

ITEM 1: Cover Page



333 Bay Street, Suite 1140
Toronto, Ontario
M5H 2R2
Canada
Main: 416-342-5624
www.silverheights.com

Form ADV Part 2A
September 26, 2022

This Brochure provides information about the qualifications and business practices of Silver Heights Capital Management Inc. (“Silver Heights”). This Brochure will be provided to you at the time you open your account with us or before we begin providing advice or trading services to you and annually thereafter. If there is a significant change to the information contained in this document, we will provide you with updated information in writing as soon as reasonably possible. If you have any questions about the contents of this Brochure, please contact us at 1-416-342-5624 or at info@silverheights.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Silver Heights is a registered investment adviser; however, registration does not imply any level of skill or training.

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

ITEM 2: Material Changes

This Item 2 discusses material changes made to this Form ADV Part 2A Brochure since the annual updating amendment to this Brochure filed March 31, 2022.

Item 5 has been updated to reflect a revised management fee schedule.

ITEM 3: Table of Contents

ITEM 1:	COVER PAGE.....	1
ITEM 2:	MATERIAL CHANGES	2
ITEM 3:	TABLE OF CONTENTS	3
ITEM 4:	ADVISORY BUSINESS	4
ITEM 5:	FEES AND COMPENSATION	5
ITEM 6:	PERFORMANCE FEES AND SIDE-BY-SIDE MANAGEMENT	5
ITEM 7:	TYPES OF CLIENTS	5
ITEM 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	6
ITEM 9:	DISCIPLINARY INFORMATION.....	11
ITEM 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	11
ITEM 11:	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	12
ITEM 12:	BROKERAGE PRACTICES	14
ITEM 13:	REVIEW OF ACCOUNTS	15
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION.....	16
ITEM 15:	CUSTODY	16
ITEM 16:	INVESTMENT DISCRETION	17
ITEM 17:	VOTING CLIENT SECURITIES	17
ITEM 18:	FINANCIAL INFORMATION.....	17

ITEM 4: Advisory Business

Silver Heights Capital Management Inc. (“Silver Heights”, the “Firm” or “we”) is an investment adviser with its principal place of business in Toronto, Ontario. The Firm was founded in 2006 by Lung-Ming Lam and Kevin Kuebler, each of whom own 50% of the Firm through their personal holding companies.

A discretionary investment management firm focused on achieving superior, long-term risk-adjusted returns through a value-oriented, high-conviction, absolute return (benchmark agnostic) approach, Silver Heights employs bottom-up, fundamentally-driven investment research. The Firm seeks to invest in high-quality businesses, only acquiring shares when prices are below our estimate of the intrinsic value of the business. When such investment opportunities arise, Silver Heights will take meaningful positions, building concentrated portfolios of stocks that can ideally be held for the long term. Silver Heights is focused on capital preservation while growing capital over time. We define risk as the risk of permanent capital impairment.

Silver Heights currently offers its discretionary investment management services on a segregated account basis to private individuals, affluent families, single and multi-family offices and select institutions. When managed on a segregated account basis, the client’s account is managed as a discrete portfolio (“Separately Managed Account”) rather than as part of a pool. The Firm offers a single equity investment philosophy and generally does not tailor this philosophy to the needs of individual clients although Silver Heights, upon client request, will consider specific investment restrictions. Silver Heights does not participate in wrap fee programs. In the future, Silver Heights could offer pooled funds in which certain clients (or non-clients) can invest, although no such pools are available to U.S. Persons as of the date of this Brochure.

As of the date of this Brochure, Silver Heights renders advisory services primarily to clients outside of the United States. Consistent with prior SEC precedent, the substantive provisions of the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”) generally will not apply to Silver Heights’ relationships with its non-U.S. clients, except to the extent required by applicable law.

As of December 31, 2021, Silver Heights managed US\$582.0 million in assets, all on a discretionary basis. This was converted to USD from CAD at 0.7900.

ITEM 5: Fees and Compensation

Management Fee

Silver Heights charges a management fee of 1.5% per annum in consideration for the advisory services provided to its clients. Management fees are payable monthly, in arrears, based on the month-end market value of the Separately Managed Account. Fees are pro-rated on a daily basis for certain cash flows and for the month an account is opened or terminated. Management fees are deducted directly from each client's Separately Managed Account.

