



WARATAH

Waratah Capital Advisors Ltd.
1133 Yonge Street – 5th Floor
Toronto, Ontario
M4T 2Y7

Phone: 416-637-5622
Fax: 416-504-7536
www.waratahadvisors.com

Firm Brochure Form ADV Part 2A

This Brochure provides information about the qualifications and business practices of Waratah Capital Advisors Ltd. (“Waratah”). If you have any questions about the contents of this Brochure, please contact us at 416-637-5622. 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.

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

Additional information about Waratah is also available on the SEC’s website at www.adviserinfo.sec.gov.

March 27, 2018

Item 2: Material Changes

Item 2 discusses only material changes since the last annual update of Waratah’s brochure, dated March 29, 2017. Since the date of that brochure, Waratah has added certain risk factors, such as Quantitative Model Risk and Cybersecurity in Item 8.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents.....	2
Item 4: Advisory Business	3
Item 5: Fees and Compensation	6
Item 6: Performance-Based Fees and Side-By-Side Management	7
Item 7: Types of Clients.....	8
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9: Disciplinary Information	12
Item 10: Other Financial Industry Activities and Affiliations	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.	15
Item 12: Brokerage Practices	16
Item 13: Review of Accounts	18
Item 14: Client Referrals and Other Compensation	19
Item 15: Custody	19
Item 16: Investment Discretion	20
Item 17: Voting Client Securities.....	20
Item 18: Financial Information	20
Item 19: Requirements for State-Registered Advisers	20

Item 4: Advisory Business

Waratah Capital Advisors Ltd., a limited company organized under the laws of the Province of Ontario, Canada (“Waratah”, “the Firm”, “our,” or “we”) is a Toronto, Canada based investment manager. Waratah was founded by Brad Dunkley and Blair Levinsky in 2010. Its principal owners are Highbourne Road Capital Corporation., and Mount Slaven Inc.

Waratah provides investment advisory services to pooled investment vehicles (the “Waratah Funds” or the “Funds”) pursuant to separate investment management agreements. The securities of the Waratah Funds are not registered under the Securities Act of 1933, as amended, and the Waratah Funds are exempt from registration under the Investment Company Act of 1940, as amended. The general partners of the Waratah Funds (each, a “General Partner”), each of which is an affiliate of Waratah, have broad discretion under each Waratah Fund’s limited partnership agreement to manage the affairs of the respective Waratah Fund. Pursuant to such discretion, each of the General Partners has engaged Waratah to provide investment advisory services on behalf of the Waratah Fund. In addition, Waratah also manages separately managed accounts (the “SMAs”). Waratah invests primarily in equity securities listed on Canadian and U.S. exchanges, and to a lesser extent in international securities, fixed income securities and preferred shares.

SMA clients currently include a Bermuda domiciled entity and a Cayman Islands entity. Investors in the Waratah Funds (including through feeder funds advised by Waratah) currently include North American and global pension funds, endowments and other institutional investors and North American high net worth individuals. Waratah Funds and SMAs are collectively referred to throughout this brochure as “clients.”¹ For purposes of this brochure, references to “U.S. clients” refers to any SMA clients who are resident in the United States.

The Waratah Funds

As noted above, Waratah provides investment advisory services to the Waratah Funds, each of which has a different strategy, as described below. Access to the Waratah Funds is typically provided through various vehicles depending on the nature and location of the investor and may not in all cases be available to U.S. investors.

Waratah One Fund

Waratah One Fund (“Waratah One”) seeks to maintain a highly diversified low net dollar exposure portfolio of long and short positions in US and Canadian equities. A disciplined multi-factor approach to risk control is used to measure and manage portfolio exposures. To maximize opportunities and to reduce risks in response to market conditions, Waratah actively adjusts the gross and net positions of Waratah One. Waratah One targets low volatility of daily returns and seeks to minimize capital drawdowns by factor balancing, hedging and employing

¹ Investors in the Waratah Funds are not clients of Waratah for purposes of the Advisers Act.



stop-loss limits. Where Waratah is of the view that it would be beneficial, non-equity securities and international equity securities may form part of Waratah One's investment portfolio. In seeking to achieve Waratah One's investment objective, Waratah employs a bottom-up fundamentally driven approach to security selection and portfolio management.

Waratah One X Fund

Waratah One X Fund is a 1.45x levered version of the model Waratah One strategy. As a result, the stock selection and risk management processes employed to manage this fund are identical to the processes employed in Waratah One. The only material difference is that every long and short position present in Waratah One is scaled by 1.45x in order to construct the Waratah One X Fund.

Waratah Performance Fund

Waratah Performance Fund ("Waratah Performance") primarily takes long and short positions in U.S. and Canadian equities. This strategy matches conviction with position size and can build positions up to 10% of the portfolio in a single security. Detailed research driven stock selection combined with active portfolio construction combine to target risk-adjusted returns with lower volatility and drawdowns than North American equity markets. To maximize opportunities and to reduce risks in response to market conditions, Waratah actively adjusts the gross and net positions of Waratah Performance. Waratah Performance also seeks to minimize capital drawdowns by employing rolling "stop-loss" limits. Where Waratah is of the view that it would be beneficial, non-equity securities and international equity securities may form part of Waratah Performance's investment portfolio. In seeking to achieve the Waratah Performance's investment objective, Waratah Performance employs a bottom-up fundamentally driven approach to security selection and portfolio management.

