



April 7, 2020

Dear Unitholder:

On behalf of the members of the Independent Review Committee (the “IRC”) of the Barometer Group of Funds (the “Funds”), I am pleased to provide you with the IRC’s annual report to investors of the Funds. This report is provided to you in accordance with National Instrument 81-107 (“NI 81-107”), the securities rule governing Independent Review Committees in Canada.

Pursuant to NI 81-107, the IRC is required to review mutual fund conflict of interest matters identified and referred to the IRC by Barometer Capital Management Inc. (the “Manager”), and provide, as applicable, the IRC’s approval or recommendation for each matter referred. A conflict of interest matter is defined as a situation where a reasonable person would consider the Manager or related entity, to have an interest which may conflict with the ability of the Manager to act in good faith and in the best interest of the Funds. In addition, securities regulators have also specified that “the Manager’s proposed action in a conflict of interest matter, achieves a fair and reasonable result for the Fund(s).”

This report provides information regarding the activities of the IRC for the period from January 1, 2019 to December 31, 2019.

At least once a year, the IRC reviews and assesses the adequacy and effectiveness of the policies relating to conflict of interest matters in respect of the Funds, and conducts a self-assessment of the IRC’s independence, compensation, and effectiveness. The IRC conducted its most recent annual assessment at its April 7, 2020 meeting. Following this review, the IRC confirmed each of its members’ independence, and that the committee was functioning in a positive and effective manner.

The IRC looks forward to continuing to serve the best interests of the unitholders of the Funds in the future, and to working effectively with the Manager of the Funds.

*“Paul Duffy”*

**Paul Duffy**  
Chair of the Independent Review Committee



### The Independent Review Committee

The Independent Review Committee (the “IRC”) is composed of the following three individuals, each of whom are independent of Barometer Capital Management Inc. (“Barometer”) and its affiliates:

| Name               | Municipality of Residence | Non-Barometer Funds or Fund Families on which the IRC Member Serves        | Date of Appointment |
|--------------------|---------------------------|--|---------------------|
| Paul Duffy (Chair) | Toronto, Ontario          | None   | January 2013        |
| Barry J. Myers     | Toronto, Ontario          | Director of Fidelity Investments Canada ULC, manager of the Fidelity Funds | January 2013        |
| Paul Spagnolo      | Toronto, Ontario          | Starlight Capital  | April 2020          |

**Paul Duffy** - Paul Duffy is President of First Health Care Services of Canada Inc. since August 2005, and an Ontario provider of individual, corporate and institutional healthcare programs. Mr. Duffy graduated with a Bachelor of Commerce from the University of Toronto and later became a Chartered Professional Accountant. From 1999 to 2005 he was a Senior Vice-President of CIBC, acting as the Chief Financial Officer and Chief Administrative Officer for the twelve businesses which formed CIBC’s Wealth Management Group. Prior to joining CIBC, Mr. Duffy was a partner in the consulting firm Smith & Duffy. He is a director of several private companies.

**Barry J. Myers** - Barry Myers is a Senior Advisor in the Securities and Capital Markets Group at Borden Ladner Gervais LLP since 2008, and has nearly three decades of professional senior management experience with PricewaterhouseCoopers. Mr. Myers is a Chartered Professional Accountant in Canada and a Chartered Accountant in South Africa. He was elected as a Fellow of Chartered Professional Accountants of Ontario in 2000. Mr. Myers developed extensive and specialized knowledge of Canadian and U.S. securities legislation. His areas of expertise include mutual funds, alternative products, labour-sponsored venture capital funds and the U.S. Securities and Exchange Commission’s mutual fund accounting and regulatory requirements.

**Paul Spagnolo** - Paul Spagnolo is presently the Chief Operating Officer, Chief Compliance Officer and Director of Sionna Investment Managers Inc. Mr. Spagnolo has nearly twenty-five years of progressive professional experience in financial services, business management and management consulting. Mr. Spagnolo is a Chartered Financial Analyst (CFA) and Chartered Accountant (CPA,CA). His area of expertise includes business management, mutual funds, pooled funds, sub-advisory and separate managed accounts. Mr. Spagnolo is a member of both Starlight Capital’s Independent Review Committee (IRC) and Ontario Securities Commissions’ Registrant Advisory Committee.



## **Compensation and Indemnities Paid to the Independent Review Committee**

The aggregate compensation paid to the IRC for the 12-month period from January 1, 2019 to December 31, 2019 was \$23,545.92, including applicable taxes. This amount was allocated among the Funds managed by Barometer in a manner that is considered by Barometer to be fair and reasonable to the Funds.

As at the date of this report, each member to the IRC receives an annual retainer of \$5,000 and \$1,000 for each meeting attended. The Chair of the IRC receives an additional \$1,000 per meeting attended. During the twelve-month period from January 1, 2019 to December 31, 2019, the IRC met twice.

The IRC is required to review its compensation on an annual basis, giving consideration to the following:

1. Industry practice, including industry average and surveys on IRC compensation;
2. The number, nature, and complexity of the Funds for which the IRC acts;
3. The nature and extent of the workload of each member of each IRC, including the commitment of time and energy that is expected from each member; and
4. Barometer's recommendation regarding the IRC's compensation.

The IRC reviewed its compensation on April 7, 2020. The members concluded that their compensation was reasonable and no changes were required.

No indemnities were paid to the IRC by the Funds or Barometer during the period.

## **IRC Charter**

The IRC did not make any revisions to the IRC Charter when it was last assessed on February 26, 2013.

## **Ownership of Securities by the Independent Review Committee**

### **(a) Funds**

As at December 31, 2019, the percentage of units of each class of the Funds covered by this report beneficially owned, directly or indirectly, in aggregate, by all members of the IRC totaled less than 0.5% for each Fund.

### **(b) Manager & Service Providers**

As at December 31, 2019, the members of the IRC do not own any voting or equity securities of Barometer, or any person or company that provides services to the Funds or Barometer.



## **Duties of the Independent Review Committee**

During 2019, the Independent Review Committee carried out the mandate prescribed by the Canadian securities regulators for independent review committees of publicly-offered investment funds.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to Barometer on conflicts of interest to which Barometer is subject when managing the Funds. Barometer is required under NI 81-107 to identify conflicts of interest matters inherent in its management of the Funds, and request input from the IRC on how to manage those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest.

Below is a list of conflicts identified to the Independent Review Committee as of December 31, 2019 by the Manager. The Manager has the following policies and procedures in the form of Standing Instructions that have been approved by the IRC:

1. Personal Trading Policy
2. Frequent Trading Policy
3. Outside Business Activities Policy
4. Fair Allocation of Investments Policy
5. Best Execution Policy & Soft Dollars Policy
6. Proxy Voting Policy
7. Fair Valuation Policy
8. Unitholder Notices and Approval Policy
9. Inter-Fund Trading Policy
10. Related and Connected Issuers Policy
11. Sales Practice Policy
12. Gifts and Entertainment Policy
13. Conflict of Interest Policy
  - Conflicts Involving Fees
  - Conflicts Involving Changes to the Funds
  - Conflicts Involving Parties Other Than the Funds or Barometer



## **Annex – Investment Funds**

### **Funds Covered by This Report:**

Barometer Disciplined Leadership Tactical Income Growth Fund

Barometer Disciplined Leadership Equity Fund

Barometer Disciplined Leadership Balanced Fund