



KAI Asset Management Inc. Conflicts of Interest Information

The purpose of this document is to provide updated information to assist you in understanding and assessing conflicts of interest that exist or that may arise in your relationship with KAI Asset Management Inc. (KAM).

The Client Focused Reforms

In your March 31st client statement package we notified you about important regulatory rule amendments which have been introduced by the Canadian Securities Administrators¹ known as the Client Focused Reforms. The reforms are an important investor protection initiative based on the concept that in the relationship that clients have with their registered firm and registered individuals acting on behalf of the firm, the interests of the client come first. The rule amendments which come into force in 2021 require all registered firms, including KAM, to:

- Address material conflicts of interest in your best interest;
- Put your interest first when making a suitability determination; and
- Clarify what you can expect from your relationship with us.

Conflicts of Interest

Under the new conflict of interest requirements we must ensure that we identify conflicts of interest that could exist between our interest and those of our clients. If we identify a material conflict, we must address it in your best interest. If we are not able to address the conflict in your best interest, we must avoid the conflict.

How we keep you informed about Conflicts of Interest

We previously disclosed conflicts of interest to you and explained how we address them when you signed your new account documentation. In addition, it is our practice to send a current Relationship Disclosure Document containing current conflicts of interest information to you with your December 31st client statement package.

Among other things, this Conflicts of Interest Information explains the nature and extent of each material conflict of interest which we have identified, the potential impact or risk that the conflict could pose to you, and how we address the conflict of interest. Our intent is to help you make informed decisions about the products and services you receive from us and enable you to evaluate your relationship with us. We encourage you to take the time to carefully read this information, and if you have questions to contact us for clarification.

What is a Conflict of Interest?

A conflict of interest includes circumstances where:

- the interests of different parties, such as the interests of a client and KAM's interests, are inconsistent or divergent,
- KAM may be influenced to put its interests ahead of a client's interests, or

¹ The Canadian Securities Administrators is an umbrella organization of Canada's provincial and territorial securities regulators whose objective is to improve, coordinate and harmonize regulation of the Canadian Capital Markets.



- there are monetary or non-monetary benefits available to KAM, or potential detriments to which KAM may be subject which may compromise the trust that a reasonable client has with us.

To determine whether a conflict is material, we consider whether the conflict may affect (a) the decisions of the client in the circumstances, or (b) KAM's recommendations or decisions in the circumstances. If the answer to either is "yes", the conflict exists and is likely material.

We have broken down the summary of conflicts of interests into two parts. Part A covers conflicts which arise because of KAM's proprietary business model, and Part B covers conflicts that are likely to present to all discretionary portfolio managers, including KAM.

Part A: Proprietary Business Model Conflicts of Interest

KAM's business model differs from those of many traditional portfolio managers. While many portfolio managers will provide their clients with access to investments in the public markets only, at KAM we seek to also provide access to investments in the private markets through proprietary investment vehicles. To facilitate this, KAM's management has created the KAI Issuers², which are private holding companies that invest in physical real estate and private businesses. In addition, KAM has created proprietary investment pools which invest in publicly listed stocks and bonds and that may or may not hold KAI Issuer shares. Where appropriate, client managed accounts may be invested directly in the listed stocks and bonds aligned with the relevant pool strategy. Managed account clients will typically be allocated to the proprietary investment pools and may also have exposure to shares of the KAI Issuers, either directly in their managed account or indirectly through their investment in the KAI Core Equity Pool (KCEP), which holds shares of these KAI Issuers.

Our proprietary business model gives rise to a number of conflicts of interest.

The following is a summary of these conflicts, how they impact you, and how we address them in your best interest.

1. Proprietary Product

KAM predominantly offers proprietary investment products manufactured by KAM or our affiliate, KAI Holdings Inc. (KHI). The suitability determination conducted by KAM and our representatives will generally not consider the larger market of non-proprietary products or whether those non-proprietary products would be better, worse, or equal in meeting your investment needs and objectives.

Clients may be adversely impacted because there may be other investment options in the larger market of non-proprietary products that are not offered by KAM which might better serve client interests. Generally, where a firm's approved investments are limited to proprietary investment options there is a greater likelihood that your investments will be more highly concentrated in a single security, sector or asset class which may result in increased risk and volatility, and can result in losses.

How we address this conflict:

- We disclose to you the nature of the products and services that we offer.

