



LIONRIDGE
capital management

Lionridge Capital Management Inc. Conflicts of Interest Disclosure Statement

Overview of Client Focused Reforms and Conflicts of Interest Disclosures

The Canadian securities regulators have enhanced their rules to better support your interests as a client. These enhanced rules are based on the fundamental concept that your interests must always come first. Here at Lionridge Capital Management Inc. ('Lionridge') our goal is to be acting in our clients' best interests at all times and to provide enhanced disclosure so that you have greater visibility of our efforts to always act in your best interests.

About Lionridge Capital Management Inc.

Lionridge is registered under the securities laws of Alberta, British Columbia, Manitoba, Ontario, Quebec and Saskatchewan as an adviser in the category of Portfolio Manager. Lionridge is also registered as an Investment Fund Manager in Manitoba, Newfoundland and Labrador, Ontario and Quebec and is registered as an Exempt Market Dealer in Manitoba and Ontario. Lionridge was founded for the purpose of practicing fundamental value investing in an independent manner, free of the investment parameters and constraints typically placed on professional investors managing money at large institutions. As a licensed portfolio manager, Lionridge has a fiduciary duty to act in your best interests at all times.

Conflicts of Interest

What exactly is a conflict of interest? A conflict of interest means that there is an influence which may affect the decision we, as your portfolio manager would make in the management of your account, or conversely it may affect the decision that you, as the client, would make regarding your account with us.

How We Manage Conflicts of Interest

In general, we deal with and manage relevant conflicts as follows:

- **Avoidance:** This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed.
- **Control:** We manage acceptable conflicts through means such as policies and procedures.

- Disclosure: By providing you with information about conflicts, you are able to assess their significance when evaluating our services.

At Lionridge, we have adopted policies and procedures to assist in identifying conflicts of interest. Conflicts deemed too significant to be addressed through controls or disclosures will be avoided. If the conflict cannot be avoided, we will control the conflict with policies and processes, and we will provide disclosure to you in order to explain how we manage the conflict in your best interests. This disclosure will assist you to understand the nature of your relationship with Lionridge.

Specific Material Conflicts of Interest

Our existing or reasonably foreseeable material conflicts of interest are described below. We are also disclosing those potential conflicts that we avoid, in order to better explain how we put the best interests of our clients first.

Conflicts Arising from Proprietary Products

It is a conflict of interest for Lionridge to distribute its own proprietary products or utilize proprietary products within its managed accounts. Lionridge is the investment fund manager and portfolio manager of the Lionridge Total Equity Fund and The 8&20 Fund, which are related and connected issuers to Lionridge (the "Funds"). There is the potential that Lionridge will put its interests above Lionridge's clients' interests when the Funds are utilized within managed accounts.

How we address the conflict:

Lionridge controls the COI by ensuring that the utilization of the funds within managed accounts are suitable for the client and which places the client's interest first. Managed account clients consent to the purchase of the Funds within managed accounts. Lionridge periodically reviews the Funds to determine that the Funds and the mandates are comparable to other relevant benchmarks.

Conflicts Arising from Third-party Compensation

It is a conflict of interest for Lionridge to receive third-party compensation.

How we address the conflict:

Lionridge avoids and controls this conflict by not receiving third party compensation or if in receipt of third party compensation due to the transfer in of legacy securities which are generally sold very soon after transfer, Lionridge does not charge clients management fees on those transferred in securities which will ultimately be sold. In addition, if Lionridge is in receipt of trailing commissions, the client will receive a management fee credit in the amount of the trailing commissions.

Conflicts Arising from Internal Compensation Arrangements and Incentive Practices

While motivating registered individuals and firms to generate revenue or grow assets is normal practice, some compensation practices can result in behaviour that is not in the best interest of clients as a result of incentives to add clients, assets or revenue generated from clients, or by charging performance fees within its investment funds.

