

# CONNOR, CLARK & LUNN INVESTMENT MANAGEMENT LTD.

## Firm Brochure (Part 2A and 2B of Form ADV)

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## CONNOR, CLARK & LUNN INVESTMENT MANAGEMENT LTD.

This brochure provides information about the qualifications and business practices of Connor, Clark & Lunn Investment Management Ltd. If you have any questions about the contents of this brochure, please contact us at: 604-685-2020, or by email at: [more\\_info@cclgroup.com](mailto:more_info@cclgroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Connor, Clark & Lunn Investment Management Ltd. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**March 31, 2023**

## 2. MATERIAL CHANGES

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### **ANNUAL UPDATE**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **MATERIAL CHANGES SINCE THE LAST UPDATE**

- Item 7 has been updated to further clarify the market impact component as it relates to Transactions Cost.
- Item 9 has been updated to include additional risks to which the Account / Fund may be subject to.
- Item 11 has been updated to include one additional entity.

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### **FULL BROCHURE AVAILABLE**

This Firm Brochure contains both Part 2A and 2B of our Form ADV Part II.

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## 4. ADVISORY BUSINESS

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### FIRM DESCRIPTION

Connor, Clark & Lunn Investment Management Ltd., (“CC&L” or “the Firm”) is a discretionary asset manager registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940. CC&L was founded in 1982.

CC&L is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products.

As of the date of this Brochure, CC&L renders advisory services primarily to clients outside of the United States. Accordingly, the description of CC&L’s advisory business contained herein relates primarily to its business outside of the United States. However, 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 CC&L’s relationship with its non-U.S. clients, except to the extent otherwise required by applicable law.

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### PRINCIPAL OWNERS

Connor, Clark & Lunn Investment Management Partnership (the “Partnership”) is the sole shareholder of CC&L. The partners of the Partnership are also directors and/or officers of CC&L. Connor, Clark & Lunn Financial Group LP is the only partner that holds greater than 25% of the Partnership. Connor, Clark & Lunn Financial Group LP is wholly owned by Connor, Clark & Lunn Financial Group Ltd.

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### TYPES OF ADVISORY SERVICES

CC&L’s asset management services include: equity, fixed income, balanced and alternative solutions including portable alpha, market neutral and absolute return strategies.

As of December 31, 2022, CC&L had U.S \$37.2 billion in regulatory assets under management.

CC&L also offers its asset management services to certain financial institutions and dealers which operate managed account platforms where the financial institution or dealer will implement model portfolios provided by CC&L in their client accounts. In these instances, CC&L provides a portfolio model to the client on a regular basis and is not responsible for the execution of trades or the ongoing monitoring of the underlying portfolios. As a result, these assets are not included in the regulatory assets under management.

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### TAILORED RELATIONSHIPS

CC&L acts as a discretionary investment adviser to various collective investment vehicles, including private investment funds, in which the fund’s investment strategy may not be customizable.

In addition to managing collective investment vehicles (the “CC&L Funds”), CC&L also offers discretionary advisory services to managed accounts (the “Client Accounts”), which may be owned by private investment funds sponsored by third party or affiliated advisers or other clients. The goals and

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## CONNOR, CLARK & LUNN INVESTMENT MANAGEMENT LTD.

objectives for each client are documented in our client relationship management system. The terms, nature and scope of such advisory services may be negotiated by CC&L and the applicable client, based on the client's specific financial and investment objectives, risks and goals.

Agreements may not be assigned, other than in some cases to an affiliate of CC&L, without client consent.

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### WRAP FEE PROGRAMS

CC&L participates as a model portfolio provider to wrap fee managed account programs sponsored by third-party financial institutions that is not affiliated with the Firm. In these cases, CC&L provides a model portfolio to the third-party financial institution on a regular basis, and such financial institution will implement the model portfolio for client accounts participating in the program. CC&L does not accept discretion over, and is not responsible for executing trades in, the client accounts participating in such wrap fee managed account programs. CC&L is compensated for its services to such wrap fee program clients with a fee based on the amount of assets of clients participating in the program that are invested according to the model the Firm delivers.

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### TYPES OF AGREEMENTS

The following agreements define the typical client relationships.

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### INVESTMENT MANAGEMENT AGREEMENT OR MANAGED ACCOUNT AGREEMENT

An *Investment Management Agreement* or *Managed Account Agreement* is executed between CC&L and its clients. The annual fee for an *Investment Management Agreement* or *Managed Account Agreement* is negotiable, and depends on the investment mandate for which CC&L is retained.

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### TERMINATION OF AGREEMENT

A Client may terminate any of the aforementioned agreements at any time by notifying CC&L in writing. If the client made an advance payment, CC&L will refund any unearned portion of the advance payment.

CC&L may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, CC&L will refund any unearned portion of the advance payment.

## 5. FEES AND COMPENSATION

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### DESCRIPTION

CC&L bases its fees on a percentage of assets under management. All client contracts will include a fee schedule agreed to by the client and CC&L. Clients are charged according to the standard fee schedules for standard client mandates. Clients with different mandates may have a different fee schedule. Performance fees may be applicable at the pooled investment vehicle level or at the client account level and are in accordance with the written agreement between CC&L and the client.

Fees are negotiable, but may be subject to contractual restrictions on CC&L from existing clients.

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## **FEE BILLING**

Investment management fees are typically billed quarterly, in arrears. In a limited number of cases, clients are billed monthly or annually. In a limited number of cases, clients are billed in advance. Payment in full is expected within 30 days of receipt of the invoice. Fees may be deducted from a client's account if the client has provided written instruction to their custodian to accept invoices directly from CC&L.

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## **OTHER FEES**

Custodians may charge transaction fees on purchases or sales of certain securities and pooled investment vehicle units. Transactions are also subject to transaction costs as outlined in Section 7.

See Item 4 for a discussion of the fees associated with wrap fee managed account programs advised by CC&L. The wrap fee program sponsor's brochure will describe the amount or the range of fees the sponsor pays to CC&L.

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## **PAST DUE ACCOUNTS**

CC&L will charge interest on overdue accounts at a rate of 2% per month (24% per annum).

# **6. PERFORMANCE-BASED FEES**

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## **PERFORMANCE-BASED FEES**

CC&L has a performance based fee schedule with some clients. This schedule incorporates a base fee percentage, plus a periodic adjustment based on positive performance in excess of the benchmark or hurdle rate. The performance fee is negotiated with the client and set out in the Managed Account Agreement entered into with the client.

# **7. TRANSACTION COSTS**

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## **DESCRIPTION**

Where clients settle their subscription or redemption of units/interests in CC&L pooled investment vehicles for cash, in accordance with its Subscription and Redemption Policy, CC&L may address the related transaction costs for subscriptions and redemptions of a certain size by applying a fixed anti-dilution levy against the net amount of the transaction.

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Transaction costs include items such as brokerage commissions, ticket charges, valuation charges, clearing fees, sales tax, value added tax, stamp charges and other charges incurred by the fund as well as the market impact arising from the investment of subscription proceeds (or the funding of a redemption). Market impact estimates may include bid/ask spreads and estimated short term price movements that result from CC&L's trading.