² The current KAI Issuers are KAI Properties Inc. (KPI), which holds investments in commercial and residential real estate in Canada and KAI Health Services Inc. (KHS), which holds investments in Canadian healthcare service businesses such as pharmacies and medical clinics.



- We assess the relevant aspects of our proprietary investment vehicles including the securities' structure, features and risks to ensure that products we approve to be made available for potential investment in client accounts are suitable for our clients.
- We conduct periodic reviews of our products relative to comparable non-proprietary product to ensure that our products are competitive with alternatives available in the market.
- The Advising Representatives make investment allocation decisions based on your personalized Investment Policy Statement (IPS). We have policies and procedures in effect to ensure that your IPS is reviewed by our internal compliance staff at account opening and on an ongoing basis to ensure that investments are suitable for you based on your Know-Your-Client (KYC) information.
- KAM has established the KAI Issuer Concentration Limits Policy which limits the maximum exposure to KAI Issuers based on specified KYC criteria and suitability considerations, including reassessing suitability as your circumstances change.

2. Related and Connected Issuers

KAM's Advising Representatives make decisions to purchase various investments that are suitable for you based on your KYC information and IPS. Where suitable for you, they may make decisions to invest in proprietary investments including the KAI Issuers or the KCEP (which has a 20% target allocation to the KAI Issuers).

Under securities law, the KAI Issuers are 'connected issuers' of KAM as Paul Allard and Robert MacKay (Founding Partners) are directors and officers of the KAI Issuers, and directors, officers, and Advising Representatives of KAM. KAI Holdings Inc. (KHI), the manager of the KAI Issuers, is a 'related issuer' to KAM as it controls KAM. The Founding Partners are the directors and officers of KHI, and indirectly own and control KHI. As a result KAM, KHI, and the KAI Issuers are under common mind and management.

These relationships create the risk that the Founding Partners when acting in their role as Advising Representatives may make decisions to invest your portfolio in the KAI Issuers (directly or indirectly through the KCEP) due to their other roles including their ownership interest in KHI when it is not in your best interest.

In addition to the KAI Issuers and the KCEP, we have created additional investment pools which do not hold the KAI Issuers, specifically the KAI Core Listed Equity Pool and the KAI Fixed Income Pool, and your account may be invested in those pools.

How we address this conflict:

- As registrants under applicable securities laws, and as CFA Charterholders, each of Mr. Allard and Mr. MacKay are obligated to act in the best interests of their clients. We have established policies, internal controls and independent processes that are intended to safeguard client interests and to provide reasonable assurance that activities are carried out appropriately.
- The Advising Representatives make investment allocation decisions based on your personalized Investment Policy Statement (IPS). We have policies and procedures in effect to ensure that your IPS is reviewed by our internal compliance staff at account opening and on an ongoing basis to ensure that the investments in your account are suitable for you.
- In order to ensure that all proposed material transactions involving the KAI Issuers are considered independently from the interests of the Founding Partners, the Board of Directors of KAM has appointed an Independent Acquisitions and Compliance Committee (IACC) comprised of two independent professionals whose role is to review each conflict of interest matter and assess whether KAM has addressed conflict matters in the best interests of KAM's clients. This committee is intended to provide



assurance that the conflicts of interest that may exist in the organizational structure are managed appropriately and do not disadvantage KAM clients.

- We provide full information³ on these conflicts to you at account opening and at least annually so that you have sufficient information to assess these conflicts. Clients must provide expressed consent in writing in order for their portfolio to invest in related or connected issuers.

3. KAI Issuer Fees

The Founding Partners are directors, officers, and beneficial owners of KAI Holdings Inc. (KHI), which provides management services to the KAI Issuers and receives fees⁴ (KAI Issuer Fees) and recovers expenses related to such services. Where your managed account holds KAI Issuer shares directly or indirectly through ownership of KCEP, you will effectively bear a share of the fees based on your proportionate ownership of the KAI Issuers.