We reserve the right to negotiate fees.

Other Fees and Expenses

In addition to the management fee described above, clients generally will incur other direct third party trading and account related expenses, which will include brokerage commissions, custodial charges, costs associated with foreign exchange transactions and other transaction costs and taxes and duties in connection with the implementation of their investment management strategy. For additional information regarding brokerage commissions and other related transaction costs and expenses, please refer to Item 12 – “Brokerage Practices”.

ITEM 6: Performance Fees and Side-by-Side Management

Silver Heights currently does not charge performance-based fees.

ITEM 7: Types of Clients

Silver Heights provides discretionary investment management to private individuals, affluent families, single-and multi-family offices and select institutions. Silver Heights' minimum account size for U.S. accounts is \$5 million. It is at Silver Heights' discretion whether to negotiate minimum account sizes on a case-by-case basis.

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

Investment Strategy

Silver Heights' investment objective is to achieve superior, risk-adjusted returns while preserving our clients' capital and growing it over time. Silver Heights' approach to achieving this objective is to find high-quality companies in which we believe we can meaningfully invest for the long term, purchased at prices that we believe provide a margin-of-safety.

Silver Heights is focused on taking long positions in the equity securities of publicly-traded companies with a focus on North America, but reserves discretion to invest in equities of issuers in other geographic regions, as well as in other types of securities and derivative instruments, or to pursue alternative or supplemental investment strategies (*e.g.*, long-short equities) where deemed appropriate and consistent with its investment mandate. Silver Heights' investment activities involve risk of loss that you should be prepared to bear.

Idea Generation and Investment Research

Silver Heights employs a bottom-up, fundamentally-driven, disciplined research process to find potential investment opportunities. Investment ideas come from multiple sources: we are avid readers and consumers of information (including journals, trade publications, annual reports, research reports, blogs, etc.); we attend conferences and company meetings and meet senior company management. We have industry contacts and our own extensive business network which is often fertile ground for potential investment ideas. In seeking attractive investment opportunities, we look for high-quality companies that we believe demonstrate some or many of the following characteristics:

- Sustainable competitive advantage
- High free cash flow
- High returns on invested capital
- Strong balance sheet
- Good growth prospects
- High insider ownership
- High-integrity management who are skilled capital allocators and well-aligned with shareholders
- Appropriate executive compensation structures that provide the proper incentives

We have developed a "wish-list" of high-quality companies that we like and follow. We do extensive research and due diligence on these companies, have management meetings and/or tours of business operations when appropriate and build proprietary financial models. Companies in our portfolio are regularly monitored and compared against companies on our wish list to assess potential alternative investments.

Company Valuation and Assessment

Silver Heights reviews historical financial information (typically 10+ years, when available, and if deemed appropriate). We estimate the “intrinsic value” of companies by valuing businesses using a discounted cash flow methodology.

We strive to buy shares at a discounted price that provides us with the potential to earn an adequate risk-adjusted return over the long term. We will only purchase a company’s shares when we can do so at a discount to our estimate of intrinsic value.

Portfolio Construction

Silver Heights identifies a number of companies for potential investment and waits for their share price to trade at a level which we believe offers us a sufficient margin-of-safety. We take a disciplined approach to building portfolios for our clients: capital is deployed on a company-by-company basis depending on what is “buyable” at the time a client’s capital is available for deployment. We consider a security to be “buyable” if it meets our minimum quality standards, and the combination of our assessment of its quality and the potential purchase price results in what we believe to be an acceptable forward-looking, risk-adjusted return potential. We build concentrated portfolios (a mature Separately Managed Account will typically hold 10 – 20 stocks). The stocks are not equally weighted, with higher weightings given to what we believe are better-quality and more attractively-priced companies. Portfolios may hold significant amounts of cash which generate minimal earnings. In building a concentrated portfolio, we also seek to take into account intra-portfolio correlations and liquidity considerations.

We monitor investments to determine whether we continue to believe that: 1) the businesses are performing as expected, and 2) the price-to-value equation remains attractive. We monitor client portfolios regularly and consider the change in valuation of the securities in the portfolio to determine whether to trim a position, increase a position, or add a new name, all with a view to enhancing the reward-to-risk ratio when conditions change.