#### **FIXED ANTI-DILUTION LEVIES**

Any fixed anti-dilution levy applied by CC&L in respect of a subscription or redemption is based on a good faith determination of the representative average transaction costs related to such subscription or redemption, taking into consideration the asset class and securities being traded, and is applied against the subscription or redemption of the transacting unitholder for the benefit of the fund, not CC&L.

At least annually, CC&L will review and potentially amend the amount of each pooled investment vehicle's fixed anti-dilution levies, as well as any thresholds associated with applying such fixed anti-dilution levies, based on a number of factors, including but not limited to: the markets where the fund is trading and any changes thereto, current market conditions, liquidity, the size of the fund, and input from the portfolio managers at CC&L. The current threshold and amount of the fixed anti-dilution levies for each CC&L pooled investment vehicles is maintained by CC&L and is available upon request.

## **8. TYPES OF CLIENTS**

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#### **DESCRIPTION**

CC&L provides asset management services to various clients types, including, but not limited to, pension fund sponsors, group retirement plans, governments, corporations, Indigenous groups, not-for-profit organizations and is also acts as an adviser or sub-advisor for various collective investment vehicles, including U.S. private investment funds. The commingled investment vehicles issue units, shares or interests in comingled investment vehicles to investors, and the units, shares or interests are may not be offered for sale by way of a prospectus. The entities may not be "reporting issuers" under the securities laws of the jurisdictions where the investors are resident.

CC&L also provides model portfolios to third-party financial institutions, for use in managing client assets through wrap fee managed account programs. In these cases, contact with the client is generally handled by the sponsoring financial institution.

Client relationships vary in scope and length of service.

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#### **ACCOUNT MINIMUMS**

The normal minimum account size is \$10,000,000 of assets under management. For clients for whom the minimum investment is not attainable there may be pooled vehicles available. Minimum investment amounts for the CC&L Funds are disclosed in their offering documents.

There is no minimum annual fee charged.

CC&L has the discretion to waive the account minimum.

## 9. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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### METHODS OF ANALYSIS

CC&L offers investment solutions spanning public financial markets. These include a range of fixed income, equity, and multi-asset portfolios along with alternative solutions which include equity extension, multi-strategy market neutral as well as portable alpha strategies. Canadian equities are managed through both fundamental and quantitative approaches. Foreign equity solutions are managed through an integrated quantitative global framework. A fundamental process is used for fixed income mandates. CC&L employs both quantitative and fundamental techniques for its absolute return strategies.

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### INVESTMENT STRATEGIES

Each of our investment teams is focused on assessing investment opportunity and risk. We follow a disciplined approach to portfolio management based on rigorous financial, economic and fundamental company analysis, incorporating proprietary risk management tools.

Research is integrated with portfolio management at CC&L and is focused on developing and enhancing structured approaches to adding value in the financial markets. Our investment analysis is rooted in fundamental investment disciplines. We conduct detailed, broad economic analysis as well as specific asset class, country, industry and individual security research. Our use of in-house databases, systems and proprietary risk models provides rigor and discipline to our decision-making.

The CC&L Fundamental Equity Team follows a process that is a disciplined, fundamental bottom-up approach to stock selection combining macro insights, in-house research and evaluation of a company's management. The emphasis is to uncover investment opportunities in stocks that offer strong growth prospects at attractive valuations. A rigorous target- price approach reinforces our buy/sell discipline.

CC&L also offers a quantitative (Q) family of strategies. CC&L's family of Q strategies follows an objective process that uses quantitative techniques to capture informational and behavioral inefficiencies across the global equity universe. CC&L also applies its quantitative techniques to active extension (i.e.: 160/60) and absolute return oriented management, including market neutral equity strategies.

The CC&L fixed income process seeks to add value across a number of diverse strategies within the fixed income market. The Fixed Income Team manages core, long-term, short-term and core plus strategies, including high yield and portable alpha strategies, as well as custom duration matching mandates. The team also applies its corporate credit capabilities across a wide range of both traditional bond mandates and alternative investment vehicles.

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### RISK OF LOSS

The principal risks of a Client Account, holding investments directly or through a Fund are identified below. Each Client Account may be subject to additional risks other than those described.

Although all securities investments involve the potential loss of capital, the Account/Fund will employ investment strategies and techniques whose risks may increase during periods of unusual speculative activity or market volatility. The following risks are listed in alphabetical order and may not include all the risks to which the Account/Fund may be subject.

### Changes in Laws

There can be no assurance that laws, including Canadian and foreign laws, and including securities, investment and tax laws, and the administrative policies and practices of governments or regulators, will not be changed in a manner that may adversely affect the Client Account.

### Commodity Risk

Accounts/Funds that invest in natural resource companies or in income or royalty trusts based on commodities, such as oil and gas, will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move dramatically in short periods of time. In addition, new discoveries or changes in government regulations can affect the price of commodities.

### Concentration Risk

An Account/Fund may concentrate its investments in a relatively small number of securities, certain sectors or specific regions or countries. This may result in higher volatility, as the value of the Account/Fund will vary more in response to changes in the market value of these securities, sectors, regions or countries.

### Counterparty Risk

The Account/Fund may be subject to certain counterparty risks relating to its prime brokerage arrangements or the entering into of derivatives transactions:

Derivative counterparty risk is the risk of credit failure or the inability of, or refusal by, a counterparty to a derivatives transaction to perform its obligations with respect to such transaction, which could subject the Account/Fund to substantial losses.

Prime broker risk exists where the assets of the Account/Fund are held in one or more margin accounts with a prime broker as a result of the Account/Fund borrowing cash for investment purposes, selling securities short or posting margin as collateral for specified derivatives transactions. These margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. In the event that the prime broker experiences severe financial difficulty, the Account/Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker's business is restructured or liquidated, resulting in a potential loss to the Account/Fund's investment due to adverse market movements during the period when the positions cannot be traded. Furthermore, if the prime broker's pool of customer assets is determined to be insufficient to meet all claims, the Account/Fund could suffer a loss.

### Credit Risk

Credit risk is comprised of default risk, credit spread risk, downgrade risk and collateral risk. Each can have a negative impact on the value of a debt security held by the Account/Fund.

Collateral risk is the risk that the value of any assets securing an issuer's obligation may be deficient or difficult to liquidate. As a result, the value of those debt securities may decline significantly in value.

Credit spread risk is the risk that there will be an increase in the difference between the interest rate of an issuer's bond and the interest rate of a bond that is considered to have little associated risk (such as a government guaranteed bond or treasury bill). The difference between these interest rates is called a "credit spread". Credit spreads are based on macroeconomic events in the domestic or global financial markets as well as company specific factors. An increase in credit spread will decrease the value of debt securities.

Default risk is the risk that the issuer will not be able to pay the obligation, either on time or at all. Generally, lower quality debt securities involve a greater risk of default on interest and/or principal payments.