KHI charges the following fees to KAI Health Services Inc. (KHS) on an annual basis:

- a 3.5% Transaction Services Fee on the purchase price of each acquisition or sale price of each disposition made during the year,
- an annual \$25,000 Monitoring Fee for each physical location of a KHS subsidiary, and
- a 20% Performance Fee on KHS's Net Operating Income (NOI)⁵. The Performance Fee will only be charged if the annual NOI after charging Monitoring and Performance Fees is 10% or greater of Shareholder Paid-In Capital. For purposes of calculating Performance Fees, NOI is defined as the earnings generated by the subsidiaries of KHS during the normal course of operations. For clarity, any Transaction Services Fees are considered to be one-time charges and are not considered by management to be operating expenses of the business. Accordingly, these fees are not deducted in determining NOI for purposes of calculating the Performance Fee which has the effect of the Performance Fee being higher than if it was charged on the net income of the issuer.

KHI charges the following fees to KAI Properties Inc. (KPI) on an annual basis:

- a 1.5% Transaction Services Fee on the purchase price of each acquisition or sale price of each disposition made during the year and
- a 15% Performance Fee on Net Operating Income (NOI)⁶. The Performance Fee will only be charged if the annual NOI after charging Performance Fees is 5% or greater of Shareholder Paid-In Capital. For purposes of calculating Performance Fees, NOI is defined as the earnings generated by the subsidiaries

³ For further information, please refer to the KAI Issuer Fact Sheets and the Relationship Disclosure Document which are also available at the following link kaiasset.com/client-disclosure/, or by contacting us at info@kaiasset.com

⁴ A summary of these fees charged for the prior fiscal year are set out in each KAI Issuer's annual financial statements, which are available upon request.

⁵ NOI excludes items such as interest, taxes, gains, losses, depreciation, amortization, Transaction Services Fees and any transaction expenses incurred by KHS related to an acquisition or disposition.

⁶ NOI excludes items such as interest, taxes, gains, losses, depreciation, amortization, Transaction Services Fees and any transaction expenses incurred by KPI related to an acquisition or disposition.



of KPI during the normal course of operations. For clarity any Transaction Services Fees are considered to be one-time charges and are not considered by management to be operating expenses of the business. Accordingly, these fees are not deducted in determining NOI for purposes of calculating the Performance Fee which has the effect of the Performance Fee being higher than if it was charged on net income of the issuer.

In addition, KAM provides the services of certain KAM employees to the KAI Issuers which the directors of the KAI issuers have determined to be necessary for the operations of the KAI Issuers. KAM charges the KAI Issuers on a cost recovery basis with no mark-up for the services.

The following are conflicts of interest that arise due to the KAI Issuer Fees and expenses recoveries:

- This fee structure presents the risk that the Founding Partners in their role as Advising Representatives will allocate KAI Issuers shares to your portfolio, either directly or indirectly through the KCEP, because of the potential additional fees that will be received by KHI which will benefit them because of their ownership interest in KHI.
- Transaction Services Fees which are based on corporate transactions and Monitoring Fees which are based on number of subsidiaries create incentive for the Founding Partners to engage in transaction activity in order to generate fees.
- KHI has incentive to overstate NOI of the KAI Issuers because the Performance Fee is calculated as a percentage of NOI.
- Fees and expenses that KHI calculates and charges to the KAI Issuers are based on accounting records prepared by KHI. KHI has incentive to overstate these amounts to increase charges.
- KHI has discretion to waive all or a part of the Monitoring Fee and/or Performance Fee for any given month. In addition KHI has agreed to waive all or the necessary part of such fees if it reasonably determines acting in good faith that the KAI Issuer will be unable to satisfy payment of its then-current debt obligations.

These conflicts may impact you in the following ways:

- The payment of KAI Issuer Fees and other expenses by the KAI Issuers reduces funds that might otherwise be available to be paid as distributions to the owners of the KAI Issuers (including the KCEP) and clients who own units in KCEP and reduces the value of shares/units of the KAI Issuers and the KCEP.
- Further, if the amounts that KHI charges the KAI Issuers for fees and expenses are inflated due to overcharges or fee generating activities, this further reduces the value of the KAI Issuer shares.
- KHI having discretion to waive fees may result in conflicts of interest because waiving fees will have the impact of increasing the share price of the KAI Issuers which may benefit KAM. For example, KAM may benefit if fees were waived solely to increase the share price of KAI Issuers used in performance reporting.

