

**ITEM 1. COVER PAGE FOR
PART 2A OF FORM ADV**

**FIRM BROCHURE
DATED March 2018**

**CLARET ASSET MANAGEMENT CORPORATION
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MONTREAL, (QUEBEC) H3A 3N4**

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This brochure provides information about the qualifications and business practices of Claret Asset Management Corporation ("Claret").

If you have any questions about the contents of this brochure, please contact us by telephone at (514) 842-6110 or email: mgravel@claret.ca . The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Claret is also available on the SEC'S website at www.adviserinfo.sec.gov.

Claret is a registered investment adviser, it should be noted that the word registered does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES TO PART 2A OF FORM ADV FIRM BROCHURE

CLARET *is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update.*

This refers only to **material** changes since the last annual update of December 31, 2017 and the following is a summary of the material changes made to this Brochure:

- Claret has changed its fiscal year end from April 30 to December 31; and
- The number of funds managed has been updated to 7.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4. Advisory Business

- a. *Description of our advisory firm, including how long we have been in business and our principal owner(s).*

Claret is a Canadian based portfolio management firm, managing private portfolios for clients in North America and overseas. Our firm was founded in 1996. Our office is located at 2000 McGill College Ave. Suite 1150 in Montreal, Quebec, Canada. Claret manages investment funds on behalf of individuals. Assets under management exceed \$ 1.3 billion U.S. dollars as of December 31, 2017.

William K. Kovalchuk, President, owns 25% of the voting shares, Alain D. Chung, Chairman and Chief Investment Officer, owns 55% of the voting shares and Jean Paul Giacometti, Vice President, owns 20% of the voting shares.

- b. *Description of the types of advisory services we offer.*

Claret is a single purpose organization which provides investment management services only. We create portfolios consisting of bonds/fixed income securities as well as North American and International equities/stocks. The objective is to add value through security selection. Portfolio volatility or risk is managed by diversification. We do trade in options and derivatives if it is in the clients' best interest. Our style primarily emphasizes buying securities that are trading at low valuations that have sound businesses and strong balance sheets. Further information is available upon request.

- c. *Explanation of how we tailor our services to the individual needs of clients.*

We spend time to get to know you, our client, to review and discuss your current financial situation. Areas of review will focus on, but are not be limited to, your: (i) goals and objectives; (ii) asset and liabilities; (iii) liquidity needs; (iv) risk tolerance; (v) tax status; (vi) legal constraints (such as being a corporate insider, officer or director) and (vii) other variables relevant to understanding your unique investment circumstances including any unique preferences. This approach is based on the CFA Institute (Chartered Financial Analyst Institute) guidelines to portfolio management. We also spend time explaining our investment style to ensure that your expectations will be met. Together we develop the investment guidelines and establish the asset mix and ranges we will follow when managing your portfolio. This information is found in our contract agreement and general conditions.

All portfolios are managed on a segregated basis, meaning they are managed in the clients' name and securities are held in the clients' accounts. This allows us to better manage your tax situation versus using pooled funds. It also allows us to respect your wishes and exclude any securities you may not wish to hold such as securities issued by alcohol or tobacco companies for example. We tailor your portfolio to your wishes using our research methodology. Portfolio management software and accounting software allows us to create a tailored portfolio.

d. *Wrap fee programs.*

Claret does not engage in wrap programs. Therefore this part is not applicable.

e. *Client assets managed on a discretionary basis.*

Claret manages portfolios on a discretionary basis which means that you sign a contract which gives us the authority to buy and sell securities within your account(s) without having to first ask your permission to do so. Claret had more than \$ 1.3 billion U.S. dollars under management as of December 31, 2017.

Item 5. Fees and Compensation

a. Compensation for advisory services.

Claret earns fees for investment management, based on the value of assets under management in your portfolio. We bill quarterly in arrears. Over the years, Claret has standardized most of its fee schedules based on asset allocation targets.

Separately Managed Discretionary Accounts

1, 25% per annum on stocks/equities, billed quarterly in arrears

0, 50% per annum on bonds/ fixed income, billed quarterly in arrears

Fees on larger accounts are negotiable.

b. Payment of fees.

