

**Focus Asset Management Ltd.**  
**Standards of Fairness, Conflicts of Interest**  
**and Relationship Disclosure Statement**

This document is intended to provide an update of the Standards of Fairness as outlined in Schedule F of your Investment Management Agreement as well as meet required disclosure obligations for Focus Asset Management (“Focus”). Please read through this document and file it with your Investment Management Agreement as a revised Schedule F.

When there is a material change to any of the disclosures detailed below, Focus will either provide you with an updated copy of this document or direct you to our website at [www.focusasset.ca](http://www.focusasset.ca) for additional information. Certain disclosures must be provided in writing on an annual basis and they will be distributed accordingly.

A. Standards of Fairness

The following sets forth in general terms the standards of fairness that Focus will exercise in dealing with you and all other clients.

Focus and its employees shall conduct themselves with integrity and act in an ethical manner in their dealings with you.

Focus shall not knowingly participate or assist in the violation of any statute or regulation governing securities markets. Responsible employees shall exercise reasonable supervision over subordinate employees subject to their control to prevent any violation by such persons of applicable statutes or regulations.

Focus shall exercise diligence and thoroughness when taking any investment action for you, and all other clients, and shall have a reasonable and adequate basis for such actions, supported by appropriate research and investigations. In taking investment action for you, we will consider its appropriateness and suitability for your account.

Focus will manage your account within the guidelines established with each client, as detailed in their Investment Management Agreement.

Focus shall ensure that your account is supervised separately and distinctly from our other client accounts; however, in placing orders for the purchase or sale of securities, we may pool your order with that of another client, or clients.

Transactions for client accounts shall have priority over transactions completed for Focus employees so that employee transactions do not act adversely to your interests.

We shall preserve the confidentiality of information communicated by you, and all other clients, concerning matters within the scope of a confidential relationship. Our Privacy Policy can be found on our website at [www.focusasset.ca](http://www.focusasset.ca).

#### B. Registration

Focus is registered under National Instrument 31-103 as a Portfolio Manager in Ontario, Quebec, Manitoba, Saskatchewan, Alberta, British Columbia and Nova Scotia. Focus is also registered as an Investment Fund Manager in the provinces of Ontario and Quebec. Registration as an Investment Fund Manager is only required in Focus' home jurisdiction (Ontario) as well as in the provinces of Quebec and Newfoundland as long as Focus solicits business and has investors resident in that province. Focus is only required to register as an Investment Fund Manager in all other provinces if the firm conducts activities related to investment fund management from within that province.

#### C. Conflicts of Interest and Disclosure Statements

Focus has a regulatory obligation to make certain disclosures regarding conflicts of interest. This statement provides information with respect to any conflicts that may exist, or could be expected to arise, between Focus and its clients. A conflict would arise in any situation where there is inconsistency between the interests of a client and those of Focus or any of the firm's employees. Focus has taken steps to identify all potential conflicts of interest and has established policies to address each situation and provide clients with the necessary disclosure.

A description of the key conflicts that may arise in the course of business for Focus and the manner in which Focus will respond to each one are described below.

#### D. Restrictions on Managed Account Transactions

Focus employees will not knowingly cause an investment portfolio under management to purchase a security of an issuer for which a Focus employee acts as a partner, officer or director. Also, Focus will not trade a security between a client's portfolio and either of (i) an account that is controlled by an employee of Focus, or (ii) an investment fund for which Focus acts as an advisor.

Focus employees cannot lend money, extend credit or provide margin as part of their relationship with a client (other than to relatives that may also be clients). Likewise, Focus cannot cause a client portfolio to provide a guarantee or a loan to any employees of the company.

#### E. Related Issuer Disclosure

Focus provides discretionary portfolio management and investment counseling services to its clients in accordance with each client's Investment Policy. Focus may implement a particular client's Investment

Policy by investing the client's assets in one or more of the FAM Balanced Fund, FAM Registered Balanced Fund or FAM Special Situations Fund, collectively referred to as the Focus Asset Management Pooled Funds (the "Pooled Funds"). Focus is the investment manager for the Pooled Funds.

"Related" may be said to involve positions permitting, through ownership or otherwise, a controlling influence, and would include all companies under a common controlling influence. "Connected" may be said to involve a state of indebtedness to, or other relationship with, the registrant or those "related" to the registrant that, in connection with a distribution of securities, would be material to a purchaser of the securities. Currently, the only related and connected issuers of Focus are the Pooled Funds, all of which are open-ended investment trusts established under the laws of Ontario whose securities are offered by way of private placement in Canada and for which Focus is the manager, sole distributor and may be said to be the promoter.

Focus maintains an up-to-date list of all "related" and "connected" issuers. In the event that a relationship is established with another issuer in the future, we will notify all clients by way of written communication in either hard copy or we will direct you to a link on the Focus website.

