

# ALITIS

INVESTMENT COUNSEL



## What You Should Know About Alitis

Relationship Disclosure Document

October 31, 2024

# About This Document

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This Relationship Disclosure Document (“RDD”) provides important information concerning the relationship between Alitis Investment Counsel Inc. and you, our client. This RDD will be provided to you at the time you open your account with us. If there is a significant change to the information contained in this RDD, we will provide you with updated information in writing as soon as reasonably possible. This RDD forms part of your Investment Management Agreement (“IMA”) with Alitis Investment Counsel Inc. and by signing the IMA, you acknowledge that you have received this document and understand its contents.

This version of the RDD was updated on October 31, 2024. The most current version of this document can be obtained on our website at [www.alitis.ca](http://www.alitis.ca).

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To clarify, the terms “**Us**”, “**We**”, “**Our**” or “**Alitis**” mean Alitis Investment Counsel Inc., a privately-owned company incorporated under the laws of British Columbia, or its assignee and includes, where the context requires, affiliates of Alitis which may perform certain services relating to real estate owned by Alitis Pools. When we refer to “**you**” or “**your**” we are referring to the person or persons, corporation, partnership or unincorporated association in whose name(s) the account is held and includes anyone you appoint as your agent or attorney. The term, “**Alitis Pools**” refers to all the investment funds or entities managed by Alitis, or an affiliate of Alitis, as outlined in more detail later in this document.

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# About Alitis Investment Counsel Inc.

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## Our Clientele

Alitis Investment Counsel Inc. offers discretionary and non-discretionary investment management services to families, corporations, trusts, and other organizations. Alitis also offers its investment pools to clients of other firms through arrangements with third-party dealers and portfolio managers.

## Our History

Alitis was founded in 2009 to offer a broader range of investment opportunities, lower volatility, reduce fees, and enable more efficient investment management for clients. At the time, three major trends in the world played a role in the need to create Alitis:

- Interest rates in the developed world were bottoming out and at some point would start to move higher. The days of easy returns with traditional fixed income products was coming to an end.
- Globalization of trade and financial systems had made the world's economies increasingly dependent upon one another. Negative economic conditions in one part of the world were having global ramifications, resulting in increased correlation of the world's markets – a condition that made diversification using traditional asset classes much more difficult.
- The accumulation of debt by both governments and consumers was expected to be a long term drag on economic growth, negatively impacting currencies, and increasing the risk of future financial shocks.

From these trends, it was apparent that traditional portfolios comprised solely of stocks & bonds would likely have difficulty performing well. To address these challenges, we designed and launched investment solutions that utilized a much wider variety of asset classes and investment approaches resulting in a significant level of diversification. This approach was used by some of the most progressive pension funds, endowments, and high net-worth individuals to reduce the risks associated with an over-concentration in traditional asset classes. It was our view that this was well suited for investors who were looking to reduce portfolio risk while taking regular income or building wealth over the longer term.

In the years since its founding, Alitis has expanded its capabilities by adding additional specialized investments to it produce shelf as well as updating the mandates for certain of the original investments. The result is that today, Alitis offers an array of investment products that are used to create portfolios best suited to each investor's unique needs and have demonstrated the ability to reduce risk in challenging market conditions.

## Our Investment Approach and Process

Alitis' investment approach is based upon controlling risk and enhancing longer-term returns using a broad range of traditional and alternative asset classes. It is our view that the majority of a portfolio's risk and return can be determined by the asset classes and, as such, a significant portion of our effort is spent on their analysis. In our framework, we categorize all investments into five broad categories – Cash, Fixed Income, Equities, Real Assets, and Alternative Strategies – with many traditional and alternative sub-categories which allows us to construct well-diversified portfolios. As well, we endeavour to use broadly-diversified investments, such as mutual funds, ETFs, and closed-end funds, to provide even more diversification to portfolios. Ultimately, we create a range of model portfolios or individual customized portfolio for use with all our clients.

Our investment process is comprised of three distinct levels which are integrated to provide a seamless investment experience for our clients:

- **Investment Management.** Based on analysis by the Investment Committee, the strategic asset allocation is modified on a regular basis by making tactical decisions to over-weight or under-weight the asset classes within defined constraints. As well, investments are identified, researched, and monitored for inclusion or removal from our approved list. From this list, the Investment Committee selects investments to be used within each Alitis Pool and model portfolio.

- **Oversight of the Alitis Pools.** Alitis' Investment Oversight Committee monitors compliance with the investment objectives, strategies and guidelines of each Alitis Pool, as well as identifying, managing and resolving conflicts of interest issues which may arise from time-to-time with respect to the Alitis Pools. Committee representation, at a minimum, consists of Alitis' Chief Compliance Officer, Alitis' Chief Executive Officer and one independent professional member.
- **Your Investments.** After discussions with you and an assessment of your personal and financial circumstances, risk profile, investment needs and objectives, time horizon and investment knowledge each account is assigned a model portfolio or individual customized portfolio and is monitored and rebalanced as required to realign the weighting of each holding back to the amount specified for the portfolio.

New model portfolios may be added from time-to-time, but the overall management process will follow the general guidelines outlined above.

## Licensing & Regulatory

Alitis is registered as a portfolio manager in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Alitis is also registered as an investment fund manager and exempt market dealer with the securities commissions in the provinces of British Columbia and Ontario. Our principal regulator is the British Columbia Securities Commission.

### Alitis as Portfolio Manager

As a portfolio manager ("PM"), Alitis provides discretionary portfolio management to you pursuant to our Investment Management Agreement ("IMA") and in accordance with your Investment Policy Statement ("IPS"). That is, we make investment decisions and trades on your behalf within the parameters agreed upon for the operation of your account.

### Alitis as Investment Fund Manager

As an investment fund manager ("IFM"), Alitis currently manages six investment pools and one limited partnership. These Alitis Pools are proprietary products of Alitis and are subject to certain conflicts of interest. Further information is contained later in the section entitled, "Conflict of Interest Disclosure Statement."

### Alitis as Exempt Market Dealer

As an exempt market dealer ("EMD"), Alitis may provide access to the Alitis Pools without providing discretionary management to you. Alitis only uses this license to sell the Alitis Pools and does not use it to sell any other exempt products.

## Referral Arrangements

Alitis may enter into referral arrangements in compliance with applicable securities laws whereby we refer clients to another entity and receive a fee or another entity refers clients to us for which we pay referral fees. The details of these referral arrangements, including the parties to the referral arrangement, the way the referral fee for services is calculated and the party to whom it is paid, and any other relevant information will be provided to you in a separate disclosure document. If there is a change to the information set out in the disclosure document, we will ensure that written disclosure of that change is provided to you as soon as possible and no later than 60 days before the date on which a referral fee is next paid or received. Further information is contained later in the section entitled, "Conflict of Interest Disclosure Statement."

## Memberships

Alitis is a member of the following organizations:

- Portfolio Management Association of Canada
- Urban Development Institute – Capital Region

## Contact Information

### Campbell River (Head Office)

#101 – 909 Island Hwy.  
Campbell River, BC, V9W 2C2  
Phone: 250.287.4933  
Toll Free: 1.800.667.2554  
Email: [info@alitis.ca](mailto:info@alitis.ca)  
Website: [www.alitis.ca](http://www.alitis.ca)

### Comox Valley

#103 – 695 Aspen Road  
Comox, BC, V9M 3P5  
Phone: 250.890.1372  
Toll Free: 1.800.667.2554  
Email: [info@alitis.ca](mailto:info@alitis.ca)  
Website: [www.alitis.ca](http://www.alitis.ca)

### Victoria

1480 Fort Street  
Victoria, BC, V8S 1Z5  
Phone: 250.386.4933  
Toll Free: 1.800.667.2554  
Email: [info@alitis.ca](mailto:info@alitis.ca)  
Website: [www.alitis.ca](http://www.alitis.ca)

## Our Custodians

### Aviso Financial Inc. (formerly Credential Qtrade Securities Inc. prior to April 1, 2024)

Our clients' accounts are required to be held by an independent third-party custodian. We have chosen Aviso Financial Inc. ("Aviso") to provide these services for our clients. Aviso is a licensed securities dealer with the Canadian Investment Regulatory Organization ("CIRO") acting as its primary regulator. As a securities dealer, accounts at Aviso are protected by the Canadian Investor Protection Fund ("CIPF"). Aviso was chosen by Alitis to be custodian for our clients' accounts due to its low cost, solid service, large presence in British Columbia, and use of systems well-suited to the needs of our clients. Alitis does not have access to your money held at Aviso. Rather, the agreements you sign give us authority to undertake certain tasks, such as buying and selling securities in your accounts, moving money between accounts, and voting proxies for securities held in your accounts. The Alitis Pools also use Aviso as their principal custodian.

Aviso Financial Inc.  
700 – 1111 West Georgia Street  
Vancouver, BC V6E 4T6  
Phone: 604.714.3800  
Toll Free: 1-855-714-3800  
Email: [service@Aviso.com](mailto:service@Aviso.com)  
Website: [www.aviso.ca](http://www.aviso.ca)

### BMO Capital Markets

The Alitis Pools also utilize BMO Capital Markets ("BMO") as a secondary custodian to gain access to futures contracts and to provide an alternate means to trade securities. Except for the futures contracts, it is expected that all securities will be settled and held with our principal custodian, Aviso. BMO is a division of BMO Nesbitt Burns Inc. which is regulated by CIRO and, as a securities dealer, accounts are protected by the CIPF. BMO was chosen by Alitis to be a custodian due to its ability to easily trade futures contracts at a competitive price. BMO Capital Markets is a member of BMO Financial Group and is one of the largest diversified financial services providers in North America.

BMO Capital Markets  
1 First Canadian Place  
100 King Street West  
Toronto, ON M5X 2A1  
Phone: 416.359.4000  
Website: [www.bmocm.com](http://www.bmocm.com)

### Other Custodians

At times, other custodians and/or custodial arrangements may be used by the Alitis Pools to hold certain types of investments, as permissible under applicable securities laws and the applicable Pool's trust agreement or limited partnership agreement.

### Alitis Wealth Planning Inc.

Alitis Wealth Planning Inc. is a company related to Alitis Investment Counsel Inc. Alitis Wealth Planning is an insurance agency through which you may be offered fee-for-service financial plans and non-securities related products and services. These products and services are **NOT** offered by Alitis Investment Counsel Inc. Further information about Alitis Wealth Planning can be found at the end of this document.

# Products & Services

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## Services Offered

### Discretionary Portfolio Management Services

Alitis offers discretionary portfolio management utilizing the Alitis Pools, a portfolio of investments held in a separately-managed account (“SMA”), or a combination of the two. Discretionary portfolio management means that the investment decisions are made on an ongoing basis by a duly authorized portfolio manager, who makes and executes investment decisions on your behalf according to your IPS. These investment decisions include the authority to vote the securities held in your accounts and to take other actions, such as responding to corporate reorganizations and tender offers, on your behalf. To facilitate these services, our Investment Committee defines model portfolios for use in individual accounts or across a group of accounts. The model portfolio or customized portfolio recommended to you is based upon your individual requirements, which is discussed in more detail later.

### Retirement Planning

We also offer basic retirement planning services that are relevant to our investment management process, as a courtesy to our clients. If you are seeking in-depth planning with comprehensive written Financial Plans, we offer custom-tailored planning through our related company, Alitis Wealth Planning Inc.

### Investment Fund Management

Alitis provides investment fund management services to the Alitis Pools. Currently we do not provide these services to other investment funds.

### Non-Discretionary Portfolio Management Services

Alitis also offers the Alitis Pools to investors on a non-discretionary basis through our EMD licensing. This service is only applicable to higher net worth clients or institutions who may only want access to one or more of the Alitis Pools without the need for any other services.

## Investment Mandates

With respect to Alitis’ discretionary portfolio management services, an Investment Mandate will be recommended to you after assessing your risk profile, investment needs and objectives, time horizon, investment knowledge, personal and financial circumstances, and other factors. This mandate may be applicable to a single account or it may be applicable to a group of accounts and will guide the composition of investments comprising your portfolio.

The following is a brief description of the six primary Investment Mandates currently used by Alitis. The “target returns” noted below are determined by Alitis’ Investment Committee and are the returns we are seeking to achieve for the Investment Mandate over a market cycle and may also be used for retirement planning purposes. The target returns may be adjusted from time to time. Actual future performance is not guaranteed and may be materially different from the target return. Our Investment Mandates as at the date hereof are:

- **Conservative.** The objective of the Conservative Mandate is to achieve a target return of 2% to 4% using a combination of cash and income investments. This mandate is Alitis’ safest and tends to be suitable for those who do not want to take a lot of risk as well as for those who have very short investment timeframes. The Conservative Mandate will be primarily concentrated in cash and fixed income asset classes.
- **Income.** The objective of the Income Mandate is to achieve a target return of 3% to 5% using a combination of income-oriented investments. This mandate is Alitis’ best approach for those who need a higher level of income without undue equity market risk. The Income Mandate will be primarily concentrated in fixed income asset classes
- **Balanced Income.** The objective of the Balanced Income Mandate is to achieve a target return of 4% to 6% using primarily income-oriented investments while still having some exposure to stocks and alternative investments. This mandate is well diversified and tends to be suitable for those who do not wish to take significant risk but still want the possibility of some growth. The Balanced Income Mandate will be diversified across all major asset classes but with a bias towards fixed income.