Downgrade risk is the risk that a specialized credit rating agency, such as DBRS Limited, Standard & Poor's or Moody's® Investor's Services Inc., will reduce the credit rating of an issuer's securities. Downgrades in credit rating will decrease the value of those debt securities.

#### Currency Risk

The Account/Fund will invest all or substantially all of its assets in accordance with their investment objectives and strategies. If allowed under the terms of your mandate, forward currency contracts and options may be utilized on behalf of the Account/Fund by CC&L to hedge against currency fluctuations, however CC&L is not required to hedge and there can be no assurance that such hedging transactions, even if undertaken, will be effective.

#### Cyber Security Risk

As the use of technology has become more prevalent in the course of business, the Account/Fund is potentially susceptible to operational risks through breaches of cyber security. A breach of cyber security refers to both intentional and unintentional events that may cause the Account/Fund to lose proprietary information, suffer data corruption or lose operational capacity. This, in turn, could cause the Account/Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to the Account/Fund's digital information systems (e.g. through "hacking" or malicious software coding) but may also result from outside attacks, such as denial of service attacks (i.e. efforts to make network services unavailable to intended users). In addition, cyber security breaches of the Account/Fund's third party service providers (e.g. trustees and custodians) or companies that the Account/Fund invests in can also subject the Account/Fund to many of the same risks associated with direct cyber security breaches.

#### Derivatives Risk

If allowed under the terms of your mandate, CC&L may invest in complex derivative instruments that seek to modify or emulate the investment performance of particular securities, commodities, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk. These investments are all subject to risks that can result in a loss of all or part of an investment, such as interest rate and credit risk volatility, world and local market economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify the impact of market movements and result in losses greater than the amount of the investment. Some of the markets in which derivative transactions are effected are over-the-counter or interdealer markets. The participants in such markets are typically not subject to regulatory oversight as are participants of exchange-based markets. CC&L is not restricted from dealing with any particular counterparty or from concentrating all of their transactions with one counterparty.

#### Developed Countries Risk

Investments in a developed country may subject the Account/Fund to regulatory, political, currency, security, economic and other risks associated with developed countries. Developed countries generally tend to rely on services sectors (e.g. the financial services sector) as the primary means of economic growth. A prolonged slowdown in service sectors is likely to have a negative impact on the economies of certain developed countries, although individual developed country economies can be impacted by slowness in other sectors. In the past, certain developed countries have been targets of terrorism. Acts of

terrorism in developed countries or against their interests may cause uncertainty in the financial markets and adversely affect the performance of the issuers to which the Fund may have exposure. Heavy regulation of certain markets, including labour and product markets, may have an adverse effect on certain issuers. Such regulations may negatively affect economic growth or cause prolonged periods of recession. Many developed countries are heavily indebted and face rising healthcare and retirement expenses. In addition, price fluctuations of certain commodities and regulations impacting the import of commodities may negatively affect developed country economies.

#### Emerging Markets Risk

Emerging markets are more likely to experience political, economic and social instability and may be subject to corruption or have lower business standards. Instability may result in the expropriation of assets or restrictions on payment of dividends, income or proceeds from the sale of securities held by the Account/Fund. Furthermore, accounting and auditing standards and practices may be less stringent than similar standards in developed countries resulting in limited availability of information relating to the Account/Fund's investments. Emerging market securities may also often be less liquid and custody and settlement mechanisms may be less developed in emerging market countries, resulting in delays and the incurring of additional costs to execute trades of securities.

#### Equity Investment Risk

Companies issue equities, or stocks, to help finance their operations and future growth. When the Account/Fund purchases equities it becomes a part owner in these companies. The price of a stock is influenced by the company's performance outlook, market activity and the larger economic picture. When the economy is expanding, the outlook for many companies will generally be good and the value of their stocks should rise. The opposite may also be true. Usually, the greater the potential reward, the greater the risk. For small companies, startups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. The share price of such companies is often more volatile than the share price of larger, more established companies. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance. Dividend paying equity securities and certain convertible securities may also be subject to Interest rate risk.

#### Fixed Income Investment Risk

Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial and political conditions may affect the value of government securities. Since the Account/Fund's market value is based on the value of its investments, an overall decline in the value of its fixed income investments will reduce the value of the Account/Fund and therefore, the value of your investment. Conversely, your investment will be worth more if the value of the fixed income investments in the portfolio increases.

An investment in the Account/Fund should be made with an understanding that the value of the debt securities in the Account/Fund's portfolio will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. The value of the bonds held by the Account/Fund will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness.

### Foreign Investments Risk

The Account/Fund may invest in securities sold outside Canada and the U.S. and may invest in emerging markets. The value of foreign securities, and the market value of the Account/Fund that holds them, may fluctuate more than Canadian and U.S. investments because:

- Companies outside Canada and the U.S. may not be subject to the same regulations, standards, reporting practices and disclosure requirements that apply in Canada and the U.S.;
- Some foreign markets may not be as well regulated as Canadian and U.S. markets and their laws might make it difficult to protect investor rights;
- Political instability, social unrest, diplomatic developments or political corruption in foreign countries could affect foreign securities held by the Account/Fund;
- There is a chance that foreign securities may be highly taxed or that government imposed exchange controls may prevent the Fund from taking money out of the country;
- Companies in emerging markets often are relatively small, lack lengthy operating histories, have limited product lines, markets and financial resources and are often traded only through foreign stock exchanges; and
- Changes to foreign currency exchange rates will affect the value of foreign securities held by the Fund.

### Foreign Taxes

Dividends and other distributions, including deemed dispositions, from the Account/Fund's portfolio securities may be subject to taxes in respect of which investors may not receive a full or any deduction from their local income nor a full or any foreign tax credit against their local income tax liability. The Account/Fund intends to conduct its business so that it will not be subject to Canadian income taxation, other than withholding taxes on portfolio investments.

### General Market Risk

General economic or market conditions may adversely affect the value of investments. A general economic downturn could also result in the diminution or loss of the investments made by the Investor.

An investment in the Account/Fund may be considered speculative. If your Account is invested in a Fund, while the Fund is subject to certain regulations, the Fund is not subject to all the regulations and disclosure requirements applicable to publicly offered mutual funds.

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the equities and other markets. Unexpected volatility or illiquidity in the markets in which the Investment Manager holds positions, including legal, political, regulatory, economic or other developments, such as public health emergencies, including and epidemic or pandemic, natural disasters, war and related geopolitical risks, could impair their ability to carry out their objectives or cause them to incur losses.

In addition, global economies and financial markets are becoming increasingly interconnected, and political, economic and other conditions and events (including, but not limited to, natural disasters, pandemics, epidemics, and social unrest) in one country, region, or financial market can adversely impact issuers in a different country, region or financial market. Outbreaks of disease (such as COVID-19, avian influenza or H1N1/09), epidemics, pandemics, can also adversely impact the performance of a portfolio. Even if general economic conditions do not change, the value of an investment in a portfolio could decline if the particular industries, sectors or companies in which the portfolio invests do not perform well or are

adversely affected by events. Furthermore, such negative political and economic conditions and events could disrupt the processes necessary for a portfolio's operations.