Sell Discipline

Just as Silver Heights is disciplined in buying shares of companies, Silver Heights is careful in making sell decisions. Reasons that shares could be sold include (but are not limited to):

- A fundamental adverse change in the business
- Overvaluation versus Silver Heights’ estimated intrinsic value of the company
- Availability of a perceived superior alternative investment opportunity (*i.e.*, a better reward-to-risk profile)

Certain Risk Factors

“Long-Only” Investment Style. Although Silver Heights can modify its investment program in response to market conditions, it is nonetheless anticipated that client portfolios generally will invest on a “long-only” basis in a limited number of stocks selected by Silver Heights. This is in

contrast to certain alternative investment programs that can also sell certain stocks short and/or establish a “market neutral” position (having neither a long nor a short bias), which will carry different investment risks and benefits than a long-only program. As a result of Silver Heights’ long bias, clients could be more exposed to losses than a long/short or market neutral program in times of general market downturns and when prices of equity securities are declining.

Fundamental Analysis. Silver Heights seeks to measure the intrinsic value of the securities that it purchases for its clients by considering various economic and financial factors from a variety of sources to determine if the security is underpriced or overpriced. In contrast to technical analysis and other alternative analytical methodologies, fundamental analysis does not attempt to anticipate broad market movements or trends, and focuses instead on seeking to ascertain the intrinsic value of specific securities and to identify mispricings that we believe indicate attractive investment opportunities. However, this presents potential risks, as fundamental analysis involves uncertainties, and is subject to error. Stock prices reflect what buyers are willing to pay and sellers are willing to accept, which will not always reflect the intrinsic value of the issuer. As a result, even when the fundamental analysis is sound, the price of a security could rise or fall as a result of overall market movements, sentiment, and macro-economic and other factors, although the fundamental economic and financial factors considered in evaluating its intrinsic value would suggest that the stock’s price should rise.

Concentration Risk. Silver Heights expects its client portfolios to be concentrated, holding investments in a limited number of underlying securities (typically 10 – 20 core positions in a mature account). Due to this concentration, a change to the market value of any individual security will have a greater impact on the value of a client’s portfolio than if the client’s portfolio were less concentrated.

Equity Securities. Silver Heights will trade primarily in equity securities on behalf of its clients. Common stock and similar equity securities generally represent the most junior position in an issuer’s capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if, and to the extent, declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer. The value of equity securities tends to fluctuate in response to specific situations for each company, industry market conditions and general economic environments. The securities of smaller companies can involve more risk, their prices could be subject to more volatility and they can be less liquid (and, therefore, less capable of being monetized for the benefit of clients at a desirable time or price) than larger companies.

Liquidity Risk. Silver Heights can invest in less-liquid securities for which limited trading takes place, which includes (among others) securities of small- to micro-cap companies, public companies whose shares are quoted on the “pink sheets” and traded over-the-counter, and privately-placed securities for which there might be no public market at the time of purchase. The time required to sell or acquire these less-liquid securities will generally be longer than the time required to sell or acquire more liquid securities, making it more difficult to effect transactions in such securities at desired times and/or prices. Market values of less-liquid

securities are potentially subject to greater volatility than the market values of more-liquid securities. In some cases, the disposition of the securities will be dependent upon a subsequent event, such as their listing by the issuer or a major liquidity event (*e.g.*, a sale of the issuer). In addition, Silver Heights might not be able to obtain the same quality and amount of research and public information regarding the finances and operations of the issuers of such securities, which could negatively impact Silver Heights' ability to assess the intrinsic value of such securities. Accordingly, investments in less liquid securities can expose clients to additional risk when compared to investments in the equities of larger public companies.

International Securities and Currency Risk. Silver Heights currently invests primarily in Canada and the U.S., but could determine to invest in the securities of issuers located in other jurisdictions where we believe an attractive investment opportunity exists. Non-U.S. investments are usually denominated in currencies other than the U.S. dollar. In addition to the factors which would normally impact the value of these investments if they were denominated in U.S. dollars, the values of these investments are also subject to changes in the currency exchange rates. The impact of changes in the currency exchange rates on the values of these investments, and on the value of a client's portfolio, could be significant. Although Silver Heights can determine to utilize derivative instruments to hedge against currency fluctuations in a particular case, we are not required to do so, typically have not done so, and there can be no assurance that such hedging transactions, if undertaken, will be effective.

