

1832 ASSET MANAGEMENT U.S. INC.

1 Adelaide Street East, 28th floor
Toronto, Ontario, M5C 2V9
(416) 363-9097

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Form ADV Disclosure Brochure

1832 Asset Management U.S. Inc. (hereinafter "the Advisor") is a corporation formed under the laws of the province of Ontario, Canada.

This brochure provides client and prospective clients with information about the Advisor and its advisory services that should be considered before becoming a client of the Advisor.

Additional information regarding the Advisor can be found on the SEC's website at www.adviserinfo.sec.gov. The IARD number for the Advisor is 801-61257

If you have questions about this brochure, please contact Bruno Carchidi, Chief Compliance Officer of the Advisor at (416) 365-5114 or bruno.carchidi@1832.ca. The information contained herein has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Material Changes

On July 28, 2010, the U.S. Securities and Exchange Commission ("SEC") published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure as of March 2011 is a new document prepared in accordance with revised SEC requirements and rules. Therefore this Brochure is materially different in structure, format and requires certain new information that our previous Brochure did not require.

In future Brochure amendments, this page Item 2, shall disclose only specific "material" changes that are made to the Brochure and provide clients with a summary of such changes. Moreover, the Advisor shall reference the date of the last annual update of our Brochure.

In the past, we were only required to "offer" and, upon client request, deliver Brochure information about our qualifications and advisory practices to clients on at least an annual basis.

In accordance with the new SEC requirements, the Advisor must now "deliver" and ensure that our clients receive a summary of any material changes (if any) and subsequent Brochures within 120 days of our fiscal year end.

Lastly, as necessary, we may further provide other ongoing summary disclosure information about material changes and with a new Brochure based on changes or new information, at any time, without a fee charge.

There are no material changes to disclose since the last update of this disclosure brochure.

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Advisory Business

The Advisor provides discretionary investment management services for advisory clients and was founded in June of 2002.

As of October 31, 2017, the Advisor manages approximately \$559 million on a discretionary basis on behalf of approximately 280 clients.

Direct and Indirect Owners

- The Advisor is a wholly owned subsidiary of 1832 Asset Management, L.P. ("1832 Canada") a registered portfolio manager in all provinces, Yukon and Northwest Territories in Canada;
- 1832 Asset Management G.P. Inc. is the General Partner of 1832 Canada; and
- The Bank of Nova Scotia ("Scotiabank"), a federally regulated bank in the provinces and the Yukon Territory in Canada, is the parent company of 1832 Canada.

Portfolio Management Services

- The Advisor's investment advisory services primarily include trading in marketable securities;
- The Advisor reserves the right to advise clients on any other type of investment, security or non-security, that it deems appropriate based on the client's stated goals and objectives;
- The Advisor invests, but is not limited to, in stocks, bonds, notes, other debt obligations, commercial paper, loans and deposits, whether or not secured, asset backed securities, and exchange-traded funds; and
- The Advisor provides portfolio management services where the investment advice is custom tailored to meet the needs and investment objectives of the client.

Fees and Compensation

The following describes the fees for the Advisor's portfolio management services:

- The annual advisory fee is 1/12th payable monthly in arrears based on a percentage of a client account's market value on the last business day of each month;
- In the event the portfolio management agreement is executed at any time other than the first day of the month, fees will be billed on a pro-rata basis;

- The advisory fee does not include usual brokerage commissions charged by a brokerage firm on investment transactions in a client's account;
- Extraordinary expenses such as wire transfers or global security transaction fees will be charged to a client's account in addition to advisory and custodial fees;
- Scotiabank will directly debit the client fees and remit to the Advisor (see below for custodian fees with Scotiabank);
- Clients will receive written notice, at least 60 days in advance, for any fee changes;
- At the Advisor's sole discretion, fees may be negotiated for certain client accounts depending on factors such as:
 - Amount of assets under management;
 - Range of investments, and complexity of the client's financial circumstances, among others;
 - Family accounts of a client's same household are aggregated for purposes of determining an advisory fee. This consolidation practice allows the benefit of an increased asset base total resulting in a reduced advisory fee;
 - The Advisor's family and friends may be allowed negotiated reduced fees; and
 - Large personal accounts, institutional accounts, non-profit accounts and various other factors if approved by the Advisor.
- The Advisor or the client may terminate the investment management agreement within five (5) days from the date of acceptance without penalty. After the five-day period, either party may terminate the written management agreement upon 30 days written notice to the other party.