Waratah Income Fund

Waratah Income Fund ("Waratah Income") invests in a portfolio of North American dividend and non-dividend paying equities, fixed income and preferred shares. Waratah Income seeks to invest in growing companies that can increase earnings and dividends and looks for companies with stressed balance sheets and high dividend payout ratios to short. Research driven stock selection, interest rate hedging, rolling stop-losses and active portfolio construction combine to target low volatility of returns and minimize capital drawdowns. Where Waratah is of the view that it would be beneficial, non-equity securities and international equity securities may form part of Waratah Income's investment objective. In seeking to achieve the Waratah Income's investment objective, Waratah employs a bottom up fundamentally driven approach to security selection and portfolio management.



Waratah Energy Fund

Waratah Energy Fund (“Waratah Energy”) is a low net dollar exposure portfolio of long and short positions in US and Canadian energy sector equities. The fund is an automated scaling of Waratah One’s energy basket. A disciplined multi-factor approach to risk control is used to measure and manage portfolio exposures. To maximize opportunities and to reduce risks in response to market conditions, Waratah actively adjusts the gross and net positions of Waratah Energy. Waratah Energy targets low volatility returns and seeks to minimize capital drawdowns by factor balancing, hedging and employing stop-loss limits. Waratah employs a bottom-up fundamentally driven approach to security selection and portfolio management.

Waratah Special Opportunities Fund

Waratah Special Opportunities (“Waratah Special Opportunities”) seeks to produce above market returns by concentrating investments in a select number of opportunities that are researched by Waratah’s investment team. Waratah Special Opportunities seeks to invest in undiscovered and/or misunderstood businesses whose securities are trading well below Waratah’s internal valuations. In certain circumstances Waratah may engage co-operatively or otherwise with management of investee businesses to affect changes that result in unlocking shareholder value.

Waratah can invest up to 100% of Waratah Special Opportunities’ gross asset value in equities, fixed income securities, preferred shares and derivatives. Where Waratah is of the view that it would be beneficial, any other securities may form part of the Waratah Special Opportunities’ investment portfolio. In seeking to achieve the Waratah Special Opportunities’ investment objective, Waratah employs a bottom-up fundamentally driven approach to security selection and portfolio management.

Waratah may at any time adopt new strategies or deviate from the guidelines in the relevant Waratah Fund offering documents. In the event of any material deviation from its current intended strategies, Waratah will advise the General Partner and the Waratah Funds’ investors in writing.

Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Waratah Fund and are set forth in the documentation received by each investor prior to investment in such Waratah Fund. Once invested in a Waratah Fund, investors cannot impose restrictions on the types of securities in which the Waratah Fund may invest.

Waratah also manages a SMA for a client. The Waratah SMA may invest on a pari passu basis with one or more of the Waratah Funds. SMAs may be established to focus on a specific investment opportunity or may be otherwise customized by the SMA client in consultation with Waratah. SMA clients may place restrictions on investing in certain types of securities or certain securities.



We currently do not offer advisory services to U.S. investors through a wrap fee program or participate in any wrap fee program available to U.S. investors.

In addition to registration with the SEC as an investment adviser, Waratah is registered with the Ontario Securities Commission as an investment fund manager, portfolio manager and exempt market dealer and, in the provinces of Quebec, New Brunswick, Nova Scotia, British Columbia, Alberta, Saskatchewan and Manitoba, as an exempt market dealer. As of December 31, 2017, Waratah managed approximately USD \$1.0 billion discretionary assets on behalf of all of its clients (both U.S. and non-U.S. clients). As of December 31, 2017, Waratah did not manage assets on a non-discretionary basis.

Item 5: Fees and Compensation

Certain clients pay to Waratah an asset-based investment management fee (“Investment Management Fee”). Certain clients may also pay an allocation of profits earned in a Waratah Fund or an SMA (the “Profit Allocation”) (which is sometimes referred to in a Waratah Fund’s offering materials as the General Partner’s Allocation). The Profit Allocations charged to the Waratah Funds are paid to the General Partner of the Waratah Fund. Generally, Profit Allocations charged to SMAs are paid to Waratah directly or may be paid to the General Partner of the particular SMA.

For clients invested in the Waratah Funds, the fund administrator calculates the Investment Management Fee payable to Waratah. After advising Waratah of the fee amount, Waratah instructs the administrator to debit the amount from the appropriate Waratah Fund’s account and wires the fees to Waratah. For SMA clients, Waratah generally calculates the fee owing and advises the client who then wires the amount due to Waratah. For other SMA clients, the market values of clients’ accounts generally will be determined using an independent third party service provider, unless Waratah and the client agree on an alternative source.

Waratah or the General Partner of the applicable Waratah Fund may, in its sole discretion, waive all or part of any Investment Management Fee and/or Profit Allocation with respect to certain investors, including employees, officers and affiliates of Waratah.