Despite the heavy volume of trading in securities and other financial instruments, the markets for some instruments have limited liquidity and depth. This could be a disadvantage to the Investment Manager, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

#### Hedging Transactions

If allowed under the terms of your mandate, the Account/Fund may utilize derivatives both for investment purposes and to seek to hedge against

fluctuations in the relative values of the Account/Fund's portfolio positions as a result of changes in currency exchange rates and market movements.

Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions nor prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the Account/Fund to hedge against an exchange rate or market fluctuation.

While the Account/Fund may enter into such transactions to seek to reduce currency, interest rate and market risks, unanticipated changes in currency or interest rates and debt markets may result in a poorer overall performance of the Account/Fund. For a variety of reasons, CC&L may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Account/Fund from achieving the intended hedge or expose the Account/Fund to risk of loss.

#### High Yield Securities Risk

The Account/Fund may invest, directly or indirectly, in high yield securities that, at the time of purchase, are rated below investment grade. High yield securities risk is the risk that the securities rated below investment grade by a rating agency and/or determined as such by the portfolio manager may be more volatile than higher-quality securities of similar maturity. High yield securities may also be subject to greater levels of credit or default risk and may be traded on markets that are less liquid as compared to higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, and more difficult to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms to make scheduled payments of interest and principal. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems and/or financial markets.

#### Illiquidity Risk

There can be no assurance that the Account/Fund will be able to dispose of their investments in order to permit the Account/Fund to honour requests to redeem.

#### Impact of Taxation

The after-tax return from an investment in Units to a taxable Canadian investor will depend in part on the composition for tax purposes of the distributions paid to the Client Account (a portion of which may be

fully or partially taxable or in certain circumstances may constitute non-taxable returns of capital). This composition may change over time, thus affecting the after-tax return to the Client Account, and the tax rates applicable to different types of income may change as a result of changes in government policies.

#### Indebtedness

The Account/Fund may borrow cash as a temporary measure to accommodate requests for redemptions or to settle portfolio transactions. If the market declines before securities can be sold to raise cash to pay off such temporary borrowings, the net asset value of the Account/Fund will decline and the remaining investors will bear the decline. The Account/Fund will be entitled to, and intend to, incur indebtedness secured by the assets of the Account/Fund.

#### Interest Rate Risk

Fixed income securities, such as bonds, treasury bills and commercial paper, pay a fixed rate of interest. The value of the fixed income securities will rise and fall as interest rates change. This will impact the net asset value of the Account/Fund. Fixed income securities generally pay interest based on the level of rates at the time the securities were issued. Subsequent changes to the level of interest rates will then impact the price of those previously issued securities. For example, when interest rates fall, the value of an existing bond will rise because the coupon rate on that bond is greater than prevailing interest rates. Conversely, if interest rates rise, the value of an existing bond will fall. The value of debt securities that pay a floating or variable rate of interest are generally less price sensitive to interest rate changes.

#### Investment and Trading Risks in General

All securities investments present a risk of loss of capital. Equity securities can be subject to a high degree of volatility and the price of such securities can change, sometimes rapidly and unpredictably. Securities may change in value due to general market conditions, such as actual or anticipated changes in interest rates, inflationary expectations and other factors in addition to factors specific to the industry or the issuer. Some securities may be illiquid because they are thinly traded. If allowed under the terms of your mandate, the Account/Fund's investment strategies may, however, utilise such investment techniques and instruments, such as futures and option transactions, margin transactions and short sales, which practices can, in certain circumstances, maximise any losses. To the extent that any counterparties with or through whom the Account/Fund engages in trading and maintains accounts that do not segregate the Account/Fund's assets, the Account/Fund will be subject to a risk of loss in the event of the insolvency of such person. Even where the Account/Fund's assets are segregated, there is no guarantee that, in the event of such an insolvency, they will be able to recover all of their assets.

#### Leverage Risk

If allowed under the terms of your mandate, leverage may be used in the management of your Account/Fund. When an Account/Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the Account/Fund. Leverage occurs when the Account/Fund's notional exposure to underlying assets is greater than the amount invested. It is an investment technique that can magnify both gains and losses. Consequently, any adverse change in the value or level of the underlying asset, interest rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Account/Fund and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the Account/Fund's liquidity and may cause the Account/Fund to liquidate positions at unfavourable times.



#### Limited Ability to Liquidate Investment

For investors in a Fund, there is no public market for the Units hereby offered and none is expected to develop. Units of the Fund are subject to restrictions on transferability and resale and may not be transferred or resold except pursuant to a transfer form and with the prior approval of CC&L. In addition, because the Fund is being offered privately, there will be legal restrictions on resale of the Units in some jurisdictions. Accordingly, it may be difficult or even impossible for a unitholder to sell their Units other than by way of redemption.

#### Limited Right to Vote or Participate

For investors in a Fund, unitholders in a Fund will only have a limited right to vote in respect of certain matters regarding the Fund. Accordingly, unitholders should not invest if they are not willing to entrust the management of the Fund to CC&L.

#### Liquidity Risk

A liquid asset is one that can be readily converted to something else, usually cash. For an asset to be liquid, there must be an organized market on which the asset regularly trades, and such an organized market must provide transparent price discovery. A stock exchange is an example of this type of market, because we can see the volume of trading and obtain price quotations. By comparison, an illiquid asset is more difficult to convert in this manner. There can be a number of reasons that an asset or a security is not liquid. For example, some issuers may be less well known or have fewer securities outstanding. A security or asset can also be considered to be illiquid because the pool of potential buyers is smaller. Sometimes securities are restricted in the sense that re-sales are prohibited by a promise or agreement made by the holder of the securities. Liquidity risk refers to the possibility that an asset is not able to be sold on an organized market for a price that approximates the amount at which we value the same asset for purposes of calculating the market value of the Account/Fund. If that were to occur, then the market value of the Account/Fund's investment may be lower than reasonably anticipated.

#### Margin and Counterparty Risks

The Account/Fund may be subject to the risk of the failure of the counterparties with whom trades are carried out. Should the securities pledged to brokers to secure the Account/Fund's margin accounts decline in value, the Account/Fund could be subject to a "margin call" and need to deposit additional funds with the broker or another counterparty or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Account/Fund's assets, the Account/Fund might not be able to liquidate assets quickly enough to pay off their margin debt.

#### Modeling Risk

CC&L may use proprietary quantitative models in its investment processes. Differences between expected and actual model performance can lead to undesirable outcomes for clients. In particular, the historical data that is used as inputs to the models may not be representative of future market conditions, and therefore, may fail to predict future returns, volatilities, correlations or market performance adequately. Unexpected market or other events may cause the models' performance to vary significantly from expectations. The investment process and quantitative models used by the Investment Manager rely on code and software developed both by CC&L and by third-parties. CC&L expects that coding errors will be made from time to time. These errors may go unidentified and unaddressed for long periods of time. The errors may lead to incorrect trades and positions in the portfolio which could lead to significant losses in the Account/Fund.