Custody Fees for Funds or Securities held at an Affiliate Custodian

- The Advisor's clients' assets are held in custody by either The Bank of Nova Scotia Trust Company ("Scotiabank") or another financial institution offering similar custody and safeguarding of client assets;
- When a client enters into an agreement for investment management and custody services with the Advisor and Scotiabank, the fee for both investment management and custody is calculated and charged by Scotiabank and remitted to the Advisor. Scotiabank then charges the Advisor for the custody of the assets; and

- Clients should review all fees charged by Scotiabank or the client's custodian of choice to fully understand the total amount of fees paid by the client.

The Advisor's Fees for Portfolio Management Services are based on the Current Tier Schedule:

Minimum fee: \$15,000

- 1.50% per annum on the first \$1,000,000
- 1.10% per annum on the next \$2,000,000
- 0.60% per annum on the next \$2,000,000
- 0.50% per annum on the next \$5,000,000
- 0.30% per annum on the balance

Performance-Based Fees and Side-by-Side Management

The Advisor does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client) OR engage in Side-by-Side Management.

Types of Clients

The Advisor provides investment advice to a variety of clients including individuals, high net worth individuals, corporations and other business entities. The minimum size for new accounts or relationship size is \$1,000,000. For cash management accounts, the minimum account size is \$1,000,000.

Methods of Analysis, Investment Strategies, and Risk of Loss

As an investor, you benefit from the expertise of our full-time, professional investment managers and our portfolio sub-advisers who are dedicated to finding what they believe to be the best investments for your portfolio. In order to assist investors in making their investment decisions, the following is a general description of the different investment approaches or styles used by the Advisor to manage the portfolios and the specific risks associated with the portfolios. Investing in securities involves risk of loss that clients should be prepared to bear.

Methods of Analysis, Investment Strategies

- The Advisor uses research obtained from brokers, internal research, and technical, fundamental analysis and proprietary investment strategies developed by its investment professionals or its related advisors with 1832 Canada; and
- Company press releases, corporate rating services, financial newspapers and magazines, public research material, inspection of corporate activities, annual reports and filings with the Securities and Exchange Commission are used as resources.

Risk of Loss

- Various types of investment strategies involve varying degrees of risk including:
 - Commodity Risk
 - Concentration Risk
 - Credit Risk
 - Currency Risk
 - Derivatives Risk
 - Equity Risk
 - Foreign Investment Risk
 - Inflation Risk
 - Interest Rate Risk
 - Gold and Precious Metals Risk
 - Investment Trust Risk
 - Liquidity Risk
 - Sector Risk
 - Securities Lending Risk
 - Short Selling Risk
 - Small Capitalization Risk
- The Advisor does not represent, warrant, or imply that its services or methods of analysis can or will successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines; and
- Past performance may not be indicative of future results. Therefore, it should not be assumed that future performance of any specific investment or investment strategy will be profitable.

RISK FACTORS

Commodity Risk - Some strategies invest directly or indirectly in gold, silver, platinum or palladium or in companies engaged in the energy or natural resource industries, such as gold, silver, platinum, palladium, oil and gas, or other commodity focused industries. These investments, and therefore the value of the strategy's investment in these commodities or companies, will be affected by changes in the price of commodities which include, among others, gold, silver, palladium and platinum and which can fluctuate significantly in short time periods. Commodity prices can change as a result of a number of factors, including supply and demand, speculation, government and regulatory

activities, international monetary and political factors, central bank activity and changes in interest rates and currency values. Direct purchases of bullion by a strategy may generate higher transaction and custody costs than other types of investments which may impact performance of the strategy.

Concentration Risk - If the holdings of a strategy in one issuer exceed 10% of the strategy's assets, it is possible that the strategy may experience reduced liquidity and diversification. Additionally, if the strategy holds significant investments in a few companies, changes in the value of the securities of those companies may increase the volatility of the net asset value of the strategy.