Generally, Investment Management Fees are paid monthly at the end of each month. The monthly deduction is typically calculated as 1/12 of the annual Investment Management Fee rate multiplied by each client’s month end net asset value. Profit Allocations are based on a share of the profit or loss that is generated in the relevant client account. Profit Allocations charged to the Funds are accrued monthly and paid annually. SMA Profit Allocations are subject to terms of the specific investment management agreements.

Where applicable, taxes are also added to the Investment Management Fees that are paid by clients. Clients are also responsible for custody, brokerage and other transaction fees.



If any advisory relationship terminates other than as of the end of the specified period used to determine the market value of the account for the purposes of calculating compensation, fees will be prorated and an adjustment made by Waratah. If a fee has been paid in advance, the Investment Management Fees will be prorated and a reimbursement will be made by Waratah to the client.

Additional Fees and Expenses: In addition to our Investment Management Fees, investors in the Funds will indirectly bear all costs and operating expenses actually incurred in connection with the business of the Waratah Funds as described in each Waratah Fund's offering materials, including, but not limited to:

- a. administrative fees;
- b. audit fees and tax preparation expenses;
- c. legal fees;
- d. custodial fees, registrar and transfer agency fees and expenses;
- e. insurance premiums related to the Waratah Fund(s);
- f. unit holder communication expenses;
- g. organizational expenses (amortized over five years) of the Waratah Fund, including expenses relating to the offer and sale of interests in the Waratah Fund;
- h. transaction processing system charges and other transaction fees;
- i. regulatory fees and expenses of the Waratah Fund(s);
- j. all reasonable extraordinary or non-recurring expenses;
- k. fees and expenses relating to the Waratah Fund's portfolio investments, including the cost of securities, interest on borrowings net of credits on cash, stock borrow charges, related expenses payable to lenders and counterparties, brokerage fees, commissions and expenses and banking fees.

Certain other expenses borne by Waratah or a General Partner may be reimbursed by the Waratah Fund from time to time.

Waratah does not benefit from transaction and brokerage costs incurred in client accounts except to the extent of "soft dollars". Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.



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

From time to time, Waratah may enter into performance based fee arrangements with U.S. clients in accordance with the conditions and requirements of Rule 205-3 under the Advisers Act. Additionally, non-U.S. clients of Waratah may also be charged a Profit Allocation. Profit Allocations are based on a share of the capital appreciation of the assets of a client and are generally subject to a high water mark, although specific terms of the Profit Allocations are set forth in the applicable advisory agreement. Currently, all of Waratah's clients are charged a Profit Allocation. Waratah may face conflicts of interest in advising accounts that are charged an asset based fee and accounts that are charged a Profit Allocation, including having an incentive to favor accounts charged a Profit Allocation when allocating investment opportunities. Additionally, the Profit Allocations charged by the Waratah Funds may encourage Waratah to take additional risks in making investments in order to increase that fee. However, Waratah has implemented policies and procedures (see item 12 herein regarding trade allocation) that are intended to address these conflicts of interest.

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

Item 7: Types of Clients

Waratah currently provides investment advisory services to the Waratah Funds and a SMA. (See Item 4 for additional information.) Investment advice is provided directly to the Waratah Funds, subject to the direction and control of the General Partner of each such Waratah Fund, and not individually to the investors in the Waratah Funds. Waratah also provides investment advisory services to a SMA. SMA clients currently include a Bermuda domiciled entity. Investors in the Waratah Funds (including through feeder funds advised by Waratah) currently include North American and global pension funds, endowments and other institutional investors and North American high net worth individuals.

Account Minimums: Waratah does not as a matter of policy impose a minimum investment amount for SMAs and assesses each potential engagement on a case-by-case basis. Waratah Funds have minimum investment requirements, which may be waived in the discretion Waratah or the General Partner of the Waratah Fund.

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

Waratah takes both long and short positions in primarily North American equity securities based on fundamental bottom up analysis. Waratah also employs a quantitative driven factor management approach to managing risk.



Security Analysis

Security analysis at Waratah is composed of traditional fundamental analysis including but not limited to:

- Valuation
- Qualitative business evaluation
- Company, peer group and industry research
- Meeting and/or calls with company management
- Review of third party research
- Analysis of consensus opinions and expectations
- Pro forma analysis of various possible alternate company scenarios

Waratah invests in securities in which it believes that it can generate a return for clients. Waratah also selects securities on the basis of managing overall portfolio exposures (see “Risk Measurement” and “Risk Management” for further details.)

Risk Measurement

Waratah employs both a quantitative and subjective approach to measuring risk which is rooted in the management of exposures and specifically factors (or security attributes) between the long positions and shorts positions. After measuring at the single security level and in aggregate at broader portfolio levels, Waratah then assesses which factors or attributes are inadvertent or unintended and then seeks to reduce or balance those factors so as to reduce direct exposure to them and thereby mitigating or dampening influence by them.