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As markets evolve, there may be an increasing number of market participants relying on investment models that have components similar to CC&L's proprietary quantitative model. This evolution may result in a large number of market participants taking similar investment exposures or actions as CC&L and these participants may be materially larger than the Account/Fund, which may lead to unexpected material losses for clients.

As a result, there can be no assurances that the models will perform as expected. Clients should assume that coding errors and their potential impacts are an inherent risk when investing in a quantitative investment process and should consider them along with other risks when assessing the appropriateness of an investment adviser or an investment strategy.

### Operational Risk

The assets of the Account/Fund may experience material losses as a result of technology/systems failures, cybersecurity breaches, human error, policy breaches and/or incorrect valuation of securities.

### Performance Risks

There can be no assurance that the Account/Fund's investment approach will be successful or that its investment objective will be attained. No assurance can be given that the Account/Fund's investment portfolio will generate any income or will appreciate in value. While it is anticipated that the diverse portfolio of the Account/Fund and the selection process used by CC&L will minimize risks, the Account/Fund could realize substantial losses, rather than gains, from the investments described herein.

The Net Asset Value of the Account/Fund will fluctuate with general conditions in debt, equity or commodities markets, currency rates, political, economic or social developments, instability in the relevant capital markets or the financial performance of the issuers of securities that are, or underlie, investments in the Account/Fund.

The performance of the Account/Fund is dependent on the investment management skills of CC&L.

### Portfolio Holdings Disclosure

Certain investors, for example those invested in separately managed accounts vs those invested in funds, may have more favorable reporting rights with respect to the investments made in the strategies, which may give an advantage to such investors when making decisions regarding their investments.

### Possible Effect of Redemptions

For investors in a Fund, substantial requests to repurchase Units could require the Fund to liquidate positions more rapidly than otherwise desirable to raise the necessary cash to fund such repurchases and achieve a market position appropriately reflecting a smaller asset base. These facts could adversely affect the value of the Units repurchased and the Units remaining outstanding.

### Reliance on Technology and Third-Party Data

CC&L's investment strategies are dependent on technology, including hardware, software, data and telecommunications systems. The research, risk management, trading, operational and back office functions are highly automated and rely on an extensive amount of proprietary software and third-party hardware, software and data. The proprietary software and third-party hardware, software and data are known from time to time to have errors, omissions, imperfections and malfunctions.

#### Risks of Investing in Non-U.S. Securities

Securities of non-U.S. issuers, securities traded principally in securities markets outside the United States and/or securities denominated in non-U.S. currencies, may involve certain special risks due to country or region specific economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, imposition of required holding periods, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, non-U.S. issuers are subject to different, often less comprehensive accounting, reporting, and disclosure requirements than domestic issuers. The securities of some non-U.S. companies and non-U.S. securities markets are less liquid and at times more volatile than securities of comparable U.S. companies and U.S. securities markets. Non-U.S. brokerage commissions and other fees may be higher than in the United States. Some markets are sensitive to resource markets and may be adversely affected by declines in commodity prices including energy, metals, bulk commodities and industrial products.

#### Securities Lending Risk

Sometimes an Account/Fund may enter into securities lending agreements. In a securities lending agreement, the Account/Fund loans the security to a third party for a fee and can demand the return of the security at any time. While the securities are on loan, the borrower provides the Account/Fund with collateral consisting of a combination of cash and securities. The principal risks with these types of transactions are that the other party may default under the agreement or go bankrupt. In a securities lending transaction, the Account/Fund could incur a loss if the value of the security sold or loaned has increased more than the value of the cash or collateral held.

#### Short Sales

If allowed under the terms of your mandate, short sales may be used in the management of your Account. A short sale involves the sale of an asset that the Account/Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. To make delivery to the buyer, the Account/Fund must borrow the security and later purchase the security to return to the lender. A short sale involves a risk of a theoretically unlimited increase in the market price of the security.

#### Small Company Risk

Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Smaller companies may have limited financial resources, a less established market for their shares and fewer shares issued. This can cause the share prices of smaller companies to fluctuate more than those of larger companies. The market for the shares of small companies may be less liquid.

#### Suspension of Trading

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render it impossible to liquidate positions and could thereby expose the Account/Fund to losses.

#### Use of a Prime Broker to hold Asset

Special risks exist if the assets of an Account/Fund are held by a prime broker. Due to the use of leverage and the presence of short positions, some or all of an Account/Fund's assets may be held in one or more margin accounts, which may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. In the event that the prime broker experiences severe financial

difficulty, the Account/Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker's business is liquidated, resulting in a potential loss to the Account/Fund's investment due to adverse market movements while the positions cannot be traded. Furthermore, if the prime broker's pool of customer assets is determined to be insufficient to meet all claims, the Account/Fund could suffer a loss.

Prime brokers have the discretion to amend the financing, margin, collateral or valuation policies and terms which may result in margin calls or other actions that require the liquidation of assets unexpectedly and may result in material losses to the Account/Fund.

#### Varying Liquidity Terms

Different clients investing in the same or similar strategies may have different liquidity terms with respect to their investments. Such differences include, but are not limited to, the frequency and notice provisions for subscriptions and redemptions. As a result, some clients may be able to subscribe or redeem from an investment strategy while other clients may be restricted from taking a similar action for a period of time.

## 10. DISCIPLINARY INFORMATION

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### LEGAL AND DISCIPLINARY

Not applicable.

## 11. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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### FINANCIAL INDUSTRY ACTIVITIES

CC&L is registered in Canada as follows:

Province	Registration Category
Alberta	Portfolio Manager and Exempt Market Dealer
British Columbia (Principal)	Portfolio Manager, Investment Fund Manager and Exempt Market Dealer
Manitoba	Portfolio Manager and Exempt Market Dealer
New Brunswick	Portfolio Manager and Exempt Market Dealer
Newfoundland and Labrador	Portfolio Manager, Investment Fund Manager and Exempt Market Dealer
Nova Scotia	Portfolio Manager and Exempt Market Dealer
Northwest Territories	Portfolio Manager and Exempt Market Dealer
Nunavut	Portfolio Manager and Exempt Market Dealer
Ontario	Portfolio Manager; Investment Fund Manager, Exempt Market Dealer, Commodity Trading Manager
Prince Edward Island	Portfolio Manager and Exempt Market Dealer
Québec	Portfolio Manager, Investment Fund Manager and Exempt Market Dealer
Saskatchewan	Portfolio Manager and Exempt Market Dealer
Yukon Territory	Portfolio Manager and Exempt Market Dealer

CC&L does not have any arrangements that are material to its advisory services or its clients with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift

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institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

Through its relationship with Connor, Clark & Lunn Financial Group Ltd. (“CC&LFG”), CC&L has direct relationships with the following entities:

