CANFIN
PRIVATE WEALTH INC.

Statement of Policies
&
Client Relationship Disclosure

Last updated: November 2023

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1. OVERVIEW

Canfin Private Wealth Inc. (“CPW”) is an Ontario corporation registered with the provincial securities regulators under the category of a Portfolio Manager in the province of Ontario. CPW is a wholly-owned subsidiary of Canfin Holdings Inc., an Ontario corporation.

CPW is in the business of providing discretionary investment portfolio management services to Canadian clients who are resident in the provinces in which it is registered to offer its services (“the Account”). For the Accounts, the client and CPW agree upon an investment strategy based on CPW’s recommendation, and CPW has discretion to oversee the Account’s management and adjust the portfolio holdings. Services of CPW are only offered in jurisdictions where they may be lawfully offered to clients. All services are subject to the terms of the applicable agreement signed between CPW and its client.

This document will be updated by CPW from time to time to reflect its current operating policies, practices and procedures. Therefore, CPW encourages all its clients and prospects to review this document from time to time, a current version of which would be made available at CPW Statement of Policies**.**

All clients of CPW will be notified of a change to this document as soon as practicable following the change.

2. CONFIDENTIALITY AND USE OF INFORMATION

Confidentiality of Client Information is a fundamental principle of our firm. CPW, its affiliates, agents, advisors, officers and employees are required to treat as confidential all information pertaining to the client, the client Account and the investment program of the client Account (“Account Information”) and shall not disclose the same to persons who are not involved in the management and operation of the client Account, except if authorization is given by the client or as may be necessary to comply with applicable laws. With authorization from its client, CPW may use Account Information and all other information collected from its clients (including, to the extent applicable, personal information) (collectively, “Client Information”) to serve its clients, determine whether any services of CPW are suitable for the client and offer them to the client through an employee of CPW or another area of CPW as required or permitted by law. CPW shall provide a copy of its Privacy Policy to the client upon request. The client may withdraw this authorization or review the client’s options for refusing or withdrawing this authorization, including the option not to be contacted about offers of products or services, by contacting CPW.

3. VALUATION

The value for each security or asset held in an Account is determined by the client’s custodian and is generally calculated as at 4 p.m. Eastern Time (“ET”), or at such other time as the Toronto Stock Exchange (“TSX”) closes, on each day that the TSX is open for trading (Valuation Date). However, in some unusual circumstances, CPW or the client’s custodian may calculate it at another time where it believes it is in the best interests of the Account to do so. CPW may exercise its discretion to deviate from its valuation practices when such practices cannot be applied to a security or asset or when CPW deems the valuation to be unreliable or stale. In such cases, CPW will determine a value for the security or asset that is fair and reasonable in the circumstances and may include the services of a third-party valuation service provider or other means.

4. FEES AND ACCOUNT OPERATING COSTS

CPW charges its clients a management fee for its services calculated as a percentage of the market value of the client’s Account. Additional charges or customized fees may apply for complex accounts requiring customized reporting. For additional information on fees and account operation costs that may apply, please refer to the Investment Management Agreement.

5. CUSTODIAL RELATIONSHIP

CPW directs or arranges for clients to enter into custody relationships with custodial firms. CPW will maintain custodial relationships with non-affiliated qualified Canadian custodians or foreign custodians for all client's assets. CPW currently uses Fidelity Clearing Canada ULC as the custodian. In this way, a client's assets will be separate and apart from the custodian's own property and held in trust for the client.

The custodian holds client's assets in trust to mitigate the risk of misappropriation of assets. This arrangement incurs additional risks such as the risk of the custodian becoming insolvent and the risk of loss through custodian error, or risk that there will be a failure in the custodian's system. In CPW's opinion the risks are reduced as the qualified Canadian custodians listed are registered investment dealers and are also members of the Investment Industry Regulatory Organization of Canada (IIROC) and Canadian Investor Protection fund (CIPF). The benefit of this arrangement is it is cost effective and an efficient means of processing transactions.

CPW conducts initial and on-going due diligence on all chosen custodians and will regularly monitor the services provided. CPW will enter into a written custodial agreement as applicable, that will include provisions for key matters such as the location of portfolio assets, any appointment of sub-custodian, the method of holding portfolio assets, the standard of care of the custodian and the responsibility for loss.

CPW will reconcile client assets with the custodian at least monthly. CPW will also monitor performance of the custodians and will have regular meetings to discuss any issues.

6. REPORTING

CPW will provide clients a monthly Account statement that includes a portfolio listing, transactions made by CPW for clients (i.e. buys & sells of permitted securities in the account), net contributions/withdrawals made by the client, dollar balance, and such other details as required by applicable regulations from time to time. This Account statement will be under CPW's name.

