



Form ADV Part 2A

Barometer Capital Management Inc.

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This brochure provides information about the qualifications and business practices of Barometer Capital Management Inc. If you have any questions about the contents of this brochure, please contact us at (416) 601-6888. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Barometer Capital Management Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.



Summary of Material changes- Not applicable

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ADVISORY BUSINESS [Item 4]

Principal Owners

The firm has operated under the name Barometer Capital Management Inc. ("Barometer") since 2006. Please note that the underlying business of Barometer was formed by the principals under the name First Associates Investments Inc. ("First Associates") in 1991. In 2004, the business of First Associates became Rockwater Asset Management Inc. ("RAMI"). Today, Barometer is independent, 100% partner owned, and manages approximately \$1.5 billion dollars for families, endowment funds & trusts throughout Canada and internationally. In 2006, Barometer was formed through a management buyout of RAMI, and today continues to be 100% owned by management, which assures our continued independence.

Key Investment Professionals

Greg Guichon, Chairman, Chief Portfolio Manager

In his role as Chairman and Chief Portfolio Manager of Barometer, Greg is responsible for the firm's quantitative, bottom-up securities selection model. Over a 20 year career in Private Client Management with Scotia McLeod, Greg assumed various leadership positions as Vice President, Director, and Partner. Together with David Burrows, Greg sits on the firm's investment policy committee and is responsible for the overall construction and daily review of all product and client portfolios.

David Burrows, President, Chief Investment Strategist

As President and Chief Investment Strategist, David provides the Barometer team with top-down, quantitative analysis on market and sector risk, along with identification of changing leadership themes. David co-founded Barometer's predecessor company, First Associates Investments Inc., in 1991 after beginning his career in 1986 with the Private Client Group at Scotia McLeod. With Greg Guichon, David sits on the firm's investment policy committee and is responsible for the overall construction and daily review of all product and client portfolios. David is a frequent guest as a market commentator on BNN and CBC.

Roy Scaini, Chief Operating Officer, CA

Chief Operating Officer, Roy Scaini, oversees the administration of Barometer's operations. Managing both business and financial affairs for the firm, Roy adds the primary support for each and every aspect of corporate and client service requirements. In a career that's spanned more than 20 years, Roy has held executive positions with companies in Europe, the United States and Canada. Roy teamed with Greg and Dave in 2004 when he joined First Associates Investments



Inc., as its Chief Administrative Officer. Prior to that, he was the CFO for CIBC Wealth Management.

Types of Advisory Services

Barometer manages investment portfolios for high net worth individuals, endowments, foundations, partnerships, corporations, investment companies, public funds and pensions. Barometer offers advice on equity securities, including exchange-listed securities, securities traded over-the-counter, foreign issues and commodities.

Investment Restrictions

Clients may impose guidelines and restrictions on their accounts, however, all client guidelines and/or restrictions are reviewed prior to investing a portfolio to be sure that there are no issues which will prohibit Barometer from managing the portfolio according to our investment strategy.

Wrap Fee Programs

Barometer provides investment advisory services to three broker/dealers as a Wrap fee program. The broker/dealers in this program are responsible for trade execution, client custody and fees charged to their clients. In consideration for providing investment advisory services to the Wrap programs, Barometer receives a portion of the wrap fee paid by program participants.

Assets under Management

Barometer has approximately \$1.6 billion of discretionary assets under management as of May 31, 2011.

FEES AND COMPENSATION [Item 5]

Fee Schedules

Barometer's investment management fees for separately managed accounts generally are charged quarterly.

Barometer offers the following six portfolio mandate strategies: (1) Tactical Equity; (2) Tactical Asset Allocation; (3) Income; (4) Canadian Equity; (5) Long Short Equity; and (6) U.S. Equity. Barometer's standard fee schedule is asset-based and includes breakpoints. Generally, the minimum investment for a separately managed account is \$5,000,000 per mandate. For separately managed accounts, the Client pays a Management Fee at the following annual tiered rates:

Up to \$5,000,000	1.4%
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Greater than \$5,000,000	1.2%
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Barometer Private Pools (each a “Pool”)

For assets in the Pools, the Client pays a Management Fee, at the following annual tiered rates:

First \$1,000,000	1.55%
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Next \$4,000,000	1.35%
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Greater than \$5,000,000	1.15%
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Management Fees for the Pools will be billed within the Pools at the full fees outlined in the offering memorandum of the Pools. Clients with assets greater than \$500,000 will receive a quarterly management fee rebate from the Pools to reflect the blended tiered rate for the Client’s assets invested in the Pools. Generally, fees are not negotiable; however, individual portfolio considerations, account size and timing of opening have caused Barometer to negotiate different fee arrangements from time to time.

