B.E.S.T. TOTAL RETURN FUND INC.

www.bestfunds.ca

MANAGEMENT PROXY CIRCULAR

as of January 27, 2015

Solicitation of Proxies by Management

This management proxy circular is furnished in connection with the solicitation by the management of B.E.S.T. Total Return Fund Inc. (the "Corporation") of proxies to be used at the annual and special meeting of shareholders of the Corporation to be held on Friday, February 27, 2015 at 10:00 a.m., at the offices of McMillan LLP, Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario, M5J 2T3, and at any adjournment thereof for the purposes set forth in the accompanying Notice of Annual and Special Meeting. While management intends to solicit most proxies by mail, some proxies may be solicited by telephone or other personal contact by directors or officers of the Corporation. The cost of such solicitation is expected to be nominal and will be borne by the Corporation. Except as otherwise stated herein, the information contained herein is given as of January 27, 2015.

Appointment of Proxies

The persons named in the accompanying form of proxy are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person, who need not be a shareholder of the Corporation, other than the persons designated in the accompanying form of proxy, to attend and act on behalf of the shareholder at the meeting or at any adjournment thereof.** To exercise this right, a shareholder may either insert such other person's name in the blank space provided in the accompanying form of proxy, or complete another appropriate form of proxy.

To be valid, a proxy must be dated and signed by the shareholder or his attorney authorized in writing. The proxy, to be acted upon, must be deposited with the Corporation, c/o President, B.E.S.T. Investment Counsel Limited, 15 Toronto Street, Suite 400, Toronto, Ontario, M5C 2E3, prior to the close of business (5:00 p.m. Toronto time) on February 26, 2015, or on the last business day (being any day other than a Saturday or holiday in the City of Toronto, Ontario) prior to the date of any adjournment of the meeting, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof, prior to the commencement of the meeting. Late proxies may be accepted or rejected by the chair of the meeting in his or her discretion and the chair of the meeting is under no obligation to accept or reject any particular late proxy.

A registered shareholder attending the meeting has the right to vote in person and if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the meeting or any adjournment thereof.

Revocation of Proxies

A proxy given by a shareholder for use at the meeting may be revoked at any time prior to its use. A proxy may be revoked by depositing an instrument in writing (including another proxy) executed by the shareholder or by the shareholder's attorney authorized in writing at the registered office of the Corporation. A proxy may be revoked at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, or with the chairman of the meeting on the day of the meeting or any adjournment thereof, provided that the proxy has not been exercised on any particular matter. A shareholder may also revoke a proxy in any other manner permitted by law. Only registered shareholders have the right to revoke a proxy. Non-registered shareholders who wish to change their vote must, in sufficient time before the meeting, arrange for their respective intermediaries (as described below) to revoke the proxy on their behalf.

Important Information for Beneficial Holders

The information set forth in this section is important to beneficial holders of Class A Shares (as hereinafter defined). Only registered shareholders, or the persons they appoint as their proxies, are permitted to vote at the meeting. Shareholders who do not hold their securities in their own name are considered beneficial shareholders ("Non-Registered Holders"). Such securities may be registered in the name of an intermediary with whom a Non-Registered Holder deals in respect of the Class A Shares such as banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds and similar plans. Shares so held can only be voted upon the instructions of the Non-Registered Holder. Without specific instructions, intermediaries are prohibited from voting shares held for Non-Registered Holders.

There are generally two types of beneficial holders, those who object to their name being made known to the issuer of securities which they own ("OBOs" or "Objecting Beneficial Owners") and those who do not object to the issuers of securities they own knowing who they are ("NOBOs" or "Non-objecting Beneficial Owners").

These security holder materials are being sent to both registered and Non-Registered Holders of the Class A Shares. If the Corporation or its agent has sent these materials directly to a Non-Registered Holder, the name, address and information about such person's holdings of securities have been obtained in accordance with applicable securities regulatory requirements. If the Corporation has sent these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for delivering these materials to you and executing your proxy voting instructions.

