

Item 1 - Cover Page

Addenda Capital Inc.

Head office address: 800 René-Lévesque Blvd. West, Suite 2750
Montréal, Québec, Canada H3B 1X9

Telephone (toll free): 1 (866) 855-7373
Telephone: (514) 287-7373

Email address: info@addendacapital.com
Website address: www.addendacapital.com

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This brochure provides information about the qualifications and business practices of Addenda Capital Inc. (“Addenda”). If you have any questions about the contents of this brochure, please contact us at 514-287-7373 or info@addendacapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Addenda is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Addenda’s CRD number is 137034.

Addenda is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (“Advisers Act”). SEC registration does not imply a certain level of skill or training.

Item 2 - Material Changes

No material changes were made to this brochure. Changes that were made are mostly to be consistent with the firm's marketing material.

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Item 4 - Advisory Business

A. Description of your advisory firm, including how long you have been in business and its principal owners.

Addenda Capital is an investment management firm providing solutions for institutional and high net worth clients. We offer our clients expert services in a broad range of asset classes. Our mission is to add long-term value through innovation, discipline and integrity, in close partnership with our clients and for a better future.

With offices in Canada in the cities of Montréal, Guelph, Regina and Toronto, and a team of over 63 investment professionals, Addenda Capital offers traditional and alternative investment solutions that meet clients' needs.

Over 30 years of investing expertise, with entrepreneurial and co-operative roots, Addenda and its predecessor Co-operators Investment Counselling Limited have been offering portfolio management services since 1985. In April 2008, Addenda merged its operations with those of Co-operators Investment Counselling Limited, a division of The Co operators Group Limited, and pursued its operations under the Addenda Capital Inc. name. Today, Addenda Capital is one of Canada's largest multi-asset investment firms, with over \$21 billion US in assets under management.

Co-operators Financial Services Limited, a wholly-owned subsidiary of the Co-operators Group, is Addenda's principal shareholder as of May 31, 2018 with 92.42% ownership; and Addenda present and former employees owning the remaining 7.58%.

B. Description of the types of advisory services you offer

Addenda is a privately-owned investment management firm that looks after pension, private wealth, insurance, corporate and foundation assets.

Our mission is to add long-term value through innovation, discipline and integrity, in close partnership with our clients and for a better future.

We favour a disciplined approach to long-term wealth creation. It is based on fundamental research and thorough risk evaluation that integrates sustainable investing practices, such as ESG factors. This allows us to draw a deeper understanding of potential rewards and risks, and better address the long-term needs and expectations of our clients. It also helps our clients to sleep better at night.

Addenda offers discretionary investment management services through a comprehensive range of investment strategies, including fixed income, equities and commercial mortgages, which can be modulated and combined to develop tailored investment solutions that meet the evolving needs of our clients.

For Canadian investors, clients may invest on a separated basis, or through Addenda's family of pooled funds. For US domiciled investors, clients may invest on separately managed basis or through collective investment trusts ("CIT") managed by Addenda.

Addenda offers the following range of investment solutions:

Fixed Income

- Absolute Return Bonds
- Active Duration Bonds
- Core Bonds
- Corporate Bonds
- Impact Fixed Income
- CorePlus Fixed Income
- Infrastructure Bonds
- Preferred Shares

Equities

- Canadian Equities
- International and Global Equities
- US Equities

Commercial Mortgages

Multi-Asset/Customized

- Balanced
- Diversified Income (Domestic and Global)
- Insurance Assets
- Liability Driven Investments (LDI)
- Impact Investing

C. Explanation on how you tailor your advisory services to the individual needs of clients

Addenda offers investment solutions in an effort to fulfill its clients' needs and objectives. Restrictions may be imposed by the client through its investment parameters, restrictions and constraints documented within the client's investment policy. Nevertheless, restrictions and constraints must be approved by the Portfolio Managers, the Chief Compliance Officer and the Head of Business Development & Client Partnerships as being acceptable and in line with the return and risk tolerance objectives established by the client.

D. Participation in wrap fee programs

Addenda does not currently participate in a wrap fee program.

E. Client assets

As of February 28, 2019, Addenda's discretionary assets under management were \$ 21,148,192,884 billion US.

Item 5 - Fees and Compensation

A. Compensation for your advisory services.

Addenda is compensated for its discretionary investment management services by management fees agreed upon in writing between Addenda and its clients.

Addenda's standard fee schedules for products and services to be offered to U.S. based clients are as follows:

International and Global Equities

For the Addenda Capital International Equity CIT and the Addenda Capital Global Equity CIT, Addenda receives a management fee which is included in the Trustee Fee as described below and in Disclosure Memorandum of the CIT.