Risk Management

Risk control is a key aspect of the investment philosophy at Waratah. Subject to the investment guidelines and restrictions set forth in the offering documents for a Waratah Fund or the governing document of an SMA, Waratah actively seeks to reduce risk and manage volatility on behalf clients on an absolute basis and in response to market conditions in part by some or all of the following:

- a) employing conservative portfolio construction;
- b) adjusting the gross and net position of the Waratah Funds;
- c) undertaking detailed analysis and management of portfolio exposures/factors;
- d) analyzing position and portfolio level VAR trend analysis;
- e) employing stop-loss limits;
- f) maintaining a liquidity bias with portfolio and firm-wide liquidity tests;
- g) prohibiting investments in equity private placements and unlisted equity securities;
- h) hedging foreign currency exposure;



- i) holding weekly risk meetings.

Waratah may alter or introduce additional risk management tests and controls from time to time if it determines that such measures are in the best interests of clients.

Risk of Loss

Investing in securities inherently involves the risk of permanent loss of capital that clients should be prepared to accept. No guarantee or representation is made that a Waratah Fund's or SMA's investment strategy will be successful or that any investment objective will be achieved or avoid incurring losses. There are a number of risks that must be taken into consideration when investing in the Waratah Funds or an SMA including, but not limited to, the risks noted below. The information contained in this brochure is not intended to replace the risk disclosures found in the investment management agreement or offering memorandum. Clients should carefully review the investment management agreement and/or offering memorandum for specific information about relevant risks.

General Economic and Market Conditions

The success of any Waratah investment strategy may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a client's portfolio investments. Unexpected volatility or illiquidity could impair the client's profitability and/or result in losses.

Liquidity of Underlying Investments

Some of the securities in which a Waratah Fund and/or SMA may invest may be thinly traded. It is possible that Waratah may not be able to sell or otherwise dispose of such positions without facing substantially adverse prices. If Waratah is required to transact in such securities before its intended investment horizon, client performance could suffer.

Shorting

Selling a security short ("shorting") involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date. Should the security increase in value during the shorting period, losses will result. There is in theory no limit on potential loss to a portfolio since there is no limit on how much a particular stock price may increase. Another risk involved in shorting is the loss of a borrow, a situation where the lender of the security requests its return prior to the date originally agreed upon. In cases like this, Waratah must either find securities to replace those borrowed or step into the market and repurchase the securities. Depending on the liquidity of the security shorted, if there are



insufficient securities available at current market prices, Waratah may have to pay a higher price for the security in order to cover the short position, resulting in losses.

Currency and Exchange Rate Risks

A client's cash assets may be held in currencies other than the U.S. dollar, and gains and losses from futures contracts and currency forwards will generally be in currencies other than the U.S. dollar. Accordingly, a portion of the income received by the relevant client portfolio(s) will be denominated in non-U.S. currencies. Thus changes in currency exchange rates may affect the value of a client's portfolio expressed in U.S. dollars and the unrealized appreciation or depreciation of investments. Further, client portfolios may incur costs in connection with conversions between various currencies.

Counterparty Risk

To the extent that any counterparty with or through which Waratah engages in trading and/or maintains accounts does not segregate Waratah client assets, such client assets will be subject to a risk of loss in the event of the insolvency of such person. Even where client assets are segregated, there is no guarantee that in the event of such insolvency, clients will be able to recover all of their assets.

Trading Errors

In the course of carrying out trading and investing responsibilities on behalf of clients, employees of Waratah may make "trading errors" — i.e., errors in executing specific trading instructions. Examples of trading errors include: (i) buying or selling an investment asset at a price or quantity that is inconsistent with the specific trading instructions generated by a particular strategy; or (ii) buying rather than selling a particular investment asset (and vice versa). Trading errors are an intrinsic factor in any complex investment process, and may occur notwithstanding the exercise of due care and special procedures designed to prevent trading errors. Waratah considers trading errors to be distinguishable from errors in judgment, due diligence or other factors leading to a specific trading instruction being generated, as well as from unauthorized trading or other improper conduct by employees of Waratah. Waratah has developed policies and procedures designed to identify the facts and circumstances that resulted in the trading error, and to consider Waratah's contractual obligations under the investment advisory agreement with the client and pursuant to applicable law when correcting a trading error. Where Waratah determines appropriate and consistent with its contractual obligations under an investment advisory agreement and applicable law, Waratah may treat a trading error (including those which result in losses and those which result in gains) as for the account of the applicable client.



Leverage

Waratah may use financial leverage by borrowing funds against the assets of certain client accounts, except as otherwise restricted by the guidelines applicable to a Waratah Fund or an SMA. Leverage increases both the possibilities for profit and the risk of loss. In certain adverse circumstances, leverage may result in client accounts losing part or all of their capital.

Trading Costs

Waratah may engage in a high rate of trading activity resulting in correspondingly high transaction costs being borne by client accounts.

The foregoing statement of risks does not purport to be a complete explanation of all the risks of an investment in an SMA or Waratah Fund. Potential Waratah Fund investors should read the Waratah Funds' offering memoranda and consult with their legal, tax and financial advisers, before making a decision to invest in a Waratah Fund.