Performance Fees

In addition to the Management Fee, Barometer also charges accounts a performance-based fee, in reliance upon Rule 205-3 under the Investment Advisers Act of 1940. Clients who are subject to performance fees will be qualified clients within the meaning of Rule 205-3. The Performance Fee is payable at the end of each calendar year, or the pro-rated amount at the time a Client withdraws assets from the Pools or the separately managed accounts, and is calculated as follows:

Separately Managed Accounts

For separately managed accounts, the Client pays an annual Performance Fee equal to 20% of the amount by which the return on the assets in the separately managed account exceeds the account’s annual benchmark return adjusted for additional funds deposited into the account during the year.

The annual benchmark return for separately managed account mandates is as follows:

- 7.5% per annum for Accounts with an Income mandate;
- 8.5% per annum for Accounts with a Tactical Asset Allocation mandate; or
- 10% per annum for Accounts with an Equity mandate.



Barometer Private Pools

For assets in the Barometer Private Pools (the “Pools”) , Barometer receives an annual Performance Fee from each class of units of a Pool equal to 20% of the amount by which the net asset value of that class of units of the Pool at the end of a year exceeds the annual target net asset value of that Pool. Please refer to the offering memorandum of the Pools for a detailed description of the Performance Fees of the Pools and the annual benchmarks of the Pools.

Custodial Fees

Barometer does not client custody assets, the client’s custodian may charge an annual fee for registered Accounts, for Accounts transferred out, and for other services based on usage. The custodian will provide a schedule of these charges when the Account is opened.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT [Item 6]

Barometer recognizes that incentive compensation associated with performance-based fee arrangements creates the risk for potential conflicts of interest. A performance-based fee structure may create an inherent pressure to allocate investments having a greater potential for higher returns to accounts. To prevent conflicts of interest associated with managing accounts with different compensation structures, Barometer generally requires portfolio decisions to be made on a strategy specific basis. Barometer also requires pre-allocation of all client orders based on specific fee-neutral criteria. Additionally, Barometer requires average pricing of all aggregated orders. Finally, Barometer has adopted a policy prohibiting portfolio managers (and all employees) from placing the investment interests of one client or a group of clients with the same investment objectives above the investment interests of any other client or group of clients with the same or similar investment objectives.

OTHER EXPENSE IN CONNECTION WITH ACCOUNTS AND POOLS.

Our Account clients will typically pay fees to their custodian in addition to our management fees. Depending on the strategy in which the account invests, the Account will incur transaction fees for equity trading.

OPERATING EXPENSES- the Pools

Our Pools will typically incur the same fees as Accounts described above, as well as fees for maintenance of books and records, custody fees, audit expense, tax preparation expense, organizational expense, fees to Pool administrators, insurance expense, and annual licensing and registration fees legal and taxes. If a Pool permits borrowing or other leverage, there may be interest expense and fees for credit. The Pools’ offering documents describe these fees and expenses in greater detail.



IMPORTANT NOTICE

This Brochure is available to all prospective unitholder's of our Barometer Private Pools, while this Brochure may include information about the Private Pool, it does not represent a complete discussion of the investment objectives, strategies or risks. More complete information about each of our Private Pools is included in its Offering Memorandum ("OM") and other governing documents.

In no event should this Brochure be considered an offer of interest in a Private Pool or relied upon in determining to invest in a Private Pool. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed only to provide information about us to comply with regulatory requirements under the Advisers Act, which may cause information in this Brochure to differ from the information provided in the OM. If there is any conflict between the information in this Brochure and similar information in the Pool's OM, you should rely on the information in the OM.

