internationale Inc., which until then was the only other national envelope manufacturer and marketer in Canada. In 1998, Supremex acquired the assets of the envelope division of Québec-based Dominion BlueLine Inc. In 2000, Supremex acquired Ontario-based CML Industries Ltd., which included Regional Envelope Products Inc., Transit Envelope Inc. (Montreal), Precision Fine Papers Inc. and CML's Specialty Paper Products division. In 2001, Supremex commenced the management of the consumer business of Cenvéo "Depew" operations in Buffalo, New York. Precision Fine Papers Inc., a paper sheeter and converter, was sold in September 2005.

In November 2005, Cenvéo publicly announced its intention to evaluate the sale of its Canadian operations to de-leverage Cenvéo's balance sheet and redeploy its capital. This resulted in the Initial Public Offering in March 2006 and was completed in March 2007, with the sale by Cenvéo of the balance of its indirect retained interest in Supremex.

On August 9, 2007 and September 16, 2008, the Fund acquired substantially all the assets of NPG Envelope ("NPG") and Montreal Envelope ("Montreal").

RECENT DEVELOPMENTS

Pursuant to the normal course issuer bid (NCIB) which began on November 8, 2007, the Fund could have purchased for cancellation 2,000,000 units until November 7, 2008. During the first quarter of 2008, the Fund purchased for cancellation 256,500 units at prices ranging from \$5.60 to \$5.80 per unit and thus completed its normal course issuer bid.

On November 18, 2008, the Fund announced its intention to renew its NCIB and purchase for cancellation a number of its units through the facilities of the Toronto Stock Exchange, beginning November 21, 2008 and ending November 20, 2009.

Under the NCIB, the Fund could repurchase for cancellation up to 1,800,000 units. This represents approximately 9.4% of its public float of 19,077,367 units as of November 18, 2008. As at the same date, 29,311,667 units were outstanding. The average daily trading volume of the Fund's units over the six most recently completed calendar months was 40,651. Accordingly, the Fund is entitled to purchase up to 10,162 units on any trading day. The cash consideration that the Fund will pay for any units acquired by it under the NCIB will be the market price of such Units at the time of the acquisition. Up to December 31, 2008, the Fund purchased for cancellation 13,900 units at an average price of \$3.63 for a total of \$50,482.

On December 16, 2008, the Fund announced a reduction in the distribution rate from \$1.15 per year to \$0.60 commencing with the January 2009 distribution payable on February 15, 2009. This decision was based on a number of factors, including current market conditions, increased raw material costs due to the falling Canadian dollar and the tightened credit market.

BUSINESS OF SUPREMEX

Overview

Supremex is Canada's leading manufacturer and marketer of a broad range of stock and custom envelopes and related products. Supremex is the only national envelope manufacturer in Canada with 10 manufacturing facilities across seven provinces. This national presence enables it to satisfy the manufacturing requirements of large national customers, such as large Canadian corporations, nationwide resellers and governmental bodies, as well as paper merchants and solution and process providers. In fiscal 2008, Supremex generated revenue of approximately \$183 million on volumes of over 6.6 billion envelopes.

Management believes that Supremex has the largest share of the Canadian envelope manufacturing industry based on fiscal 2008 revenue. This leading market share is due to Supremex's ability to successfully compete on both a local and national basis across Canada.

Supremex has well-established relationships with a diversified loyal base of customers in Canada and in certain parts of the United States.

As of December 31, 2008, Supremex employed approximately 750 people and operated 12 facilities strategically located across Canada and one facility in the United States. Supremex's local presence across Canada ensures proximity to its customers, both in Canada and in certain parts of the Northern United States.

The concentration of Canadian demand and sales orders in Toronto and Montreal and additional sales to key Northern United States-based customers in fiscal 2008 resulted in approximately 85% of Supremex's revenue originating from the Central and Eastern regions.

Industry Overview

Overview

The North American envelope manufacturing industry is a mature industry estimated to generate approximately US\$4.0 billion in annual sales on volumes of approximately 220 billion units, according to the EMA. Management estimates that the Canadian envelope manufacturing industry generated approximately \$275 million in sales in 2008 on volumes of approximately 10 billion units. The Canadian envelope manufacturing industry is relatively concentrated with the top five producers accounting for an estimated 80% of domestic sales and with Supremex holding a market share of approximately 60%, according to Management estimates.

A significant majority of envelopes manufactured in Canada are used for mailing purposes and the remainder are used for non-mail purposes. Examples of envelopes used for non-mail purposes include automatic teller machine ("ATM") envelopes, overnight courier envelopes, payroll envelopes and photo product envelopes.

Transactional mail volumes are driven by activities of business-to-consumer businesses, primarily in the form of bills and statements from financial institutions, telecommunications companies and governmental entities.

Transactional mail volumes are positively influenced by the overall growth of the economy, the population and the number of households.

Trends such as bill consolidation, whereby a service provider combines the billing of multiple services into one invoice, and the growth in the use of Internet for electronic bill presentment and payment are generally thought to have a negative impact on transactional mail volumes and related items such as envelopes.

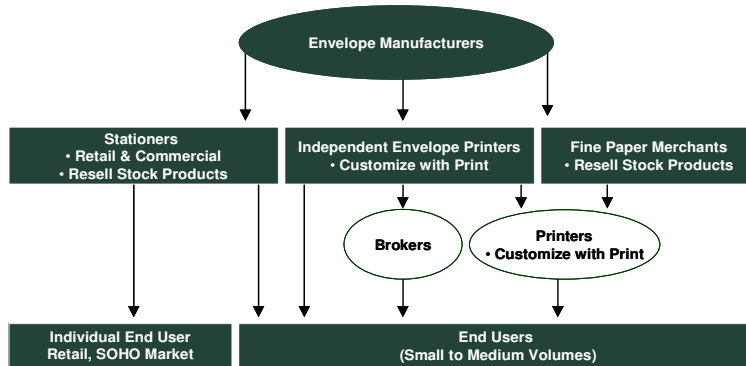
Direct mail volumes are driven by direct mail activities of direct marketers, catalog-oriented retailers, publications marketers, credit card companies and other companies involved in business-to-consumer advertising. Demand for direct mail is driven by advertising spending and has historically tracked economic activity. As the number of different advertising and media channels expands with technologies such as the Internet and Video-On-Demand television, the ability to reach targeted consumer groups is becoming more challenging for advertisers. As a result, direct mail is still perceived by advertisers as an effective tool and remains widely used for targeting specific consumer groups.

Market Description

Stock Envelope Market

Stock envelopes are generic envelopes which have various uses. Envelope manufacturers typically sell stock envelopes to retail and commercial stationers, independent envelope printers (“jet shops”) and fine paper merchants. Retail and commercial stationers resell stock envelopes to individual end users and to the small office and home office (“SOHO”) market. Jet shops purchase stock envelopes and typically add custom printing and graphics and resell them, directly or indirectly, to various end users. Fine paper merchants resell stock envelopes to printers who print them and ultimately sell them to end users. The following chart illustrates the primary distribution channels for the stock envelope market.

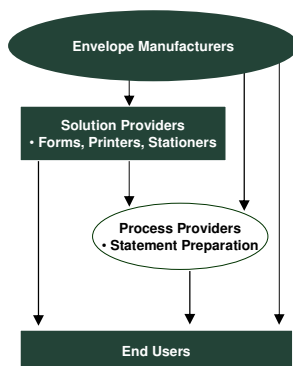
Primary Distribution Channels for the Stock Envelope Market



Custom Envelope Market

Custom envelopes are tailored to customer specifications. Custom envelopes are sold directly to end users or indirectly through process and solution providers. Over the past decade, large companies such as financial institutions, utilities and major billers have been increasingly outsourcing their statement preparation, as well as their envelope procurement and distribution, to third party process or solution providers in an effort to focus capital investment on core competencies. In turn, these process and solution providers have relied more heavily on printers and manufacturers of envelopes that have size, scale and scope to effectively service a sizable portion of their needs. The following chart illustrates the primary distribution channels for the custom envelope market.

Primary Distribution Channels for the Custom Envelope Market



Industry Characteristics

Order Process

The envelope manufacturing business is primarily characterized by individual orders for specific manufacturing jobs. To a much lesser extent, the envelope industry is also characterized by short-term contracts which provide for general terms such as quarterly, annual or semi-annual volumes, warehousing, terms of payment and availability. These short-term contracts can typically be terminated upon prior notice by customers without penalty at any time before the end of the term.

Cost Structure

The cost of paper represents the largest expense category for manufacturers of envelopes. The purchase price of paper varies according to supply and demand forces in the paper market and other input costs related thereto. Raw materials, such as window film, boxes and adhesives, are susceptible to fluctuations of energy costs. As per industry practice, fluctuations in the cost of raw materials are generally passed through to Supremex's customers.

Barriers to Entry

To become a sizeable player in the Canadian envelope manufacturing industry, a company must have the ability to compete on both a national basis for large accounts and on a local basis for small and large accounts. To do so, an envelope manufacturer must make significant capital investments, employ highly skilled individuals and offer a broad range of products and services.

Business Strategy

Supremex intends to leverage its core competencies to maintain its leading position in the Canadian envelope market, enhance profitability and strengthen its position in certain parts of the Northern United States envelope market. The strategies employed by Supremex in achieving these objectives are outlined below.

Continue to Pursue Operational Excellence and Efficiencies

Supremex continually seeks to enhance profitability by increasing operating efficiencies, reducing operating expenses and following a disciplined capital investment program. Supremex intends to continue to evaluate operating practices on an ongoing basis to ensure that productivity and profitability are maximized. Supremex has also successfully implemented a wide variety of cost reduction and productivity improvement initiatives. Supremex intends to continue to review operating practices on an ongoing basis with the objective to ensure that productivity and profitability are maximized, and that Supremex's low-cost position is maintained.

Focus on High Quality Products and Services

Envelope customers using direct mail channels increasingly seek innovative solutions that are intended to increase response rates while reducing lead times. Among other features, direct mail customers seek enhanced color-rich graphics and interactive features to improve response rates. Supremex intends to continue to focus on selling more complex, less commoditized products that enable it to leverage its expertise and unique capabilities in order to enhance profitability.

In addition to the supply of envelopes for transactional mail, Supremex intends to continue adding value by providing services that include pre-press graphics and design and distribution services. Supremex's warehousing facilities provide its customers with the opportunity to reduce their own envelope storage and warehousing requirements while enabling Supremex to optimize production efficiencies.

Introduce Complementary Value-Added Product and Service Offerings

Supremex intends to continue to leverage the skills of its employees and the full breadth of its existing manufacturing base and extensive customer relationships to develop and market new complementary value-added product and service offerings, such as packaging products and pressure sensitive labeling solutions. As part of this strategy, Supremex purchased in April 2006 certain pressure sensitive labelling machinery as well as an eight-color flexographic press, allowing for the development and manufacturing of complementary products.

United States Opportunities

In 2008, Supremex's production sold in the United States was approximately 700 million units. Supremex has adopted a conservative and focused approach in selling in certain parts of the United States market. Supremex has positioned itself, with direct and indirect U.S. customers, as a high quality and reliable envelope manufacturer. Supremex serves the United States market primarily from the Toronto and Montreal locations and concentrates its efforts in the United States on value-added products on an order-to-order basis. Success has been achieved primarily with short to medium sized (1 million to 10 million units) web runs and longer run (more than 2 million units) conventional manufacturing orders. Supremex's flexibility in production scheduling is a key competitive advantage and plays an important role in its ability to service the United States market efficiently. However, given the strength of the Canadian dollar, the freight impact and the overcapacity in the US envelope industry, it is becoming more and more difficult to manufacture in Canada and export our products in the US, in a profitable manner.

Selectively Pursue Strategic Acquisitions

Subject to prevailing market conditions and the ability to obtain any necessary required regulatory approvals, Supremex intends to continue to pursue selective strategic acquisitions in the envelope manufacturing industry in Canada and, in certain parts of the United States to enhance its product and service offerings and build on its strengths in select markets. Since 1990, Supremex has successfully completed eight acquisitions and increased its revenue from approximately \$32 million in fiscal 1990 to approximately \$183 million in fiscal 2008. Supremex has a proven expertise in acquiring envelope companies and successfully integrating and rationalizing the operations of such acquired businesses to enhance profitability.

Product and Service Offering

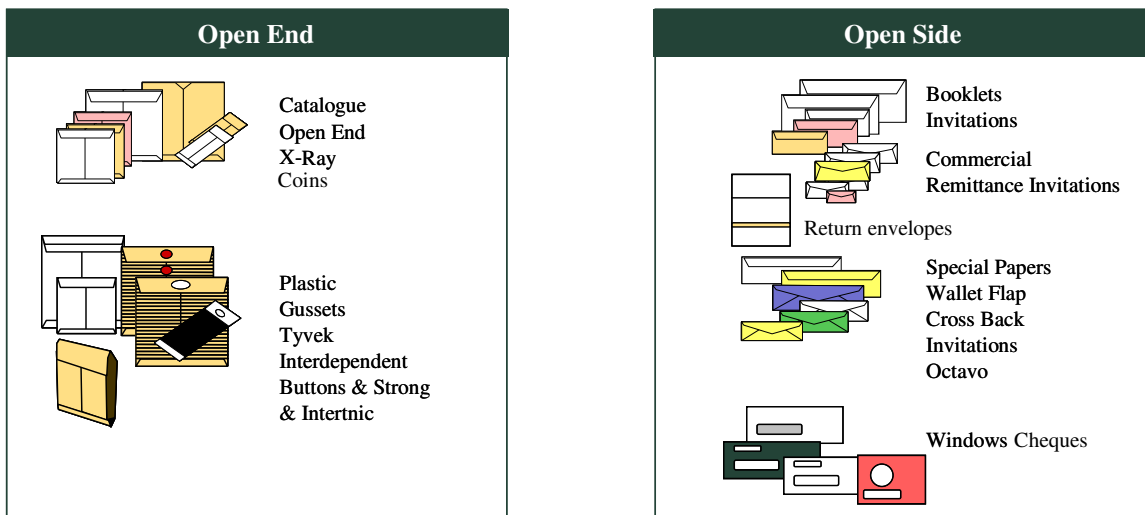
Supremex manufactures a broad range of envelopes in an array of styles, shapes and colors, which allow it to offer its customers a high degree of flexibility and customization. The products can generally be divided into three categories: stock envelopes, custom envelopes and related products.

