

**MC ELVAIN E INVESTMENT MANAGEMENT LTD.**

**RELATIONSHIP DISCLOSURE INFORMATION**

**August 18, 2022**

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**MCELVAINE INVESTMENT MANAGEMENT LTD.**  
**RELATIONSHIP DISCLOSURE INFORMATION**

(for investors purchasing securities of McElvaine Value Fund, The Osler Fund or other investment funds through McElvaine Investment Management Ltd.)

August 18, 2022

**1. PURPOSE**

This document sets out important information concerning our relationship with clients that purchase securities of McElvaine Value Fund, The Osler Fund or other investment funds that we manage (**our funds**) through us in reliance on our exempt market dealer registration. It contains information about us, the services that we offer and your account(s) with us. Other important information you need to know about your relationship with us is contained in other documents that are provided to you as a client, such as the subscription agreement that you complete when you subscribe for securities of our funds, the offering memorandum or other disclosure document that you receive if you purchase securities of our funds, and the periodic account statements, reports and updates about changes to information that will be provided to you from time to time.

**2. OVERVIEW OF MCELVAINE INVESTMENT MANAGEMENT LTD.**

We are a Victoria, British Columbia-based portfolio management firm, with a head office at 214 - 2186 Oak Bay Avenue, Victoria, British Columbia V8R 1G3.

We are registered as a portfolio manager, investment fund manager and exempt market dealer under applicable securities legislation in British Columbia and Ontario, as a portfolio manager and exempt market dealer under applicable securities legislation in Alberta, and as an investment fund manager and exempt market dealer under applicable securities legislation in Quebec.

**3. THE PRODUCTS AND SERVICES WE OFFER**

We offer investment management services principally through our funds, including McElvaine Value Fund and The Osler Fund. We also may offer our investment management services through investment funds sponsored by third parties or directly to separate account clients. In addition, we may provide services to other registered portfolio managers in relation to the development of model portfolios.

As an exempt market dealer, we offer trading services to clients who purchase securities of our funds directly from us in reliance on exemptions from the prospectus requirements under applicable securities legislation. Currently, the only investment opportunities available through us are securities of our funds. See below under *Conflicts of Interest – Material Conflicts of Interest – Limitation on Product Offering: Proprietary Products Only*. There may be restrictions on your ability to liquidate securities of our funds. Any such restrictions will be set out in the offering memorandum or other disclosure document that you receive in connection with your investment.

We also act as an investment fund manager for our funds.

**4. DELIVERY OF DISCLOSURE**

This document will be provided to you at the time you open your account(s) with us or before we begin providing advice or trading services to you. If there is a significant change to the information contained in this document, we will provide you with updated information as soon as possible.

## 5. YOUR ACCOUNT(S) WITH US

### *Your Account and Our Relationship with You*

As an exempt market dealer, we offer trading services to clients who purchase securities of our funds directly from us in reliance on exemptions from the prospectus requirements under applicable securities legislation. When we provide these services to you, you will have a non-discretionary investment account with us for the purposes of completing a particular transaction. Although our roles as manager and portfolio advisor to our funds are ongoing roles, our relationship with you as a client is limited to the completion of each particular transaction and does not otherwise involve an on-going or continued client relationship.

### *Account Agreement Documentation*

Specific information about the account(s) you have with us is contained in the subscription agreement that you complete, the offering memorandum or other disclosure document that you receive, and the periodic account statements, reports and updates about changes to information that will be provided to you from time to time.

### *Account Statements*

We will provide statements to you about your account(s) as follows:

*For clients purchasing securities of our funds directly from us* – quarterly, or monthly if you have requested statements on a monthly basis or if a transaction (other than an automatic transaction) was effected in your account during the preceding month.

*If there is no dealer of record for your account* – in our capacity as investment fund manager, if there is no dealer of record for you on our records, we will deliver a statement to you every 12 months.

The statements that we provide to you will contain:

- (a) information about each transaction conducted for you during the time period covered by the statement; and
- (b) information about each security held, and the cash balance, in your account at the end of the time period covered by the statement.

### *Trade Confirmations*

Where we have acted on your behalf in connection with a purchase or sale of a security, we will promptly deliver to you, or if you consent in writing, to a registered adviser acting for you, a written confirmation of the trade. A trade confirmation delivered to you will include certain transaction information such as the quantity and description of the security purchased or sold, the price paid or received by you, the commission, sales charge or any other amount charged, the name of the dealing representative and the settlement date of the transaction.