Credit Risk - To the extent that a strategy invests in fixed-income securities, debt securities (including mortgages) or mortgage-backed securities, it will be sensitive to credit risk. When a person, company, government or other entity issues a fixed-income security or a debt security, the issuer promises to pay interest and repay a specified amount on the maturity date, and the credit risk is that the issuer of the security will not live up to that promise. Generally, this risk is lowest among issuers who have received good credit ratings from recognized credit rating agencies, but the risk level may increase in the event of a downgrade in the issuer's credit rating or a change in the creditworthiness, or perceived creditworthiness, of the issuer. The most risky fixed-income or debt securities, which are those with a low credit rating or no credit rating at all, usually offer higher interest rates to compensate for the increased credit risk. In the case of mortgages or mortgage-backed securities, the credit risk is that the mortgagor will default on its obligations under a mortgage. A similar credit risk related to default also applies to debt securities other than mortgages. Please see "Foreign Investment Risk" in the case of investments in foreign government debt.

Currency Risk - When a strategy purchases an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavourably, it could reduce the value of the strategy's investment. Alternatively, exchange rate changes may also increase the value of an investment. A strategy may hedge currency exposure of their foreign portfolio positions to the extent deemed appropriate. Hedging against a decrease in the value of a currency does not, however, eliminate fluctuations in the prices of portfolio securities or prevent losses should the prices of the portfolio securities decline. It may also limit the opportunity for gain as a result of an increase in value of the hedged currency. Furthermore, it may not be possible for a strategy to hedge against generally anticipated devaluation as the strategy may not be able to contract to sell the currency at a price above the anticipated devaluation level.

Derivatives Risk - The use of derivatives is usually designed to reduce risk and/or enhance returns, but its use is not without its own risk. Here are some of the most common ones: There is no guarantee that a strategy will be able to complete a derivative contract when it needs to. This could prevent the strategy from making a profit or limiting a loss.

- Where the derivatives contract is a commodity futures contract with an underlying interest in sweet crude oil or natural gas, a strategy that is permitted to

trade in commodity futures contracts will always endeavour to settle the contract with cash or an offsetting contract. However, there is no guarantee the strategy will be able to do so. This would result in the strategy having to make or take delivery of the underlying commodity.

- A securities exchange could impose limits on trading of derivatives, thereby making it difficult to complete a contract. When using derivatives, the strategy relies on the ability of the counterparty to the transaction to perform its obligations. In the event that a counterparty fails to complete its obligations, the strategy may bear the risk of loss of the amount expected to be received under options, forward contracts or other transactions in the event of the default or bankruptcy of a counterparty.
- The other party to the derivative contract may be unable to honour the terms of the contract.
- The price of a derivative may not reflect the true value of the underlying security or index.
- The price of derivatives based on a stock index could be distorted if some or all of the stocks that make up the index temporarily stop trading.
- Derivatives traded on foreign markets may be harder to close than those traded in Canada.
- In some circumstances, investment dealers and futures brokers may hold some of a strategy's assets on deposit as collateral in a derivative contract. That increases risk because another party is responsible for the safekeeping of the assets.
- A hedging strategy involving the use of derivatives may not always work and could restrict a strategy's ability to increase in value.

Equity Risk - Companies issue common shares and other types of equity securities to help finance their operations. Equity securities are investments which give the holder part ownership in a company and the value of an equity security changes with the fortunes of the company that issued it. As the company earns profits and retains some or all of them, its equity value should grow, increasing the net asset value of each common share and making them more attractive to investors. Conversely, a series of losses would reduce retained earnings and therefore reduce the equity worth of the shares. In addition, the company may distribute part of its profit to shareholders in the form of dividends, however dividends are not obligatory. Although common shares are the most familiar type of equity security, equity securities also include preferred shares, securities convertible into common shares, such as warrants, and units of real estate, royalty, income and other types of investment trusts. Certain equity securities also have investment trusts risk. See "Investment Trust Risk" below.