Most clients choose to have their custodian pay our fees directly from their account upon receipt of our invoice with the justifying calculation based on the client signed contract letter. Some clients choose to be billed directly. We bill quarterly, every three months, in arrears based on the value of the portfolio at the end of the previous quarter.

c. Other fees and expenses you may pay.

Claret does not provide custodial services, so you will have to choose a qualified custodian to hold your assets. Several options are available. Traditional custodians or trust companies usually charge a fee based on the value of your portfolio. They may also charge fees for each transaction within the portfolio. The fees are set out in your contract with the custodian you have selected.

Brokerage firms can also provide custody services. They do not generally, charge a fee on the value of your portfolio; instead they make their money from commission charged on transactions.

You will pay brokerage commission fees whenever we trade in your portfolio. Claret is able to select any broker to use for trading in your account. We are not limited to trading only with your broker. However if a client selects a brokerage firm that Claret does not have a relationship with the brokerage firm will charge you fee for transactions regarding custody of your security. These fees are charged on transactions commonly called DAP or RAP (delivery against payment or receipt against payment).

If Claret has a relationship with the broker you choose as custodian; we generally negotiate more favorable commission rates due to our volume of business. Brokerage firms allow Claret to use outside brokers, either to get access to a particular investment or to obtain a better price for you. In these cases, if your broker also acts as your custodian, you will not be charged a DAP or RAP (delivery against payment or receipt against payment) fee to settle the trade within your account. Custodians and

brokers may also charge a fee to wire payments to you or to research information for you (such as printing duplicate tax slips or verifying tax costs). When you hold non-North American securities, the brokerage commission you pay for each transaction will generally be higher.

Other expenses you may pay would include government withholding taxes on income such as dividends. Additional governmental charges, taxes and duties may apply.

d. Payment.

Most separately managed client accounts are payable in arrears, using the quarter end market value of the previous quarter. If you terminate the advisory contract with us before the end of the billing period, we will send your custodian an invoice for the portion of the fees payable from your account from the agreed upon date of termination. You are required to inform us of termination. We do not force clients to prepay our fees or pay fees in advance of services.

e. Compensation to supervised persons?

We do not have compensation arrangements to disclose with respect to supervised persons, i.e. we do not pay commissions or sales charges to any Claret employees.

Item 6. Performance-Based Fees and Side-By-Side Management

In general, we do not charge performance-based fees as we do not believe it is in the client's best long term interest. On very rare occasion a client will insist on a fixed base fee, plus a performance fee.

Claret does not have a set performance-based fee schedule but will consider a performance-based fee if approached by a client to consider such an arrangement, provided it is fair and equitable to all parties.

In those instances where, Claret has implemented a performance-based fee, client fees are divided into two components. The first component is a base fee, paid by the client regardless of performance. The second component is a fee paid to Claret based on a performance relative to a prescribed benchmark.

Performance based arrangements may also create an incentive for Claret Asset Management Corporation to recommend investments that are more risky or speculative than those that would be recommended under a different fee arrangement.

To mitigate these conflicts, Claret's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to clients and without consideration of Claret pecuniary, investment or other financial interests. All client accounts are monitored on a regular basis to ensure compliance with Claret's policies and procedures.

Item 7. Types of Clients and Accounts Requirements

Claret is an investment advisory firm, managing private portfolios for Clients in North America and Overseas.

The minimum for opening an account directly with Claret is generally \$500,000.00 for separately managed clients. Individuals and entities with smaller accounts may become clients at Claret's discretion.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

a. Description of the methods of analysis and investment strategies and risk of loss.

Investment strategy at Claret is developed with extensive in-house research. We have a buy and hold investment approach.

We use a number of risk controls in order to reduce volatility (or risk):

- Emphasis on longer-term trends
- Fundamentally-based research
- Diversified portfolios
- Lower portfolio turnover
- Quantitative research and filters

In general, we look for companies that can provide strong cash flow growth per share over the long term and have a strong balance sheet. We favor companies and industries with consistent above average cash flow generation. Stocks and corporate bonds which we identify as a prospect or which we own are reviewed based on a combination of fundamental qualitative and quantitative analysis.

The firm relies primarily on internal resources to develop strategy and generate investment ideas. Our research concentrates on identifying companies possessing three main characteristics.

