

Part 2A of Form ADV: Firm Brochure

**1. Cover Page**

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**This brochure (“Brochure”) provides information about the qualifications and business practices of Kingwest Advisors Inc. (the “Investment Adviser”). If you have any questions about the contents of this Brochure, please contact us at 416-927-7740 or [TRegan@Kingwest.com](mailto:TRegan@Kingwest.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.**

**The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

**Additional information about the Investment Adviser is available on the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Date Prepared: May 2013**

## **2. Material Changes**

This Brochure dated May 2013 updates the Brochure filed in May 2012 and should be reviewed in its entirety.

Material changes have been made to the following section:

- Item 6: The Investment Adviser has indicated that it may charge certain clients performance-based fees in addition to fees based on the client's assets under management.

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#### **4. Advisory Business**

Founded in 2005, the Investment Adviser is a wholly owned subsidiary of Kingwest & Company, a Canadian partnership, which in turn is owned by Selian Securities Inc. (87.5%) and 1176724 Ontario Limited (12.5%). Both Selian Securities Inc. and 1176724 Ontario Limited act solely as partners of Kingwest & Company, and are indirectly owned by Richard L. Fogler.

The Investment Adviser principally provides discretionary investment management services for individual and institutional clients through separately managed accounts (“Managed Accounts”).

The Investment Adviser’s primary focus is managing North American equity and balanced portfolios. We are bottom-up value investors. We believe the best returns are achieved through an investment approach applied sensibly, methodically and consistently. In other words, a proven, repeatable process.

At the Investment Adviser, our strategy is value investing; a concept that provides the dual attributes of being both inherently safer than other investment strategies, and providing an opportunity for capital growth. That foundation is a springboard for what sets us apart: the ability to go deeper than most.

Traditional value investors only search for opportunities statistically. They look at line items, such as low multiples to earnings, sales, cash flow or book value, sometimes combined with rising earnings estimates. Then, they review these businesses to see which have the pre-determined attributes necessary to qualify as a “good business.” Those that pass the test, they buy. This is a static approach.

The Investment Adviser’s approach is dynamic. We search for securities that may be mispriced due to a change that is taking place. Then, we do the due diligence necessary to confirm that it is cheap (or overvalued). Finally, we look for something that will cause the market to change its expectations about this security.

The Investment Adviser’s investment decisions and advice with respect to each Managed Account are subject to each client’s investment objectives and guidelines, as set forth in the client’s investment management agreement, as well as any written instructions provided by the client to the Investment Adviser.

Clients can impose restrictions on investing in certain securities or specific types of securities.

As of May 15, 2013, the Investment Adviser had approximately \$12.3 million in assets under management.

This Brochure generally includes information about the Investment Adviser and its relationships with its clients and affiliates. While much of this Brochure applies to all such

clients and affiliates, certain information included herein applies to specific clients or affiliates only.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of some or all of their capital. There can be no assurance that the investment objectives of any client will be achieved.

## **5. Compensation**

All fees for Managed Accounts are subject to negotiation and established pursuant to the investment management agreement relating to each Managed Account. Generally, the investment management agreements are terminable upon receipt by either party from the other of prior written notice of termination and after the expiration of the specified notice period. Upon termination, the client will be entitled to any unearned prepaid portion of the Management Fee to the extent applicable.

Generally, the Investment Adviser charges each Managed Account a management fee for each quarter based on the market value of each account as of the end of each three month period, in arrears, at one fourth of the annual rate of: (a) 1.5% on the portfolio up to \$2 million and (b) 1.0% on the portfolio in excess of \$2 million. Clients may elect to send payment or have fees deducted directly from their Managed Account(s). However, on occasion, the Investment Adviser may also charge a fee based on the profits in a client's Managed Account. This performance-based fee is negotiated on a case-by-case basis depending on the particular circumstances of the client and the client's Managed Account.