How we address the conflict:

Lionridge controls this conflict as registrant and supervisory compensation is not directly linked to sales

targets though variable compensation is paid to individuals based upon assets brought to the firm, which Lionridge views as an acceptable alignment of interests.

Conflicts in Fee-Based Accounts

There is a potential conflict when a client is charged more than other clients for the same or substantially similar products or services, there could be a breach of the registrant's duty to treat clients fairly, honestly and in good faith.

How we address the conflict:

Lionridge controls this conflict as it has policies that provide for clients to adhere to the established fee schedule and which provide that any deviation from the established fee schedule will involve clients being subject to grandfathered fees, pre-existing client relationships, account size, account aggregation, or other circumstances such as the level and complexity of the services to be provided to a client.

Conflicts Related to Performance Fees

The charging of performance fees within investment funds may create conflicts of interest in the management of the investment funds.

How we address the conflict:

A performance fee is charged within The 8&20 Fund. Lionridge controls this conflict as the portfolio managers at Lionridge are seasoned industry veterans who take their fiduciary obligations seriously to manage the Fund within its investment objectives and strategies of each respective Fund and to not take undue risks in order to chase performance fees. The performance fees are disclosed to clients in the IMA signed by clients and in Lionridge's RDI that is provided to all clients at the time of onboarding.

Fair Allocation of Investment Opportunities

There can be competing interests among client accounts for allocation of trades in a fair manner, and a registrant may have difficulty trying to address these conflicts in the best interest of all their clients simultaneously.

How we address the conflict:

Lionridge controls this conflict as Lionridge's Funds do not have limited allocation opportunities. As such, clients do not compete for access to investment opportunities. Investment purchases and redemptions are made on a NAV basis, so timing benefits are mitigated.

For non-Fund securities, Lionridge controls this conflict as it has documented policies for pro-rata allocation when an entire order is not fulfilled. There is no cross-selling between client accounts. Lionridge discloses its Fairness in Allocations Policy and that Lionridge's services are not exclusive.

Conflicts Related to Referral Arrangements

Paid referral arrangements are material conflicts of interest. The payment of a referral fee to obtain a client, or the receipt of a referral fee to refer a client, can influence a registrant to put their interests in growing their business or receiving referral fee revenue ahead of their client's interests.

How we address the conflict:

Lionridge controls this conflict by having policies and procedures in place which include due diligence being performed on referring parties, ongoing certification and oversight, and policies related to entering into referral arrangements with third parties. All referral fees are paid from Lionridge's management fee. No incremental cost is incurred by the client, and referral arrangements, including the compensation paid in connection with the referral, are disclosed to potential clients prior to Lionridge's acceptance of the prospective referred client as a client. There may be differing referral fees paid depending upon the level of ongoing services provided by the referring firms.

Purchasing Assets from a Client Outside the Normal Course of Business

The purchase of an asset from a client outside of the normal course of Lionridge's business may create a material conflict of interest.

How we address the conflict:

Lionridge avoids this conflict as it has policies in place to prohibit such dealings with clients.

Conflicts Arising from Having Full Control or Authority Over the Financial Affairs of a Client

Having full control or authority over the financial affairs of a client is a material conflict of interest.

How we address the conflict:

Lionridge avoids this conflict as Lionridge requires that all employees seek approval for outside activities and arrangements which may give rise to a conflict of interest. Lionridge avoids this conflict of interest as it does not permit employees to act in positions where they may have full control or authority over the financial affairs of a client and will decline any such appointments.

Conflicts Arising from Individuals Who Serve on Public Boards and Employee Familial or Other Relationships with Persons who are in Senior Positions at Issuers

Material conflicts of interest arise if an individual acts as a director or holds a senior officer position of a reporting issuer as that individual's obligations have to place the interests of the reporting issuer first.

How we address the conflict:

Lionridge avoids the conflict as no employees or family members of employees of Lionridge serve as a director or hold a senior position of a reporting issuer. All outside activity-related roles or relationships, such as directorships or trusteeships of any kind, or paid or unpaid roles with charitable organizations, must be approved by the CCO & UDP of Lionridge.