7. COMPLAINTS PROCESS

A complaint may be communicated verbally by calling 1-877-422-6346 or in written form mailed to Canfin Private Wealth Inc., 680 Rexdale Blvd., Suite 26, Toronto, ON M9W 0B5, or by sending an email to manny@canfin.com. The client may want to consider using a method other than email for sensitive information. Please tell CPW what went wrong, when it happened, and what the client expects, for example, an apology, an account correction, etc.

CPW will send an acknowledgement letter to the client typically within 5 business days of a complaint being made. Once the complaint has been investigated, CPW will send a formal written notification of the outcome of the complaint. However, if a client raises an issue verbally, it may not be readily apparent that the client is complaining. CPW may ask the client to clarify a verbal complaint and, if applicable, put the complaint in writing. CPW normally provides its decision in writing, within 90 days of receiving a complaint. It will include:

- Summary of the complaint;
- Results of CPW's investigation;
- CPW's decision to make an offer to resolve the complaint or deny it, and
- Explanation of our decision

If CPW cannot provide the Client with its decision within 90 days, CPW will:

- Inform the client of the delay
- Explain why CPW's decision is delayed, and
- Provide the client a new date for CPW's decision

To help CPW resolve complaints sooner:

- Make the complaint as soon as possible.
- Reply promptly if CPW asks for more information.
- Keep copies of all relevant documents, such as letters, emails and notes of conversations with CPW.

If the client is not satisfied by CPW's decision, the client may be eligible for a free and independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI) on the basis that:

- CPW has not provided its decision within 90 days after the client made the complaint, or
- The client is not satisfied with CPW's decision.

OBSI can recommend compensation of up to $350,000. OBSI's service is available to clients of CPW. This does not restrict the client's ability to take a complaint to a dispute resolution service of its choosing at their own expense, or to bring an action in court, keeping in mind there are time limits for taking legal action.

A client has the right to use OBSI's service if:

- The client's complaint relates to a trading or advising activity of CPW or by one of our representatives;
- The client has made the complaint to CPW within 6 years from the time that the client first knew, or ought to have known, about the event that caused the complaint; and
- The client has filed its complaint with OBSI according to its time limits below.

Time limits apply:

- If CPW does not provide the client with its decision within 90 days, the client can take their complaint to OBSI any time after the 90-day period has ended;
- If the client is not satisfied with CPW's decision, the client has up to 180 days after CPW provides the client with its decision to take the complaint to OBSI.

To file a complaint with OBSI:
Email: ombudsman@obsi.ca
Telephone: 1-888-451-4519 or 416-287-2877 in Toronto

OBSI works confidentially and in an informal manner. It is not like going to court, and the client does not need a lawyer. During its investigation, OBSI may interview the client and representatives of CPW. CPW is required to cooperate in OBSI's investigations.

OBSI can help the client best if the client promptly provides all relevant information, including:

- Their name and contact information
- CPW's name and contact information
- The names and contact information of any of CPW's representatives who have been involved in the client complaint
- Details of the client complaint
- All relevant documents, including any correspondence and notes of discussions with CPW

Once OBSI has completed its investigation, it will provide its recommendations to the client and CPW. OBSI's recommendations are not binding on the client or CPW. OBSI can recommend compensation of up to $350,000. If the client's claim is higher, the client will have to agree to that limit on any compensation they seek through OBSI. If the client wants to recover more than $350,000, the client may want to consider another option, such as legal action, to resolve the complaint.

For more information about OBSI, visit www.obsi.ca.

CANFIN PRIVATE WEALTH INC.

8. KNOW YOUR CLIENT, KNOW YOUR PRODUCT, AND SUITABILITY

CPW is required under securities law to collect and document sufficient and appropriate Know Your Client ("KYC") information to establish the identity of a client and to ensure that the trades are suitable for its clients. In satisfying this KYC requirement, CPW will seek the following information:

(a) Establish the identity of the client and if there is any concern, make reasonable inquiries as to the reputation of the client. For the purposes of establishing the identity of a client that is a corporation, partnership or trust, CPW will establish the nature of the client's business and the identity of any individual who 1) in the case of a corporation, is a beneficial owner of, or exercises direct or indirect control or direction over, more than 10% of the voting rights attached to the outstanding voting securities of the corporation, or 2) in the case of a partnership or trust, exercises control over the affairs of the partnership or trust;
(b) Establish whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded; and
(c) Ensure that it has sufficient information regarding all of the following to enable CPW to meet its KYC obligations and suitability requirements in respect of its clients' investment needs and objectives, financial circumstances and risk tolerances.

Securities laws, under the Know Your Product ("KYP) rules, requires that CPW may not purchase, sell or recommend securities for a client unless it has taken steps to understand the securities. More specifically, CPW must take steps to understand the securities, including their structure, features and risks, initial and ongoing costs and the impact of those costs, sufficient to enable CPW to meet its suitability determination and other regulatory obligations. CPW must ensure that any securities that it purchases, sells or recommends for or on behalf of a client have been approved to be made available to clients, pursuant to its product due diligence obligation. The KYP rules require CPW to understand the terms, features, risks and potential returns of the securities, transactions, and trading strategies it recommends, including how they can assist the client in achieving their investment objective(s), and market volatility could affect potential returns. KYP is also an extension of CPW's general duty to deal fairly, honestly and in good faith with its clients.