Each client bears its own expenses, including, without limitation, management fees; investment expenses (e.g., expenses that are related to the investment of each client's assets, whether or not such investments are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); research-related expenses; and investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of the client's investments incurred by the Investment Adviser or its affiliates).

Neither the Investment Adviser nor any of its partners, officers, directors, employees nor other persons supervised by the Investment Adviser accept compensation for sales of securities or other investment products (including brokerage commissions or asset-based sales charges or fees from the sale of mutual funds).

## **6. Performance-Based Fees and Side-By-Side Management**

On occasion, the Investment Adviser may charge a performance-based fee (fee based on a share of capital gains or capital appreciation of the assets of a client) in addition to a percentage of assets under management. The performance-based fee is negotiated on a case-by-case basis and the Investment Adviser's right to receive the performance-based fee is subject to a so-called "high water mark." As a general matter, the Investment Adviser does not charge a performance-based fee to any client who is not a "qualified client" as defined in Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act").

Charging a performance-based fee can create a potential conflict of interest. The Investment Adviser may have an incentive to favor Managed Accounts that pay performance-based fees as the Investment Adviser has the potential to receive greater fees. The performance-based fee may also be an incentive for the Investment Adviser to make investments that are riskier or more speculative than would be the case without such a fee arrangement. In addition, because performance-based compensation is calculated on a basis that includes unrealized appreciation of assets, it may be greater than if such compensation were based solely on realized gains.

In order to address these types of conflicts, the Investment Adviser will not make allocation decisions that are influenced by fee arrangements and investment opportunities will be evaluated in a manner that is consistent with the Investment Adviser's fiduciary duties to its clients.

## **7. Types of Clients**

The Investment Adviser generally provides investment advice to Managed Accounts, as described above. Beneficial owners of Managed Accounts typically include high net worth individuals and related family trusts as well as other sophisticated investors. The Investment Adviser generally requires a minimum investment of \$500,000 for a prospective client to open a Managed Account.



## **8. Methods of Analysis, Investment Strategies and Risk of Loss**

At the Investment Adviser, our strategy is value investing; a concept that provides the dual attributes of being both inherently safer than other investments, and providing an opportunity for capital growth. That foundation is a springboard for what sets us apart: the ability to go deeper than most.

Over time we typically have low turnover. On average, we hold a security for 3-4 years. We focus primarily on stocks, bonds and money market instruments in our investment strategies.

The Investment Adviser uses research obtained from brokers, internal research, and analysis and proprietary investment strategies developed by the Investment Adviser or its related adviser, Kingwest & Company. The Investment Adviser also reviews, among other things, company press releases, corporate rating services, financial newspapers and magazines, annual reports and filings with the Securities and Exchange Commission.

The Investment Adviser uses its best effort to manage all client accounts. The Investment Adviser attempts to assess all relevant risk factors in determining the nature and extent of investments made in specific securities. However, there can be no assurances that clients' portfolios will not incur loss. The Investment Adviser does not guarantee rates of return on investments for any time period or to any client and past performance does not necessarily predict future performance. Investment in securities involves risk. Each investor has a different tolerance for risk.

The nature of the securities to be purchased and traded and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. Many unforeseeable events, including actions by various government agencies and domestic and international political events, may cause significant market fluctuations. Common types of investment risks that may be applicable to a portfolio of securities include, but are not limited to:

- The Investment Adviser utilizes a number of investment strategies that focus on Canadian securities. U.S. resident clients should be aware that investments in non-U.S. securities involve additional risks resulting from different reporting standards and regulatory requirements, the amount and reliability of publicly available information, and the volume and liquidity of some non-U.S. stock and bond markets.
- The value of securities denominated in a non-U.S. currency is affected by changes in non-U.S. currency rates or the imposition of non-U.S. exchange controls.
- A high concentration of assets in a single or small number of issuers may reduce diversification and liquidity within a portfolio and increase its volatility.