Holders of Class A Shares receiving a form of proxy should return the form of proxy as described above under "Appointment of Proxies". Non-Registered Holders of Class A Shares receiving a voting instruction form should carefully follow the instructions on the voting instruction form and return it to the Corporation, c/o President, B.E.S.T. Investment Counsel Limited, 15 Toronto Street, Suite 400, Toronto, Ontario M5C 2E3.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. When properly completed and signed by the Non-Registered Holder and returned, a voting instruction form will constitute voting instructions which the intermediary must follow. If a Non-Registered Holder who receives a voting instruction form wishes to vote at the meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should follow the instructions in the voting instruction form well in advance of the meeting to obtain a form of legal proxy.

Voting by Proxies

On any ballot that may be called for the Class A Shares and Class B Shares (as hereinafter defined) in the capital of the Corporation represented by the enclosed form of proxy (if properly executed) will be voted or withheld from voting in accordance with the instructions of the shareholder indicated thereon. **In the absence of such instructions, the Class A Shares and Class B Shares will be voted for the resolutions and in favour of all other matters proposed by management at the meeting or at any adjournment thereof as provided in this management proxy circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting, and with respect to any other matter which may properly come before the meeting or any adjournment thereof. As of the date of this management proxy circular, management is not aware of any such amendment, variation or other matter proposed or likely to come before the meeting or any adjournment thereof. However, if any such amendment, variation or other matter properly comes before the meeting or any adjournment thereof, it is the intention of the persons named in the enclosed form of proxy to vote on such other business in accordance with their best judgement.

The Stated Capital Resolution (as defined herein) is a special resolution which must be passed by two-thirds of those holders of Class A Shares and Class B Shares voting at the Meeting in person or by proxy. The Subscription Resolution (as defined herein) must be passed by at least 75% of the holders of Class A Shares cast, in person or proxy. In the case of an equality of votes, the Chair of the Meeting shall not be entitled to a second or casting vote.

Voting Shares and Principal Holders

The authorized capital of the Corporation consists of an unlimited number of Class A Shares issuable in series (the "Class A Shares"), an unlimited number of Class B Shares ("Class B Shares") and an unlimited number of Class C Shares ("Class C Shares"). As of January 27, 2015, the record date for the meeting, there were 149,443.846 Class A Shares, 1 Class B Share and 362,725 Class C Shares issued and outstanding. The holders of Class A Shares are entitled to one vote in respect of each Class A Share held at all meetings of the shareholders of the Corporation and, voting as a class, are entitled to elect two directors of the Corporation (of a total of five). The holders of Class B Shares are entitled to one vote in respect of each Class B Share held at all meetings of the shareholders of the Corporation and, voting as a class, are entitled to elect three directors of the Corporation (of a total of five). Holders of Class C Shares are not entitled to vote in respect of any of the matters to be considered at the meeting.

The Corporation has set the record date for voting as the close of business (5:00 p.m. Toronto time) on January 27, 2015.

To the knowledge of the directors and officers of the Corporation, there are no persons who beneficially own, or control or direct, directly or indirectly, Class A Shares carrying more than 10% of the voting rights attached to the Class A Shares of the Corporation entitled to be voted at the meeting.

The Christian Labour Association of Canada ("the Sponsor" or "CLAC"), beneficially owns, controls or directs, directly or indirectly, the sole issued and outstanding Class B Share. The other sponsors of the Corporation are The International Federation of Professional and Technical Engineers – Local 160 and The International Federation of Professional and Technical Engineers – Local 164.

The quorum for any shareholder meeting is two persons present, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled. If a quorum is not present for a meeting of shareholders within 30 minutes after the time fixed for holding the

meeting, the meeting will be adjourned for a period of not less than 10 days and not more than 21 days, at which point the shareholders present in person or represented by proxy shall constitute a quorum.