TYPES OF CLIENTS [Item 7]

Barometer manages investment portfolios for high net worth individuals, endowments, foundations, partnerships, corporations, public funds and pension trusts located in the United States, Canada and internationally.

The "Barometer Private Pools (the "Pools")

The offering of the units of the Pools is made only to prospective U.S. investors that qualify as accredited investors (as defined under Regulation D under the SECURITIES ACT OF 1933, as amended (THE "SECURITIES ACT")) and qualified purchasers (as that term is defined in Section 2(A) (51) of the Investment Company Act of 1940, as amended (The "Investment Company Act")) and that meet the other suitability standards set forth herein. Each prospective U.S. investor will be required to execute a subscription agreement and questionnaire in the prescribed form in which the prospective U.S. investor will make representations as to its status as an accredited investor, a qualified purchaser and certain other matters.

Minimums related to the purchase of the Pool's are included in the Pool's Offering Memorandum and the U.S. Supplement to the Offering Memorandum.

This overview of the Pool's is designed to be a general summary. With respect to a specific Pool, this summary is qualified in its entirety by the specific details of the Pool within the offering memorandum relating to such Pool. The Pool's offering memorandum describes the terms and conditions of the Pool, including fees, investment objective, strategy and risk factors, and should be read carefully prior to investment.



The Pools have not been registered as investment companies under the Investment Company Act. In order to assure that the Pools are not required to register under the Investment Company Act, the units are only offered and sold to qualified purchasers as that term is defined under the Investment Company Act. In order to assure that the Pools are not required to register under the Investment Company Act, the units are only offered and sold to Qualified Purchasers as that term is defined under the Investment Company Act. The Pools reserve the right to refuse to accept any subscriptions or, and transfers of units to, investment companies or other investors whose investment might otherwise jeopardize the Pool's exemption from registration under the Investment Company Act and/or equivalent state laws and regulations.

Barometer is also the sub-adviser to the Lakeview Disciplined Leadership Mutual Funds, which are public mutual funds and are available to residents of Canada only. CI Investments is the manager of the public funds. Barometer provides investment advisory and sub-advisory services to the Funds in accordance with the terms of the prospectus, trust agreement or other governing documentation, as applicable (together, the "Offering Documents").

Barometer also provides investment advisory services to WRAP programs for three Canadian broker/dealers.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS [Item 8]

General Description

Barometer's investment style and strategy as well as our open dialogue model with our clients differentiate us from our peers. The Investment team concerns itself with both sides of the investment process, buying and selling. To capture opportunity, it's not only necessary to identify what to buy but also when to buy. In addition, knowing when to sell – to preserve capital – is equally important. Barometer's commitment to capital preservation has always been a key component of **The Disciplined Leadership Approach™** - it stems from our roots in managing portfolios for families more interested in absolute rather than relative returns. We believe that performance in a portfolio is influenced by three key factors; market impact, industry group, and underlying business exposure. We consequently base our decision-making models on identifying key market and sector trends. Then, applying specific fundamental and quantitative criteria we identify leading companies appropriate for the current investment environment. Investment styles cycle into and out of favour as markets change. From our perspective it is important to have a process that recognizes those changes and allows for the orderly transition of portfolios as change occurs. Identifying opportunities with the potential for superior performance requires constant vigilance. The Investment team runs detailed, daily analysis of the portfolios to help ensure that each holding continues to meet our tests while comparing favourably to new

opportunities as they arise. The account and/or products which we manage can be as high as 100 per cent in cash if the Investment Team does not see investment leadership in the market.

The Investment team believes that performance in a mandate is influenced by three key factors; market impact, industry group, and underlying business exposure. We consequently base our decision-making models on identifying key market and sector trends. Then, applying specific fundamental and quantitative criteria we identify leading companies appropriate for the current investment environment. Investment styles cycle into and out of favour as markets change. From our perspective it is important to have a process that recognizes those changes and allows for the orderly transition of portfolios as change occurs. Identifying opportunities with the potential for superior performance requires constant vigilance. The Investment team runs detailed, daily analysis of the portfolios to help ensure that each holding continues to meet our tests while comparing favourably to new opportunities as they arise.