1. Strong engaged management
2. Sound balance sheets
3. Sustainable cash flows

Once these companies are identified they are purchased at historically lower valuations to improve the potential for future returns. We believe that buying companies at lower historical valuations with strong balance sheets provides for a margin of safety on the downside.

We do buy structured products or asset backed securities for our client's portfolios or funds. In the case of structured products we are faced with a "made or buy" decision. If it is more beneficial for the client we will purchase a structured product otherwise we would make it in house.

As with any investment, there is the potential for a loss of capital.

b. Describe the risk involved in investing for each of our strategies.

Investing your money in stocks and bonds involves a risk of loss and potentially a permanent loss of capital. Your account could suffer a loss. Bonds are generally purchased for safety but they can also lose value – in the extreme case the companies or the governments which issue bonds may go bankrupt or default on their responsibilities. It is important that you understand these risks associated with investing

in these markets. Our goal is to reduce the volatility or risk within your portfolio, through prudent diversification.

If you would like Claret to manage only a specific portion of your portfolio (example, Canadian or International equities) then our diversification will be limited to these markets.

- c. *Were we to recommend a particular type of security, we would explain the material risks involved.*

Investment Risks

Investing entails an element of risk.

- *Credit risk:* Securities issued by entities with a low credit rating are considered to have a higher credit risk.
- *Interest rate risk:* Changes in interest rates may also affect the value of equity securities.
- *Currency risk:* The value of securities denominated in a currency other than client's currency will be affected by changes in the value of the client's currency in relation to the value of the currency in which the security is denominated.
- *Equity risk:* Equity securities tend to be more affected by economic and market conditions, interest rates and trends in corporate earnings, and are, consequently, more volatile.
- *Foreign security risk:* They may be affected by factors such as the absence of timely information, less stringent auditing standards and less liquid markets.
- *Liquidity risk:* Liquidity risk deals with the possibility that the portfolio manager will not be able to convert their client's investments to cash when required.
- *Specific issuer risk:* Individual securities will vary positively or negatively based on developments related to the company.
- *Stock market risk:* Market value of many securities tend to move with the overall stock market conditions which, in turn, are directly affected by general economic and market conditions. There is always a risk of loss to the investments of a client.

Option writing:

From time to time, as we deem appropriate, and in accordance with the investment mandate for the client, we may also use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligations, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts:

A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.

We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use “selling naked puts” meaning we sell put options on stocks we do not own but would like to purchase at a specific price and have the appropriate amount of cash available to buy the stock if required.

We may use “stock replacement strategy” for tax purposes. If we need to realize a capital loss, that means selling a share to have a capital loss to reduce the taxes you owe, we may wish to maintain a similar holding until we can buy back the actual stock. We use this to manage your tax bill.

We may use a “currency collars” to protect your buying power also called your purchasing power in your currency. The idea came from the Province of Quebec and their sovereignty referendums. The idea is tomorrow you do not want your currency to drop by 25% after a vote to exit from a federation.

In no case do we use options as a way of leveraging a portfolio. Leverage means investing more money than you deposited in the account. This would magnify the gain or loss.

Item 9. Disciplinary Information

We have determined that our firm and management have nothing to disclose under the guidelines and standards. We have never had any disciplinary actions taken against the firm or its employees.

Item 10. Other Financial Industry Activities and Affiliations

- a. *We are to disclose if our firm or our management persons are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.*

We have nothing to disclose in this regard, as Claret has no corporate affiliations and no intentions to engage in any of the above activities at this time.

- b. *We are required to disclose if our firm or our management persons are registered, or have an application pending to register, as a futures commissions merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.*

We have developed a Claret Global Multi Asset Fund that involves the purchase and sale of futures and commodities contracts. It will also involve leverage. This fund is not available to non-Canadian clients. Clients in the USA will not be able to directly purchase this fund. This does not result in a conflict of interest as the asset class is completely different from a portfolio involving the selection of stocks and bonds. In addition, Claret manages 6 other pooled funds: Claret Equity Fund, Claret Income Fund, Claret “Outside the box” Fund, Claret U.S. Large Cap Equity Fund, Claret Canadian Equity Fund (start date – February 2018) and 3700666 Canada Investments Limited Partnership. These funds are not available to non-Canadian investors.