Conflicts Arising from Outside Activities

A conflict of interest may arise as a result of a Lionridge employee's outside activities (OA). A conflict may arise from activities due to time commitment, their position or any compensation received. The OA may hinder their ability to perform their duties, may give rise to confusion as to which entity the individual is representing, or the employee may be in a position of influence.

How we address the conflict:

Lionridge controls this conflict by having policies in place for outside activities (OA) which involve a requirement to disclose any OA's so that Lionridge can consider the impact regarding the individual's time and commitment to their Lionridge responsibilities, any client confusion and if the OA gives rise to a conflict of interest. OAs are reviewed and disclosed to the CCO on a monthly basis. To the extent an OA

creates a material conflict of interest that cannot be effectively managed, such OA will not be approved by the CCO.

Allocating Expenses amongst Funds/in a Fund

There is a potential conflict of interest between the interests of the Manager and its clients and Funds in relation to the allocation of expenses amongst the Funds. This conflict creates a risk that the Manager may allocate expenses to the Funds that are not appropriate, or may allocate expenses disproportionately to a Fund that is not fair and equitable to all clients and funds and may negatively impact the Fund and the Fund's performance.

How we address the conflict:

Lionridge controls this conflict through policies and procedures that require that expenses charged to each Fund are reasonable and appropriate and the method of allocating such expenses is fair and equitable.

Large Unitholders

Allowing a large unitholder to invest in a fund may constitute a conflict of interest because Lionridge will earn revenues, or gain other benefits, from the assets invested by the large unitholder, while there is the possibility that the trading activities of the unitholder could adversely affect the remaining unitholders of a Fund. Additionally, the redemption of a large unitholder could pose a liquidity risk to the Fund

How we address the conflict:

Lionridge controls this conflict as overall liquidity in the Funds is not an issue and should there be a request for a large redemption then the firm would manage the tax consequences for clients which will fairly treat the redeeming unitholders and not create an adverse tax situation for the remaining unitholders, most likely in the form of a special distribution of any capital gains to the redeeming unitholders.

Trade Execution – Best Execution

There is a potential conflict that could arise in relation to the decision made with respect to the to the execution of trades for the proprietary funds managed by Lionridge and/or client accounts. This conflict creates a risk that Lionridge will deal with third party brokers for relationship or other reasons and pay higher commissions or other fees than those that may be charged by other brokers or otherwise do not obtain best execution.

How we address the conflict:

Lionridge controls this conflict as it has written policies for best execution. The great majority of Lionridge's trading is executed directly with its custodians. As such, best execution is a function of having our custodians provide market-competitive commission rates for the trades. Custodians are required to follow the same best-execution and fairness guidelines that Lionridge adheres to. Lionridge reviews its custodians' and other brokers' best execution policy and disclosure statements on an annual basis to ensure it is satisfactory from a cost and level of service standpoint.

Trade Execution – Use of Client Brokerage Commission (Soft Dollars)

Brokerage commissions used to generate soft dollars are an asset of the client and the use by Lionridge of brokerage commissions to generate soft dollars is a conflict of interest.

How we address the conflict:

Lionridge avoids this conflict of interest as it does not enter into any soft dollar arrangements.

Cross-trades and Inter-fund Trades

Where securities are purchased by a proprietary fund managed by Lionridge or an account of a responsible person at a time when another proprietary fund managed by Lionridge or account of a responsible person is a seller of such securities, it is a conflict of interest because of the potential benefit to the respective proprietary fund managed by Lionridge or account of a responsible person.

How we address the conflict:

Lionridge avoids this conflict as its policy is to not allow cross trades between the Funds or client accounts and does not permit the transfer of Fund units between clients.

Trading Errors

Lionridge may have a conflict of interest when a trade error has caused a loss in a Fund or client account which requires Lionridge to rectify the error in favour of the Fund or client.