As part of its envelope offering, Supremex offers its customers graphic art, warehousing and distribution services related to its products. Graphic art services include basic design and creative activities through to final customer-approved proofs for envelope printing. Warehousing and distribution of its products are provided to customers seeking to minimize the total cost of buying envelopes, while ensuring availability of supply and timely delivery.

Stock Envelopes

Supremex maintains the broadest stock envelope product line in Canada. The stock envelope is a generic product that can be used by customers for a variety of uses.

Stock envelopes range from the smallest greeting card or coin envelope to jumbo mailers and are made of various colours and grades of paper. The following charts illustrate examples of stock envelopes:



Stock envelopes are mainly sold through fine paper merchants, independent envelope printers and commercial and office stationery suppliers. Management has determined that it is more cost effective for Supremex to sell stock envelopes through these distribution channels, rather than conducting its own marketing and sales efforts to sell them directly to end users.

Custom Envelopes

Custom envelopes are manufactured according to customer specifications, which may require the collection of over 100 different pieces of information. Examples of custom features include size, color, print, paper quality and window characteristics. Management believes that custom envelopes represent the majority of all envelopes consumed in the Canadian market. The method of procurement of custom envelopes by customers varies from end users buying directly for their own use to solution providers buying on behalf of large end users, and Supremex has been very successful in adapting itself to various procurement methods in the marketplace.

The main categories of custom envelopes, based on the use of the product, are mail and non-mail envelopes. Examples of non-mail envelopes produced by Supremex are automatic teller machine (“ATM”) envelopes, overnight courier envelopes, payroll envelopes and photo product envelopes.



Related Products

In addition to custom and stock envelopes, Supremex offers related products which include X-ray envelopes, medical and file folders, polyethylene bags for courier applications and bubble mailers.

Distribution Channels

Supremex typically distributes its products within approximately 800 kilometers of its manufacturing facilities to all major geographic markets across Canada and in certain parts of the Northern United States via two distinct distribution channels:

Resellers of Stock Envelopes

The resellers of stock envelopes consist of distributors who resell Supremex's envelopes to printers and to small and large businesses, which include fine paper merchants, independent envelope printers and stationers. Management believes that Supremex's unique combination of a broad stock envelope offering, next-day product delivery and national distribution network provide key selling propositions for resellers.

Resellers and End Users of Custom Envelopes

The resellers of custom envelopes consist of intermediaries who resell Supremex's envelopes to end users. Such resellers include solution providers (such as forms manufacturers, large printers, and commercial and office stationery suppliers) and process providers (such as statement preparation providers).

Supremex believes that its broad custom envelope offering, flexible and highly customized manufacturing capabilities and national distribution network provide compelling value propositions to resellers of custom envelopes.

Supremex also uses its sales force to market custom envelopes directly to corporate end users of custom envelopes.

Customers

Supremex sells its products to large and small customers in a variety of industries. Supremex maintains long-term relationships with several end users, including leading financial institutions, telecommunications and utility companies, as well as federal, provincial and municipal governmental bodies. Supremex also maintains strong relationships with customers in the resale distribution channel.

The envelope manufacturing business is characterized by individual orders for specific manufacturing jobs and Supremex does not typically enter into long-term agreements with its customers. Although Supremex occasionally enters into short-term contracts with certain of its customers, these agreements can normally be terminated upon prior notice by customers without penalty at any time before the end of the term.

Raw Materials and Suppliers

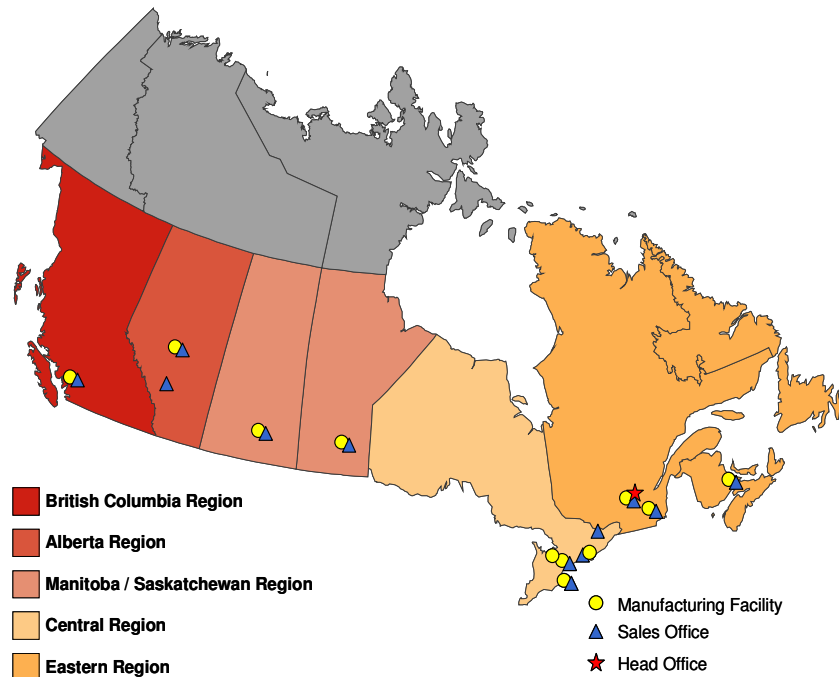
The principal raw materials used by Supremex are paper, window film, boxes, adhesives and ink.

In fiscal 2008, paper, net of paper waste revenue, represented approximately 72% of Supremex's raw material costs and were purchased from a variety of suppliers. The purchase price of paper varies according to paper grades and suppliers, and is the result of individual negotiations with such suppliers. However, the net price paid from one supplier to the other is relatively similar and is based on the market price in effect from time to time. Due to the variability in the prices of raw material supplies, envelope manufacturing costs are subject to fluctuation over time and such variations in costs are generally passed on to Supremex's customers.

Supremex typically purchases its paper and window film supplies on an ongoing basis. Supremex has never experienced a work stoppage due to insufficient supply of raw materials.

Operations and Facilities

Supremex is present in three regions across Canada— Western (British Columbia, Alberta and Manitoba/Saskatchewan), Central (Ontario) and Eastern (Québec and the Atlantic provinces). Each region is managed independently based on the unique characteristics of local markets and customers. The local management teams have significant autonomy in the way their respective regions operate. The Supremex corporate office sets various strategic priorities and financial targets for the regions and leverages its national purchasing power and other support services. The following chart below shows the Supremex regions and facility locations.



Supremex's Facilities

Supremex currently manufactures its products at 11 facilities, three of which are owned by Supremex and eight of which are leased by Supremex. The following table sets out certain information regarding Supremex's manufacturing facilities.

<u>Location</u>	<u>Type</u>	<u>Approximate Square Footage</u>	<u>Owned/Leased</u>	<u>Lease Expiry Date</u>
Western region				
Delta, BC	Mfg/Sales	42,000	Leased	Aug. 31, 2010
Edmonton, AB	Mfg/Sales	42,000	Leased	Nov. 30, 2012
Winnipeg, MB	Mfg/Sales	38,000	Leased	Oct. 31, 2017
Regina, SK.....	Mfg/Sales	14,500	Leased	Oct. 31, 2013
Central region				
Etobicoke, ON	Mfg/Sales	98,000	Owned	n/a
Mississauga, ON.....	Mfg	85,500	Leased	May 31, 2009
Markham, ON.....	Mfg/Sales	100,000	Owned	n/a
Eastern region				
LaSalle, QC	Mfg/Sales	126,000	Owned	n/a
Montreal, QC.....	Mfg/Sales	78,000	Leased	Oct. 31, 2011
Moncton, NB	Mfg/Sales	18,500	Leased	May 31, 2011
Buffalo region				
Buffalo, NY	Mfg/Sales	11,600	Leased	March 31, 2011

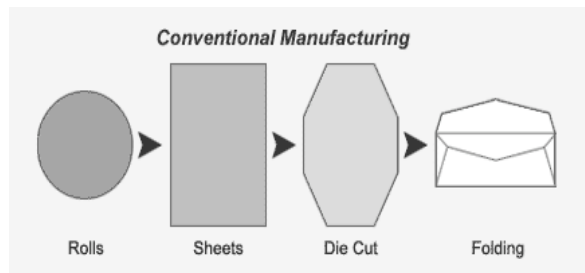
In addition to the above facilities, Supremex has two sales offices which are leased.

Manufacturing Process

Supremex operates in excess of 230 folding, printing and accessory machines for envelope manufacturing. Two processes are used to manufacture envelopes: conventional and web folding. The process used depends on the size of a particular order, the required custom features, machine availability and delivery requirements.

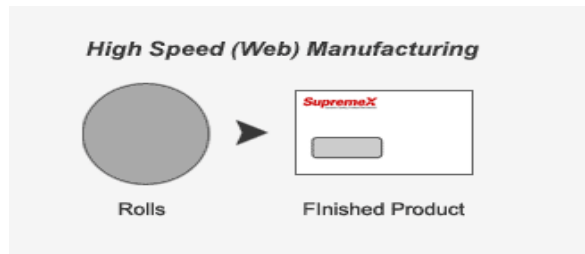
Conventional Manufacturing

Conventional envelope manufacturing entails the use of several pieces of specialized equipment for each step of the process. Conventional manufacturing is typically used for short runs or runs of specialized products as well as for flat sheet lithographic printed envelope manufacturing. This slow speed, high waste and multi-step process renders manufacturing more expensive than web folding.



Web Folding Manufacturing

The high speed web folding manufacturing process incorporates all production functions, including print, in one piece of equipment. The process is used primarily for long runs with print and may include other custom features. Waste is limited, speed is high and all manufacturing is consolidated into one step. Consequently, this form of manufacturing is more cost effective than the conventional method.



The recent improvements in flexographic printing technology have been significant and Supremex has enhanced its capabilities to remain the leader in the Canadian marketplace. Using Central Impression Technology, Supremex has been able to provide customers with a cost effective alternative to jet (off-set) or flat sheet lithographic printing and superior quality production relative to traditional flexographic envelope printing. The Central Impression Technology printing method is used in both direct mail and transactional mail applications and provides an enhanced print quality that cannot be achieved on traditional envelope equipment. The addition of the eight-color flexographic press in April 2006 allows Supremex to offer high-end print to the direct mail market.

Capital Expenditures and Repairs and Maintenance

The following table provides details of the maintenance capital expenditures for the periods indicated.

	Years Ended December 31,		
	2008	2007	2006
	(In thousands of dollars)		
Machinery and Equipment.....	\$2,692	\$1,479	\$2,216
Building and Building Improvements.....	916	743	143
Furniture and Fixtures	48	43	135
Computer Equipment.....	61	26	212
Leasehold Improvements.....	221	88	—
Total Maintenance Capital Expenditures.....	\$3,938	\$2,379	\$2,706
Total Growth Capital Expenditures	—	\$ (125)	\$2,560

The above capital expenditures exclude the \$1.9 million of equipment acquired in the Montreal transaction in September 2008 and the \$7.0 million of property, plant and equipment acquired in the NPG transaction in August 2007.

For the foreseeable future, Management estimates the average annual maintenance capital expenditures to be approximately \$3 million per year. This amount will consist mainly of on-going refurbishment and replacement of manufacturing machinery and equipment, building improvements and upgrading and replacement of computer equipment which can fluctuate up or down depending on the amount of manufacturing equipment we replace in a given year. This level of maintenance capital expenditures might be lower in 2009 and 2010 due to the economy and the excess capacity currently existing. Growth capital expenditures should be fairly limited over the next few years, given the state of the envelope market.

In addition to maintenance capital expenditures, Supremex incurs ongoing repair and maintenance costs which are expensed as incurred and therefore not included in capital expenditures. These expenses averaged \$3.7 million per year in the last three fiscal years.

Seasonality

Supremex's revenue is subject to the moderate seasonal advertising and mailing patterns of its customers. The number of units sold by Supremex is generally higher during the months of August to February mainly due to the higher number of mailings related to events including the return to school, fund raisers and the holiday and tax seasons. The number of units sold by Supremex is generally lower during the months of March to July in anticipation of a slow down in mailing activities of businesses during the summer. As a result, Supremex's financial performance for any single quarter may not be indicative of the performance which may be expected for the full year. However, to maintain production efficiencies, Supremex utilizes warehouse capabilities to inventory envelopes as required to counter these predictable seasonal variations in sales volumes.