- **Balanced.** The objective of the Balanced Mandate is to achieve a target return of 5% to 7% using a combination of income and growth investments. This mandate is Alitis' most diversified and tends to be suitable for those who are in need of an investment strategy that should perform in variety of investment environments. The Balanced Mandate will be highly diversified across all major asset classes.
- **Balanced Growth.** The objective of the Balanced Growth Mandate is to achieve a target return of 6% to 7%+ using primarily growth-oriented investments while still having some exposure to fixed income investments. This mandate is well diversified and tends to be suitable for those who wish to achieve some growth but want some downside protection as well. The Balanced Growth Mandate will be diversified across all major asset classes but with a bias towards equities and real assets.
- **Growth.** The objective of the Growth Mandate is to achieve a target return of 7%+ using a combination of growth-oriented investments. This mandate is Alitis' most aggressive offering and tends to be suitable for those who need or are seeking an investment strategy that has higher potential for long-term growth and who have a higher risk profile. The Growth Mandate will be primarily concentrated in equities and real assets.

## Products Used in Our Portfolios

As briefly mentioned earlier, Alitis uses the Alitis Pools or an SMA when providing discretionary portfolio management services to you. It is our view that the Alitis Pools are our premium investment option for a variety of reasons, including:

- Better diversification and liquidity through the use of a wider range of investments,
- Utilization of more advanced investment strategies, and
- More robust risk management techniques.

**On this basis, it is expected that client portfolios will be comprised almost exclusively of the Alitis Pools.**

### The Alitis Pools

Alitis manages seven proprietary investment pools for use in our clients' accounts. These pools are:

- **Alitis Strategic Income Pool.** The objective is to generate a high level of income.
- **Alitis Income & Growth Pool.** The objective is to generate a moderate level of income and a moderate level of capital appreciation over the long-term.
- **Alitis Growth Pool.** The objective is to generate a high level of capital appreciation with the potential for some income generation over the long term.
- **Alitis Dividend Growth Pool.** The objective is to generate a high level of dividend income, with the potential for capital appreciation, over the long term.
- **Alitis Private Mortgage Fund.** The objective is to generate a high level of income with relatively low volatility.
- **Alitis Private REIT.** The objective is to generate a moderate level of income and a moderate level of capital appreciation over the long-term.
- **Alitis Private Real Estate Limited Partnership.** The objective is to generate a high level of capital appreciation and a moderate level of income over the long-term.

### Individual Investments

We may at times also use investment products other than the Alitis Pools. We believe that risk management through diversification is a key aspect of portfolio management and as such, we almost exclusively use investments that are diversified to begin with, such as mutual funds, exchange-traded funds (ETFs), closed-end funds, hedge funds, mortgage investment corporations (MICs), real estate investment trusts (REITs), limited partnerships, and other pooled-type investments. To a lesser extent, we may use investments such as individual stocks, preferred shares, bonds, T-bills, money market instruments, bank products (e.g. GICs, high-interest savings accounts), and other individual investments. If appropriate, options and other derivatives may be used.



# Opening & Maintaining Your Accounts

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This section pertains to clients who wish to utilize our discretionary portfolio management services, described previously. Opening and maintaining your accounts at Alitis is made up of three main steps, as follows:

1. Gathering information,
2. Setting up your accounts & selecting investments, and
3. Ongoing account maintenance.

## Gathering Information

Our priority is to get to know who you are so that we can properly advise you as to which investments are appropriate. We also have a duty to obtain certain information about you to comply with securities regulations and anti-money laundering laws. If you would like more information on these regulations, please refer to the contact links at the end of this document.

### Getting to Know You

To get to know you and provide you with suitable investment recommendations, we require detailed information so that we can assess your needs and comply with our regulatory requirements, particularly those outlined in Section 13.2 of National Instrument 31-103. To meet these needs, we will require information about you, including:

- **Identifying information.** name, birth date, social insurance number.
- **Contact information.** address, phone numbers, email address.
- **Employment information.** employer, position.
- **Family information.** spouse and their information, children.
- **Financial information.** income, expenses, assets, liabilities.
- **Trusted contact person.** name and contact information of a person you trust.
- **Objectives & constraints.** investment goals & financial needs, investment time horizon, investment knowledge, risk profile.
- **Other information.** determining whether you are an insider of a reporting issuer or any other issuer whose securities are publicly traded, determining your creditworthiness if you wish to use a margin or similar account.

Risk profile is rather subjective and requires more insight. To assist us we have developed our risk profile questionnaire which asks you several questions relating to different aspects of risk (tolerance and capacity). Your answers will be reviewed and interpreted by one of our portfolio managers to assist in determining appropriate investments for you.

### Verifying Your Identity, Citizenship, and Residency

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act, securities regulations, and Income Tax Act require that we take certain steps to verify your identity before we can execute any transactions on your behalf. Alitis will may use either of the following methods to verify your identity:

- We physically see you and your approved photo identification, and take a copy of the identification for our records, or
- We use a two-factor approach whereby we obtain a copy of your approved photo identification and obtain a second document which acts to verify the information contained on the photo identification.

We are also required to identify U.S. citizens and U.S. residents so that Alitis complies with the U.S.' Foreign Account Tax Compliance Act ("FATCA").

If an account is being opened for a corporation, we would require further documentation to verify the corporation's existence as well as those who control or are beneficial owners of more than 25% of the corporation. In the case of a partnership or trust, we would be required to verify the identity of any person who exercises control over the affairs of the partnership or trust. We are also required to verify the identity of the beneficiaries and settlor of a trust.

## Documentation Received at This Stage

The documents you will receive at this stage of the process are as follows:

- **What You Should Know About Alitis: Relationship Disclosure Document.** This is the document you are reading now which provides an overview of what you should know about Alitis, including certain disclosures that Alitis is required to make to you under applicable securities laws.
- **Personal Financial Review.** This form collects the information required so we can get to know you, properly set up your accounts, and meet some of our regulatory requirements.
- **Risk Profile Questionnaire.** This questionnaire will help us determine your risk profile and will be used to assist us in determining the model portfolio most appropriate for you.
- **Trusted Contact Person Information and Authorization Form.** This form provides us with the name of a person you trust as there are certain circumstances where we may feel it is necessary to make inquiries to this person if concerns about your financial well-being become apparent.
- **Referral Disclosure Form.** If you were referred to Alitis by a third-party with whom we have a referral relationship, you will be provided with this disclosure which outlines the services the referring agent will perform and the referral fee to be paid. The form also allows you to consent to the referring agent sharing your information with Alitis so we can provide portfolio management services, and for us to deliver the referring agent information about your portfolio so they can offer other services not related to managing your portfolio, such as financial planning services. It is important to know that the referring agent will only be collecting your information and providing it to us; under no circumstances is the referring agent allowed to undertake any further action with your information beyond collecting and providing it to Alitis.

## Setting Up Your Accounts & Selecting Investments

Setting up your accounts and selecting investments is the most demanding stage. Quite simply, there are numerous forms to fill out and sign. More importantly, the information provided to us in the first step needs to be combined with the information we collect through conversations with you so that we can create an investment policy that works for you and for us and, ultimately, to select an investment portfolio that meets your needs.

### Assessing Your Risk Profile & Return Requirements

One of the key documents you filled out in step one is the Risk Tolerance Questionnaire. Your answers to the questions provide us with a starting point with respect to how you view risk. With respect to your return requirements, we will undertake discussions with you to determine this information. If your return expectations are compatible with your risk profile, then creating a portfolio that meets your needs is a straightforward process. If, on the other hand, your return expectations are not compatible with your risk profile, further discussions would be required so that these issues can be resolved before we move to the next step. It is possible that you and Alitis may not be able to agree upon the compatibility of your return requirements with your risk profile and, in this situation, we may recommend that you seek out the services of another portfolio manager.

### Selecting the Appropriate Investment Mandate

After assessing your risk profile, investment needs and objectives, time horizon, investment knowledge, personal and financial circumstances, and other factors, an appropriate investment mandate will be selected and recommended to you. This mandate may be applicable to a single account or it may be applicable to a group of accounts. If the investment mandate is applicable to a group of accounts, investments ultimately used in each individual account may not appear to reflect your investment mandate; however, when the group of accounts are viewed as a whole, the investments would reflect the appropriate investment mandate. For example, this may occur to improve the overall tax efficiency of a portfolio; if one had an RRSP and a cash account, it is generally considered best practice to place the income-generating investments in the RRSP and those that generate capital gains in the cash account.

### Getting Your Accounts Set Up

Once an appropriate investment mandate has been selected, all the required forms can be generated and signed so that Aviso can start the process of setting up your account(s). Alitis will also create your Account Opening Document, which contains your Investment Policy Statement, Investment Management Agreement, Fee Schedule, and other information for you to sign. This document contains all the information specific to managing your account(s).

## Make the Initial Transactions

As mentioned earlier, Alitis generally manages money by using standardized model portfolios developed by our Investment Committee or customized portfolios. Based on your recommended investment mandate, Alitis will select a portfolio best suited to your needs and preferences. To achieve the allocation of the portfolio, various securities will need to be bought and sold. Under securities law, Alitis must put your interests first and Alitis has an obligation to assess whether the purchase or sale of an investment is suitable for you prior to executing the transaction. We do this by assessing the investment relative to your objectives, your risk profile, the composition of the model portfolio, and other factors. Generally, investments will fall into four major categories which provide a broad framework for assessing suitability: (1) Low-risk income securities, (2) Moderate-risk income securities, (3) Higher risk income and growth securities, and (4) High Risk Speculative securities and strategies. When new clients transfer their portfolios from another investment firm, we will usually liquidate all securities and invest the proceeds in the appropriate Alitis Pools or SMA.

## Documentation Received at This Stage

Alitis only produces one document at this stage, but it is the most important one for you and for us:

- **Account Documents.** This document aggregates the information you have provided to us with the conversations we have had with you to define how your account(s) will be managed – that is, your Investment Policy Statement. The document also contains the Investment Management Agreement which is the terms and conditions by which you and Alitis agree to operate your account(s). The specific fees associated with managing your portfolio are also disclosed in this document.

As mentioned previously, Alitis uses Aviso as the custodian for your account. As a licensed firm operating in the securities industry, Aviso also requires several forms to be completed to comply with their regulatory requirements to properly open your account. The documents Aviso requires are:

- **New Account Application Form.** This form gathers all the information that is needed to properly set up your account and for Aviso to comply with all their requirements under securities and other laws and regulations.
- **Account Authorization.** This form authorizes Alitis to make discretionary transactions in your account on your behalf.
- **Account-Specific Documents.** Other documents related to specific types of accounts may also be required. For example, a TFSA or a RIF would require further forms to be completed to properly set up these accounts.
- **Disclosure Documents.** Various disclosure documents may be included depending upon the type of account being opened.

## Ongoing Account Maintenance

Maintaining your accounts so that they meet your needs requires that both you and Alitis work together. You need to let us know if your personal situation changes in any way that may affect your investment needs and objectives, personal and financial circumstances, time horizon, investment knowledge or risk profile. Similarly, we need to regularly monitor the asset classes and investments used in your portfolio to ensure that they continue to meet your needs. Together, these actions will help ensure that a successful investment relationship endures.

## If Your Situation Changes

**If something important changes in your life, you need to let us know so we can continue to manage your assets in a manner that is appropriate and suitable for your particular circumstances.** In addition, Canadian securities regulations require us to obtain this information from you, update it, and review it from time to time to ensure that our knowledge of your circumstances remains current. Changes you should notify us about include:

- A change in your personal circumstances, such as marital status, dependents, employment, or change of address,
- A change in your financial circumstances, such as new financial obligations or inheritance,
- A change in your investment needs or objectives, such as change to needing income, or the need for a new account,
- A change in your risk profile, such as an increase or decrease in your willingness to accept risk as a result of a change in your personal or financial circumstances,
- A change in your investment time horizon, such as an increase or decrease in your time horizon due to a change in your personal or financial circumstances,
- A change in your investment knowledge, such as an increase in your knowledge due to ongoing education or business experience,

- A change in your status as an insider or as a significant shareholder of a company whose shares are traded on an exchange or on the over-the-counter market.

If the changes are determined to be significant, your IPS, or other documents, may need to be updated to ensure it remains current. As well, changes may need to be made to your portfolio to ensure that it meets your new requirements.

### Managing Your Portfolio

After your portfolio has been selected and implemented, it will be monitored regularly, and adjusted if necessary to ensure that it continues to meet your needs. This process is as follows:

- Alitis' Investment Committee will meet regularly to analyze asset classes and investments to determine the appropriate mix that, in the view of the Committee, best meets the objectives of each of the investment models that we use for our clients.
- If our Investment Committee has made changes to the investment models, these changes will be applied to the Alitis Pools and individual client SMA accounts as required. If you are invested in the Alitis Pools, you may not notice any change to your investments as these would occur within each Alitis Pool. If you are using an SMA, these changes would appear as transactions in your account.
- Changes may also be made to your account even if our Investment Committee has decided not to make any changes to the model portfolios. The value of your investments may change such that the percentage allocation to an investment may drift away from its target weighting over time. In this situation, your portfolio may be rebalanced to bring the allocations back in line with the model. We do allow the percentage allocation of an asset class or investment to deviate within a range around the target allocation so that rebalancing transactions do not occur frequently. We may also perform rebalancing at other times simply to ensure that it stays as close to its model as possible.

### Contacting Your Trusted Contact Person and Temporary Holds

If you have chosen to provide information regarding a trusted contact person and if concerns about your financial well-being become apparent, we may make inquiries with this person with respect to the following circumstances: (1) to address possible financial exploitation, (2) to confirm the specifics of your current contact information, (3) to confirm the specifics of your health status, or (4) to identify any legal guardian, executor, trustee, or holder of a power of attorney.

