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a) Introduction

The purpose of this document is to assist you in understanding your relationship with KAI Asset Management Inc. (KAM). In this document we provide important information concerning the relationship between KAI Asset Management Inc. (KAM) and you, our client, which includes identifying the services we offer, disclosing the costs to operate an account, describing the types of risk that a client should consider when making an investment decision, and disclosing conflicts of interest.

b) About us

KAI Asset Management Inc. (KAM) is a Portfolio Manager (PM) and Exempt Market Dealer (EMD) registered in the provinces of Manitoba, Saskatchewan, British Columbia, Alberta, and Ontario. The firm is also registered as an Investment Fund Manager (IFM) in the provinces of Manitoba and Ontario. As a securities registrant, we are required to disclose sufficient information to you to assist you in understanding the nature of your relationship with KAM and advise you of significant matters regarding the discretionary authority that KAM will exercise over the operation of your managed account(s). We are also required by federal privacy legislation to make you aware of KAM's policies to ensure compliance with the requirements of the legislation.

c) Products and services offered by KAM

KAM offers fee-based discretionary managed account services. Your account(s) will be classified by KAM as either a Separately Managed Account Portfolio (SMA Portfolio) or a Pooled Portfolio. An SMA Portfolio is a Client Portfolio where the investment allocation of one or more accounts is entirely or in part achieved through direct allocation to a KAM publicly listed equity securities mandate (a Core Holding Mandate) and/or non-proprietary fixed income securities. A Pooled Portfolio is a Client Portfolio which is not an SMA Portfolio. The investment allocation of all accounts in a Pooled Portfolio will be primarily achieved through the KAM Proprietary Pools and/or in shares of private equity entities (KAI Issuers¹) that are managed by KAI Holdings Inc. (KHI) which is the parent company of KAM.

Client Portfolios will include proprietary products. Your account will hold securities that are considered to be "proprietary products" of our firm because (i) the issuer of the securities is a related or connected issuer of the firm, (ii) the firm or one of our affiliates is the portfolio manager and/or investment fund manager of the issuer, or (iii) the security holdings reflect a Core Holding Mandate. Proprietary products are only acquired on behalf of clients for whom the security is suitable, and only after providing such clients with disclosure of the fees, charges, and risks of such products, and disclosing conflicts of interest. Your portfolio management agreement contains a consent that authorizes us to buy and sell proprietary products in your account.

Client portfolios will be invested in equity investments and/or fixed income investments based on each client's requirements. The equity portion of portfolios may be invested in publicly listed issuers, either by holding publicly listed equities directly in the client's portfolio based on a Core Holding Mandate or by purchasing units in the KAI Core Listed Equity Pool or other similar proprietary product which holds publicly listed equities. Additionally, the equity portion of portfolios may be invested in KAI Issuer shares. Alternatively, the public and private equity portion of the portfolio may be invested in units of the KAI Core Equity Pool which holds a mix of both public and private equities. See the KAI Issuer *Fact Sheets* for more information. The fixed income portion of client portfolios may be invested directly in fixed income securities or alternatively in units of the KAI Fixed Income Pool which holds fixed income securities. KAM is the portfolio manager and investment fund manager of the KAI Core Equity Pool, the KAI Core Listed Equity Pool, and the KAI Fixed Income Pool (and may serve in those roles for other similar proprietary pools that may be launched in the future) (the KAM Proprietary Pools). KAM is also the trustee of each of the KAM Proprietary Pools. The KAM Proprietary Pools, the KAI Issuers and the KAM Core Holding Mandates are "proprietary products" of KAM under applicable securities law. Clients are advised that KAI Issuer shares are not sold on a continuous basis and accordingly a client who has indicated a desired direct allocation to KAI Issuers may be delayed in obtaining that exposure, as would be specifically set forth in that client's *Investment Policy Statement (IPS)*.

¹The 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.

Clients may transfer securities in kind into their account. KAM will generally sell these securities to implement the asset allocation which you agreed to in your IPS. Where suitable, KAM may determine that it is appropriate to hold these securities in your managed account for a period of time in order to accommodate considerations such as limiting fees on redemptions and managing tax consequences to you, among other factors.

d) Account types

You may hold one or more of the following account types:

- Non-registered account
- Registered Retirement Savings Plan (RRSP) which may be self-directed or locked in
- Spousal Registered Retirement Savings Plan (SRSP)
- Registered Retirement Income Fund (RRIF) which may be self-directed or locked in
- Spousal Registered Retirement Income Fund (SRIF)
- Tax Free Savings Account (TFSA)
- Registered Education Savings Plan (RESP)
- Registered Disability Savings Plan (RDSP)
- First Home Savings Account (FHSA)

e) Your relationship with KAM and our obligations to you

You have engaged KAM to manage your investments on a discretionary managed account basis.

Custodial arrangements

Securities in your managed account will be held by the appointed custodian in a separate account. The benefit of this arrangement is that these securities will be identified on the custodian's records as belonging to you and will not be co-mingled with holdings of other managed account clients. Furthermore, the custodian will be directly responsible to you for effective safekeeping, trade settlement, record keeping and tax reporting with respect to your managed account holdings. Your account may be covered by CIPF and other insurance protections that the custodian makes available to its clients. You received a copy of the CIPF Brochure as part of the establishment of your custodial accounts. Please contact your custodian directly for a description of these coverages or protections.

Discretionary authority

KAM has been granted discretionary authority over your account(s) held at your custodian for the purpose of trading in securities, but KAM does not have authority to withdraw or transfer account holdings other than to withdraw management fees you have pre-authorized. This arrangement allows us to fulfil our obligations under the Portfolio Management Agreement (PMA) we have executed with you. Securities transactions will be made in your account without your prior knowledge, approval, oversight, or control. To facilitate the above arrangement, KAM has entered into a services agreement with the custodian that sets out each party's respective role. It further sets out that KAM will collect certain documentation on behalf of the custodian and that the custodian must obtain KAM's consent with respect to any instructions it receives on the account.

Know Your Client (KYC) information and assessing suitability

KAM is obligated to determine that any action that it takes, recommends or decides on your behalf is suitable for you and puts your interests first. To meet this obligation, KAM collects certain information about you to enable us to understand your personal and financial circumstances. We use this information, known as Know Your Client (KYC) information, to determine your *Investment Policy Statement* (IPS), which forms the basis on which your managed account will be managed. KAM is obligated to ensure that your IPS is suitable for you and is further obligated to prudently select and manage investments in your account in accordance with the IPS. It is very important that you read and understand your IPS as it outlines the overall asset mix we will follow when managing your portfolio. It also lists any restrictions you wish to put into effect.