- c. *We are required to describe any relationship or arrangement that is material to our advisory business or to our clients.*
1. Broker-dealer, municipal securities dealer, or government securities dealer or broker.
 2. Investment company or other pooled investment vehicle (including mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
 3. Other investment adviser or financial planner
 4. Futures commission merchant, commodity pool operator, or commodity trading advisor
 5. Banking or thrift institution
 6. Accountant or accounting firm
 7. Lawyer or law firm
 8. Insurance company or agency
 9. Pension consultant
 10. Real estate broker or dealer
 11. Sponsor or syndicator of limited partnerships.

In regards to Item C (2):

We have discretionary authority to purchase or sell securities issued by the investment funds we manage (see above) in our Canadian clients’ in non-registered accounts.

The units or shares of these funds are offered to investors in reliance on exemptions from registration and prospectus requirements of applicable securities legislation. These funds are related to us because we act as the manager of the portfolios and distribute units of these funds to our Canadian clients.

- d. *If we recommend or select other investment advisers for our clients and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those adviser, we are required to describe these practices create and how we address them.*

We have nothing to disclose in this regard, as Claret does not recommend other investment advisers.

**Item 11. Code of Ethics, Participation
Or Interest in Client Transactions and Personal Trading**

- a. *Claret, like all registered advisers, is required to adopt a code of ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940.*

The rule requires an adviser's code of ethics to set forth standards of conduct expected of advisory personnel and addresses conflicts that could arise in personal trading by advisory personnel. Claret's Code of Ethics stresses the importance of our fiduciary responsibility to our client(s). The Code reinforces our duty to always act in the client's best interests, priority of transactions and specifically requires that all employee trades in equities, quasi-equities or Claret managed funds to be approved in writing before a trade may be executed.

Claret will promptly provide a copy of our Code of Ethics to any client or prospective client upon request received at info@claret.ca.

- b. *If our firm or a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company), we must describe our practice and discuss the conflicts of interest it presents.*

Claret and Claret employees are not permitted to purchase or sell securities between their personal account and the client's account.

Claret does act as manager and general partner of six pooled funds. As mentioned we may only purchase these funds for Canadian clients and rely on an exemption to do so and where suitable. We receive no benefit from these funds other than management fees we invoice directly to our clients. We have no conflicts of interest to disclose in this regard.

- c. *If our firm or a related person invests in the same securities (or related securities, e.g.. warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.*

Please see Item 11A above; we put our client first and the policies we have in place set forth standards of conduct expected of advisory personnel and address conflicts that could arise in personal trading by advisory personnel. Employees may invest in the same securities we recommend to clients, in fact we encourage this practice, and however we do require all personnel to pre-clear each such investment in order to ensure that no conflict exists. We follow the CFA Institute Code of Ethics and Standard of Conduct.

- d. *If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same*

securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest. We are also required to describe generally how we address conflicts that arise.

Claret may purchase securities for the funds it manages and directly for clients. We do not believe that any conflict of interest would arise from this practice. Employees are required to receive pre-approval before transacting in a security. Our clients always receive the priority of transactions. Clients come first.

Code of Business Conduct:

Claret will not condone any violation of the law or any unethical business dealing by any employee.

Employees must not use their positions, or knowledge gained through their employment with Claret, for private or personal advantage or in such a manner that a conflict or an appearance of conflict arises between Claret's clients' interests and their personal interests.

Item 12. Brokerage Practices

- a. *Description of the factors that we consider in selecting or recommending broker dealer for client transactions and determining the reasonableness of their compensation (e.g. commissions).*

It is our duty to minimize transaction costs and to try to obtain "Best Execution" when we select brokers to execute trades on behalf of your account.

In order of importance, the criteria for broker selection are as follows:

Primary Importance:

- 1- The quality of trade execution by the broker,
- 2- The quality and efficiency of back office functions, such as trade settlement etc.

Secondary Importance:

- 3- The frequency of company management visits to Claret's offices sponsored by the broker.
- 4- The quality of the broker's research material.
- 5- The frequency of analyst visits by a broker.