Quantitative Model Risk

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect. Investments made based on these quantitative methods may perform differently from the market as a whole or from their expected performance for many reasons, including factors used in creating the quantitative model, the relative weights placed on each factor, and changing sources of market returns, among others. Any errors or imperfections in Waratah's quantitative analyses or models, or in the data on which they are based, could adversely affect Waratah's ability to implement such analyses or models effectively, which in turn could adversely affect Waratah's performance. In addition, to the extent that the models require judgment or discretion by an investment professional, the models are subject to the additional risk that any decisions taken pursuant to such judgment or discretion could adversely affect a client account's performance. Models also rely on the proper functioning of hardware and technology, which are subject to disruption risk. There is no guarantee that the hardware and technology on which the models rely will be uninterrupted or error free, or that any defects in such hardware or technology will be able to be corrected in a short time period. There can be no assurance that these methodologies will help Waratah to achieve a client portfolio's investment objective.

Cybersecurity

Intentional cybersecurity breaches include: unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of



customer data or funds, the inability to access electronic systems (“denial of services”), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause Waratah or a service provider to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. In addition, such incidents could affect issuers in which Waratah invests a portfolio, and thereby cause the portfolio’s investments to lose value.

Item 9: Disciplinary Information

No material items exist at this time.

Item 10: Other Financial Industry Activities and Affiliations

General Partners

Waratah has established the below listed affiliates in Canada to serve as General Partners to the Waratah Funds. Each General Partner receives the Profit Allocation, if any, charged to each Waratah Fund.

Waratah Advisors GP I Limited
Waratah Performance Offshore GP I Limited

Each General Partner provides management and administration services to the Waratah Funds and certain operational and other efficiencies with respect to such services. Such General Partners are subject to Waratah’s regulatory oversight and its Code of Ethics but may not be subject to certain of Waratah’s compliance policies and procedures, particularly those adopted to address specific requirements of the Advisers Act not otherwise applicable to the General Partner(s).

Conflicts Relating to the General Partners and Waratah

It is expected that the officers and employees of Waratah responsible for managing a particular Waratah Fund or SMA will have responsibilities with respect to other Waratah Funds and SMAs, including funds and accounts that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees. Waratah generally may, in its discretion, recommend to the Waratah Funds or SMAs or to any portfolio company of any Waratah Funds or SMA that it contracts for services with another portfolio company of the Waratah Funds or an entity with which Waratah, one of its affiliates or any of their personnel has a relationship or otherwise derives a financial or other benefit. When making such a recommendation, Waratah may, because of its financial or other business interest, have an incentive to recommend the affiliate or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.



Conflicts Relating to the Purchase and Sale of Investments

One or more Waratah Funds, SMAs, any entities or accounts organized to make co-investments with the Waratah Funds in selected transactions because of their size or nature, the General Partner of the Waratah Funds and officers and other employees of Waratah and its affiliates and certain related persons may invest in transactions in which a Waratah Fund or SMA participates on the basis described in the Waratah Funds' partnership agreements. Other Waratah Funds may invest in assets eligible for purchase by another Waratah Fund or SMA. The investment policies, fee arrangements, Profit Allocations, investments owned by employees of Waratah, and other circumstances of a Waratah Fund, may vary from those with respect to other Waratah Funds. To the extent the General Partner of a Waratah Fund determines that it is desirable for all or any portion of an investment opportunity to be purchased by third parties, including without limitation investors in such Waratah Fund, strategic partners, other investors or such persons acting as finders or brokers of transactions, such opportunity need not be made available to the Waratah Fund. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Waratah Fund or SMA.

Subject to any requirements of the governing documents of the Waratah Funds or any SMA, opportunities for investments will be allocated among the Waratah Funds and SMAs in a manner that Waratah believes in its sole discretion to be appropriate given factors it believes to be relevant. Such factors may include the investment objectives, geography, nature of the target's business, scale, transaction sourcing, liquidity, diversification, lender covenants and other limitations of any Waratah Fund or SMA and the amount of capital each then has available for such investment. Waratah also reserves the right to make independent decisions regarding recommendations of when a Waratah Fund or SMA should purchase and sell investments. As a result, a Waratah Fund or SMA may be purchasing an investment at a time when another Waratah Fund or SMA is selling the same or a similar investment, or vice versa. One Waratah Fund or SMA may invest in opportunities that another Waratah Fund or SMA has declined, and likewise, such Waratah Fund or SMA may decline to invest in opportunities in which another Waratah Fund or SMA has invested. Conflicts may arise when a Waratah Fund or SMA makes investments in conjunction with an investment being made by another Waratah Fund or SMA. Investment opportunities may be appropriate for a Waratah Fund or SMA and another Waratah Fund or SMA at the same, different or overlapping levels of a portfolio company's capital structure. As another example, if a Waratah Fund is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than a Waratah Fund or an SMA, as an equity owner, may desire. There can be no assurance that the return on a Waratah Fund's investments will not be less than the returns obtained by other Waratah Funds or SMAs participating in the same investment. The appropriate allocation among the Waratah Funds and SMAs of expenses and fees generated in the course of evaluating and making investments often may not be clear, especially where more than one Waratah Fund or SMA participates. For instance, if a Waratah Fund and an SMA are considering making an investment that is not consummated, allocation of the expenses



generated for the account of such Funds (such as expenses of common counsel and other professionals) will be made in good faith.