Foreign Investment Risk - Investments in foreign companies, securities and governments are influenced by economic and market conditions in the countries in which the government or companies operate. Foreign investments may be considered more risky than investments in the United States as there is often less available information about foreign issuers or governments. Some other countries also have lower standards for accounting, auditing and financial reporting than those of the United States or Canada. In some countries that may be politically unstable, there may also be a risk of nationalization, expropriation or currency controls. It can also be difficult to trade foreign securities solely through foreign securities markets as they can be less liquid and, due to lower trading volumes, more volatile than securities of comparable issuers traded in North America or securities of governments in North America. These and other risks can contribute to larger and more frequent price changes among foreign investments.

Gold and Precious Metals Risk - Investing in securities concentrating in the precious metals sector involves special risks, including those related to fluctuations in the price of gold and other precious metals and increased susceptibility to adverse economic and regulatory developments affecting the sector. To the extent a strategy invests in gold bullion, it will earn no income; appreciation in the market price of gold is the sole manner in which gains on gold bullion may be realized, and such investments may incur higher storage and custody costs as compared to purchasing, holding and selling more traditional investments. Fluctuations in the price of gold and precious metals may affect the profitability of companies in the gold and precious metals sector. Changes in the political or economic conditions of countries where companies in the gold and precious metals sector are located may have a direct effect on the price of gold and precious metals.

Inflation Risk - Inflation is an investment risk which has not been considered for many years. However, it is possible that the value of fixed-income investments and currencies could depreciate as the level of inflation rises in the country of origin. Inflation rates are generally measured by government and are reported as the Consumer Price Index ("CPI"). During times of higher and rising rates of the CPI, investors are better protected by being invested in hard asset investments such as real estate, commodities and precious metals or mutual funds that invest in companies in these industries.

Interest Rate Risk - Strategies that invest in fixed-income securities, such as money market instruments and bonds as well as equity securities, will be sensitive to changes in interest rates. Generally, the value of these types of investments tends to fall as interest rates rise and increase as interest rates decline. Those fixed-income securities with longer terms to maturity tend to be more sensitive to interest rate changes. Like all fixed-income securities, commercial paper prices are also susceptible to fluctuations in interest rates. If interest rates rise, commercial paper prices will decline.

Investment Trust Risk - The strategy may invest in real estate, royalty, income and other investment trusts which are investment vehicles in the form of trusts rather than corporations. To the extent that claims, whether in contract, in tort or as a result of tax or statutory liability, against an investment trust are not satisfied by the trust, investors in the investment trust, including a Fund that may have invested in such investment trust, could be held liable for such obligations. Investment trusts generally seek to make this risk

remote in the case of contracts by including provisions in their agreements that the obligations of the investment trust will not be binding on investors personally. However, investment trusts could still have exposure to damage claims such as personal injury and environmental claims.

Certain jurisdictions have enacted legislation to protect investors in investment trusts from the possibility of such liability. Investors in most Canadian investment trusts have been placed on the same footing as shareholders of Canadian corporations which receive the protection of statutorily mandated limited liability in several provincial jurisdictions. Alberta became the first province to enact limited liability legislation for unitholders of publicly traded investment trusts with the passing into law of the Income Trusts Liability Act, 2004 which came into force on July 1, 2004. Ontario followed with similar legislation, the Trust Beneficiaries' Liability Act, 2004, which came into force on December 16, 2004. Manitoba enacted The Investment Trust Unitholders' Protection Act which came into force on June 16, 2005. British Columbia enacted the Income Trust Liability Act which came into force on March 30, 2006. Quebec has offered similar protection to unitholders of investment trusts since 1994. However, the extent to which a strategy remains at risk for the obligations of investment trusts ultimately depends on the local laws of the jurisdictions where the strategy invests in investment trusts.

Publicly traded income trusts and partnerships will be required to pay tax on distributions to their securityholders, thereby reducing the amount available for distributions to such securityholders, including to any of the strategy that hold such securities. No assurance may be given that further review of the tax treatment of investment trusts and other flow-through entities will not be undertaken or that Canadian federal or provincial income tax law respecting investment trusts and other flow-through entities will not be changed in a manner that adversely affects the Funds and their securityholders.