Business to be Conducted at the Meeting

Election of Directors

The number of directors of the Corporation to be elected at the meeting is five, two of whom are to be elected by the holders of the Class A Shares while the remaining three are to be elected by the Sponsor, the beneficial holder of the outstanding Class B Share. It is proposed that each of the persons whose name appears hereunder be elected as a director of the Corporation to serve until the close of the next annual and special meeting of shareholders or until his or her successor is elected or appointed unless his or her office is earlier vacated. With respect to the ballots relating to the election of directors by Class A shareholders, it is intended that the shares represented by proxy in favour of management nominees will be voted in favour of the election of such persons as directors of the Corporation, unless a shareholder has specified in his or her proxy that his or her shares are to be withheld from voting in the election of directors. Management does not anticipate that any of the nominees for election as directors will be unable to serve as a director, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The information as to Class A Shares beneficially owned or over which control or direction is exercised has been furnished by the respective nominees individually.

Holders of Class A Shares

The nominees for election as a director by the holders of the Class A Shares of the Corporation are David A. Copeland and George R. Paterson. The name, municipality of residence, principal occupation, date the nominee first became a director of the Corporation and the number of Class A Shares held is listed below for each nominee for election as a director by the Class A shareholders.

Name and Municipality of Residence	Principal Occupation	Director Since	Number and Percentage of Class A Shares Owned or Controlled
DAVID A. COPELAND[(1)] Guelph, Ontario, Canada	Private Investor	October 31, 2003	—
GEORGE R. PATERSON[(2)] Toronto, Ontario, Canada	Consultant Paterson & Associates	October 31, 2003	—

(1) Member of the Audit Committee

(2) Chair of the Board of Directors

David A. Copeland is a private investor investing in small, growth-oriented businesses. Mr. Copeland has held executive roles in the automobile parts manufacturing industry including President, Co-founder and a Director of TRIAM Automotive Inc. and Executive Vice-President and Chief Financial Officer of Magna International Inc. Mr. Copeland is a director of Nuvo Research Inc. Mr. Copeland is a Chartered Accountant and has a Bachelor of Mathematics degree from the University of Waterloo.

George R. Paterson retired as Treasurer of IBM Canada Limited in 1990 and has worked as a consultant since that time. He held a number of senior management positions with IBM including Director of Finance and Administration in Europe, Canada and Asia. Mr. Paterson serves on several boards, as well as a number of private companies, and provides strategic and management assistance to emerging technology corporations.

The Holder of the Class B Share

The following three persons will be nominated at the meeting for election as directors by the Sponsor or its duly appointed proxy. Of the three directors to be elected by the Sponsor, the Sponsor has agreed to support for election two nominees Jocelyne M. Côté-O'Hara and David A. Turnbull as designated by B.E.S.T. Investment Counsel Limited. The remaining nominee, John-David Alkema, is a nominee of the Sponsor. The name, municipality of residence, principal occupation, date the nominee first became a director of the Corporation and the number of Class A Shares held is listed below for each nominee for election as a director by the Sponsor.

Name and Municipality of Residence	Principal Occupation	Director Since	Number and Percentage of Class A Shares Owned or Controlled
JOHN-DAVID ALKEMA Hamilton, Ontario, Canada	Regional Director for the Mississauga office of the Christian Labour Association of Canada	February 24, 2010	—
JOCELYNE M. CÔTÉ-O'HARA[(1)] Toronto, Ontario, Canada	President, The Cora Group	December 19, 2008	—
DAVID A. TURNBULL[(1)] Toronto, Ontario, Canada	Head of Private Company Advisory, Manulife Capital Markets	December 18, 2009	—

(1) Member of the Audit Committee

John-David (J.D.) Alkema is the Regional Director for the Mississauga office of the Christian Labour Association of Canada (CLAC). He has worked for CLAC for over 14 years in the Chatham and Mississauga Regional Offices. Mr. Alkema also serves as the secretary for CLAC's National Executive. Mr. Alkema holds a Bachelor of Arts in Political Science and in Business from Redeemer University College.