- Equity securities are affected by stock market movements, and equity securities of certain companies or companies within a particular industry sector may fluctuate differently from the overall stock market because of changes in the outlook for those individual companies or the particular industry.

The foregoing risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Investment Adviser.

## **9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the Investment Adviser's advisory business or the integrity of the Investment Adviser's management

## **10. Other Financial Industry Activities and Affiliations**

The Investment Adviser and its management persons are not registered as broker-dealers in the United States and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Employees of the Investment Adviser are also employees of Kingwest & Company. Kingwest & Company is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and is a Participating Organization of the Toronto Stock Exchange. Kingwest & Company is registered with applicable securities authorities in the following provinces in Canada: Ontario, British Columbia, Alberta, Manitoba, Quebec, Nova Scotia and New Brunswick. Kingwest & Company provides discretionary portfolio management and brokerage services to non-U.S. clients, primarily in Canada. Kingwest & Company does not provide brokerage services to the clients of the Investment Adviser. Certain employees of the Investment Adviser are registered as representatives of Kingwest & Company with IIROC.

Kingwest & Company provides research and administrative support to the Investment Adviser pursuant to a service arrangement between the parties. Specifically, the service arrangement between the Investment Adviser and Kingwest & Company provides for the use by the Investment Adviser of various facilities, services and personnel in connection with the provision of investment advisory services contemplated hereunder. Certain administrative functions of Kingwest & Company are provided by TD Waterhouse Institutional Services (“TDWIS”), a Canadian investment dealer, under a service agreement.

TDWIS a division of TD Waterhouse Canada Inc. (“TDW”) acts as custodian for the Kingwest & Company Client portfolios and it is understood that the custodian is authorized to act upon the written instructions from authorized representatives of Kingwest & Company with regard to transactions in securities and the receipt or payment thereto. Kingwest & Company is an introducing broker and TD Waterhouse (Canada) Inc. is a carrying broker. With respect to any transactions clients may enter into, TD Waterhouse (Canada) Inc. is responsible for trade execution and settlement, custody of cash and securities, the preparation of confirmations and account statements and the financing of client account positions. Kingwest & Company is responsible for determining the suitability and ensuring appropriate supervision is performed for all trading activity in client accounts.

In addition, Schwab Institutional - Charles Schwab & Co., Inc. provides custody services to the Investment Advisor and maintains all necessary records, including agreements, order forms, confirmations, invoices, monthly statements and other documents related to clients of the Investment Adviser.

## **11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Investment Adviser has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act. Copies of the Code of Ethics are available upon request to the Investment Adviser's Chief Compliance Officer ("CCO") via telephone at (416) 927-7740.

In general terms, the Code of Ethics requires officers and employees of the Investment Adviser to perform the duties of their office or position honestly, in good faith, with integrity and in the best interest of the Investment Adviser and its clients.

It is the policy under the Code of Ethics that the operations, activities and affairs of the Investment Adviser are kept strictly confidential. In addition, employees must avoid any situation in which their personal interests conflict with their duties as an employee, officer or director of the Investment Adviser.

The Investment Adviser's Code of Ethics applies to all full and part-time, permanent and contract employees of the Investment Adviser and any non-access consultants. A "non-access consultant" is defined as a consultant who is not an employee of the Investment Adviser but who provides services for payment under a consulting agreement for a term of more than one month. Adherence to the Code of Ethics is a condition of employment with the Investment Adviser.

Additional restrictions apply to employees of the Investment Adviser who are involved in the investment process and senior management of the Investment Adviser, as well as any other persons, who may, from time to time have access to non-public information concerning the portfolio holdings or the ongoing investment programs of the Investment Adviser ("Access Persons"). These restrictions include disclosure requirements, restrictions on short term trading, and general prohibitions on transactions in securities in certain circumstances including:

- Transactions in securities of issuers on the Investment Adviser's restricted list;
- Transactions in a security for which there is an unfilled order outstanding for any client funds;
- Acquisitions of securities in initial public offerings or in a private placement, unless explicitly allowed under the Code of Ethics.