Addenda Capital International Equity CIT/Global Equity CIT

	Annual Fees
Class A*	0.50 of 1%
Class B	0.70 of 1%

**Class A Units are available for any Eligible Plan that makes an initial contribution to the Addenda Capital International Equity CIT or Addenda Capital Global Equity CIT before such Funds (individually) reach \$100 million in aggregate net assets. To the extent an Eligible Plan's initial investment is into Addenda Capital International Equity CIT's Class A Units or the Addenda Capital Global Equity CIT's Class A Units, all subsequent investments by such Eligible Plan into the same Funds shall also be for Class A Units. For the avoidance of doubt, once Addenda Capital International Equity CIT or the Addenda Capital Global Equity CIT has reached \$100 million in aggregate net assets, the Class A Units of such Fund shall be permanently closed to investment by new Eligible Plans and only Class B Units of such Fund shall be available to new Eligible Plans.*

Separately Managed Accounts

First \$10 million	0.70 of 1%
Next \$15 million	0.65 of 1%
Next \$50 million	0.55 of 1%
Next \$75 million	0.40 of 1%
Thereafter	0.30 of 1%

*Minimum Account Size: \$10,000,000
Minimum Annual Fee: \$70,000*

Canadian Equities and Canadian Equities (Resources)

Separately Managed Accounts

First \$10 million	0.50 of 1%
Next \$15 million	0.30 of 1%
Next \$50 million	0.25 of 1%
Next \$75 million	0.20 of 1%
Thereafter	0.15 of 1%

*Minimum Account Size: \$10,000,000
Minimum Annual Fee: \$50,000*

B. Payment of fees

Fees are specified in the investment management agreement signed between Addenda and the client.

Fees are invoiced to the client or their custodian. Addenda cannot deduct its fees from client accounts. Clients are invoiced on a quarterly basis in arrears. Fees are based upon the portfolio's average market value for each month included in the invoicing period.

For the CIT: The Trustee Fee for each Fund will be accrued daily at the annual rate set forth above and will be paid monthly in arrears from the assets of the applicable Fund. The Trustee Fee will cover (i) the normal operating fees and expenses of the Fund (ii) compensation to the Trustee for the fiduciary services provided by the Trustee; and (iii) compensation to Addenda for the investment advisory and administrative services provided by the Addenda.

C. Other types of fees or expenses

In addition to the management fees specified in paragraph A above, clients incur custodial fees. Clients with accounts managed on a separated basis must undertake their own arrangements for hiring a custodian.

Clients may incur brokerage and other transaction costs related to the purchase or sale of securities. Please refer to Item 12 for further details on the costs involved.

Addenda may invest clients' assets in the Addenda Pooled Funds, in which case clients will indirectly incur their pro rata portion of the underlying fund expenses, such as custodial fees, audit fees, fund administration and regulatory fees.

D. Payment, refunds and expenses

Clients are not requested to pay fees in advance.

Typically, an investment management agreement can be terminated with a 30-day written notice period. Management fees for a partial month are charged on a pro-rata basis, using the market value of the portfolio on the last day of the mandate.

E. Compensation to supervised persons

Not applicable.

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

Special fee arrangements may be negotiated with certain clients. Addenda may from time to time enter into performance based fee arrangements with certain clients in accordance with the conditions and requirements of Rule 205-3 under the Advisers Act, where applicable. While such performance fee arrangements will be negotiated with each client and thus the terms vary, they typically provide for a management fee comprised of an asset-based fee plus a performance fee. If a portfolio outperforms the designated benchmark or threshold, a portion of that outperformance, as stipulated in the relevant investment management agreement, will be paid to Addenda as a performance fee.

Addenda may face conflicts of interest in advising accounts that are charged a base fee and accounts that are charged a performance fee, including having an incentive to favor

accounts charged a performance fee when allocating investment opportunities. To address this conflict, Addenda has adopted a policy, as described below, to address this conflict.

Certain investments may be appropriate for more than one client advised by Addenda. Investment decisions for each client are made with a view to achieving each client's investment objectives after consideration of relevant factors such as current holdings, availability of cash for investment and the size of the client's investment portfolio. A particular security may be bought or sold by Addenda for a given client or in different amounts and at different times for more than one but less than all clients.

In order to ensure that all clients are treated equitably, regardless of the fee being paid to Addenda, Addenda has instituted a Policy for Fairness in Allocation of Investment Opportunities designed and implemented to ensure that all clients are treated fairly and equitably, and to mitigate the conflict of interest posed by incentive-based compensation arrangements. Please see Item 12 for more information about Addenda's allocation practices.