- CC&LFG is a partner in the Connor, Clark & Lunn Investment Management Partnership. CC&LFG provides non-investment management related functions to the SEC registrant, including legal, compliance, accounting, back office, IT, cybersecurity, sales and marketing as discussed in Section 14 of this brochure. The depth and breadth of the skills that flow from the centralization of resources enables the SEC registrant to benefit from high quality operational support that is structured into functional teams made up of over 300 employees. In addition, CC&L has direct relationships with management committee members representing the interests of CC&LFG, who are on the boards of other affiliates. There are policies and procedures in place to minimize any conflicts.
- Connor, Clark & Lunn Private Capital Ltd., a firm offering investment management advisory services to Canadian clients.
- Connor, Clark & Lunn (Canada) Ltd., a firm offering investment management advisory services to Canadian clients.
- Connor, Clark & Lunn Funds Inc., partners with leading Canadian financial institutions and their investment advisors bringing select institutional investment strategies to private investors in Canada.
- Scheer, Rowlett & Associates Investment Management Ltd., a firm offering investment management advisory services to Canadian clients.
- NS Partners Ltd, a firm offering investment management advisory services to U.S. and non-U.S. accounts.
- Vergent Asset Management LLP, a firm offering investment management advisory services to U.S. and non-U.S. accounts.
- Global Alpha Capital Management Ltd., a firm offering investment management advisory services to U.S. and Canadian clients.
- PCJ Investment Counsel Ltd., a firm offering investment management advisory services to U.S. and Canadian clients.
- Crestpoint Asset Management Ltd., a firm that invests in commercial real estate properties.
- CC&L Q Emerging Markets Equity Fund GP LLC, a general partner of a pooled investment vehicle.
- CC&L Q Global Equity Market Neutral Fund GP LLC, a general partner of a pooled investment vehicle.

CC&L is investment adviser and/or sub-advisor for certain commingled investment vehicles. CC&L receives investment management fees based upon total assets under management and performance.

CC&L does not receive compensation directly or indirectly from any other business relationship that could create a potential conflict of interest.

## 12. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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### CODE OF ETHICS

The directors, officers and employees of CC&L have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

CC&L and its directors, officers and employees may buy or sell securities that are also held by clients. Directors, officers and employees may not trade their own securities ahead of client trades. Directors, officers and employees comply with the provisions of the CC&L Corporate Governance Manual.

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### PERSONAL TRADING

CC&L has standards of personal conduct that apply to all directors, officers, partners and employees (the "Personnel"). CC&L's policies are designed to prevent potential conflicts of interest and the appearance of conflicts of interest with respect to the activities of Personnel, including personal trading activity. Personnel may be restricted from trading in any securities of companies forming part of the CC&L portfolio of investments to ensure that any trades do not create any material, actual, potential or perceived conflicts with the best interests of CC&L, its clients, or the funds it manages. The Compliance Officer and the Compliance Administrator are responsible for monitoring ongoing compliance with this policy and will report any violations to the Board of Directors.

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### GIFTS AND ENTERTAINMENT

In general, personnel should not accept any material gift or gratuity from an issuer of securities, a broker or anyone doing business with CC&L or any of the affiliates or associates of CC&L. This standard does not preclude customary, ordinary, business-related entertainment. In keeping with the duty of loyalty to clients, this policy preserves independence and objectivity when making decisions that affect investment portfolios.

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## 13. BROKERAGE PRACTICES

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### SELECTING BROKERAGE FIRMS

CC&L does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. CC&L recommends custodians based on the proven integrity and financial responsibility of the firm.

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CC&L:

- Selects brokers and dealers taking all factors into consideration.
- Does not use brokerage from other clients to pay for individual client- directed obligations. Clients invested in CC&L's pooled investment vehicles do not direct soft dollar commissions.

CC&L does not receive fees or commissions from any of these arrangements.

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## **BEST EXECUTION**

CC&L has written policies for best execution in both equity and bond portfolios. In buying and selling securities, CC&L will always seek the to obtain favorable price and terms of execution, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution and operational facilities of the firm involved, and the firm's risk in positioning a block of securities.

CC&L maintains an approved list of brokers. The performance of brokers is monitored regularly, and brokers are evaluated based on an assessment of execution, service and value provided. The commissions generated are reviewed at least annually to ensure that brokerage commissions paid align with the brokers' ranking, and to identify any adjustments that may be required as a result of changes in service levels and/or execution.

CC&L is not responsible for selecting or recommending brokerage firms for clients participating in the wrap fee managed account programs to which it provides advice, which is the responsibility of the sponsoring financial institution.

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## **SOFT DOLLARS**

Under certain circumstances consistent with applicable law and regulation CC&L may select dealers that furnish CC&L with proprietary brokerage and research services, as well as other services that assist in the investment decision-making process such as access to management or the ability to attend conferences (at the expense of CC&L), in connection with commissions paid on transactions it places for client accounts. In such circumstances, CC&L may cause client accounts to pay brokers a commission in excess of the amount of commission another broker would have charged for the same transactions absent the research and brokerage services. CC&L will do so only where it makes a determination in good faith that such commission is reasonable in relation to the brokerage and research services provided by such broker.

All soft dollar payments directed by CC&L are for the purchase of research products or services that directly assist in the investment decision-making process. Research services will only be purchased with brokerage from clients who benefit from the research in question. The availability of these proprietary and third party research and brokerage services, as well as other services such as access to management or the ability to attend conferences, may create a conflict between the interests of the client in obtaining the lowest cost execution and CC&L's interest in obtaining such services. When client brokerage commissions are used to obtain such services, CC&L receives a benefit because it does not have to produce or pay for the research, products or services.

In order to execute client-directed business, CC&L must have a letter of authority on file from the directing client. Notwithstanding the letter of direction, CC&L's duty is still to obtain favorable execution value.

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Clients directing their brokerage may limit CC&L's ability to negotiate commission rates. Therefore, such accounts may be paying higher brokerage costs than non-directed accounts.

CC&L allocates, on a best efforts basis, up to 25% of the commission generated by each client to client-directed obligations.

On a quarterly basis, CC&L reports to each client the commissions generated on a broker-by-broker basis, as well as amounts used for any research services or client-directed brokerage arrangements.

CC&L's soft dollar policies and procedures are in compliance with CFA Institute Soft Dollar Standards and the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

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## TRADE ALLOCATIONS

Allocation of investment opportunities among accounts is managed on the basis of the suitability of the investment for each managed account. All equity transactions are allocated on a pro rata basis at an average price after transaction costs, subject to practical constraints (e.g. transaction costs, odd lots). Fixed income transactions are allocated on a pro rata basis using risk exposures unless there are differences in the client's mandate (e.g. risk profile or constraints) or there are practical considerations (e.g. size limitations or transaction costs). IPO's, private placements and/or "hot issues" are allocated in the same manner as any other trades, taking into consideration the foregoing factors. Allocations or changes in risk exposures are reviewed and approved by a senior portfolio manager.

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## CROSS TRADES

Cross trades are transactions where two or more investment accounts are transacting with one another. We may engage in cross trades if: (1) the transaction is believed to be in the best interest of the clients; (2) the transaction is believed to fulfill our duty to seek favorable execution; (3) we have made full and appropriate disclosures; and (4) the transaction does not violate applicable law.

