

Canso Investment Counsel Ltd.

Conflicts of Interest Disclosure Brochure

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1. INTRODUCTION

This Conflict of Interest Disclosure Brochure (**COI Brochure**) describes conflicts of interest that arise or may arise between Canso Investment Counsel Ltd. (**we, our, Canso**) and its Clients (**you, your**). Canadian securities laws require us to take reasonable steps to identify and address material conflicts of interest in your best interest and tell you about them.

What are conflicts of interest?

Conflicts of interest are inherent to the investment management profession. A conflict of interest is any circumstance where the interests of different parties, such as the interests of a Client and those of Canso or its registered individuals, are inconsistent or divergent. A conflict could also exist between you and our other clients. We seek to ensure that clients are treated fairly in the management of their account and in the execution of trades. A conflict of interest is considered material if, depending on the circumstances, it is likely to affect the decision-making process of either party.

How we address conflicts of interests?

We seek to address all conflicts of interest in your best interest. Where this is not possible, we simply avoid that activity.

We have developed and implemented a policy and related procedures and provide ongoing training to our employees to equip them in identifying existing and reasonably foreseeable material conflicts of interest in a timely manner and addressing them in your best interest.

Why is this important to you?

It is important for you to know that if there is a material conflict of interest, we will act in your best interest (over self-interest) or if that is not possible, then we will avoid the conflict entirely. It is important

for you to read this brochure so that you can assess independently if conflicts are significant to you and if you feel we have managed them in your best interest.

2. DELIVERY OF DISCLOSURE

This COI Brochure will be provided to each client at the time the client's account is opened. We will update the COI Brochure annually, or sooner if we identify new material conflicts of interest as part of our ongoing conflicts of interest management. The updated version will be provided to each client in a timely manner with the delivery of your client account statement (by either prepaid mail or email as per your instructions to Canso). It will also be available on our website at www.cansofunds.com.

If you wish to receive Canso communications electronically (ie., your account statements and this brochure), please contact Canso Client Service at clientservice@cansofunds.com.

3. THE CANSO GROUP OF REGISTERED COMPANIES

Canso is a registered portfolio manager and exempt market dealer in all provinces of Canada. As at January 1, 2024, Canso has five related registrants, each with a separate and distinct regulated line of business and client segment: Canso Fund Management Ltd. (**CFM**), Lysander Funds Limited (**Lysander**), PBY Capital Ltd. (**PBY**), Portfolio HiWay Inc. (**PHW**) and Jesselton Capital Management Inc. (**Jesselton**). CFM is the institutional pooled fund arm within the Canso group as the fund manager of investment funds and other collective investment vehicles offered under prospectus exemptions (the **Canso Funds**) and is a wholly-owned subsidiary of Canso. Lysander is the retail fund management arm within the Canso group as the fund manager of investment funds offered under prospectus (the **Lysander-Canso Funds**) and is an affiliate of Canso under common control. PBY distributes the Canso Funds and the Lysander-Canso Funds to clients of family offices and multi-family offices as well as institutional clients and is also the fund manager of investment funds offered under prospectus exemptions (the **PBY Funds**) and is an affiliate of Canso under common control. Lysander, CFM and PBY are each investment fund managers in Ontario, Quebec and Newfoundland & Labrador. Lysander is also registered as a portfolio manager and exempt market dealer in Ontario. PBY is also registered as an exempt market dealer in all the provinces of Canada. PHW is an investment dealer that is a member of the New Self-Regulatory Organization of Canada in each province and territory in Canada and provides a full digital dealer platform to its clients and is a specified affiliate of Canso. Jesselton is registered as an investment fund manager and exempt market dealer in Ontario and is a specified affiliate of Canso. Jesselton establishes bespoke investment funds for high net-worth families and uses its exempt market dealer registration to distribute securities of these funds to the families and their members.

Conflicts exist when Canso advises you, or exercises its discretion, to invest in funds or uses the services of its related registrants in managing your account. For example, Canso may invest client accounts in funds managed by its affiliates, CFM, Lysander or PBY, for which they earn management fees (and in turn, for which Canso may receive fees from the manager for acting as portfolio manager). In addition, PBY and PHW may act as dealers to distribute the funds advised by Canso. Further, Lysander has been retained by CFM, a subsidiary of Canso, to promote the sale of the Canso Funds by third party dealers. These entities may receive compensation for such services. Some of the related entities may also share common management and back office and oversight functions. Staff of Canso and its related registrants may also execute personal trades through their accounts at PHW. The situations described above raise perceptions that Canso will favour the business interests of its related registrants, rather than your interests. Given that there is an affiliation between Canso and its related registrants, a reasonable person may consider that Canso may not be able to objectively select a product or service from a related registrant and be objective in monitoring the performance of the related registrant.