In addition to the KYC & KYP requirements, CPW must satisfy the suitability requirement for its clients. CPW must take reasonable steps to ensure that, before it makes a recommendation to buy or sell a security, or, makes a purchase or sale of a security for an Account under its discretionary authority, the purchase or sale is suitable for the client.

9. RISK MANAGEMENT AND COMPLIANCE

Risks are managed at CPW by identifying specific risk categories, determining their potential impact, and establishing policies and procedures to monitor, measure and mitigate those risks. The Chief Compliance Officer at CPW is responsible for managing all categories of risk ensuring that CPW is aware of the legislation and regulations by which it is governed, and for providing ongoing advice and support to CPW on compliance related matters. CPW's Chief Compliance Officer meets quarterly with senior management and reports to the CPW Board of Directors each quarter. CPW's Chief Compliance Officer provides guidance to CPW in establishing the day-to-day compliance controls and monitors and assesses the effectiveness of these controls.

10. INVESTMENT RISKS

Risk is often measured by volatility or the extent to which the value of a security fluctuates. The more frequent and greater the fluctuations, the more volatile the security. Generally, investments with the greatest risk also have the greatest potential return. While this risk/return trade-off has generally been true over periods of five years or longer, there have been times in the past when the least volatile investments have been the most rewarding, particularly over periods of a year or less.

Each investor has a different tolerance for risk. Some investors are significantly more conservative than others when making their investment decisions. It is important for each investor to take into account their comfort with risk as well as the amount of risk suitable for their financial circumstances and goals. Prospective clients are responsible for reviewing closely the investment objectives and investment guidelines to be followed by their Account and for familiarizing themselves with the risks associated with their investments.

Prospective clients are also responsible for determining if a contribution to an Account, and of the size contemplated, is appropriate or suitable for them. All investments involve risk. The principal risks for an Account, holding investments directly or through a mutual fund or an exchange traded fund (collectively, "the Funds") are identified below. Each Account may be subject to additional risks other than those described.

(a) Capital Depreciation Risk

Some Funds and some series of Funds aim to distribute a high level of income. In certain situations, such as periods of declining markets or increases in interest rates, a Fund may make distributions that include a return of capital. Where the total distributions by a Fund in a year exceed the Fund's net income and net realized capital gains for the year, the net asset value of the Fund may be reduced, which could reduce the Fund's ability to generate future income.

(b) Class or Series Risk

Funds may have more than one class or series of units. If so, each class or series has its own fees and certain expenses, which the Fund tracks separately. If a Fund cannot pay the expenses of one class or series using that class' or series' proportionate share of the Fund's assets, such Fund could have to pay those expenses out of the other class' or series' proportionate share of the assets, which would lower the investment return of the other class or series.

(c) Commodity Risk

The market value of an Account's investments may be affected by adverse movements in commodity prices. When commodity prices decline, this generally has a negative impact on the earnings of companies whose businesses are based in commodities, such as oil and gold.

(d) Concentration Risk

Securities regulatory authorities permit some Funds to have more of their net assets invested in or exposed to one or more issuers than is usually permitted under Canadian securities legislation. Account investment objectives may permit concentration in one or more issuers. A relatively high concentration of assets in, or exposure to, a single or small number of issuers may reduce the diversification and/or liquidity of an Account, and increase its volatility. Reduced liquidity, in the case of a Fund, may reduce a Fund's ability to satisfy redemption requests.

(e) Credit Risk

Credit risk is the risk that the government, company or special purpose vehicle (such as a trust) issuing a short-term (sometimes called commercial paper) or long-term fixed income security will be unable to make interest payments or pay back the principal. Securities that have a low credit rating have high credit risk. Lower-rated debt securities issued by companies or governments in developing countries often have higher credit risk. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk. The market value of a debt security can be affected by a downgrade in the issuer's credit rating, a change in the creditworthiness, or perceived creditworthiness, of the issuer or, in the case of asset-backed commercial paper, any assets backing the security. Accounts that invest in or have exposure to companies or markets with high credit risk tend to be more volatile in the short term. However, they may offer the potential of higher returns over the long term.