Conflicts Relating to Third-Party Co-Investment Opportunities

Waratah and/or the General Partner of a Waratah Fund may determine that it is desirable for all or any portion of an investment opportunity to be purchased by third parties, including, without limitation, limited partners, strategic partners, other investors or such persons acting as finders or brokers of transactions.

No investor of a Waratah Fund or SMA has a right to participate in any such co-investment opportunity, subject to any written agreement between Waratah and such investor. Decisions regarding whether and to whom to offer such co-investment opportunities are made in the sole discretion of Waratah. Such co-investment opportunities may be offered to some and not other investors or any Waratah Fund, in the sole discretion of Waratah. Third parties may be offered such co-investment opportunities, in the sole discretion of Waratah. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms thereof, Waratah may consider some or all of a wide range of factors, which may include, but are not limited to, the co-investment party's level of interest in investment opportunities, size and financial resources of the potential co-investment party, Waratah's perception of the co-investment party's ability to efficiently and expeditiously participate in such co-investment opportunity, particularly when the investment opportunity is time sensitive, as is typically the case, whether allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen or cultivate relationships that may provide longer-term benefits to the Waratah Funds or future funds advised by Waratah, past experience with such co-investment party, legal, tax, regulatory, contractual, reporting and other considerations, and any confidentiality concerns Waratah may have that may arise in connection with providing the potential co-investment party with information pertaining to the co-investment opportunity.

Waratah's exercise of its discretion in allocating investment opportunities among the persons, including the Waratah Funds, SMAs, and investors in the Waratah Funds and third parties, may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While Waratah will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Waratah Fund's or SMA's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Waratah may be subject, discussed herein, did not exist.

Conflicts Relating to Existing Investments

Further conflicts may arise once a Waratah Fund or SMA has made an investment in a company in which another Waratah Fund or SMA has also invested, particularly where the Waratah Fund or SMA and such related Fund or SMA invest in different types of securities. For example, questions may arise as to whether payment obligations and covenants should be enforced,



modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. In certain circumstances, one or more Waratah Funds or SMAs may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. Waratah will resolve all such conflicts using its best judgment but in its sole discretion.

Other Conflicts

One or more Waratah Funds and SMAs may hold “plan assets” as such term is defined under the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”). With respect to those plan assets, if any, Waratah may be classified as a “fiduciary” under ERISA. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a Waratah Fund or SMA may be restricted from entering into certain transactions if the investment would violate ERISA with respect to a Waratah Fund or SMA, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to such Waratah Fund or SMA.

Different conflicts may exist with respect to investments in different Waratah Funds and SMAs.

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

Waratah maintains a Code of Ethics, which applies to all employees of Waratah, that regulates the personal securities trading activities of these employees and the trading activity of certain family members and entities (such as corporations, trusts, or partnerships) that employees may be deemed to control or influence. The Code of Ethics was adopted pursuant to Advisers Act Rule 204A-1, and is designed to ensure that all Waratah personnel are in compliance with SEC regulations for registered investment advisers, including compliance with applicable U.S. federal securities laws. The Code of Ethics recognizes that Waratah and our employees have a fiduciary responsibility to our clients. The Code requires that employees place the interests of Clients first, and that any and all personal securities transactions by employees at all times avoid conflicts or potential conflicts of interest between themselves and our clients, and do not abuse their position of trust and fiduciary responsibility. A copy of our Code of Ethics is available to our clients and prospective clients. You may request a copy by email sent to dimitri@waratahcap.com, or by calling us at 416-637-5622.

The Code of Ethics imposes limits on activities of employees of Waratah where the activity may conflict with the interests of clients of Waratah. These include certain personal trading restrictions, prohibitions against buying and selling of any security while either Waratah or the employee is in possession of material, non-public information (inside information) concerning the security or the issuer, and limits on the receipt and solicitation of gifts and on service as a fiduciary for a person or entity outside of Waratah. As a condition of employment, every employee accepts the obligation to comply with the letter and the spirit of the Code of Ethics.



Employees are required to provide confirmations and statements of personal securities transactions, including transactions of immediate family members and accounts over which the employee has investment discretion, to the chief compliance officer. Employees may not buy or sell any security for their own account without clearing the proposed transaction in advance (certain securities are exempted from this pre-clearance requirement).

Waratah may impose sanctions for violations of the Code of Ethics. Sanctions may include bans on personal trading, reductions in salary increases or bonuses, disgorgement of trading profits, suspension of employment and termination of employment.

Waratah or a related person may recommend to clients to buy or sell securities that it buys or sells for itself at or about the same time, or in which Waratah or a related person has a material financial interest. On occasion, Waratah or certain of its personnel may buy or sell securities or such investment products which are recommended to its clients. However, no such trading is permitted where such trading is anticipated to affect the market price of such securities or investment products or in anticipation of the effect of such recommendation on the market price. All Waratah employees are subject to its Code of Ethics, which addresses conflicts of interest which may arise in respect to the recommendation of securities.