KYC information that KAM collects and uses in determining your IPS includes:

- Your personal circumstances such as your age, marital status, employment status, and number of dependents.
- Your financial circumstances including your annual income, liquidity needs, financial assets, net worth, and whether you have borrowed to invest in securities.
- Your investment needs and objectives such as the intended purpose of the account and what results you wish to achieve (e.g., growth, income, preservation of capital, and other such objectives).

- Your investment knowledge including your relative understanding of financial markets, the relative risk and limitations of various investment types and how the level of risk affects returns.
- Your risk profile which is assessed considering both your willingness to accept risk and your ability to endure a financial loss on your investments.
- Your investment time horizon which is the estimated timing for when you will need to access a significant or defined portion of your portfolio.
- In addition, for non-individual entities such as corporations or trusts, KAM will gather and assess information such as the type of legal entity, the form and details of the entity (i.e. articles of incorporation, trust deed or other documents), nature of the business, individuals authorized to provide instructions on the account(s), and whether someone other than the client has a financial interest in the account.

We collect this information from you when you open an account, and we will review this information with you on at least an annual basis and update your IPS if appropriate. Your KYC and IPS are also reviewed and updated when you advise us or we become aware of a material change in your circumstances.

Please contact the Chief Compliance Officer (CCO) (see contact information in section *m*) below) if you wish to request a copy of your current KYC and IPS documents.

Householding Policy

Family members who reside at the same permanent residence, or as requested by a client and where considered appropriate by KAM, may be treated as a household (a Household) for purposes of portfolio management and certain client reporting. Corporate and/or trust accounts may be included in the Household if members of the Household together hold the majority beneficial ownership of the corporation or the trust. Such client accounts may be combined as a Household if individual account holders have the same objectives, risk tolerance, and IPS. The benefit to clients of a Household is that it permits the Household client accounts to be managed in a manner that is able to take advantage of tax efficiency and other financial planning opportunities across the client Household and to receive certain consolidated reporting for their Household.

Services KAM does not provide

KAM does not provide advice or guidance on your general financial needs or circumstances. This account has been opened solely for the purpose of exercising discretionary authority over the accounts identified in your IPS.

Your role in your relationship with KAM

It is important that you actively participate in our relationship so that you receive the services that you expect. As a result, we encourage you to:

- Provide a full and accurate description of your financial situation, investment objectives and risk tolerance.
- Promptly inform us of any material changes to your life circumstances or investment objectives. A “material change” is a change to any information that could reasonably result in changes to the types of investments appropriate for you, such as changes in employment, marital status, or retirement plans.
- Review all account documentation, sales literature and other documents provided by us.
- Understand all costs and fees associated with the services you will be provided.
- Be proactive - ask questions and request information to resolve any questions you may have about the account, specific transactions, or investments.
- Review account/portfolio holdings on a regular basis and discuss them with us.
- Consult appropriate professionals, such as accountants, lawyers, or financial planners, for necessary advice – including tax, legal and financial planning – as we do not provide those services.

f) Management fees and other costs of operating the managed account services

Your Client Portfolio will be charged a management fee, as set out in your Portfolio Management Agreement (PMA) to compensate KAM for portfolio management services it provides to your account(s). The management fee is calculated as a percentage of Assets Under Management (AUM) in your Client Portfolio as of the last business day of the month, adjusted for any inflow and outflow of assets during the month. Your management fee rate will be determined by whether your Client Portfolio is classified as an SMA Portfolio or a Pooled Portfolio, and by the total AUM of all Client Portfolios in your Fee Group, except where you have an alternative management fee arrangement with KAM. Your Fee Group which is used for purposes of

determining total AUM for management fee rates includes the accounts of all clients in your Household and, subject to KAM's discretion, may include other related accounts that you request. KAM will only include non-Household clients in your Fee Group with consent of all relevant clients.

KAM may negotiate and enter into alternate management fee arrangements for products and services offered to its clients subject to KAM's sole discretion. Fee arrangements may vary due to grandfathered fee arrangements, pre-existing client relationships and fee schedules, account size, account aggregation for fee assessment, or other circumstances as determined by KAM acting reasonably. The fact that clients may be charged different fees presents a potential conflict regarding fair application of charges. To address this conflict KAM has established processes to ensure clients are treated fairly, honestly, and in good faith. Please refer to conflicts of interest information section (see *Portfolio Management Fees* in section I) below) for further details.

KHI will earn fees from the KAI Issuers that your account may hold. Please refer to the conflicts of interest information section (see *KAI Issuer Fees* in section I) below) for further detail. The custodian may levy additional operational or activity fees with respect to your account(s) with that firm. Please contact them directly for further information on such charges. The trade desk brokers, through whom orders are executed, charge a commission or "spread" for trading services. These costs are included in the purchase price or proceeds of the trade and are ultimately reflected in the cost of securities held by your portfolio, or by funds that your portfolio invests in and, ultimately in your portfolio's performance. The management fee and any other charges properly charged to your account have the effect of reducing the portfolio value of your account. Over time, similar to the compounding effect of performance returns, the compounding effect of these fees and charges will reduce portfolio growth. KAM will not impose any new operating charges or increase any existing operating charges to an account unless at least 60 days' written notice is provided to clients.

g) Pool operating costs

The KAM Proprietary Pools are responsible for the payments of brokerage fees and commission on the purchase and sale of portfolio securities, taxes of all kinds to which the Pools are or might be subject, custodial fees, legal fees, audit fees, fund accounting fees, interest expenses, sales commissions if applicable, certain ongoing marketing costs, fees paid to an independent valuator, certain consultancy costs, record keeping fees, and account fees. The Pools are also responsible for all other expenses incurred in the ordinary course of the administration and operation of the Pools including the cost of providing information to unitholders. All such expenses are charged against the assets of Pools and affect the Net Asset Value of all units equally up to a maximum of 0.50% of Net Asset Value of the Pool per annum. Operating costs will reduce the Net Asset Value of the Pool. Over time, similar to the compounding effect of performance returns, the compounding effect of these fees and charges will reduce portfolio growth. KAM, as portfolio manager and investment fund manager, does not charge a management fee directly to the KAM Proprietary Pools; instead, the management fee you pay, which is based on the AUM in your Client Portfolio, includes the value of assets that are invested in the KAM Proprietary Pools.