Alitis may place a temporary hold on your accounts if we reasonably believe that: (1) you are a vulnerable client, (2) you have been financially exploited, financial exploitation is occurring, has been attempted or will be attempted, or (3) we reasonably believe that you do not have the mental capacity to make decisions involving financial matters. A temporary hold means a hold that is placed by Alitis on the purchase or sale of a security on your behalf or on the withdrawal or transfer of cash or securities from your account. Should a temporary hold be placed on your accounts we will provide you notice of the temporary hold and the reasons for the temporary hold as soon as possible. We will continue to review the relevant facts on an ongoing basis to determine if continuing the hold is appropriate. Within 30 days of placing the temporary hold and, until the hold is revoked, we will update you monthly to inform you if we have revoked the temporary hold or provide you with notice of our decision to continue the hold, and the reasons for that decision.

### Documentation Received at This Stage

Alitis provides our ongoing documentation in electronic format via a password-protected website to provide timely and cost-effective service. If you do not have access to the internet, we can send you these documents by mail if you request this service. Alitis will deliver the following documents on an ongoing basis:

- **Monthly.** Statements via password-protected website or mail if mail delivery requested,
- **Quarterly.** Statements if mail delivery has been requested,
- **Annually.** Performance Reports,
- **Annually.** Fees and Charges Reports,
- **Annually.** Tax slips for the Alitis Pools, and
- **As Required.** Other reports or notifications.

Our custodian, Aviso, has similar reporting requirements to Alitis. As such, they will provide the following documents on an ongoing basis:

- **Monthly.** Statements if a transaction occurred within the month,
- **Quarterly.** Statements,
- **Annually.** Tax slips, and
- **As Required.** Other reports or notifications.

# Compensation, Fees and Charges

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## Compensation Received by Alitis

Alitis may receive compensation from one or more of the following sources:

### Management Fees from the Alitis Pools

For clients who choose to invest in Class E units of Alitis Pools, Alitis receives a management fee for the ongoing management of the Alitis Pools. A description of the management fees charged by the Alitis Pools that is applicable to your account will be contained in your Account Documents.

### Investment Management Fees for Your Accounts

For clients who choose to invest in Class D units of Alitis Pools or into an SMA, investment management fees for your account will be charged in arrears directly to your account once per month. A description of the investment management fees applicable to your account will be contained in your Account Documents.

Investment management fees are calculated based on the ending asset value for each eligible investment in your account on a given trade date, multiplied by the daily management fee specific to each eligible investment, multiplied by the number of days until the subsequent trade date. For the months when your account is opened or closed, the investment management fee will be charged on a pro-rata basis for the proportion of days in the month the account was open.

Eligible investments include Class D units of the Alitis Pools and assets managed in an SMA portfolio. Other investments in your account, such as GICs and other securities, will not be included when calculating the investment management fee.

For determining the rate payable, total household eligible investments may be used to take advantage of declining rates for larger aggregate eligible investment sizes. Accounts that can be householded together include the following:

- your accounts,
- the accounts of your spouse,
- the accounts of any children living with you or your spouse,
- corporate accounts where you or your spouse are the beneficial owners,
- trust accounts where you, your spouse or your dependent children are the beneficial owners, or
- as you and Alitis may agree.

Each account is responsible to pay its own fee and we will debit the monthly fees from each of your account. However, if you wish we can debit fees for all the accounts in your household from a specified account belonging to your household.

### Real Estate Related Fees (Relating to Alitis Private REIT)

Alitis or a division or affiliate of Alitis may receive a fee for providing one or more real estate related services in respect of the real properties or interests therein held or beneficially owned by Alitis Private REIT (directly or indirectly through one or more subsidiaries entities or other private investment vehicles, including co-ownerships). Real estate related fees may include one or more of the following: (i) fees relating to asset management services, including base asset management fees and acquisition fees; (ii) fees applicable at the property level, including property management fees, leasing fees, development fees and construction management fees. Where applicable, these fees will be earned by Alitis or a division or affiliate of Alitis for services provided to Alitis Private REIT, a subsidiary of Alitis Private REIT or other investment vehicle (such as a co-ownership or limited partnership through which Alitis Private REIT owns its interest in the real property). A description of the Real Estate Related Fees will be contained in your Account Documents or in a separate disclosure. These fees will not be reflected on your account statement as they would be incurred directly by the Alitis Private REIT.

### Trailer Fees and/or Service Fees

Some investments, most notably mutual funds, may pay us trailer fees and/or service fees based on the value of these investments held in your account. These fees form part of Alitis' compensation for the services we provide and will be retained by Alitis.

## Account & Transaction Charges

### Trustee & Account Fees

Aviso charges trustee or account maintenance fees to Alitis for the operation of your accounts. The cost of these fees is built into our cost structure and is included in the compensation received by Alitis, as outlined in the previous section.

### Transaction Charges

If you are invested in an SMA, transaction charges for the purchase and sales of securities may be charged to your account. These charges are billed to Alitis by our custodian, Aviso, and will be passed through to you with no markup in price. A description of the transaction charges (if any) applicable to your account will be contained in your Account Documents.

### Early Redemption Charge

An early redemption charge may be charged on units of the Alitis Pools that are redeemed within a specified period of time, according to the following schedule:

- **Alitis Strategic Income Pool:** 3% for redemptions made within 90 days of purchase.
- **Alitis Income & Growth Pool:** 3% for redemptions made within 90 days of purchase.
- **Alitis Growth Pool:** 3% for redemptions made within 90 days of purchase.
- **Alitis Dividend Growth Pool:** 3% for redemptions made within 90 days of purchase.
- **Alitis Private Mortgage Fund:** 3% for redemptions made within 6 months of purchase.
- **Alitis Private REIT:** 0% if held for at least one year before a redemption notice given and at least 6 months' notice has been provided, 5% if a redemption notice is given within one year of purchase or less than 6 months' notice given.
- **Alitis Private Real Estate Limited Partnership:** 0% (units are no longer redeemable as this investment is being dissolved)

This charge is designed to deter short-term behavior that may not be in the best interest of other unitholders in the Pool. If an early redemption charge is charged, it will be retained by the Pool for the benefit of remaining unitholders (including to offset undue expenses borne by the Pool).

## Fees Charged by Aviso

Alitis' custodian for our client accounts, Aviso, may also charge fees for certain activities that are not part of the regular day-to-day operation of your account or that involve manual intervention. Any fees charged by Aviso will be passed through to you with no markup in price.

## Fees Charged by Underlying Investments

Mutual funds, exchange-traded funds, and other investments held in your account or within an Alitis Pool may also charge fees. The fees charged will vary and will be based upon the investments you hold in your account.

## Taxes

All fees, whether charged by Alitis, Aviso or a third-party, will be subject to applicable taxes.

### Impact of Fees and Charges on Investment Returns

Ongoing fees and charges can reduce the value of an investment portfolio. This is particularly true over time, because not only is the investment balance reduced by the fee or charge, but an investor would also lose any return earned on that fee. Over time, even ongoing fees that are small can have an impact on the value of an investment portfolio.

# Investment Risks

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## Introduction

Before making any investment decision, you should assess its risks and rewards and how this relates to your investment goals, your risk profile, your level of knowledge, and any other relevant factors. As your portfolio manager, we make investment decisions on your behalf in accordance with your IPS. These investment decisions are subject to a variety of risks which we endeavour to minimize. Also keep in mind that not all risks are applicable to you or your investments.

The most important concept to understand is that your portfolio is not guaranteed and that you could lose all or part of your investment. Your portfolio is not covered by the Canada Deposit Insurance Corporation (“CDIC”) or any other government deposit insurer. However, some investments in your portfolio (e.g. GICs) may be covered by such insurance programs.

Investment risk varies depending on the type of investment. There is usually a direct relationship between the amount of risk associated with an investment and its expected return. Generally speaking, if an investment or investment strategy appears that it will earn a high return, you should assume that it comes with a higher degree of risk. You could end up losing your money, so it is always prudent to be cautious, do your research, and ask a lot of questions before making any investment decision.

As mentioned earlier, not all risks are of equal importance and may not even be applicable to you or your investments. The following is simply a list of investment risks that are often encountered by all investors. Alitis strives to minimize or mitigate risks when managing your portfolio. If you have any concerns about any of the risks listed, please contact your adviser.

## General Investment Risks

The following is a list of main risks which affect all investors as well as the investment strategies which may be used by Alitis.

### Borrowing Money to Buy Securities (Leveraging)

Securities may be purchased using available cash, or a combination of cash and borrowed money. If cash is used to pay for the purchase in full, the percentage gain or loss will equal the percentage increase or decrease in the value of the securities. The purchase of securities using borrowed money magnifies the gain or loss on the cash invested. This effect is called leveraging.

For example, if \$100,000 of mutual fund units are purchased and paid for with \$25,000 from available cash and \$75,000 from borrowings, and the value of the fund units declines by 10% to \$90,000, your equity interest (the difference between the value of the securities and the amount borrowed) has declined by 40%, i.e. from \$25,000 to \$15,000.

It is important that an investor proposing to borrow for the purchase of securities be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only.

To what extent a purchase using borrowed monies involves undue risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the securities purchased.

It is also important that the investor be aware of the terms of a loan secured by securities. The lender may require that the amount outstanding on the loan not rise above an agreed percentage of the market value of the securities. Should this occur, the borrower must pay down the loan or sell the securities to return the loan to the agreed percentage relationship. In our example above, the lender may require that the loan not exceed 75% of the market value of the mutual fund units.

On a decline of value of the units to \$90,000 the borrower must reduce the loan to \$67,500 (75% of \$90,000). If the borrower does not have cash available, the borrower must sell units at a loss to provide money to reduce the loan. Money is, of course, also required to pay interest on the loan. Under these circumstances, investors who use borrowed funds to purchase their investment are advised to have adequate financial resources available both to pay interest and to reduce the loan if the borrowing arrangements require such a payment.

### Liquidity

Liquidity refers to the speed and ease with which an investment may be sold and converted into cash. The sale of an investment may be subject to delays and additional costs and may be possible only at substantial discounts that could materially and adversely affect the amount of gain or loss you may realize.



### Lack of Diversification

A portfolio is said to lack diversification if it invests a large proportion of its assets in a single issuer, in a single asset class, in a single sector, or in a single geographic area. When a portfolio is not diversified, it could experience greater volatility and will more likely be affected by changes in the market value of the securities comprising the portfolio.

### Market Risk

General market risk is the risk that investments, particularly equity investments, may go up or down in value and, in some cases, abruptly. All investments are subject to general market risk which in turn is driven by market sentiment, corporate developments, economic factors, changes in interest rates, changes in the level of inflation, political/governmental influence, natural disasters and other shocks that may affect the securities marketplace in general.

### Interest Rate Risk

The values of fixed income securities, such as bonds, debentures or mortgages, are affected by changes in interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.

### Credit Risk

Investments in bonds, mortgages, or other fixed income securities bear the risk that the borrower may not be able to pay interest or principal when due. This is known as credit risk. The value of fixed income and debt securities depends, in part, on the perceived ability of the government, company or individual that issued the securities to pay the interest and to repay the original investments. Securities issued by those governments, companies, or individuals that have low credit ratings are considered to have a higher credit risk than securities issued by those that have high credit ratings.

### Smaller Capitalization Companies

The earnings and share prices of smaller and less well-established companies tend to be more volatile and the markets for the shares tend to be less liquid, with resulting higher risk of loss, when compared to investments in larger and more established companies.

### Portfolio Turnover

Accounts may be subject to a high annual portfolio turnover rate because of ongoing fund management. A higher rate of portfolio turnover involves correspondingly greater expenses than a lower rate and, everything else being equal, would lower returns.

### Currency Risk

The value of investments denominated in a currency other than Canadian dollars is affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the investment is denominated. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rises. When the value of the Canadian dollar rises, the value of foreign investments falls.

### Short Selling

Selling a security short involves borrowing a security from an existing holder and selling the security in the market with a promise to return it at a later date. A short sale will result in a gain if the price of the securities sold short declines (by an amount exceeding the short seller's borrowing cost) between the date of the short sale and the date on which securities are purchased to replace those borrowed. Should the security increase in value during the shorting period, potentially unlimited losses will be incurred.

### Foreign Investments

The risk of loss on foreign investments may be greater than risks associated with Canadian investments as there is often less information available about foreign companies than about domestic companies because many foreign companies are not subject to the uniform and extensive accounting, auditing and financial reporting standards and practices, government supervision and regulation and other disclosure requirements which apply to companies in Canada. Additionally, foreign investments may be subject to foreign investment and exchange control laws, foreign withholding taxes, or the risk of possible expropriation or imposition of confiscatory taxation. In addition, foreign stock markets may be less liquid and more volatile than the Canadian stock markets, trade and settlement practices are often not as developed and corporate actions are often not as controlled. Any foreign investments will have risks associated with changes in foreign exchange rates, possible restrictions on the repatriation of funds or dividends, and there may be difficulty in enforcing any legal rights against such foreign investments.

## Derivatives

Derivatives usually grant the right or require the holder to buy or sell a specific asset during a certain period of time. Derivatives are complex and can be used for a multitude of purposes in many different investment strategies – some of which can reduce risk and some of which can greatly increase risk. The types of derivatives and all their potential risks and rewards are too great to outline in one paragraph. As such, investors should take the time to learn and understand the specific types of derivatives being used, the investment strategy that will be used for the derivatives, and the potential risks & rewards of the strategy. Failure to take such steps could lead to financial repercussions of which an investor may not be aware.