With respect to our selling strategy, as described previously, at the heart of our strategy is a commitment to capital preservation. In this regard, the Investment Team has a clearly defined selling strategy. The key elements of our selling strategy are as follows:

- Identify a downside exit price prior to purchase, that results in a sale if the security price does not rise as expected.
- Regularly reset stop alerts not lower than before. If prices rise as expected, alerts are ratcheted higher.
- Adhere to and employ stop loss alerts at all times.
- If market risk models indicate risks are elevated or, there are no clear market leaders, capital stays in cash or short term deposits. When risk levels are acceptable and/or new market leaders emerge, capital can be re-invested.

This strategy is designed to eliminate rationalization and emotion from the sell decision. The point is to ensure small losses don't turn into big losses and to realize full value for the key positions that drive returns.

Barometer's decisions are largely driven by its own investment research findings as supplemented by research obtained from brokerage and other firms.

We conduct the majority of our research internally, with over 64,000 securities in over 41 sectors available for review. We utilize a prominent quantitative ranking system that screens for companies in the process of positive change and maintain a proprietary system to track and maintain our equity rankings.



We use top-down market and sector risk assessment models to establish an asset allocation strategy. This strategy is continually reassessed to manage the allocation of market exposure versus cash and short-term deposits. By combining this tactical approach with quantitative security selection analysis to identify market leaders, we attempt to provide consistent absolute returns coupled with a relatively low correlation to the index. Barometer's Portfolio Managers and in-house Research Analysts do fundamental market research and draw on diverse sources of information such as company reports, research from brokers or other investment managers, press releases, prospectuses, regulatory filings, financial and trade newspapers and magazines, government and trade association data, scholarly journals, on-line quotation services and databases compiled by government agencies and others, and meetings with management, suppliers, clients, competitors and industry consultants.

An investment in any of our strategies involves risk, including the risk that an investor can lose money. An investment in any of these strategies by itself is not a balanced investment program for purposes of an investor's portfolio diversification needs. Investors should consult with their financial adviser regarding the appropriateness of an investment in any of these strategies for their overall investment program.

General descriptions of Barometer's investment mandates and/or strategies are included below. These descriptions are not intended to serve as specific account guidelines. Barometer reserves the right to limit the availability of any particular strategy at any given time based on factors including capacity, pre-existing relationships, minimum account sizes, fees and distribution channels. In addition, Barometer may develop other investment mandates from time to time and manage portfolios according to a client's specific investment guidelines, thus, mandates may vary by client account. Certain mandates may be available only in certain channels or through a purchase of units of the Pools. The descriptions of the investment mandates below are qualified in their entirety by the information provided by Barometer to their advisory clients, included in the Offering Documents, Offering Memorandum, or included in or provided with any Managed Account Program disclosure statement. Prior to investing in any Pool, investors should review the relevant Offering Documents or Offering Memorandum.

Barometer Mandates/ Strategies

Tactical Equity mandate is a concentrated core portfolio of up to 45 equity securities. Our main objective is identifying leading companies in leading sectors, and we do not restrict the holdings of the Tactical Equity mandate by market capitalization or sector. Our strict liquidity requirements require that the Tactical Equity mandate only invests in actively traded securities. The Tactical Equity Mandate is composed of equity securities without geographic restriction.

Tactical Asset Allocation mandate is a diversified core portfolio holding up to 60 securities. The income portion of the portfolio of the Tactical Asset Allocation mandate may include preferred shares, T-bills, provincial and Canada bonds, corporate and convertible bonds. Equity



holdings are not restricted by market capitalization or sector; however, our strict liquidity requirements require that the Tactical Asset Allocation mandate invest only in actively traded securities.

Income mandate is a diversified core portfolio holding up to 60 securities. The mandate may include preferred shares, T-bills, provincial and Canada bonds, corporate and convertible bonds. The goal is to minimize risk by diversifying security holdings and purchasing income investments that exhibit the best risk reward.

Canadian Equity mandate is a concentrated core portfolio of primarily Canadian Equities that may hold up to 45 securities. Our main objective is identifying leading companies in leading sectors, and we do not restrict the holdings of the Canadian Equity mandate by market capitalization or sector. Our strict liquidity requirements require that the Canadian Equity mandate only invests in actively traded securities. While the holdings are primarily Canadian equities we may invest outside Canada.