h) Compensation received by KAM on third-party mutual funds held in your account

KAM may receive trailing commissions from third-party mutual fund companies on mutual funds held in your managed account. If you hold third-party mutual funds in your account which pay such compensation to KAM, the amount of trailing commissions received by KAM on these investments will be credited to your account

i) Account reporting

KAM will provide you with a statement of account(s) holdings and activities on a quarterly basis. The statement will show both the market and book value of securities held in your managed account and provide other mandated disclosures. You will also receive, on an annual basis, a performance report that details the change in the value of your account(s) during the year and since inception of the account. That report will also show the percentage return earned on the account(s) for the year and other specified periods. If your account is in a Household with other family accounts, you will receive the annual performance report in a consolidated format for your Household, and by account. Finally, you will receive, on an annual basis, a report of all the management fees and transactional costs charged to you by KAM and the custodian and any other compensation received by KAM with respect to your managed account(s). If non-Household accounts are included in your Fee Group, you will not receive any reporting related to those accounts. You have consented to receive electronic delivery of the above reports and any other notice or document that KAM is obligated to send. Such electronic delivery will be made to the contact email you provided to us in your Client Information Statement or as updated by you with KAM or through other secure and

confidential electronic delivery methods which may be implemented by KAM such as client access to data portals. You may also request, at no cost, a paper copy of any documents that have been delivered electronically by contacting the CCO (see CCO contact information in section *m*) below). Your consent to receive such materials electronically may also be revoked or changed at any time by notifying the CCO. In addition to this reporting by KAM, the custodian will provide you with a separate report on your managed account(s) holdings, pursuant to their regulatory obligations. Please contact the custodian directly for information on their client reporting obligations.

j) Investment risks

KAM will select securities and seek to diversify your account to ensure your managed account holdings are in line with the investment objective(s), risk tolerance, and asset allocation as set out in your IPS. However, the account's actual performance will be dependent on market fluctuations and other conditions that are both unpredictable and beyond the control of KAM or any other party. Returns on your account cannot be guaranteed. The following is a summary of the risks of investing. Please note that this list is not exhaustive and has been provided to give you an indication of the factors that may affect the value of your portfolio.

- **Market risk:** This is the impact of an increase or decline in the overall market (i.e. equity market, fixed income market, real estate market, etc.) on the value of your portfolio. These markets may fluctuate based on a variety of factors, including general economic and market conditions, interest rates, political developments, and investor sentiment.
- **Interest rate risk:** This is the impact of a change in the level of interest rates on the value of your portfolio of income-based equities (dividend paying companies) and fixed income instruments. As interest rates rise, the value of these investments may fall.
- **Inflation risk:** This is the risk of a decline in the purchasing power of your savings due to a general rise in prices which reduces the real rate of return to investors. Inflation can also have an adverse impact on business operations as the rise in key input costs could materially impact profitability.
- **Currency risk:** This is the risk of a decline in the value of securities held in a foreign currency, due to an appreciation in the value of the Canadian dollar relative to that of the foreign currency. It also addresses the risk of a decline in the profits of a Canadian Issuer due to fluctuations in the value of currencies in which the Issuer transacts with customers or suppliers, or currencies in which the Issuer holds foreign assets.
- **Company specific risk:** This is the risk of unexpected company specific events that can affect the value of its stock, bond, or investment in real estate or a private business such as changes in market share, significant unexpected costs, and the departure of key personnel.
- **Liquidity risk:** This is the risk that an investment cannot be readily sold to cash and that the process might take an extended period of time with no guarantee that it will be done in a timely fashion. Units of the KAM Proprietary Pools are not liquid and may not be resold. However, units of the KAM Proprietary Pools may be redeemed at net asset value on a weekly basis on request delivered to KAM, subject to the terms and conditions of redemption set forth in each Pool's Declaration of Trust.
- **Concentration risk:** This is the risk that any one security or group of securities may have concentrated investment exposure such as to a geographical area, a business model, or a management team. Some client accounts may hold investments in 'connected issuers' to KAM, specifically KAI Health Services Inc. (KHS) and KAI Properties Inc. (KPI) (together, the KAI Issuers). There is common mind and management between KAM and the KAI Issuers which contributes to an increase of concentration risk. The KAI Issuers are also held in the KAI Core Equity Pool and accordingly that fund is subject to similar concentration risk.
- **Derivative investment risk:** This is the risk that a counterparty to a derivative contract is unable to meet its obligations.
- **Cease trading risk:** This is the risk that an individual security in your account or within the portfolio investments held by the KAM Proprietary Pools may be cease-traded by order of a securities regulatory authority or in the event of a trading halt, circuit breaker, or market closure by order of an exchange.
- **Pool run risk:** This is the risk that a substantial number of unitholders redeem out of a Pool all at once or within a short period of time. In such an event the Trustees of the Pool may take action to protect the interest of all unitholders, including the remaining unitholders who are not seeking to redeem which would result in the Pool becoming illiquid to all unitholders.
- **Pool unitholder liability risk:** The trust agreement for each Pool provides that no unitholder will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the investment obligations, affairs or assets of the Pool and all such persons shall look solely to the Pool's assets for satisfaction of claims of any nature arising out of or in connection therewith. There is a risk, which is considered by KAM to be remote in the circumstances, that a unitholder

could be held personally liable, notwithstanding the foregoing statement in the trust agreement, for obligations of the Pool to the extent that claims are not satisfied out of the assets of the Pool. It is intended that the operations of the Pool will be conducted in such manner so as to minimize such risk. In the event that a unitholder should be required to satisfy any obligation of the Pool, such unitholder will be entitled to reimbursement from any available assets of the Pool.

Risks specific to the KAI Core Equity Pool (KCEP)

KCEP will be invested in cash, liquid public equities, and private equity securities and hence will be subject to the risk factors described above and below. The investment objective of the fund is to deliver consistent and positive investment returns to unitholders, with a constant focus on reducing the risk of permanent capital loss. Management has elected to assign a medium-high risk profile to the Pool because it is fully invested in equities and aims to have an allocation to illiquid private equity holdings of between 15% and 25%.

Risks specific to the KAI Core Listed Equity Pool (KCLE)

KCLE will be invested in cash and liquid public equities and hence will be subject to the risk factors described above. The investment objective of the fund is to deliver consistent and positive investment returns to unitholders, with a constant focus on reducing the risk of permanent capital loss. Management has elected to assign a medium risk profile to the Pool because it is fully invested in public equities.

Risks specific to the KAI Fixed Income Pool (KFIP)

KFIP will be invested in cash and liquid fixed income securities. Management has elected to assign a low risk profile to the Pool because it is fully invested in creditworthy fixed income securities.