Convertible Securities. Silver Heights can invest on behalf of clients in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that can be converted into or exchanged for a specified amount of common stock of the same, or a different, issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). A convertible security generally will sell at a premium over its investment value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. Some convertible securities are subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a client is called for redemption, the client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the client's portfolio.

Market Risk. Silver Heights' opinions will sometimes differ from the views of the broader market and its investment decisions for clients will be based on its opinions. The value of a

client's portfolio is directly related to the market value of the securities in their portfolio. The market value of the securities will fluctuate with, among other factors: the financial performance of the issuer of the securities; the predominant views of the business and/or its prospects; general economic conditions; conditions in debt, equity, other securities or commodities markets; currency rates; political, economic or social developments; or instability in the relevant capital markets. Over the short to medium term, the value of the client's portfolio could experience very significant volatility.

Individual securities, as well as the overall portfolio, could experience a very significant decline in value. In addition, if Silver Heights' expectations on the pricing of a security are not ultimately realized, clients could fail to realize profits on their investments in such securities, and could be exposed to significant losses.

Market Conditions. The capital markets have experienced great volatility and financial turmoil at certain times. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) have in certain circumstances had a negative effect on market conditions. General fluctuations in the market prices of investments and economic conditions will likely affect the value of the clients' portfolios. Instability in the markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) would likely also increase the risks inherent in a client's investment portfolio and could have a negative impact on the performance of the investments. The clients' investment portfolios also can be affected by deterioration in the capital markets and by market events. Volatility and illiquidity in the financial sector could in certain circumstances have an adverse effect on the performance of client investments.

Cybersecurity Risk and Identity Theft. Silver Heights, its clients and service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Silver Heights and its clients, despite the efforts of the Firm and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Firm and its clients. For example, unauthorized third parties could attempt to improperly access, modify, disrupt the operations of, or prevent access to, the systems of Silver Heights, its clients, their service providers, counterparties or data within these systems. Third parties could also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information to gain access to confidential data. In addition, these systems are susceptible to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

Although Silver Heights has implemented various measures to manage risks relating to these types of events, these systems could still become compromised, become inoperable for extended periods of time or cease to function properly. A successful penetration or circumvention of the security of such systems could result in the loss or theft of data or assets, the inability to access

electronic systems, loss or theft of proprietary information or client or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Firm to incur regulatory penalties or reputational damage, and the Firm or its clients to incur additional costs or financial losses.

Business Impacts and Interruptions. War, terrorism, natural disasters, geopolitical events and uncertainties, public health issues such as COVID-19 (the “coronavirus”) and other business interruptions have caused and could cause damage or disruption to the global economy, and thus could have a material adverse effect on the Firm and its clients’ investments. The Firm’s business operations are subject to interruption by, among others, natural disasters, whether as a result of fire, power shortages, terrorist attacks and other hostile acts, public health issues and other events beyond its control. Such events could result in market interruptions, employee absences or make it difficult or impossible for the Firm to trade or communicate with clients. Should major public health issues, including pandemics, arise, the Firm could be adversely affected. Such events can result in effects including material uncertainty, significant volatility, inability to operate and risks at the level of the broad economy, the financial system, the issuers of the securities in clients’ portfolios, and for Silver Heights. In the event of such a business interruption, the Firm and its clients’ portfolios could incur significant losses.

ITEM 9: Disciplinary Information

Silver Heights is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client’s evaluation of Silver Heights or the integrity of its management. Silver Heights has no such information to report.

ITEM 10: Other Financial Industry Activities and Affiliations

Silver Heights does not have any other financial industry activities or affiliations to report, outside of its advisory business described herein.

ITEM 11: Code of Ethics, Participation or interest in Client Transactions and Personal Trading

Code of Ethics

Pursuant to Advisers Act Rule 204A-1, Silver Heights has adopted a written code of ethics (“Code of Ethics” or the “Code”) that sets forth standards of conduct expected of supervised persons and addresses conflicts that can arise from personal trading.