Long Short Equity mandate is a concentrated long/short portfolio of global securities which is typically comprised of 45 equity securities. Our main objective is to achieve long-term capital appreciation by investing primarily in leading companies in leading sectors while short selling primarily in weak companies in lagging sectors. Our strict liquidity requirements require that the Long Short Equity mandate only invests in actively traded securities. The Long Short Equity mandate is composed of equity securities without geographic restriction.

U.S. Equity mandate is a concentrated core portfolio of primarily U.S. equities that may hold up to 45 securities. Our main objective is identifying leading companies in leading sectors, and we do not restrict the holdings of the U.S. Equity mandate by market capitalization or sector. Our strict liquidity requirements require that the U.S. Equity mandate only invests in actively traded securities. While the holdings are primarily U.S. equities we may invest outside the U.S.

Material Risks for Investment Mandates

There can be no assurance that Barometer will achieve its investment objectives. Barometer's assessment of the short-term or long-term prospects of investments may not prove accurate. No assurance can be given that any investment or trading strategy implemented by Barometer on behalf of its clients will be successful and, because of the speculative nature of Barometer's investment and trading strategy, there is a risk that investors may suffer a significant loss of their invested capital. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in investing with Barometer. Prospective clients should read Barometers ADV Part I & II.



Each Mandate may own different types of investments – stocks, bonds, cash, and derivatives – depending upon the specific investment objective of that Mandate. The value of a Mandate’s investments will change from day-to-day, reflecting changes of various factors including but not limited to general economic conditions, fluctuations in the securities markets, international developments and company news. As a result, the value of your investment in a Mandate may be more or less when you redeem your units than when you bought such units.

Your Investment is Not Guaranteed

Barometer’s strategies may not be successful and there can be no guarantee that an investment may not decline in value. Investment in a Mandate is only appropriate for investors who have the capacity to absorb a potential loss of some or all of their investment due to a decline in value of the investments held in their respective Mandate.

No Assurance of Achieving Investment Objective

There is no assurance that Barometer will be able to achieve its investment objectives. A substantial drop in the equity markets may have a negative effect. The after-tax return from an investment to a taxable U.S. investor will depend in part on the composition for tax purposes of the distributions paid by a Mandate (a portion of which may be fully or partially taxable or may constitute non-taxable returns of capital). This composition may change over time, thus affecting the after-tax return to investors of a Mandate.

Market Risk

The possibility that Barometer’s investments in equity securities will lose value because of declines in the stock market, regardless of how well the companies in which Barometer invests perform. This risk also includes the risk that the stock price of one or more of the companies in a client’s portfolio will fall, or fail to increase. A company’s stock performance can be adversely affected by many factors, including general financial market conditions and specific factors related to a particular company or industry. This risk is generally increased for companies in developing industries, which tend to be more vulnerable to adverse developments.

Portfolio Turnover

Barometer has not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of Barometer, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce Barometer’s investment gains, or create a loss for investors and may result in taxable costs for investors depending on the tax provisions applicable to such investors.



Concentration of Investments

At times, if Barometer invests up to the maximum permitted under its investment restrictions in the securities of single issuers and/or in economic sectors this concentration and lack of diversification relative to a client's portfolio could mean that a loss in any one such position or a downturn in a sector in which Barometer is invested could materially reduce a portfolio's performance. Thus, any substantial investment by Barometer relative to overall assets in the securities of a single issuer or the concentration of Barometers investments in a particular industry may increase the level of risk.

Short Selling Risk

Short selling is an agreement to sell stock at a predetermined price below its current market price and then purchase the stock back in the future. This type of agreement is usually entered into when you feel that the price of a security will decline below the short price. However, the potential loss on selling securities short can be unlimited. In addition, if there is a call on borrowed securities, Barometer may be forced to cover its short positions by having to buy the security at an unattractive price. Borrowing securities also entails the payment of a borrowing fee, which is subject to change due to market conditions.