(f) Derivatives Risk

The use of derivatives by Accounts is subject to certain risks:

i. There is no assurance that liquid markets will exist for an Account to close out its derivative positions. Derivative instruments in foreign markets may be less liquid and more risky than comparable instruments traded in North American markets.

ii. Exchange-imposed trading limits could affect the ability of an Account to close out its positions in derivatives. These events could prevent an Account from making a profit or limiting its losses.

iii. Prices of options and futures on a stock index may be distorted if trading of certain stocks in the index is interrupted or if trading of a large number of stocks in the index is halted. Such price distortions could make it difficult to close out a position.

iv. An Account that uses derivatives is subject to credit risk associated with the ability of counterparties to
meet their obligations. In addition, an Account could lose its margin deposits if a dealer with whom an Account has an open derivatives position goes bankrupt.

v. There is no assurance that an Account's hedging strategies will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the investment being hedged. Any historical correlation may not continue for the period during which the hedge is in place.

vi. Using futures and forward contracts to hedge against changes in currencies, stock markets or interest rates cannot eliminate fluctuations in the prices of securities in the Account or prevent losses if the prices of these securities decline.

vii. Hedging may also limit the opportunity for gains if the value of the hedged currency or stock market rises or if the hedged interest rate falls. The inability to close out options, futures, forwards and other derivative positions could prevent an Account from using derivatives to effectively hedge its portfolio or implement its strategy.

viii. viii) Gains or losses from derivatives contracts may result in fluctuations in a Fund's taxable income. As a result, unitholders in a Fund that uses derivatives during a taxation year may be subject to the possibility of larger distributions, smaller distributions, and an inability to make a regular distribution and/or distributions which include a return of capital.

(g) Equity Risk

Accounts that invest in or have exposure to equities through Funds, also called stocks or shares, are affected by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices will generally rise, as will the value of the Account that owns these shares. On the other hand, share prices usually decline in times of general economic or industry downturn. The price of equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the value of the overall stock market because of changes in the outlook for those individual companies or the particular industry.

(h) Foreign Currency Risk

Changes in the value of the Canadian dollar compared to a foreign currency or the imposition of foreign exchange controls will affect the value, in Canadian dollars, of any securities with foreign currency exposure held by an Account. For example, if the U.S. dollar rises in value relative to the Canadian dollar, an Account's U.S. stocks will be worth more in Canadian dollars. On the other hand, if the U.S. dollar falls, an Account's U.S. holdings will be worth less in Canadian dollars.

(i) Fund-of-Funds Risk

If a Fund invests in an underlying fund, the risks associated with investing in that Fund include the risks associated with the securities in which the underlying fund invests along with the other risks of the underlying fund. Accordingly, a Fund takes on the risk of an underlying fund and its respective securities in proportion to its investment in that underlying fund. If an underlying fund suspends redemptions, the Fund that invests in the underlying fund may be unable to value part of its portfolio and may be unable to process redemption orders.

(j) Insurance Risk

Accounts are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer and are not guaranteed or insured by any entity

(k) Interest Rate Risk

The value of Accounts that invest in or have exposure to bonds, mortgages and other income-producing securities is primarily affected by changes in the general level of interest rates. Bonds generally pay interest based on the level of rates when the bonds were issued. When interest rates fall, the price of bonds generally rises. That is because existing bonds pay higher rates than new ones and are therefore in greater demand and worth more. On the other hand, when interest rates rise, bond prices generally fall, reducing the value of Accounts that hold them.

(l) International Market Risk

Accounts that invest in or have exposure to securities of foreign issuers are subject to additional risks:

i. The economic environment or the particular economic and political factors of the country or geographic region in which the foreign issuer operates may impact the value of its securities.
ii. Certain foreign countries may have different accounting, auditing and financial reporting standards for issuers of securities, making their securities more difficult to evaluate.
iii. There may be less information publicly available about a foreign issuer than about a Canadian or U.S. issuer, and the quality of the information may be less reliable.
iv. Volume and liquidity in some foreign stock and bond markets are less than in Canada and the U.S. and, at times, price volatility can be greater than in Canada and the U.S.
v. Stock exchanges listed companies and investment dealers in foreign countries may be less regulated than in Canada and the U.S.
vi. Political and social instability, restrictions on the movement of capital and the threat of expropriation can affect the value of investments in less developed countries.

(m) Large Investor Risk

Units of Funds may be purchased and sold by large investors, such as other mutual funds and investment portfolios and products which may or may not be managed, controlled or advised by CPW. If a large investor redeems a portion or all of its investment from a Fund, that Fund may have to incur capital gains or losses and transaction costs in the process of making the redemption. In addition, some securities may have to be sold at unfavourable prices, thus reducing the Fund's potential return. Conversely, if a large investor makes an investment or increases its investment in a Fund, that Fund may have to hold a relatively large position in cash for a period of time while the portfolio adviser attempts to find suitable investments. The Fund may have to incur transaction costs to purchase such investments. As a result, the performance of the Fund could be negatively impacted.

(n) Liquidity Risk

Liquidity risk is the possibility that an Account will not be able to convert its investments to cash when it needs to; or will not be able to do so at a reasonable price. Some securities, including Funds, are or may become illiquid because of legal restrictions, the nature of the investment itself, settlement terms, a shortage of buyers or other reasons. Generally, investments with lower liquidity tend to have more dramatic price changes and may subject the holder to losses or additional costs.

