

Relationship Disclosure Document

July 2014

Securities legislation in Canada requires that Barometer Capital Management Inc. (“Barometer”) deliver to each client disclosure document(s) which describes the nature of Barometer’s relationship with you, including the products and services that Barometer offers and informs you of conflicts of interest that may arise between you and Barometer.

Information about Barometer

Barometer, whose office is located in Toronto, Ontario, is registered as a portfolio manager, commodity trading manager, investment fund manager and exempt market dealer in Ontario, and as a portfolio manager and exempt market dealer in each of the other provinces of Canada. Barometer is also registered as an investment fund manager in Quebec, and Newfoundland & Labrador. As a portfolio manager, Barometer can provide discretionary investment advisory services to its clients in each of these jurisdictions.

Products and Services

Barometer provides discretionary portfolio management to its clients pursuant to a managed account agreement in accordance with each client’s investment policy statement. In most instances, Barometer has an obligation to assess whether a purchase or sale of a security or investment product is suitable for a client before buying or selling the security or investment product for the client or at any other time.

Barometer is the trustee, manager and investment fund manager of the Barometer Private Pools (individually a “Pool”, together the “Pools”), which are offered on an exempt basis to accredited investors, and the Barometer Group of Mutual Funds (individually a “Mutual Fund”, together the “Mutual Funds”). Both the Pools and the Mutual Funds are connected issuers of Barometer.

Barometer may also act as a client’s exempt market dealer when buying

or selling units of a Pool or a Mutual Fund for the client.

Investment Policy Statement

Each managed account client of Barometer must have an investment policy statement (an “IPS”). The IPS defines the framework that will guide the investment decision process and establish the prudent and appropriate basis for the management of the client’s account. It is also used to communicate important relationship disclosure information.

The IPS captures most of the information obtained by Barometer during the know-your-client and suitability information gathering process. Using this information together with other relevant information provided by the client, Barometer will help the client create the IPS, which sets out each client’s:

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- time horizon and personal wealth components;
- risk tolerances;
- asset allocation;
- expectations in terms of the services to be provided to the client by Barometer; and,
- expectation of how investment performance will be monitored and reported.

Standard of Care

In acting for a managed account client, Barometer will exercise the diligence, competence and skill that would be expected of a reasonably prudent portfolio manager under similar circumstances and in similar market conditions.

Risks

Each investment that is made by Barometer on behalf of a client, in accordance with that client's IPS, is subject to a variety of risks, including market, economic, political, business and currency risks.

There is no guarantee that the value of a particular security or investment will increase. Depending on market and other factors the value of a particular security or investment may decrease, and it is possible depending on the circumstances

that the total value of the investment could be lost.

The risks of investing in the Pools are set out in the current offering memorandum of the Pools, and the risks of investing in the Mutual Funds are set out in the current simplified prospectus of the Mutual Funds. Both documents are available at www.barometercapital.ca or upon request.

As your portfolio manager, Barometer will try to minimize the impact of these risks when investing a client's assets in accordance with that client's IPS.

Leverage

Borrowing money to buy securities, including units of the Pools and the Mutual Funds, or to make contributions to a client's account involves greater risk than using cash resources only. If a client borrows money to buy securities, the client will still be responsible to repay the loan together with any applicable interest, as required by the terms of the loan agreement the client entered into.

Clients should exercise appropriate caution when borrowing money to buy securities.

Investment Performance Benchmark

Investment benchmarks usually provide a broad measure of the return generated by specific asset classes over a given period of time. Benchmarks often refer to indices since the most common form of investment benchmark information is an index, such as a stock or bond index.

Barometer is a tactical and active manager that strives to deliver consistent absolute returns that are not tied to a market index. Barometer manages both its Pools and Mutual Funds on the basis of this absolute return investment strategy. The benchmark for the Pools is based on an absolute return and that for the Mutual Funds on a relative market index. For further details, refer to the offering memorandum of the Pools and the simplified prospectus of the Mutual Funds, or please contact your relationship manager.