Employees

As at December 31, 2008, Supremex and its subsidiaries had a total of approximately 750 full and part-time employees, of which approximately 80% were involved in production activities and the remainder in sales and administration activities.

Most of Supremex's workforce is non-unionized, with 98 production workers employed under collective bargaining agreements. The collective bargaining agreements with respect to the unionized employees in (a) Markham, Ontario covers 72 employees and is scheduled to expire on December 31, 2012; (b) Vancouver, British Columbia covers 24 employees and is scheduled to expire on August 31, 2012 and; (c) Regina, Saskatchewan covered 2 employees, expired on March 7, 2009 and is under negotiation.

The LaSalle facility is not covered by a union certification, but has a non-recognized employee association which has adopted an employee manual. The employee manual contains personnel policies for hourly paid production and warehouse employees and is aimed at informing employees about their working conditions, in a manner similar to a standard collective agreement. The rights, privileges and benefits defined in the employee manual apply to all permanent employees of Supremex in this location. The current employee manual was renewed in January 2006 and will expire on August 31, 2009.

Competition

The Canadian envelope manufacturing industry is comprised of both domestic and foreign manufacturers. Management estimates that, in addition to Supremex, there are approximately nine domestic manufacturers of envelopes, all of which are owner-operator businesses that focus their efforts on local Canadian envelope markets. These domestic manufacturers primarily serve end users, direct mail customers and governmental bodies. Only one domestic manufacturer operates more than one manufacturing location in Canada. Foreign manufacturers are almost exclusively U.S.-based without any Canadian manufacturing operations and generally concentrate their efforts in Canada on a narrow range of high volume purchasers of envelopes.

With the exception of a few national customer accounts, manufacturers of envelopes in Canada supply local customers. Manufacturing is locally organized due to the geographic scale of Canada and the freight costs involved in the transportation of envelopes. Consequently, most envelopes are produced and consumed locally wherever possible to maximize cost efficiency and speed to market and to permit press approvals, local warehousing and just-in-time purchasing strategies.

Supremex views its primary competitors in the Canadian envelope industry to be constituted both of large manufacturers located in the United States, consisting principally of National Envelope, Cenveo and Mead-Westvaco, and of many smaller Canadian and U.S. local competitors. The large manufacturers located in the United States, may in the future increase their market share and penetration of the Canadian envelope market. An additional factor that could contribute to such increase is the level of the US dollar compared to the Canadian dollar, which impacts significantly the competitiveness of U.S.-based manufacturers.

Relationship with Cenveo

The Fund, Supremex, the Vendor and Cenveo entered into a product supply agreement and a non-solicitation agreement and they both ended on March 31, 2008.

Environmental Regulations

Supremex's operations and real property are subject to a legislative regime including laws, statutes, regulations, by-laws, the common law, guidelines and policies as well as permits and other approvals relating to environmental matters, including those governing the use, storage, treatment, transportation and disposal of hazardous materials, the emission, release or discharge of such materials into the environment, the remediation of contamination and occupational health and safety matters (collectively, the "Environmental Laws"). Certain of these Environmental Laws may impose joint and several liability on lessees and owners or operators of facilities, as a result of their ownership or management and control of real properties, for the costs of investigation or remediation of contaminated properties, regardless of current ownership, fault, negligence or the legality of the original disposal or release.

Environmental liability is a risk associated with Supremex's business, principally with regard to past and present business operations involving the use, storage, handling and contracting for recycling or disposal of hazardous and non-hazardous materials such as washes, inks, alcohol-based products, plate solvent and photographic fixer. Supremex generates both hazardous and non-hazardous waste.

The facilities owned or operated by Supremex have been in operation for many years and, over such time, Supremex and the prior owners or operators of such properties may have used, generated or disposed of substances, some of which are or may be considered hazardous. Some of these facilities are located in industrial areas where there could have been migratory contamination from adjacent sources. Accordingly, it is possible that additional environmental liabilities may arise in the future as a result of the use, generation, release and disposal of any such hazardous and non-hazardous substances.

Prior environmental investigations dating back to 2000 had identified certain soil and ground water contamination at one of the facilities owned by one of Supremex's predecessors in Omemee, Ontario. This facility was owned by Supremex prior to the closing of the Initial Public Offering and the Vendor and Cenveo have provided Supremex with an indemnity pursuant to the Acquisition Agreement in respect of potential environmental liability arising in respect of this facility, subject to the limitations set forth in the Acquisition Agreement, in view of the fact that Supremex will remain exposed to potential environmental liability following the closing of the Initial Public Offering with respect to this facility as a result of its prior ownership and operation of the facility.

Limited environmental investigations have been conducted in 2007 and 2006 at certain of Supremex's properties.

Supremex has carried out additional limited environmental investigations at the Mississauga and LaSalle manufacturing facilities in March 2006. These investigations have revealed the presence of limited groundwater contamination at the LaSalle facility. Such contamination does not appear to be related to current on-site activities and operations, but is suspected to emanate from an off-site source. Vendor and Cenveo have provided Supremex with an indemnity pursuant to the Acquisition Agreement for potential liability arising in respect of the groundwater contamination at this facility, subject to the limitations set forth in the Acquisition Agreement. No assurance can be given, however, that all potential environmental liabilities have been identified or fully assessed at these and all other facilities, or that future uses, conditions or legal requirements (including, without limitation, those that may result from future acts or omissions or changes in applicable Environmental Laws) will not require material expenditures to maintain compliance or resolve potential liabilities. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of the regulatory agencies or stricter interpretation of existing laws and regulations, may require additional expenditures by Supremex which could vary substantially from those currently anticipated.

DESCRIPTION OF THE FUND

General

The Fund is an unincorporated open-ended trust established under the laws of the Province of Québec pursuant to the Fund Declaration of Trust.

The Fund qualifies as a mutual fund trust for the purpose of the Tax Act, although the Fund is not a mutual fund under applicable securities laws. The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Fund Declaration of Trust, which, together with other summaries of the terms of the Fund Declaration of Trust appearing elsewhere in this Annual Information Form, are qualified in their entirety by reference to the text of the Fund Declaration of Trust.

Activities of the Fund

The Fund Declaration of Trust provides that the activities of the Fund are restricted to:

- (a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with debt or equity securities of Supremex and other corporations, trusts or persons whose operations consist principally in the business of manufacturing and marketing a broad range of stock and custom envelopes and related products and such other investments as the Trustees may determine;
- (b) borrowing funds for the foregoing purposes;
- (c) temporarily holding cash and other short-term investments for the purposes of the Fund's activities, including paying expenses and liabilities of the Fund, paying any amounts required in connection with the redemption of Units and making distributions to Unitholders, as well as maintaining any reserve account, and the monies and investments therein from time to time;
- (d) issuing Units and other securities of the Fund (including securities convertible into or exchangeable for Units or other securities of the Fund, or warrants, options or other rights to acquire Units or other securities of the Fund), for the purposes of:
 - (i) obtaining funds to conduct the activities described in (a) above, including raising funds for further acquisitions or investments,
 - (ii) repaying of any indebtedness or borrowings of the Fund,
 - (iii) implementing unitholder rights plans or incentive option or other compensation plans, if any, established by the Fund, and
 - (iv) making non-cash distributions to Unitholders as contemplated by the Fund Declaration of Trust, including pursuant to distribution reinvestment plans, if any, established by the Fund;
- (e) repurchasing or redeeming Units or other securities of the Fund, subject to the provisions of the Fund Declaration of Trust and applicable law;
- (f) guaranteeing the obligations of any direct or indirect wholly-owned entity of the Fund pursuant to any good faith debt for borrowed money incurred by any such entity and pledging securities held by the Fund in any such entity, as the case may be, as security for such guarantee, to the extent permitted under the Tax Act; and
- (g) engaging in any activities ancillary or incidental thereto and do all such other things as are necessary, useful or ancillary to the foregoing and exercising all powers and authorities which are necessary, incidental or ancillary to carry on the affairs of the Fund, to promote the purpose for which the Fund was formed and to carry out the provisions of the Fund Declaration of Trust;

provided in each case above that the Fund will not undertake any activity, take any action, or make or retain any investment which would result (or fail to take any action where such failure would result) in the Fund not being considered a "mutual fund trust" for purposes of the Tax Act.

Trustees

The Fund Declaration of Trust provides that there shall be a minimum of three and a maximum of nine Trustees, two thirds of whom must be residents of Canada (within the meaning of the *Tax Act*). See "Trustees, Directors and Management".

A majority of the Trustees shall be “independent” within the meaning of applicable securities laws. The following persons are disqualified from being Trustees: (a) any natural person who is less than 18 years of age, (b) any natural person who does not have the full exercise of his or her civil rights, (c) any natural person who is of unsound mind and has been so found by a court of competent jurisdiction in Canada or elsewhere, (d) any natural person who has been placed under protection supervision, and (e) anyone who is declared bankrupt or insolvent or enters into liquidation, whether compulsory or voluntarily, to wind up its affairs.

The Fund Declaration of Trust provides that, subject to the specific limitations contained in the Fund Declaration of Trust, the Trustees have full, absolute and exclusive power, control and authority over the property of the Fund and over the affairs of the Fund to the same extent as if the Trustees were the sole owner of such property in their own right and may do all such acts and things as they, in their sole judgment and discretion, deem necessary or incidental to, or desirable for, the carrying out of the duties of the Trustees as established pursuant to the Fund Declaration of Trust. Subject to such terms and conditions, the Trustees are responsible for, among other things: (i) supervising the activities and managing the investments and affairs of the Fund; (ii) effecting payments of Distributable Cash from the Fund to Unitholders; (iii) maintaining records and providing reports to Unitholders; and (iv) voting in favour of the Fund’s nominees to serve as Directors.

Any of the Trustees may resign at any time by giving to other Trustees not less than 30 days prior notice and may be removed at any time with or without cause by Ordinary Resolution.

A Trustee can also be removed at any time by the other Trustees, (i) in the event of the death of such Trustee, (ii) upon an incapacity of such Trustee which has or will prevent such Trustee from exercising the duties of the office of a Trustee for a period of at least 90 days, (iii) if such Trustee no longer satisfies all the requirements of the Fund Declaration of Trust, or (iv) if all of the assets of such Trustee, or a substantial part thereof, are subject to seizure or confiscation.

Trustees shall be appointed at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting. A quorum of Trustees, being the majority of Trustees then holding office, may fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees or from a failure of the Unitholders to elect the required number of Trustees. In the absence of a quorum of Trustees, or if the vacancy has arisen from a failure of the Unitholders to elect the required number of Trustees, the Trustees shall promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call such meeting or if there are not enough Trustees then in office, any Unitholder may call a meeting. Except as otherwise provided in the Fund Declaration of Trust, the Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Unitholders, but the number of additional Trustees shall not at any time exceed one-third of the number of Trustees who held office at the expiration of the immediately preceding annual meeting of Unitholders.

Certain Restrictions on Trustees’ Powers

The Fund Declaration of Trust provides that the Trustees may not, without approval by Ordinary Resolution, (a) subject to the Fund Declaration of Trust, appoint or change the auditors of the Fund; and (b) take any action upon any matter which, under applicable law (including regulations, rules, policies, statements, blanket orders and rulings of Canadian securities regulatory authorities) or applicable stock exchange rules, requires the approval of Unitholders by Ordinary Resolution. Additionally, the Fund Declaration of Trust sets forth that the Trustees may not, without approval by Special Resolution, (i) amend the Fund Declaration of Trust (except in certain limited circumstances described under “Amendments to the Fund Declaration of Trust” below), (ii) sell, lease or exchange all or substantially all of the property of the Fund, other than (A) *in specie* redemptions permitted under the Fund Declaration of Trust and (B) in order to initially acquire the Shares and the Notes, (iii) authorize the termination, liquidation or winding-up of the Fund, other than at the end of the term of the Fund (as described under “Term of the Fund” below), (v) authorize the combination or merger or similar transaction of the Fund with any other Person, (vi) modify, amend or otherwise change the purpose of the Fund as described in the Fund Declaration of Trust and (vii) take any action upon any matter which, under applicable law (including regulations, rules, policies, statements, blanket orders and rulings of Canadian securities regulatory authorities) or applicable stock exchange rules, requires the approval of Unitholders by Special Resolution.

The Fund Declaration of Trust also provides that the Fund shall not vote securities of Supremex that it holds, to authorize any transaction that is adverse to the Unitholders, including, among other things, (a) any sale, lease or other disposition of all or substantially all of the direct or indirect assets of Supremex or any of its subsidiaries except (i) in conjunction with an internal reorganization, or (ii) pursuant to a good faith charge, pledge, mortgage, lien, security interest or other encumbrance granted by Supremex over any assets of Supremex in the ordinary course of business, or (iii) pursuant to any guarantee of any obligation of Supremex or any of its subsidiaries; (b) any amalgamation, arrangement, other merger or capital reorganization of Supremex with any other entity, except in conjunction with an internal reorganization or the acquisition by Supremex of the securities or assets of another entity; (c) the winding-up or dissolution of Supremex or any of its subsidiaries prior to the end of the term of the Fund, except in connection with an internal reorganization; (d) any material amendment to the Note Indenture, other than in contemplation of a further issue of Notes; or (e) any material amendment to the constating documents of Supremex or any of its subsidiaries that may be prejudicial to the Unitholders, without the authorization of the Unitholders by a Special Resolution.