Canso manages related party conflicts to ensure that it acts in your best interests. Canso has implemented the following measures to control these conflicts: (i) the business of Canso is separate from its related registrants; (ii) Canso does not double dip (for example, if we invest your portfolio in a related fund there is no duplication of fees paid to Canso and we only ever receive one fee for managing your portfolio); and (iii) all business conducted by Canso with its related registrants is on market terms and conditions and Canso conducts ongoing due diligence of suppliers and service providers.

4. DUAL HATTING OF REGISTERED REPRESENTATIVES

Two of Canso's registered advising and dealing representatives are also advising and dealing representatives of Lysander. Canso and Lysander have obtained an exemption to have up to ten representatives at any one time be dually registered with both Canso and Lysander. Any perceived conflicts of interest that may arise as a result of the dual registration, if not managed and controlled properly, can create conflicts. One way that Canso avoids this conflict is through its anti-competitive compensation practices. For more details, please see section 18 on *Compensation and Incentive Practices* below.

Canso's Chief Compliance Officer (**CCO**) is also a registered advising and dealing representative of Canso. The Compliance role is paramount to Canso staff, the tone of which is set by firm's senior management, including the Ultimate Designated Person (**UDP**) and the CEO. The CCO owes a fiduciary duty to clients to maintain objectivity and independence of the compliance role from that of the advisory role. Compliance personnel are required to put the interests of the compliance role ahead of the business role and for registered individuals, any advisory role.

5. OUTSIDE ACTIVITIES

Canso staff are prohibited from engaging in any outside activity, including acting as a director or officer for a public company or other business and non-business ventures, which could interfere with the proper discharge of the individual's duties to Canso. In certain cases, some of the directors and officers of Canso may also be a director and/or officer of a related registrant of Canso and/or may sit on the board of a charity. In each case, the individual must request approval from the CCO to engage in the outside activity and the CCO considers any conflicts of interest arising due to the nature of the relationship, compensation and time commitment. No registered individual acts as a director or officer of another registered firm or of a non-registered firm that is not part of the Canso Group of Companies. Certain registered/permitted individuals at Canso have also been granted approval to act as a director, officer and/or investment committee member of a related public company listed on the TSX-V, Canso Select Opportunities Corporation. Canso has developed policies and procedures to ensure effective supervision of outside activities of all staff regardless of registration status.

Employees attest to their compliance with the Outside Activities Policy on a quarterly basis. The policy sets out the responsibility of employees to report Outside Activities to the Chief Compliance Officer. The Chief Compliance Officer is responsible for the overall administration of the policy, including regulatory reporting, monitoring and supervision.

6. PROPRIETARY PRODUCTS

In carrying on business as a portfolio manager or exempt market dealer, Canso's focus is on large institutional clients and high net worth clients looking for a speciality bond and credit manager. As part of its business model, for clients where a mandate to invest directly in stocks or bonds is not suitable or desirable to the client, Canso may recommend, or use its discretion to invest in, securities of funds managed by its affiliates, CFM, Lysander and PBY, and for which Canso may be the portfolio manager (collectively, **Proprietary Funds**) (see Schedule "A" for a full list of Proprietary Funds). As an exempt market dealer, Canso recommends and distributes Proprietary Funds only. The potential conflict is that we only provide exempt market dealer clients with access to Proprietary Funds where we receive investment management fees and do not provide such clients with access to a wider universe of funds managed by third-party fund managers. This means that when considering and recommending products that are suitable for you, Canso will not consider other non-proprietary products or whether those products would be better in meeting your investment needs and objectives.