Potential conflicts of interest may also arise where Addenda takes opposing investment positions in the same security for different clients. For example, a particular investment may be bought by Addenda for one or more clients while at the same time Addenda is selling the investment for one or more other clients. Addenda may also cause certain clients to engage in short sales of an investment owned or being purchased by certain other clients. These circumstances may arise due to a number of factors, including but not limited to Addenda's management of various investment strategies and client-specific guidelines, policies and restrictions.

Addenda has in place several policies that help reduce and handle conflicts of interest should they arise. Specifically, they are the Policy for Fairness in Allocation of Investment Opportunities, Conflict of Interest Policy, Code of Ethics, Statement of Policies and Best Execution.

Item 7 - Types of Clients

Institutional

Addenda manages assets on a discretionary basis for pension funds, insurance companies, foundations, endowment funds, aboriginal and religious entities, third party mutual funds, labour-sponsored funds and corporations.

High-Net-Worth

Addenda also manages assets for private investor clients. Addenda's wealth management services are designed for individuals, families, family offices, holding companies, platforms and trusts.

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

Addenda offers a range of investment solutions including traditional and alternative asset classes. The following describes strategies that will be offered to U.S. based investors.

International Equity CIT, and Separated Portfolios and Global Equity CIT and Separated Portfolios

Addenda advocates a private equity-like approach when investing in international and global equities, generally based on a long-term investment horizon focused on companies generating sustainable and repeatable operating earnings growth to create shareholder value over time.

- A benchmark agnostic approach is utilized where portfolio management is driven by a consistent philosophy and process not directly influenced by market-related events.
- The team's focus is on companies poised to benefit from sustainable growth thematics (that have been identified by the team). More specifically, focus is on non-commoditized business models and companies demonstrating low operational risk. Portfolio positioning is determined by each company's risk/return proposition as opposed to benchmark or relative risk.

The investment philosophy is based on the principle that sustainable and repeatable earnings growth creates value for investors over time. The strategy invests in secular growth industries with top-line growth of 4%-6% through regional or global leaders that possess strong competitive advantages enabling them to realize strong revenue growth to increase operating income by at least 10% year over year.

The research-driven investment process involves three steps.

Step I - What Addenda looks for

The International Equity Team searches for companies with the following characteristics:

- Presence in sustainable growth industries
- Regional or global leadership positions
- Non-commoditized business models
- Market capitalizations of more than USD \$1 billion

Step II - Analysis

All research is generated internally and there is a cross coverage of sectors amongst team members. Sources of information include company financial reports, company meetings with all levels of management, industry peers, suppliers, industry specialists/consultants, industry databases, etc. All business models and sectors are analyzed and assessed versus the International Equity Team's four investment criteria:

Industry analysis - The investable candidate operating within a growth industry should display long term consistent revenue growth of 4% to 6% per annum.

Barriers to entry - Analyze firms with understandable and identifiable long term competitive advantages. Additionally, these firms should have a proven history of growing free cash flow generation capabilities, capital discipline, and financial strength.

Management - Conduct regular interviews with firm management, clients, suppliers and competitors in combination with reviewing historical company financials and

strategic initiatives to validate quality of decision-making process and execution. Additional attention is given to governance issues.

Valuation - Assess the firm's fair value on an absolute and relative basis. Key metrics include: Price/Operating Earnings, Free Cash Flow Yield, Price/Operating Cash Flow, and EV/EBITDA.

Research reports are written for companies and we maintain models containing our forecasts and our valuation of the stock.

Meeting with management is an integral part of the investment process. In addition to meeting with senior management, the team meets with middle-management, sales representatives, clients, suppliers and competitors to develop a deeper understanding of the firm. The team organizes meetings as often as possible, either in our Montreal office or through travelling over the year. On average, 100 to 150 meetings are conducted each year.

Step III - Security Selection/Portfolio Construction

Selected securities are the ones showing the most predictable and sustainable growth characteristics with the highest visibility and/or lowest operational risk profiles. Consequently, security weightings are established as a function of its relative underlying risk/return proposition versus other candidates. Sector and country weights are a bi-product of the stock selection process; The International Equity Team does not actively manage sector and country allocation.

The International Equity Team employs an established buy and sell discipline. Changes to any of the four investment criteria must be validated by the team prior to adding to or trimming a position. An initial position would typically have a 1% weight and the International Equity Team would add towards the desired target weight based on conviction and valuation. They will subsequently add to a position if one or more investment criteria improve the relative risk/return proposition of the security, and conversely, the position will be reduced if one or more investment criteria deteriorate the risk/return proposition.