Risks specific to private equity investing

There are risks specific to investing in private companies such as the KAI Issuers in addition to the ones listed below, including risks related to supply chain, reliance on machines, IT and equipment, attracting and retaining employees with skills, failure or delay in successful new product development, and inability to win or maintain contracts with existing customers. The following risks are specific to KAI Properties Inc. (KPI) and KAI Health Services Inc. (KHS):

- **Liquidity risk:** There is no market in which the shares of KAI Issuers can be sold and you should expect to hold your shares for a period of at least 10 years and perhaps for a longer period of time. KAI Issuer shares are subject to restrictions on transfer and may only be sold with the consent of the board of directors of the issuer. See section *g) KAI Issuer rebalancing policy*. Direct ownership of KAI Issuer shares is suitable only for clients who are Qualified Clients and in accordance with KAM policies. Qualified Clients are those who meet prescribed levels of financial assets, net worth or income.
- **Shareholder disclosure risk:** The KAI Issuers are not reporting issuers under Canadian securities law and are not subject to any public disclosure obligations. Investors will not receive continuous disclosure of information regarding the business.
- **Real property ownership risk:** Certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs, and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If KPI is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.
- **Dependence on key personnel risk:** The management of the KAI Issuers depend on the services of key personnel and the termination of employment by management or departure of any of these key personnel could have a materially adverse effect on the private equity entities.
- **Litigation risk:** A KAI Issuer may, from time to time, become involved in legal proceedings in the course of its business. The costs of litigation and settlement can be substantial and there is no assurance that such costs will be recovered in whole or at all.
- **Interest rates risk:** It is anticipated that the value of KAI Issuers at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the value of the private equity entities.
- **Debt financing risk:** Management utilizes a combination of equity and debt financing for business and property acquisitions within the KAI Issuers. There is a risk that KAI Issuers may be unable to make interest or principal payments or meet loan covenants, there is risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and there is risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be favourable as the terms of existing indebtedness. The debt financing component

within the KAI Issuers is achieved either by assuming or incurring indebtedness only when management feels it is advantageous, such as assuming a favourable existing loan or new indebtedness when the terms are relatively attractive. Investors should be aware that while the use of leverage increases the potential for higher returns on equity, it also increases the risk of loss if there is a downward movement in asset values. Asset value declines are multiplied for shareholders of companies that utilize leverage in their capital structure. For example, if a KAI Issuer maintains a leverage ratio of 70% debt to assets and asset market values decline by 15%, equity value will decline by 50%. As the leverage ratio increases, risk also increases. As economic conditions change, management may change the leverage target as it deems appropriate. Leverage is normally not appropriate during periods of high or escalating interest rates and should be utilized with consideration for the volatility of interest rates and the ability of the underlying business to absorb interest increases. Whenever possible, management aims to lock in favorable long-term interest rates on its indebtedness. If a KAI Issuer defaults on its debt obligations, it could result in permanent loss of shareholder capital. To review specific leverage statistics within the KAI issuers such as leverage ratios, interest rate levels, and current loan terms to maturity, please reference the KAI Properties Inc. and KAI Health Services Inc. *Fact Sheets*.

- **Valuation risk:** The fair market value calculated for KAI Issuers and their underlying assets cannot be readily determined as there is no active market that can be applied to value these instruments. The valuation of the KAI Issuers is based on financial data prepared by KHI and provided to an independent business valuation provider. In its oversight of the valuation process, KAM's policy for determining market value includes procedures to assess the reliability of valuation inputs and assumptions and provides for (i) the use of inputs that are observable, and (ii) the use of unobservable inputs and assumptions, if observable inputs are not reasonably available.
- **Growth opportunities risk:** From time to time the KAI Issuers may participate in growth initiatives that are deemed by management to be an optimal allocation of capital and accretive to shareholders. These opportunities may carry unique risks as there may be less assurance that such ventures will be sufficiently capitalized and profitable when compared to existing businesses or properties. However, management will not enter into such ventures without conducting appropriate due diligence and making what they deem to be a prudent investment decision.
- **Disposition risk:** KHI may determine that a disposition of all or any part of a KAI Issuer is a valid business decision. Any such transaction would be carried out in accordance with applicable law, and shareholders of the KAI Issuer may not have any ability to approve or disapprove any such transaction. Such a transaction could impact a client's IPS, and in such an event, KAM will take such steps as are required to amend the client's IPS appropriately.
- **Government regulation risk:** KAI Issuers have investments in regulated industries, including apartment buildings and other real estate, pharmacies, and healthcare service businesses. Legislation is continually evolving and changes thereto may give rise to ongoing financial and other obligations of the properties and businesses, the costs of which may not be fully recoverable from tenants and customers.
- **Conflicts of interest risk:** KHI is beneficially owned by the two principals of KAM. As a result, KAM and the KAI Issuers are under common mind, management, and ownership and are considered to be 'related issuers' under securities law. The KAI Core Equity Pool is managed by KAM which also acts as the trustee for the Pool. The Pool and the KAI Issuers are 'connected issuers' of KAM and KHI under securities law. Please refer to section J) *Conflicts of interest information* of this document and to the KAI Issuers Fact Sheets for further details surrounding the resulting conflict of interest and the steps we have taken to address the conflicts.

k) Borrowing to invest (leveraging)

KAM will not trade on margin or otherwise use borrowed monies in the management of your account. We have neither arranged for nor recommended that you borrow money in order to invest. Using borrowed money to purchase securities can magnify the gain or loss on the cash invested. The effect of this is called leveraging. Borrowing to invest creates greater risk than investing cash resources only and may not be suitable for all investors. If your investment in the managed account(s) is partly or fully financed from borrowed monies, your responsibility to repay the loan(s) and interest on the loan(s) will remain even if the value of your managed account(s) declines. If you borrowed to invest in the assets held in your account it is important that you notify us so that we can consider that information in determining suitability of your IPS.

The KAI Issuers utilize leverage in their usual business practices. See *Debt financing risk* above.

I) Conflict of interest information

KAM is obligated to identify material conflicts of interest that are reasonably foreseeable between your interests and those of KAM or registered individuals acting on behalf of KAM, and to address any material conflicts in your best interest. If we are not able to address the conflict in your best interest we must avoid the conflict.

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
- 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 (i) the decisions of the client in the circumstances, or (ii) KAM's recommendations or decisions in the circumstances. If the answer to either is "yes", the conflict exists and is likely material.

The following is a list of material conflicts of interest that we have identified, and actions we have taken to address these conflicts. *Part A* explains conflicts which arise because of KAM's proprietary business model, and *Part B* covers conflicts that are likely 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 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.