Units

An unlimited number of Units may be issued pursuant to the Fund Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net earnings, net realized capital gains (other than net realized capital gains distributed to redeeming Unitholders) or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. All Units are of the same class with equal rights and privileges. The Units issued pursuant to the Initial Public Offering are not subject to future calls or assessments, and entitle the holders thereof to one vote for each whole Unit held at all meetings of Unitholders. Except as set out under “Description of the Fund — Redemption Right at the Option of the Unitholders” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Issuance of Units

The Fund Declaration of Trust provides that the Units and other securities of the Fund, including rights to acquire Units, may be issued at times, to Persons, for consideration and on the terms and conditions that the Trustees determine, including pursuant to any unitholder rights plan or any incentive option or other compensation plan established by the Fund. Units may be issued in satisfaction of any non-cash distribution by the Fund to Unitholders on a *pro rata* basis. The Fund Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold, subject to any withholding tax applicable, after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation.

The Trustees may refuse to allow the issue or register the transfer of any Units, where such issuance or transfer would, in their opinion, adversely affect the treatment of the Fund or the entities in which it directly or indirectly invests under applicable Canadian tax legislation or their qualification to carry on any relevant undertaking or business. See “Limitation on Non-Resident Ownership”.

Repurchase of Units

The Fund may, from time to time, purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchases will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Redemption Right at the Option of the Unitholders

Units are redeemable at any time on demand by the holders thereof upon delivery to the Fund of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees together with any certificates representing Units to be redeemed and written instructions as to the number of Units to be redeemed. As the Units are issued in book-entry form, a Unitholder who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the Fund, at its head office, and to CDS. Upon receipt of the redemption notice by the Fund, all rights relating to the Units tendered for redemption will be surrendered and the Unitholder will be entitled to receive a price per Unit (the "Redemption Price") equal to the lesser of: (i) 90% of the simple average of the daily weighted average prices per Unit at which the Units have traded on the principal exchange on which Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) during the period of the last 10 days during which Units traded on such exchange or market immediately prior to the date on which the Units were tendered for redemption and (ii) an amount equal to either (a) the closing price of the Units on the principal stock exchange on which Units are listed (or, if the Units are not listed on any stock exchange, on the principal market on which the Units are quoted for trading) if there was a trade on the date on which the Units were tendered for redemption and the stock exchange or market provides a closing price, (b) an amount equal to the average of the highest and lowest prices of Units on the principal exchange on which Units are listed (or, if the Units are not listed on any exchange, on the principal market on which the Units are quoted for trading) if there was trading on the date on which the Units were tendered for redemption and the exchange or other market provides only the highest and lowest trading prices of Units traded on a particular day or (c) the average of the last bid and ask prices on the principal exchange on which Units are listed (or, if the Units are not listed on any exchange, on the principal market on which the Units are quoted for trading) if there was no trading on the date on which the Units were tendered for redemption.

The aggregate Redemption Price payable by the Fund in respect of all Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment no later than five days after the end of the calendar month in which the Units were tendered for redemption; provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the Fund in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed \$50,000 (the "Monthly Limit"), (ii) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on the TSX or traded or quoted on any other stock exchange or market which provides representative fair market value prices for the Units and (iii) the normal trading of outstanding Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which Units are quoted for trading) on the date that the outstanding Units are tendered for redemption or for more than five trading days during the 10-day trading period commencing immediately after the date on which the Units are tendered for redemption.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the Monthly Limit, then the Redemption Price for each Unit tendered for redemption will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie of the assets of the Fund. If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the other specified limitations, then each redeeming Unitholder will be entitled to receive a price per Unit (the "In Specie Redemption Price") equal to the fair market value thereof as determined by the Trustees, which may be satisfied by way of a distribution *in specie* of the assets of the Fund. In each such case, a proportionate amount of securities of Supremex held by the Fund having an aggregate value equal to the Redemption Price (or, as applicable, the In Specie Redemption Price) will be distributed to the redeeming Unitholder in full satisfaction of the Redemption Price (or, as applicable, the In Specie Redemption Price). No fractional securities or Notes in principal amounts of less than \$10 will be distributed and, where the number of securities of Supremex to be received by a Unitholder includes a fraction or a multiple of less than \$10, that number will be rounded to the next lowest whole number or integral multiple of \$10. The Fund will be entitled to all interest paid on Notes, if any, and distributions paid on securities or before the date of the distribution *in specie*. Where the Fund makes a distribution *in specie* of securities of Supremex on the redemption of Units, the Fund currently intends to designate to the redeeming Unitholder any capital gain or income realized by the Fund as a result of the distribution of those securities to the Unitholder on the redemption of such Units.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. The assets of the Fund that may be distributed *in specie* to Unitholders in connection with a redemption (including the securities of Supremex) will not be listed on any stock exchange, no market is expected to develop in such securities and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Securities so distributed may not be qualified investments for Plans.

Distributions

The Fund intends to make monthly distributions to Unitholders of its distributable cash less certain amounts including expenses and reserves. The amount of the cash available for distribution shall be equal to a pro rata share of the interest and principal repayments (except to the extent the repayment of principal is reinvested) on Notes and dividends or other distributions (if any) on or in respect of the Shares owned by the Fund less amounts that may be paid by the Fund in connection with any cash redemptions or repurchases of Units, any interest accrued for and in respect of any indebtedness of the Fund, amounts which relate to the repayment of the principal amount of any indebtedness of the Fund, amounts which the Trustees may reasonably consider necessary to provide for payment of any costs or expenses required for the operation of the Fund and for income tax liability of the Fund, if any. The Fund intends to make monthly cash distributions of Distributable Cash to the Unitholders of record on the last Business Day of each month. Such monthly distributions shall be paid on or about the 15th day following each record date.

The Fund may make additional distributions in excess of the aforementioned monthly distributions during the year, as the Trustees may determine. The distribution declared in respect of the month ending December 31, in each year shall include such amount in respect of the taxable income and net realized capital gains, if any, of the Fund for such year as is necessary to ensure that the Fund shall not have an income tax liability under Part I of the Tax Act in such year.

If the Trustees determine that the Fund does not have sufficient cash to fully pay any cash distributions, the Fund shall, to the extent necessary to ensure that the Fund does not have any income tax liability under Part I of the Tax Act, distribute additional freely tradeable Units at a price per Unit equal to the simple average of the daily weighted average price per Unit at which the Units have traded during the period of the last 10 days during which Units have traded prior to the record date. Such additional Units shall be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filings.

The Fund may make additional distributions in excess of monthly distributions during the year, as the Trustees may determine.

Unitholders who are Non-Residents of Canada shall be subject to withholding taxes in respect of any distribution of earnings by the Fund, whether in the form of cash or additional Units. Non-Residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

Transfer of Units

Transfers of ownership in the Units held through the book-entry system shall be effected only through records maintained by CDS or its nominee for such Units with respect to interests of Participants, and on the records of Participants with respect to interests of Persons other than Participants. Unitholders who are not Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in the Units, may do so only through Participants.

The ability of a Unitholder to pledge a Unit held through the book-entry system or otherwise take action with respect to such Unitholder’s interest in a Unit (other than through a Participant) may be limited due to the lack of a physical certificate.

Payments of Distributions

While the Units are held through the book-entry system, payments of distributions on each Unit shall be made by the Fund to CDS or its nominee, as the case may be, as the registered holder of the Units and the Fund understands that such payments shall be forwarded by CDS or its nominee, as the case may be, to Participants. As long as CDS or its nominee is the registered owner of Units, CDS or its nominee, as the case may be, shall be considered the sole owner of those Units for the purposes of receiving payments on those Units. The responsibility and liability of the Fund in respect of the Units is limited to making payment of any income or capital in respect of those Units to CDS or its nominee.

Take-Over Bids

The Fund Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the Units on a fully diluted basis (including the Units issuable upon the exchange or conversion of all securities directly or indirectly exchangeable for or convertible into Units but not including any Units or securities directly or indirectly exchangeable for or convertible into Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units and securities directly or indirectly exchangeable for or convertible into Units held by holders who did not accept the take-over bid, on the same terms on which the offeror acquired Units pursuant to the take-over bid.

Meetings of Unitholders

The Fund Declaration of Trust provides that meetings of Unitholders shall be called and held annually for the election of Trustees and the appointment of auditors of the Fund. The Fund Declaration of Trust provides that the Unitholders shall be entitled to pass resolutions that will bind the Fund only with respect to:

- (a) the election or removal of Trustees;
- (b) the election or removal of nominees of the Fund to serve as Trustees;
- (c) the appointment or removal of the auditors of the Fund;
- (d) the appointment of an inspector to investigate the performance by the Trustees in respect of their respective responsibilities and duties in respect of the Fund;
- (e) the approval of amendments to the Fund Declaration of Trust (but only in the manner described below under “Description of the Fund— Amendments to the Fund Declaration of Trust”);
- (f) the termination of the Fund;
- (g) the sale of all or substantially all of the assets of the Fund;
- (h) the exercise of certain voting rights attached to the securities of the Fund, Supremex or any of their respective subsidiaries, that are directly or indirectly owned or controlled by the Fund;
- (i) the ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Fund Declaration of Trust requiring Unitholder approval;
- (j) the dissolution of the Fund prior to the end of its term;
- (k) any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Unitholders for their approval;
- (l) generally any other matter which requires a resolution of the Unitholders; and

- (m) transacting such other business as the Trustees may determine or as may properly be brought before the meeting,

provided that the Unitholders shall not pass any resolution that would result in the Fund not being considered a “mutual fund trust” for purposes of the Tax Act.

The Fund Declaration of Trust provides that meetings of Unitholders may be convened, except in certain circumstances, if requisitioned in writing by Unitholders holding in the aggregate not less than 5% of the Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders are entitled to attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy holder is not required to be a Unitholder. Two Persons present in person or represented by proxy and holding in the aggregate not less than 10% of the votes attached to all outstanding Units shall constitute a quorum for the transaction of business at all such meetings. At any meeting for which quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Unitholders, shall be terminated, but in any other case, the meeting shall stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chairman of the meeting and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

The Fund Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, for so long as is required by the Tax Act to meet such test, the Fund Declaration of Trust provides that at no time may non-residents of Canada and/or Non-Canadian Partnerships be the beneficial owners of more than 49% of the Units. This 49% limitation must be applied with respect to the issued and outstanding Units of the Fund on both (i) a non-diluted basis and (ii) a fully-diluted basis.

If at any time, the Trustees, in their sole discretion, determine that it is advisable and in the best interests of the Fund to act so that the Fund continues to qualify as a mutual fund trust for purposes of the Tax Act, the Trustees may take one or more actions including the following:

- the Trustees may perform residency searches of Unitholder and beneficial Unitholder mailing address lists and take such other steps specified by the Trustees, at the cost of the Fund, to determine or estimate, to the extent practicable, the residence of the beneficial owners of Units;
- the Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or declarations from Unitholders as to whether such Units are held by or for the benefit of beneficiaries (“Non-Resident Beneficiaries”) that are non-residents of Canada (“Non-Residents”) and/or Non-Canadian Partnerships;
- the Trustees, following the issuance of a public announcement to such effect, may refuse to accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a Non-Resident and/or Non-Canadian Partnerships (or, in the discretion of the Trustees, that the person is not a Non-Resident Beneficiary) and does not hold his or its Units for a Non-Resident Beneficiary;
- the Trustees may place such other limits on Unit ownership by Non-Residents and/or Non-Canadian Partnerships as the Trustees may deem necessary in their sole discretion, including unilaterally altering the limit on Non-Resident ownership above, to the extent required, in the opinion of the Trustees, to maintain the Fund’s status as a mutual fund trust; and

- if, notwithstanding the foregoing, the Trustees, in their sole discretion, determine that further action is required so that the Fund continues to qualify as a mutual fund trust for purposes of the Tax Act, the Trustees may send a notice to such Unitholders, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents and/or Non-Canadian Partnerships and do not hold their Units for the benefit of Non-Resident Beneficiaries within such period, the Trustees may sell such Units on behalf of such Unitholders, and in the interim, the voting and distribution rights attached to such Units shall be suspended. Upon such sale, the affected holders shall cease to be Unitholders and their rights shall be limited to receiving the net proceeds of sale.

In any situation where it is unclear whether Units are held for the benefit of Non-Resident Beneficiaries, the Trustees may exercise their discretion in determining whether such Units are or are not so held.

Information and Reports

The Fund shall furnish to Unitholders, in accordance with applicable securities laws, all financial statements of the Fund (including quarterly and annual financial statements and certifications) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholder's tax returns under the Tax Act and equivalent provincial legislation.

Prior to each meeting of Unitholders, the Trustees shall provide to the Unitholders (along with notice of the meeting) all information, together with such certifications, as is required by applicable law and by the Fund Declaration of Trust to be provided to Unitholders. In addition, Supremex has undertaken to the securities commissions or other securities regulatory authorities in each of the provinces of Canada and to the Fund that, following the closing of the Initial Public Offering and for so long as the Fund is a reporting issuer under applicable securities laws, it shall:

- (a) issue a press release and deliver to the Fund for filing a material change report in respect of any material change in its business, operations or capital;
- (b) provide to the Fund the information that would be required to be included in an annual information form or any other report or document required to be filed with the securities commissions or other securities regulatory authorities as if it was a reporting issuer in each of the provinces of Canada; and
- (c) to the extent that the Fund does not prepare financial statements including its results of operations, deliver to the Fund quarterly unaudited and annual audited financial statements together with corresponding Management's discussion and analysis for those periods for filing with the securities commissions or other securities regulatory authorities in each of the provinces of Canada and delivery to the Fund's registered and beneficial Unitholders in accordance with applicable securities laws.