Risk control for the strategy is based on fundamental operational risk of the underlying securities. This business risk is controlled through the team's fundamental analysis and assessment of the four investment criteria (i.e. secular long-term growth sustainability of the underlying sector, the competitive landscape and leadership positioning of the security, proven management team and valuation). Research reports are written for all companies and we maintain models containing our forecasts and our valuation of the stock. Consequently, the team continuously monitors these fundamental criteria to determine the risk/return profile of each investable candidate.

For purpose of risk reduction and diversification, the firm's Global and International equity portfolios will be invested in at least 6 GICS (Global Industry Classification Standard) sectors, in a minimum of 6 countries and 10 minimum industry groups.

For International Equity CIT and separated portfolios, the following Regional limits will also be observed:

- | | | | |
|----------------------|----|---|-----|
| • Continental Europe | 20 | - | 80% |
| • Japan | 5 | - | 50% |
| • UK | 5 | - | 50% |
| • Pacific ex-Japan | 0 | - | 25% |

- Emerging countries* 0 - 10%

For Global Equity CIT and separated portfolios, the following Regional limits will also be observed:

- Continental Europe 5 - 55%
- Japan 5 - 40%
- UK 5 - 40%
- Pacific ex-Japan 0 - 20%
- U.S. 20 - 80%
- Canada 0 - 20%
- Emerging countries* 0 - 10%

**Emerging countries refer to countries that are part of the MSCI Emerging Markets Index*

Canadian Equities

The Canadian Equity Team's investment philosophy is framed by a belief that an individual company has an underlying intrinsic value that, through the use of disciplined fundamental research, can be calculated. The Canadian Equity Team believes that over the longer term, markets are generally efficient and that share prices will trend to this intrinsic value - inferring that superior returns may be generated by constructing portfolios of stocks with the most attractive price to intrinsic value relationship. The Canadian Equity Team defines intrinsic value as the net present value of all future free cash flow available to common shareholders.

The Canadian Equity Team undertakes rigorous, detailed fundamental analysis to calculate the intrinsic value of each company in its investible universe and as a result stock selection is expected to contribute up to 80% of overall performance. The remaining 20% will be generated by sector allocation resulting from Addenda's top-down, macroeconomic perspectives.

The Canadian Equity Team's process can be broken into four distinct steps - research, intrinsic value calculation, ranking investment opportunities and portfolio construction.

Research

The Canadian equity platform has been built with a focus on creating a team of sector specialist portfolio managers that bring a seasoned depth of knowledge and high levels of analytical abilities to the role.

Each member of Addenda's team of Portfolio Managers conducts rigorous research to gain a deep understanding of each company and industry that they cover. Their experience is extensive; in some cases, they have covered the same companies for many years and through many phases.

They systematically build full financial statements (balance sheet, cash flow, income statement) that allow them to understand what factors are driving a company's profits currently and to forecast at least 5 years forward. This long-term model helps them to determine the position of the company, both in its life cycle and in its industry, and whether the company can maintain a competitive advantage in the future.

Information gathering is an important part of the process and to accomplish this, the Canadian Equity Team applies a "mosaic" theory. In addition to fundamental financial

analysis, additional insights into a company are accumulated by combining information from numerous public, external and internal sources. These include:

- face-to-face meetings with management and site visits
- government agencies
- consultants and industry groups
- sell side (broker) research - in addition to being an extensive knowledge base it is used to challenge the portfolio manager's view and to allow a comparison of our analysis and opinions to the "street consensus view".
- internal sources including the firm's economics team, and other investment teams (both fixed income and equity)
- environmental, social and governance (ESG) analysis process is embedded into the Canadian equity research and decision-making process.

For each prospective investment, Addenda utilizes a proprietary discounted cash flow model which is populated and maintained by the portfolio manager. Our models are real-time and robust. We double check our models against other valuation tools (for example, in the oil sector, we test our price to intrinsic value model against a reserves-based NAV analysis to test the strength of our model accuracy).

Intrinsic Value Calculation and Ranking

The financial modelling generates the required inputs to populate the Canadian Equity Team's discounted cash flow model which is a consistent model used for all companies across all sectors. Company specific inputs are generated from the research process and financial models are maintained by the Portfolio Managers. Other inputs required to generate an appropriate discount rate (inflation rates, risk free rates, equity and bond risk premiums and betas) are pre-set following an annual review of the model by the Canadian Equity Team. Utilizing an appropriate discount rate is an important and necessary requirement, however, the bulk of the Canadian Equity Team's research and analysis is focussed on properly analysing and forecasting the stream of free cash flow that a company can generate as we believe that this is where we will be able to generate differentiated, non-consensus, views on appropriate investment opportunities.