Equity Risk

Companies issue equities, or stocks, to help finance their operations and future growth. If Barometer purchases equities, it becomes part owner in the underlying companies. The company's outlook, market activity and the larger economic picture influence the price of a company's stock. For example, when the economy is expanding, the outlook for many companies will also be positive and the value of their stocks should rise. Generally, the opposite is also true.

Generally, the greater the potential reward, that is the increase in value of a stock, the greater the potential risk. Typically, this is the case for small companies, start-ups and companies in emerging sectors.

Certain convertible securities may also be subject to fixed income risk.

Foreign Investment Risk

Barometer may invest in securities sold outside Canada, including emerging markets. The value of foreign securities and the share prices may fluctuate more than Canadian and U.S. investments for several reasons such as the following:

- Foreign jurisdictions may not be subject to the regulations, standards, reporting practices and disclosure requirements that apply in Canada and the U.S.;

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- Some foreign markets may not be as well regulated as Canadian and U.S. markets, and their laws might make it difficult to protect investor rights;
- Political instability, possible corruption, social unrest or diplomatic developments in foreign countries, especially emerging market countries, could negatively affect the value of a Mandate's securities;
- The possibility exists that foreign securities may be highly taxed or even that government-imposed exchange controls may prevent Barometer from taking money out of the country; and,
- Companies in emerging markets are often relatively small, and may have limited operating histories, product lines, markets and financial resources; and, such companies are often traded only through foreign stock exchanges.

Interest Rate Risk

Fixed-income securities, such as bonds, treasury bills and commercial paper, pay a fixed rate of interest. The value of fixed-income securities will change as interest rates rise and fall. For example, when interest rates fall, the value of an existing bond will rise because the interest rate on that bond is now greater than the market rate. Conversely, if interest rates rise, the value of an existing bond will fall. The value of fixed income securities also depends, in part, on the perceived ability and credit worthiness of the government or company that issued the securities to pay the interest and repay the principal.

Securities issued by issuers with a low credit rating are considered to have a higher credit risk than securities issued by issuers that have a high credit rating.

Liquidity Risk

Some companies are not well known, have few shares outstanding, or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell and the value of these securities may rise and fall substantially.

Regulatory Risk

Some industries, such as health care and telecommunications, are heavily regulated and may receive government funding. Investments in these sectors may be substantially affected by changes in government policy, such as deregulation or reduced government funding. The value of these investments may rise and fall substantially.



Systemic Risk

Barometer's investments may be exposed to the risk of the collapse of an entire financial system or entire market. There are risks imposed by the interdependency in a system or market, where the failure of a single entity or cluster of entities can cause a cascading failure.

DISCIPLINARY INFORMATION [Item 9]

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the integrity of Barometer or its management persons.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS [Item 10]

We, Barometer Capital Management Inc., are registered as a portfolio manager, commodity trading manager and as an exempt market dealer in each province of Canada. We are in the process of becoming registered as an investment fund manager in Ontario. We are also seeking registration as investment adviser under the Securities Exchange Commission. Barometer is not registered, nor does it have a pending application to register as a broker-dealer or as a registered representative of a broker-dealer.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING [Item 11]

Barometer has adopted written policies and procedures for allocation and aggregation of trades of securities that include provisions to avoid trading actions by proprietary and affiliated accounts that could result in an unfair or improper disadvantage to other client accounts.

In the course of managing a number of discretionary accounts, occasions may arise where the quantity of a security available at a particular price is insufficient to satisfy the requirements of every account, or the quantity of a security to be sold is too large to be completed at a particular price, or new issues of a security may be insufficient to satisfy the total requirements of all accounts. Accordingly, when placing orders, Barometer determines the basis of allocation or the pre-determined number of shares or bonds for each identified account, or group of accounts, at the time the order is placed. Trade allocation must be determined on a basis that is fair, reasonable and equitable to all clients in accordance with the policies of Barometer and within the parameters of each client's investment objectives and their level of available cash resources. Trade allocations are made in a manner to avoid favouritism or discrimination among clients in favour of a preferred client.

All allocations are made at the average execution price. Commissions, when charged, are also allocated on a *pro rata* basis based on the percentage of the entire order. In some instances, no commission is charged and a trade ticket fee is charged. In some instances, the total order may carry over more than one day and, in those instances, the executed portion will be the portion at



the close of the total order whether filled completely or not.

