

## PURPOSE

LESTER ASSET MANAGEMENT INC. (“LAM”) is registered as a portfolio manager, an exempt market dealer and an investment fund manager. To comply with the requirements of Section 14.2 of *Regulation 31-103 - Registration Requirements and Exemptions* (“**Regulation 31-103**”), LAM must deliver to its clients all information that a reasonable investor would consider important about the client's relationship with the registrant.

It is the purpose of this Relationship Disclosure Information Document to set out information about us as well as the services that we offer and your account(s) with us. This document also describes conflicts of interest that arise or may arise between us, individuals acting on our behalf and our clients, or between the differing interests of two or more of our clients to whom we owe, in each case, a duty, that a reasonable investor would expect to be informed of or that we believe is necessary to disclose to our clients to ensure they are adequately informed of matters that may affect the services we provide to them.

Depending on whether you retain us as an adviser or exempt market dealer, other important information you need to know about your relationship with us is contained in LAM’s account opening documents, i.e. the investment management agreement (the “**IMA**”) (if applicable) and the New Account Form (the “**Account Opening Form**”), which form an integral part of this Relationship Disclosure Information Document.

## DELIVERY OF DISCLOSURE BY LAM

This Relationship Disclosure Information Document will be provided to clients at the time of opening an account with us or before we begin providing advice or trading services to the client. If the information contained in this Relationship Disclosure Information Document changes significantly, LAM will take reasonable steps to notify the client of the change in a timely manner and if possible before purchasing or selling securities for the client. LAM policies require that clients are informed as soon as possible if a significant modification to the information contained in the Relationship Disclosure Information Document takes place.

### 1. Description of the nature or type of the client’s account

LAM offers portfolio management services exclusively on a segregated basis. This means that each investment account is separate and under the client’s name. This also implies that a client directly holds the securities that make up his investment account. Client assets are not held by LAM, they are held by a custodian.

If a client gives LAM a mandate to manage more than one account, multiple accounts will be opened at the beginning of the relationship and the client will hold several accounts in his name.

In addition, as an investment fund manager, LAM acts as fund manager for its own proprietary pooled funds (the “**Lester Funds**”) specified in Section 5 herein and may place assets of clients in the Lester Funds.

## **2. General description of the products and services the registered firm offers to a client**

LAM is dedicated to meeting each client's distinct investment needs and offers clients access to a broad range of industry leading asset management strategies, expertise and investment products.

LAM can act on your behalf as:

- (a) an adviser under a discretionary IMA; and/or
- (b) an exempt market dealer in connection with a subscription for securities of privately-placed investment funds, including the Lester Funds.

As an investment fund manager, LAM acts as fund manager for the Lester Funds.

By signing the IMA, the client grants LAM the mandate to manage its portfolio according to the investment guidelines defined in the IMA. Unlike a broker representative, the advising representatives of LAM make decisions to purchase and sell securities without obtaining prior authorization of the client. This mode of operation is one of the distinguishing traits of discretionary management mandates.

The securities of the Lester Funds are distributed under a prospectus exemption (they are to be considered as "exempt products") to investors that meet certain criteria set out in securities legislation. Should you wish to simply invest in a Lester Fund, you will be asked to sign a subscription agreement wherein you will have to provide the requisite information to determine that the Lester Fund securities may be distributed to you under a prospectus exemption.

## **3. General description of the types of risks that a client should consider when making an investment decision**

The decision to invest in a portfolio exposes a client to various risks. In compensation for the risks assumed, a client expects to achieve a greater return for a given time horizon than the client could otherwise obtain by placing funds in bank accounts or guaranteed investment certificates. In pursuing his investment objectives, it is imperative that the client take into account his own ability and his own willingness to assume the risks associated with an investment portfolio.

The description that follows presents a summary of the main risks that a client must take into consideration. It is divided into three major categories: general risks, risks associated with fixed-income securities and risks associated with stocks.

### **General Risks**

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|--|---|
| Risk of erosion of the real value:                           | Rising inflation reduces the real value of a portfolio over time, because it reduces the purchasing power of its holder.  |
| Systematic risk linked to markets in general:                | Even if a portfolio is diversified across asset classes, geographic areas and industry sectors, it is not immune to significant generalized declines arising from unforeseen shocks, be they economic, political, financial, etc.   |
| Risk associated with illiquidity:                            | Some securities may be less liquid than others due to their small outstanding value, low volume of transactions or lack of interest on the part of markets' stakeholders. The inability to quickly convert a security to cash without accepting a substantial price concession is the liquidity risk. This risk can affect a client's ability to access his funds on short notice when needed.  |
| Risk associated with foreign securities:                     | The following factors can cause adverse effects on the value of investments outside of Canada: overall economic state, political, legal and social frameworks, less stringent accounting and audit standards and unavailability of timely information.  |
| Risk associated with depreciation of foreign currencies:     | The value of investments denominated in currencies other than the Canadian dollar can decline if foreign currencies depreciate vis-à-vis the Canadian dollar.   |
| Risk associated with regulatory changes, including tax laws: | Securities of entities involved in regulated industries, such as financial services, telecommunications, or generation and distribution of energy, may experience a loss of value in the event of a change of regulatory regime that affects them negatively. This type of risk also includes modifications to tax measures, for example a broadening of the tax base, an increase in tax rates, an elimination of certain credits or other incentives. |