### *Investment Performance Reports*

We will provide investment performance reports to you about your account(s) every 12 months, except that the first performance report(s) that we provide you in respect of your account(s) may be sent within 24 months after we first make a trade for you. Each investment performance report that we provide to you will contain information about:

- (a) the market value of cash and securities in your account at the beginning and end of the period covered by the report;
- (b) the changes in the market value of cash and securities in your account over the period covered by the report and since your account was opened; and

- (c) the annualized total percentage return for your account over one, three, five and ten years periods and since your account was opened. Total percentage return represents gains and losses of an investment over a specified period of time, including realized and unrealized capital gains and losses plus income, expressed as a percentage.

We will provide a separate investment performance report to you containing this information for each of your accounts with us. However, we can provide a single report to you, consolidating this information for each of your accounts, provided that you give us consent in writing to do this.

If you are a “permitted client” within the meaning of applicable securities laws that is not an individual, we are not required to provide this report but may do so in our discretion.

### ***Reports on Charges and Other Compensation***

If applicable, we will provide you with reports on the charges and other compensation that we receive in respect of your account(s) every 12 months, except that the first report(s) that we provide to you in respect of your account(s) may be for a period of less than 12 months. Each report will provide information about applicable operating charges and transaction charges and certain compensation we may have received from third parties. For example, the report will set out any trailing commissions we received during the period in respect of investments held in your account. We will only send you this report if there are charges or compensation to report.

If there are charges or compensation to report, we will provide you with a separate report for each of your accounts with us. However, we can provide a single report to you, consolidating this information for each of your accounts, provided that you give us consent in writing to do this.

If you are a “permitted client” within the meaning of applicable securities laws that is not an individual, we are not required to provide this report but may do so in our discretion.

### ***Performance Benchmarks***

An investment performance benchmark is a standard against which the performance of your investments is compared. We may use investment performance benchmarks to assess the performance of your investments and to allow you to assess their performance against an index of securities reasonably reflective of the composition of your investment portfolio. When comparing your investment returns to the returns of an investment performance benchmark, keep in mind that:

- (a) the composition of your investment portfolio reflects the investment strategy you have agreed upon, resulting in the composition of the investment performance benchmark differing; and
- (b) investment performance benchmarks do not generally include charges and other expenses.

You can obtain further information about investment performance benchmarks from us by contacting us by telephone at (250) 708-8345 or by e-mail at [info@mcelvaine.com](mailto:info@mcelvaine.com).

### ***Information Required to Comply with “Know Your Client” and Suitability Obligations***

When you open your account with us, we are generally required by securities laws to take reasonable steps to: (1) establish your identity, (2) establish whether you are an insider of any reporting issuer or issuer whose securities are publicly traded, and (3) ensure that we have sufficient information regarding your personal and financial circumstances, investment needs and objectives, investment knowledge and investment time horizon to enable us to meet our obligation under applicable securities laws to ensure that the purchase or sale of a security or any other investment action we take or recommend is suitable for you and puts your interests first before we execute a transaction on your behalf. Generally, this information will include your birth date, annual income, net worth, investment experience and knowledge, investment objective, investment time horizon and tolerance for risk. In addition, in certain circumstances, we may also be required to make enquiries as to your reputation. For certain clients, the “know your client” obligation and/or our obligation to assess suitability may not apply or may be waived. When required, this information is requested from you upon account opening and we will request updated information from you periodically.

### ***Suitability Obligation***

We have an obligation to you to assess whether a purchase or sale of a security or any other investment action we take or recommend is suitable for you and puts your interests first prior to making a recommendation to you, or accepting instructions from you. This requirement does not apply to clients that are registered firms, Canadian financial institutions or Schedule III banks. For certain other clients, this obligation may not apply or may be waived. Please note that our obligation to assess whether a purchase or sale of a security or other investment action is suitable for you and puts your interests first applies at the time of the particular transaction, and we do not have an obligation to assess the suitability of an investment for you on an ongoing basis.