For initial public offerings (“**IPOs**”), other new issues and block trades where only a partial fill is received, allocation based on order size may result in accounts receiving an allocation that is inappropriately small for the size of the account. In these instances, allocation will also take asset size into consideration and some clients may not receive a *pro-rata* share. However, at all times, every effort will be made at the next opportunity to compensate, so that each and every account, large or small, over time, receives equitable treatment in the filling of orders.

Conflicts of Interest

It is important for you to be informed about how we identify and respond to conflicts of interest in order to minimize their impact. We consider a conflict of interest to be any situation where the interests of a client and those of Barometer are inconsistent. Barometer takes reasonable steps to identify all existing material conflicts of interest and those that we would reasonably expect to arise. Barometer determines the level of risk for each conflict. The firm avoids situations that would result in a serious conflict of interest that would be too high a risk for clients or market integrity. In other circumstances involving a conflict of interest, Barometer takes the appropriate steps to control the conflict of interest.

The situations in which Barometer could be in a conflict of interest, and the way in which Barometer intends to respond to such conflicts, are described below.

Conflicts of Interest Relating to Barometer Personnel/Personal Trading

Barometer’s personnel may find themselves in situations where their personal interests are in conflict with those of a client. Barometer’s Code of Ethics and related policies and procedures establish basic principles for employee conduct which, among other things, prohibit an employee from:

- Using confidential information acquired in connection with his or her duties, for the purpose of obtaining an advantage.
- Accepting gifts, entertainment and compensation that would influence decisions to be taken in the course of performing his or her duties.
- Engaging in activities that could interfere or conflict with his or her duties.

BROKERAGE PRACTICES [Item 12]

In selecting securities brokers, Barometer will generally seek the best combination of net price and execution for client accounts and may consider other factors, including: the broker's trading expertise, stature in the industry, execution ability, facilities, clearing capabilities and financial services offered, long-term relations with our firm, reliability and financial responsibility, timing and size of order and execution, difficulty of execution, current market conditions and depth of



the market.

Barometer normally transacts through approximately twenty five securities brokers. The determination of which securities broker will be used and the amount of business expected to be allocated to each is reviewed and retained on file. As part of the investment team's review an evaluation of execution of the factors noted below, quality information and periodic review of compensation paid to brokers over selected periods of time to determine if such compensation is reasonable in relation to the benefits received by Barometer and its clients.

Barometer ranks brokers on the following criteria:

- Execution of Trades;
- Sales Coverage;
- Research;
- Corporate Finance; and
- Management Meetings

Research and Other Soft Dollar Benefits

Barometer does not obligate itself to seek the lowest transaction charge in all cases, except to the extent that it contributes to the overall goal of obtaining the best results for the client as described under Item 12 –Brokerage Practices. A higher transaction charge on exchange and over-the-counter trades may be considered reasonable in light of the value of the brokerage and research services provided. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") and are designed to augment our internal research and investment-strategy capabilities.

Barometer currently has written soft dollar arrangements with brokerage firms that execute transactions on behalf of Barometer's clients and the investment products that Barometer manages. Soft dollar arrangements occur when brokers have agreed to provide other services, related to research and trade execution at no cost to Barometer in exchange for brokerage business from Barometer's separately managed accounts, the Pools and the public funds. Barometer intends to enter into soft dollar arrangements in accordance with Canadian and U.S. regulatory requirements when it is of the view that such arrangements are for the benefit of its clients; however, not all soft dollar arrangements will benefit clients at all times. Copies of the best execution and soft dollar policies of Barometer are available upon request.

REVIEW OF ACCOUNTS [Item 13]

Review of Accounts

Security Selection Review

Barometer has a daily investment committee in which each security, portfolio and mandate are



discussed in detail. Investments are measured against our stringent criteria to see if the proposed investment meets our tests and/or an existing investment position continues to meet our parameters. Barometer's Chief Operating Officer, the Director of Compliance may also attend the daily investment committee meeting. The ultimate decision to purchase or sell resides with the key investment professionals.

Trading Review

Every morning, all trades are reviewed by the investment committee, Strategic limits are set for that day's trading and any items that may impact any security are discussed.