### **Risks Associated With Fixed Income Securities**

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|---|--|
| Risk associated with rising interest rates: | A rise in interest rates, or anticipation thereof, typically causes a decrease in the value of fixed income securities.  |
| Risk associated with reinvestment:          | A period of widespread decline in interest rates increases the risk that the reinvestment of a security at maturity will take place at a rate lower than that previously in force. The security purchased as a replacement would then carry a lower income rate and an investor would then suffer a decrease in his level of income in absolute dollars. |

Risk associated with credit: Investors' confidence depends largely on the ability of governments and companies to honour their contractual obligations related to fixed income securities previously issued, i.e. the timely payment of interest and the repayment of principal at maturity. A decrease of confidence resulting from the deterioration of an issuer's situation usually results in an important loss in value of the fixed income securities involved.

### **Risks Associated With Stocks**

Risk associated with rising interest rates: Interest rates are a significant factor used in the process of valuing equity securities. A rise in interest rates, or anticipation thereof, may cause an overall re-evaluation of equity markets to a lower level.

Risk associated with declining equity markets: Stock markets generally reflect in advance economic prospects and profitability trends of listed corporations. A deterioration of the overall economic situation or a drop of anticipated profits may provoke downward movements on stock markets.

Risk linked to industrial sectors: Every industry faces risks related to the degree of competition, to the markets it serves, to its supply chain and to potential substitute products. Should these forces create headwinds for players within a given industry, investors holding shares of such companies could experience negative consequences.

Individual company specific risk : Each company is exposed to financial and operational risks that can lead to negative repercussions for its investors.

## **4. Description of the risks to a client of using borrowed money to finance a purchase of a security**

LAM advises its clients against the use of borrowed funds to buy securities. Borrowing funds to invest involves greater risk than a purchase using cash resources only. If you borrow money to invest, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of your investment declines.

The Manager is authorized by certain clients to buy securities on margin. Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay the interest as required by its terms remains the same even if the value of the securities purchased declines.

## **5. Description of the conflicts of interest that the registered firm is required to disclose to a client under securities legislation**

Under securities regulations, LAM is required to identify existing and potential material conflicts of interest which could be expected to arise (i) between LAM (including each individual acting on its behalf) and its clients, (ii) between clients, (iii) within LAM and (iv) with other entities.

LAM seeks to avoid or minimize conflicts where reasonably possible. However, some conflicts cannot be avoided and, although others could be avoided, we have chosen to manage them. We have policies and procedures in place to manage the conflicts of interest that we believe are sufficient to protect the interests of our clients and fulfill our obligations to our clients. The following are some of the more significant conflicts of interest that may affect the service we provide to you.

### **Services of Related Registrants**

LAM does not use the services of any related registrant firm (adviser or portfolio manager, dealer and/or investment fund manager).

### **Related and Connected Issuers**

An issuer of securities is “related” to us if, through ownership, or direction and control over voting securities, we exercise a controlling influence over that issuer or that issuer exercises a controlling influence over us or the same third party exercises a controlling influence over both us and the issuer. An issuer is “connected” to us if due to indebtedness or other relationships, a reasonable prospective purchaser might question if that issuer and we are independent of each other.

Although we do not currently have any related or connected issuers other than the Lester Funds, in carrying on business as an adviser or exempt market dealer, we may with respect to securities of related issuers, and in the course of a distribution of securities of connected issuers:

- (a) exercise discretionary authority to buy or sell these securities for your accounts;
- (b) make recommendations regarding these securities to you; and/or
- (c) sell securities issued by pooled funds (including the Lester Funds), or other similar collective investment vehicles, established, managed and distributed by us or by our affiliates, to clients.

These services will be carried on by us in the ordinary course of our business in accordance with our usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements. It is our policy to comply fully with all applicable securities laws and to make all required disclosures.

The list of our related issuers and connected issuers, as of June 15, 2019, includes the following investment fund:

- The Lester Canadian Equity Fund

**6. Disclosure of the operating charges the client might be required to pay related to the client's account**

The term “operating charge” means any amount charged to a client by a registered firm in respect of the operation, transfer or termination of a client's account and includes any federal, provincial or territorial sales taxes paid on that amount.

The operating charges charged by LAM are the investment management fees charged to client segregated investment accounts and the Lester Funds, as set out in the Declaration of Trust for the respective fund.

The Lester Funds will not be charged other operating expenses such as legal, accounting and other similar expenses that may be incurred on behalf of the funds. See the Declaration of Trust of the respective fund for further details.

Section 4 of the IMA and the respective term sheet of the Lester Fund, describe the investment management fee and how this fee will be paid to LAM.