Such releases, forms, reports and statements, in each case, shall be in the form and content that Supremex would be required to file with the *Autorité des marchés financiers* as if it were a reporting issuer under Québec securities laws. The quarterly unaudited and annual audited financial statements of Supremex shall be delivered by the Fund to Unitholders concurrently with the financial statements of the Fund for the corresponding period.

The chief executive officer and chief financial officer of Supremex must perform functions similar to a chief executive officer and chief financial officer in respect of the Fund. As such the chief executive officer and chief financial officer of Supremex have executed the certificates required to be filed pursuant to Multilateral Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*.

The Trustees, the Directors and the senior officers of subsidiaries of the Fund, including Supremex, are required to file insider reports and comply with insider trading provisions under applicable Canadian securities legislation in respect of trades made by such persons in Units and Shares.

In addition, the Fund has undertaken to the securities commissions or other securities regulatory authorities in each of the provinces of Canada that following the closing of the Initial Public Offering, and for so long as the Fund is a reporting issuer under applicable securities laws, it shall:

- treat Supremex as a subsidiary of the Fund; however, if generally accepted accounting principles prohibit the consolidation of financial information of Supremex and the Fund, for as long as Supremex (and any of its significant business interests) represents significant assets of the Fund, the Fund shall provide Unitholders with separate financial statements for Supremex (and any of its significant business interests); and
- take appropriate measures to require each person who would be an insider of Supremex if Supremex were a reporting issuer to (a) file insider reports about trades in trust units of the Fund (including securities which are exchangeable into Units), and (b) comply with statutory prohibitions against insider trading.

Term of the Fund

The Fund has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on February 10, 2006. On a date selected by the Trustees, which is not more than two years prior to the expiry of the term of the Fund, the Trustees are obligated to commence to wind-up the affairs of the Fund so that it will terminate on the expiration of the term. At any time prior to the expiry of the term of the Fund, the Unitholders may by Special Resolution require the Trustees to commence the termination, liquidation or winding-up of the affairs of the Fund.

The Fund Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the Fund, the Trustees will give notice thereof to the Unitholders, which notice will designate the time or times at which Unitholders must surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the Trustees will proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose will, subject to any direction to the contrary given in respect of a termination authorized by a resolution of the Unitholders, sell and convert into money securities of Supremex and all other assets comprising the Fund in one transaction or in a series of transactions at public or private revenue and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees, subject to obtaining all necessary regulatory approvals, will distribute the remaining part of the proceeds of the sale of securities of Supremex and other assets comprising the Fund together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their pro rata interests. If the Trustees are unable to sell all or any of the securities of Supremex or other assets which comprise part of the Fund by the date set for termination, the Trustees may distribute the remaining securities of Supremex or other assets in specie directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.

Amendments to the Fund Declaration of Trust

The Fund Declaration of Trust provides that it may be amended by Special Resolution. The Trustees shall also be entitled to make certain amendments to the Fund Declaration of Trust, without the approval of Unitholders, including amendments: (i) that are required for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or the Fund; (ii) to remove any conflicts or inconsistencies in the Fund Declaration of Trust or making minor corrections which, in the opinion of counsel to the Fund, are necessary or desirable and not prejudicial to the Unitholders; or (iii) that, in the opinion of counsel to the Fund, are necessary or desirable in the interests of the Unitholders as a result of changes in Canadian taxation laws.

No amendment may modify the right to one vote per Unit or reduce the fractional undivided interest in the property of the Fund represented by any Unit without the consent of the holder of such Unit, and no amendment shall reduce the percentage of votes required to be cast at a meeting of the Unitholders for the purpose of amending the provisions of the Fund Declaration of Trust on amendments thereto without the consent of all the then Unitholders.

No amendment may modify or conflict with certain specified provisions in the Fund Declaration of Trust without the Vendor's consent.

Required Approvals

Where used in this Annual Information Form, "Ordinary Resolution" means a resolution passed by the affirmative vote of the holder(s) of more than 50% of the Units issued and outstanding at that time who voted in respect of that resolution at a meeting of Unitholders at which a quorum was present, or a resolution or instrument signed by the holder(s) of all of the Units issued and outstanding at that time entitled to be voted on such resolution, and "Special Resolution" means a resolution passed by the affirmative vote of the holder(s) of not less than 66 2/3% of the Units issued and outstanding at that time who voted in respect of that resolution at a meeting of Unitholders at which a quorum was present, or a resolution or instrument signed by the holder(s) of all of the Units issued and outstanding at that time entitled to be voted on such resolution.

Conflicts of Interest Restrictions and Provisions

The Fund Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on the Fund. The Fund Declaration of Trust contains provisions, similar to those contained in the CBCA, that require each Trustee to disclose to the Fund, as applicable, any interest in a material contract or transaction or proposed material contract or transaction with the Fund, or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Fund. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to (i) his remuneration as a Trustee or officer of the Fund, as applicable, (ii) insurance or indemnity, or (iii) a contract or transaction with an affiliate.

Notwithstanding anything to the contrary contained in the Fund Declaration of Trust, except as otherwise agreed in writing by Supremex and Cenveo, (i) neither Cenveo nor Vendor (nor any of their respective affiliates or associates) shall have any duty to refrain from engaging directly or indirectly in the same or similar activities or lines of business as the Fund or Supremex or any of their respective affiliates or associates, doing business with any potential or actual customer or supplier of the Fund or Supremex or any of their respective affiliates or associates, or employing or engaging or soliciting for employment any officer or employee of the Fund or Supremex or any of their respective affiliates or associates, and (ii) a person who is a Trustee or an observer under the Fund Declaration of Trust or a director or officer of the Fund or Supremex (or any of their respective affiliates or associates) and also is a director, officer or controlling shareholder of Cenveo or the Vendor (or any of their respective affiliates or associates) shall not have any obligation to present to the Fund or Supremex (or any of their respective affiliates or associates) any matter that may be an opportunity for both Cenveo or the Vendor (or any of their respective affiliates or associates), on the one hand, and the Fund or Supremex (or any of their respective affiliates or associates), on the other hand, and may present such matter solely to Cenveo or the Vendor (or any of their respective affiliates or associates).

Rights of Unitholders

The rights of the Unitholders are established by the Fund Declaration of Trust. Although the Fund Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the CBCA, there do exist significant differences.

The Fund Declaration of Trust includes provisions intended to limit the liability of Unitholders for liabilities and other obligations of the Fund, although no statutory provisions historically confirmed the limited liability status of Unitholders in a manner comparable to shareholders of a CBCA corporation.

Many of the provisions of the CBCA respecting the governance and management of a corporation have been incorporated in the Fund Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of a CBCA corporation and to elect Trustees and auditors. The Fund Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Unitholders and Trustees, the quorum for and procedures at such meetings and the right of investors to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which Unitholder approval is required under the Fund Declaration of Trust are generally less extensive than the rights conferred on the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Fund's subsidiary entities. These Unitholder approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Fund are entitled to redeem their Units, as described under "Description of the Fund — Redemption Right at the Option of the Unitholders". Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties.

Shareholders of a CBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Unitholders could rely only on the general provisions of the Fund Declaration of Trust, which permit the winding up of the Fund with the approval of a Special Resolution of the Unitholders. Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Fund Declaration of Trust allows Unitholders to pass resolutions appointing an inspector to investigate the Trustees' performance of their responsibilities and duties, but this process would not be subject to court oversight or assure the other investigative procedures, rights and remedies available under the CBCA. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Fund Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the Fund.

Fiscal Year End

The fiscal year end of the Fund is December 31.

DESCRIPTION OF SUPREMEX

Share Capital of Supremex

The authorized share capital of Supremex consists of an unlimited number of Shares and an unlimited number of preferred non-voting shares, issuable in series. As at December 31, 2008, all of the issued and outstanding Shares were held by the Fund and no preferred shares were outstanding.

Common Shares

Holders of Shares are entitled to receive dividends as and when declared by the Board of Directors of Supremex and are entitled to one vote per Share on all matters to be voted on at all meetings of shareholders. Upon the voluntary or involuntary liquidation, dissolution or winding-up of Supremex, the holders of Shares are entitled to share rateably in the remaining assets available for distribution, after payment of liabilities and subject to the prior rights of preferred shares (if any).

Preferred Shares

The Board of Directors of Supremex has the authority, without further action by the shareholders, to issue an unlimited number of preferred shares in one or more series. These preferred shares may be entitled to dividend and liquidation preferences over the Shares. The Board of Directors may fix the designations, powers, preferences, privileges and relative, participating, optional or special rights of any preferred shares issued, including any qualifications, limitations or restrictions. Special rights which may be granted to a series of preferred shares may include dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any of which may be superior to the rights of the Shares.

Distribution Policy

The Board of Directors of Supremex has adopted a policy to distribute all of its available cash, subject to applicable Law, by way of monthly dividends on its Shares or other distributions on its securities, after:

- satisfaction of its debt service obligations, if any;
- satisfaction of its interest (including interest accrued or payable on the Notes) and other expense obligations (including tax and pension liabilities);
- making any principal repayments in respect of the Notes considered advisable by the Board of directors, with the consent of the Fund and the holders of the Notes by extraordinary resolution;
- retaining amounts for capital expenditures;
- retaining such reasonable working capital as may be considered appropriate.

However, the declaration of any dividends on the Shares remains within the discretion of the Board of Directors of Supremex.

Notes Issued by Supremex

The following is a summary of the material attributes and characteristics of the Notes that were issued by Supremex Inc. under a note indenture (the “Note Indenture”) entered into between Supremex and the note trustee, Computershare Trust Company of Canada (the “Note Trustee”). This summary is qualified in its entirety by reference to the provisions of the Note Indenture which contains a complete statement of those attributes and characteristics.

The Series 1 Notes authorized are unlimited in number and principal amount and mature 10 years after their issuance, subject to prepayment from time to time as considered advisable by the Board of Directors of Supremex, with the consent of the Fund and the holders of the Notes by extraordinary resolution. Under the terms of the Series 1 Notes, interest accrues at the rate of 12.7% per annum and must be paid monthly within 15 days following the end of each month. The interest and principal on the Series 1 Notes is payable in lawful money of Canada at any branch in Canada of the bank to be specified in the Note Indenture. Each Series 2 Notes mature on a date which is not later than the first anniversary of the date of issuance thereof and bear interest at a market rate to be determined by the Board of Directors of Supremex at the time of issuance thereof, payable on the 15th day of each calendar month that such Series 2 Note is outstanding. The Notes are issuable only as fully registered notes in minimum denominations of \$10 and for amounts above that minimum only in integral multiples of \$10.

The Notes are unsecured debt obligations of Supremex.

Payment upon Maturity

On maturity, Supremex will repay the indebtedness represented by the Notes by paying to the Note Trustee, on behalf of the holders, in lawful money of Canada an amount equal to the principal amount of the outstanding notes, together with accrued and unpaid interest. If the Fund is a holder of Notes at the time of such repayment, these payments less expenses will be distributed by the Fund to Unitholders.

Redemption

From time to time, the Board of Directors of Supremex shall review the status of Supremex's assets and the economic condition relating to Supremex's business and the industry within which it operates. If this review, in the opinion of the Board of Directors of Supremex, indicates that it is unlikely that the indebtedness of Supremex evidenced by the Notes could be refinanced on the same terms and conditions upon maturity of those Notes, then Supremex may, subject to the consent of the Fund and the holders of the Notes by extraordinary resolution, commence principal repayments on the Notes so that, in the opinion of the Board of Directors of Supremex, the Notes will be fully repaid upon maturity. In that event, the available cash of Supremex will be utilized to the extent required to fund those repayments in lieu of dividends on its Shares. In addition, if Supremex has available cash, but is prohibited from declaring or paying a dividend or reducing its stated capital under applicable corporate laws, the Board of Directors of Supremex may make principal repayments on the Notes to the extent of that available cash. Except as set out above, the Notes are not redeemable at the option of Supremex or by the holders prior to maturity.

DISTRIBUTIONS

Distribution Policy of the Fund

The Fund intends to make monthly distributions to Unitholders of its distributable cash less certain amounts including expenses and reserves. The amount of the cash available for distribution shall be equal to a pro rata share of the interest and principal repayments (except to the extent the repayment of principal is reinvested) on Notes and dividends or other distributions (if any) on or in respect of the Shares owned by the Fund less amounts that may be paid by the Fund in connection with any cash redemptions or repurchases of Units, any interest accrued for and in respect of any indebtedness of the Fund, amounts which relate to the repayment of the principal amount of any indebtedness of the Fund, amounts which the Trustees may reasonably consider necessary to provide for payment of any costs or expenses required for the operation of the Fund and for income tax liability of the Fund, if any. The Fund intends to make monthly cash distributions of Distributable Cash to the Unitholders of record on the last Business Day of each month. Such monthly distributions shall be paid on or about the 15th day following each record date.