### ***Providing a Trusted Contact***

To properly serve you and to help prevent financial exploitation or address circumstances involving potential diminished mental capacity, Canadian securities laws require us to take reasonable steps to obtain (and keep current) from each client the name and contact information of a trusted contact person, and written consent from each client for us to contact the trusted contact person in certain circumstances. This information is obtained from each client as part of the client information form that you complete. By providing us with a trusted contact person, you are authorizing us to contact this person and to release confidential information about you or your account(s) to the trusted contact person if, at any time, we believe that financial exploitation of you has occurred, is occurring, has been attempted or will be attempted, or we have concerns about your mental capacity as it relates to your ability to make decisions involving financial matters.

We will rely on the trusted contact person you provide us unless you advise us in writing that you have revoked your consent and provide us with the name and contact information of a new trusted contact person.

If you do not consent to us releasing confidential information about you and your account(s) to your trusted contact person, or if you do not appoint a new trusted contact person (if a revocation of a previous trusted contact person has occurred), we may suspend your account(s) until we have received such consent or details of the new trusted contact person.

*What is a trusted contact?* - A trusted contact person is an individual who you trust, is mature, has your best interests in mind, and has the ability to communicate and engage in potentially difficult conversations with us about your personal situation, including about your health, mental capacity and financial circumstances, in circumstances where financial exploitation is suspected or if we have concerns about your decision-making capacity. We expect a trusted contact person to be kept informed about your medical and financial status and to be able to report signs of your diminished capacity. Your trusted contact person is intended to be a resource for us to assist in protecting your financial interests or assets when responding to possible circumstances of financial exploitation or concerns about your mental capacity.

A trusted contact person is not granted power of attorney over your account(s), unless specifically granted such authority by you (and we receive documentation to evidence such a power of attorney). No instructions related to your account(s) will be accepted from the trusted contact person unless your trusted contact also has a valid, continuing power of attorney or other authority.

*When will we contact a trusted contact?* - We will contact your trusted contact person to confirm or make inquiries about possible financial exploitation, or if we have concerns about your mental capacity as it relates to your ability to make financial decisions. We may also contact your trusted contact person to confirm your current contact information if we cannot reach you after multiple attempts, or to confirm the name and contact information of a legal guardian, executor of an estate or trustee of a trust under which you are a beneficiary, or any other of your personal or legal representatives.

*What happens if a client is incapable of making financial decisions?* - Only a valid, continuing power of attorney can provide the authority to give instructions on your behalf if you are incapable of making financial decisions. Absent such an authority, the court will have to appoint someone to manage your affairs. We recommend that you talk to your legal advisor about having a power of attorney document prepared.

### ***Temporary Holds***

If we reasonably believe that you are in a vulnerable position and are being financially exploited or that you are experiencing diminished mental capacity which may affect your ability to make financial decisions relating to your account(s) with us, we may place a temporary hold on a particular transaction. If we impose a temporary hold, we will provide you with notice of the temporary hold and the reasons for the temporary hold as soon as possible after placing the temporary hold. We may also contact your trusted contact person about a temporary hold.

### ***Custody of Assets***

It is our policy not to maintain custody of (or otherwise hold) securities or other assets (including cash) of our funds or our other clients.

When you invest in one of our funds directly through us, in our capacity as an exempt market dealer, we will not take possession of your assets. Subscription monies are delivered directly to the applicable fund account, and redemption monies move directly from the fund to the redeeming securityholder. No certificates representing the securities you purchase will be issued. Instead, your ownership is recorded on the register of investors for the fund by us, as manager of the fund, or by a fund administrator we appoint.

RBC Investor Services Trust acts as custodian of our funds. As custodian, it is responsible for the safekeeping of the assets of our funds. The assets of each fund are subject to risk of loss (i) if the custodian becomes bankrupt or insolvent, (ii) if there is a breakdown in the custodian's information technology systems, or (iii) due to the fraud, willful or reckless misconduct, negligence or error of the custodian or its personnel. We have reviewed the custodian's reputation, financial stability, relevant internal controls and ability to deliver custodial services, and have concluded that the custodian's system of controls and supervision is sufficient to manage risks of loss to client assets in accordance with prudent business practice.

### ***Access to Client Assets***

The only assets held by our clients are the securities of the funds they purchase through us. As noted above, when you invest in one of our funds, no certificates representing the securities you purchase will be issued. Instead, your ownership is recorded on the register of investors for the fund by us, as manager of the fund, or by a fund administrator we appoint. As manager of our funds, we are considered by securities regulators to have access to their assets. See the section *Custody of Assets* above for further details regarding how the assets of our funds are held and the associated risks.