²The 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 products 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 consideration of management services that KHI provides to the KAI Issuers pursuant to management agreements, KHI receives fees (KAI Issuer Fees), including performance fees, from the KAI Issuers, which indirectly benefit Mr. Allard and Mr. MacKay. The KAI Issuer Fees are paid by the KAI Issuers directly, which has the effect of reducing funds that might otherwise be available to be paid as distributions to the owners of the KAI Issuers. Similarly, KAM receives a management fee on managed accounts that are invested in the KAI Issuers directly or indirectly through the KCEP.

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 fees (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. 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.

KAI Health Services Inc. (KHS)

KHI charges the following fees to 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). 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 and 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. 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 KHS.

The following illustrates a hypothetical example of the different fee components discussed above that may be charged within KHS in any given year. The fees charged to KHS are variable from year to year depending on performance and acquisition/disposition activity however this example is intended to give an accurate representation of the annual fee structure within KHS:

KHS Total Fees Example			
Shareholder Paid-in Capital*	\$5,000,000		
Net Operating Income (NOI) Yr 1	\$1,250,000		
Annual Fees			
(A) Monitoring Fee (\$25,000 Each)	\$125,000	\$25,000	5 Subsidiaries (Assumption)
NOI After Monitoring Fee	\$1,125,000		
(B) Performance Fee	\$225,000	20.0%	of NOI After Monitoring Fees
(A)+(B) Total Annual Fees	\$350,000		
NOI After Total Annual Fees	\$900,000		
Does NOI After Annual Fees Exceed 10%?	18.0%	YES	
One Time Fees			
Acquisition Cost Yr 1	\$1,000,000		
(C) Transaction Services Fee Yr 1	\$35,000	3.5%	of Acquisition Cost
(A)+(B)+(C) Total KAI Issuer Fees	\$385,000		

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

KHS Investor Example		
Investor Paid-in Capital Amount		\$50,000
Weight (%) of Investor Paid-in Capital Amount		1.0%
	Investor Experience (Annual)	
	Expressed in \$	% of Investment
Investor's Portion of NOI Before KAI Issuer Fees	\$12,500	25.0%
Investor's Portion of KAI Issuer Fees Charged	\$3,850	7.7%

**Shareholder Paid-in Capital is the amount of capital invested by shareholders during common stock issuances. It represents the funds raised by the business through selling its equity and not from ongoing business operations. Shareholder Paid-in capital will be reduced by the amount of stock buybacks should any occur in the future.*

KAI Properties Inc. (KPI)

KHI charges the following fees to KPI on an annual basis:

- a 1.0% 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 KPI's Net Operating Income (NOI). 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 of KPI during the normal course of operations and 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. 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 KPI.

The following illustrates a hypothetical example of the different fee components discussed above that may be charged within KPI in any given year. The fees charged to KPI are variable from year to year depending on performance and acquisition/disposition activity however this example is intended to give an accurate representation of the annual fee structure within KPI:

KPI Total Fees Example		
Shareholder Paid-in Capital*		\$5,000,000
Net Operating Income (NOI) Yr 1		\$830,000
Annual Fees		
(A) Performance Fee	\$124,500	15.0% of NOI
NOI After Annual Fees		\$705,500
Does NOI After Annual Fees Exceed 5%?		14.1% YES
One Time Fees		
Acquisition Cost Yr 1		\$3,000,000
(B) Transaction Services Fee Yr 1	\$30,000	1.0% of Acquisition Costs
(A)+(B) Total KAI Issuer Fees		\$154,500

KPI Investor Example		
Investor Paid-in Capital Amount		\$50,000
Weight (%) of Investor Paid-in Capital Amount		1.0%
	Investor Experience (Annual)	
	Expressed in \$	% of Investment
Investor's Portion of NOI Before KAI Issuer Fees	\$8,300	16.6%
Investor's Portion of KAI Issuer Fees Charged	\$1,545	3.1%

**Shareholder Paid-in Capital is the amount of capital invested by shareholders during common stock issuances. It represents the funds raised by the business through selling its equity and not from ongoing business operations. Shareholder Paid-in capital will be reduced by the amount of stock buybacks should any occur in the future.*

The KAI Core Equity Pool (KCEP)

For the KAI Core Equity Pool (KCEP), your managed account will effectively bear a share of the KAI Issuer Fees based on its proportionate ownership of the KAI Issuers within KCEP. Please refer to the KHS and KPI fee examples above for a detailed explanation of the specific fee structures within those entities.

The following illustrates a hypothetical example of the different fee components charged within the KAI Issuers that have an effect on KCEP and its unitholders. The KAI Issuer Fees are variable from year to year depending on performance, acquisition/disposition activity however this example is intended to give an accurate representation:

KCEP - Annual KAI Issuer Fees Example				
KCEP Investor	\$1,000,000			
Allocation Breakdown				
80% Cash and Public Securities	\$800,000	KAI Issuer Fees		
14% KAI Properties Inc.	\$140,000	3.1%	\$4,326	
6% KAI Health Services Inc.	\$60,000	7.7%	\$4,620	
KAI Issuer Fees Within KCEP				\$8,946
KAI Issuer Fees as a % of Funds Invested in KAI Issuers				4.5%
KAI Issuer Fees as a % of Total Investment in KCEP				0.9%

Waiver of KAI Issuer Fees: KHI shall waive all or the necessary part of the KAI Issuer Fees for any given quarter if KHI reasonably determines, acting in good faith, that the KAI Issuer will be unable to satisfy payment of its then-current debt obligations. For sake of certainty, any KAI Issuer Fees that are waived pursuant to this paragraph are not accrued or deferred; they are waived.

KAI Issuer expense recoveries: 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. Expenses incurred by KHI's management team in connection with the operation and administration of the KAI Issuer businesses (including potential acquisitions) are reimbursed by the KAI Issuers.

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 information 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 KAI Issuer Shares

Shares of the KAI Issuers are not listed on any public exchange and therefore KAM uses an estimated fair market value of the shares. Valuations are prepared on a quarterly basis to determine the share price of the KAI Issuers. Share prices are then reflected in managed accounts and in the value of KCEP, and are used in pricing of trades, in performance reporting and in calculating portfolio management fees charged to clients. KAM engages an independent Chartered Business Valuator firm (CBV) to prepare valuations for the KAI Issuers.

The following conflicts of interest arise in the valuation of KAI Issuers:

- 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.
- 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 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.
- The CBV prepares Comprehensive Valuation Reports in accordance with the practice standards set out by the CICBV on an annual basis. Comprehensive valuation procedures performed by the valuation firm involve the highest standard of review and analysis including comprehensive review and analysis of the business and the industry and all other relevant information and factors used in the calculation. Interim quarterly valuations are determined by the independent CBV based on Estimation Valuation Procedures. In any interim quarter where a significant 'trigger event' occurs, the Valuation Policy requires that KAM consult with the independent CBV on the appropriate valuation report standard and may request a comprehensive valuation report for that period. A 'trigger event' is an event which may result in the impairment of assets, as described in IAS 36.12, which lays out external and internal indications of impairment. A trigger event will be considered significant if it would result in a material increase or decline in the share price of a KAI Issuer.
- 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, please see the next section below.