## Counterparty Risk

Some investments may enter into customized financial instrument transactions which would be subject to the risk of credit failure or the inability of or refusal by the counterparty to perform with respect to such customized financial instrument transactions, which could subject the investment to substantial losses.

## Pandemic Risk

The spread of contagious disease or a pandemic could have a material adverse effect on investments and investment performance of certain securities or markets generally and the portfolios which are exposed to those securities or markets.

## Real Estate and Real Estate Investment Trust (REIT) Risk

A portfolio that invests in real estate industry and REITs is more susceptible to risks associated with the ownership of real estate and the real estate industry in general. These risks can include interest rate fluctuations, competition, fluctuations in the capitalization rate, illiquidity, recent financial conditions, development risk, fluctuations in the value of the underlying properties, defaults by borrowers or tenants, market saturation, environmental issues, decreases in market rates for rents, and other economic, political, or regulatory occurrences affecting the real estate industry, including REITs. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real estate regardless of whether the real estate is producing any income. If one is unable to meet mortgage payments on any property, losses could be sustained because of the creditor's exercise of its recourses.

## Mortgage and Mortgage Investment Entity Risk

A portfolio that invests in mortgages and mortgage investment entities is more susceptible to risks associated with lending to real estate owners and the real estate industry in general. These risks can include the general risk relating to debt instruments, interest rate risk, liquidity risk, diversification risk, subordinated mortgages, sensitivity to interest rates, mortgage defaults, construction mortgages, uninsured investments, renewal of mortgage loans, the nature of mortgage investments, market risk, credit risk, and all the risks associated with real estate identified previously. Significant expenditures related to mortgages, including foreclosure and related costs, may need to be made in certain circumstances.

## Risks Relating to Mutual Funds and Other Pooled Investments

Alitis often uses mutual funds, hedge funds, ETFs, closed-end funds, and other types of pooled investments in the construction of clients' portfolios. Some of the risks associated with these types of investments are outlined below:

### Value Based on Underlying Investments

The value of an investment in each pooled investment is directly related to the value of the underlying investments held by that investment.

### Reliance on the Manager

The success of a pooled investment is largely dependent upon the efforts of the manager and such other analysts employed by the manager. The loss of services of such persons may materially impair the ability of a pooled investment to achieve its investment objectives and there is no certainty that the persons who are currently officers, directors or advising partners of the manager will remain so for the foreseeable future. While a manager generally believes that investment policies will be successful over the long term, there can be no guarantee against losses resulting from an investment in a pooled investment. A pooled investment could realize substantial losses rather than gains from some or all of their underlying investments.

## Redemptions

If unitholders redeem a large portion of the outstanding units of a pooled investment, it may be required to sell significant underlying investments earlier than it might otherwise choose. These liquidations may cause the pooled investment to incur losses if underlying investments are sold at unfavourable prices. The net asset value (“NAV”) of the investment could be substantially impaired if numerous redemptions are made at the same time. There is a risk that if the pooled investment’s assets become depleted it could become sufficiently restricted to make it difficult to achieve its investment objective.

## Potential Limited Liquidity

Most pooled investments can restrict or suspend redemption requests if certain conditions are met, such as extreme market conditions or with the consent of securities regulators. In such circumstances, an investor would not be able to redeem their units and would be required to hold their units until the restriction or suspension is lifted.

## Distribution and Allocations

If pooled investments have taxable income for Canadian federal income tax purposes for a fiscal year, such income may be allocated to their unitholders in accordance with the provisions of the offering documents. In this case, the income will be required to be included in computing unitholders’ income for tax purposes, irrespective of the fact that cash may not have been distributed to the unitholders. Since units of pooled investments can usually be acquired or redeemed frequently, allocations of income and losses of the pooled investments to unitholders may not correspond to the economic gains and losses which unitholders may experience.

## Fees and Expenses

Pooled investments are obligated to pay management fees, brokerage commissions and other expenses regardless of whether the pooled investment realizes a profit. Under certain circumstances, pooled investments may be subject to significant indemnification obligations in respect of the manager, the trustee or certain affiliated parties.

## Performance Fees

Some pooled investments receive performance-based fees which may create an incentive for the manager to engage in strategies that are more speculative and riskier than would be the case in the absence of such performance-based fees. Conversely, a performance fee may reduce other risks if it serves to reduce regular management fees or if it provides inducement for managers to be more active in searching for better investment opportunities.

## Multi-Manager / Fund-of-Funds Structure

If the pooled investment operates a multi-manager / fund-of-funds structure, the investment decisions of the underlying managers will generally be made independently such that one underlying manager may be purchasing securities of an issuer whose securities are being sold by another underlying manager. As a result, the pooled investment could be incurring certain transaction costs without achieving any net investment results.

## Hedge Funds

Investments in hedge funds may be speculative and volatile and a variety of factors that are difficult to predict may significantly affect the results of hedge funds. Investors will not have control of the management of the hedge funds and past performance of any hedge fund will not necessarily be indicative of future results.

## Index Risk

Some pooled investments are designed to track a particular market index. The objective in these cases would be for the investment to track the value of the underlying the index. However, this may not always be possible since the investments used to track a given index may not be able to hold the same securities and hold them in the same proportion as the index. Therefore, the performance of an index investment may deviate from the underlying index it is designed to track.

## Lack of Diversification

Some pooled investments may offer limited diversification benefits in that it may be concentrated in one industry, sector, country, or asset class. As a result, some pooled investments may be subject to more rapid changes in value than would be the case if they had adopted broader diversification guidelines.

## Termination

In the event of termination of a pooled investment, the investment would distribute to unitholders on a pro rata basis their interest in the assets available for distribution. Certain assets held by a pooled investment at termination may be illiquid and may have little or no marketable value so it may not be possible to convert all of a pooled investment's assets into cash.

## Non-Reporting Issuers

Some pooled investments are not considered to be reporting issuers for the purposes of securities regulations. Accordingly, investors may not receive the type of continuous disclosure reports that investors would normally receive for a public mutual fund. As well, some of the protections provided to investors in reporting issuer mutual funds under such laws will not be available to investors in pooled investments that are not reporting issuers.

## Legal, Tax and Regulatory Risks

Complying with regulations, laws and policies of various regulatory agencies and/or the effect of potential legal actions can be costly, and therefore could adversely impact the value of the units. If a pooled investment's status as a "registered investment" for the purposes of the Tax Act is revoked, units could lose eligibility as a qualified investment for registered retirement savings plans and other tax-assisted plans, including tax-free savings accounts.

## Valuation

Since certain underlying investments by their very nature may be extremely difficult to value accurately, the NAV and Net Asset Value per Unit of a pooled investment may be understated or overstated. Consequently, there is a risk that a unitholder who redeems units while the pooled investment holds such investments will receive less than might otherwise be paid if the exact NAV could be calculated. Similarly, there is a risk that a redeeming unitholder may be overpaid.

## Changes in Applicable Law

Legal, tax and regulatory changes may occur that can adversely affect pooled investments and their unitholders.

## Risks Relating to the Alitis Pools

### Trading does Not Occur Daily

The Alitis Pools do not trade daily, but rather on a weekly or monthly basis according to the following schedule:

- **Alitis Strategic Income Pool.** Trades occur on the last business day of each week.
- **Alitis Income & Growth Pool.** Trades occur on the last business day of each week.
- **Alitis Growth Pool.** Trades occur on the last business day of each week.
- **Alitis Dividend Growth Pool.** Trades occur on the last business day of each week.
- **Alitis Private Mortgage Fund.** Trades occur on the last Friday of each month, or the previous business day if the Friday is a holiday.
- **Alitis Private REIT.** Trades occur on the last Friday of each month, or the previous business day if the Friday is a holiday.
- **Alitis Private Real Estate Limited Partnership.** Purchases and redemptions are no longer accepted as this entity. As at the date hereof, this entity is in the process of being wound up.

### Redemption Notice

Units of the Alitis Pools may be redeemed by providing notice to Alitis a certain number of days prior to the trade date of the Pool, as per the following schedule:

- **Alitis Strategic Income Pool.** 10 business days' notice required before trade day.
- **Alitis Income & Growth Pool.** 10 business days' notice required before trade day.
- **Alitis Growth Pool.** 10 business days' notice required before trade day.
- **Alitis Dividend Growth Pool.** 10 business days' notice required before trade day.
- **Alitis Private Mortgage Fund.** 30 days' notice required before trade day.
- **Alitis Private REIT.** 30 days' notice required before trade day.

- **Alitis Private Real Estate Limited Partnership.** Redemptions are no longer accepted as this investment. As at the date hereof, this entity is in the process of being wound up.

Early redemption charges apply where sufficient notice is not given. See “Early Redemption Charges” for further details.

### Maximum Redemption Amount

There are restrictions on the maximum amount that may be redeemed from some of the Alitis Pools:

- **Alitis Private Mortgage Fund.** Orders exceeding 5% of the total net asset value of the Pool may require a longer period in which to process the redemption. This longer period will be at the sole discretion of Alitis.
- **Alitis Private REIT.** The maximum amount that may be redeemed each month shall not exceed 1% of the total net asset value of the REIT. Payment may be made by way of cash, promissory note, or underlying assets of the REIT.
- **Alitis Private Real Estate Limited Partnership.** Not applicable as this investment is being dissolved.

### Not Transferrable

Assets in your account may be invested from time to time in the Alitis Pools. Should your IMA be terminated, Class D or Class E units Alitis Pools will have to be sold as they are presently not able to be transferred to another financial institution. In this situation, you may incur losses or pay tax on capital gains that would otherwise not be incurred. If your new financial institution has an agreement with Alitis, it may be possible to transfer to Class F units for certain Alitis Pools which may then be held at your new financial institution. In this situation, you may be able to avoid incurring losses or having to pay tax on capital gains that would otherwise be incurred.

### Guarantees Given by Alitis Pools for Real Estate Projects

Certain of the Alitis Pools (Alitis Income and Growth Pool, Alitis Growth Pool, Alitis Private REIT, Alitis Private Real Estate Limited Partnership) invest from time to time in real estate projects. These projects typically obtain secured loan financing where lenders often require guarantees to be given by beneficial owners. Where an Alitis Pool having a beneficial ownership interest in a real estate project is required to provide a guarantee to a lender, Alitis requires the aggregate amount of the guarantee to be capped at the Alitis Pool’s proportionate beneficial ownership in the project. In addition, Alitis requires the other beneficial owners to provide proportional indemnification to the Alitis Pool in the unlikely event the lender seeks remedy against only the Alitis Pool giving the guarantee, and not the other beneficial owners, in a partial loss scenario. Alitis will evaluate the liquidity and solvency of each other guarantor for the purposes of determining the ability of each beneficial owner to contribute its proportionate share to any payments required to the lender under any guarantee given by an Alitis Pool. However, there may be situations where other guarantors are insolvent (temporarily or permanently) at the time a lender seeks to enforce guarantees, which may result in a larger loss to an Alitis Pool under its guarantee than would otherwise result if the Alitis Pool’s loss under the guarantee was limited to the Alitis Pool’s proportionate beneficial interest in the project.

# Conflict of Interest Disclosure Statement

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We are required by industry regulations and firm policy to act fairly, honestly, and in good faith and only make investment and other recommendations that are suitable and appropriate for you.

## Conflicts of Interest and How They Are Managed

The activities of Alitis and its directors, officers and employees are governed by our Policies and Procedures Manual – a document which outlines how we shall operate our business so that your interests come first. Nevertheless, conflicts of interest can exist and, when they do, we deal with them by disclosing, controlling, or avoiding the conflict.

This Conflict of Interest Disclosure Statement is to inform you of the nature and extent of existing material conflicts of interest and material conflicts of interest that are reasonably foreseeable: (a) between Alitis and you; and (b) between each individual acting on Alitis' behalf and you. This statement contains both general disclosure and specific conflict situations that currently exist and will be updated from time to time as circumstances change. Applicable securities laws require us to make this disclosure to you prior to you opening an account with us. We are also required to disclose to you other material conflicts of interest which arise from time to time promptly after we identify the conflict if your interests are affected and a reasonable client would expect to be informed of the conflict.

## Conflicts Associated with Related Parties

### Alitis' Related Issuers, Connected Issuers and Associated Parties

#### Description

Under certain circumstances we may deal with or for you in securities transactions where the issuer of the securities or the other party to the transaction is a firm or a party having an ownership or business relationship with us.

#### Impact

Related parties impact you due to the benefit we derive from any fees earned by Alitis and/or its affiliates. The potential impact and risks include: (1) a perception of bias in favor of investment decisions that benefit the owners of Alitis, (2) the possibility of influencing investment recommendations, and (3) concerns about transparency and the disclosure of fees.

#### Approach

Alitis is required to disclose to you all entities to which we are related issuers, connected issuers, and associated parties. A related issuer means a person or company that influences or is influenced by another person or company through ownership, or direction and control over, voting securities. A person or company is connected to another person or company if, due to its relationships with such person or company, a prospective purchaser of securities of the person or company might question the other person or company's independence from the first person or company. An "associate" means, if used to indicate a relationship with any person, (a) a partner, other than a limited partner, of that person, (b) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity, (c) an issuer in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer, or (d) a relative, including the spouse, of that person or a relative of that person's spouse, if the relative has the same home as that person.