## **6. OPERATING CHARGES ASSOCIATED WITH YOUR ACCOUNT(S)**

We do not currently charge clients any amounts in respect of the operation, transfer or termination of their account(s) with us. These types of charges are referred to as "operating charges". If we decide to impose any operating charges, we will advise you at the time you open your account(s) in the documents described above under the heading *Account Agreement Documentation* that are applicable to your account(s). After you have opened your account(s), we will provide you with at least 60 days' written notice before we impose any new or increased operating charges.

If you invest in securities of our funds, you will indirectly bear the fees and expenses paid by those funds, including the fees payable to us for our services as manager and portfolio advisor. These fees and expenses will be disclosed in the offering memorandum or other disclosure document that you receive.

You may also be charged other amounts by third parties, such as trustees or custodians, who play a role in relation to your account(s). You should obtain information relating to such costs from those parties directly.

## **7. TRANSACTION CHARGES**

We do not currently charge clients commissions, redemption charges or other amounts in connection with the purchase or sale of securities through their account(s) with us. These types of charges are referred to as "transaction charges". If we decide to impose transaction charges, the charges applicable to securities

purchased by you will be disclosed in the documents described above under the heading *Account Agreement Documentation* that are applicable to your account(s).

As an investor in securities of our funds, you will indirectly bear the fees and expenses paid by the funds, including the fees payable to us for our services as manager and portfolio advisor. In addition, you may be required to pay an early redemption fee to a fund if you redeem your securities of the fund in certain circumstances. These fees and expenses will be disclosed in the offering memorandum or other disclosure document that you receive.

You may also be charged other amounts by third parties, such as trustees or custodians, who play a role in relation to your account(s). You should obtain information relating to such costs from those parties directly.

## **8. COMPENSATION AND OTHER BENEFITS PAID TO US**

If you invest in securities of our funds, you will indirectly bear the fees and expenses paid by the funds, including the fees payable to us for our services as manager and portfolio advisor.

For our services as manager and portfolio advisor of our funds, we typically receive a management fee based on a percentage of the value of the assets under our management and in some cases, may also be entitled to receive an incentive fee or similar compensation based on the performance of the funds. In addition, we receive a fee from each of our funds for our services as trustee of the fund. The amount of that fee is determined by us, on behalf of each fund. The specific compensation paid to us in relation to the funds that you may purchase through your account(s) or the services we provide to you are described in the offering memorandum or other disclosure document you receive.

## **9. IMPACT OF FEES, CHARGES AND OTHER EXPENSES ON YOUR RETURNS**

The fees, charges and other expenses described above under the headings *Operating Charges Associated with Your Account(s)*, *Transaction Charges* and *Compensation Paid to Us* will affect the returns on the investments in your account(s) by reducing the returns in proportion to the fees, charges and expenses. When considering the fees, charges and other expenses applicable to your account(s) and the investments you hold, you should understand that a fee, charge or other expense charged to your account(s) or the investments you hold will compound over time as a deduction to the overall value of your account(s) and/or the investments. Every dollar used to cover fees, charges and other expenses is one less dollar left to invest to compound and grow over time.

## **10. PRE-TRADE DISCLOSURE OF CHARGES**

Before we accept an instruction from you to purchase or sell a security in one of your accounts, we will disclose to you, either orally or in writing, information about the charges that you may have to pay in connection with the transaction and also whether we will receive trailing commissions in respect of the security. For a purchase of a security on a deferred sales charge basis, we will disclose that a deferred sales charge might be triggered upon the redemption of the security and provide the schedule that would apply if the security is sold within the time period to which a deferred sales charge applies.

## **11. RISKS OF INVESTING**

Securities laws require us to provide all clients with a description of risks that you should consider when making an investment decision. This information is described below. Information about the specific risks associated with an investment in our funds and any other securities purchased through us are described in the offering memorandum or other disclosure document that you receive in relation to those securities.

You should carefully consider whether any investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. You should understand the nature of the investment and the extent of your exposure to risk. Depending on the nature of your investment, the type of investment risk will vary. Investment risks include:



*Business risk* – the risk inherent in the operations of the entity or industry in which you have invested.

*Capital risk* – the risk that you may lose the money you invest.