Conflicts of Interest

Situations may arise where a particular individual at Barometer

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may have a conflict of interest with a client's best interests. Barometer has adopted a code of ethics and has established appropriate policies and procedures to monitor such situations and to ensure that a client's interests are put first. In particular, Barometer's employees are prohibited from:

- using confidential information acquired in connection with his or her duties for personal gain;
- accepting gifts, entertainment or compensation that would influence their decisions in the performance of their duties; and,
- engaging in activities that could interfere or conflict with his or her duties.

Barometer does not allow its personnel to engage in activities outside the scope of their duties, including serving as a director of a company or other entity, without first ensuring that such activities do not compromise the interests of Barometer's clients. When Barometer personnel invest in the same securities as Barometer, including the Pools and the Mutual Funds, there is a perceived or potential conflict of interest that the staff persons may benefit from

opportunities at the expense of Barometer's clients, its Pools or the Mutual Funds. Barometer has a Code of Ethics that sets out standards for business conduct so as to prevent conflicts of interest. Also, Barometer has established personal trading policies and procedures to monitor personal trades of employees, officers and directors who have access to information about client portfolios, the Pools and the Mutual Funds.

Other conflicts may also arise from time to time. Barometer continually reviews its operations and activities and revises its policies and procedures as required to ensure that conflicts that do arise are appropriately dealt with and in the best interests of its clients.

Referrals

Barometer has entered into referral arrangements with certain third parties who refer clients who may want to become a managed account of Barometer and/or invest in units of the Pools or Mutual Funds. If a potential client is referred to Barometer, such client will be provided with an appropriate referral notice, before Barometer acts for

such client, setting out, among other things, the parties involved and the referral to be paid (or how it is to be calculated) by Barometer to the third party.

Costs and Compensation

The fees paid by each client to Barometer are set out in the client's managed account agreement with Barometer. A description of the expenses of each Pool is outlined in the current offering memorandum of the Pools; and, a description of the expenses of each Mutual Fund is set out in the current simplified prospectus of the Mutual Funds.

Each client should also carefully review the fees they have agreed to pay their custodian as set out in the applicable custodian fee agreement.

Each client should review all of the documents related to their account to ensure that they understand all of the fees associated with their account.

Brokerage Expenses

When placing an order for and on behalf of a client account,

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Barometer will use those brokers and dealers who in its opinion can provide it with best execution (after considering all transaction costs and research or other benefits).

Barometer's general policy in selecting a broker or a dealer to effect a transaction on behalf of a client is to seek to obtain prompt and efficient execution of the required trade at the best obtainable price with payment of reasonable commissions or spreads in relation to the value of the brokerage services provided. Factors that may be considered when selecting an approved broker or dealer for a specific transaction may include:

- brokerage services provided by the broker or dealer, including execution, capability, commission rate, willingness to commit capital and responsiveness;
- the nature of the market for the security;
- the timing of the transaction;
- the quality of the services rendered by the broker in other transactions; and,
- the research products and services provided by the broker or dealer (where and when appropriate).

For transactions in fixed-income securities, brokers and dealers are selected on the basis of security price, availability of the security, coverage of the security and the quality of research.

External research provides a diverse perspective on the financial markets and can assist Barometer in providing advice to Barometer's clients. Any research Barometer receives from brokers and/or dealers is used for the benefit of all of Barometer's clients. In most cases the cost of these services is embedded in the commissions paid to the brokers or dealers to execute portfolio transactions on behalf of Barometer's clients. Although such brokers or dealers may not necessarily charge the lowest commission on such trades, Barometer may still enter into such trades in accordance with applicable securities law requirements when it is of the view that such brokers and dealers are providing best execution and the value of such research and other services for its clients exceed the incremental cost of such commissions. A copy of Barometer's best execution and soft dollar policies are available upon request.

Reporting

Barometer will provide each client with a quarterly report summarizing the client's investments, its value, and performance.

The custodian of the client account will also send a position statement and a record of transactions; these will be sent monthly if there has been activity in the account, or every quarter as a minimum. As a managed account, a client will not receive a trade confirmation from the custodian.