(o) Leverage Risk

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If a client uses borrowed money to purchase securities, the responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

(p) Multi-Class Risk

Each class of a Fund corporation has its own investment objective and fees and expenses, which are tracked separately. If one class cannot pay its own expenses or liabilities out of the class' share of the corporation's assets, the Fund corporation as a whole may have to pay those expenses or liabilities out of the other classes' share of the corporation's assets, which could lower the investment return of the other classes. As well, the tax consequences of an investment in a multi-class Fund corporation will depend in part on the tax position of the Fund corporation as a whole, and will differ from an investment in a Fund corporation that does not have a multi-class structure. For example, taxable income is calculated at the level of the Fund corporation as a whole, which may cause expenses of one class to effectively be used by another class of the Fund corporation.

(q) Performance and Past Performance Risk

There can be no assurance that an Account's or Fund's investment objective will be attained. Past performance may not be repeated.

(r) Regulatory Risk

Certain issuers involved in specially regulated industries, such as the energy or telecommunications industry, may experience an adverse impact on revenues or costs as a result of compliance with the relevant regulatory requirements. In addition, issuers in regulated industries may require permits and approvals before commencing projects. Delays or rejections of these proposed plans would hinder the issuer's growth and increase its costs.

(s) Repurchase and Reverse Repurchase Agreements Risk

Sometimes Funds held in the Account enter into what are called repurchase transactions and reverse repurchase transactions. A repurchase transaction is where a Fund sells a security that it owns to a third party for cash and agrees to buy the same security back from the same party at a specified price on an agreed future date. In a reverse repurchase transaction, a Fund buys a security at one price from a third party and agrees to sell the same security back to the same party at a specified price on an agreed future date. The risk with these types of transactions is that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the Fund is left holding the security and may not be able to sell the security at the same price it paid for it, plus interest, if the other party defaults and the value of the security has dropped in the meantime. In the case of a repurchase transaction, the Fund could incur a loss if the other party defaults and the value of the security sold has increased more than the value of the cash and collateral held. These risks are reduced by requiring the other party to provide collateral to the Fund.

(t) Securities Lending Risk

Funds held in Accounts may engage in securities lending transactions. In a securities lending transaction, the Fund lends portfolio securities that it owns to a third-party borrower, and the borrower promises to return an equal number of the same securities to the Fund at a later date and to pay a fee to the Fund for borrowing the securities. As security for the loan, and to reduce risk of loss if the borrower defaults on its obligation to return the securities to the Fund, the borrower typically provides the Fund with Collateral. However, in the event the borrower defaults on its obligation, there is still a risk that the collateral may be insufficient to enable the Fund to purchase replacement securities and the Fund may suffer a loss for the difference. Securities lending transactions, together with repurchase transactions (as described above), are generally limited to a certain percentage of a Fund's assets, excluding collateral received in a securities lending transaction and cash held by the Fund for securities sold in a repurchase transaction. If securities are on loan on the record date established for a particular voting matter, the Fund is generally not entitled to exercise the voting rights of such loaned securities.

(u) Small Company Risk

The share price of smaller companies is usually more volatile than that of more established larger companies. Smaller companies may be developing new products which have not yet been tested in the marketplace or their products may quickly become obsolete. They may have limited resources, including limited access to funds or unproven management, and their shares may trade less frequently and in smaller volume than shares of large companies. They may have few shares outstanding, so a sale or purchase of shares will have a greater impact on the share price. The value of these investments may rise and fall substantially.

(v) Specialization Risk

Some Funds invest primarily in or have exposure to companies in particular industries or particular geographic areas of the world. If the particular industry or geographic region prospers, the outlook for companies in that industry or geographic region will generally increase, as will the value of the Funds that invest in them. Conversely, if the particular industry or geographic region experiences a downturn, the outlook for companies in that industry or geographic region will generally decline, as will the value of the Funds that invest in or have exposure to them. In addition, the Fund may suffer because it has relatively few other investments within other industries or geographic areas to offset the downturn.

(w) Suspension of Trading Risk

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render it impossible to liquidate positions and could expose the Fund to losses.

(x) Tracking Risk

Certain Funds ("Tracking Funds") may seek to have all or a substantial portion of their returns linked to the performance of one or more recognized indices (the "Reference Index"), units of one or more mutual funds (the "Reference Fund") or a basket of securities (the "Reference Securities") by either directly purchasing the appropriate securities or by entering into forward contracts and other derivative instruments. The return of a Tracking Fund may be lower than that of its respective Reference Index, Reference Fund or Reference Securities because the Tracking Fund bears its own fees and expenses, including commissions and the costs of the forward contracts and other derivatives that it may use to achieve its investment objectives. Tracking Funds that use derivatives to achieve their investment objectives face the same risks of using derivatives as discussed above under Derivatives risk, including the risk that a counterparty might not fulfill its obligations. The ability of such Tracking Funds to achieve their investment objective may depend on whether suitable derivative arrangements can be entered into. If a Tracking Fund is not able to find enough suitable counterparties with whom to enter into derivative arrangements, the Tracking Fund may be unable to track the performance of its corresponding Reference Index, Reference Fund or Reference Securities, to the extent desired. A Tracking Fund may be terminated if enough suitable counterparties cannot be found. There may be a delay between the time an investor buys units of a Tracking Fund and the time the Tracking Fund gets additional exposure to the Reference Index, Reference Fund or Reference Securities through the use of derivatives or otherwise. During this delay, the Tracking Fund may be unable to track the performance of its corresponding Reference Index, Reference Fund or Reference Securities for the purchase amount of those units to the extent desired. If new purchases or redemptions of units are large compared to the size of the Tracking Fund, the ability of the Tracking Fund to track its Reference Index, Reference Fund or Reference Securities may be significantly reduced.