#### F. Referral Arrangements

Focus has not established any referral arrangements and does not offer (or accept) payments to (or from) any third parties for the introduction of potential clients. If such an arrangement is ever put in place Focus would be required to detail the terms of the arrangement in a written agreement between Focus and the person or company that is making the referral. Focus would also have to ensure that certain prescribed details regarding the nature of the referral arrangement are provided to the referred client prior to initiating any services that would result from the referral.

#### G. Management Fees

Focus charges its clients a management fee based on a percentage of the total market value of their portfolio at the end of each quarter. Details regarding the fee calculation process and the related management fee schedule are included in Schedule C of your investment management agreement.

#### H. Broker Selection, Best Execution and Soft Dollar Disclosure

When Focus executes a trade, a brokerage commission is typically paid to the broker or dealer ("Dealer"). Client brokerage commissions are those commissions that are paid for out of, or charged to, a client's account including an investment fund managed by Focus. They are a cost to a client when securities are traded. Focus has the ability to direct client brokerage transactions and the related commissions to a particular Dealer in return for order execution or research goods or services that assist with investment or trading decisions, or with effecting securities transactions, on behalf of Focus clients. It is Focus' objective to ensure that over time all clients will receive equal benefit from the commission paid to all Dealers. Focus will also make a good faith determination that each Dealer provides a

reasonable benefit considering the trade execution provided along with the use of the goods or services provided by the Dealer and the amount of client brokerage commissions it is paid. This determination is made by reviewing commission summary reports along with trade cost analysis calculations made after a block trade is executed by each Dealer and by considering the quality and frequency of material provided to Focus that assist the portfolio managers with their investment decision-making process.

Focus considers several factors when selecting a Dealer to execute a trade order. These factors include the Dealer's ability to execute the order in a timely manner and communicate with Focus' operations team as well as its ability to maintain confidentiality while completing the order in the marketplace. Focus also considers the Dealer's trading expertise, reputation, integrity, financial stability, historical trading experience with Focus and its ability to charge commission rates which, when combined with all services that it provides, offer the best execution for the given circumstance. "Best Execution" means the best overall qualitative execution, not necessarily the lowest possible commission cost.

Some Dealers with which Focus executes brokerage transactions provide research goods and services that include issuer-specific research reports, industry summaries, economic commentary and access to meetings with company management or industry analysts that are associated with investment opportunities that Focus is considering. One Dealer provides access to software that allows Focus to execute trades in the marketplace in real time using a direct market access system.

Focus has also established a relationship with an external Advisor whereby Focus pays a fixed annual fee in exchange for company-related research. Although Focus may choose to invest in some companies based on the research provided, Focus is under no obligation to invest any portion of a Client Account in any recommended securities. The names of all Advisors and Dealers that Focus uses will be provided to clients upon request.

#### I. Benchmarks

Focus does not generally compare returns of its clients to a specific benchmark unless the client incorporates such a request in their mandate. The following benchmarks may be provided to clients as part of their review package for information purposes only.

**The RBC Broad Bond Index** is a broad measure of the Canadian investment-grade fixed income market, weighted by market capitalization.

**The S&P/TSX Composite Index** is a widely known equity index of Canadian publicly traded, large-capitalization companies.

**The S&P 500 Index** is a widely known equity index of the 500 leading publicly traded, large-capitalization companies in the US stock market.

**The Canadian and United States Consumer Price Index** are measures for each respective country that examines the weighted average of prices of a basket of consumer goods and services to assess price changes associated with the cost of living.

## J. Fair Allocation of Investment Opportunities

Focus manages both pooled funds and segregated client accounts (collectively referred to as “Accounts” or individually as an “Account”). It is Focus’ policy to ensure that it deals fairly, honestly and in good faith when allocating investment opportunities (which includes securities traded on public exchanges, private equity issues or participation in an initial public offering) across all Accounts so that no single Account or type of Account will receive preference in the allocation of investment opportunities.

The principal determination when allocating investment opportunities among client Accounts is the suitability of the transaction given each client’s particular investment mandate. When transactions are completed that will affect more than one Account they will be bulked together and executed as one block trade. Once the block trade is completed, or partially completed if the order needs to be executed over more than one trading day, each Account will be given its pro-rata share of the order so that all Accounts transact at the same price and pay the same rate of commission. If a block trade is completed using more than one Dealer, which results in materially different prices and/or different commission rates, then Accounts will be allocated their pro-rata share from each of the separate trades.

Where it is not possible to apply a rigid pro-rata formula when allocating a partially filled block order (for example, if the Dealer is only able to complete a very small portion of the total order) then other criteria will be considered in an attempt to ensure the allocations are fair and reasonable. Such considerations may include: the proportion of the portfolio that the traded security represents, the overall weighting of the asset class or industry sector for the traded security in the Account, the cash reserve position of the Account or the target weighting for the security in relation to the total size of the Account. If, for any reason, an investment opportunity cannot be allocated using a pro-rata formula that can be applied to all participating Accounts then every effort will be made to address trading inequities at the next opportunity so that every Account will, over time, receive equitable treatment in the allocation of investment opportunities.