Jocelyne M. Côté-O'Hara is President of The Cora Group, a corporate strategy and performance consulting firm. Ms. Côté-O'Hara is a former President and Chief Executive Officer of Stentor Telecom Policy Inc. and served for seven years as an executive and an officer of BC TEL. Over a period of ten years (1984-1994), she served in the credit union movement, including six years as a director and Chair of the Board of Directors of the Civil Service Credit Union and three years as a director of the Ontario Deposit Insurance Corporation. She has been a director of a number of private and publicly-traded companies as well as many not for profit organizations. She is a graduate of the University of Ottawa, has completed the Advanced Management Program at the Harvard Business School and is a recipient of the Order of Canada and The Queen's Diamond Jubilee Medal.

David A. Turnbull is the Head of Private Company Advisory at Manulife Capital Markets. He has extensive experience in the financial services industry specializing in structuring, pricing and raising capital for business acquisitions, expansion, management buyouts, leveraged buy-outs and corporate restructuring. Previously, Mr. Turnbull founded and managed a boutique investment bank for 12 years. In addition, he was with two bank-owned investment dealers, an international professional services firm and has been acting Chief Financial Officer for three companies. Mr. Turnbull holds the designations of Chartered Financial Analyst, Chartered Financial Planner, has a Master of Business Administration from the Richard Ivey School of Business and a Bachelor of Arts in Economics from The University of Western Ontario.

Appointment of Auditor

At the annual and special meeting of shareholders, it is proposed that PricewaterhouseCoopers LLP be reappointed as auditor of the Corporation to hold office until the next annual meeting of shareholders at a remuneration to be fixed by the Board of Directors of the Corporation. PricewaterhouseCoopers LLP has been the Corporation's auditor since the Corporation's inception. As indicated above, the persons whose names are printed on the enclosed form of proxy intend to vote for the reappointment of PricewaterhouseCoopers LLP as auditor of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix its remuneration, unless a shareholder has specified in his or her proxy that his or her shares are to be withheld from voting on the appointment of auditors. The appointment of auditor must be approved by a majority of the votes cast at the meeting.

Increase in Stated Capital

On the recommendation of B.E.S.T. Investment Counsel Limited, in its capacity as the manager of the Corporation (the "Manager"), the Corporation intends to capitalize annually sufficient amounts of its capital gains, if any, in an effort to minimize the income taxes payable by the Corporation. The Corporation proposes to effect the contemplated capitalization by increasing the stated capital in respect of the Class A Shares and the Class C Shares on a *pro rata* basis. For income tax purposes, the contemplated increases in the stated capital in respect of the Class A Shares and the Class C Shares will result in corresponding increases in the "paid-up capital" in respect of each class of shares.

An increase in the "paid-up capital" in respect of a class of shares of the Corporation in the manner contemplated above will generally result in each holder of shares of the particular class being deemed to have received (and the Corporation being deemed to have paid) a dividend in an amount equal to the increase in the "paid-up capital" in respect of the particular class of shares multiplied by the number of shares of the particular class held by the shareholder immediately after the time of the deemed dividend divided by the total number of issued and outstanding shares of the particular class at that time. However, provided an appropriate election is filed by the Corporation in prescribed form within the time periods stipulated in the *Income Tax Act* (Canada) (the "Tax Act") in respect of the full amount of the contemplated dividends deemed to have been paid in respect of the Class A Shares and the Class C Shares, the Corporation expects that such deemed dividends will be deemed to be "capital gains dividends" to the holders of such shares for the purposes of the Tax Act, entitling the Corporation to potentially claim a refund of an amount effectively equal to all or part of the income tax otherwise payable on its realized capital gains. The amount of a "capital gains dividend" received by a holder of a Class A Share or a Class C Share should generally be deemed to be a capital gain of the shareholder from the disposition of capital property in the year of receipt, and not be included in computing the shareholder's income for the year as income from a share of the capital stock of the Corporation, subject to the detailed provisions of the Tax Act applicable in this regard.