Liquidity Risk - Investors often describe the speed and ease with which an asset can be sold and converted into cash as its liquidity. Most of the securities owned by a strategy can usually be sold promptly at a fair price and therefore can be described as relatively liquid. But a strategy may also invest in securities that are illiquid, which means they cannot be sold quickly or easily or for the value used in calculating the net asset value. Some securities are illiquid because of legal restrictions, the lack of an organized trading market, the nature of the investment itself, or for other reasons. Sometimes, there may simply be a shortage of buyers. A strategy that has trouble selling a security can lose value or incur extra costs. In addition, illiquid securities may be more difficult to value accurately and may experience larger price changes. This can cause greater fluctuations in a strategy's value.

Sector Risk - Some strategies may concentrate their investments in a certain sector or industry of the marketplace. While this allows these strategies to better focus on a particular sector's potential, investment in these strategies may also be riskier than strategies with broader diversification. Sector specific strategies tend to experience greater fluctuations in price because securities in the same industry tend to be affected by the same factors. These strategies must continue to follow their investment objectives by

investing in their particular sector, even during periods when such sector is performing poorly.

Securities Lending Risk - Some strategies may enter into securities lending transactions consistent with their investment objectives and as permitted by applicable securities and tax legislation. Securities lending transactions involve certain risks. If the other party to these agreements goes bankrupt, or is for any reason unable to fulfil its obligations under the agreement, such strategies may experience difficulties or delays in receiving payment. To address these risks, any securities lending transactions entered into by a strategy will comply with applicable securities legislation including the requirement that each agreement be, at a minimum, fully collateralized by investment grade securities with a value of at least 102% of the market value of the securities. The strategy will enter into securities lending transactions only with parties that we believe, through conducting credit evaluation, have adequate resources and financial ability to meet their obligations under such agreements. In addition, the strategy will not expose more than 10% of the total value of their assets with any one entity under these agreements. In the case of securities lending transactions, the aggregate market value of all securities lent and sold by a strategy will not exceed more than 50% of the total value of the assets of that strategy, not including collateral or cash held. In the event that the strategy undertakes securities lending transactions, the strategy will rely on the ability of the counterparty to the transaction to perform its obligations. In the event that a counterparty fails to complete its obligations, the strategy may bear the risk of loss of the amount expected to be received under securities lending agreements in the event of the default or bankruptcy of a counterparty.

Short Selling Risk - Certain strategies may engage in a limited amount of short selling. A "short sale" is where a strategy borrows securities from a lender which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the strategy and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the strategy pays interest to the lender. If the value of the securities declines between the time that the strategy borrows the securities and the time it repurchases and returns the securities, the strategy makes a profit for the difference (less any interest the strategy is required to pay to the lender). Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid by the strategy and make a profit for the strategy, and securities sold short may instead appreciate in value. The strategy also may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender from whom the strategy has borrowed securities may go bankrupt and the strategy may lose the collateral it has deposited with the lender. Each strategy that engages in short selling will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The strategy also will deposit collateral only with lenders that meet certain criteria for creditworthiness and only up to certain limits.

Small Capitalization Risk - Strategies that invest in companies with small capitalization are sensitive to small capitalization risk. Capitalization is a measure of the value of a company represented by the current price of a company's stock, multiplied by the number of shares of the company that are outstanding. Companies with small capitalization may not have a well-developed market for their securities. As a result, these securities may be difficult to trade, making their prices more volatile than those of large companies.

Other Material Risks

Market Risk - This risk exists in all of our accounts and means that the risk of the price of securities in a market, a sector or an industry will fluctuate and that such movements might reduce an investment's value.

Private Fund Risk - Investments in the private funds may be illiquid and there can be no assurance that such investments can be liquidated or transferred in a timely manner.

Disciplinary Information

The Advisor and its personnel have not been involved in any legal or disciplinary events within the past 10 years deemed material to a client's evaluation of the advisor or its personnel.