Account Review

At regularly held portfolio review meetings, the Portfolio Managers, Client Relationship Managers and Compliance review the current investment strategy, and current holdings in each mandate. Issues such as turnover, security weighting and sector weighting are all reviewed to be sure we are following both firm and client guidelines. Investment Policy Statement changes are reviewed at this time. Our Client Relationship Managers review and rebalance accounts periodically or as required by account or trading activity under the guidance of our Chief Investment Strategist and Chief Portfolio Manager.

Client Reports

Quarterly Investment Management Reports

After the close of each full quarter, clients receive a written report of the valuation of each of the securities in their account (average cost, current market value, yield, and estimated annual income), the asset allocation in the account and Barometer's investment strategy and market outlook. The report also includes performance data for the quarter. Investors in the Pool receive a statement of changes in net assets and a list of holdings.

Client Custodian Statement

The client's custodian provides a monthly statement and may also provide on-line access. Clients are encouraged to compare the account statements from their custodian with those received from Barometer.

CLIENT REFERRALS AND OTHER COMPENSATION [Item 14]

Barometer has in place referral arrangements whereby a third party introduces or refers clients who are interested obtaining the investment advisory services of Barometer or investing in the Pools. Barometer generally pays a referral fee to such introducing parties for their services. Barometer is required to disclose the nature of such referral arrangements, including the referral fees it pays such introducing parties for referring clients to it. Clients will receive a copy of such



disclosure prior to entering into an investment advisory agreement with Barometer and prior to receipt or payment of referral fee if there is a change to the referral arrangement. Details of the referral arrangement, including the fee paid by Barometer to the third party, are disclosed to the clients being referred.

CUSTODY [Item 15]

Client accounts are held in custody with a qualified custodian. The client custodian sends quarterly account statements and we encourage that these statements are reviewed and compared to the quarterly statements that Barometer produces and sends. Barometer does not custody client assets.

INVESTMENT DISCRETION [Item 16]

Accounts are managed on a discretionary basis pursuant to a grant of authority in the advisory agreement. Pursuant to this authority, Barometer has the authority and responsibility to formulate investment strategy on behalf of clients, including deciding which securities to buy and sell, when to buy and sell, and in what amounts, in accordance with agreed-upon objectives. Each account is separately maintained, consistent with Barometer's investment approach and the client's investment goals. Clients may impose reasonable restrictions on the management of their accounts, subject to Barometer's acceptance of these restrictions.

VOTING CLIENT SECURITIES [Item 17]

Barometer generally has discretion in voting the portfolio securities purchased for clients. A perceived conflict of interest arises because of the opportunity for the firm to vote securities or to agree to certain corporate actions in its own interest. To minimize this potential conflict, Barometer maintains proxy voting policies and procedures which explains the firm's process and controls for voting securities in the best economic interest of its clients.

Barometer's proxy voting guidelines are subdivided under the following headings:

- Board of Directors.
- Executive Compensation.
- Takeover Protection and Shareholders Rights.
- Capital Structure.
- Corporate Responsibility in Social and Ethical Matters.

At Barometer our proxy voting policy on ethical issues places long-term shareholder values as the prime consideration. However, this does not preclude voting in favour of proposals that boards of directors recommend against. We believe that proposals that promote greater transparency, a better public image, and higher satisfaction levels among various stakeholders in corporation



can, in so doing, also increase shareholder value, even when the costs of such proposals are taken into account.

The practical application of these principles is done on a case-by-case basis. As in any economical decision, the estimated costs are balanced against the benefits, and the risks against the rewards. Barometer understands that our client's assessments of the cost and benefits in any specific issue may differ from our own. Barometer will, where possible, always vote shares beneficially held by our clients according to their direction should they request it.

Clients may obtain a copy of Barometer's current written proxy voting policies and procedures and/or a copy of the voting activity report for their account, by calling Lorna Pile, Chief Compliance Officer at 416-601-1683, or writing to her at lpile@barometercapital.ca.

FINANCIAL INFORMATION [Item 18]

Barometer does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. Barometer is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to clients, nor has Barometer been the subject of a bankruptcy petition at any time during the past ten years.