Certain Waratah employees and supervised persons may invest in the same securities, that Waratah invests in on behalf of, or recommended to, clients, including at or around the same time, which may create conflicts of interest for Waratah's employees or supervised persons. To address these actual or potential conflicts of interest, Waratah's internal controls, including Waratah's Code of Ethics, are designed to prevent Waratah's employees and supervised persons from buying or selling securities contemporaneously with client transactions in a manner likely to disadvantage the client. Neither Waratah itself nor any General Partners invest in the same securities, or related securities, that Waratah or the General Partner invests in on behalf of, or recommend to, clients, including at or around the same time.

Item 12: Brokerage Practices

Waratah has a duty under the Advisers Act to seek to achieve best execution for its clients' brokerage transactions. Waratah is required to execute securities transactions for its clients such that the net proceeds to the client are the most favorable under the circumstances. Waratah's policy is to select brokers or counterparties to execute client transactions in a manner that is consistent with the best interests of its clients and to employ a trading process that attempts to maximize the value of a client's portfolio within the client's stated investment objectives and constraints. In carrying out this duty, Waratah considers the full range and quality of a broker's services in placing brokerage, including, among other factors, commission rates, financial responsibility and responsiveness. In seeking to achieve best execution, Waratah may not always obtain the lowest possible commission cost.



Consistent with Section 28(e) of the Securities and Exchange Act of 1934, as amended (“Exchange Act”) and subject at all times to its duty to seek to achieve best execution, Waratah may obtain brokerage or research products or services from broker-dealers in connection with placing securities transactions on behalf of clients through “soft dollar” arrangements. This is a benefit to Waratah since Waratah would otherwise have to produce or pay for these services or products. Such products and services may include, but are not limited to, fundamental research reports (both third party and proprietary), technical and portfolio analyses, pricing services, economic forecasting and interest rate projections, historical and statistical securities information and computer software that assist Waratah’s investment management process. During the past fiscal year Waratah obtained the following with client brokerage commissions: Bloomberg terminal access/research and research services from other third parties. Certain of the brokerage or research products or services received with respect to commissions paid by certain accounts may benefit other accounts under the management of Waratah. Broker-dealers who provide such services may receive a commission which is in excess of the amount of the commission another broker-dealer may have charged if in the judgment of Waratah the higher commission is reasonable in relation to the value of the brokerage or research products or services rendered. Waratah may have an incentive to select or recommend broker-dealers based on Waratah’s interest in receiving the research or other products or services which could differ from a client’s interest in receiving most favorable execution. Soft dollar arrangements are internally reviewed, and will be reviewed periodically, to determine if the products or services are needed, whether such products or services provide legitimate assistance in the investment decision-making process, and the reasonableness of the commission paid in relation to the value of the products or services. These benefits are used in the servicing of all client accounts, not just those that paid for the benefit.

If a client prohibits Waratah’s use of such client’s brokerage to purchase legitimate research products or services or limits Waratah to directed brokerage arrangements, Waratah’s clients who do not impose such prohibition or limitation may potentially pay higher commissions on their brokerage due to Waratah’s soft dollar arrangements compared to the commissions paid by clients who do have such prohibition or limitation. In these instances, clients without such prohibition or limitation may pay a commission which may be in excess of the amount of the commission paid by clients with such prohibition or limitation if in the judgment of Waratah the higher commission is reasonable in relation to the value of the legitimate brokerage or research products or services rendered. The research paid for by such clients’ commissions may nevertheless benefit clients who impose such prohibitions or direct the brokerage on their accounts. A client who designates use of a particular broker-dealer should understand, however, that it may lose the possible advantage which non-designating clients derive from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security.

Trade Aggregation and Trade Allocation Policy

Waratah has implemented a policy addressing the fair allocation of investment opportunities among different clients that will participate in such investment opportunities. The policy has



been put in place to address circumstances where: (i) the quantity of a security available at the same price is insufficient to satisfy the requirements of every client; (ii) the quantity of a security to be sold is too large to be completed at the same price; or (iii) the availability of a security (e.g., a new issue) may not be sufficient to satisfy the desired amount for of all clients.

Waratah's policy calls for aggregation of client orders when is it determined that to do so is in the best interests of the clients. A client trade may be aggregated with a trade by another account managed by Waratah only if certain conditions are met. These conditions include: (i) aggregation is consistent with Waratah's duty to obtain best executions; (ii) aggregation is not in conflict with the terms of the relevant investment advisory contracts of each participating client; and (iii) no advisory clients will be favored over any other client. When possible, Waratah will allocate investment opportunities on a pro rata basis by the size of participating client accounts or in proportion to the order size. Executions of aggregated equity trades are typically allocated based on order size (i.e., each client shall be allocated that percentage of the executed order that its order size bears to the total size of the order). Allocated amounts may be rounded to reflect market practices for lot sizes. All accounts generally receive the average price obtained. Execution costs for aggregated equity trades will be allocated pro rata to the participating accounts based, in part, on order size. Trades for accounts of less than 1,000 shares may receive varying allocations intended to reduce the administrative costs on Waratah and the relevant custodian.

Trades in fixed income securities may also be aggregated into a single order if, in Waratah's opinion, there are benefits to the client accounts with respect to liquidity, timing and other factors. For fixed-income aggregated transactions, all accounts receive the same purchase price and any transaction costs are shared pro rata among participating accounts.