Treatment of KAI Issuer Fees in relation to KAI Issuer Valuations

- KHI charges fees to the KAI Issuers as explained above in consideration of management services that it provides pursuant to management services agreements. The KAI Issuer Fees currently include performance fees and monitoring fees. Prior to November 1, 2019, KAI Issuer Fees also included shareholder equity management fees. KAI Issuer Fees do not relate to operational corporate overhead but relate to asset management activities provided by KHI to the KAI Issuers. Shareholders of the KAI Issuers do not pay these expenses directly.
- BDO Canada LLP (the CBV) performs quarterly independent valuations of the KAI Issuers for KAM. The CBV utilizes a valuation methodology using 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. It should be noted that historical KAI Issuer Fees are accounted for in each valuation as the KAI Issuer Fees incurred reduce cash balances which directly impact equity value at the valuation date. This approach is set out in detail in the independent valuation reports of the KAI Issuers which establish these valuations and are in conformity with the standards of the Canadian Institute of Chartered Business Valuators (CICBV). The valuations are used for purposes of determining KAI Issuers share prices, portfolio management fees charged to clients, and calculating performance results.

The following conflicts of interest arise because of the treatment of the fees:

- The cost assumption utilized within the methodology presents the potential for a conflict of interest for KAM because excluding the future impact of KAI Issuer Fees has the effect of producing a higher reported Fair Market Value for each of the KAI Issuers which would determine higher investment portfolio management fees and performance results.

How we address these conflicts:

KAM has thoughtfully considered this cost assumption 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 BDO Canada LLP was approved by the Independent Acquisitions and Compliance Committee (IACC) who confirmed that the firm was independent from KAM and properly qualified.
- BDO Canada LLP 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 has been approved by our IACC whose role is to ensure that the policy adequately addresses the conflict of interest. Please see section *p*) for more information on the *KAI Issuer fair allocation policy*.

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 KOEP, 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. *KAI Issuer Fees* above.

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 has been approved by our IACC whose role is to ensure that the policy adequately addresses the conflicts of interest. Please see section *q*) for more information on the *KAI Issuer rebalancing policy*.

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 AUM in your managed account. The management fee rate applied to your account will be determined by whether your account is classified as an SMA Portfolio or a Pooled Portfolio. 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 asset classes as fees are charged as a percentage of total assets.
- KAM has established a published fee schedule based on the category of Client Portfolio and AUM to ensure that clients are treated fairly.
- 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.

Client accounts may be subject to agreements regarding management fees that differ from KAM's published fee schedules where KAM has agreed to negotiate an alternative fee arrangement based on grandfathered fee arrangements, pre-existing client relationships, account size, account aggregation for fee assessment, or other circumstances as determined by KAM acting reasonably. This creates the risk that some clients may pay a different management fee than others for the same service.

How we address this conflict:

- All clients are made aware through this document that negotiation of fees is a possibility. KAM is not obligated to negotiate fees and retains the complete discretion to do so.
- Negotiated fee arrangements must satisfy applicable KAM policies.
- Regardless of the category of fee arrangement in effect, KAM provides consistent levels of service to all clients and has policies which ensure all clients are treated equally.
- Any proposed negotiated fee arrangement is subject to approval by the Founding Partners and the Chief Compliance Officer

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. Trailing commissions are embedded fees that impact you by reducing the value of those specific securities and therefore your portfolio by the amount of the trailing commissions. The fact that trailing commissions are paid on these securities creates the risk that KAM could continue to hold potentially unsuitable securities to earn the trailing commissions.

How we address this conflict:

- We credit your account with the amount of any trailing commissions that we receive on mutual funds held in your account. As a result, there is no net compensation to KAM and KAM has no financial incentive to hold those securities.

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 additional compensation 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 for KAM employees that may apply are documented in written agreements and are disclosed to you in the Referral Fee Acknowledgement (RFA) document, or in the case of KAM employees, in the Relationship Disclosure Acknowledgement (RDA) 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 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 *Part A: Proprietary business model conflicts of interest* section above, KAM does not offer our Associate Advising Representatives or Advising Representatives any other compensation or incentives that compensate the individual for investing in certain products over others. For more information, see *Part A* sections 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. Please see section o) *Fair allocation of investment opportunities* below for more information.

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 services. 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 participate in 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. Please see section *r) Best execution* below for more information.

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 interests, 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 a Code of Ethics & Standards of Professional Conduct policy 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.

m) Reporting complaints

KAM is committed to ensuring that any problem or complaint that arises in the course of our relationship with you is addressed quickly and effectively. If you have any concerns that your account(s) is not being handled in accordance with securities law, or that a staff person is acting illegally or unethically, please contact KAM's CCO as follows:

Patricia Kloepfer, Chief Compliance Officer
KAI Asset Management Inc.
500-185 Carlton Street, R3C 3J1
pkloepfer@kaiasset.com

We will acknowledge your complaint in writing, investigate the matter, and provide you with a written response.

If you are dissatisfied with the outcome of your complaint or we have not formally responded to it on a timely basis (i.e. within 90 days), you may elect to have the complaint mediated by the Ombudsman for Banking Services and Investments (OBSI). OBSI is an independent dispute-resolution service that investigates unresolved disputes at no charge to you. You may submit a complaint to the OBSI through the following link: consumerportal.obsi.ca/public/inquiries/inquiry or by contacting them at 1-888-451-4519. Contact details will also be provided to you in the acknowledgement and response letters relating to your complaint.

You do not have to use OBSI as your dispute resolution provider. At your own expense you may choose another dispute resolution provider, such as an arbitrator, or pursue legal action to resolve your complaint. For further information, refer to Appendix A - Client Dispute Resolution.

n) Trusted contact person and temporary holds

When we perform our Know Your Client assessments from time to time, we will take reasonable steps to obtain from you (or verify) the name and contact information of a trusted contact person, and your written consent to allow us to contact the trusted contact person to confirm or make inquiries about any of the following:

- Concerns about possible financial exploitation.
- Concerns about your mental capacity as it relates to the ability to make decisions involving financial matters.
- The name and contact information of your legal representative, if any.
- Your contact information, if uncertain.

When we have concerns such as described in the first two points above, we will contact your trusted contact person or legal representative and in the course of determining appropriate actions, will disclose such information about your account as we consider appropriate and necessary.