When completing pro-rata allocations, any segregated Accounts that are managed solely for the benefit of an employee of Focus, or an immediate family member, will be filled only after all other Accounts receive their full allocation.

## K. Personal Trading

Focus employees trade in the same securities as our clients. While some employees invest directly in pooled funds managed by Focus, others hold securities in Accounts that are segregated and therefore trades will be executed in the same individual securities held by our clients. Where this is the case every attempt is made to have employees trade right alongside clients so that all Accounts are treated fairly.

Focus has created a personal trading policy that employees must adhere to when executing orders for any accounts where they, or an immediate family member, are a beneficial owner or where the

employee influences control over the account. The policy has procedures in place that require pre-clearance for all trades and enforce a blackout period where trading is prohibited under certain circumstances. Employees are also obligated to attest on an annual basis to a full and complete list of all accounts that would be subject to this policy.

#### L. Focus Employee Code of Conduct

Focus employees may at times find themselves in a situation where there is a conflict between their own personal interests and those of a client. In order to address these situations Focus has established a Code of Conduct (“Code”) that employees must abide by. Employees must also attest to their knowledge and understanding of the Code on an annual basis. The Code covers a number of potential conflicts; among them are situations involving outside business activities, accepting gifts and entertainment from service providers and the use of confidential information. The Code also incorporates the CFA Institute Code of Ethics and Standards of Professional Conduct.

#### M. Complaint Process

Focus maintains detailed policies and procedures for handling client complaints which are outlined below. Effective May 1, 2014, the Canadian Securities Administrators implemented a requirement for all registered firms to ensure that the Ombudsman for Banking Services and Investments (OBSI) is made available as an independent dispute resolution or mediation service for all clients that have an eligible complaint. Focus is registered as a Participating Firm with the OBSI.

Any complaints with respect to the services provided by Focus should first be directed to a representative of Focus at:

Focus Asset Management  
333 Bay Street, Suite 1630, Box, 19  
Toronto, Ontario  
M5H 2R2  
Phone: 416-815-1800  
Fax: 416-815-1805

When registering a complaint, please tell us what went wrong, when it happened and what you expect (for example, money back, an apology, an account correction).

We will acknowledge your complaint in writing, as soon as possible, but no later than five business days after receiving your complaint. We may ask you to provide clarification or more information to help us resolve your complaint. In order to help us respond as quickly as possible you should make your complaint as soon as possible after the event that causes the complaint occurs, reply promptly if we ask you for more information and keep copies of all relevant documents, such as letters, emails and notes of conversations with us.

We will provide written notice of our decision within 90 days of receiving your complaint which will include:

- A summary of the complaint
- The results of our investigation
- Our decision to make an offer to resolve the complaint or deny it. We will also include an explanation of our decision.

In the event that we cannot provide you with our decision within 90 days we will inform you of the delay, in writing, as well as explain why our decision is delayed and give you a new date for our decision.

If you are satisfied with our offer to resolve the complaint we will proceed with our decision and the matter will be closed. However, if you are not satisfied with our decision you may be eligible for the OBSI's dispute resolution service (note that Quebec residents may consider the free mediation service offered by the Autorité des marchés financiers). Also, keep in mind, you always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your options. There are time limits for taking legal action and delays could limit your options and legal rights later on.

If we do not provide our decision within 90 days after you made your complaint or if you are not satisfied with our decision, you may be eligible for OBSI's free and independent dispute resolution service. You have the right to use OSBI's service if:

- your complaint relates to a trading or advising activity of Focus or by a representative of our firm
- you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint, and
- you file your complaint with OBSI according to one of these time limits:
  - If we do not provide you with our decision with 90 days, you can take your complaint to OBSI any time after the 90-day period has ended.
  - If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI.

OBSI can recommend compensation of up to \$350,000 and their service is available free of charge to clients of Focus. This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court, keeping in mind the time limits for legal action.

OBSI can best assist with your complaint if you promptly provide them with the following information:

- Your contact information as well as contact information for Focus
- The name and contact information of any Focus representative involved with your complaint
- Details of your complaint
- All relevant documents, including any correspondence and notes of discussions with Focus.

OBSI works confidentially and in an informal manner. It is not like going to court and you do not need a lawyer. During its investigation, OBSI may interview you and representatives from Focus. We are required to cooperate in OBSI's investigation.

Once OBSI has completed its investigation, it will provide its recommendations to you and us. OBSI's recommendations are not binding on either party.

OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through the services provided by OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal advice, to resolve your complaint.

Contact information to file a complaint with OBSI:

By email at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

By telephone: 1-888-451-4519 or 416-287-2877 in Toronto

For more information about OBSI, visit [www.obsi.com](http://www.obsi.com)