The Code of Ethics also addresses the fiduciary duties expected of all persons subject to the Code of Ethics, including confidentiality obligations, conflicts of interest, gift and corporate opportunity policies, and restrictions on outside business activities.

Employees of the Investment Adviser and its Participating Affiliates who wish to buy and sell securities must maintain their personal trading account(s) at TDWIS unless specially approved by a compliance officer. Personal trading accounts maintained at other firms

must first be approved by the Compliance Department, and declared to the other firm as “Professional” accounts, with copies of monthly statements provided to the Compliance Department directly from the other firm. Employee transactions are reviewed by the Compliance Department. If deemed unsuitable, the Compliance Department will discuss the issue with the individual and determine (at its sole discretion) the course of action.

Employees may purchase or sell securities that are the subject of investment advice to clients, but said employees may not take the side of the market opposite to the side taken by client transactions. Where a client trade and a non-client trade are in the market at the same time, the client shall receive the best fill. Only after client orders have been filled at the best prices will a non-client order be dealt with. Client fills will equal or surpass any trade by a non-client on the same market.

Kingwest & Company, as broker or agent for brokerage customers other than the Investment Adviser’s customers, may effect securities transactions in which securities of the Investment Adviser’s clients are sold to or bought from such brokerage customers. The Investment Adviser may act as investment adviser in relation to a transaction to be effected on the client’s behalf in which an affiliate of the Investment Adviser (i.e., Kingwest & Company) acts as broker for both the client and another person on the other side of such transaction (an “agency cross transaction”). The Investment Adviser and such affiliate may have a potentially conflicting division of loyalties and responsibilities regarding the parties to the transaction. The standard discretionary Investment Management Agreement that is entered into between the Investment Adviser and each client requests that the client consent to any agency cross transaction effected by the Investment Adviser to which the client may be a party. Any such consent will remain in full force and effect until such time as the client notifies the Investment Adviser in writing of the revocation thereof. The Investment Adviser will comply with all applicable rules with respect to agency cross transactions.

Clients of the Investment Adviser and Kingwest & Company may be solicited to invest in Kingwest Partners LLP. Richard Fogler, a related person, indirectly owns Tengu Management Inc., which is a general partner of a partnership called the Kingwest Partners LLP, managed by Kingwest & Company. Kingwest Partners LLP is an investment partnership, which invests in long or short concentrated portfolios with the option of leverage for the purpose of capital gain.

The Investment Adviser’s Compliance Policies and Procedures Manual requires that in advising clients with respect to securities of parties related to the Investment Adviser: (a) the Investment Adviser will deal fairly, honestly and in good faith with its clients; (b) the Investment Adviser will maintain operational and decision-making autonomy; and (c) investment decisions will be made on the basis of the business judgment of the responsible portfolio managers uninfluenced by considerations other than the best interests of the clients. The Investment Adviser may not purchase securities of related persons of the Investment Adviser for client accounts.

The Investment Adviser manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of the Investment Adviser to

allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time.

To the extent that the Investment Adviser aggregates purchase or sale orders for clients, the Investment Adviser will comply in all respects with requirements of the Advisers Act and the rules promulgated thereunder. Specifically, the Investment Adviser undertakes to aggregate orders as follows:

1. Policies for the aggregation of transactions will be fully disclosed in the Investment Adviser's Form ADV and separately to clients and the broker-dealer through which such orders are placed;
2. No advisory client will be favored over any client;
3. Each client will participate in an aggregated order at the average share price for all of the Investment Adviser's transactions in that security on any given day, with transaction costs shared pro rata based on participation;
4. Prior to entering an aggregated order, a written aggregation statement will be prepared, specifying the participating client accounts and method of allocation among accounts;
5. Partially filled orders will be allocated pro rata based on the written aggregation statement;
6. If an order must be allocated in a manner different from that in a written aggregation statement, all clients must receive fair and equitable treatment and the written rationale for the departure must be approved by the Investment Adviser's compliance officer;
7. The Investment Adviser's books and records will separately reflect securities held by, or bought or sold for, client accounts that participate in the aggregation;
8. Client funds and securities are deposited with custodians and will not be held collectively any longer than is necessary to settle the purchase or sale; and
9. The Investment Adviser will receive no additional compensation or remuneration as a result of the aggregation.

## **12. Brokerage Practices**

As noted previously, the Investment Adviser has discretionary authority to manage the Managed Accounts including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and each Managed Account's investment guidelines.

Generally securities are bought and sold through brokers or dealers selected by the Investment Adviser. In selecting brokers or dealers to effect securities transactions for client accounts, the Investment Adviser considers price, execution and other services provided to the client. However, portfolio transactions for each client will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Investment Adviser and/or certain clients, but not beneficial to all clients. Subject to best execution, in selecting brokers and dealers to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Investment Adviser may consider, among other things, the following:

- the ability of the brokers and dealers to effect the transaction;
- the brokers' or dealers' facilities, reliability and financial responsibility; and
- the provision by the brokers of marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the commission rates (or dealer markups and markdowns) charged to the Managed Accounts by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, the Investment Adviser does not separately compensate any broker or dealer for any of these other services.

If the Investment Adviser decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another:

- the ease of use;
- the flexibility of the ECN compared to other ECNs; and
- the level of care and attention that will be given to smaller orders.



The Investment Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

In most cases, the Investment Adviser does permit its clients to direct their brokerage to specific broker-dealers if the clients specifically request that a broker-dealer be used.

The Investment Adviser does not utilize “soft dollars” in relation to trading or brokerage activities for U.S. clients.

### **13. Review of Accounts**

Client portfolios are monitored continuously for adherence to asset mix strategy and approved securities. Specifically, the Portfolio Management Committee meets weekly to discuss investment issues, and at least once per quarter to review every account for compliance with the investment objectives. The Designated Portfolio Manager reviews a report monthly that compares each client's investment objectives to their actual asset mix. The Designated Portfolio Manager also approves the client quarterly reports, which confirm client objectives and describe how their current portfolio conforms to those objectives. The CCO is responsible for supervising all account activity and reviews. The Chief Financial Officer ("CFO") of the Investment Adviser conducts reviews of the accounts by using the Investment Adviser's daily transaction reports. This is a review of all trades effected to detect, among other things, unsuitable or unauthorized trades, suspicious transactions, excessive trading activity, conflict of interests, trading in restricted securities, improper employee trading, front running, excessive cancels and corrections, or cross trading. The CFO reviews monthly statements prepared by the Investment Adviser of accounts generating in excess of \$1,500 in commissions to detect, among other things, undue concentration and inappropriate strategies such as excessive activity. The CCO and CFO jointly review all active "Professional" account (non-client) statements each month. The CCO reviews employee account statements received from other firms. The CFO and administrative employees conduct reviews and reconciliations of in-house and custodial reports that will detect accounting errors and inconsistencies.

Clients will receive a quarterly statement from both the custodian and independently prepared by the Investment Adviser reflecting a summary of the assets held, details of the assets held, and transactions during the reporting period.

#### **14. Client Referrals and Other Compensation**

No party (other than a client) provides the Investment Adviser with any economic benefit for providing investment advice or advisory services to the Investment Adviser's clients. Neither the Investment Adviser nor any of its affiliates compensate any person (other than the partners, officers, directors, employees or other persons supervised by the Investment Adviser) for client referrals to the Investment Adviser. However, Kingwest & Company may compensate Canadian entities for Canadian referrals for Kingwest & Company's own investment adviser business.