We may put a temporary hold on your account where we reasonably believe:

- you are a vulnerable client and
- financial exploitation has occurred, is occurring, has been attempted, or will be attempted.

We will not place a temporary hold on your account solely on the basis of a lack of mental capacity unless we reasonably believe that you do not have the mental capacity to make decisions involving financial matters.

If we place a temporary hold on your account, we will:

- document the facts and reasons that caused us to place and, if applicable, continue the temporary hold;
- provide notice of the temporary hold and the reasons for the temporary hold to you as soon as possible after placing the temporary hold;
- review the relevant facts as soon as possible after placing the temporary hold, and on a reasonably frequent basis thereafter, to determine if continuing the hold is appropriate;
- within 30 days of placing the temporary hold and, until the hold is revoked, within every subsequent 30-day period, do either of the following; revoke the temporary hold or provide you with notice of our decision to continue the hold and the reasons for that decision.

o) Fair allocation of investment opportunities

KAM may bundle orders for the managed accounts and pools under its management. Where orders have been bundled, the respective trade executions will be allocated to each participating managed account or pool, based on the average fill price, net of commissions. Where the entire order has not been completed, the executed volume must be 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. Notwithstanding the above, odd lot fills may be rounded up or down so that only normal lot amounts are allocated to each managed account.

p) KAI Issuer fair allocation policy

KAI Issuers will issue shares from treasury only as the entities require additional funds to invest in new businesses, properties or capital projects. To ensure fairness of allocation, shares made available for KAM's clients will be allocated on a pro rata basis between Qualified Clients who have outstanding direct allocations to KAI Issuers in their IPS and to the KAI Core Equity Pool based on KAM's assessments of the Pool's need for additional exposure to KAI Issuers to meet its investment criteria. Allocations to direct client accounts will be subject to a minimum \$50,000 pro-rata allocation amount. If the pro-rata allocation is calculated as less than \$50,000, no allocation will be made. In the event that a KAI Issuer intends to raise equity capital the Directors of KHI have adopted a Priority of Offerings Policy which requires that KHI will make available the equity for purposes of satisfying KAM client demand prior to offering through other distribution channels.

q) KAI Issuer rebalancing policy

From time to time, in the event of account closure or a change in a client's IPS (including a Pool), there may be a need for KAI Issuer shares to be liquidated from an existing account. The constituting documents of the KAI Issuers authorize the issuer to redeem shares at the issuer's most recent quarterly valuation. As well, in the case of a separately managed account client (and not a Pool), shares may be sold to a KAM client seeking exposure to the issuer (with such transaction being facilitated by KAM). However, the availability of redemption by the issuer or sale of shares to another client is not guaranteed and cannot be demanded by a client. In the event that KAI Issuer shares cannot be liquidated from a client's account that is closed, the applicable KAI Issuer shares will be held in an account of the client at the custodian on an unmanaged basis, and the redemption will occur as soon as reasonably practical in accordance with KAM policy. Where redemption or sale is available, such transactions will be facilitated on a fair and reasonable basis by KAM in accordance with its compliance policies.

r) Best execution

Trades for the portfolios under management will normally be 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 that the managed accounts or pools will trade in are liquid instruments, execution price is not expected to vary significantly between brokers. KAM has policies and procedures which outline a process reasonably designed to achieve best execution and 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 participate in soft dollar or revenue sharing arrangements with executing brokers. The firm will develop appropriate policies and procedures regarding revenue sharing arrangements, if and when it decides to engage in such activity.

s) Use of benchmarks

KAM does not compare the performance of its investment pools or managed accounts to benchmarks. In certain cases, the performance of a portfolio may be compared to returns of a general index such as the S&P/TSX or S&P500. These index returns are shown because they are widely quoted and are provided for general information purposes only. They may not be a fair comparison to the managed account portfolio because the investment universe and risk profile of the portfolio differs from the index. Where presented in KAM client materials, benchmark returns have been obtained from sources believed to be accurate. However, KAM has not taken any steps to verify their accuracy or completeness.

t) Referral agreements

We may enter into referral arrangements from time to time with third parties pursuant to which another entity refers clients to us for which we pay referral fees. The details of these referral arrangements, including the parties to the referral arrangement, the manner in which the referral fee for services is calculated, and the party to whom it is paid will be provided to you in a separate document. All services resulting from a referral arrangement relating to your account that require registration under

applicable securities legislation will be provided by KAM's advising representatives, and, to the extent permitted, by its associate advising representatives.

u) Privacy policy

The Personal Information Protection and Electronic Documents Act (the Act) regulates the way private sector organizations collect, use, and disclose personal information. Its main objective is to ensure personal information collected from clients is used for its stated purpose and to safeguard such information. 'Personal Information' is defined as information about an 'identifiable individual'. This includes such things as age, income, education, home address, and phone number. It does not cover general contact information such as name, title, business address, or business phone number. Information that KAM has collected for completion of the KYC and the IPS is subject to the requirements of the Act.

KAM recognizes the importance of privacy and recognizes the sensitivity of personal information received by it in the conduct of its business. This policy has been prepared with this objective in mind.

The need for personal information

We have collected Personal Information from clients to meet certain regulatory requirements and to help us establish an appropriate investment objective and risk tolerance for your managed account(s) and to comply with federal anti-money laundering regulation. This information will necessarily include personal information about you and, in certain cases, about individuals (e.g. information on a person with trading authority over the account). This may also include verifying your credit file (not a credit assessment) through a service provider.

Collection, use, and disclosure of personal information

Where practical, KAM will try to collect personal information directly from the person to whom the information pertains. However, where appropriate, we may collect personal information from publicly available sources. We will only collect personal information necessary for the purposes stated in the section entitled *The need for personal information* above. The Act provides that an individual is deemed to consent to the collection, use, or disclosure of personal information if they voluntarily provide the information for the stated purpose, and it is reasonable that a person would voluntarily provide that information.

By retaining KAM for portfolio management services, we consider that you have consented to our collection, use, or disclosure of personal information as necessary to properly represent you in these financial and investment matters. You have also consented to sharing of personal and financial information with your Referring Agent/Firm if applicable and/or with the professional(s) which you listed on your Client Information Statement.

Where necessary, to fulfil our regulatory obligations, we may collect personal information about individuals other than our clients in accordance with the provisions of the Acts.

When we collect personal information about individuals directly from them, except in situations when their consent to the collection is deemed, we will advise them of the purpose for which the information is collected.