As at the date hereof, the following Pools are managed by Alitis and Alitis receives investment management fees as disclosed in the Account Documents, Term Sheet for the applicable Pool, and the Charges and Compensation Report provided to you, as applicable:

- Alitis Strategic Income Pool.
- Alitis Income and Growth Pool.
- Alitis Growth Pool.
- Alitis Dividend Growth Pool.
- Alitis Private Mortgage Fund.
- Alitis Private REIT.
- Alitis Private Real Estate Limited Partnership.

The following entity is the parent company of Alitis through which Alitis is controlled and through which earnings from Alitis are paid to its owners:

- Alitis Holdings Inc. (“AHI”).

The following entity is wholly owned by Alitis and acts as the general partner to the Alitis Private Real Estate Limited Partnership, however this entity receives no compensation for providing these services:

- Alitis Private Real Estate G.P. Inc. (“APREGP”).

The following entities are wholly owned by AHI and perform, or may perform, certain real estate related services for the Alitis Private REIT and receives, or may receive, certain Real Estate Related Fees as disclosed in the Account Documents, Term Sheet, and the Charges and Compensation Report provided to you, as applicable.

- Alitis Real Estate Services Inc. (“ARES”) and related subsidiary companies.
- New Company(ies), as needed (see note below).

Other general partnerships may be established from time to time to act as the general partner for certain real estate holdings which may be held by the Alitis Private REIT, however it is not expected that these entities will receive any compensation for providing services (other than the customary nominal interest of a general partner):

- New General Partner Company(ies), as needed.

**Alitis reserves the right to restructure or change the names of its affiliates and associated entities such that different or additional affiliated or associated entities provide real estate related services. For example, there may be business or regulatory reasons to have property management in certain jurisdictions performed through a separate affiliated or associated entity of Alitis. The important thing to note is that, regardless of which entity or entities perform real estate related services, if Alitis has a direct or indirect interest in the entity to which Real Estate Related Fees are paid or payable, then the conflicts of interest disclosed in this Conflict of Interest Disclosure Statement, will exist.**

## Alitis Private REIT

### Description

The Alitis Private REIT is designed to, among other things, gain exposure to private real estate rather than only having exposure to real estate solely through third-party investments. The Alitis Private REIT is managed by Alitis or a division or affiliate of Alitis. Alitis Private REIT beneficially owns private real estate (directly or indirectly through subsidiary entities or other private investment vehicles (which may also include co-ownerships). To the extent that Alitis or its affiliates are engaged to real estate related services, they will collect fees for such services in addition to the customary portfolio management fee payable by Alitis Private REIT.

### Impact

The Alitis Private REIT’s investment in real estate projects for which Alitis or a division or affiliate of Alitis receives or is entitled to receive real estate related fees is a conflict of interest with the unitholders of the Alitis Private REIT, as such arrangements could call into question our objectivity. The potential impact and risks include: (1) a perception of bias in favor of investment decisions that benefit Alitis, (2) the possibility that the Alitis Private REIT may not follow its own objectives and constraints, and (3) concerns about transparency and the disclosure of fees.

### Approach

We take a number of steps to disclose and minimize any conflicts of interest stemming from the relationship between the Alitis Private REIT and affiliates of Alitis that provide real estate related services, including: (1) all unitholders of the Alitis Private REIT held in discretionary accounts with Alitis must provide written consent for this arrangement prior to Alitis or any affiliate of Alitis being entitled to receive real estate related fees, (2) all types of fees, including real estate related fees, that may be payable to Alitis or affiliates of Alitis will be fully disclosed to clients as part of their fee schedule, (3) all fees earned by Alitis, including real estate related fees, will be fully disclosed to all unitholders of the Alitis Private REIT, and (4) Alitis shall continue to adhere to the portfolio objectives and constraints adopted for the Alitis Private REIT from time to time as established by the Alitis Investment Committee.

## Alitis Private Real Estate Limited Partnership

### Description

The Alitis Private Real Estate Limited Partnership (“APRELP”) is managed by Alitis and Alitis receives investment management fees as disclosed in the Account Documents, Term Sheet for the Partnership and the Charges and Compensation Report provided to you. The

general partner of APRELP, APREGP, is wholly-owned by Alitis and Cecil Baldry-White is a director and officer of this company. Cecil Baldry-White is also a director and majority beneficial shareholder of Alitis. APRELP invested in four real estate projects managed by WestUrban Developments Ltd. (“WestUrban”). For approximately two years Mr. Baldry-White was a director and shareholder of WestUrban. In late 2018 Mr. Baldry-White sold his shares in WestUrban back to the principals, at cost, and resigned as director. The two remaining WestUrban projects which Cecil Baldry-White, through a holding company, beneficially owns non-voting Class C Units are:

- Government Road Limited Partnership – Mr. Baldry-White has an 18.75% interest in this project,
- Elliott Road Limited Partnership – Mr. Baldry-White has an 18.75% interest in this project,

As a condition to Mr. Baldry-White’s participation in the above investments, Mr. Baldry-White was required to provide personal guarantees in respect of construction financing, however these guarantees are no longer outstanding. As of June 30, 2024, the two remaining WestUrban projects above constituted about 8.8% of the portfolio of APRELP’s investments.

### **Impact**

Mr. Baldry-White’s ownership in WestUrban and the personal guarantees he provided for these projects creates a conflict of interest with the unitholders of APRELP which may call into question our objectivity. The potential impact and risks include: (1) A perception of bias in favor of investment decisions that benefit Mr. Baldry-White, (2) The possibility of Mr. Baldry-White influencing investment decisions to avoid having personal guarantees called, and (3) Concerns about transparency and the disclosure of fees.

### **Approach**

We take a few steps to disclose and minimize any conflicts of interest stemming from the relationship of the APRELP as a connected and related issuer to Alitis, as noted previously. These include: (1) Prior to investing in APRELP, each investor in APRELP was given and signed an Acknowledgement and Agreement to be Bound which includes conflict of interest disclosures, (2) Alitis selected investments for APRELP pursuant to a management agreement entered into between the APRELP and Alitis which requires Alitis to manage with the degree of care, diligence and skill that a reasonably prudent manager in comparable circumstances would exercise, (3) With respect to Cecil Baldry-White’s minority interest in the West-Urban projects, Mr. Baldry-White is excluded from any Investment Committee decisions with respect to WestUrban projects, and (4) Investment Committee members are not permitted to make personal investments directly with WestUrban, though they were able invest directly into APRELP along with other Alitis clients.

## **Ownership of Alitis**

### **Description**

Alitis Investment Counsel Inc. is a wholly owned subsidiary of Alitis Holdings Inc.. The ownership group of Alitis Holdings Inc. includes employees, spouses of employees or entities controlled by employees, of Alitis Investment Counsel..

### **Impact**

Ownership impacts you due to the indirect benefit that these individuals derive from any fees earned by Alitis and/or its affiliates. The potential impact and risks include: (1) A perception of bias in favor of investment decisions that benefit the owners, (2) The possibility of influencing investment recommendations, (3) the possibility of influencing investment valuations which could impact fees, and (4) Concerns about transparency and the disclosure of fees.

### **Approach**

To manage the conflict arising from ownership, Alitis is committed to the following approach: (1) Disclosure of ownership, (2) Transparency regarding fees payable to Alitis and its affiliates, and (3) Ensuring that there is no duplication of investment management or other fees concerning the operation of Alitis client accounts or the Alitis Pools.

## **Employee Ownership of Associated Parties**

### **Description**

In some instances, employees of Alitis may have ownership interests in firms that also create investment products directly or through related companies.

### **Impact**

While these investment products may have potential suitability for inclusion in some or all of the Alitis Pools or Separately Managed Accounts, the inclusion of investments associated with employee ownership interests may have various implications: (1) Clients may perceive that investment decisions are influenced by the employee's ownership interest rather than solely on the investment's merits, and (2) There is a risk of conflicts of interest if the employee's ownership interest significantly impacts investment decisions.



## Approach

To mitigate these concerns and ensure that investment decisions are made in the best interests of our clients, we adhere to the following approach: (1) All investments, including those associated with employee ownership interests, undergo the same due diligence process, ensuring that they meet the same standards as any other investment, (2) The Investment Committee independently approves or rejects investments based on their merits and alignment with clients' best interests, and (3) Alitis' Chief Compliance Officer conducts a review, considering the broader relationship context between Alitis, the firm with the employee's ownership interest, and the investment product to ensure that no undue influence or conflicts exist.

## Conflicts Related to the Alitis Pools

### Investing in the Alitis Pools

#### Description

The Alitis Pools, which are managed by Alitis, are the primary investment vehicles employed by Alitis in managing client accounts and we may allocate your investments into these Pools.

#### Impact

Investing in Alitis Pools presents both opportunities and potential conflicts of interest. The potential impact and risks include: (1) A perceived bias towards investing in the Alitis Pools instead of other possible options, (2) Questions regarding transparency and suitability for your investment portfolio, and (3) Ensuring that investments align with the client's stated investment goals and objectives.

#### Approach

To address and manage potential conflicts of interest associated with investing in Alitis Pools, we strive to maintain a client-centric approach, including: (1) A commitment to clear and comprehensive disclosure practices, ensuring that clients are well-informed about our services and product offerings and the inclusion of proprietary products in their portfolios, (2) Incorporating third-party investment into the Alitis Pools to enhance diversification, complement our skills, and provide a broader range of investment opportunities, (3) Prioritizing client suitability by ensuring that an investment into Alitis Pools is consistent with each client's financial situation, objectives, and risk profile, (4) Oversight and due diligence in the evaluation of the performance and suitability of securities within client portfolios and the Alitis Pools, (5) Periodic assessment of comparable non-proprietary products available in the market to determine whether the Alitis Pools are competitive in comparison to alternatives in the market, and (6) Use of non-Alitis products in those asset classes where we do not have an acceptable product, such as GICs and high-interest savings accounts.

### Valuation of Investments

#### Description

The accurate valuation of the securities in a portfolio is critical to have an accurate picture of your financial state, as well as being able to conduct transactions at a fair price.

#### Impact

The improper valuation of investments can create many conflicts and issues, including: (1) Buying or selling securities at incorrect valuations will lead to one party getting a better price than would otherwise be the case, (2) Statements, performance reports, and management fee calculations would not be accurate, and (3) For the Alitis Pools, improper valuations would lead clients to perceive that the objectivity of Alitis may be compromised.

#### Approach

To address potential conflicts related to valuing securities, Alitis utilizes the following approach: (1) Adoption of a valuation policy which sets out a hierarchy for the valuation approach and defines specific methodologies for various illiquid securities, including the use of third-party valuers, (2) For the Alitis Pools, a maximum valuation error of 0.25% after which the valuation would need to be redone, and (3) Review and approval of all NAVs for the Alitis Pools on a weekly or monthly basis depending upon the Pool.

### Allocation of Expenses

#### Description

Pooled investment products, like the Alitis Pools, usually have common expenses which need to be allocated appropriately amongst the Alitis Pools and/or to each class of units with a Pool. In the case of the Alitis Pools, there may be multiple Pools and there may be up to five classes of units (A, D, E, F, I) in each Pool which may incur expenses that need to be allocated.

## Impact

Improperly allocating expenses across Pools and/or classes of units may lead to a lack of trust due to certain issues, including: (1) There may be no proper processes for documenting and allocating shared expenses, (2) Certain Alitis Pools or classes of units within a Pool may be paying more than they should for expenses, and (3) The valuation of the Alitis Pools or classes of a Pool may be incorrect which can cause issues with purchase and redemption pricing, and may impact management fee calculations.

## Approach

To effectively address conflicts stemming from the allocation of shared expenses, Alitis has taken the following approach: (1) Established criteria for allocating shared expenses amongst the Alitis Pools, which is proportionate to the value of the investment each Pool holds, (2) Established criteria for allocating shared expenses across the different classes of units within a Pool, which is proportionate to the value of each class of units within a Pool, and (3) Expense allocations are documented and accurately allocated.

## Guarantees Given by Alitis Pools for Real Estate Projects

### Description

Certain of the Alitis Pools (Alitis Income and Growth Pool, Alitis Growth Pool, Alitis Private REIT, Alitis Private Real Estate Limited Partnership) invest from time to time in real estate projects and may be co-owners of the same project. These projects typically obtain secured loan financing where lenders often request or require joint and several guarantees to be given by the beneficial owners.

### Impact

The provision of joint and several guarantees by the Alitis Pools creates a conflict of interest, with potential risks including: (1) An Alitis Pool may be liable to for the debts incurred by others, (2) There may be competing interests amongst all the parties providing guarantees which could lead to disagreements, and (3) A creditor could decide to seek recourse against a particular Alitis Pool with the most likelihood of paying on the guarantee to recover debts instead of seeking recourse equally from all the parties who provided guarantees.

### Approach

To ensure that each Alitis Pool is only responsible for its proportionate share of the guarantee, we utilize the following process: (1) Where an Alitis Pool having a beneficial ownership interest in a real estate project is required to provide a guarantee to a lender, Alitis requires the aggregate amount of the guarantee to be capped at the Alitis Pool's proportionate beneficial ownership in the project, (2) Alitis requires the other beneficial owners to provide proportional indemnification to the Alitis Pool in the event the lender seeks remedy against only the Alitis Pool giving the guarantee, and not the other beneficial owners, in a partial loss scenario, (3) Where more than one Alitis Pool has invested in the same real estate project, it may be the case that one Alitis Pool has to seek indemnification on its guarantee from other Alitis Pools for their proportionate interest in the project, (4) In situations where more than one Alitis Pool invests in a real estate project, Alitis will ensure that the guarantee and indemnification documentation provides that each Alitis Pool will be responsible for its proportionate share of any loss, and (5) Alitis will evaluate the liquidity and solvency of each Alitis Pool in the same manner as it does for third parties for the purposes of determining the ability of each beneficial owner to contribute its proportionate share to any payments required to the lender under any guarantee given by an Alitis Pool.