## 14. REVIEW OF ACCOUNTS

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### PERIODIC REVIEWS

CC&L conducts the following periodic reviews:

- The investment teams continually monitor the risk exposures and investment returns of each account, including an extensive analysis of performance attribution.
- Compliance reviews automated reports showing violations with respect to client mandates on a daily basis.
- The Investment Risk Management Committee meets weekly to review reports which cover major portfolio exposures, risk forecasts and any compliance or operational incidents.

Reviewers:

- The lead portfolio managers are collectively responsible for all accounts.
- The Chief Investment Officer and President has oversight responsibilities.



## REVIEW TRIGGERS

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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## REGULAR REPORTS

Reports to clients are reviewed by the client servicing manager responsible for the account. The nature and frequency of regular reports to clients is as follows:

- Client Meetings - designated client servicing manager meets with client on a regular basis and reviews past economic and financial market developments.
- Quarterly Reports - performance, portfolio statements and commentary are sent within 4 weeks of quarter-end.
- "Outlook" - newsletter - current thinking on the financial markets and other topical subjects is published in a newsletter distributed monthly.
- "Forecast" - details longer term cyclical and secular forces expected to guide investment direction over the coming year and through economic, market and business cycles, distributed early in the calendar year.

CC&L does not monitor, review or provide reporting to accounts participating in wrap fee managed account programs sponsored by third-party financial institutions, which are the responsibility of the sponsoring financial institution.

## 15. CLIENT REFERRALS AND OTHER COMPENSATION

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### CLIENT REFERRALS AND OTHER COMPENSATION

As part of its partnership with the CC&LFG, CC&L has access to, and utilizes, the resources of the CC&LFG Institutional Sales Team. CC&LFG will provide certain services and introduce prospective investment management clients, to CC&L.

In the event a new client retains CC&L as a result of the efforts of the CC&LFG Institutional Sales Team, CC&L will make a cash payment to CC&LFG where permissible under applicable law. Such payments are always at the discretion of CC&LFG management but, in general, the payment amount will be a percentage of the advisory fees earned by CC&L during the first year of CC&L's relationship with a client. By custom, such fees will most frequently be forty-five percent of fees earned in the first year after commencement of a client's relationship with CC&L. If the new client becomes an investor in any private fund offered by CC&L, any transaction-based payments will be made through Foreside Fund Services, LLC.

CC&L, at its expense, pays Foreside Fund Services, LLC ("Foreside"), an unaffiliated FINRA registered broker-dealer, a fee for certain distribution-related services for the CC&L Q Emerging Markets Equity Fund LP and the CC&L Q Global Equity Market Neutral Master Fund Ltd. and for any private fund offered by CC&L in the United States. Employees or officers of CC&L may serve as registered representatives of

Foreside to facilitate the distribution of Fund interests to investors, and, where permissible under applicable law, these individuals will earn sales commissions in connection with successful referrals.

Referred clients will not be charged any amount for the cost of obtaining the account in addition to the fee charged by CC&L for advisory services.

Additionally, a referred client will not be charged an amount in excess of CC&L's standard advisory fees solely because of the agreement.

## 16. CUSTODY

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### ACCOUNT STATEMENTS

All assets managed by CC&L are held by qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Clients with segregated portfolios will receive account statements directly from their global custodian. CC&L provides quarterly valuations which will have been reconciled to the custodian's monthly statements but we would urge clients to compare both sets of statements.

Any collective investment vehicle for which CC&L acts as adviser or sub-adviser, including the CC&L Funds, will have an independent global custodian. Audited financial statements for the CC&L Funds will be prepared on an annual basis and delivered to investors in the CC&L Funds within 120 days of the CC&L Funds' year end.

## 17. INVESTMENT DISCRETION

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### DISCRETIONARY AUTHORITY FOR TRADING

CC&L has discretionary authority to manage securities accounts on behalf of clients, except in cases where it provides investment models to certain financial institutions and dealers which operate managed account platforms.

CC&L works with the custodian selected by the client.

CC&L usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

## 18. VOTING CLIENT SECURITIES

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### PROXY VOTES

Unless the client designates otherwise, CC&L votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of CC&L's proxy voting policy is available upon request. The proxy voting record is provided to clients quarterly.

## 19. FINANCIAL INFORMATION

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### FINANCIAL CONDITION

CC&L is required to provide certain financial information or disclosures about its financial condition. CC&L has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, and has not been the subject of a bankruptcy proceeding.

## 20. BUSINESS CONTINUITY PLAN

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### GENERAL

CC&L and CC&LFG have a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of IT systems or applications, office space, communications, services or key people. The Business Continuity Plan is reviewed and tested annually.

### DISASTERS AND OTHER EVENTS

The Business Continuity Plan ("BCP") covers i) single point of failure – server, system or vendor, ii) office compromise - public health emergencies, including epidemics or pandemics, local power, communication, transportation or system failure; ii) office and server room compromise - natural disasters – hurricanes, tornados, and flooding; man-made disasters - fire, bomb threats; iii) infrastructure and staff compromise – large earthquakes, tsunami, nuclear, chemical or biological emergencies, transportation disasters; and iv) cyber security attacks. Electronic files are replicated in real time for critical systems/data, intraday for important systems/data and end of day for everything. There are on and offsite backup storage. The BCP includes a Crisis Communication Plan covering staff, clients, vendors, service providers, regulators and other third parties as relevant.

Disaster Recovery site is geographically distanced over 3,000 km apart and on independent power grids.

The business continuity plan includes a cyber-security incident response plan which is reviewed and tested annually. BCP and Information Security Management policies have been developed using the ISO guidelines and other industry frameworks. Specific objective controls have been developed for each policy. Third party security technology firms review and provide recommendations for upgrading technology and objective controls, for physical, user, logical and operational security, to review and

recommend cyber security requirements and to provide recommendations for cyber security response plans.

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#### **ALTERNATE ACCOMMODATION**

Alternate accommodation – working from home, or temporary office space is identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients and other impacted third parties in the event of a disaster that dictates moving our office to an alternate location.

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#### **LOSS OF KEY PERSONNEL**

The investment professionals at CC&L work in integrated team environments using highly structured investment processes. As a result, the loss of any individual team member is not expected to have a material impact on investment strategies and outcomes. The teams take responsibility for ensuring that important functions and expertise are protected and shared.

## **21. INFORMATION SECURITY PROGRAM**

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#### **INFORMATION SECURITY**

CC&L and CC&LFG have an Information Security Management team and maintain an information security program, including policies and procedures intended to protect the confidentiality, integrity, security and availability of our information assets against internal, external, deliberate or accidental security breaches including cyber security threats. The program is designed to comply with applicable legislative and regulatory requirements and includes a cyber security incident response plan and related reporting. Information Security Management covers security controls for human resources, information asset management, access control, cryptography/encryption, physical and environmental security, IT operations, communications, system acquisition, development, maintenance and destruction, third party security management, incident management, business continuity, disaster recovery and compliance.