The output of the Discounted Cash Flow model is the present value of all future free cash flow generated by the company, or its Intrinsic Value, which is then compared to the current price of the stock to determine where the stock is trading relative to the underlying intrinsic value the Canadian Equity Team calculated. While calculated intrinsic values do not change significantly or frequently, share prices do, and accordingly the team constantly monitors and ranks investment opportunities by the size of the discrepancy between their calculated intrinsic value and the current share price.

This approach works well for most companies and is particularly suitable for dividend paying equities since it is Free Cash Flow-based. Doing all modelling internally, and looking out over a longer time frame, allows us to analyze trends that are key to dividend sustainability and growth (e.g. dividend coverage, payout ratios and balance sheet leverage).

Portfolio Construction

Portfolio construction is managed by the Executive Vice-President, Canadian Equities, based on the work of the team of sector specialists. Detailed reviews of models and assumptions used by each Portfolio Manager in their research, participating in management interviews, ensuring the process and philosophy are respected and followed, and utilizing this to construct appropriate client portfolios.

Buy Discipline

Stocks are purchased when the Canadian Equity Team believes they have an attractive price/intrinsic value relationship, supporting industry analysis and a strong investment opinion. The weight of a stock in the portfolio is a function of the overall investment thesis around the idea. This would include the size of the price discrepancy (to the intrinsic value), the degree of conviction held by the sector portfolio manager, the underlying drivers of the price discrepancy, and the liquidity and risk considerations imposed by both the market and individual clients.

Sell Discipline

Stocks are reduced or removed from the portfolio due to price appreciation moving the security towards or through its determined fair value, external factors causing change to the intrinsic value, new investment ideas having a better valuation and requiring funding, or a violation of the Canadian Equity Team's investment opinion.

For purpose of risk reduction and diversification, the Canadian Equity portfolios will be invested as follows:

Number of sectors	8-11
Maximum sector weighting	>5% of TSX: 50-150% of the index <5% of TSX: 0-200% of the index
Maximum cash	7.5%
Range of securities	50-65
Small cap stocks	Max. 5% of portfolio
Sectors being defined as the S&P/TSX GICS	

Canadian Equities (Resources)

The Canadian Equity Team also manages a Canadian Equity Resource Fund using a process similar to the one described in the Canadian Equity section. However, for this strategy, investments are limited to the Energy and Material Sectors of the Canadian Equity Index (e.g., S&P/TSX).

Risk Management

The overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on a portfolio's rate of return. Addenda has established a risk management process to monitor, evaluate and minimize the main risks of Addenda's various management styles and strategies. Addenda

monitors risks rigorously using third party systems, internal systems, procedures and controls.

For equity mandates, the Portfolio Managers utilize a third-party order management system for pre-trade compliance to ensure client investment restrictions and guidelines are being adhered to. Pre-trade issues are addressed with the compliance team as needed.

In addition, the Compliance Team utilizes the trade order management system for post-trade compliance.

Each portfolio is controlled according to the limits of its applicable investment policy and is validated against its benchmark. In addition, Addenda has access to several tools and external systems to quantify and manage the risk related to financial markets. Quantitative and qualitative measures are used to limit the risks inherent to the portfolios.

The equity (International, Global, and Canadian) strategies may involve the following risks:

- Currency Risk
- Equity Risk
- Foreign Investment Risk
- Investment Risk
- Issuer Risk
- Management Risk
- Market Risk

The risks outlined above are defined as follows:

Currency Risk

Investments in securities issued from foreign countries are often denominated in different currencies. Changes in the values of those currencies relative to the portfolio's base currency may have a positive or negative effect on the values of the portfolio's investments denominated in those currencies. The values of other currencies relative to the portfolio's base currency fluctuate in response to, among other factors, interest rate changes, intervention (or failure to intervene) by national governments, central banks or supranational entities such as the International Monetary Fund, the imposition of currency controls, and other political or regulatory developments. Currency values can decrease significantly both in the short term and over the long term in response to these and other developments.

Equity Risk

The market prices of equity securities may fluctuate up or down, sometimes rapidly or unpredictably. The value of a security may decline for a number of reasons that may directly relate to the issuer, such as management performance, financial leverage, non-compliance with regulatory requirements and reduced demand for the issuers' goods or services. The values of equity securities also may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally.

Foreign Investment Risk

The value of foreign investments may be affected by financial markets and general economic trends in the countries where the securities are issued. Foreign markets may not have standards that are similar to those in the U.S. For example, some foreign markets may not be as strictly regulated as U.S. markets. Their laws might make it difficult to protect investor rights. The political climate might be less stable and social, religious and regional tensions may exist. Business disclosure and accounting standards may be less stringent than in the U.S., making it difficult to obtain complete information about a potential investment. Securities markets may be smaller than in more developed countries, making it more difficult to sell securities in order to take profits or avoid losses. As a result, the value of foreign securities may rise or fall more rapidly and to a greater extent than U.S. investments. In general, securities issued in more developed markets have lower foreign investment risk. Securities issued in emerging or developing markets have higher foreign investment risk.