Compliance reviews commission and the competitiveness of trading costs. While not usual practice, Claret may from time to time pay higher commissions than those obtainable from other brokers.

We often use electronic trading platforms to sell a basket of securities for a client's account to cover overdrafts in client accounts as this is often the cheapest way for us to trade a group of shares.

*Research and Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interests they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (*created or developed by the broker-dealer) and research created or developed by a third party.*

Claret does not engage in soft dollaring. We think the practice of soft dollaring should be banned. It would be using clients' money at cover our corporate expenses.

It is particularly detrimental to taxable accounts.

- a. *Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services*

Claret does not engage in this practice.

- b. *Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our client's interest in receiving best execution.*

We have examined the potential conflict of interest and believe that our commission expenses are used in the best interest of our clients.

- c. *Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealer in return for soft dollar benefits (known as paying-up)*

We do not engage in soft dollaring.

Accordingly, although we do seek competitive rates, for the benefit of all clients for whom we have the discretion to select the broker, we may not necessarily obtain the lowest possible commission rate for every client account transaction.

- d. Not applicable. We do not engage in soft dollaring.
- e. We do not transact with related persons
- f. We do not engage in the practice of soft dollaring. We think it is wrong!

2. Brokerage for Client Referrals. Claret does not engage in this practice.

We do purchase securities in a bulk trade. This means every client purchases the same share at the same cost base.

Item 13. Review of Accounts

Claret periodically reviews the portfolios and provides quarterly written reports to clients regarding their accounts.

Portfolios are reviewed on a monthly basis by the appropriate portfolio manager and or account administrator and reconciled with the custodial statements.

Each quarter Claret prepares a written report which addresses the following: Portfolio valuation, distribution of assets, transactions during the quarter and portfolio performance.

Claret encourages clients to schedule regular investment meetings so that all parties maintain a full understanding of changing requirements. Communication is vital to the effective management of assets. Communications are usually held semi-annually after the first year.

Item 14. Client Referrals and Other Compensation

Claret has very few referral arrangements. Where we do have a referral arrangement it is with a company that is registered with the local securities regulator. When this occurs it is Claret's policy to disclose the details of the compensation being paid in writing to the client. The client must sign and acknowledge that they understand that a referral fee is being paid and the terms and conditions of such an arrangement. The client can determine whether any conflict of interest exists.

Item 15. Custody

Claret does not have custody of separately managed client funds. Each client has their own custodian and enters into a separate agreement with a custodian of their choosing.

In the case of Claret's seven pooled funds, Claret may be deemed to have "custody" of the funds, within the meaning of Rule 206(4)-2, as we exercise control over the funds to the extent permitted by the pooled funds' investment objectives and constraints. No U.S. clients are permitted to invest in our pooled funds.

Item 16. Investment Discretion

Claret manages client portfolios on a discretionary basis. This means we have the authority to buy and sell securities within your account(s) without first asking for your permission. Our contract letter and General Conditions spell out the extent of our relationship. It also describes the asset allocation ranges that we are permitted to work within.

When we purchase and sell securities we believe we are selecting investments which suit your needs and respect your investment objectives and constraints. Much of the information we base our decisions on is contained in the account opening documents our clients sign during the account opening process; the paperwork. Many of the questions we are legally obligated to ask. Additional information is always welcome.

Your asset allocation guidelines, risk tolerance and income requirements may be developed in concert with your financial consultant, tax advisor, lawyer or accountant. It is important to read and understand this document as it serves as the basis for managing your portfolio. It will also describe any limitations you make wish to impose on your portfolio.

Item 17. Voting Client Securities

It is the responsibility of the custodian of each client's assets to forward all proxy material to Claret Asset Management Corporation.

Claret assesses each proxy resolution and management's recommendations.

In practice, proxy forms for clients are sent directly by their custodians.

Claret follows the principle that the vote must be in the best long-term economic interest of clients.

While Claret makes all proxy voting decisions internally, we do use an external company to provide administrative proxy related services. We use Proxy Edge software.

Clients can choose to directly vote their shares. They must inform us of this request in writing and specify the company shares that they wish to vote.

Clients may obtain a copy of how we voted their securities.

Clients may obtain a copy of our voting policy.

Item 18. Financial Information

We have nothing to disclose in this regard.