Distributions

As the Fund is an income trust, it does not pay dividends. The initial distribution for the period from the closing of the Initial Public Offering on April 1, 2006 to April 30, 2006 was made on May 15, 2006 in an amount of \$0.0958 per Unit. Subsequent cash distributions of \$0.0958 per Unit were made for the months of May 2006 to December 2008. On December 16, 2008 the Fund announced its decision to reduce the monthly distribution from \$0.0958 per unit to \$0.05 per unit commencing for the month of January 2009.

TRUSTEES, DIRECTORS AND MANAGEMENT

Trustees, Directors and Management

The Fund Declaration of Trust provides that the board of trustees of the Fund must consist of not fewer than three and not more than nine members (the “Trustees”). On March 31, 2006, each of the Trustees was appointed as a director to the board of directors of Supremex (each a “Director”, and collectively with the others directors of Supremex, the “Directors”). Under the Fund Declaration of Trust, the Fund has agreed that the board of directors of Supremex shall be composed of the Trustees, unless otherwise agreed by the Independent Trustees. Two thirds of the Trustees and the Directors shall be residents of Canada and the majority shall qualify as “independent” within the meaning of applicable securities laws. As at December 31, 2008, the Fund had five Trustees, four of which are residents of Canada, and a majority of which are “independent” within the meaning of applicable securities laws. The term of office of each of the Trustees will expire at the first annual meeting of the Unitholders.

The following table sets out the name, municipality of residence, positions with the Fund (*i.e.*, trusteeship) and Supremex (*i.e.*, directorship and/or office), as the case may be, and principal occupation of each of the Trustees/Directors and certain other officers of Supremex that occupy such positions.

Name and Municipality of Residence	Position	Principal Occupation	Trustee / Director since	Ownership of Units
Gilles Cyr La Prairie, Québec	President and Chief Executive Officer, Trustee and Director	President and Chief Executive Officer of Supremex	February 10, 2006/ July 31, 1995	415,200
Stéphane Lavigne Kirkland, Québec	Vice-President, Chief Financial Officer and Corporate Secretary	Vice-President, Chief Financial Officer and Corporate Secretary of Supremex	N/A	300,000
Stewart Emerson Pickering, Ontario	Vice-President and General Manager, Central Region	Vice-President and General Manager, Central Region of Supremex	N/A	210,000
Manon Cloutier Brossard, Québec	Corporate Controller and Treasurer	Corporate Controller and Treasurer of Supremex	N/A	56,959
L.G. Serge Gadbois ⁽¹⁾ Boucherville, Québec	Trustee and Director, Chairman of the boards of Directors and Trustees	Corporate Director	March 31, 2006	12,000
Georges Kobrynsky ⁽¹⁾⁽²⁾ Montréal, Québec	Trustee and Director	Senior Vice-President, Investments Forest Products of the Société générale de financement du Québec	March 31, 2006	1,300
Herbert Lukofsky ⁽¹⁾⁽²⁾ St-Lambert, Québec	Trustee and Director	Corporate Director	March 31, 2006	—
Harolde M. Savoy ⁽²⁾ Dallas, Texas	Trustee and Director	President, Entreprises Dominion BlueLine Inc. and Rediform Inc.	March 31, 2006	10,000

(1) Member of the Audit Committee.

(2) Member of the Compensation, Corporate Governance and Nominating Committee.

The following are brief profiles of the Trustees and Officers of Supremex:

Gilles Cyr, President and Chief Executive Officer

Gilles Cyr is the President and Chief Executive Officer of Supremex and has held this position since October 2004. Mr. Cyr has held various positions with Supremex since 1992, first as Chief Financial Officer, later as Vice-President and General Manager of Supremex’s Eastern Region, from January 1996 to January 2006 and has again since November 2006. Prior to joining Supremex, Mr. Cyr was a partner at Arthur Andersen LLP, where he worked for ten years. Mr. Cyr holds a Bachelor’s Degree in Commerce from the University of Québec at Trois-Rivières and is also a Chartered Accountant. Mr. Cyr was, from June 2003 to November 2004, a shareholder and a director of Précis-Métal Inc., which filed for bankruptcy in November 2004 pursuant to the *Bankruptcy and Insolvency Act* (Canada).

Stéphane Lavigne, Vice-President, Chief Financial Officer and Corporate Secretary

Stéphane Lavigne is the Vice-President, Chief Financial Officer and Corporate Secretary of Supremex and has held this position since January 2006. Mr. Lavigne initially joined Supremex in 1991 as Special Projects Manager, Eastern Region, and was promoted to the position of Administration Manager, Eastern Region in 1992 and appointed as Vice-President, Finance and Administration for the Supremex head office in 1996. He left Supremex from April 2005 to January 2006 to become co-owner of a private company. From 1988 to 1991, he was employed by KPMG LLP as auditor. He holds a Bachelor's Degree in Business Administration from the University of Québec at Montreal and is also a Chartered Accountant.

Stewart Emerson, Vice-President and General Manager, Central Region

Stewart Emerson is the Vice-President and General Manager, Central Region of Supremex. Prior to his current role, Mr. Emerson began his career as Account Manager at Innova Envelope Inc. in 1990 and has since held a number of positions, including Sales Manager, General Sales Manager, General Manager. He holds a Bachelor's Degree in Business Administration with a double major in Marketing and Management from the Northeastern University of Boston.

Manon Cloutier, Corporate Controller and Treasurer

Manon Cloutier is the Corporate Controller and Treasurer of Supremex and has held these positions since November 2005 and April 2006, respectively. Prior to joining Supremex, Ms. Cloutier held a number of positions for Bombardier Recreational Products Inc. including Manager – Compliance and Director of Finance from March 1997 to November 2005. From May 1988 to February 1997, she was employed by KPMG LLP first as auditors and as manager – audit service. She holds a Bachelor's Degree in Business Administration from the University of Québec at Montreal and is also a Chartered Accountant.

L.G. Serge Gadbois, Trustee and Director, Chairman of the Boards of Directors and Trustees

L.G. Serge Gadbois is a corporate director of Industrial Alliance, Insurance and Financial Services Inc., Cogeco Cable Inc. and Mecachrome International Inc. Previously, Mr. Gadbois held various positions at Metro Inc. such as Senior Vice-President, Finance, from 1997 until February 2006, and was also Vice-President Finance from 1985 to 1997. Prior to this, he served as Controller and Director of Financial Services at the School Council of the Island of Montreal for eight years. He holds a Master of Business Administration from the École des Hautes Études Commerciales and is a member and Fellow of the Quebec Order of Chartered Accountants.

Georges Kobrynsky, Trustee and Director

Georges Kobrynsky is the Senior Vice-President, Investments Forest Products of the Société générale de financement du Québec and a trustee of SFK Pulp Fund. Previously, Mr. Kobrynsky held various senior positions at Domtar Inc. over 30 years including Senior Vice-President, Pulp and Paper Sales, Marketing/Customer Relations Group from 2001 to 2005 and Senior Vice-President, Communication Papers Division from 1995 to 2001. He also held a position at the Ministry of the Environment of Canada from 1971 to 1975. Mr. Kobrynsky has completed the Senior Executive Program from University of Western Ontario. He also holds a Master of Business Administration from McGill University, a Bachelor's degree in Sciences from the Université Laval and a Bachelor's of Arts degree from the Université de Montréal.

Herbert Lukofsky, Trustee and Director

Herbert Lukofsky has been a corporate director of numerous public and private companies including Liquidation World Inc., Société de développement de Montréal, Solareh Inc., LaGran Inc., International Aqua Foods Inc., Hallmark Technologies Inc. and Inventronics Inc. Previously, Mr. Lukofsky was a tax partner and head of tax division at the Montreal office of Arthur Andersen LLP from 1970 to 1984 and President of Lukofsky Lajoie & Associates, a business consulting firm specializing in mergers and acquisitions, from 1984 to 1992. Mr. Lukofsky holds a Bachelor's degree in Commerce from Concordia University and a Chartered Accountancy Designation from McGill University.

Harolde M. Savoy, Trustee and Director

Harolde M. Savoy has been the President of Entreprises Dominion BlueLine Inc. since 1990 and also President of Rediform Inc., a subsidiary based in Dallas, Texas. For the past 27 years, Mr. Savoy has held different positions within Entreprises Dominion BlueLine Inc. such as General Manager and Vice-President of Sales and Marketing, General Manager of Dominion Envelope Inc., a subsidiary, and Production Superintendent. He holds a Master of Business Administration as well as a Bachelor of Art in Economics from the University of Western, Ontario.

GOVERNANCE OF THE FUND

The Trustees are responsible for the governance of the Fund and have established an audit committee and a Compensation, Corporate Governance and Nominating Committee, each of which shall have three members who shall all be “independent” within the meaning of applicable securities laws.

Compensation, Corporate Governance and Nominating Committee

Compensation, Corporate Governance and Nominating Committee shall annually review the Chief Executive Officer’s goals and objectives for the upcoming year and provide an appraisal of the Chief Executive Officer’s performance. The committee shall make recommendations concerning the remuneration of the Trustees and shall administer and make recommendations regarding any employee bonus plans.

The committee shall also review and make recommendations to the Trustees concerning the appointment of officers of the Fund and its subsidiary entities. The committee is responsible for developing the Fund’s approach to corporate governance issues, advising the board on filling vacancies on the board and periodically reviewing the composition and effectiveness of the board and the contribution of individual Trustees. The committee is responsible for adopting and periodically reviewing and updating the Fund’s written disclosure policy. This policy, among other things: (i) articulates the legal obligations of the Fund, its affiliates and their respective trustees, directors, officers, employees and consultants with respect to confidential information; (ii) identifies spokespersons of the Fund who are the only persons authorized to communicate with third parties such as analysts, the media and investors; (iii) provides guidelines on the disclosure of forward-looking information; (iv) requires advance review by senior executives of the Fund of any selective disclosure of financial information to ensure the information is not material, to prevent the selective disclosure of material information and to ensure that, if selective disclosure of material information does occur, a news release is issued immediately; and (v) establishes “black-out” periods prior to and following the disclosure of quarterly and annual financial results and prior to the disclosure of certain material changes, during which periods the Fund, its affiliates and their respective trustees, directors, officers, employees and consultants may not purchase or sell Units.

Audit Committee information

The audit committee assists the Trustees in fulfilling their responsibilities of oversight and supervision of the accounting and financial reporting practices and procedures of the Fund, the adequacy of internal accounting controls and procedures, and the quality and integrity of the financial statements of the Fund. In addition, the committee is responsible for directing the auditors’ examination of specific areas and for the selection of potential independent auditors to be appointed by the Unitholders.

Charter of the Audit Committee

The charter of the Audit Committee, as approved on April 12, 2006 and amended on November 5, 2007, is set out in Schedule A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of three members, as follows: L.G. Serge Gadbois, Georges Kobrynsky and Hebert Lukofsky. Each member of the Audit Committee is independent of each of the Fund and Supremex and financially literate as required under Multilateral Instrument 52-110 – *Audit Committees*

Relevant Education and Experience of the Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

- (i) L.G. Serge Gadbois is a corporate director of Industrial Alliance, Insurance and Financial Services Inc., Cogeco Cable Inc. and Mecachrome International Inc. Previously, Mr. Gadbois held various positions at Metro Inc. such as Senior Vice-President, Finance, from 1997 until February 2006, and was also Vice-President Finance from 1985 to 1997. Prior to this, he served as Controller and Director of Financial Services at the School Council of the Island of Montreal for eight years. He holds a Master of Business Administration from the École des Hautes Études Commerciales and is a member and Fellow of the Quebec Order of Chartered Accountants.
- (ii) Georges Kobrynsky is the Senior Vice-President, Investments Forest Products of the Société générale de financement du Québec and a trustee of SFK Fund. Previously, Mr. Kobrynsky held various senior positions at Domtar Inc. over 30 years including Senior Vice-President, Pulp and Paper Sales, Marketing/Customer Relations Group from 2001 to 2005 and Senior Vice-President, Communication Papers Division from 1995 to 2001. He also held a position at the Ministry of the Environment of Canada from 1971 to 1975. Mr. Kobrynsky has completed the Senior Executive Program from the University of Western Ontario. He also holds a Master of Business Administration from McGill University, a Bachelor's degree in Sciences from the Université Laval and a Bachelor's of Arts degree from the Université de Montréal.
- (iii) Herbert Lukofsky has been a corporate director of numerous public and private companies including Liquidation World Inc., Société de développement de Montréal, Solareh Inc., LaGran Inc., International Aqua Foods Inc., Hallmark Technologies Inc. and Inventronics Inc. Previously, Mr. Lukofsky was a tax partner and head of tax division at the Montreal office of Arthur Andersen LLP from 1970 to 1984 and President of Lukofsky Lajoie & Associates, a business consulting firm specializing in mergers and acquisitions, from 1984 to 1992. Mr. Lukofsky holds a Bachelor's degree in Commerce from Concordia University and a Chartered Accountancy Designation from McGill University.

Audit Fees

Ernst & Young LLP has served as the Fund's and Supremex's auditing firm since October 2005. Fees payable for the years ended December 31, 2008 and December 31, 2007 to Ernst & Young LLP and its affiliates are \$308,760 and \$287,581, respectively. Fees payable to Ernst & Young LLP and its affiliates in 2008 and 2007 are detailed below.

	Year ended December 31, 2008	Year ended December 31, 2007
Audit fees	190,000	169,706
Audit-related fees	103,500	81,300
Tax fees	8,650	27,575
All other fees	<u>6,610</u>	<u>9,000</u>
	308,760	287,581

The nature of each category of fees is described below.