Other Financial Industry Activities & Affiliations

Investment Adviser Affiliate

- The Advisor is a wholly owned subsidiary of 1832 Canada, that provides discretionary advisory services to individuals, institutional clients, a various families of mutual funds ("ScotiaFunds", "Dynamic Funds", "Dynamic Hedge Funds" - a comprehensive list is included in the Investor Guide provided in the Agreement), and privately held limited partnerships;
- The Advisor does not invest in any of the family of funds or limited partnerships on behalf of client accounts;
- 1832 Canada engages in a variety of investment strategies that may differ from the investment objectives of the Advisor's client portfolios;
- The Advisor has arrangements with 1832 Canada and Scotiabank that may raise conflicts of interest to its advisory business or its clients. The affiliated relationship conducts business under the "Scotia" name and may or may not have certain arm's-length business relationships with the Advisor;
- The Advisor shares office space, personnel, facilities, back-office and administrative services, and research services with 1832 Canada and Scotiabank;
- Certain of the Advisor's officers and employees are also officers and employees of 1832 Canada. These individuals may perform certain investment related activities

- on behalf of the Advisor or other affiliates in their capacity as the Advisor's officer or employee; and
- The Advisor will treat each employee of 1832 Canada who maintains or has access to the Advisor's books and records as an Investment Advisory Representative of the Advisor.

Affiliate Qualified Custodian

- Scotiabank provides custody and safekeeping services for the Advisor's clients;
- Should a client require an existing custody relationship, the Advisor will accommodate such arrangements;
- When Scotiabank acts as custodian and the Advisor executes a trade denominated in a currency other than the currency of the accounts, Scotiabank may act in a principal capacity by converting the currency at rates established or determined by Scotiabank or affiliated parties to Scotiabank; and
- Scotiabank and its affiliated parties may earn compensation based upon the difference between the applicable bid and ask rates for the currency and the rate is either offset internally, with an affiliate, or in the open market.

Affiliate Broker-Dealer

- Scotia Capital Inc. ("Scotia Capital") is a brokerage firm operating in Canada, and is also a wholly owned subsidiary of Scotiabank;
- The Advisor prohibits any brokerage and trade execution for its discretionary accounts through Scotia Capital; and
- Although Scotia Capital creates and packages limited partnerships as a registered broker-dealer, the Advisor does not invest in any limited partnerships on behalf of client portfolios.

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

Code of Ethics

- The Advisor has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the Advisor;
- The Code of Ethics governs personal trading by each of the Advisor's employees deemed to be an Access Person;

- Ensures that securities transactions effected by Access Persons are conducted in a manner that avoids any actual or potential conflicts of interest between such persons, our clients or the Advisor's affiliates;
- The Advisor collects and maintains records of securities holdings and securities transactions executed by Access Persons. These records are reviewed to identify, detect and resolve potential conflicts of interest; and
- The Advisor shall provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions and Personal Trading

- The Advisor's personnel or affiliates may invest in securities or investment products owned by or recommended to the Advisor's clients with respect to its separately managed accounts;
- These situations may present a potential conflict of interest when the Advisor's personnel and affiliates provide investment advice for client accounts that may differ from investments made by the Advisor and the Advisor's affiliates on behalf of their own personal investments;
- 1832 Canada may manage accounts with different investment objectives to the Advisor and other affiliates with differing fees;
- The Advisor may, from time to time, unknowingly recommend the purchase or sale of securities in which employees or officers within its affiliates have a position or interest or do business. The affiliates' multiple lines of business make this occurrence likely;
- The existence of inter-company arrangements, business relationships, and investment practices between the Advisor and its affiliates create the potential for conflicts of interest;
- In all such cases, the Advisor seeks to avoid conflicts with clients and to manage each account independently and fairly;
- The Advisor maintains policies and procedures to mitigate any potential conflicts of interest, such as requiring that related persons of the Advisor shall not have trading priority over any client account in the purchase or sale of securities; and
- The Advisor monitors such conflict through its review of employee personal trading activities as stipulated in the Advisor's Code of Ethics and personal trading procedures

Brokerage Practices

Broker-Selection Process

- The Advisor has discretion to determine, without obtaining prior client consent or approval:
 - The selection and amount of securities to be bought or sold;
 - Broker-dealers to be used; and
- Commission rates to be paid by client accounts. In negotiating commission rates, the Advisor will consider, but is not limited to, the following qualitative and quantitative factors in broker selection:
 - Financial stability; reputation; brokerage research; best execution capabilities; nature of the security being traded; size and type of transactions; nature and character of the market venues for securities traded on; trade anonymity; liquidity; ability to achieve prompt and reliable executions at favorable prices; operational efficiency; the facilities of the broker; reliability; and the competitiveness of commission rates in comparison with other brokers.