Barometer maintains client information and documentation in the strictest confidence in accordance with Barometer's Privacy Policy. A copy of the policy is available upon request or at www.barometercapital.ca

Allocation of Investment Opportunities and Standards of Fairness

In the course of managing a number of discretionary accounts (the "accounts"), occasions may arise where the quantity of a security available at a particular

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price is insufficient to satisfy the requirements of every account, or the quantity of a security to be sold is too large to be completed at a particular price, or new issues of a security may be insufficient to satisfy the total requirements of all accounts. Accordingly, when placing orders, Barometer will determine the basis of allocation or the pre-determined number of shares or bonds for each identified account, or group of accounts, at the time the order is placed. Trade allocation will be determined on a basis that is fair, reasonable and equitable to all accounts in accordance with the policies of Barometer and within the parameters of each client's investment objectives and their level of available cash resources. Trade allocations will be made by Barometer in a manner to avoid preference, over time, to any client over any other client.

All trade allocations are made at the average execution price. Commissions, when charged, are also allocated on a pro rata basis based on the percentage of the entire order. In some instances, no commission is charged and a trade ticket fee is charged. In some instances, the total order may

carry over more than one day and, in those instances, the executed portion will be the portion at the close of the total order whether filled completely or not.

For initial public offerings, other new issues and block trades where only a partial fill is received, trade allocation is based on order size and may result in accounts receiving an allocation that is inappropriately small for the size of that account. In these instances, trade allocation will also take asset size into consideration and some clients may not receive a pro rata share. However, at all times, every effort will be made at the next opportunity to compensate, so that each and every account, large or small, over time, receives equitable treatment in the filling of orders.

The above sets out in general terms and standards of fairness that Barometer will exercise in entering into trades on behalf of its clients.

Proxy Voting

With most managed accounts, including the Pools and the Mutual Funds, Barometer generally has discretion as to how to vote the securities in a client's account. In exercising such discretion, and to

minimize potential for conflicts of interest, Barometer has proxy voting policies and procedures which attempt to ensure that securities are only voted in the best interests of its clients. Barometer also does not invest in securities of issuers in order to exercise control over, or to participate in, the management of those issuers. A copy of Barometer's proxy voting policies and procedures is available upon request.

Complaint Handling Procedures

Barometer has policies and procedures in place to handle written or verbal complaints received from a client in a prompt manner. Appendix A outlines these policies and procedures which are provided to new clients and clients who have made a complaint. Barometer also makes these policies and procedures available on our website at www.barometercapital.ca

Barometer's Complaint Policy requests that all complaints be filed in writing. There may be instances where Barometer receives a verbal complaint and as such will warrant

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the same treatment as a written complaint; however, unless there is a compelling reason, clients will be advised that their complaint be submitted in writing before we can proceed further. For reasons of confidentiality, we will deal only

with the client or other individual who has the client's express written authorization to do so.

Updates

If material changes occur to this Relationship Disclosure Document,

Barometer will take reasonable steps to provide each client with a revised copy before it acts for that client.

Please do not hesitate to contact Barometer for a copy of the most current relationship disclosure document.

Appendix A

What to do if you have a complaint?

Our complaint process

Filing a complaint with us

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

Barometer Capital Management Inc.
Compliance Department
1 University Avenue, Suite 1800
Toronto, Ontario
M5J 2P1

You may want to consider using a method other than email for sensitive information.

Tell us:

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

We will acknowledge your complaint

We will acknowledge your complaint in writing, as soon as possible, typically within 5 business days of receiving your complaint.

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

We will provide our decision

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

It will include:

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

If our decision is delayed

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

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

A word about legal advice

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

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

If you are not satisfied with our decision

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

If you are a Québec resident

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

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Taking your complaint to OBSI

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

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

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

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

Who can use OBSI

You have the right to use OBSI's service

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

Time limits apply

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

Filing a complaint with OBSI

Contact OBSI

Email: ombudsman@obsi.ca

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

OBSI will investigate

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

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

OBSI will provide its recommendations

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

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

For more information about OBSI, visit www.obsi.ca

Information OBSI needs to help you

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

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

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