Audit fees. Audit fees were paid for professional services rendered for the audit of the Fund's annual financial statements.

Audit-related fees. Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. These services consisted primarily of quarterly review, accounting consultations and the audit of the pension plan.

Tax fees. Tax fees were paid for the review of tax returns.

All other fees. Fees paid for services other than the audit fees, audit related fees and tax fees described above. These services consisted primarily of related tax services and translation services.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Fund and Supremex, in the last ten years, no Trustee of the Fund, no Trust's Trustee nor any Director or executive officer of Supremex is or has been a director or executive officer of any company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (b) was the subject of an event that resulted, after that person ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to an exemption under securities legislation, for a period of more than 30 consecutive days or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets except for the following: Mr. Gilles Cyr was from June 2003 to November 2004, a shareholder and a director of Précis-Métal Inc., which filed for bankruptcy in November 2004 pursuant to the *Bankruptcy and Insolvency Act* (Canada) and for L.G. Serge Gadbois who has been a director of Mecachrome International Inc. since May 2006, which filed for protection from the Quebec Superior Court under the *Companies' Creditor Arrangement Act* (Canada) on December 12, 2008 and has obtained similar protection from the Courts for its French subsidiaries under the safeguard procedure (procédure de sauvegarde) in France.

Penalties or Sanctions

To the knowledge of the Fund and Supremex, no Trustee, no Trust's Trustee nor any Director or executive officer of Supremex, (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of the Fund and Supremex, in the last ten years, no Trustee, no Trust's Trustee nor any Director or executive officer of Supremex has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

MARKET FOR SECURITIES

The Fund's Units are listed for trading on the Toronto Stock Exchange under the symbol "SXP.UN".

TRADING PRICE AND VOLUME

The following table shows the monthly range of high and low prices per Unit, the total monthly volumes and the average daily volumes of Units traded on the TSX for the months of January to, and including, December 2008.

2008 Month	Price per Unit (\$) Monthly High	Price per Unit (\$) Monthly Low	Units Total Monthly Volume
January	6.05	5.57	3,426,450
February	5.87	5.38	809,428
March	5.86	5.60	1,326,959
April	6.90	5.65	1,016,317
May	6.54	5.95	504,315
June	6.28	5.95	1,047,184
July	6.19	5.69	1,875,770
August	6.35	5.48	450,022
September	6.25	5.66	413,368
October	5.83	3.85	872,072
November	4.20	3.61	575,633
December	4.25	2.30	1,149,492

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal transfer office in Montreal, Québec.

ESCROWED SECURITIES

The following table state the number of Units of the Fund held, to our knowledge, in escrow, and the percentage that number represents of the outstanding Units.

Escrowed Securities	Number of Units held in escrow ⁽¹⁾	Percentage of the class
Units	1,182,106	4.0%

- (1) Computershare Trust Company of Canada is acting as escrow agent. As part of the Fund's acquisition of Supremex, 2,364,228 Units valued at \$23,642,280 were issued to management employees of Supremex for a cash consideration of \$23,642 to amend the then existing management profit sharing plan. These Units were held in escrow and 50% were released on March 31, 2008, 25% will be released on March 31, 2009 and 25% on March 31, 2010, subject to earlier release under certain circumstances or sold to Supremex for a nominal consideration of \$0.01 per Unit in the event of the voluntary departure of the employee or termination by Supremex for cause prior the expiry of the four year escrow period. The initial value of such Units, net of the cash consideration received, is recorded as deferred compensation and is recorded as compensation expense over the vesting period.

CONFLICTS OF INTEREST

Except as disclosed below and elsewhere herein, no trustee of the Fund or director or senior officer of Supremex or other insider of Supremex, nor any associate or affiliate of the foregoing persons has any substantial interest, direct or indirect, in any material transaction since the commencement of the Fund's last financial year.

RISK FACTORS

The results of operations, business prospects and financial condition of Supremex are subject to a number of risks and uncertainties, and are affected by a number of factors outside the control of Supremex's management.

Economic cycles

A significant risk that Supremex faces and over which it has no control is related to economic cycles. In a soft economy, or a recession, the volume affected is primarily direct mail volume. There is a direct correlation between growth in the gross domestic product and direct mail volume. In current economic conditions, we expect direct mail volume to decline. For Supremex, the impact is mitigated as direct mail represents approximately 20% of the total annual volume. For transactional mail, which represents about 50% of annual volume, economic cycles have less impact as businesses still have to send bills to their customers. But, for many years, transactional volume has been declining by 1% to 4% a year. In contrast to other markets, we do not foresee a significant reduction in transactional mail volume and past trends should prevail. The Fund is a leader in its market, with a solidly diversified customer base and long-standing relationships with a number of key customers.

Availability of capital

The acquisitions contemplated by the Fund will require additional financing. The global financial market crisis and the anticipated global economic slowdown may extend further and constrain the Fund's ability to meet its future financing requirements, increase its weighted average cost of capital and cause other cost increases from counterparties also faced with liquidity problems and higher cost of capital. Risk factors such as disruptions in capital markets could reduce the amount of capital available or increase the cost of capital and there can be no assurance that additional financing would be available to the Fund or, if available, that it can be obtained on a timely basis and on acceptable terms. Failure to obtain additional financing, when and if required, could have a material adverse effect on the Fund's future growth by limiting acquisitions. This risk is mitigated by the fact that the Fund has a solid financial position and generates significant cash flow from operations.

Credit facilities totaling \$120 million are maturing in March 2010 of which an amount of \$111 million was used at the end of fiscal 2008. The Fund expects to renew these facilities in the second half of 2009 but is also examining financing alternatives to ensure adequate capital is available upon maturity and to finance future capital requirements. At this time, we believe sufficient capital will be available. However, the cost of this capital is unknown. We expect credit spreads to be much higher but benchmark rates should be lower, resulting in a total cost of capital similar to what has been paid by the Fund in the last three years.

Decline in Envelope Consumption

Supremex's envelope manufacturing business is highly dependent upon the demand for envelopes sent through the mail. Supremex may compete with product substitutes, which can impact demand for its products. Usage of the Internet and other electronic media continues to grow. Consumers use these media to purchase goods and services, and for other purposes such as paying utility and credit card bills. Advertisers use the Internet and electronic media for targeted campaigns directed at specific electronic user groups. Large and small businesses use electronic media to conduct business, send invoices and collect bills. The demand for envelopes and other printed materials for transactional purposes is expected to decline in the future.

The North American envelope manufacturing and mailing industries are not expected to grow at all in the foreseeable future, due to a general progressive decline in the use of traditional paper-based products. The business depends on transactional mail and direct mail activities. Transactional mail volumes are thought to have been declining in the last few years due in part to the increasing use of non-traditional means of communication and information transfer, such as facsimile machines, electronic mail and the Internet. While management believes that the direct mail industry has been experiencing growth in envelope volumes which has partially offset declines in the transactional mail industry in the past years, there is no assurance that the direct mail industry will grow in the future and sufficiently offset any declines in transactional mail. The direct mail sector is not forecasted to grow in 2009. As a result, there can be no assurance that Supremex will be able to grow or even maintain historical sales levels.

Supremex typically does not enter into long-term, written agreements with customers. As a result, there is a risk that customers may, without notice or penalty, terminate their relationship with Supremex at any time. In addition, even if customers should decide to continue their relationship with Supremex, there can be no guarantee that customers will purchase the same amount as in the past, or that purchases will be on similar terms. Supremex's customer base is solidly diversified with no single account representing more than 8% of sales, thus reducing dependence on any given single customer.

The Fund operates in an industry which uses large quantities of paper in its day-to-day operations. With society's mounting concern over the protection of the environment and sustainable development, Supremex products and services are under pressure to be more environmentally friendly. For instance, the growing concern over the environment could change the consumption habits of consumers and new regulations could force the Fund to use more expensive environmentally friendly materials in its production process. To mitigate this risk, the Fund tries to be at the forefront of its industry in terms of commitment to the environment and, in collaboration with its suppliers, seeks on an ongoing basis to reduce its impact on the environment. Supremex is also a leader in the Canadian envelope market in the marketing of environmental friendly products, such as a 100% recycled paper.

Competition

Despite Supremex's leading market position in Canada, new entrants in the Canadian envelope market may have an impact on sales and margins. The strengthening of the Canadian dollar against the US dollar created an incentive for US-based competitors to increase market penetration in Canada in 2008. The large US envelope manufacturers are using their excess capacity to penetrate the Canadian envelope market. As long as the US market stays relatively soft, which we expect through 2009, we will experience pricing pressure in the Canadian market. This phenomenon has been amplified since April 2008, which coincided with the termination of the non-solicitation agreement with Cenveo. In August 2007, Cenveo purchased one of the largest US envelope manufacturers (Commercial Envelope) which gave Cenveo the capacity they were lacking in the Northeastern US market. This transaction was finalized just before the US market slowdown, stemming mainly from the reduction in direct mail purchased by the US banking system for credit card solicitation. These two factors resulted in excess capacity for Cenveo, which they are trying to sell in the Canadian market. The recent weakness in the Canadian dollar will make it more difficult for Cenveo to export profitably to the Canadian market. The cost of freight coupled with the efficiency of delivery are barriers to servicing any significant customer volume from a distance.

Nonetheless, to mitigate this risk, the Fund continues to focus on continuous improvement programs, cost reduction initiatives and the development of value-added services and products around its core businesses and it still believes in the value of having local service and representation in all the major Canadian markets.

Exchange Rate

A portion of Supremex's revenue is earned in US dollars and a large portion of Supremex's expenses, including most of its paper and other raw materials costs as well as certain capital expenditures, are incurred in US dollars. Supremex also derives a portion of its revenue from Canadian dollar sales to certain customers with whom selling price is sensitive to US competition.

Net exposure to the US dollar has increased over the last two years: due to lower sales volume, revenue generated in the United States represented 7.7% of consolidated revenue in fiscal 2008, down from 12.5% in fiscal 2007, while US dollar purchases have risen over the last two years as most of our large suppliers are US-based. Late in 2008, the sharp decrease of the Canadian dollar compared with the US dollar resulted in an increase in our net raw material costs, which should be passed on to our customers over time.

Raw Materials Increases

The primary raw materials the Fund uses are paper, window material, glue and ink. Fluctuations in raw material and energy prices are affecting our operations.

First, the current tightening in the paper market, due to paper mill closures, has resulted in a decrease in the supply of paper which could in turn lead to paper price increases. While paper costs are generally a pass through, an increase in the price of paper can have a negative effect on our operations if it changes the purchasing habits of our customers. Moreover, an increase in the price of paper negatively affects the profitability of Supremex if the increases cannot be passed on to the customer. To mitigate this risk, the Fund does not rely on any one supplier and is generally disciplined in passing on any raw material increases.

Second, fluctuations in the price of oil, a core ingredient in the composition of window material, glue and ink have a direct impact on their price. An increase in the price of oil can have a negative effect on our operations if it changes the purchasing habits of our customers.

Credit

The Fund is exposed to credit risk with respect to trade receivables. To mitigate this risk, the Fund analyzes and reviews the financial health of its current customers on an ongoing basis. A specific credit limit is established for each customer and reviewed periodically by the Fund. Supremex is protected against any concentration of credit risk through its clientele and geographic diversity. No single customer accounts for more than 8% of consolidated accounts receivable. Supremex's customer base is solidly diversified and consists mainly of large national customers, such as large Canadian corporations, nationwide resellers and governmental bodies, as well as paper merchants and solution and process providers. Historically, the level of bad debt has been very low given the nature of the customers. As at December 31, 2008, the maximum credit risk exposure for receivables corresponds to their carrying value.

Pension Plans

Pension funding is based on actuarial estimates and is subject to limitations under applicable income tax and other regulations. Actuarial estimates prepared during the year were based on assumptions related to projected employee compensation levels to retirement and the anticipated long-term rate of return on pension plan assets. Accrued benefit obligations, fair value of plan assets and plan asset composition are measured at the date of the annual financial statements. The most recent actuarial valuation for one pension plan for funding purposes was made as at December 31, 2005 for which the next required valuation will be performed as of December 31, 2008. The most recent actuarial valuation for the other two pension plans for funding purposes was made as at December 31, 2006 for which the next required valuation will be as of December 31, 2009, at the latest. The actuarial funding valuation report determines the amount of cash the Fund is required to contribute to the registered retirement plans. The last funding report showed the registered retirement plans to be in a solvency surplus position. As the pension fund assets consist of a mix of bonds and equities, recent market conditions have reduced the market value of pension fund assets. This reduced level of pension fund assets will likely require the Fund to increase its cash funding contributions. As at December 31, 2007, the Fund had close to \$70 million in assets and a surplus of approximately \$500,000. With the market decrease in 2008, we expect a negative return on assets in the range of approximately 15%, thus resulting in a decrease of the pension assets value of approximately \$10 million. With the proposed new federal and provincial legislation, the period to refund the deficit is extended from five years to ten years, representing a potential additional annual cash contribution to the pension plans of up to \$1.5 million per year. The Fund has the financial flexibility due to cash flow generated from operations to pay this potential additional annual contribution.

Postal Services

Because the majority of envelopes consumed in Canada and the United States are mailed, any strike or other work stoppage by unionized postal workers would effectively result in a temporary suspension of the mail activities of most of Supremex's customers and could have a material adverse effect on Supremex.