1832 Canada is responsible for the trading of accounts of the Advisor and undertakes various tasks disclosed in this Brochure.

Research and Other Soft Dollar Benefits

A statutory "safe harbor" allows an investment adviser to pay for research and brokerage services with commission dollars generated by client account transactions:

- The Advisor receives investment research, related service and products by broker-dealers in return for client's brokerage commissions;
- In determining whether a service or product qualifies as research or brokerage, the Advisor evaluates whether the service or product provides lawful and appropriate assistance to Advisor in carrying out its investment-decision making and execution responsibilities;
- The Advisor may select brokers based on their ability to provide quality executions and its belief that the research, information, and other services provided by brokers may benefit client accounts;
- It is not the Advisor's practice to negotiate "execution only" commission rates; thus clients may pay for other services, including research, provided by the broker which is included in the commission rate;

- The soft dollar benefits that the Advisor and its affiliates receive, at no cost, shall supplement its own research and analysis activities;
- The Advisor may pay a soft dollar broker commissions that are competitive but higher than the lowest available rate that other non-soft dollar brokers might charge if the Advisor determines in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided;
- The Advisor periodically evaluates the placement of brokerage and the reasonableness of commissions paid; and
- Research related products and services provided to the Advisor by broker-dealers may include, among other things:

Access and analysis of market data; statistical information and securities data; analysis and pricing services; the advisability of purchasing or selling specific securities; seminar information; analysis and reports concerning issuers and industries; trading markets and/or methods; legislative developments; changes in accounting practices; economic or financial factors and trends; portfolio strategy; access to and/or discussions with research personnel, corporate management personnel, industry experts, economists, and government officials; quotation equipment; research or analytical computer software; other hardware, databases, industry news alerts, technical and telecommunications services and equipment utilized in the investment management process

- While the receipt of research does not reduce the Advisor and its affiliates normal research activities, the Advisor's expenses could increase materially if it attempted to generate such additional information and services on its own;
- Research product and services may be useful in servicing some or all of the Advisor and its affiliates' client accounts;
- Some research may not necessarily be used by the Advisor in servicing the actual client accounts whose commission dollars generated and provided such research;
- Occasionally, a product or service furnished to the Advisor and its affiliates, by a soft dollar broker-dealer, is useful in making investment decisions regarding client accounts but may also provide administrative or other non-research assistance to the Advisor, described as "mixed use";
- For mixed use product or services, the Advisor will make a good faith effort to allocate the cost reasonably according to its use; Under such circumstances, the Advisor makes a reasonable allocation as follows:
 - The portion of such product or services which provide research assistance to the Advisor in its investment decision-making responsibilities is paid to

the broker-dealer with commissions through client portfolio transactions/commissions;

- The other portion of such product or services which provide non-research assistance is paid for by the Advisor with its own capital or "hard dollars"; and
- Records of such allocations and payments are maintained.

Brokerage for Client Referrals

The Advisor's choice of brokerage does not include any reference to client referrals.

Directed Brokerage

At this time, the Advisor has no agreements in place regarding client-directed brokerage arrangements.

Trade Aggregation

- Occasionally, it may be appropriate for more than one client account to trade in the same securities at the same time as one or more client accounts managed by the Advisor or its affiliate 1832 Canada;
- The Advisor will aggregate or "block" transactions on behalf of the Advisor's separately managed accounts in order to seek best overall execution and possibly negotiate more favorable pricing and commission rates;
- Accounts with similar investment objectives will participate in a block order entered at the average share price for a security on any given day and transaction costs are shared pro rata based on participation; and
- The Advisor will ensure that all accounts are treated fair and equitable in accordance with its fiduciary duties.

Review of Accounts

- Client portfolios are monitored continuously to ensure equitable asset allocation and investment objectives are being diligently pursued;
- Changes in portfolios are triggered by rebalancing to maintain current strategy or rebalancing to accommodate a change in strategy;
- Once the portfolio is constructed, the Advisor provides ongoing supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require;
- The Advisor provides all clients with a quarterly statement of their account; and

- On a quarterly basis, Scotiitrust provides custodial account statements to all the Advisor's clients.