11. CONFLICTS OF INTEREST

CPW has adopted policies and procedures to assist it in identifying and addressing any conflicts of interest that CPW may face.

(a) Related and/or Connected Issuers to CPW

A person or company is a "related issuer" to CPW if, through the ownership of, or direction or control over, voting securities or otherwise the person or company is an influential securityholder of CPW, CPW is an influential securityholder of the person or company, or if each of them is a related issuer of the same third person or company. An issuer is a "connected issuer" to CPW if there is a relationship between the issuer and CPW, a related issuer of CPW, or a director or officer of CPW or the related issuer of CPW, that might lead a reasonable prospective purchaser of the securities of the connected issuer to question whether CPW and the issuer are independent.

There are currently no issuers related or connected to CPW.

(b) Related Canadian Registrants

Securities laws require that where a registrant has a principal shareholder, officer or director that is a principal shareholder, officer or director of another registrant, the first registrant must disclose to its customers the details of the relationship(s) and the policies and procedures adopted to minimize the potential for conflict of interest resulting from such relationship(s).

CPW is registered in Ontario as an advisor in the category of portfolio manager.

CPW is related to the following registrants by virtue of each having Canfin Holdings Inc., CPW's parent company, as a direct or indirect holder of 10 percent or more of their voting securities, and in certain cases, by virtue of having directors and/or officers in common:

Canfin Magellan Investments Inc. is registered in the provinces of Alberta, British Columbia, Ontario and Saskatchewan under the applicable securities regulations, as a mutual fund dealer. In the province of Ontario it is also registered in the category of exempt market dealer.

CPW generally carries on its activities independent of the other registrants affiliated with CPW. However, from time to time there may be certain cooperative business arrangements between it and the other registrants, such as arrangements relating to introduction of clients, distribution of products or administrative support. In addition to applicable regulatory provisions and contractual provisions respecting any business arrangements that may exist between CPW and the other registrants, the directors, officers and employees of each of the registrants are subject to guidelines or codes of conduct governing their actions. These guidelines are supplemented by our internal compliance policies and procedures.

(c) Employees, Officers and Directors

Some of the employees, officers and directors of CPW may also be employees, officers and/or directors of its parent, CPW Financial Inc. or its subsidiaries. In addition, some officers and directors of CPW may also be officers or directors of public companies.

(d) Effecting Portfolio Transactions (including Client Brokerage Commissions)

All decisions as to the purchase and sale of securities for an Account and all decisions as to the execution of portfolio transactions, including the selection of execution venues, the broker-dealer and the negotiation, where applicable, of commissions or spreads, will be made by CPW as the portfolio manager of the Account. The determination of brokerage allocation is a process in which CPW measures and evaluates a broker-dealer's ability to provide best execution as well as their order execution capabilities, order execution products and services and research products and services. In seeking best execution in effecting portfolio transactions, CPW considers a number of elements, including but not limited to execution price, speed of execution, certainty of execution, and overall cost of the transaction. CPW uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of CPW as disclosed under Section 11(b). CPW may select broker-dealers from its list of approved broker-dealers, who may charge a commission in excess of that charged by other broker-dealers, if CPW determines in good faith that the commission is reasonable in relation to the services utilized by it. In certain circumstances, CPW may receive permitted goods or services from broker-dealers in exchange for executing brokerage transactions with such broker-dealers.

There are two types of goods and services CPW may receive: research goods and services ("Research Goods and Services") and order execution goods and services ("Order Execution Goods and Services"). Research Goods and Services may include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; (ii) analyses and reports concerning securities, issuers, industries, portfolio strategies or economic or political factors and trends that may have an impact on the value of securities or investment strategies; (iii) seminars and conferences fees; (iv) databases and software including, but not limited to, quantitative analytical software; (v) market data from feeds or databases; and (vi) post-trade analytics. Such goods and services may be provided by the executing broker-dealer directly or by a party other than the executing broker-dealer.

Order Execution Goods and Services may include: (i) execution management systems and order management systems (to the extent they help arrange or effect a securities transaction); (ii) algorithmic trading software and market data (to the extent they assist in the execution of orders); and (iii) custody, clearing and settlement services that are directly related to an executed order that generated commissions. These goods and services may also be provided by the executing broker-dealer directly or by a party other than the executing broker-dealer.