Investment Risk

Investment risk includes the possible loss of the entire amount invested. The values of securities may increase or decrease, at times rapidly and unexpectedly. Investment may at a point in the future be worth less than its original value.

Issuer Risk

The values of securities may decline for a number of reasons which directly relate to the issuers, such as, for example, management performance, financial leverage, and reduced demand for the issuer's goods and/or services.

Management Risk

Management risk is involved when a strategy is actively managed. The investment manager's judgements about the attractiveness, relative value, or potential appreciation of a particular sector, security, or investment strategy may prove to be incorrect, and there can be no assurance that it will provide the desired results. Management is dependent to a substantial degree on the continued service of the investment manager's management personnel. In the event of changes in a key personnel of the investment management team, the performance may be adversely impacted.

Market Risk

General economic conditions such as prevailing economic growth, inflation, and interest rates may affect investment values. For example, when economic growth slows, equity securities tend to decline in value; when interest rates rise, fixed income securities generally decline in value. Even if general economic conditions do not change, the value of investments may decline if the particular industries, sectors, or companies in which the investments are held do not perform well or are adversely affected by events.

Item 9 - Disciplinary Information

Addenda and its management personnel have no relevant or material legal and regulatory events to report or to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

A. Not applicable.

B. Not applicable.

C. Below is the list of related persons of Addenda as of the date hereof, as well as a concise statement of the relationship between these issuers and Addenda:

- a) Co-operators Financial Services Limited - direct majority owner of Addenda;
- b) Co-operators Group Limited - indirect majority owner of Addenda;
- c) Co-operators Life Insurance Company - sister affiliate controlled by the Co-operators Group Limited;

Certain of Addenda's related persons may be advisory clients of Addenda. With the exception of such advisory relationships, Addenda does not enter into transactions with any of the above-listed entities. Consequently, Addenda does not believe these relationships should cause any material conflicts of interest. Addenda's policy is to refrain from purchasing securities of issuers who are related persons of Addenda.

D. Not applicable.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

As part of an overall internal compliance program, Addenda has adopted a Code of Ethics that imposes standards of business conduct, including requirements to put client interests first and not to take inappropriate advantage of employment-related information, seeks to minimize potential conflicts of interest between employees and investment advisory clients and helps to ensure compliance with applicable laws and regulations. The Code of Ethics, among other things, imposes restrictions on employee personal securities transactions and accounts and requires (with certain exceptions) reporting of personal securities accounts, transactions and/or holdings to the Chief Compliance Officer. The Code of Ethics also generally requires Addenda's officers and employees to obtain pre-approval of certain personal securities transactions. Addenda's officers and employees are required to acknowledge they have reviewed the Code of Ethics on an annual basis and are required to attend an annual training on the Code of Ethics, conflicts of interest and other Addenda's compliance policies. Addenda's Code of Ethics and Employee handbook will be made available to any client or prospective client upon request. Addenda has also established a Conflicts of Interest Policy to address circumstances that present a conflict of interest not addressed by the Code of Ethics or other compliance policies. The Conflicts of Interest Policy sets forth the process for handling conflicts of interest that may arise in the course of Addenda's business, including escalation and monitoring procedures.

Subject to the provisions of the Code of Ethics, Addenda's officers and employees may from time to time have acquired or sold, or may subsequently acquire or sell, for their personal accounts securities which may also be purchased or sold for the accounts of Addenda's clients.

Addenda, its officers and employees may engage in transactions or cause or advise a particular client to engage in transactions which may differ from or be identical to the transactions engaged in by Addenda for other accounts. Addenda shall not have any obligation to engage in any transaction for a client's account or to recommend any transaction to a client in which any of Addenda's officers, employees or affiliates may engage either for their own accounts or the account of any other client, except as otherwise required by applicable law.

In connection with its U.S. investment activities, Addenda may receive information that is not generally available to the public. Addenda is not obligated to make such information available to its clients or to use such information to effect transactions for its clients. Also, at times, Addenda's officers or employees may come into possession of material, non-public information. Under applicable law, Addenda is prohibited from improperly disclosing or using such information, including for the benefit of a client. Addenda maintains policies and procedures that preclude trading on the basis of, or taking any other action to take advantage of, material non-public information. These procedures may limit Addenda from being able to purchase or sell securities of the issuer to whom the material, non-public information pertains.