## Conflicts Related to Clients

### Allocation of Investment Opportunities

#### Description

Investment firms handle many accounts for many clients, so there is the possibility that a client could receive preferential treatment and get access to investment opportunities ahead of other clients.

#### Impact

The unfair allocation of investment opportunities can impact clients in various ways, including: (1) Clients may lose confidence in the firm's integrity and transparency, (2) If certain clients or insiders receive preferential treatment over others, it can undermine the firm's duty to act in the best interests of all clients and stakeholders, and (3) Some clients may miss out on profitable investment opportunities while others benefit disproportionately.

#### Approach

Alitis principally uses the Alitis Pools in client accounts, so the issue surrounding the allocation of investment opportunities generally arises amongst the Alitis Pools. To ensure fairness and equity among the Alitis Pools, and all clients, we have established a systematic approach to allocate investment opportunities, including: (1) We allocate opportunities based on objective criteria such as the client's

Investment Policy Statement, portfolio goals, risk policies, portfolio structure, account size, potential orders, and other practical considerations, (2) In the event securities are purchased for the accounts of more than one client and an insufficient number of securities is available to satisfy the purchase order, the securities available will be allocated to the extent possible pro rata based on the size of the clients' accounts, (3) All allocations will be made at the average execution price, (4) In the event that there are rebates to be credited to accounts, the rebates will be credited to the appropriate accounts and will be allocated to the extent possible pro rata based on the size of the clients' accounts, and (5) Significant issues in the allocation of trades within the Alitis Pools will be referred to the Investment Oversight Committee for a final determination.

## Certain Redemption Issues

### Description

The Alitis Pools have different redemption notice periods, early redemption charges, and liquidity constraints which may impact you as an investor.

### Impact

Various redemption issues may create implications for clients, including: (1) Redemption notice periods, early redemption charges, and liquidity constraints can create disparities in how investors experience fund withdrawals, such as those who request redemptions earlier may receive their funds sooner, potentially benefiting from market conditions or liquidity, while others may face delays or miss out on advantageous opportunities, (2) The potential for conflicts of interest arises when redemption notice periods, early redemption charges, and liquidity constraints favor specific investor groups or when fund managers have discretion in managing redemptions, which could lead to conflicts between individual investors and fund managers, (3) Clients may be unaware of the existence and terms of redemption notice periods, trading period, early redemption charges and liquidity constraints and how these may impact investors differently, (4) The use of redemption notice periods, early redemption charges, and liquidity constraints may create an inconsistency between the objectives of an Alitis Pool and the best interests of certain investors.

### Approach

To effectively address conflicts stemming from different redemption notice periods, early redemption charges, and liquidity constraints, Alitis has taken the following approach in managing this conflict of interest: (1) We prioritize transparency by clearly communicating the redemption issues to ensure that clients have a full understanding of how they may affect their investments, (2) We work to ensure that redemption requirements are administered fairly, without bias towards specific investor groups, (3) We work to align the redemption features of the Alitis Pools with the best interests of our clients and the objectives of each Pool, (4) We actively work to prevent conflicts of interest by establishing clear procedures for managing redemptions issues and ensuring that we act in the best interests of all investors, and (5) We monitor the impact of redemption considerations and assess whether any adjustments are needed to better serve our clients and maintain fairness.

## Embedded Fees

### Description

Some financial firms may offer fee-based managed accounts that include investments which also have hidden fees.

### Impact

The presence of hidden fees within managed accounts may have significant implications for clients, including: (1) A material conflict of interest arises as the compensation structure may incentivize actions that do not align with the client's best interests, and (2) Recommendations and decisions that are made may prioritize the hidden fees over the client's financial well-being.

### Approach

To address this issue at Alitis, we take the following approach: (1) We ensure full transparency by disclosing the existence and impact of hidden fees, and (2) We do not charge, nor do we collect any hidden fees other than Alitis' management fees for Class E Units of the Alitis Pools, trailer fees from legacy mutual funds, and fees paid to Alitis or a division or affiliate of Alitis for real estate related services.

## Negotiating Management Fees

### Description

Some financial firms may allow clients to negotiate fees or deviate from their standard fee structure.

**Impact**

The ability to negotiate management fees may have implications for clients, including: (1) Clients may not be aware of the ability to negotiate managements, and (2) Customized fee structures can result in unequal treatment among clients, with some enjoying preferential fee arrangements while others do not.

**Approach**

To address these concerns and uphold transparency and fairness, our approach is clear and straightforward: (1) We prioritize transparency by ensuring that all our private clients are fully informed about our fee schedule including applicable reductions for increasing assets, (2) We maintain a standardized fee schedule for our private clients to ensure that everyone is treated equitably and charged the same fees for the initial \$1 million of assets under management, and (3) For large institutional clients, we do have the ability to offer reduced management fees if we expect to provide fewer services to these clients.

## Conflicts Related to Compensation and Oversight Practices

### Differing Levels and Sources of Compensation

**Description**

In the investment world, it's common for various products to offer compensation to those who promote them, and this compensation can take different forms, including management fees, trailer fees, finder's fees, commissions, referral fees, and rebates. Alitis will use investment products in the creation of your portfolio that have different levels of compensation. This includes the Alitis Pools, each of which has a different management fee – the lowest for the Alitis Strategic Income Pool and the highest for the Alitis Private REIT.

**Impact**

Different levels and sources of compensation could encourage us to promote or recommend those investments that offer a higher level of compensation, which carries impacts and risks including: (1) A perception of bias in favor of investment decisions that benefit Alitis, (2) The possibility of influencing investment recommendations such that they are not in your best interest, (3) Missing out on superior investment options that have lesser or no compensation, (4) Concerns about transparency and the disclosure of fees, (5) Confusion regarding our fee structure, and (6) Questions about our trustworthiness and objectivity.

**Approach**

To manage the conflict arising from different sources and levels of compensation, Alitis is committed to the following: (1) Disclosure of all fees, (2) Transparency regarding fees payable to Alitis and its affiliates, (3) Ensuring that there is no duplication of investment management or other fees concerning the operation of Alitis client accounts and the Alitis Pools, (4) Other than trailer fees, not charging fees on investment products that are not part of a model portfolio managed by Alitis, (5) Ensuring that any fees received by an Alitis Pool are retained within that Pool for the benefit of the unitholders, (6) Compensating employees primarily by way of a fixed salary, (7) Ensuring that any bonus compensation is not tied to the compensation received from a specific investment, (8) Not offering non-monetary benefits that are tied to sales, (9) An annual accounting of all the monies paid to Alitis to manage your investments, (10) An annual account of all the monies paid to Alitis in referring you to another firm, if applicable, and (11) Providing you with the Charges and Compensation Report which is created each January to provide disclosure of all the compensation received by Alitis for the preceding calendar year.

### Sales and Revenue Targets

**Description**

In the financial industry, firms often establish sales and revenue targets for their employees to encourage the sale of financial products or services.

**Impact**

The existence of sales and revenue targets can create material conflicts of interest between registered individuals and their clients, including: (1) Targets may lead to prioritizing sales targets over a best interest of a client, (2) Not providing existing clients with the attention they require, and (3) Not providing smaller clients with an appropriate level of service.

**Approach**

To avoid the conflict arising from sales and revenue targets, Alitis has undertaken the following approach: (1) Alitis does not utilize sales or revenue targets.

## Supervisory Staff Conflicts

### Description

In the financial industry, supervisory staff often receive compensation directly linked to the activities of those they are tasked with overseeing. That is, supervisory staff often receive a percentage of revenue generated by subordinates.

### Impact

The compensation structure for supervisory staff can create conflicts of interest, including: (1) Supervisory staff prioritizing their financial gain over the best interests of clients, and (2) Supervisory staff encouraging subordinates to undertake actions that are not in the best interests of clients.

### Approach

To avoid the conflict related to supervisory staff compensation, Alitis has undertaken the following approach: (1) Supervisory staff are not directly compensated from activities undertaken by those being supervised, (2) Compensation and bonuses are set centrally by Alitis' Executive to minimize conflicts of interest, and (3) The value of bonuses relative to salary is low for supervisory staff.

## Dual Roles of Compliance Personnel

### Description

In the financial industry, particularly in smaller firms, it is common that compliance personnel are also licensed as advising representatives and deal directly with clients.

### Impact

Having compliance personnel also act as advising representatives may raise concerns about our trustworthiness due to conflicts of interest, including: (1) Compliance personnel prioritizing their financial gain over the best interests of clients, and (2) Compliance personnel hiding or minimizing their own possible wrongdoings.

### Approach

To mitigate the conflict related to the dual role of compliance personnel, Alitis has undertaken the following approach: (1) Compliance personnel do not receive any compensation directly tied to the management of client accounts, (2) Compensation and bonuses are set centrally by Alitis' Executive to minimize conflicts of interest, and (3) The trades and management of the Alitis Pools is overseen on a quarterly basis by the Investment Oversight Committee.

## Conflicts Related to Referral Arrangements

### Referral from Other Firms

#### Description

You may become a client of Alitis through a referral from another party, in which case it is important to understand the relevant aspects of this relationship.

#### Impact

A referral relationship creates several issues which may cause concern, including: (1) Clients may lack clarity regarding the roles and responsibilities of Alitis and the referring party, potentially leading to misunderstandings, (2) There may be concerns about paying higher fees in order to compensate the referring party, (3) Clients may be concerned about the sharing of their personal information between the referring party and Alitis, including the purposes and safeguards in place, and (4) Conflicts of interest may arise if the referring party's compensation is contingent upon referrals, potentially influencing their recommendations.

#### Approach

It is important to understand that Alitis assumes responsibility for all licensable, investment-related activities and complies with all regulatory requirements necessary to perform these activities. To mitigate the issues surrounding referral arrangements, we have undertaken the following approaches: (1) You will receive full disclosure of all details surrounding the referral arrangement before you open an account with Alitis, (2) You will pay the same fees as clients who came directly to Alitis, (3) We will clarify the specific activities that the referring party is authorized to perform in your financial relationship, such as (where applicable) financial planning and facilitating service requests, and (4) Disclosure will be provided regarding how your personal information may be shared between the referring party and Alitis.

## Referrals to Other Firms

### Description

If you require services that are not within scope of capabilities of the firm you are dealing with, you may be referred to another party and a referral fee may be paid to the firm.

### Impact

The referral of clients to other firms, particularly if a referral fee is paid, can have several implications: (1) The referring firm may be more inclined to recommend the firm that offers the highest referral fee rather than the one that provides the most suitable products or services for the client's needs, (2) Clients may end up paying more for products or services than they would have if the referral had been made solely on merit, (3) The referred firm may pass on the cost of the referral fee to the client through higher fees or expenses associated with the recommended products or services, and (4) The quality of service provided by the referred firm may not meet the client's expectations or needs.

### Approach

To address this potential conflict of interest, Alitis utilizes the following approach: (1) We do not accept referral fees from any person or firm we refer you to, (2) We strive to ensure that any referral is in your best interest, (3) We evaluate the benefits of the specific referral in comparison to other available alternatives, and (4) We work to ensure that clients are not exposed to higher costs as a result of referral arrangements.

## Investments from Firms with which We Have a Referral Relationship

### Description

Alitis may maintain referral relationships with certain firms that may also create their own investment products directly or through affiliated entities.

### Impact

While these products may potentially be suitable for inclusion in the Alitis Pools or Separately Managed Accounts, there is a conflict of interest which may impact you, including: (1) Clients may perceive that investment decisions are influenced by the referral relationship rather than solely on the investment's merits, and (2) Clients may question the objectivity of investment decisions.

### Approach

To address these concerns and ensure investment decisions are made in the best interests of our clients, we adhere to the following approach: (1) All investments, including those from referral relationship partners, undergo the same due diligence process as any other investment, (2) The Investment Committee independently approves or rejects investments based on their merits and alignment with clients' best interests, and (3) Alitis' Chief Compliance Officer conducts a review that considers the broader relationship context between Alitis, the referring firm, and the investment product to ensure that no undue influence or conflicts exist.

## Other Conflicts

### Outside Activities and Positions of Influence

#### Description

It is not uncommon for employees of Alitis to be involved in activities other than just their primary job, and that some of these activities may involve compensation.

#### Impact

Having employees involved in other activities outside of their employment with Alitis, can create conflicts of interest, including: (1) Dilution of commitment which may raise concerns that the employee is not fully dedicated to managing their clients' accounts nor adhering to required activities such as staying updated on securities laws and product knowledge, (2) An employee's other activities may conflict with their responsibilities at Alitis, (3) Compensation received for these activities may incentivize some registered individuals to prioritize their own interests over those of their clients, (4) Activities related to financial services (such as financial and estate planning, tax preparation, insurance, or mortgage brokerage), may create confusion for clients as to which firm they are dealing with, and (5) Activities involving a position of influence may create a situation where a client could be susceptible to this influence and be persuaded to make unwise investment decisions.