Generally, the users of Research Goods and Services and Order Execution Goods and Services are CPW's portfolio managers, analysts and traders.

In certain instances, CPW may receive goods and services containing some elements that qualify as Research Goods and Services and/or Order Execution Goods and Services along with other elements that are not permitted goods and services. This is commonly referred to as a "mixed use" product. In these cases, CPW will only use brokerage commissions to pay for the portion of the goods and services that are permitted (i.e., Research Goods and Services and Order Execution Goods and Services).

CPW makes a good faith determination that its Accounts and clients receive a reasonable benefit from the use of the Research Goods and Services and Order Execution Goods and Services, relative to the amount of brokerage commissions paid and charged to the Accounts. Specifically, CPW's investment management team determines brokerage allocation to the broker-dealers based on a process which measures and evaluates the broker-dealers' ability to provide best execution of trades and the range of Research Goods and Services and Order Execution Goods and Services utilized.

In some instances, Research Goods and Services and Order Execution Goods and Services may benefit Accounts and clients of CPW other than those whose trades generated the brokerage commission. However, CPW has policies and procedures in place such that over a reasonable period of time, all clients receive fair and reasonable benefit in return for the brokerage commission generated.

Currently, brokerage commissions for trades executed are borne by CPW and not charged to client Accounts. This may pose a potential conflict that CPW may not execute a trade in an Account when required. CPW has policies and procedures in place to ensure that trades are executed in accordance with the investment plan established for the Account.

For a list of broker-dealers or third parties who provide Research Goods and Services and/or Order Execution Goods and Services, please contact CPW by calling 1-877-422-6346 or by sending an email to manny@canfin.com.

Where the investment objectives and strategies of an Account and other clients for which CPW provides its services are similar and CPW has determined to buy or sell the same security for the Account as has been selected for other clients, the orders for all securities will be executed and allocated in accordance with established policies and applicable regulatory requirements.

(e) Side-by-Side Management of Different Types of Accounts

CPW provides investment advice to a variety of different Accounts. Generally, investment decisions are made and securities traded based on the investment objectives, strategy, guidelines and other relevant factors of each Account. However, there may be times when investment decisions are made and securities traded for one type of Account ahead of another type of Account. CPW's policies and procedures are designed to ensure that over time, no client or a group of clients is favoured to the detriment of another.

(f) Disclosure Regarding Cross Trades

Where CPW acts as a portfolio manager it will, prior to the purchase of securities among, or sale of securities among, any Accounts managed by it:

i) ensure the purchase or sale is consistent with the investment objectives of the applicable Accounts, as the case may be; and
ii) ensure the investment management agreement or other documentation authorizes the transaction.

(g) Referral Arrangements

A client may have been referred to CPW by an employee of another entity related to CPW, who may or may not be registered to provide investment advice. The purpose of the referral is to better align client investment needs with the CPW entity that can provide the specific services or products requested. A referral fee may be paid, directly or indirectly, by CPW, to the referring employee or his/her employer. This payment may be a one-time fee based upon a percentage of the value of the annual fee earned by CPW on the Account of the referred client or the payment may be a fee paid over a period of time based on a percentage of the annual fee earned by CPW on the referred account or such other factors as may be determined from time to time.

The CPW entities that may be involved in a referral arrangement with CPW, and the nature of the services that each provides, is set out below.

i) Canfin Magellan Investments Inc. – provides wealth management services to its clients.

Policies and procedures have been adopted by CPW to assist it in addressing any referral arrangement conflicts of interest. Before accepting a referral, clients should ensure that the service or product fulfills their requirements.

Further information regarding the possible conflicts of interest which may arise as a result of these relationships can be found under separate conflict of interest disclosures.

A referral fee may also be paid if clients have been referred to CPW by a person or entity outside of CPW. The referral arrangement will be the subject of, and governed by, an agreement, which the parties will enter into prior to implementation of the referral agreement. In this case, details of the manner in which the referral fee is calculated and the party to whom it is paid will be provided to the client. It is illegal for the party receiving the fee to trade in or provide advice on securities if it is not duly licensed or registered under applicable securities legislation to do so.

All services resulting from a referral arrangement relating to accounts which require registration under securities laws will be provided by the registrant receiving the referral. CPW may show its appreciation to an existing client by giving a token gift or card when a client is referred to CPW by the existing client.

12. FAIRNESS POLICY

CPW maintains standards directed to ensuring fairness for clients. The fairness policies of CPW are set out below.