However, investment opportunities may be allocated in a manner other than pro rata where circumstances dictate and where Waratah believes such allocation is fair and equitable to its clients.

Item 13: Review of Accounts

The investment portfolios are reviewed by Waratah investment personnel on a regular basis, and the precise frequency of such reviews depends upon the particular investment strategy (and the trading required by such strategy), activity within the account (i.e., additions and withdrawals of funds) and economic or market events affecting the portfolio or strategy. Waratah investment personnel review the performance of client portfolios and their conformity with each Waratah Fund's or SMA's respective investment objectives and policies.

In addition, we also undertake periodic reviews of accounts with SMA clients. The trigger for a review differs by client. Some SMA clients require scheduled reviews on a fixed timetable while other client reviews are scheduled on an ad hoc basis at the request of the client. Waratah may also meet with certain investors in the Waratah Funds from time to time.



A periodic review of an SMA client account generally involves a review of the client's investments and any changes in client investment mandate and/or restrictions. The SMA client's individual statement is the key document discussed in review meetings. SMA client review meetings are conducted by either a member of our Investor Relations team or one of the Waratah principals or both. SMA clients will receive reports with respect to the activities of the SMA in accordance with the terms set forth in the investment management agreement.

Investors in the Waratah Funds will typically receive audited annual financial statements within 90 days of a Waratah Fund's fiscal year end and unaudited semi-annual financial statements within 60 days after June 30th (Canadian funds only). Investors in the Waratah Funds are given the option to receive or not receive annual and interim financial statements.

Item 14: Client Referrals and Other Compensation

From time to time, Waratah may enter into solicitation arrangements with third party firms, pursuant to which Waratah may compensate such firms for client/investor referrals that result in an investment advisory engagement with Waratah or an investment in a Waratah Fund. Waratah pays such compensation to third party firms out of Waratah's own resources, which may include the Investment Management Fees earned by Waratah with respect to the client account. Compensation paid for client/investor referrals does not result in additional costs to clients/investors. Where applicable, all such payments will comply with Rule 206(4)-3 of the Advisers Act.

Item 15: Custody

Waratah U.S. clients typically maintain custody arrangements through independent qualified custodians. Nevertheless, Waratah may in some circumstances be deemed to have "custody" (as defined in Rule 206(4)-2 under the Advisers Act (the "Custody Rule")) of U.S. client securities and funds, even though it does not actually maintain such assets. Offshore advisers registered with the SEC, such as Waratah, are not subject to the Custody Rule with respect to offshore funds. Waratah complies with the Custody Rule to the extent Waratah is deemed to have custody under applicable law.

U.S. client SMAs with respect to which Waratah is deemed to have "custody" will receive account statements, at least quarterly. Such clients may receive account statements from broker-dealers, banks or other qualified custodians. With respect to pooled investment vehicles for which Waratah is deemed to have custody under the Custody Rule, if any, investors will receive annual audited financial statements in accordance with the Custody Rule.

We urge our clients to carefully compare the information provided on their reports from Waratah with the information provided by the statements received from their account custodian to ensure that all account transactions, holdings and values are correct and current. If there are any discrepancies or questions, please contact Waratah and your custodian/broker. We will be happy to assist you in reconciling any differences.



Item 16: Investment Discretion

Waratah has discretionary authority for the Waratah Funds. Waratah receives discretionary authority from separate account clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Waratah typically receives discretionary authority, including a power of attorney, through an investment management or similar agreement between Waratah and the applicable client. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Item 17: Voting Client Securities

Waratah has discretion to exercise voting rights attached to securities owned by the Waratah Funds and neither the Waratah Funds nor their respective investors are able to direct any such vote. Waratah may also be given the responsibility to exercise voting rights with respect to securities held in SMAs, subject to compliance with the terms and provisions of the investment advisory agreement of such SMA.

Waratah has adopted written policies and procedures, pursuant to Rule 206(4)-6 under the Advisers Act, reasonably designed to ensure that it votes client securities in the best interest of clients. Waratah believes that its policy on proxy voting will result in it voting proxies with a view to enhance the value of the securities held in a client's account. The financial interest of its clients is the primary consideration in determining how proxies should be voted. Certain proxy voting proposals may raise conflicts between the interests of Waratah's clients, on the one hand, and the interests of Waratah and its employees, on the other hand. Certain conflicts of interest may also arise as between two or more clients with respect to the same proxy to the extent the outcome of the vote may affect each client differently (i.e. they hold different classes of shares with different rights in the same issuer). Waratah's investment and compliance personnel are responsible for identifying proxy voting proposals that present a material conflict of interest and ensuring that such vote is not improperly influenced by such conflict. Clients may obtain a copy of Waratah's proxy voting policies and procedures upon request. To obtain a copy of Waratah's proxy voting policy or proxy voting results for your account, please contact Waratah at 416-637-5622 or by email at dimitri@waratahcap.com.

Item 18: Financial Information

Item 18 is not applicable to Waratah.

Item 19: Requirements for State-Registered Advisers

Item 19 is not applicable to Waratah.