Canso manages the conflicts inherent in recommending and investing client accounts in Proprietary Funds by providing clients with disclosure about the relationship it has with its affiliated fund managers and, in the case of discretionary managed accounts, Canso obtains written client consent to buy or sell Proprietary Funds for its clients. In addition, Canso's investment research team conducts thorough research on securities in Canso's Proprietary Funds and Canso conducts due diligence on all Proprietary Funds to ensure that its products are suitable for the range of clients it services and in its clients' best interest. The size and depth of our

investment research team and the quality of our proprietary research, (the basis of our proprietary product development), separates us from comparable sized competitors and ensures that our proprietary products are competitive with alternatives in the market. As well, since our registered individuals only offer Proprietary Funds, they do not have the conflicts that would exist if they had the ability to also offer third-party products and receive compensation in respect of those products. We do not receive any compensation from the Proprietary Funds in connection with the distribution of securities of the Proprietary Funds as exempt market dealer. We do earn fees from our ongoing portfolio management of certain of the Proprietary Funds, but there are no commissions payable to us on the sale of securities of the Proprietary Funds.

CFM, Lysander and PBY have identified conflicts of interest in connection with their management of the Proprietary Funds, including our portfolio management of those funds. You can find more details of those conflicts of interest in the offering or disclosure documents (ie. the prospectus, offering memorandum, subscription agreement or other document) or reports of the Independent Review Committees of those funds, which are available from your adviser.

7. FAIR ALLOCATION OF INVESTMENT OPPORTUNITIES

To ensure fair allocation of investment opportunities among our clients, Canso has developed and implemented the Fair Allocation of Investment Opportunities policy. The policy addresses the potential conflict of interest between client accounts by allocating trades and distributing securities equitably, taking into account a number of relevant factors. When allocating securities that have been aggregated for the purposes of trading or settlement efficiencies (bulk, block or bunched trades), care is taken to equitably share trading opportunities and expenses between client accounts. If pro-rata distribution is not practical due to security availability or costs, allocation is done based on an established methodology. The Deputy, Chief Investment Officer supervises the trade allocation process and submits quarterly supervisory attestations to the Chief Compliance Officer conforming compliance with the Fair Allocation policy. In addition, performance meetings are held weekly to review and compare performance returns of individual accounts within each mandate. Any performance dispersion stemming from unfair allocation of trades are flagged for review.

If trade orders are filled at different times, these partial fills are allocated to client accounts as equitably as possible, taking into account trading costs, commissions and account size. If a pro-rata distribution would result in such a small allocation being made to an account such that it would not affect account performance, such accounts may be excluded from the allocation so that other accounts can benefit from a reasonable allocation. If a trading program continues over a longer period, Canso reviews the trading program to ensure that the allocations are fair and not biased towards large or small accounts. Partial fills are allocated to ensure that all account sizes have reasonably uniform positions over time. New Issues are allocated to avoid preference to any account over time.

8. FAIR VALUATION

Because Canso's fees are based on the value of the assets in our clients' accounts, there is a potential conflict of interest in valuation because a higher value of the assets results in higher fees paid to us. Overstating the value of the assets can also create improved performance. To ensure fair valuation of portfolio securities, Canso has developed and implemented a Pricing Policy and Valuations Procedure setting our pricing for bonds and equities as well as securities traded in foreign currencies and provides guidelines for pricing illiquid securities. Canso has established a pricing committee which meets monthly to review and approve security pricing based on an approved valuation methodology to ensure fair valuation for portfolio securities. The Chief Compliance Officer attends the monthly pricing committee meetings. Meeting minutes are maintained.

9. ERROR CORRECTION

Correcting an error in a client account or group of accounts can create a potential conflict of interest if the firm has a choice in correcting the error in a manner that is advantageous to the firm. Canso avoids this conflict by bearing all costs associated with trading errors. In addition to costs, if a trade error results in a loss to a client, the client is always made whole by Canso and in cases where the error favours the Client, the Client retains the benefit and Canso bears the loss. All errors are documented in an error log as a control

measure and as a measure to improve business processes. Annually, a brief account of trade errors is included in the Chief Compliance Officer's report to the Board of Directors.

10. BEST EXECUTION

Canso has developed and implemented procedures for Best Execution to ensure that client trades are directed to brokers based on their execution quality and not for any collateral benefits received by Canso or its staff. Canso continuously monitors trade execution offered at different trading venues and maintains a list of approved brokers who are selected for their trade execution quality. We categorize brokers as Tier 1 and Tier 2 brokers and we conduct ongoing due diligence on Tier 2 brokers. Trading with a Canso affiliated broker-dealer is prohibited. Portfolio returns are reviewed by the portfolio managers and the Chief Investment Officer and any outliers are discussed and reviewed. Daily Trade Execution Logs are maintained documenting the terms of the trade and Portfolio Manager approval. In addition, the Head of Trading submits to the Chief Compliance Officer quarterly attestations confirming compliance with the best execution policy.