How we address these conflicts:

- The Advising Representatives make investment allocation decisions based on your personalized Investment Policy Statement (IPS). We have policies and procedures in effect to ensure that your IPS is reviewed by our internal compliance staff at account opening and on an ongoing basis to ensure that the investments in your account are suitable for you based on your Know-Your-Client (KYC) information.
- KAM has established the KAI Issuer Concentration Limits Policy which limits the maximum exposure to KAI Issuers based on specified KYC criteria and suitability considerations, including reassessing suitability as your circumstances change.



- KAM has established the KAI Issuer Acquisition Policy to ensure that acquisition and disposition decisions are made in the best interest of clients and not carried out solely to generate a Transaction Services Fee or Monitoring Fee. The policy requires that each transaction on which fees will be charged must meet established investment criteria to ensure that acquisition and dispositions decisions are made in the best interest of clients whose managed accounts have exposure to that KAI Issuer.
- The IACC must review and approve each proposed corporate transaction on which Transaction Services Fees will be charged independently of KAM and the Founding Partners to ensure that only transactions that are in the best interest of the clients of KAM are undertaken, and that any conflicts of interest that exist are appropriately addressed.
- KAM has established the KAI Issuer Fees and Expense Recovery Policy which requires that all fees must be calculated in accordance with written Management Services Agreements between the KAI Issuers and KHI.
- To ensure that the expenses recovered from the issuer and fees charged are accurate, we engage an independent accounting firm to annually audit the KAI Issuer's financial statements and to conduct certain specified procedures on the calculation of KAI Issuer fees and on the recovery of allowed expenses.
- The IACC must review and approve the nature of any KAI Issuer Fee waivers by KHI to ensure that the fee waiver is in the best interests of clients whose managed accounts have exposure to that KAI Issuer.
- The IACC has reviewed and approved the KAI Issuer Investment Concentration Limits Policy, the KAI Issuer Acquisition Policy and the KAI Issuer Fees and Expense Recovery Policy and must also review any changes to the policies or changes to the fee arrangements between KHI and the KAI Issuers.
- We provide full information⁷ on the KAI Issuer Fees and expenses to you at account opening and at least annually so that you have sufficient information to assess these fees and the related conflicts.

4. Valuation of the KAI Issuer Shares

Shares of the KAI Issuers are not listed on any public exchange and therefore we use an estimated fair market value of the shares. These share values are used in pricing of trades, in performance reporting and in calculating portfolio management fees charged to clients.

KAM has incentive to overstate the estimated share price of the KAI Issuers because this will increase the portfolio value of accounts that hold KAI Issuers and that will increase the management fee clients pay to KAM. In addition, overstated share valuations will overstate performance returns which are reported to you which would be misleading.

KAM has engaged a Chartered Business Valuator (CBV) to perform quarterly valuations of the KAI Issuers for KAM. The CBV utilizes a valuation methodology that uses a cost assumption that excludes the future impact of the KAI Issuer Fees. The CBV has determined that this cost assumption is appropriate as they have assumed that a prospective purchaser of a KAI Issuer may not be required to incur the KAI Issuer Fees if they intend to manage the investments directly. If the CBV determines that the KAI Issuer Fees are likely to remain in place for any and all third-party purchasers, then their conclusion of Fair Market Value would decrease. The cost assumption utilized within the methodology presents a conflict of interest for KAM because excluding the future impact of KAI Issuer Fees has the effect of producing a higher reported Fair

⁷ For further information on fees including examples of fee calculations, please refer to the KAI Issuer Fact Sheets and the Relationship Disclosure Document which are also available at the following link kaiasset.com/client-disclosure/, or by contacting us at info@kaiasset.com



Market Value for each of the KAI Issuers which would determine higher investment portfolio management fees and performance results.

How we address these conflicts:

- To ensure the share prices of KAI Issuers are valid, we have established the KAI Issuer Valuation Policy which requires KAM to engage an independent Chartered Business Valuator (CBV) to perform the valuation and determine the share price of each KAI Issuer on a quarterly basis in accordance with the Canadian Institute of Chartered Business Valuators (CICBV) standards.
- We have established procedures to ensure that all material inputs to the quarterly valuation process are timely, accurate and objective.
- The IACC has approved the KAI Issuer Valuation Policy and must approve the appointment of the independent CBV firm by confirming that the CBV firm is independent, properly qualified and will perform the valuation in accordance with CICBV standards.
- KAM has thoughtfully considered the KAI Issuer fee cost assumption utilized by the CBV and has determined that the CBV's methodology achieves a result which is fair to clients as it best reflects the value of each KAI Issuer in a prospective sale situation. Regardless of KAM's opinion concerning the fairness of the approach chosen by the CBV, KAM has taken multiple steps to respond to this potential conflict, specifically:
 - The appointment of the CBV was approved by the IACC who confirmed that the firm was independent from KAM and properly qualified.
 - The CBV performed the KAI Issuer valuations in accordance with CICBV standards and determined appropriate methodology and assumptions independently, without influence by KAM.
 - KAM presented the potential conflict of interest related to the CBV's treatment of the KAI Issuer Fees to the IACC who determined that KAM's response achieves a fair and reasonable result for clients.
 - KAM has disclosed the cost assumption to clients.