### **Approach**

To mitigate the issues related to employee involvement in other activities, Alitis has undertaken the following approach: (1) Establishing clear policies and guidelines regarding outside activities, (2) Education and training for registered individuals to understand and manage these conflicts effectively, (3) Ensuring that clients are fully informed about the nature and potential impacts of any outside activities, (4) Employees must devote as much time as is required for the effective management of your account, other clients' accounts, and the Alitis Pools, (5) All outside activities must be approved by Alitis' CCO and where required by regulation, reported to the appropriate regulatory authorities before such activities are undertaken, (6) Alitis ensures that all employee activities comply with regulatory requirements, reducing the risk of conflicts, (7) Safeguarding confidential information obtained during registered activities to prevent any improper use in outside activities, (8) Monthly updates are requested from all licensed employees as to changes in their disclosures, and (9) Tied Selling is not Permitted..

## **Personal Trading of Alitis Employees**

### **Description**

It is conceivable that an employee at Alitis may engage in personal trading in a manner that could provide them with an advantage over a client.

### **Impact**

The potential impact of personal trading by employees on clients can include: (1) Getting a better price, (2) Clients may be concerned that employees could gain an unfair advantage, potentially to the detriment of the client's interests, and (3) The potential for conflicts of interest could arise if employees' personal trades intersect with those of clients, including investments in the Alitis Pools.

### **Approach**

To effectively manage and mitigate conflicts of interest associated with personal trading by Alitis employees, we follow a comprehensive approach: (1) The Alitis Pools are the preferred investment vehicle within Alitis and most employees' personal investments are held in the Alitis Pools, thus making most trading issues irrelevant, (2) With the exception of a few smaller issuers, Alitis typically invest in larger, liquid investments where we have no ability to move the price, (3) Alitis employees are subject to the same trading restrictions, redemption periods and penalties as our clients, (4) All employees are subject to our personal trading policies, which are designed to ensure fair and ethical trading practices, and (5) Trades in specific securities that may pose potential conflicts of interest are subject to review and approval by our compliance department before execution and if any proposed trades have the potential to conflict with our clients' interests, including those invested in the Alitis Pools, the client's well-being takes precedence.

## **Services Provided by Alitis Investment Counsel Inc. and Alitis Wealth Planning Inc.**

### **Description**

Some employees of Alitis Investment Counsel Inc. are also employed and licensed by Alitis Wealth Planning Inc. ("AWP") and will receive compensation for the activities undertaken at AWP.

### **Impact**

Having employees involved with a closely-related company creates conflicts of interest, including: (1) Dilution of commitment which may raise concerns that the employee is not fully dedicated to managing their clients' accounts nor adhering to required activities such as staying updated on securities laws and product knowledge, (2) An employee's activities at AWP may conflict with their responsibilities at Alitis, (3) Compensation received from AWP may incentivize some registered individuals to prioritize their own interests over those of their clients, (4) Activities related to AWP may create confusion for clients as to which firm they are dealing with, (5) The concern that personal information is being shared between the two companies, (6) Working with the two firms may make it difficult to understand the different fees and charges applicable to each business, and (7) Feeling the need to or feeling pressured to utilize the services of the other firm (i.e. tied selling).

### **Approach**

To mitigate the issues related to staff employed with AWP, Alitis has undertaken the following approach: (2) Education and training for registered individuals to understand and manage these conflicts effectively, (3) Ensuring that clients are fully informed about the nature and potential impact of working with AWP, (4) Employees must devote as much time as is required for the effective management of your account, other clients' accounts, and the Alitis Pools, (5) Alitis ensures that all employee activities comply with regulatory requirements, reducing the risk of conflicts, (6) Your permission is required to share information between Alitis and AWP, (7) Tied selling is not permitted, (8) No overlap of services such that Alitis specializes in discretionary investment management and basic retirement planning services while AWP specializes in insurance products, advanced financial planning, estate planning, and individual off-book GICs, and (9)

Ensuring clients are guided to the appropriate entity based on their specific needs to ensure they receive the most relevant and effective services.

## Gifts and Entertainment

### Description

In business situations, employees may give or accept gifts, entertainment, compensation or gratuities from clients, business partners or other parties of more than a minimal value in connection with the services provided to clients.

### Impact

The giving or receiving of gifts and entertainment of more than a minimal value creates material conflicts of interest between registered individuals and their clients, including: (1) The perception that the objectivity of the employee may be compromised, and (2) The perception that certain clients may be receiving preferential treatment.

### Approach

To mitigate the conflict arising from giving or receiving of gifts, Alitis has undertaken the following approach: (1) Alitis has established prescribed limits (in dollar amounts) for gifts and entertainment that employee can receive or provide within a rolling 12-month period, and (2) Any need to exceed the prescribed limits requires the pre-approval of the CEO or CCO.

## Authority Over the Financial Affairs of a Client

### Description

It is common that people are granted authority over the financial affairs of others, such as being granted power of attorney (POA) and acting as the executor of an estate.

### Impact

However, having authority over the financial affairs of a client while also acting as a discretionary portfolio manager to that client creates conflicts of interest, including: (1) Employees prioritizing their financial gain over the best interests of the client, and (2) Employees setting the objectives of the client's portfolio which they also manage (no separation of duties).

### Approach

To avoid the conflict arising from having the authority over the financial affairs of a client, Alitis has undertaken the following approach: (1) Employees are not permitted to act as a power of attorney, executor, or similar legal arrangement for any unrelated client of Alitis, and (2) If the client is related to an employee, the prior written approval from the CCO is required.

## Soft Dollar Arrangements

### Description

In the investment industry, transactions for client accounts are sometimes directed to specific brokers in return for goods and services beyond order execution. This is known as a "soft dollar arrangement."

### Impact

The use of soft dollar arrangements creates conflicts of interest, including: (1) Clients cannot be assured that they are paying the lowest cost for the execution of trades, and (2) There may be the perception that the extra cost may be for the benefit of the firm instead of the client.

### Approach

To avoid the conflict arising from soft dollar arrangements, Alitis has undertaken the following approach: (1) Alitis does not use or enter into any soft dollar arrangements.



# Concerns or Complaints

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We hope that you never have a concern or complaint about the services you have received from Alitis, however there may be times when such a situation may arise. The following is a summary of the process we have designed to help ensure that any concern or complaint is addressed quickly and effectively.

## Step 1: Talk to Your Portfolio Manager

Most concerns or complaints can be resolved simply by talking to your portfolio manager and obtaining more information.

## Step 2: Contact the Chief Compliance Officer

If your concern or complaint cannot be resolved to your satisfaction, please contact Alitis' Chief Compliance Officer and outline what went wrong, when it happened, and what you expect (e.g. your money back, an apology, account correction). All complaints must be made in writing and sent to the following address:

101 - 909 Island Highway  
Campbell River, B.C.  
V9W 2C2  
Attention: Chief Compliance Officer

We will acknowledge your complaint in writing within five business days of receiving it, and we may ask you to provide clarification or more information to help us resolve your complaint. Normally we will provide our decision in writing within 90 days of receiving your complaint. The decision 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 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.

## Step 3: Utilize the Ombudsman for Banking Services and Investments ("OBSI")

If we have been unable to reach a satisfactory resolution to your issue or if we do not provide you with our decision within 90 days after you made your complaint, you may be eligible for the OBSI's free and independent dispute resolution service. The OBSI's service is available to clients of Alitis, and they can recommend compensation of up to \$350,000. Using the OBSI's service 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.

You have the right to use the OBSI's service if your complaint relates to a trading or advising activity of our firm or by one of our representatives, if 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 if you file your complaint with the OBSI within their prescribed time limits. These time limits are as follows: if we do not provide you with our decision within 90 days, you can take your complaint to the OBSI any time after the 90-day period has ended, or 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 the OBSI.

Should you wish to file a complaint with the OBSI, you can do so by calling them at 1-888-451-4519 or by emailing them at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca). Once the process has been started, the OBSI will investigate and provide its recommendations. The 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, the OBSI may interview you and representatives of Alitis, and we are required to cooperate in the OBSI's investigations. Once the OBSI has completed its investigation, it will provide its non-binding recommendations to you and to us. The 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 the 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 the OBSI, please visit their website at [www.obsi.ca](http://www.obsi.ca).

# Privacy Policy

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Alitis Investment Counsel Inc. and Alitis Wealth Planning Inc. have created a joint privacy policy that applies to both firms and as such, you will see references to types of personal information (e.g. health information) that would not normally be required by a Portfolio Manager or Investment Fund Manager. With respect to this Privacy Policy, the term “Alitis” shall refer to both Alitis Investment Counsel Inc., Alitis Wealth Planning Inc.,

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Alitis is committed to protecting your privacy and maintaining the confidentiality of your personal, business and financial information. This commitment is fundamental to the way we do business and is reflected in our privacy policies.

Alitis is responsible for the personal information of its clients that it collects or that is under its control. Alitis has appointed a Privacy Officer who is responsible for overall privacy governance. The Privacy Officer may be contacted at the address set out at the end of this Privacy Policy.

## What is personal information?

Personal information means any information about an identifiable individual, including information such as your home address, phone number, date of birth, age, marital status, religious affiliation, employment history, social insurance number and credit history.

## What personal information do we collect?

Alitis collects your personal information for the purpose of establishing and servicing your account(s). Most of your personal information is collected directly from you at the time your account is opened at Alitis. Alitis shall only collect the personal information of its clients that is necessary for the purposes that have been previously identified to the client.

Information essential for fulfilling most financial requests and applications includes:

- **Information establishing your identity**, such as your name, address, phone number, occupation, title, business phone number, email address, date of birth, social insurance number, citizenship, country of residence and account numbers. Alitis is required by law to verify your identity for purposes relating to the prevention of money laundering.
- **Information related to transactions** arising from your relationship with and through us, and from other financial institutions.
- **Information you provide on an application** for the provision of our products and services, such as your annual income, net worth, place of employment, marital status, number of dependents, investments, account balance, financial liabilities, transaction history, and banking information. Alitis is required by law to record your banking information for purposes relating to the prevention of money laundering.
- **Information about financial behaviour** such as your payment history and credit worthiness. If your credit history is obtained, Alitis may collect personal information directly from a credit reporting agency.
- **Information about your health** may be collected for insurance products and services.
- **Information pertaining to business clients** will include your business name, business number, address, phone number, email address, industry type, financial status and detail(s) on the owner(s), operator(s) and director(s).
- **Additional information** may be requested to help us determine your eligibility for products and services that we offer.
- **Other information may occasionally be collected from a third party or relating to a third party, such as names of trusted contact person(s) related to your financial affairs in the event of illness or injury, or other concerns related to your financial accounts with Alitis; information from the executor of an estate or the name and address of your beneficiary.**

Providing us with your information is always your choice. However, in dealings involving insurance and related financial services, your decision to withhold details may limit or prevent us from providing the products or services you have asked for. It may also make it difficult or impossible for us to advise you or suggest appropriate alternatives.

## How do we use your personal information?

We use your personal and financial information for the purposes communicated to you in your agreement(s) with us, for example to:

- Verify your identity.
- Understand your financial situation and determine the suitability of products and services we offer.
- Provide you with the financial products and services requested.
- Execute your transactions.
- Establish and administer your account(s), which involves determining, maintaining, recording, and storing account holdings and transaction information in your client record.
- Provide you with account statements, financial statements, tax receipts, proxy mailings, transaction confirmations and other information which may be requested or needed to service your account(s).
- Communicate to you any benefit, feature and other information about products and services you have with us.
- Ensuring the information in our records is accurate.
- Verifying previously given information when necessary.
- Respond to any special needs or inquiries you may have.
- Manage our risks and operations.
- Meet our regulatory and legal requirements.

Alitis will not sell your personal information. Sensitive information will never be shared or used for a purpose other than that of the original intent. We may use your information internally for general research to enhance our service and product offerings. We may communicate with you through various channels including telephone, computer or mail using the contact information you have provided. With your consent, we may use your information to promote our products and services and that of third parties we select, which we believe will be of interest to you.

If for any reason your information is required to fulfill a different purpose than that of your original intent, we will ask for your consent before we proceed.

## Who is your personal information shared with?

Under certain circumstances, your personal information may be shared among Alitis companies, employees, outside service providers, other third parties, or another firm due to corporate re-organization.

### Alitis companies

Sharing your personal and financial information among Alitis companies will allow us to help you achieve your financial goals. It is part of building and maintaining a positive relationship with you. We may use this information to better understand your financial needs and to promote products and services we believe may interest you. This would only be done with your consent. However, if you would prefer that we not share your information among our group of companies or if you do not wish to receive information promoting products and services, kindly let us know by following the instructions outlined at the end of this Privacy Policy.

### Our employees

All employees of Alitis are bound under the policies and procedures of Alitis to maintain the confidentiality of your personal information and are available to address any questions or concerns you may have. Access to your information is restricted to authorized employees who have a legitimate business purpose for accessing it. Unauthorized access to and/or disclosure of client information by an employee of Alitis is strictly prohibited. All employees are required to always maintain the confidentiality of client information.

### Outside service providers

Alitis uses third-party service providers to perform services on our behalf such as custody of client accounts, unitholder recordkeeping, email and electronic document storage. Our service providers may at times be responsible for processing or handling personal information and are provided only the information necessary to perform the services.

At times we may use third parties outside of Canada, including in the United States, to perform services for us involving some of your personal information. This may require the transfer of information to those third-parties. This information is subject to both the laws of Canada and the laws of the third-party's jurisdiction, including laws with respect to disclosure of such information.

Alitis ensures that all third-party service providers have a comparable level of protection for your personal information, and that the use of the personal information is limited to purposes set out in this policy.