How we address the conflict:

Lionridge controls this conflict by having a policy of when there is an instance of a material trading or pricing error caused by an employee of Lionridge, and where a client account or a Fund has been negatively impacted, the client or the Fund is made whole.

Pricing Errors

Lionridge may have a potential conflict of interest when dealing with a pricing error in a Fund. There is a risk that Lionridge may not take steps to correct or otherwise address the error due to the cost or other implications to Lionridge.

How we address the conflict:

Lionridge controls this conflict as it uses a third-party service provider, SGGG, to calculate the net asset values of the Funds. Lionridge has policies for the correction of errors in the calculation of net asset value of the Funds, and in accordance with industry guidelines.

Valuation of Portfolio Securities

As Lionridge revenue is based on a percentage of the market value of a client account or a Fund, or the performance of a Fund in the case of performance fees, Lionridge may have a conflict of interest in those instances where Lionridge is responsible for valuing portfolio securities. There is a conflict as the valuation will impact the fees earned by the firm and the performance reported to clients as well as marketed.

How we address the conflict:

Lionridge controls this conflict as Lionridge's valuation policy provides that valuations of client holdings are determined by third parties and from publicly available market data. Additionally, the Funds are valued by SGGG, a third-party fund administrator.

Personal Trading, Use of Inside Information for Personal Gain

Individuals may find themselves in situations where their personal interests are in conflict with those of a client. When individuals at Lionridge invest in the same securities as clients of Lionridge, there is a perceived or potential conflict of interest that such individuals at Lionridge may benefit from opportunities at the expense of Lionridge's clients. Using confidential information acquired in connection with an employee's duties, for the purpose of obtaining a personal advantage would be a conflict of interest and is prohibited by securities legislation.

How we address the conflict:

Lionridge controls this conflict as it has policies in place to deal with inside information and personal trading of access persons. Lionridge's policies prevent the use of inside information and ensure that inside information does not impact investment decisions. Personal trades must be approved by the CIO prior to execution, a regular review of employee statements is undertaken, and each employee adheres to Lionridge's Code of Ethics.

Tied Selling

It is a conflict of interest where the purchase of one service is conditional on buying another as well, which is prohibited by securities laws.

How we address the conflict:

Lionridge avoids this conflict by not offering services that must be purchased together. Tied selling is prohibited.

Gifts and Entertainment

There may be instances wherein Lionridge's individuals may give or accept gifts or business entertainment of more than minimal value in connection with Lionridge's business and as such a perceived or potential conflict of interest could arise.

How we address the conflict:

Lionridge controls this conflict as it has policies in place to place limits on gift giving and has guidelines on gift acceptance.

Marketing with Misleading or Inaccurate Performance

Lionridge has an interest in showing good performance to attract more clients which may conflict with Lionridge's fiduciary responsibility to its clients and prospective clients to provide accurate performance reporting.

How we address the conflict:

Lionridge controls this conflict as it has policies in place to govern the use of performance data with respect to disclosure to clients and the public. Any marketing materials and/or performance data used in client facing materials must be reviewed and approved by the CCO or designate prior to distribution.

Proxy Voting

There is a potential conflict of interest as there is the opportunity for Lionridge to vote securities or to agree to certain corporate actions in its own interest over the interests of clients.

How we address the conflict:

Lionridge controls this conflict through policies that govern proxy voting in its funds and in client accounts. Lionridge's general policy is not to vote proxies, but in situations where they may be voted, they will be voted in the best interests of clients/unitholders.

Complaints

There is a potential conflict of interest if a complaint is received and not responded to as it may adversely affect an individual or the firm.

How we address the conflict:

Lionridge controls this conflict through policies that establish a process and controls in the event a client complaint is received, along with a reporting requirement. Lionridge discloses its policies for client complaints and ensures that clients are informed of all options available for dispute resolution purposes.