## **15. Custody**

The Investment Adviser does not have custody of client funds or securities. Unless the client has entered into an agreement with another custodian that is satisfactory to the Investment Adviser, the Investment Adviser will assist the client in arranging for a qualified custodian to take physical possession of the client's funds and securities for safekeeping.

The Investment Adviser typically assists its clients by arranging for Charles Schwab Institutional - Charles Schwab & Co. to maintain custody of client funds and securities. The Investment Adviser will form a reasonable belief that the custodian is delivering account statements to the Investment Adviser's clients. The Investment Adviser clients receive account statements from the custodian on at least a quarterly basis. The Investment Adviser urges clients to carefully review such statements and compare such custodial records with any additional portfolio or performance reports that the Investment Adviser may provide to clients to make sure that all information is consistent.

## **16. Investment Discretion**

Virtually all of the Investment Adviser's client assets are managed on a discretionary basis. Clients opening discretionary accounts are required to execute an investment advisory agreement that, among other things, grants the Investment Adviser the authority to manage their assets on a discretionary basis. The Investment Adviser may, in its sole discretion, directly or indirectly, purchase, sell, exchange, convert and otherwise trade the securities and other permitted investments in a client's account. However in making such decisions, the Investment Adviser will exercise diligence, competence and skill and will at all times act in the best interests of its clients.

In exercising its discretion with respect to a client's account, the Investment Adviser will consider the client's financial background and investment knowledge, as well as the client's investment objectives, investment limitations and any other restrictions that have been outlined by the client.

Clients must establish their own custodial arrangements and provide the custodian with a letter granting the Investment Adviser the authority to manage their assets. Clients can ask the Investment Adviser to use a broker by opening a brokerage account with the broker of their choice and providing the Investment Adviser with written instructions regarding such accounts. Clients that wish to restrict the Investment Adviser from using their assets to invest in certain companies or types of companies should provide the Investment Adviser with written instructions containing a list of the restricted companies.

## **17. Voting Client Securities**

In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures. The proxy voting policies and procedures set out the Investment Adviser's proxy voting guidelines so that the Investment Adviser's clients can know in advance how the Investment Adviser is likely to vote on their behalf as shareholders. As a fiduciary, if the Investment Adviser chooses to vote in any proxy, the Investment Adviser is obligated to exercise voting rights in the best interests of the Investment Adviser's clients and clients' beneficiaries. The Investment Adviser's voting policy is always based on its view of maximizing shareholder value. The investment process seeks to invest for the most part in companies in which the goals of the executive management are properly aligned with those of the shareholders. As such, in all likelihood if the Investment Adviser chooses to vote, it is expected that most proxy votes cast will be in favor of management proposals. However, the Investment Adviser will review each proxy proposal on a case-by-case basis to ensure that the proposals do not erode any accountability, transparency or shareholder value in the company and vote accordingly. If any material conflicts arise, the Investment Adviser will withhold its proxy vote.

Conflicts of interest may arise between the interests of the clients on the one hand and the Investment Adviser or its affiliates on the other hand. For example, a conflict of interest may exist if the Investment Adviser or its affiliates has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Individual conflicts of interest also may arise if the personnel involved in the proxy voting decision have a direct or indirect material personal relationship or other material interest in either the company soliciting the proxy or in a third party that has a material interest in the outcome of a proxy vote or that is lobbying for a particular outcome of a proxy vote. If the Investment Adviser determines that it may have, or is perceived to have, a conflict of interest when voting proxies, the Investment Adviser will vote in accordance with its proxy voting policies and procedures.

Clients may obtain a copy of the Investment Adviser's proxy voting policies and its proxy voting record upon request. In addition, the Investment Adviser has a list available to its clients describing how the Investment Adviser has voted its proxies for specific companies, issues and accounts. For all inquiries, please contact the Compliance Department at (416) 927-7740.

## **18. Financial Information.**

The Investment Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.