On the Manager's recommendation, prior to August 31, 2014, the Corporation added $1,241,373.00 (the "Subject Amount"), being an amount, determined by the Chief Financial Officer of the Corporation and approved by the Manager and the Board of Directors of the Corporation, to the stated capital account

maintained by the Corporation in respect of each authorized and issued Class A Share and Class C Share, on a pro rata basis. The Corporation believed that the Subject Amount did not exceed the estimate of the amount which would allow the Fund to obtain, for the taxation year of the Fund ending on August 31, 2014, the maximum refund under subsection 131(2) of the Tax Act.

On the Manager's recommendation, the Corporation proposes to capitalize amounts, if any, in a manner consistent with that described above, at appropriate intervals on or before August 31, 2015, which, in the aggregate, equal an estimate of the amount which would allow the Corporation, pursuant to subsection 131(2) of the Tax Act, to obtain the maximum refund in respect of its capital gains for its taxation year ending August 31, 2015. The Chief Financial Officer of the Corporation will estimate the amounts to be capitalized. The amounts will be approved by the Manager and the Board of Directors of the Corporation.

The maximum amount of the refund to which the Corporation will be entitled under subsection 131(2) of the Tax Act is an amount equal to the Corporation's "refundable capital gains tax on hand" at the end of the year. The Corporation's "refundable capital gains tax on hand" is a cumulative amount generally intended to approximate an amount equal to the federal tax paid on the Corporation's net realizable capital gains less amounts previously refunded. Detailed rules in the Tax Act govern the calculation of the Corporation's "refundable capital gains tax on hand".

In the event of an increase in the "paid-up capital" in respect of the shares of the Corporation as described above, a shareholder may not receive any cash distribution in respect of the resulting deemed dividend. Accordingly, a shareholder may be liable to pay tax in respect of the deemed dividend, even though the holder may not have received a cash distribution from the Corporation with which to pay the tax.

In general, an individual shareholder's adjusted cost base of Class A Shares and Class C Shares of the Corporation will be increased by the amount of any dividend deemed to have been received on such shares as a result of an increase in the "paid-up capital" in respect of such shares.

A holder of Class A Shares of the Corporation which is a Registered Retirement Saving Plan, a Registered Retirement Income Fund or a Tax-Free Savings Account is generally exempt from income tax on the amount of any deemed dividend, including a capital gains dividend.

For the purposes of the *Canada Business Corporations Act* (the "CBCA"), the capitalization of income results in a corresponding increase in the stated capital account maintained by the Corporation in respect of the applicable series of its Class A Shares and Class C Shares. Under the CBCA, the Corporation is required to obtain the approval of its shareholders by way of special resolution to any increase in the stated capital account in respect of its Class A Shares and Class C Shares. For the purpose of satisfying this requirement, it is proposed that a special resolution be passed by the holders of Class A Shares and the holder of the Class B Share of the Corporation in the form attached as Appendix "A" to this Circular (the "**Stated Capital Resolution**"). The special resolution must be passed by at least two-thirds of the votes cast, either in person or by proxy, by holders of the Class A Shares and the holder of the Class B Share.

The foregoing summary is not intended to be, nor should it be construed as, legal or tax advice. Shareholders should consult their own tax advisors for advice based on their individual circumstances.

Assuming all necessary shareholder approvals are given at the Meeting, the Stated Capital Resolution will become effective and the Corporation may, to the extent determined appropriate by its management, increase the stated capital of each series of its Class A Shares and Class C Shares, on or before August 31, 2015 by an amount determined in respect of its taxation year ending August 31, 2015.

Halt of Issue and Distribution of Class A Shares

Currently, the Management Agreement (as defined below) requires that the Corporation may stop offering its Class A Shares to the public provided that: (a) prior approval of the Manager is obtained, such approval not to be unreasonably withheld; and (b) a resolution is passed by at least 75% of the votes cast, in person or by proxy, at a special meeting of Class A Shareholders of the Corporation called to consider such issue.