Each director, officer, and employee of CPW shall, as applicable:

(a) Use his/her best efforts to mitigate any conflict of interest between himself/herself, CPW, and clients, and inform clients of any material conflict of interest relating to him/her that might impair his/her ability to render unbiased and objective advice with respect to investment opportunities.
(b) Exercise diligence, independence and thoroughness in analyzing investments, making investment recommendations and taking investment action.
(c) Deal fairly and objectively with all Accounts when making investment recommendations or taking investment action and must not favour some Accounts over others (except in the case of proprietary accounts where restrictions on trade aggregation apply).
(d) Strive toward a high standard of ethical business and personal conduct, integrity and professionalism in adherence to the CFA Institute's Code of Conduct and comply with CPW's Personal Trading Policy.
(e) Adhere to policies and procedures that mitigate trading conflicts of interest. Portfolio managers and traders have the primary responsibility for implementing policies and procedures related to trade management.
(f) Ensure adherence to CPW's policies with regards to fairness of trade aggregation and allocation as follows:

i) *Trade Aggregation*
Portfolio Managers placing orders for Accounts under their management will aggregate all similar orders, subject to certain exceptions that are consistent with CPW's fiduciary duty to treat all of its Accounts fairly and equitably at the time of order generation and will not give preferential treatment to a single Account or a group of Accounts to the detriment of other Accounts. In cases where clients direct CPW to utilize specific broker-dealers for the purpose of executing trade orders for their Accounts, Portfolio Managers will not aggregate such trade orders with trade orders from other Accounts that do not have any broker-dealer restrictions. Orders for firm proprietary accounts shall be executed only after all other client Account orders involving the same security in the same direction of trade are executed in full.

i) *Trade Allocation*
CPW must ensure fairness in allocating partially filled orders among its clients. Where similar orders are aggregated, the standard allocation methodology is to have executions allocated on a pro-rata basis based on the initial order quantity. Exceptions to this standard methodology must be approved by CPW Compliance. If an aggregated trade order is filled through multiple executions, all participating Accounts will generally receive a weighted average price. When similar orders are aggregated, their price and all other incidental trading costs, if any, will be averaged. Allocations may be rounded to the nearest normal trading unit. Generally, all executions will be allocated and booked into Accounts for which they were traded by the end of

each trading day. Brokerage commissions for trades executed are borne by CPW and not charged to client Accounts.

ii) Allocation of Limited Investment Opportunities

With regard to the allocation of limited investment opportunities (i.e. securities that are offered pursuant to a prospectus including initial and other offerings, and private placements, including bought deals), portfolio managers must ensure that all Accounts for which such securities are suitable considering relevant factors such as their investment objectives and guidelines, cash flows etc., are allowed to participate.

(g) Follow CPW's policy guidance and only receive or provide gifts and entertainment that may be considered ordinary and customary within the investment management sector, and not receive or offer gifts or entertainment that would compromise or appear to compromise their ability to make objective and fair business decisions in the best interest of CPW and its clients, using their best judgement in determining if a gift or entertainment is appropriate.

(h) Make reasonable efforts to keep client Account errors to a minimum and ensure fairness to clients with respect to protection from errors made within their Account. Where the error has been included in the net asset value of the client Account, the trade has been posted in the client Account or where the custodian has been advised of the transaction, the client will keep any resulting gains or CPW will reimburse the client for any material losses. Clients may not be reimbursed for errors when the impact is not material, which CPW has currently defined to be less than $50. Although errors or issues are an inevitable by-product of the operational process, CPW strives to establish controls and processes that are designed to reduce the possibility of their occurrence.

13. PERFORMANCE BENCHMARKS AND HOW TO USE THEM

A client can judge how their investments are doing by comparing the rate of return on the securities they hold to an investment performance benchmark. The rate of return is affected by, among other things, changes in the value of securities held in the account, dividends and the interest earned, as well as deposits and withdrawals made by the client. To compare an account's rate of return with a benchmark, find a benchmark made up of securities like the ones held in the account. For example, the S&P/TSX Composite is a benchmark for a broad group of Canadian stocks that trade on the Toronto Stock Exchange. It is a good yardstick for assessing performance of a Canadian equity mutual fund with investments in Canadian corporations. It would not be a good benchmark if the account holds foreign investments, bonds, shares of smaller companies, or ones limited to only one part of the economy. Instead, the client would have to find a foreign equity, bond, small cap or industry sector benchmark. If the client has an account made up half of stocks and half of bonds, they should compare the rate or return to the average of a stock and a bond index.

A client should keep in mind that:

i) Benchmarks should be used as a guide only;
ii) Benchmarks do not factor in commissions or other costs to invest and often do not include low- earning assets that an account would hold to cash in quickly for emergencies. This means benchmark returns will seem higher than what you would earn on your account if you held the same securities as the index;
iii) Benchmark rates of return are calculated using a specified method. For the best comparison, a client should be sure this is how the rate of return on the account is calculated;
iv) Benchmarks are based on how a sample portfolio performs and that other factors, such as tax considerations, will affect the account returns.

We currently do not provide benchmark comparisons in our account reporting. Please contact CPW by calling 1-877-422-6346 ext. 227 or by sending an email to manny@canfin.com if you have questions about the performance of your portfolio or what benchmark(s) might be appropriate for you.