5. Fair Allocation of KAI Issuer Shares

The availability of shares of the KAI Issuers is limited and uncertain. Shares only become available in accordance with KAI Issuer Rebalancing Policy or when the KAI Issuers issue shares as the entities require additional funds for capital allocation initiatives.

A conflict of interest exists because KAM may need to decide which clients receive shares when availability is limited.

How we address this conflict:

- To ensure fairness, KAM has developed the KAI Issuer Fair Allocation Policy which provides that shares made available for KAM clients will be allocated on a pro rata basis across clients and pools that have demand for such shares.
- The policy is subject to approval by our IACC whose role is to ensure that the policy adequately addresses the conflict of interest.



6. KAI Issuer Rebalancing Policy

From time to time, in the event of account closure or a change in a client's IPS or to the KCEP, there may be a need for KAI Issuer shares to be liquidated from an existing account. There is no public market in which to sell KAI Issuer shares and therefore liquidity may be limited.

A conflict of interest exists because KAM may need to decide which clients' shares are sold if there is not sufficient liquidity to meet all sell requests.

In addition, the principals of KAM may have incentive to not act on liquidity needs because of the potential fees that will be generated by KAM and by KHI which will benefit them because of their ownership interest in KAM and KHI. See further discussion on the policies and internal controls in effect to address this risk in section 3. above (KAI Issuer Fees).

How we address this conflict:

- To ensure fairness between clients, KAM has developed the KAI Issuer Rebalancing Policy to provide for a fair and reasonable process by which shares in KAI Issuers can be disposed of at Fair Market Value and that available shares will be allocated on a pro rata basis across clients who have demand for liquidity on such shares.
- The policy is subject to approval by our IACC whose role is to ensure that the policy adequately addresses the conflicts of interest.

Part B: Portfolio Management Firm Conflicts of Interest

KAM is a discretionary portfolio manager and like other similar firms, there are conflicts of interest that are inherent to the relationship between a discretionary manager and their clients. The following is a summary of the material conflicts of interest that we have identified related to our role as your portfolio manager, how they impact you, and how we address them in your best interest.

1. Portfolio Management Fees

KAM is compensated for the discretionary investment management services we provide to you by a portfolio management fee which is charged on a monthly basis based on the value of total assets in your managed account.

Compensation creates the risk that our employees may be motivated to act in a manner that is not in your best interest in order to increase the compensation earned by KAM.

Management fees have the effect of reducing your account value and portfolio returns.

How we address this conflict:

- KAM is in the business of managing client portfolios with a view to preserving and building client wealth. We have structured the fees that we charge you for discretionary investment management based on the total value of assets held in your account. This serves to align KAM's interests with yours because fees increase when the account increases in value and will decrease if the account decreases.
- Our portfolio management fees do not incentivize investments in particular securities or asset classes as fees are charged as a percentage of total assets, excluding assets with embedded trailing commissions (see Trailing Commissions below).
- Portfolio management fees charged to you by KAM are detailed in your written Portfolio Management Agreement (PMA) which you signed when you opened your account. KAM may not increase the fee



unless authorized by you either through the execution of a new PMA or an amendment to Schedule A of the PMA.

2. Trailing Commissions (Embedded Compensation)

When you transfer in accounts from another firm, the securities transferred to KAM may include securities that pay trailing commissions to KAM, typically mutual funds.

The fact that trailing commissions are paid on these securities creates the risk that KAM could charge you portfolio management fees in addition to the trailing commissions which have already been charged on these securities by the mutual fund companies.

How we address this conflict:

- We remove the value of your holdings in securities that pay trailing commissions from your total assets in calculating portfolio management fees you pay us so that you do not pay any portfolio management fees on these assets.