This requirement is unique to the holders of Class A Shares of the Corporation and is not in line with standard industry practice for other mutual funds or labour sponsored investment funds. The Manager and the board of directors of the Corporation believe it is in the best interest of the Corporation if the Manager had the authority to decide whether there should be a halt or suspension in the distribution of the Class A Shares if it was in the best interest of the Corporation. This would allow the Manager to act on a timely and more cost effective basis to preserve or enhance the net asset value of the Fund.

In light of the above, the Corporation is requesting that the holders of Class A Shares approve providing the Corporation with the authority to suspend or halt the issue and distribution of the Class A Shares provided that the Manager and the board of directors of the Corporation, in their sole discretion, determine that suspending or halting the issue and distribution of the Class A Shares would be in the best interest of the Corporation.

For the purpose of satisfying this requirement, on the recommendation of the Board of Directors of the Corporation and the Manager, it is proposed that a resolution of 75% of the holders of Class A Shares be passed in the form attached as Appendix "B" to this Circular (the "**Subscription Resolution**").

Assuming all necessary shareholder approvals are given at the Meeting, the Subscription Resolution will become effective and the Corporation may, to the extent determined in the best interest of the Corporation by the Manager and the Board of Directors of the Corporation, suspend or halt the issue and distribution of the Class A Shares

Cease Trade Orders And Sanctions

To the best of the Corporation's knowledge, except as noted below, no director or proposed director of the Corporation is, or within the ten (10) years prior to the date hereof has been, a director or executive officer of any company that, while that person was acting in that capacity (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the director or executive officer 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 any exemption under securities legislation, for a period of more than 30 consecutive days; or (iii) 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. Mr. Copeland was Chairman of the board of directors until January 15, 2009 (when he resigned) of Triton Electronik Inc., a group of companies which filed for protection under the Companies' Creditors Arrangement Act on January 28, 2009. Mr. Copeland was a director of MTB Industries Inc. ("MTB") until he resigned on May 1, 2009. MTB filed for court appointed receivership on May 5, 2009.

To the best of the Corporation's knowledge, except as described below, no director or proposed director of the Corporation has (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) 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 making an investment decision. Mr. David Copeland is a director of Nuvo Research Inc., which entered into a settlement agreement with the Ontario Securities Commission in 2007. The grounds upon which the settlement agreement was entered into were a result of actions of the former management of Nuvo Research Inc. which occurred prior to the time when Mr. Copeland became a director of Nuvo Research Inc.

Bankruptcies

To the best of the Corporation's knowledge, no director or proposed director has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Directors' and Officers' Liability Insurance

The Corporation has purchased and maintains directors' and officers' liability and corporation reimbursement insurance for and on behalf of the directors and officers of the Corporation. The premium paid by the Corporation for such insurance for the one-year period ending July 11, 2015 was $6,149 including taxes. No director or officer has paid any premium for such insurance. The insurance shall be payable in the case of each applicable loss incurred by the directors and/or officers up to the aggregate limit of $3,000,000. A $100,000 deductible is payable in the case of each indemnification by the Corporation.

Executive Compensation

The Corporation has three executive officers, Mr. John M.A. Richardson, Mr. Thomas W.R. Lunan and Mr. Alan V. Chettiar, none of whom received compensation from the Corporation for acting in such capacity during the financial year ended August 31, 2014. The services of such officers are provided by the Manager under the Management Agreement (defined below) at the expense of the Manager.

All directors are entitled to an annual fee of $7,000, plus $600 per meeting for each Board of Directors or Board of Directors' committee meeting attended and are reimbursed for all reasonable expenses incurred in attending such meetings. The chairman of each committee of the Board of Directors is entitled to an additional $2,000 per annum and the Chairman of the Board of Directors receives an additional $4,000 per annum.

Indebtedness of Directors and Executive Officers

None of the directors or executive officers of the Corporation or their respective associates or affiliates is or has been indebted to the Corporation at any time.

Management Contracts

Management Agreement

Pursuant to an amended and restated management agreement between the Corporation and B.E.S.T. Investment Counsel Limited (in its capacity as the Manager of the Corporation) dated as of September 15, 2008 (the "Management Agreement"), the Manager was retained to manage the day-to-day operations of the Corporation. The initial term of the Management Agreement expires on December 22, 2013 and will be renewed automatically each year for a further term of one year, unless terminated earlier in accordance with its terms.