In addition, postal rates are a significant factor affecting envelope usage and any increases in postal rates, relative to changes in the cost of alternative delivery means or advertising media, could result in reductions in the volume of mail sent. No assurance can be provided that future increases in postal rates will not have a negative effect on the level of mail sent or the volume of envelopes purchased. Canada Post renewed its bargaining agreement with the majority of its employees in the past year, reducing the risk of a strike.

Finally, there has been growing talk of "do-not-mail" legislation in the US with respect to the direct marketing industry. The Fund does not believe that such legislation would be passed in Congress as it would have a detrimental impact on the United States Postal Service, the country's largest employer. "Do-not-mail" legislation is instituted at the state level. In 2008, such legislation was introduced but not passed in some states. That being said, if such legislation were to be passed, it would have a negative impact on the Fund's sales volume.

Interest rate

The Fund is exposed to market risks related to interest rate fluctuations. At the end of fiscal 2008, the floating-rate portion of the Fund's long-term debt represented 32% of total long-term debt, while the fixed-rate portion represented 68% in view of the interest rate swap. The floating-rate portion of long-term debt increased in the past two years following the two acquisitions and the normal course issuer bid. Floating-rate debt bears interest rates based on bankers' acceptance. The Fund was party to an interest rate swap of \$75 million on its term credit facility to mitigate this risk. This swap converts the variable interest rate, based on bankers' acceptance rate, to an average fixed interest rate of 5.991% until March 31, 2009 and 6.192% from April 1, 2009 to March 31, 2010, including an applicable margin.

To mitigate this risk the Fund tries to keep a good balance of fixed versus floating rate debt.

The Canadian central bank has reduced its rates since the second quarter of fiscal 2008. The Fund benefits partially from such reductions in its floating rate debt. The Fund believes that Canadian interest rates are likely to remain fairly low in fiscal 2009.

Litigation

Supremex, like other manufacturing and sales organizations, is subject to potential liabilities connected with its business operations, including expenses associated with product defects, performance, reliability or delivery delays. Supremex is from time to time threatened with, or named as a defendant in, legal proceedings, including lawsuits based on product liability, personal injury, breach of contract and lost profits or other consequential damages claims, in the ordinary course of conducting its business. A significant judgment against Supremex, or the imposition of a significant fine or penalty, as a result of a finding that Supremex failed to comply with laws or regulations, or being named as a defendant on multiple claims could have a material adverse effect on Supremex's business, financial condition, results of operations and cash available for distributions.

One of the predecessor companies of Supremex could be a the target of a potential inquiry by the Competition Bureau with respect to alleged price maintenance offences under Section 61 of the *Competition Act* and management understands that Supremex may become the subject of further inquiries by the Competition Bureau regarding price fixing or market sharing activities in connection with the sale of envelopes, contrary to Section 45 of the *Competition Act*.

If Supremex is found guilty of the alleged price maintenance offences under Section 61 of the *Competition Act* or as a result of any inquiry into price fixing or market sharing activities contrary to Section 45 of the *Competition Act*, the resulting fines and negative publicity could be substantial and could have a material adverse effect on the business, results of operation and financial condition of Supremex, and on cash available for distributions. In addition, Supremex could be the target of class action lawsuits in such circumstances.

INTEREST OF EXPERTS

Ernst & Young LLP are the auditors of the Fund and have advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Ordre des comptables agréés du Québec.

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found on SEDAR at www.sedar.com.

Additional information, including trustees', directors' and officers' remuneration and indebtedness, principal holders of the Fund's securities and securities authorized for issuance under equity compensation plans will be contained in the Fund's information circular for its annual meeting of Unitholders of the Fund. Additional financial information is provided in the Fund's financial statements and management's discussion and analysis for the year ended December 31, 2008.

The Fund will, upon request to the Corporate Secretary of Supremex, 7213 Cordner, Lasalle, Québec, H8N 2J7, provide to any person or company, the documents specified below:

- (a) when the Fund is in the course of a distribution of its securities under a short form prospectus, or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:
 - (i) one copy of the Fund's latest annual information form, together with one copy of any document or the pertinent pages of any document, incorporated therein by reference;
 - (ii) one copy of the comparative Consolidated Financial Statements of the Fund for the most recently completed financial year for which financial statements have been filed, together with the Auditors' Report thereon, and one copy of any interim financial statements of Supremex for any period after its most recently completed financial year;
 - (iii) one copy of the information circular of the Fund in respect of its most recent annual meeting of unitholders that involved the election of Trustees or one copy of any annual filing prepared instead of that information circular, as appropriate; and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under subparagraphs (i) to (iii); or
- (b) at any other time, the Fund shall provide to any person or company one copy of any of the documents referred to in subparagraphs (a)(i), (ii) and (iii) above, provided that Supremex may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of the Fund's securities.

GLOSSARY OF TERMS

“**Acquisition Agreement**” means the acquisition agreement dated as of March 31, 2006 entered into between the Fund, the Vendor and Cenveo.

“**Business**” means the business of manufacturing envelopes and related products carried on prior to the closing of the Initial Public Offering by Supremex Inc. and its two wholly-owned subsidiaries, PNG Products Inc. and Innova Envelope Inc.

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Montreal, in the Province of Québec, for the transaction of banking business.

“**CBCA**” means the *Canada Business Corporations Act*.

“**CDS**” means The Canadian Depository for Securities Limited.

“**Cenveo**” means Cenveo, Inc. or any one of its wholly-owned subsidiaries, as the case may be.

“**Cenveo Depew**” means the business unit located in Buffalo, New York, which has been named “Buffalo Envelope” on the closing of the Acquisition.

“**Closing Date**” means the closing date of the Initial Public Offering.

“**Competition Act**” means the *Competition Act of Canada*.

“**Directors**” means the directors of Supremex.

“**Distributable Cash**” has the meaning ascribed thereto under “Definition of EBITDA and Distributable Cash”.

“**Environmental Laws**” has the meaning ascribed thereto under “Business – Environmental Regulations”

“**Fund**” means Supremex Income Fund, an unincorporated open-ended trust formed pursuant to the Fund Declaration of Trust under the laws of the Province of Québec.

“**Fund Declaration of Trust**” means the Fund Declaration of Trust made as of February 10, 2006 as amended and restated between the trustee and the settlor thereof governed by the laws of the Province of Québec, pursuant to which the Fund was established, as amended, supplemented or restated from time to time.

“**GAAP**” means generally accepted accounting principles in Canada.

“**Initial Public Offering**” means the offering of 17,500,000 Units issued and sold by the Fund pursuant to the prospectus dated March 17, 2006 on March 31, 2006.

“**In Specie Redemption Price**” has the meaning ascribed to that term under “Description of the Fund — Redemption Right at the Option of the Unitholders”.

“**Management**” means the management of Supremex.

“**Monthly Limit**” has the meaning ascribed thereto under “Description of the Fund — Redemption Right at the Option of the Unitholders”.

“**Non-Canadian Partnerships**” means partnerships that are not Canadian partnerships as defined in the Tax Act.

“**Note Trustee**” means Computershare Investor Services Inc.

“**Notes**” means, collectively, the Series 1 Notes and Series 2 Notes issued by Supremex in accordance with the Note Indenture.

“**Ordinary Resolution**” means a resolution passed by the affirmative vote of the holder(s) of more than 50% of the Units issued and outstanding at that time who voted in respect of that resolution at a meeting of Unitholders at which a quorum was present, or a resolution or instrument signed by the holder(s) of all of the Units issued and outstanding at that time entitled to be voted on such resolution.

“**Person**” means any individual, partnership, firm, trust, body corporate, government, governmental body, agency or instrumentality, unincorporated body of persons or association.

“**Plans**” means registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, collectively.

“**Redemption Price**” has the meaning ascribed thereto under “Description of the Fund — Redemption Right at the Option of the Unitholders”.

“**Series 1 Notes**” means the series 1 notes of Supremex issued under the Note Indenture.

“**Series 2 Notes**” means the series 2 notes of Supremex issued under the Note Indenture.

“**Shares**” means the common shares of Supremex.

“**Special Resolution**” means a resolution passed by the affirmative vote of the holder(s) of not less than 66 2/3% of the Units issued and outstanding at that time who voted in respect of that resolution at a meeting of Unitholders at which a quorum was present, or a resolution or instrument signed by the holder(s) of all of Units issued and outstanding at that time entitled to be voted on such resolution.

“**Supremex**”, unless otherwise indicated or the context otherwise requires, refers collectively to the Fund and Supremex Inc. together with their respective subsidiaries and other entities controlled by them.

“**Tax Act**” means the Income Tax Act (Canada) and the regulations thereunder, as amended.

“**Trustees**” means the trustees of the Fund, appointed from time to time.

“**TSX**” means the Toronto Stock Exchange.

“**Underwriters**” means TD Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., Desjardins Securities Inc., National Bank Financial Inc., Scotia Capital Inc., Canaccord Capital Corporation and Genuity Capital Markets G.P.

“**Units**” means the trust units of the Fund.

“**Unitholder**” and “**Unitholders**” means the holders from time to time of Units and includes, while the Units are registered in the Book-Entry Only System, the beneficial owners of Units.

“**U.S.**” means the United States of America.

“**Vendor**” means Cenveo Corporation.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SCHEDULE A

AUDIT COMMITTEE CHARTER (the “Committee”)

Section 1 Role and Purpose

The Audit Committee (sometimes referred to herein as the “Committee”) is a committee of the Board of Supremex Inc. (the “Corporation”) as well as the Trustees of Supremex Income Fund (the “Fund”). The primary function of the Audit Committee is to assist the Board members and the Trustees in fulfilling their roles by:

- (a) recommending to the Board the appointment and compensation of the external auditor;
- (b) overseeing the work of the external auditor, including the resolution of any issues between the external auditor and management;
- (c) pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Fund or its subsidiaries by the external auditor;
- (d) reviewing and recommending the approval of the annual and interim financial statements, related management discussion and analysis (“MD&A”), and annual and interim earnings press releases before such information is publicly disclosed;
- (e) ensuring that adequate procedures are in place for the review of the Fund's public disclosure of financial information, other than those described in (d) above, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures; and
- (f) reviewing and approving any proposed hiring of current or former partner or employee of the current and former auditor of the Fund or its subsidiaries.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in this Charter. However, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles (“GAAP”), to conduct investigations, or to assure compliance with laws and regulations or the Fund's or the Corporation's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor, as the case may be.

Section 2 Composition of the Committee and Meetings

- (1) The Audit Committee must be constituted as required under Multilateral Instrument 52-110, as it may be amended from time to time (“MI 52-110”).
- (2) The Committee should be comprised of such members as are determined by the Board, all of whom should be independent members Directors (as defined by MI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (3) All members of the Committee must (except to the extent permitted by MI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Fund's financial statements).
- (4) The members of the Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

- (5) Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Trustee. The Board may fill vacancies on the Audit Committee by election from among the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all of its powers so long as a quorum remains.
- (6) The Committee shall meet at least four times annually, or more frequently as circumstances require.
- (7) The Committee Chair may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Fund with senior employees, officers and the external auditor of the Fund or the Corporation, and others as they consider appropriate.
- (8) In order to foster open communication, the Committee or its Chair shall meet at least quarterly with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Fund's interim financial statements.
- (9) Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall determine by resolution.
- (10) Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board and the external auditor, and the President and Chief Executive Officer and the Vice President, Chief Financial Officer and Corporate Secretary of the Corporation, shall be entitled to request that any member of the Committee call a meeting.
- (11) The Committee shall determine any desired agenda items.

Section 3 Activities

The Audit Committee shall, in addition to the matters described in Section 1:

- (1) Review on an annual basis and recommend to the Board changes to this Charter as considered appropriate from time to time.
- (2) Review the public disclosure regarding the Audit Committee required by MI 52-110.
- (3) Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Fund and the Corporation to assess their independence.
- (4) Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
- (5) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- (6) Arrange for the external auditor to be available to the Committee and the Board as needed.
- (7) Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor.

- (8) Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Fund's and/or the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.
- (9) Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
- (10) Consider proposed major changes to the Fund's and/or the Corporation's accounting principles and practices.
- (11) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- (12) Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- (13) Periodically consider the need for an internal audit function, if not present.
- (14) Following completion of the annual audit and, if applicable, quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (15) Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
- (16) Review activities, organizational structure and qualifications of the chief financial officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board.
- (17) Review management's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.
- (18) Establish procedures for: the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal accounting controls or auditing matters; and the confidential, anonymous submission by the Fund or the Corporation employees of concerns regarding questionable accounting or auditing matters.

Section 4 General Matters

- (1) The Committee is authorized to retain independent counsel, accountants, consultants and any other professionals ("Advisors") it deems necessary to carry out its duties, and the Committee shall have the authority to determine the compensation of and to cause the Fund or the Corporation to pay any such Advisors.
- (2) The Committee is authorized to communicate directly with the external (and, if applicable, internal) auditors as it sees fit.

- (3) If considered appropriated by it, the Committee is authorized to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.
- (4) Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible for preparing financial statements, for planning or conducting internal or external audits or for determining that the Fund's and/or the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles, as these are the responsibility of management and in certain cases the external auditor, as the case may be. Nothing contained in this Charter is intended to make the Committee liable for any non-compliance by the Fund or the Corporation with applicable laws or regulations.
- (5) The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Fund's and/or the Corporation's shareholders or the Fund's unitholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or the Fund or to any other liability whatsoever.