*Currency risk* – the risk that currency movements alone may affect the value of your investment if it is held in another currency.

*Financial risk* – the risk associated with the amount of leverage or debt that the entity in which you have invested used to finance assets.

*Interest rate risk* – the risk that the principal of a debt instrument that you’ve invested in will go up or down as the interest rates in the economy go up and down.

*Investment risk* – the risk that you might not achieve your investment objective.

*Liquidity risk* – the risk that your investment may not be readily saleable.

*Market risk* – the risk that your investment in securities traded on a stock exchange or other public market may be affected by general changes in the market.

## **12. USING BORROWED MONEY TO PURCHASE SECURITIES**

When you use borrowed money to purchase a security or make other investments, that investment is subject to certain additional risks. You may purchase securities using available cash, or a combination of available cash and borrowed money. If you use available cash to pay for the securities in full, the percentage gain or loss will equal the percentage increase or decrease in the value of the securities. Using borrowed money to purchase securities can magnify the gain or loss on the cash invested. The effect of this is called “leveraging”.

If you are considering borrowing money to purchase securities, you should be aware that a leveraged purchase involves greater risk than a purchase using available cash resources only. To what extent a leveraged purchase involves undue risk is a decision that needs to be made by you and will vary depending on your personal circumstances. In particular, you should be aware of the terms of any loan that is secured by the securities. The lender may require that the amount outstanding on the loan does not rise above an agreed percentage of the market value of the securities. Should this occur, you may be required to pay down the loan or sell the securities so as to return the loan to the agreed percentage relationship. Money is also required to pay interest on the loan. Under these circumstances, investors who leverage their investments are advised to have adequate financial resources available both to pay interest and also to reduce the loan if borrowing arrangements require such a payment.

## **13. CONFLICTS OF INTEREST**

Canadian securities laws require us to take reasonable steps to identify and respond to existing and reasonably foreseeable material conflicts of interest in our clients’ best interests and inform clients about them, including how the conflicts might impact clients and how we plan to address them in the best interests of our clients. This section describes the material conflicts of interest that arise or may arise in our capacity as an exempt market dealer. For material conflicts of interest associated with our activities as investment fund manager and portfolio manager of our funds, please see the offering memorandum or other disclosure document for the funds under the heading “Conflicts of Interest” or in other disclosure provided to investors.

### **What is a Conflict of Interest?**

A conflict of interest may arise in circumstances where (i) our interests or those of our representatives and your interests as our client may be inconsistent or different, (ii) we or our representatives may be influenced to put our or their interests ahead of yours, or (iii) monetary or non-monetary benefits available to us, or potential negative consequences for us, may compromise the trust that you have in us.

## **How Do We Address Conflicts of Interest?**

We and our representatives always seek to resolve all material conflicts of interest in your best interest. Where it is determined that we cannot address a material conflict of interest in your best interest, we and our representatives will avoid that conflict.

We have adopted policies and procedures to assist us in identifying and controlling any conflicts of interest that we and our representatives may face.

## **Material Conflicts of Interest**

A description of the material conflicts of interest that we have identified in relation to our role as an exempt market dealer, the potential impact and risk that each conflict of interest could pose, and how each conflict of interest has been or will be addressed, is set out below.

### ***Limitation on Product Offering: Proprietary Products Only***

As an exempt market dealer, the investment opportunities currently available through us are limited to securities of investment funds that are managed by us (referred to as “proprietary products”). In particular, the only investment opportunities currently available through us are units of the following investment funds:

McElvaine Value Fund  
The Osler Fund

We act as investment fund manager and portfolio advisor of McElvaine Value Fund and The Osler Fund. In our capacity as an exempt market dealer, we also sell units of these funds in reliance on exemptions from applicable prospectus requirements. Because of our role in managing the business and affairs of these funds, the funds are considered to be connected issuers to us. Additional information about these funds is available in each fund’s offering memorandum or other disclosure document, copies of which are available from us upon request.

Our roles in managing, advising and selling units of McElvaine Value Fund and The Osler Fund will inevitably give rise to certain conflicts between our interests and yours. These conflicts of interest could mean that we are only providing you access to proprietary products because we receive compensation related to those products. In addition, our relationship with these products may cause us to follow a ‘know your product’ process that is less robust than it otherwise would be for non-proprietary products. Our review of these products may also be conducted with a less independent view than would be done by an arm’s length party. Further, because we do not offer investments in third party products, any suitability determination conducted by us and our representatives will not consider the larger market of non-proprietary products or whether those non-proprietary products would be better, worse, or equal in meeting your investment needs and objectives.