As compensation for the services provided for and on behalf of the Corporation by the Manager, the Corporation pays to the Manager an annual fee of 1.50% of the aggregate net asset value per share attributable to the Class A Shares on the first $100 million of the aggregate net asset value per share attributable to the Class A Shares and 1.25% of the aggregate net asset value per share attributable to the Class A Shares on the aggregate net asset value per share attributable to the Class A Shares in excess of $100 million.

The Manager is entitled to a performance fee (the "Performance Fee") payable after the disposition of eligible investments, if the specified thresholds as set out in the Management Agreement are met. Provided the thresholds are met, the proceeds of disposition of each eligible investment in a calendar quarter (less the costs of the investments) will be shared by the Manager and the Investment Advisor (defined below). The Investment Advisor is entitled to receive all gains and income earned from an eligible investment in excess of a 12% compounded annual rate of return on the investment up to and including an amount representing a 15% compounded annual rate of return earned from the particular eligible investment. All gains and income earned on each particular eligible investment in excess of a 15% compounded annual rate of return earned from the investment will be allocated as follows:

(i) 16% to the Investment Advisor; and

(ii) 4% to the Manager.

The Corporation retains the other 80% of such gains and income.

The Manager is also entitled to be reimbursed for certain costs and expenses incurred on behalf of the Corporation.

For the fiscal year ended August 31, 2014, the Manager was paid fees in the aggregate amount of $36,853 and a Performance Fee in the amount of $14,294 pursuant to the Management Agreement.

The Manager carries on business at 15 Toronto Street, Suite 400, Toronto, Ontario, M5C 2E3.

John M.A. Richardson of Waterdown, Ontario, is a director, officer of, and indirectly controls, the Manager. Thomas W.R. Lunan and Alan V. Chettiar of Toronto, Ontario, are officers of the Manager. Richard A. Brown of Toronto, Ontario, Robert John Roy of Toronto, Ontario and David R.K. Bernard of Allen, Texas, U.S.A., are directors of the Manager.

Investment Advisor Agreement

Pursuant to an amended and restated investment advisor agreement between the Corporation and B.E.S.T. Investment Counsel Limited (in its capacity as the investment advisor of the Corporation, the "Investment Advisor") dated as of September 15, 2008 (the "Investment Advisor Agreement"), the Investment Advisor was retained to develop and refine the investment strategy and criteria of the Corporation and provide investment advisory services to the Corporation, including completing prospective investments and disposing of existing investments, structuring and negotiating potential investments and providing recommendations to the Board of Directors concerning potential investments. Unless terminated earlier in accordance with its terms, the Investment Advisor Agreement will expire upon the dissolution, winding up or termination of the Corporation.

The Corporation pays the Investment Advisor an annual fee of 2% of the aggregate net asset value per share attributable to the Class A Shares of the Corporation on the first $100 million of the

aggregate net asset value per share attributable to the Class A Shares and 1.75% of the aggregate net asset value per share attributable to the Class A Shares on the aggregate net asset value per share attributable to the Class A Shares in excess of $100 million for the performance by it of the investment advisory services. The Investment Advisor is also reimbursed for certain reasonable costs and expenses incurred in performing its duties under the Investment Advisor Agreement.

For the fiscal year ended August 31, 2014, the Investment Advisor was paid fees in the aggregate amount of $49,137 and a Performance Fee in the amount of $156,029 pursuant to the Investment Advisor Agreement.

The head office and principal place of business of the Investment Advisor is 15 Toronto Street, Suite 400, Toronto, Ontario, M5C 2E3.

John M.A. Richardson of Waterdown, Ontario, is a director, officer of, and indirectly controls, the Investment Advisor. Thomas W.R. Lunan and Alan V. Chettiar of Toronto, Ontario, are officers of the Investment Advisor. Richard A. Brown of Toronto, Ontario, Robert John Roy of Toronto, Ontario and David R.K. Bernard of Allen, Texas, U.S.A., are directors of the Investment Advisor.