The Code of Ethics requires all supervised persons to place client interests ahead of the Firm’s interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws. Employees acknowledge their understanding and acceptance of this Code of Ethics upon joining Silver Heights and annually thereafter. Employees who violate the Code can be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the Code of which they become aware.

Conflicts of Interest

Certain inherent conflicts of interest arise from the fact that Silver Heights will carry on substantial investment activities for multiple clients simultaneously. Silver Heights engages in investment transactions for certain of its clients which investments differ from investments made for other Silver Heights clients, even though their investment objectives are the same or similar. This occurs for several reasons, such as different timing of client account opening or funding/withdrawals, as well as differences in client account sizes, investment objectives and guidelines, and various other differences among our clients and their respective accounts. Silver Heights has a conflict of interest in rendering advice to a particular client where the financial benefit from managing another client’s account is greater, which could provide an incentive to favor such other account. The financial benefit from managing a client’s account is impacted by factors including the account size, whether referral fees are incurred, and the fee arrangement with the client. Silver Heights believes that the potential conflicts among client accounts are mitigated by the nature of its investment program, as described above, which generally focuses client investments on a relatively small number of liquid securities, as well as its methodology for allocating investments among client accounts, as described below in Item 12 – “*Brokerage Practices*”.

Familial or other relationships of our personnel, such as a relative that serves on the Board of Directors of a company that is an investment or potential investment for Silver Heights clients, can create conflicts of interest for Silver Heights and its personnel. Silver Heights has policies and procedures to deal with such conflicts as they arise, including scenarios where the Firm or an individual with investment decision making authority comes into possession of material non-public information.

In addition, Silver Heights’ founders and senior employees invest and trade for their own accounts, and invest a significant portion of their personal assets in the same securities held by Silver Heights’ clients, which we believe provides our firm leadership with a strong alignment of interests with our clients. However, as a result, potential conflicts of interest arise between

Silver Heights' clients and Silver Heights or its principals or employees or affiliates with respect to matters such as the allocation of investment opportunities, purchases and sales of securities in connection with particular trading situations and allocation of personnel and resources. Trading by principals and personnel of Silver Heights will be subject to Silver Heights' Code of Ethics and personal trading policy, which seeks to mitigate the conflicts described above by prioritizing client transactions over transactions undertaken by Silver Heights, its principals and its employees. Where employee accounts, other than those of the portfolio managers ("PMs") and principals, are managed by Silver Heights, transactions in these accounts are prioritized in the same manner as transactions for all other client accounts.

Personal Securities Transactions

The Code of Ethics establishes guidelines for personal trading requirements, insider trading, reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Under the Code of Ethics, Silver Heights' employees are required to file certain periodic reports (*i.e.*, monthly reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest) with the Chief Compliance Officer, as required by Advisers Act Rule 204A-1. Silver Heights' personal trading policies are designed to ensure that no client is disadvantaged by the transactions executed by any employee and that no employees misappropriate any benefit properly belonging to any client. A copy of the Code of Ethics will be provided to clients upon request by contacting 1-416-342-5624 or at info@silverheights.com.

Insider Trading Policy

Silver Heights' employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding securities or communicating material non-public information to others. Silver Heights manages the potential conflicts of interest inherent in employee trading by strict enforcement of its Code of Ethics.

Principal, Agency Cross and Cross Transactions

As a matter of policy, Silver Heights does not knowingly cause client accounts to effect transactions in which a client purchases securities from, or sells securities to, Silver Heights or its principals or affiliates (*i.e.*, principal trades). Silver Heights can effect transactions in which a client purchases securities from, or sells securities to, another client (*i.e.*, cross trades) where it determines that such trades are in the interest of both clients and otherwise comply with the Firm's Code of Ethics, although it is anticipated that cross trades will not occur frequently.

Trade Errors

Although they are not expected to occur frequently, trading errors from time to time occur with respect to client accounts. Such errors could include, but are not limited to, purchases or sales of the incorrect security, an incorrect order size or order type (*e.g.*, "buy" versus "sell"), execution of orders that would contravene client instructions or guidelines, or other similar errors. Upon identifying a trade error in respect of a client account, Silver Heights' policy is to, where possible and practical, promptly correct the error in a manner that places the client in the same position

they would have been in had the error not occurred. If the error resulted from Silver Heights' gross negligence, then it will generally bear any losses associated with correcting the error, while the client will generally retain any gains that result from the error or its correction.