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#### **PRIVACY NOTICE**

CC&L and CC&LFG are committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

CC&L and CC&LFG handle the private details of our clients' business affairs with discretion and in accordance with the applicable privacy legislation and CC&L privacy and data loss protection practices. Confidentiality is essential to the long-term success of our business. We obtain permission from the client (usually in the contract or MAA), to collect, use and disclose confidential information in accordance with our policies.

## BROCHURE SUPPLEMENT (PART 2B OF FORM ADV)

### EDUCATION AND BUSINESS STANDARDS

The investment team members all meet the proficiency requirements prescribed under Canadian National Instrument 31-103 for “Advising Representatives”, or have been grandfathered with respect to certain of the requirements due to their years of experience as portfolio managers.

### BIOGRAPHIES OF SUPERVISED PERSONS

Name/Title	D.O.B	Formal Education	Business Activity For Past 5 Years	Disciplinary Information	Other Activities & Compensation	Supervision
Martin L. Gerber Chairman, Director, President, Chief Investment Officer & Ultimate Designated Person	1968	B.Comm., University of BC 1991 Canadian Securities Course Canadian Options Course Canadian Futures Examination Chartered Financial Analyst <sup>1</sup> 1994	Investment Management, Quantitative Equity Team	N/A	N/A	Board of Directors 604-685-2020
Gary N. Baker Director & Portfolio Manager – Co-Head of Fundamental Equity Team	1959	BEng, Mechanical, McMaster University 1984 MBA, University of Toronto 1985 CFA, University of Toronto Colorado State University – Ethics Course Chartered Financial Analyst 1989	Investment Management, Asset Allocation and Risk Management, Fundamental Equity Team	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020
Phillip J. Cotterill Director & Portfolio Manager – Head of Client Solutions	1965	B.Comm., University of BC 1988 Canadian Securities Course Chartered Financial Analyst 1989	Investment Management, Client Solutions	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020
Jennifer Drake Director & Portfolio Manager – Co-Head of Quantitative Equities	1975	BA, Columbia University Chartered Investment Manager Designation 2017	Investment Management, Quantitative Equity Team	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020
Andrew Zimcik Director & Portfolio Manager – Co-Head of Fundamental Equity Team	1984	BBA, Wilfrid Laurier University Chartered Financial Analyst 2015	Investment Management, Fundamental Equity Team	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020

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Name/Title	D.O.B	Formal Education	Business Activity For Past 5 Years	Disciplinary Information	Other Activities & Compensation	Supervision
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David E. George Director & Portfolio Manager – Head of Fixed Income	1975	B.Comm., University of British Columbia 1997 Chartered Financial Analyst 2000	Investment Management, Fixed Income	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020
J. Warren Stoddart Director	1963	University of Toronto BC Canadian Securities Course Examination based on Manual for Registered Representatives	Investment Management and Operations	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020
Michael Walsh Director	1977	BEng (Honours), Chemical, University of Adelaide LLB (Honours) University of Adelaide MBA (Distinction) Harvard Business School	Investment Management and Operations	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020
Derrick P. Crowe Chief Compliance Officer	1976	BBA, Simon Fraser University Canadian Securities Course Partners, Directors and Senior Officers Qualifying Exam Chartered Financial Analyst 2004	Investment Management, Chief Compliance Officer	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020
Brian B. W. Eby Commodity Advising Officer & Portfolio Manager – Fixed Income Team	1962	B.Comm., McMaster University 1985 MBA, McMaster University, 1987 Partners, Directors and Senior Officers Qualifying Exam Examination based on Manual for Registered Representatives Canadian Securities Course Chartered Financial Analyst 1995	Investment Management, Fixed Income	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020
Taylor Sutter Portfolio Manager – Fixed Income	1985	B.Comm., (Honours), Queen's University Chartered Financial Analyst 2013	Investment Management, Fixed Income	N/A	N/A	Martin Gerber <a href="mailto:mgerber@cclgroup.com">mgerber@cclgroup.com</a> 604-685-2020

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Name/Title	D.O.B	Formal Education	Business Activity For Past 5 Years	Disciplinary Information	Other Activities & Compensation	Supervision
Christopher Archbold Portfolio Manager – Quantitative Equities	1970	Financial Management Diploma, British Columbia Institute of Technology 1993 Chartered Financial Analyst 2000	Investment Management, Quantitative Equity Team	N/A	N/A	Steven B. Huang <a href="mailto:shuang@cclgroup.com">shuang@cclgroup.com</a> 604-685-2020
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Mark S. Bridges Portfolio Manager – Fundamental Equities	1977	B.Comm., University of Calgary 1999 Chartered Financial Analyst 2001	Investment Management, Fundamental Equity Team	N/A	N/A	Gary Baker <a href="mailto:gbaker@cclgroup.com">gbaker@cclgroup.com</a> 604-685-2020
Samba S. Chunduri Associate Portfolio Manager – Fundamental Equities	1974	BTech, JN Technology University, India 1995 MBA, University of Western Ontario 2002	Investment Management, Fundamental Equity Team	N/A	N/A	Gary Baker <a href="mailto:gbaker@cclgroup.com">gbaker@cclgroup.com</a> 604-685-2020
Morgan Gough Senior Analyst – Quantitative Equities	1981	BA, University of British Columbia 2005 Chartered Financial Analyst 2008	Investment Management, Quantitative Equity Team	N/A	N/A	Steven B. Huang <a href="mailto:shuang@cclgroup.com">shuang@cclgroup.com</a> 604-685-2020
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Carolyn Kwan Portfolio Manager – Fixed Income	1972	BA, Economics and Mathematics, University of Waterloo 1993 MA, Economics, University of Toronto 1994 Chartered Financial Analyst 2000	Investment Management, Fixed Income Team	N/A	N/A	David George <a href="mailto:dgeorge@cclgroup.com">dgeorge@cclgroup.com</a> 604-685-2020

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Name/Title	D.O.B	Formal Education	Business Activity For Past 5 Years	Disciplinary Information	Other Activities & Compensation	Supervision
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Maxine C. Smalley Portfolio Manager – Client Solutions	1972	BA, University of British Columbia 1994 Chartered Financial Analyst 1998	Investment Management, Client Solutions	N/A	N/A	Phillip Cotterill <a href="mailto:pcotterill@cclgroup.com">pcotterill@cclgroup.com</a> 604-685-2020

<sup>1</sup>The Chartered Financial Analyst (“CFA”) designation is issued by the CFA Institute. CFA candidates must meet one of the following requirements: (1) undergraduate degree and four years of professional experience involving investment decision-making, or (2) four years qualified work experience (full time, but not necessarily investment- related). To receive the CFA designation, candidates must complete the CFA Program, which is organized into three levels, each requiring 250 hours of self-study and each culminating in a six-hour exam. There are no ongoing continuing education or experience thresholds necessary to maintain the CFA designation. More information about the designation is available at <https://www.cfainstitute.org>.