We manage these conflicts by ensuring that we do not receive any fees or other compensation for our services as an exempt market dealer and our representatives do not receive any sales-based compensation or commissions or referral fees related to the sale of proprietary products. In addition, unless you are a “permitted client” and have requested that we not make suitability determinations for your account, we will conduct a suitability assessment to ensure that each investment is suitable for you and in your best interests, having regard to your financial and other circumstances. We also carry out periodic assessments of the products we offer, including their performance, to ensure that they remain appropriate for the range of our clients and prospective clients. Despite the steps we take to manage these conflicts, you may wish to get independent advice from a trusted professional before you consider investing in the proprietary products we offer.

### ***Personal Trading Activities***

Employee personal trading can create a conflict of interest because employees with knowledge of our trading decisions could use that information for their own benefit. We have adopted a policy to restrict and monitor personal trading by our employees, officers and directors in order to ensure that there is no conflict between such personal trading and the interests of our funds or our clients. Each of our employees, officers

and directors put the interests of our clients first, ahead of their own personal self-interests. In particular, any individual who has, or is able to obtain access to, non-public information concerning the portfolio holdings, the trading activities or the ongoing investment programs of our funds or our other clients, is prohibited from using such information for his or her direct or indirect personal benefit or in a manner which would not be in the best interests of our clients. These individuals also must not use their position to obtain special treatment or investment opportunities not generally available to our clients. These individuals are only allowed to make a personal trade if it falls within a general exception in our personal trading policy or if our Chief Compliance Officer has determined that such trade will not conflict with the best interest of our clients. We encourage our employees, officers and directors to invest primarily through our funds, thereby reducing the amount of their personal investments and consequently, reducing the likelihood of a conflict of interest arising between us and our clients.

### ***Outside Activities***

At times, our representatives may participate in activities outside of their employment with us, such as serving on a board of directors, participating in community events or pursuing personal outside business interests, whether paid or unpaid. A potential conflict can arise from one of our representatives engaging in such activities as a result of compensation received, the time commitment required or the position held by the representative in respect of these outside activities. The potential impact and risk to you are that these outside activities may call into question the representative's ability to carry out their responsibilities to you or properly service you, there may be confusion which entity(ies) the representative is acting for when providing you with services and/or if the outside activity places the representative in a position of power or influence over you.

We address this conflict by requiring all representatives to obtain our prior approval before engaging in any outside business activity. We will only approve an outside business activity if the activity will not interfere with the proper discharge of the individual's duties to us and our clients.

### ***Gifts and Entertainment***

The receipt of gifts or entertainment from business partners may result in a perceived conflict as it gives rise to the perception that our representatives will favour such business partners when making investment decisions. To manage this perceived conflict of interest, we have adopted a policy that prohibits our representatives from accepting gifts or entertainment beyond what we consider consistent with reasonable business practice and applicable laws. We set maximum thresholds for such permitted gifts and entertainment so that there cannot be a perception that the gifts or entertainment will influence decision-making.

### ***Referral Arrangements***

We may enter into referral arrangements from time to time whereby we pay or provide a fee or other benefit for the referral of a client to us or to one of the funds we manage, or whereby we receive a fee or other benefit for the referral of a client to another entity. Referral arrangements may be entered into both with other registrants and with non registrants.

In all cases, the referral arrangement will be set out in a written agreement which will be entered into in advance of any referrals being made. Details of how the referral fee is calculated and paid and to whom it is paid and other required information regarding each referral arrangement will be provided to affected clients as required.

We also have policies and procedures that are designed to ensure that fees and other benefits received or paid or provided, as applicable, in connection with referral arrangements are appropriate and do not provide inappropriate incentives, and that any referral by us is in the client's best interest. We undertake periodic reviews of referral arrangements. Clients do not pay any additional charges and fees in connection with referrals, and are not obligated to purchase any product or service in connection with a referral. As at the date of this document, we do not currently have any referral arrangements in place.