3. Compensation for referring clients to KAM

We have established referral arrangements with third-party referring agents such as financial planners where we pay them an ongoing fee for referring you to us. In addition, some referring agents have terms in their agreements which provide for other compensation or benefits from KAM such as eligibility for advances from KAM, bonuses, or the opportunity to purchase shares of KAM.

In addition, certain KAM employees are eligible to receive bonuses for introducing new clients to KAM.

This compensation practice creates the risk that referring agents or employees may refer or introduce clients to KAM who are not suited to KAM's investment strategy in order to earn compensation from KAM.

How we address this conflict:

- All referral arrangements including any special compensation arrangements that may apply are documented in written agreements and are disclosed to you in the Referral Fee Acknowledgement (RFA) document.
- Prior to accepting a referred client, we conduct due diligence on the referring agent to ensure that the agent meets our internal standards and is qualified to serve you.
- To ensure that a relationship with KAM is in your best interest, KAM only accepts clients for whom the services offered by KAM are suitable.
- The portfolio management fee charged to you by KAM is the same whether or not you are referred or introduced to KAM by a referral agent or employee who receives compensation.
- The IACC reviews all referral arrangements with firms or individuals that have any other financial or business arrangement with KAM or that is a related party of KAM. The purpose of their review is to ensure that any additional conflicts of interest that may result from the relationships have been addressed in the best interest of KAM clients.

4. Compensation Arrangements

Some firms may offer staff incentive compensation that is intended to drive certain business results such as sales or revenue targets, or to invest in certain products or services over others.



These practices create the risk that some registered individuals may put their interests ahead of our clients because of the incentives.

How we address this conflict:

- Other than the various fees described in the Proprietary Business Model section above, KAM does not offer our Associate Advising Representatives or Advising Representatives any other compensation or incentives that are sales or revenue based or that compensates the individual for investing in certain products over others. For more information, see Part A section 2. Related and Connected Issuers and 3. KAI Issuer Fees.
- In addition, the compensation of internal compliance professionals who conduct various internal control and oversight functions is not tied to assets or revenue.

5. Fair Allocation of Investment Opportunities

KAM may execute orders for the purchase of a specific security for multiple managed accounts and for the pools. KAM establishes processes for bundling of trades to achieve efficiencies in execution and for the allocation of shares traded.

This conflict creates the risk that KAM may favour one client's managed account over another client's account.

How we address this conflict:

- We have established a Trade Allocation Policy to ensure that all clients are treated fairly. When orders are bundled, the respective trade executions are allocated to each participating managed account or pool based on the average fill price, net of commissions for each account. If the entire order is not completed, the executed volume is allocated to each participating managed account and pool on a pro-rata basis based on the relative size of their initial order net of commissions.

6. Client Brokerage Commissions and Best Execution

Brokerage firms who execute trades charge brokerage commission on trading activity and may provide certain benefits or compensation to firms for using their service. These benefits or compensation may be in the form of 'soft dollars' meaning non-monetary benefits such as access to research or information systems, or firms may be compensated in the form of revenue sharing arrangements, such as commission rebates.

This conflict creates a risk that firms may execute trades in a manner that generates benefits to the firm rather than seeking best execution for the client.

How we address this conflict:

- Trades for the portfolios under management are executed through the custodian where account positions are held, on the basis of the broker's competitive fee schedule and for ease of settlement. Because the listed securities which are traded in managed accounts or pools are liquid instruments, execution price is not expected to vary significantly between brokers. KAM will, on an annual basis, review this arrangement and assess the quality of the broker's trade executions and customer service.
- KAM does not presently enter into soft dollar or revenue sharing arrangements with executing brokers. The firm will develop appropriate policies and procedures regarding this area, if and when it decides to engage in such activity.



7. Proxy Voting

KAM has authority to vote proxies on securities that are held in client accounts and has a duty to clients to vote proxies in a manner that is in the best interest of clients. There may be circumstances where a portfolio management firm like KAM could have incentive to vote proxies in a manner that is not in the interest of clients who hold the securities.

The conflict creates the risk that a firm could vote proxies in a manner that benefits the firm and adversely impacts the value of the shares held by clients.