To the extent permitted by applicable law, Addenda's compliance policies and procedures, and a client's investment policy, Addenda may execute "cross trades" between different clients. Addenda does not execute cross trades with respect to any clients that are related persons of Addenda. In a "cross trade," Addenda, as investment manager to a client account, causes that client account to purchase a security directly from another client account. Cross trades may benefit clients on both sides of the trade by eliminating the need to pay a spread, mark-up or commission to a counterparty. Cross trades are executed through a third-party broker/dealer but do not incur any commission or similar transaction costs. However, cross trades also present a potential conflict of interest because Addenda represents the interests of both the selling account and the buying account in the same transaction. As a result, clients for whom Addenda executes cross trades bear the risk that one counterparty to the cross trade may be treated more favorably than the other party, particularly in cases where the first party pays Addenda higher management fees. Additionally, there is a risk that the price of a security bought or sold through a cross trade may not be as favorable as it might have been had the trade been executed in the open market.

Addenda has a written valuation policy, which provides the method for valuing the securities and other investments managed by Addenda ("Valuation Policy"). Addenda uses a third party for daily valuation of securities. Where third party valuations are not available, Addenda will use internal models based on market practices relevant to the securities being priced. When the use of an internal model is required, Addenda will document the valuation process and make it available to its clients. The adherence to Addenda's valuation policy mitigates the risk of conflict of interest that can occur when a higher fair value is assigned to a security resulting in greater management fees and possibly higher performance fees paid to Addenda.

Item 12 - Brokerage Practices

A. Addenda has a duty to seek to achieve best execution for its clients' brokerage transactions. Addenda is required to execute securities transactions for its clients such

that the net proceeds to the client are the most favourable under the circumstances. Addenda's policy is to select brokers or counterparties to execute client transactions in a manner that is consistent with the best interests of its clients and to employ a trading process that attempts to maximize the value of a client's portfolio within the client's investment policy. In carrying out this duty, Addenda has established a broker/dealer selection process pursuant to which Addenda considers the full range and quality of a broker's services in placing brokerage, including, among other factors, commission rates and responsiveness. A complete review of these requirements is performed annually, and a list is maintained of approved brokers/dealers. The addition of any new broker/dealer is the result of a joint decision by the Executive Vice-President of the strategy involved, the Chief Compliance Officer and the Director of Portfolio Accounting after a due diligence analysis has been performed. Portfolio managers may trade with any broker/dealer on this approved broker/dealer list.

Also, Addenda has established a Brokerage Committee and a Best Execution Committee. The Brokerage Committee oversees the broker selection, allocation process and monitoring of trade allocations. The Best Execution Committee oversees the brokerage function and validates the achievement of trading objectives.

In seeking to achieve best execution, Addenda may not always obtain the lowest possible commission cost.

1. Research and Other Soft Dollar Benefits

Addenda has established a Soft Dollar Policy that is based upon the CFA Institute's Soft Dollar Standards. Elements such as the relationship with clients, selection of brokers/dealers, eligible research services/products, limits, client-directed brokerage, disclosure and reporting are addressed in detail.

The use of soft dollar arrangements may enable Addenda to obtain brokerage or research products or services from broker/dealers in connection with placing securities transactions on behalf of clients. This is a benefit to Addenda since Addenda would otherwise have to produce or pay for these services or products. Such products and services may include, but are not limited to, fundamental research reports (both third party and proprietary), technical and portfolio analyses, pricing services, economic forecasting and interest rate projections, historical and statistical securities information and computer software that assist Addenda's investment management process. Some of the brokerage or research products or services received with respect to commissions paid by certain accounts may benefit other accounts under the management of Addenda. Brokers/dealers who provide such services may receive a commission which is in excess of the amount of the commission another broker/dealer may have charged if in the judgment of Addenda the higher commission is reasonable in relation to the value of the brokerage or research products or services rendered. Addenda may have an incentive to select or recommend brokers/dealers based on Addenda's interest in receiving the research or other products or services which could differ from a client's interest in receiving the most favorable execution costs. Soft dollar arrangements are reviewed, and will be reviewed periodically, to determine if the products or services are needed, whether such products or services provide legitimate assistance in the investment decision making process, and the reasonableness of the commissions paid in relation to the value of the products or services.

Addenda will seek the express permission of the client before engaging in any soft dollar arrangements using that client's account. If a client prohibits Addenda's use of the client's brokerage to purchase legitimate research products or services or limits Addenda to directed brokerage arrangements, Addenda's clients who do not impose such prohibition or limitation may potentially pay higher commissions on their brokerage due to Addenda's soft dollar arrangements compared to the commission paid by clients who do have such prohibition or limitation. In these instances, clients without such prohibition may pay a commission which may be in excess of the amount of the commission paid by clients with such prohibition or limitation if in the judgment of Addenda the higher commission is reasonable in relation to the value of the legitimate brokerage or research products or services rendered. The research paid for by such clients' commission may nevertheless benefit clients who impose such prohibitions or direct the brokerage on their accounts.