### ***Performance-based fees***

We may charge performance fees in relation to our funds. Performance-based fees may create a potential conflict of interest to the extent such fees may incentivize our representatives to recommend an investment in a particular fund over other funds because he or she believes that the particular fund is more likely than the other funds to pay a performance fee to us.

We manage this potential conflict of interest through our policies and procedures relating to our suitability obligation. As described above under the heading *Your Account With Us – Suitability Obligation*, unless you are a “permitted client” and have requested that we not make suitability determinations for your account, we will conduct a suitability assessment to ensure that each investment is suitable for you and in your best interests, having regard to your financial and other circumstances. Considerations unrelated to your best interests, such as the likelihood that we will receive a performance fee in relation to your investment, will not be considered as part of our determination that an investment is suitable for you.

### ***Complaint Handling***

Addressing a complaint by a client can create a potential conflict if we have a choice between addressing the complaint in a manner that is beneficial to us or addressing the complaint in the best interests of the client. The potential risk to you is that we act in our own business interests. To control this potential conflict, we have adopted policies and procedures for the handling of client complaints. These policies and procedures are described below under the heading *Dispute Resolution Services*.

## **14. TAX INFORMATION**

We have due diligence and reporting obligations under the *Foreign Account Tax Compliance Act* (as implemented in Canada by the Canada - United States Enhanced Tax Information Exchange Agreement and Part XVIII of the *Income Tax Act* (Canada), collectively **FATCA**), and the OECD’s Common Reporting Standard (as implemented in Canada by Part XIX of the *Income Tax Act* (Canada), **CRS**). Generally, clients (or in the case of certain clients that are entities, the “controlling persons” thereof) will be required by law to provide us with information related to their citizenship or tax residence and, if applicable, their foreign tax identification number. If a client (or, if applicable any of its controlling persons) does not provide the information or, for FATCA purposes, is identified as a U.S. taxpayer (including a U.S. citizen who is resident in Canada) or, for CRS purposes, is identified as a tax resident of a country other than Canada or the U.S., information about the client (or, if applicable any of its controlling persons) and his, her or its account will generally be reported to the Canada Revenue Agency (the **CRA**) unless the account is in respect of a registered plan. The CRA will provide the information to, in the case of FATCA, the U.S. Internal Revenue Service, and, in the case of CRS, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under CRS.

## **15. CANADIAN ANTI-SPAM LEGISLATION**

Under Canada’s anti-spam legislation, we are required to obtain your consent to send you commercial electronic messages (including promotional emails and newsletters). We will generally seek this consent from you at the time you open your account. You may withdraw your consent at any time using the unsubscribe mechanism in the communications that we send to you or by contacting us. Please note that, in those cases, we may still send you emails relating to products and services you have purchased from us (such as emails containing your account statements).

## **16. DISPUTE RESOLUTION SERVICES**

We have adopted a policy relating to complaint examination and dispute resolution. Under the policy, Tim McElvaine, our President, is responsible for handling complaints.

If we receive a complaint from you relating to trading or advising activities provided by us or a representative of our firm, we will provide you with a written acknowledgement of the complaint containing the following information:

- (a) a description of our obligation, if any, under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* to make an independent dispute resolution or mediation service available to you;
- (b) the steps that you are required to take in order for an independent dispute resolution or mediation service to be made available to you; and
- (c) the name of the independent dispute resolution or mediation service that will be made available to you and contact information for the service.

In addition, if we decide to reject a complaint or to make an offer to resolve a complaint, we will provide you with written notice of that decision.

We will make an independent dispute resolution or mediation service available to you at our expense if:

- (a) after 90 days of our receipt of the complaint, we have not given you written notice of our decision in respect of the complaint and you have notified the independent dispute resolution or mediation service specified by us that you wish to have the complaint considered by the service; or
- (b) within 180 days of your receipt of written notice of our decision in respect of the complaint, you have notified the independent dispute resolution or mediation service specified by us that you wish to have the complaint considered by the service.

There are limitations on your ability to have a complaint resolved at our expense by an independent dispute resolution or mediation service. We are only required to follow this procedure if the complaint is received by us within six years of the day when you first knew or reasonably ought to have known of an act or omission that is a cause of or contributed to the complaint. Also, you must agree that, for the purpose of the independent service's consideration of the complaint, the amount claimed (if any) will be no greater than \$350,000.

We may follow other procedures in relation to a complaint made by a "permitted client" within the meaning of applicable securities laws that is not an individual.