### Other third parties

We will only share your information with other third parties as indicated under your account agreement and under the following special circumstances:

- As required under the rules and regulations of any regulator of Alitis or self-regulatory authority of which Alitis is a member.
- Other financial institutions and securities dealers when necessary to carry out your instructions, such as transferring funds.
- To respond to valid and authorized information requests from domestic and international authorities.
- As permitted or required by law, to comply with laws, regulations, subpoena or court order.
- To help prevent fraud.
- To identify, contact or bring legal action against someone who may be causing injury to or interference with (either intentionally or unintentionally) Alitis' rights or property or anyone else that could be harmed by such activities.
- To protect the personal safety of employees, clients or other third parties on Alitis property.

### Another firm due to corporate re-organization

We may also disclose your information in connection with:

- A corporate re-organization of Alitis in which case the information would only be shared with employees of the organization who have a strict need to know the information to evaluate the re-organization.
- A potential merger or amalgamation between Alitis and another third party or a sale of all or a substantial portion of our assets to enable that third party to evaluate the transaction and, in that case, the information would only be shared with members of that organization who have a strict need to know the information to evaluate the transaction.
- An actual merger, amalgamation or sale of all or a substantial portion of Alitis' assets where you would then become a client of a different organization.

In all cases above, Alitis will only disclose the information if the third party has agreed to protect the information at least as well as we do under our Privacy Policy, only share it with members of their organization who have a strict need to know the information, and use it only for the purpose of the transaction and for no other purpose.

## How do we keep your personal information safe?

Alitis is committed to protecting the personal information of its clients and has implemented the necessary security safeguards that are appropriate to protect the sensitivity of such information. This commitment extends to our online services and any new technologies we employ.

Most of your personal information is contained on your account documentation. Most account documentation is safely secured online or maintained at Alitis' head office or branch offices and is secured by using several protective methods such as using locked, fire-resistant filing cabinets and restricting access to certain designated areas where your account documentation is stored. Alitis may also store account documentation offsite in a secure location.

Digital copies of your account documentation, along with other documents containing personal information, may be stored on employees' computers, Alitis' servers, or on cloud-based servers. Privacy, security and confidentiality are as important online as with all our other business functionality. Alitis has implemented industry standard methods of protecting your personal information that is available electronically or online from unauthorized access, disclosure, copying, use or modification. This includes the use of firewalls, encrypted passwords, anti-virus software, intrusion detection systems, file encryption, authentication and other appropriate means to protect your personal information.

Alitis may from time to time use cookies on its website to improve functionality and in some cases, to provide clients with customized access to our website. Cookies are not used to collect personal information that may reside on your personal computer and are not used to track the websites that you visited before or after you leave the Alitis site.

## How long do we keep your personal information?

To service your account and to meet regulatory and legal obligations, Alitis may be required to maintain information related to you and your account for a certain period of time. Personal information may be destroyed in a safe and secure manner once it is deemed that the information is no longer necessary for the above-mentioned purposes. How long we keep your information depends on the reasons for which it was collected. The type of product or service and the kind of information also affects the length of time we retain information. Your information may be kept even if you are no longer a client with us so long as it is legally necessary for us to have sufficient information to respond to any issues that may arise later.

## How do we keep your personal information accurate?

Alitis is committed to keeping the personal information of its clients accurate, complete and up-to-date. To maintain the accuracy and completeness of your personal information, you will need to update your account documentation from time to time. If your personal information changes, please notify us so we can update our records.

## How can you access your personal information?

Alitis is committed to providing its clients with information relating to the existence, use and disclosure of their personal information and clients shall be given access to such information where appropriate. You can request access to your personal information by contacting the Privacy Officer in writing at the address indicated at the end of this Privacy Policy. A request to access your personal information will only be accepted if received directly from you; requests received from, received via, or directed by other persons, companies, or organizations will not be accepted.

Alitis may not be able to provide you with full access to your information if it contains references to other persons, if it would have to disclose proprietary information confidential to Alitis or its affiliates, if it has been destroyed, or if it cannot be disclosed for legal or regulatory reasons. If we are unable to provide you with access to your personal information, we will give you an explanation.

Alitis may charge a minimal fee to process requests for personal information. An estimate of the fee will be provided to you before any work is undertaken. As well, a deposit may be required from you before any work is undertaken. Personal information collected by a request to access your personal information will only be delivered to you; your personal information will not be delivered to other persons, companies, or organizations.

## How do we obtain your consent?

Alitis shall only collect, use or disclose client information with your knowledge and consent except where inappropriate or as otherwise required or permitted by law. By completing our account forms, you are consenting to the collection, use, and disclosure of your personal information for the purposes set out in this Privacy Policy.

## How can you withdraw your consent?

You have the right to withdraw your consent to the use of your personal information that is not required for the purpose of establishing and servicing your account(s) and to fulfill our legal, regulatory and self-regulatory obligations in Canada and in some cases, abroad, or as otherwise permitted by law.

If you do not want Alitis to provide you with information relating to products and services that are available through other Alitis companies or other information which may be of interest to you or share your personal information with other Alitis companies so that they can provide you with such information directly, please notify Alitis of your decision in writing to the attention of the Privacy Officer at the address noted at the end of this Privacy Policy. Requests to withdraw consent will only be accepted if received directly from you; requests to withdraw consent received from, received via, or directed by other persons, companies, or organizations will not be accepted.

Please be advised that the withdrawal of your consent is not a condition of doing business with Alitis and you are free to withdraw your consent at any time. Additionally, select electronic communications providing general information about Alitis products and services, contain an unsubscribe or opt-out option to assist you in managing the flow of information best suited to your interests.

### Further Consent May Be Required

If Alitis would like to use your personal information in a manner that has not been previously identified, Alitis will notify you in advance and obtain your consent unless otherwise required or permitted by law.

### How can I make an inquiry or complaint?

If you have a privacy inquiry or complaint, please direct it in writing to the attention of the Privacy Officer at the address noted below. Telephone calls, faxes, and emails will not be accepted. You will be asked to put your concerns in writing. Please be sure to include your name, address, phone number and information relating to the nature of your inquiry or complaint. Inquiries and complaints will only be actioned if received directly from you; inquiries and complaints received from, received via, or directed by other persons, companies, or organizations will not be accepted. In most instances, the Privacy Officer will investigate and reply to inquiries within 30 days. If the Privacy Officer is unable to respond to your inquiry within 30 days, you will be notified in advance of the end of such 30-day period of when you should expect to receive a response.

The Privacy Officer can be reached in writing at the following address:

101 - 909 Island Highway  
Campbell River, B.C.  
V9W 2C2  
Attention: Privacy Officer

### Making a Complaint to the Privacy Commission

Privacy regulation in Canada is governed under both federal and/or provincial Acts. Further, government agencies and certain crown corporations are segmented from private sector businesses. Regulation may vary by province. The Protection of Personal Information and Electronic Documents Act (PIPEDA) is the federal privacy act and is administered by The Office of the Privacy Commissioner of Canada, whereas the provinces of British Columbia, and Alberta each have separate provincial privacy legislation. While most privacy laws are considered substantially similar across the country it is important to know which privacy commission to inform if your privacy complaint was not resolved to your satisfaction. The applicable privacy commissions are:

- **British Columbia.** Office of the Information and Privacy Commissioner for British Columbia
- **Alberta.** Office of the Information and Privacy Commissioner for Alberta
- **Rest of Canada.** The Office of the Privacy Commissioner of Canada

# Other Information

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## Electronic Signatures

Most forms and documents may be completed using electronic signatures. Canada recognizes electronic signatures as having the same legal weight as their paper equivalent and are admissible in court. Electronic signatures are facilitated by digital encryption, linking the identity of the person to the transaction, and are evidence of a signer's intent to agree to its terms and are legally enforceable in most business and personal transactions. Alitis has chosen DocuSign for this service. DocuSign is a recognized software vendor in the investment industry and the use of this service was approved by our custodian, Aviso, prior to making it available to our clients.

## Investment Performance Benchmarks

Investment performance benchmarks (market indices) can be used to assess the historical performance of your portfolio, both in terms of risk and return.

It is our opinion that a performance benchmark should reflect the investment mix and risk profile of the portfolio to which it is being compared. For example, the S&P/TSX Composite Index indicates how the largest companies listed on the Toronto Stock Exchange have performed in aggregate and would be a good benchmark for assessing the performance of a portfolio made up of larger Canadian companies. Conversely, it would be a poor benchmark for assessing the performance of a diversified portfolio that included several different asset classes, such as the Alitis Pools.

You cannot invest in market indices without incurring fees, expenses and commissions, which are not reflected in the benchmark return. Past performance is not necessarily indicative of future performance and the risk associated with a particular investment can change over time. As well, other quantitative and qualitative factors not captured by investment performance benchmarks may also be important when assessing the performance of your portfolio.

At present Alitis does not provide investment performance benchmark comparisons in our account reporting.

## Alitis Wealth Planning Inc.

As mentioned earlier, Alitis Wealth Planning is an insurance agency related to Alitis Investment Counsel Inc. through which you may be offered other non-securities related products and services, such as financial planning, estate planning, corporate & business succession planning and a complete range of insurance services. Specific products and services include:

- Fee-for-service Financial Planning
- Low-cost mortgage insurance
- Family life insurance and inter-generational plans
- Disability and Critical Illness, and Long-Term Care insurance
- Pension Maximization strategies
- Corporate Buy-Sell and Key Person insurance
- Corporate Estate Planning strategies
- Annuities and Segregated Funds

If products and services from Alitis Wealth Planning are required, we will ensure that chosen strategies dovetail with the products and services provided by Alitis Investment Counsel Inc.

## Regulatory Bodies, Laws, and Regulations

The activities of Alitis are overseen or affected by regulatory bodies who administer a variety of laws and regulations. The most important of these are the following:

### British Columbia Securities Commission (“BCSC”)

The BCSC is Alitis’ principal regulator empowered with ensuring that we comply with all applicable securities rules, regulations, and instruments. The primary securities regulations that apply to Alitis are:

- National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (“NI 31-103”). NI 31-103 outlines all the principles that Alitis must follow to remain licensed as a Portfolio Manager, Investment Fund Manager, and Exempt Market Dealer. Of particular interest to you would be Sections 13 and 14 which outline our requirements when dealing with you and how we handle your accounts.
- National Instrument 45-106 Prospectus Exemptions (“NI 45-106”). NI45-106 outlines the requirements for issuing an investment that does not utilize a prospectus. The Alitis Pools are issued under NI 45-106 and must conform to its requirements.

If you would like more information about the BCSC or wish to read any regulatory document, please visit the BCSC website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).

### Canadian Securities Administrators (“CSA”)

The CSA is an umbrella organization of Canada’s provincial and territorial securities regulators whose objective is to improve, coordinate and harmonize regulation of the Canadian capital markets. It aims to achieve consensus on policy decisions which affect our capital market and its participants. Decisions made by the CSA may be implemented in jurisdictions in which Alitis operates and affect the services we provide. If you would like more information about the CSA, please visit their website at [www.securities-administrators.ca](http://www.securities-administrators.ca).

### Canadian Investment Regulatory Organization (“CIRO”)

CIRO is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. Your accounts with Alitis are held at Aviso, which is regulated by CIRO. As such, CIRO’s rules and regulations are indirectly applicable to how we manage your account. If you would like more information, please visit the CIRO website at [www.ciro.ca](http://www.ciro.ca).

### Canadian Investor Protection Fund (“CIPF”)

The CIPF is authorized to provide protection within prescribed limits to eligible clients of CIRO dealers suffering losses because of the insolvency of the member firm. The CIPF’s mandate is to provide protection if property being held by a member firm on a client’s behalf is not returned to the client following the firm’s insolvency. In practical terms, if a member firm becomes insolvent, it can no longer carry on the function of holding securities, cash or other property for its clients. Client accounts at Alitis are held at investment dealers and would be covered by the CIPF. For more information, please visit the CIPF website at [www.cipf.ca](http://www.cipf.ca).

### Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”)

FINTRAC is Canada's financial intelligence unit. Its mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities by administering the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (“PCMLTFA”). PCMLTFA is the federal law that outlines the requirements that firms like Alitis must comply with to operate in Canada. To comply with this law, we must ascertain your identity, check client names against list of terrorists and terrorist organizations and report any suspicious transactions. If you would like more information, please visit the FINTRAC website at [www.fintrac-canafe.gc.ca](http://www.fintrac-canafe.gc.ca).

### Ombudsman for Banking Services and Investments (“OBSI”)

The OBSI resolves disputes between participating banking services and investment firms and their customers if they can't solve them on their own. OBSI is not a regulator and because they are impartial, they do not advocate for consumers or the industry. If you have made a complaint and we have been unable to reach a satisfactory resolution to your issue, or if we do not provide you with our decision within 90 days after you made your complaint, you can use the OBSI’s free service for compensation recommendations of up to \$350,000. If you would like more information about the OBSI, please visit the OBSI website at [www.obsi.ca](http://www.obsi.ca).



### Office of the Privacy Commissioner of Canada (“OPC”)

The OPC is the federal agency oversees compliance with the Privacy Act, which covers the personal information-handling practices of federal government departments and agencies, and the Personal Information Protection and Electronic Documents Act (“PIPEDA”), Canada’s federal private-sector privacy law. Alitis must follow the requirements of PIPEDA, with one of the key requirements being the adoption of a privacy policy, which is included earlier in this document. As a provincially regulated entity, Alitis is also overseen by provincial privacy laws. In BC, the Personal Information Protection Act, which is very similar to PIPEDA, is administered by the Office of the Information and Privacy Commissioner (“OIPC”). If you would like more information, please visit the OPC website at [www.priv.gc.ca](http://www.priv.gc.ca) or the OIPC website at [www.oipc.bc.ca](http://www.oipc.bc.ca).