2. Brokerage for Client Referrals

Not applicable.

3. Directed Brokerage

Addenda does not recommend or require its clients to direct it to execute transactions through a specified broker-dealer and has no affiliations with any broker-dealer. Addenda selects its brokers in accordance with its policy described in Item 12 A.

Clients that require Addenda to direct brokerage through a specific broker-dealer should understand that they may lose the possible advantage which clients not directing brokerage derive from aggregation of orders. Such clients should consider whether commission expenses, execution, and clearance and settlement capabilities will be comparable to those otherwise obtainable by the client if it did not make such a broker designation.

B. Aggregation of Orders

Addenda may execute trades on a "block" or on an aggregate basis for many clients at the same time and at the same price when doing so is in the best interest of each participating client. When doing so, Addenda will apply the principles outlined in its Policy for Fairness in Allocation of Investment Opportunities which provides that all portfolios with similar mandates are treated equitably and fairly in transactions initiated for the various strategies developed by the management teams. The company applies a pro rata rule to ensure this treatment from each management team.

There are certain exceptions that may be made to the pro rata rule, including but not limited to, the existing asset allocations of a portfolio, client investment policy constraints, risk considerations or the fact that the security in question may already be held in a portfolio.

Item 13 - Review of Accounts

A. Addenda's separately managed accounts and pooled funds are monitored on a daily basis by their respective portfolio managers and by the trading, operations and

compliance teams in the context of their respective investment objectives and guidelines.

B. Not applicable.

C. Addenda generally provides the following written reports:

Portfolio Holdings / Transactions / Income reporting - The information provided monthly includes a portfolio holdings report and a transaction report. Such reports include an opening balance, monthly transactions that have been carried out, total earned income, gains and losses, and closing balance. Such report is also available through secure access to Addenda's website.

Performance reporting - Addenda calculates performance (final returns) for client portfolios daily in relation to that of their benchmark and reports such performance on a monthly basis. Upon request, Addenda also produces risk metric factors such as standard deviation, information ratio and Value at Risk (VaR). Most of these reports are also available through secure access to Addenda's website.

Portfolio Management Report - Addenda produces a Portfolio Management Report on a quarterly basis. This report includes a summary of the economic and financial environment; its impact on the client portfolio; performance reports presented against the client's benchmark and a performance attribution summary. This report is also available through a securitized access to Addenda's website.

Compliance Letter or Compliance Certificate - A letter or certificate, produced by the Compliance Team highlighting compliance with client investment restrictions, is provided to clients quarterly. This report is also available through secure access to Addenda's website.

Other - Upon request, Addenda also prepares portfolio information such as the sensitivity analysis to changes in interest rates and the fair value measurement of the portfolio's financial assets or financial liabilities according to a three-level hierarchy required under Canadian and International accounting standards.

Item 14 - Client Referrals and Other Compensation

A. Addenda has entered into a referral Agreement with Federated Agencies Limited, an affiliate of the Co-operators group, by which Addenda pays referral fees with respect to Canadian clients referred by Federated Agencies Limited.

B. Not applicable.

Item 15 - Custody

Not applicable.

Item 16 - Investment Discretion

All clients of Addenda that have investment management discretionary accounts have signed a discretionary investment management agreement. Discretion is exercised within the parameters contained in the client's investment policy.

Investment policies, objectives and restrictions are agreed upon and approved by Addenda and the client.

Item 17 - Voting Client Securities

A. Addenda accepts authority to vote a client's securities at the client's request. Clients may direct the vote of their security in a particular solicitation if they provide written instructions in a timely manner.

Addenda has adopted and implemented written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interest of clients. The procedures include how Addenda addresses material conflicts that may arise between Addenda's interests and those of its clients. The policy establishes how Addenda intends to vote on some commonly raised issues such as the election of directors, executive and director compensation, shareholder rights, takeover protection and environmental and social factors. Addenda may make use of a third-party proxy service provider.

Clients may obtain information from Addenda about how it voted with respect to their securities in the regular investment management reporting they receive from Addenda or by contacting their client service representative. Clients may obtain a copy of Addenda's proxy voting policies and procedures by contacting their client service representative.

B. Clients may retain the authority to vote their securities, in which case Addenda will not be responsible for voting such clients' securities. In this case, clients will receive their proxies from their custodian or other service provider. In general, Addenda does not advise clients who retain voting authority on how to vote a proxy.

Item 18 - Financial Information

Not applicable.

Item 19 - Requirements for State-Registered Advisers

Not applicable.