ITEM 12: Brokerage Practices

Silver Heights will generally recommend a custodian for its client accounts, but in its discretion, can agree to a different custodian selected by the client.

Generally, unless otherwise agreed in a particular case, Silver Heights will be responsible for selecting the executing brokers to be utilized for client account transactions, and clients will not be permitted to direct Silver Heights' selection of such brokers. Silver Heights selects broker-dealers for trade execution with the best interest of its clients being the paramount consideration. Silver Heights seeks to obtain execution of transactions in a manner that achieves the best qualitative execution for clients while considering the full range and quality of a broker-dealer's services including, but not limited to, the quality of research received, access to issuers, competitive commission costs, financial soundness and demonstrated execution capabilities.

Silver Heights directs transactions to broker-dealers with the understanding that the broker-dealer could apply a portion of the commissions paid by clients towards research and other brokerage-related products and services that benefit Silver Heights in the management of client accounts. These products and services are part of the investment process and Silver Heights believes that, as such, they will generally benefit all clients. As a general matter, Silver Heights only uses client commissions to acquire research and brokerage services that are eligible as such for purposes of the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, as amended. This safe harbor allows an investment adviser to pay for certain research and brokerage services with commission dollars generated by client transactions.

Silver Heights receives a benefit from these research and brokerage services, particularly to the extent it uses soft dollars to pay for research or other expenses for which it would otherwise be required to pay. To the extent that Silver Heights receives the benefits of such services, a potential conflict of interest exists between Silver Heights' duty to seek best execution, and Silver Heights' desire to receive the potential benefits of these research and brokerage services. This gives Silver Heights an incentive to select certain brokers to execute client transactions, based upon the other research and brokerage products and services that they provide, rather than based solely upon the price or quality of their execution services.

Although Silver Heights believes that its use of "soft dollars" to obtain research or brokerage services benefits clients generally, in some cases a particular item that Silver Heights receives for conducting transactions in a particular client account could benefit other accounts and the particular account whose trades allowed Silver Heights to acquire that item might not benefit from it. Because Silver Heights views research and brokerage services as a general benefit that assists Silver Heights in fulfilling its overall duty to clients, it does not attempt to track or allocate the benefits of research or brokerage services it receives to the commissions associated

with a particular account or group of accounts. However, certain clients could bear more of the cost of soft dollar arrangements than other clients.

In the last fiscal year, Silver Heights has acquired research reports including information on individual companies, industries and the economy, discussions with research analysts, meetings with corporate executives and attendance at industry conferences with the brokerage commissions generated by its clients. In connection with its utilization of these soft dollar benefits, Silver Heights has made a good faith determination that the commissions payable to the broker providing such benefits are reasonable in relation to the value of the services provided by such brokers.

Silver Heights monitors trade execution and commissions paid on an ongoing basis to ensure that commissions paid are reasonable in relation to the combined value of research and brokerage services provided by the brokers-dealers. In addition, the Chief Compliance Officer and PM meet semi-annually for a formal review of the commissions paid during the period.

Silver Heights has no affiliated broker-dealers.

Silver Heights has established policies intended to fairly allocate investment opportunities across client accounts, with the goal of ensuring that all clients are treated fairly and equitably over time and that no client is systematically disadvantaged by the aggregation, placement, or allocation of orders. Investment allocations are determined, at the relationship level, prior to submitting the trade to a broker for execution. In certain circumstances, partial orders could be placed in advance of allocation determination where we think that this is in the best interest of the clients. Once an order is filled, the trades are processed into client accounts using the average price obtained on the entire order. In situations where an order for multiple clients is only partially filled, Silver Heights endeavours to distribute the securities purchased on a pro-rata basis among clients. Where a strict pro-rata allocation is not practical, orders will be allocated on a basis believed to be fair and equitable to clients over time.

ITEM 13: Review of Accounts

All accounts are monitored regularly by the applicable PM to determine whether to trim a position, increase a position, or add a new name, all with a view to enhancing the reward-to-risk ratio when conditions change. Silver Heights provides quarterly written reports to clients. These reports include a portfolio valuation showing the holdings of the client's Separately Managed Account at the end of the quarter and, for clients of greater than one year, reporting of the performance since inception. Clients also receive statements directly from their custodian and are encouraged to compare these two statements for consistency and accuracy.