Client Referrals and Other Compensation

Compensation for Client Referrals

- The Advisor has referral arrangements in place with its affiliates 1832 Canada, The Bank of Nova Scotia, Scotia Wealth Insurance Services Inc., Scotia Capital Inc. and Roynat Capital Inc. whereby a representative of these organizations referring an account to the Advisor will receive a onetime payment equivalent to 35% of the first year's fees;
- The Advisor may on occasion enter into solicitation agreements with individuals, financial intermediaries, or others who may or may not be affiliated with the Advisor;
- All solicitation agreements will comply with Rule 206(4)-3 under the Investment Advisers Act of 1940 and any other provinces or territories as applicable; and
- Payment to a solicitor by the Advisor will not increase the management fees paid by the prospective client.

Custody

- Scotiitrust, a qualified and affiliated custodian provides safekeeping of the Advisor's clients' funds and securities;
- Therefore, the Advisor is deemed to have custody solely as a result of its affiliation with a qualified custodian and because its affiliated custodian has access and holds client funds and securities;
- However, since Scotiitrust is deemed operationally independent of the Advisor, this presents substantially lower client custodial risks not significantly different than a custodial relationship between unaffiliated parties; and
- The Advisor shall comply with the provisions of the SEC's custody rule for registered investment advisers, by notifying clients where assets are maintained, forming a reasonable belief that its affiliate qualified custodian, Scotiitrust, delivers clients account statements, and obtains an internal control report evaluating the operations of its affiliate custodian.

Investment Discretion

- The Advisor is authorized to make the following determinations in accordance with client accounts' objectives and restrictions without obtaining prior client consent:

- Which securities or instruments to buy or sell;
- Total amount of securities or instruments to buy or sell;
- The executing broker or dealer for a transaction; and
- Commission rates or commission equivalents paid for transactions.

Voting Client Securities

The Advisor will determine how to vote proxies based on its reasonable judgment that the vote will produce favorable financial results for its clients.

- Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of the shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders;
- The Advisor, or its designate, will vote in a way that it believes, consistent with its fiduciary duty, will cause the issue to increase the most or decline the least in value;
- Ensure that proxies are submitted promptly and properly;
- The Advisor will consider both sides of each proxy issue consistent with the Advisor's commitment to the financial investment goals of its clients;
- There is the potential for a conflict of interest between the interests of the accounts managed by the Advisor and the interests of the Advisor or its employees in connection with the exercise of the client's voting rights attached to the Scotiabank shares. There is also the potential for a conflict of interest in connection with personal or professional relationships with a company or with the directors, candidates for directors, or senior executives of a company that is owned by a client or the exercise of the client's voting rights attached to the shares of another issuer, where the outcome of the vote may directly impact the price of Scotiabank shares. To the extent that a portfolio manager has any conflict of interest with respect to a company or a matter presented in a proxy proposal, that portfolio manager is required to report to the Compliance Department any such conflicts of interest. Any new conflict of interest situations must also be referred to the Compliance Department. In order to balance the interests of the clients in exercising proxies with the desire to avoid the perception of a conflict of interest, the Advisor has instituted procedures to help ensure that a client's proxy is voted: in accordance with the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the client; and free from any influence by Scotiabank and without taking into account any consideration relevant to Scotiabank or any of its associates or affiliates. The Advisor will

maintain records relating to a client's proxy voting activity. These will include a record of all proxies received; a record of votes cast; a copy of the reasons for voting against management; a copy of reasons for a portfolio manager voting differently from another portfolio manager; and a copy of any documents prepared or used by the Advisor that were material to making a decision on how to vote, or that memorialized the basis for a decision ; and

- For a copy of the Advisor's proxy voting policy and record of votes, please contact Bruno Carchidi, Chief Compliance Officer.

Financial Information

- The Advisor is not aware of any financial condition that may affect its ability to manage client accounts; and
- Does not require or solicit clients for prepayment of fees in excess of \$1,200 six months or more in advance.