11. USE OF CLIENT BROKERAGE COMMISSION

Canso does not direct any brokerage transactions involving client brokerage commissions to a dealer in return for the provision of goods or services by the dealer or a third party.

12. TRADES BETWEEN CLIENT ACCOUNTS (CROSS-TRADES)

Cross trades may give rise to conflicts of interest as Canso is responsible for determining the terms of the trade, and in particular the price, for both accounts and the terms of the trade may benefit one account to the detriment of the other account. In addition, there are significant regulatory restrictions surrounding cross trades.

Canso has always been of the view that cross trades are in the client's best interest and has received a regulatory exemption permitting Canso to engage in cross trades between Canso and Lysander funds and Canso managed accounts. This conflict is addressed by Canso by requiring cross trades to be executed at mid market price through a third-party dealer, deemed in the best interests of all parties to the trade, and allocated in accordance with the policy on Fair Allocation of Investment Opportunities. Clients provide prior written consent to engage in cross trades. The process is overseen by Compliance and approved by an Independent Review Committee (IRC) for the Canso and Lysander Funds, as applicable. The Canso Funds' IRC was established by CFM for the sole purpose of overseeing this potential conflict.

13. IN SPECIE TRANSACTIONS

In specie transactions involve the payment for purchases or receipt of redemption proceeds for units of an investment fund through delivery of securities. In specie transactions may give rise to conflicts of interest between the interests of Canso and the Canso Fund or the unitholder. In addition, there are significant regulatory restrictions applicable to in specie transactions although Canso has received exemptive relief to permit in specie transactions between managed accounts and a Canso Fund or between two Canso Funds (the "In Specie Relief").

To manage these conflicts, Canso will, prior to engaging in in specie transactions involving a managed account or Canso Fund:

- ensure the purchase or sale is consistent with the investment objectives of the managed account or Canso Fund, as the case may be;
- ensure the client has agreed to in specie transactions either generally or in the context of a specific transaction; and
- abide by the conditions of the In Specie Relief.

14. FUND-OF-FUND INVESTMENTS

A Canso Fund may invest in another Canso Fund (a **Fund-of-Fund Investment**), including a Canso Fund that is less liquid. A Fund-on-Fund Investment may give rise to potential conflicts of interests as someone might consider that the investment is being done solely because of the fact that the funds are managed by the same portfolio manager or for liquidity management purposes in the underlying fund. To manage such conflicts, Canso, as portfolio manager, is required to document its suitability analysis as to why the investment action is suitable for the investing fund in the transaction.

In addition, Canso has rules for Fund-of-Fund Investments, which it follows, including: i) Canso does not charge any duplicative fees (ie. fees charged for the same service); ii) Canso actively manages the top funds and underlying funds; and iii) the transaction represents the business judgement of "responsible persons" uninfluenced by considerations other than the best interests of the funds.

For Fund-of-Fund Investments that involve underlying funds with illiquid assets where there is no independent pricing or quotes, Canso determines the price of the assets in accordance with Canso's Pricing Policy and Valuations Procedure. In addition, in connection with a Fund-of-Fund Investment, Canso may engage the Canso Funds' IRC to determine whether the potential conflict of interest matter is managed in a fair and reasonable way for all holders of the Canso Funds.

15. FULL CONTROL OVER CLIENTS' FINANCIAL AFFAIRS

Full control or authority over the financial affairs of a client who is not related to a registered individual is prohibited due to conflict of interest.

16. REFERRAL ARRANGEMENTS & THIRD-PARTY BENEFITS

Canso does not currently have any solicitation or referral arrangements and does not pay cash and/or other payments for client referrals, directly or indirectly; nor does it receive any monetary or non-monetary benefit from third parties for referring or recommending business.