Silver Heights generally meets with clients annually to review the performance of their investments, discuss portfolio holdings and to update client information (except in instances where the client has indicated a preference for less frequent reporting).

ITEM 14: Client Referrals and Other Compensation

Silver Heights does not receive economic benefit from any third party for advisory services to U.S. clients.

Silver Heights has an introduction agreement with Steven N. Friedman and a FINRA-regulated broker-dealer (“the Broker”). Under this agreement, Mr. Friedman will be compensated for the successful introduction of certain potential investors, primarily institutions and family offices, to Silver Heights. Under the introduction agreement, Mr. Friedman will be operating in his capacity as a registered representative of the Broker. Separately, Mr. Friedman is President of Santangel’s Review, LLC, a firm that seeks to introduce investors and capital allocators. Mr. Friedman is not an employee of Silver Heights, and Silver Heights does not have any agency, partnership, or joint venture relationship with Mr. Friedman, Santangel’s Review, LLC or the Broker. As compensation for the services rendered under the introduction agreement, Silver Heights will pay a referral fee, calculated as a percentage of the investment management fees received from each investor introduced under the agreement, for so long as such investor remains a client of Silver Heights. Any compensation paid under this introduction agreement will not result in higher investment management fees being paid by any Silver Heights client, although as noted in Item 5, Silver Heights can negotiate fees with each client such that some clients who are introduced by Mr. Friedman could pay more (or less) than other clients. Silver Heights could benefit by generally raising assets (with commensurate fees), however, because Silver Heights generally will pay a portion of its fees with respect to introduced clients to the Broker and/or Mr. Friedman, the financial benefit to Silver Heights from managing an introduced client’s account will be lower than the financial benefit from managing some other client accounts. While additional accounts could compete for similar investment and trading opportunities, Silver Heights believes that the potential conflicts among client accounts are mitigated by its practice of investing client accounts in a similar manner, focusing client investments in a relatively small number of liquid securities, as well as its methodology for allocating investments among client accounts fairly and equitably over time, as described in Item 12 – “*Brokerage Practices*”.

The introduction agreement will be disclosed to introduced investors prior to their engaging Silver Heights to provide investment management services.

ITEM 15: Custody

Silver Heights generally is deemed to have custody of its U.S. clients’ funds and securities, for purposes of Advisers Act Rule 206(4)-2 (“Custody Rule”), solely due to Silver Heights’ ability to withdraw its management fee from client accounts. U.S. client funds and securities are maintained by one or more qualified custodians as defined in the Custody Rule.

Clients receive at least quarterly statements from the qualified custodian that holds and maintains the client’s investment assets.

Silver Heights urges each client to carefully review such statements and compare such official custodial records to any account statements that Silver Heights provides such client. Silver

Heights' statements will sometimes vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities, but the client is encouraged to call any discrepancies to Silver Heights' attention.

ITEM 16: Investment Discretion

Silver Heights manages client accounts on a discretionary basis, which means that Silver Heights has the ability to determine the securities to be purchased or sold for each client account. This authority is granted in written managed account agreements with each client. Silver Heights exercises this discretion in a manner consistent with the client's investment policy statement and considering the investment objectives of each client. On occasion, clients provide specific restrictions on transactions in individual securities or industries.

ITEM 17: Voting Client Securities

Clients authorize Silver Heights to exercise any voting rights attached to any of the securities in the client accounts that Silver Heights is managing pursuant to the terms of the investment advisory agreement entered into between Silver Heights and the client. Pursuant to Advisers Act Rule 206 (4)-6, the Firm has adopted policies and guidelines to ensure that proxies are voted in the best interest of clients and to address conflicts of interest between the Firm and clients with respect to voting their securities. This will generally mean voting proxies with a view to enhancing the value of the shares or securities managed by Silver Heights. Clients do not direct specific proxy votes for the securities held in their accounts.

Clients can obtain a copy of Silver Heights' complete proxy voting policies and procedures and/or information about how Silver Heights voted any proxies on behalf of their account(s) upon request by contacting 1-416-342-5624 or at info@silverheights.com.

ITEM 18: Financial Information

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