Obtaining consent from the individual is a key element of the Act. However, this obligation is not absolute. The Acts also permit us to collect, use or disclose personal information about an individual without the individual's consent, in certain circumstances. These include (but are not limited) to circumstances where:

- the collection, use, or disclosure is clearly in the interests of the individual and consent cannot be obtained in a timely way;
- collection, use, or disclosure is reasonable for the purposes of an investigation or proceeding;
- the personal information is available to the public from a prescribed source; or
- the collection, use, or disclosure is required or authorized by a Federal or Provincial statute or regulation.

When we collect, use, or disclose personal information we will make reasonable efforts to ensure that it is accurate and complete. The Act also allows us, for legal or business purposes, to retain personal information for as long as is reasonable, but also imposes obligations upon us to ensure that procedures are in place to destroy the personal information when it is no longer required.

Security of personal information

We recognize our professional and legal obligations to protect the information collected from our clients and about other individuals during the normal course of our business. KAM has implemented policies and procedures to secure against the unauthorized access, collection, use, disclosure, copying, modification, disposal, or destruction of personal information.

Requests for access to personal information

Pursuant to the Act, an individual may submit a written request to us to provide them with:

- a record of the personal information of the individual under our custody or control;
- information about the purposes for which their personal information under our custody or control has been and is being used by us; and
- the names of persons to whom and the circumstances in which their personal information has been and is being disclosed by us.

We will respond to requests in the time allowed under the Act, and will make a reasonable effort to assist applicants, and to respond as accurately and completely as reasonably possible. Requests may be subject to certain fees and disbursements in accordance with the provisions the Act.

An individual's ability to access his or her personal information under our control is not absolute. The Act provides that we must not disclose personal information where:

- the disclosure could reasonably be expected to threaten the safety or physical or mental health of an individual other than the individual who made the request;
- the disclosure would reveal personal information about another individual and consent is not obtained; or
- the disclosure would reveal the identity of an individual who has, in confidence, provided us with an opinion about another individual, and the individual providing the opinion does not consent to the disclosure of his or her identity.

The Act further provides that we may choose not to disclose personal information where:

- the personal information is protected by any legal privilege;
- the disclosure of the information would reveal confidential commercial information, and it is not unreasonable to withhold that information;
- the personal information was collected by us for an investigation or legal proceeding;
- the disclosure of the personal information might result in similar information no longer being provided to us when it is reasonable that it would be provided;
- the personal information was collected or created by a mediator or arbitrator in the conduct of a mediation or arbitration for which he or she was appointed to act under an agreement, under an enactment, or by a court; or
- the personal information relates to or may be used in the exercise of prosecutorial discretion.

The above examples are not exhaustive, and you are encouraged to examine the provisions of the Act for a complete list.

Requests for correction of personal information

An individual may also submit a written request to us to correct errors or omissions in the personal information of the individual that is in our custody or control. When we receive such a written request, KAM will:

- correct the personal information and, if reasonable to do so, send correction notifications to any other organizations to whom we disclosed the incorrect information; or
- decide not to correct the personal information but annotate the personal information that a correction was requested but not made.

Contacting or communicating with us

If you have any questions with respect to our policies concerning the handling of your personal information, or if you wish to request access to, or correction of, your personal information under our care and control, please contact KAM's CCO. CCO contact details are set out under section *m*) above.

If you are dissatisfied with our handling of your personal information, we invite you to contact our CCO in writing (see section *m*) for CCO contact information), setting out the reasons for your concern. If you remain dis-satisfied you may wish to contact the Office of the Information and Privacy Commissioner.

We also encourage you to obtain a complete copy of the Act to further determine the rights and obligations contained within that legislation and to obtain independent legal advice if necessary.

The contact information for the Office of the Privacy Commissioner and a copy of the Act can be obtained from the following link: priv.gc.ca/en/privacy-topics/privacy-laws-in-canada/the-personal-information-protection-and-electronic-documents-act-pipeda/

v) Business continuity plan

We have developed a Business Continuity Plan to ensure we are prepared to respond to events that significantly disrupt our business. For information concerning our Business Continuity Plan, please contact our CCO.

Appendix A – Client Dispute Resolution

Complaints Procedure

KAI Asset Management Inc. (KAM) is committed to ensuring that any problem or complaint that arises in the course of our relationship with you is addressed quickly and effectively.

Please contact the Chief Compliance Officer, toll free at 1-844-755-8932 or by email at pkloepfer@kaiasset.com, with any issues or concerns, or refer to our website at kaiasset.com. Please include details on what went wrong, when it happened and what your expectations are.

Acknowledgement

We will acknowledge your complaint in writing, typically within 5 business days of receiving your complaint. We may ask you to provide clarification or additional information in order to help us resolve your complaint. Please ensure your complaint is made as soon as possible, reply promptly if additional information is requested by KAM, and keep copies of all relevant documents, such as letters, emails and notes of conversations with us.

Decision

KAM's decision will be provided in writing within 90 days of receiving a complaint and 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, and an explanation of our decision.

If our decision is delayed or if we cannot provide you with our decision within 90 days, we will inform you of the delay, explain why the decision is delayed and give you a renewal date for our decision.

Independent Dispute Resolution

You may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI). These independent dispute resolution or mediation services will be made available to you at our expense to resolve any outstanding disputes between KAM and you, as our client.

Québec Residents

You may consider the free mediation service offered by the Autorité des marchés financiers.

OBSI Complaints procedure

You may be eligible for OBSI's free and independent dispute resolution service if we do not provide our decision within 90 days after you made your complaint or you are not satisfied with our decision. OBSI can recommend compensation of up to \$350,000 and the service is available to clients of our firm. Please note, this will 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, however, please keep in mind there are time limits for taking legal action.

Who can use OBSI

You have the right to use OBSI's service if:

- Your complaint relates to a trading or advising activity of our firm or by one of our representatives,
- 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 its time limits below.

Time limits

If we do not provide you with our decision within 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.

Filing a complaint with OBSI

Email: ombudsman@obsi.ca

Telephone: Toll Free: 1-888-451-4519 or (416) 287-2877

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 of our firm. KAM is required to cooperate in OBSI's investigations.

In order for the OBSI to be able to help to the best of their ability, please promptly provide all relevant information, including:

- Your name and contact information
- The firm's name and contact information
- The names and contact information of any of our Advising Representatives or Associate Advising Representatives who have been involved in your complaint
- Details of your complaint
- All relevant documents, including any correspondence and notes of discussions with us

OBSI Recommendations

Once OBSI has completed its investigation, it will provide its recommendations to you and to KAM. 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 OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint.

For more information about OBSI, visit obsi.ca.

Legal Advice

You 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. Please be advised there are time limits for taking legal action and delays could limit your options and legal rights in the future.