Shareholder Proposals

Persons entitled to vote at the next annual meeting of the Corporation who wish to submit a proposal for consideration at such meeting must submit their proposal to the Corporation by October 29, 2015.

Additional Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Shareholders may obtain copies of the Corporation's financial statements and management reports of fund performance by contacting the Corporation at 15 Toronto Street, Suite 400, Toronto, Ontario, M5C 2E3, calling 1.800.795.2378, emailing info@bestfunds.ca, or from the Internet at www.sedar.com or www.bestfunds.ca.

Financial information is provided in the Corporation's comparative financial statements and management report of fund performance for its most recently completed financial year.

Other Business

The management of the Corporation is not aware of any matters to come before the meeting other than those referred to in the Notice of Annual and Special Meeting.

Directors' Approval

The contents and the sending of this management proxy circular have been approved by the Board of Directors.

DATED at Toronto, Ontario, January 27, 2015.

(Signed) *John M.A. Richardson*
Chief Executive Officer

APPENDIX "A" – SPECIAL RESOLUTION REGARDING STATED CAPITAL

RESOLVED, AS A SPECIAL RESOLUTION OF THE HOLDERS OF CLASS A SHARES AND THE HOLDER OF THE CLASS B SHARE OF THE B.E.S.T. TOTAL RETURN FUND INC. (THE "CORPORATION") THAT:

1. The addition(s) on or before August 31, 2015 to the stated capital accounts maintained by the Corporation in respect of each authorized and issued series of Class A shares and Class C shares, on a *pro rata* basis, of the amounts in the aggregate not exceeding an estimate of the amount which would allow the Corporation to obtain, for the taxation year of the Corporation ending on August 31, 2015, the maximum refund under subsection 131(2) of the *Income Tax Act* (Canada), is approved;

2. The amount of the addition(s), if any, to the stated capital accounts maintained by the Corporation in respect of its Class A shares and Class C shares to be made by the Corporation on or before August 31, 2015, shall be determined by the Chief Financial Officer of the Corporation and approved by B.E.S.T. Investment Counsel Limited as the manager of the Corporation or any successor manager of the Corporation and the Board of Directors of the Corporation, where desirable, determined in the sole discretion of management of the Corporation, to permit the Corporation to obtain the tax refund referred to in paragraph 1 of this resolution;

3. The addition, prior to August 31, 2014, of $1,241,373.00 to the stated capital account maintained by the Corporation in respect of each authorized and issued series of Class A Share and Class C Share, on a pro rata basis, as described in more detail in the management proxy circular of the Corporation dated January 27, 2015, is hereby approved, ratified and confirmed; and

4. Any director or officer of the Corporation is hereby authorized, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such documents, agreements and instruments, and to do or to cause to be done all such other acts and things, as such director or officer determines to be necessary or desirable in order to carry out the intention of the foregoing paragraphs of this resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX "B" – RESOLUTION OF HOLDERS OF CLASS A SHARES REGARDING A SUSPENSION OR HALT IN SUBSCRIPTIONS OF CLASS A SHARES

RESOLVED, AS A RESOLUTION OF 75% THE HOLDERS OF CLASS A SHARES OF B.E.S.T. TOTAL RETURN FUND INC. (THE "CORPORATION") THAT:

1. the Corporation has the authority to suspend or halt the issue and distribution of the Class A Shares of the Corporation provided that B.E.S.T. Investment Counsel Limited, as the manager of the Corporation or any successor manager of the Corporation, and the board of directors of the Corporation, in their sole discretion, determine that suspending or halting the issue and distribution of the Class A Shares is in the best interest of the Corporation to do so; and

2. Any director or officer of the Corporation is hereby authorized, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such documents, agreements and instruments, and to do or to cause to be done all such other acts and things, as such director or officer determines to be necessary or desirable in order to carry out the intention of the foregoing paragraphs of this resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing**.**