If you are resident in Quebec and are dissatisfied with our complaint examination procedure or its outcome, you may request that we provide a copy of our file relating to your complaint to the Autorité des marchés financiers (AMF). Upon receipt, the AMF will examine the complaint and may, if it considers appropriate, provide dispute resolution services in respect of the complaint. The filing of a complaint with the AMF does not impact the complainant's remedies before the civil law courts in Quebec.

Further information regarding these matters is attached as Schedule A.

## **17. YOUR RELATIONSHIP WITH US**

It is important that you actively participate in our relationship. In particular, we encourage you to:

- Keep us fully and accurately informed regarding your personal circumstances, and promptly advise us of any change to information that could reasonably result in a change to the types of investments appropriate for you, such as a change to your income, investment objectives, risk tolerance, time horizon or net worth.
- Review the documentation and other information we provide to you regarding your account(s) holdings, performance and transactions conducted on your behalf.
- Ask questions of and request information from us to address any questions you have about your account(s), transactions conducted on your behalf or the holdings in your portfolio, or your relationship with us or anyone acting on our behalf.

## SCHEDULE A

### MCELVAINE INVESTMENT MANAGEMENT LTD.

#### What to do if you have a complaint

##### Our complaint process

###### Filing a complaint with us

If you have a complaint about our services or a product, contact us at:

McElvaine Investment Management Ltd.  
214 - 2186 Oak Bay Avenue, Victoria, British Columbia V8R 1G3  
Telephone: (250) 708-8345  
Facsimile: (250) 708-8346  
E-mail: info@mcelvaine.com

You may want to consider using a method other than e-mail for sensitive information.

###### Tell us:

- what went wrong;
- when it happened; and
- what you expect, for example, money back, an apology, account correction.

###### We will acknowledge your complaint

We will acknowledge your complaint in writing, as soon as possible, typically within five business days of receiving your complaint.

We may ask you to provide clarification or more information to help us resolve your complaint.

###### We will provide our decision

We normally provide our decision in writing, within 90 days of receiving a complaint. It will include:

- a summary of the complaint;
- the results of our investigation;
- our decision to make an offer to resolve the complaint or deny it; and an explanation of our decision.

###### If our decision is delayed

If we cannot provide you with our decision within 90 days, we will:

- inform you of the delay;
- explain why our decision is delayed; and
- give you a new date for our decision.

You may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI).

###### If you are not satisfied with our decision

You may be eligible for OBSI's dispute resolution service.

###### If you are a Québec resident

You may consider the free mediation service offered by the Autorité des marchés financiers.

###### Help us resolve your complaint sooner

- Make your complaint as soon as possible.
- Reply promptly if we ask you for more information.
- Keep copies of all relevant documents, such as letters, e-mails and notes of conversations with us.

###### A word about legal advice

You always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your options. There are time limits for taking legal action. Delays could limit your options and legal rights later on.

## Taking your complaint to OBSI

You may be eligible for OBSI's free and independent dispute resolution service if:

- we do not provide our decision within 90 days after you made your complaint; or
- you are not satisfied with our decision.

OBSI can recommend compensation of up to \$350,000.

OBSI's service is available to clients of our firm. This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action.

### Who can use OBSI

You have the right to use OBSI's service if:

- your complaint relates to a trading or advising activity of our firm or by one of our representatives;
- you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint; and
- you file your complaint with OBSI according to its time limits below.

### Time limits apply

- If we do not provide you with our decision within 90 days, you can take your complaint to OBSI any time after the 90-day period has ended.
- If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI.

### Filing a complaint with OBSI

#### Contact OBSI

E-mail: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

Telephone: 1-888-451-4519 or 416-287-2877 in Toronto

#### OBSI will investigate

OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer.

During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations.

#### OBSI will provide its recommendations

Once OBSI has completed its investigation, it will provide its recommendations to you and us. OBSI's recommendations are not binding on you or us.

OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint.

For more information about OBSI, visit [www.obsi.ca](http://www.obsi.ca).

#### Information OBSI needs to help you

OBSI can help you best if you promptly provide all relevant information, including:

- your name and contact information
- our firm's name and contact information
- the names and contact information of any of our representatives who have been involved in your complaint
- details of your complaint
- all relevant documents, including any correspondence and notes of discussions with us