17. FEE-BASED ACCOUNTS

Canso only earns a single fee from each client for its portfolio management services and does not receive any embedded commissions or additional fees within fee-based accounts. Fee based accounts are appropriate for the client given the (1) the size of the investment and (2) the investment objective of the client. If a fee-based account is not appropriate for the client, the client has the option to invest in Proprietary Funds. In either case, Canso avoids conflicts by only earning a single fee for managing the client's portfolio. We do not permit any products with an embedded commission to be held within a fee-based account. Canso clients may hold Proprietary Funds within a Canso managed account that is fee-based, and in these cases, the Client will either pay the management fee as part of the fee-based account fee or, if the management fee is paid indirectly by the Client through its holdings in a Fund, that amount is not included in the fee-based account fee and in either case there is no duplication of fees.

18. NEGOTIATION OF MANAGEMENT FEES

Canso generally charges a standard management fee rate to its managed account clients. Canso may, at its sole discretion, negotiate a lesser or different management fee, depending upon objective and subjective factors that include, for example: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; related accounts; anticipated future additional assets; and/or a prior relationship with Canso and/or its representatives. This creates a potential conflict of interest between the interests of Canso and those of its clients to the extent that some clients are aware of the ability to negotiate management fees and others are not. To address this, Canso has implemented measures designed to ensure that deviations from its standard management fee rate are applied fairly and consistently and ensures that all clients are aware that management fees are negotiable in limited circumstances.

19. EMPLOYEE PERSONAL TRADING ACTIVITIES

Employee personal trading can create conflicts of interest because employees with knowledge of our investment decisions and trading programs could use that information for their own benefit. To manage this conflict, Canso has developed and implemented an Employee Personal Trading Policy that prohibits employees of Canso from buying or selling individual securities in their personal accounts or family accounts under their authority and control. All employees limit their personal investment purchases strictly to participation in the Canso Pooled Funds, or third-party pooled or mutual funds, or exchange-traded funds. Employees maintain their personal trading accounts at PHW, an affiliate of Canso. Similarly, in order to avoid any conflict of interest, the purchase of assets from a client outside the normal course of business is prohibited. Employees are required to attest to their compliance with the Canso Employee Personal Trading Policy on a quarterly basis.

20. GIFTS AND ENTERTAINMENT

Canso has developed and implemented a Gift and Entertainment Policy prohibiting any employee to offer, solicit or accept any gift, benefit, compensation or consideration that could reasonably be expected to compromise their independence or objectivity. Compliance pre-approval is required for attendance at business events hosted by investment dealers and any gifts received by employees are to be notified to the CCO and recorded by Compliance. Canso has established a mechanism for its employees to report gifts and entertainment to the Chief Compliance Officer via an automated compliance system. In addition, employees are required to attest to their compliance with the Canso Gifts and Entertainment policy on a quarterly basis.

21. COMPENSATION AND INCENTIVE PRACTICES

Sales incentives for certain products or services, and internal sales and revenue targets, are an inherent conflict of interest because they can influence the individual registrant to put their own interests ahead of their clients. Registered individuals, including the CCO, are compensated based on their individual contribution to Canso. Canso prohibits commission-based compensation models to avoid competitive behaviours and selling practices that are not in the best interest of a client. Furthermore, a compensation committee comprising of members of senior management reviews compensation and bonus awards for all staff, including dually hatted registered staff.

22. COMPLAINT HANDLING

Addressing a client complaint can create a potential conflict of interest if Canso has a choice in addressing the complaint in a manner that is advantageous to Canso versus addressing the complaint in the best interest of the client. To avoid this conflict, Canso complies with the procedures set out by the Ombudsman of Banking Services and Investments (**OBSI**) in addressing complaints. In addition, Canso has implemented procedures to establish reporting accountability and an escalation process to the Chief Compliance Officer, including reporting to the Board.

Schedule A
Proprietary Products of Canso

- **Canso Funds:** Any investment fund or other collective investment vehicle that starts with the word “Canso” that are offered under prospectus exemptions (for example, Canso Corporate Value Fund and Canso Broad Corporate Bond Fund), Dakota Fund, Hawk Fund and Wellington Fund
- **Lysander-Canso Funds:** Any investment fund that starts with the word “Lysander-Canso” that are offered under a prospectus and may also be offered under prospectus exemptions (for example, Lysander-Canso Corporate Value Bond Fund)
- **PBY-Canso Funds:** Any investment fund or other collective investment vehicle that starts with the word “PBY-Canso” that are offered under prospectus exemptions (for example, PBY-Canso Small Cap International Equity Fund)