How we address this conflict:

- KAM has established Proxy Voting Guidelines which are intended to ensure that shares owned by clients and investment pools that KAM manages are voted in way that supports the interests of clients over the long term. KAM invests primarily in large market capitalization companies and selects these companies in a disciplined manner considering factors such as their financial strength, management history, capital allocation history and growth potential. Therefore, proxies will generally be voted with management of an issuer on matters that are in the normal course of business such as Annual General Meeting-related activities.

8. Staff Accounts Held at KAM

KAM may operate managed accounts for staff, shareholders of the firm and related persons.

This practice creates risk that the accounts of staff and other associates of KAM could be treated more favourably than the accounts of other clients.

How we address this conflict:

- Our Trade Allocation Policy requires that orders for these accounts will participate with those of other managed accounts, and they will not receive preference with respect to trade execution or participation in investment opportunities.

9. Personal Trading

Our staff (and related persons) are allowed to operate accounts at other registered firms.

This practice presents the risk that staff may have confidential knowledge about our clients and the securities they have in their account which they could use in their own personal trading decisions, disadvantaging our clients.

How we address this conflict:

- KAM has adopted a Personal Trading Policy that applies to all officers, directors and staff. These policies are designed to reasonably prevent these persons from trading in advance of managed account orders or trading on the basis of their knowledge of accounts' activities.

10. Outside Activities

Staff may participate in outside businesses, directorships or employment activities.

A conflict of interest exists because staff may be motivated to place the interests of their outside activity ahead of your interests.



How we address this conflict:

- KAM has established policies and procedures to review any proposed outside activity to ensure that it does not present conflicts with client interest, or that if it does, controls can be put into place to address the conflict in the best interest of our clients. Activities that create conflicts which cannot be addressed in your best interest will not be approved by KAM.
- In the case of KAM's Advising Representatives and Associate Advising Representatives, no outside business activities are permitted without the prior approval of the Chief Compliance Officer (CCO).
- Refer to Part A section 2 (Related and Connected Issuers) for further information on conflicts of interest related to the multiple roles of the Founding Partners and how those conflicts are addressed.

11. Personal Financial Dealings with Clients

Staff may have opportunity to personally engage in financial arrangements with clients such as lending, borrowing, entering into settlement arrangements or purchasing/selling assets outside of the ordinary course of business.

When staff are involved in personal financial dealings with clients, they are conflicted and may put their own interest ahead of the client's interest.

How we address this conflict:

- KAM prohibits such activities with clients, other than with clients who are related to each other for purposes of the *Income Tax Act* (Canada) with prior review and approval by the CCO.

12. Gifts and Entertainment

Staff may be offered gifts, entertainment or other compensation from vendors or clients.

Gifts or entertainment could influence staff to put the interests of the gifting party ahead of the client's interest.

How we address this conflict:

- KAM has established policies and procedures regarding the receipt of gifts. The CCO must be notified of any gifts in excess of a certain threshold and will ask that the gift be returned or donated to charity if it is likely to create an actual or perceived conflict.

13. Other Conflicts of Interest

New conflicts of interest may arise between the interests of KAM staff, officers and directors, and the interests of our clients.

How we address these conflicts:

- KAM has established a comprehensive Conflict of Interest Policy overseen by the CCO which requires all staff to be alert to the potential for conflicts of interest, and to promptly report to the CCO any new conflict of interest matter that they identify. The CCO will review the matter and determine appropriate action to resolve the matter in the best interest of clients.
- The board of directors of KAM has adopted Standards of Professional Conduct to which all staff are subject which requires that staff must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.



- In the case of registered Advising Representatives and Associate Advising Representatives who identify conflicts between their interests and those of clients, the individual must not engage in any trading or advising activity related to the conflict of interest unless the conflict has been addressed in the client's best interest and KAM has provided consent to proceed with the activity, as required by law.
- The Board of Directors of KAM has appointed the IACC to review conflict of interest matters which KAM refers to it and assess whether KAM has addressed conflict matters in the best interests of KAM's clients. This committee is intended to provide assurance that the conflicts of interest that may exist in the organizational structure are managed appropriately and do not disadvantage KAM clients. The IACC has reviewed and approved KAM's Conflicts of Interest Policy and is responsible to review and approve any updates to it.

Contact Us

If you have any questions related to this document, please contact Patricia Kloepper, Chief Compliance Officer at pkloepper@kaiasset.com or 844-755-8932.