**7. Description of the types of transaction charges the client might be required to pay**

The term “transaction charge” means any amount charged to a client by a registered firm in respect of a purchase or sale of a security and includes any federal, provincial or territorial sales taxes paid on that amount.

Where we act as an adviser under a discretionary portfolio management agreement, the costs associated with implementing investments for your account, including but not limited to commissions to dealers in executing trades and custodial fees, shall be paid out of your account or directly by you.

The Lester Funds bear the costs of transactions in the portfolio of each fund, respectively, including commissions to dealers in executing trades, custodial fees and any other fees or expenses incurred in executing such trades. See the Declaration of Trust of the respective fund for further details.

**8. Description of the content and frequency of reporting for each account or portfolio of a client**

LAM has signed an agreement with National Bank Independent Network (NBIN), the custodian, in accordance with CSA Staff Notice 31-347 (Guidance for Portfolio Managers for Service Arrangements with IIROC Dealer Members). Lester has chosen not to issue its own Portfolio Manager statements considering the fact that NBIN is delivering statement to the clients in accordance with IIROC Rule 200.2(d). In addition clients will be provided with a copy of their LAM Portfolio Position Report at the end of each quarter ending March 31, June 30, September 30 and December 31 of each year, or more frequently as agreed to and, in the cases where LAM is acting as exempt market dealer, statements are provided at the end of each quarter or when a transaction was effected during the month. In the aforementioned Position Report, the Book Value is the total monies invested in a holding (invested and re-invested) and the Average Cost is the total monies invested in a holding (invested and re-invested) divided by the number of units held of said holding.

The NBIN statements contain the regulatory information required to be delivered to clients, namely:

For each transaction made for the client during the period covered by the quarterly statement:

- (a) the date of the transaction;
- (b) whether the transaction was a purchase, sale or transfer;
- (c) the name of the security purchased or sold;
- (d) the number of securities purchased or sold;
- (e) the price per security if the transaction was a purchase or sale;
- (f) the total value of the transaction if it was a purchase or sale.

Client statements also include the following information, as applicable, about the client's account as at the end of the period for which the statement is made:

- (a) the name and quantity of each security in the account;
- (b) the market value of each security in the account;
- (c) the total market value of each security position in the account;
- (d) any cash balance in the account;
- (e) the total market value of all cash and securities in the account.

**9. Disclosure that independent dispute resolution or mediation services are available to a client, at the firm's expense, to mediate any dispute that might arise between the client and the firm about a product or service of the firm**

In the event that a client were to file a formal complaint with LAM relative to the advisory services or exempt market dealer services of the firm or its advising or trading representatives, LAM has adopted a policy with respect to the examination of complaints and claims. The objective of this policy is to ensure that complaints that could be made against LAM are treated in a manner that a reasonable investor would consider fair and effective. LAM's policy encompasses three components:

- LAM would ensure that the formal complaint is responded to and documented satisfactorily.
- For **complaints arising in Québec**, LAM would also inform the complainant, in writing and without delay, that he may request LAM to forward a copy of the complaint file to the Autorité des marchés financiers (the "AMF") if he is dissatisfied with the internal complaint examination procedure or its outcome. In such a case, the AMF will examine the complaint and may, if it considers it appropriate, act as a mediator if the parties so agree.
- For **complaints arising outside Québec**, LAM would also inform the complainant, in writing and without delay, that he may request LAM to forward a copy of the complaint file to the Ombudsman for Banking Services and Investments (the "OBSI") if he is dissatisfied with the internal complaint examination procedure or its outcome. In such a case, the OBSI will examine the complaint and may, if it considers it appropriate, act as a mediator if the parties so agree.

Clients should be aware that filing a complaint with the l'Authorité des Marchés Fianciers does not preclude them from also filing with the civil courts.

**10. Statement that the firm has an obligation to assess whether a purchase or sale of a security is suitable for a client prior to executing the transaction or at any other time**

Before executing any transaction, LAM must assess whether the purchase or the sale of a security is suitable for the client. LAM evaluates each transaction in the light of its knowledge of the client acquired over time and of the investment guidelines established individually for each client. The investment guidelines identify the objectives of the client, his tolerance for risk and other characteristics specific to each account.

**11. The information a registered firm must collect about the client under its “know your client” obligations**

With respect to the “know your client” rule, LAM is required to collect certain information regarding its clients to meet regulatory requirements in the securities industry.

When opening an account, LAM must take reasonable steps to:

- Establish the identity of a client and, if LAM has cause for concern, make reasonable inquiries as to the reputation of the client;
- Establish whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded;
- Ensure that it has sufficient information regarding all of the following to enable it to meet its obligations with respect to the suitability requirement to the client:
  - the client’s investment needs and objectives;
  - the client’s financial circumstances;
  - client’s risk tolerance.
- Establish the creditworthiness of the client if the registered firm is financing the client’s acquisition of a security;
- For the purpose of establishing the identity of a client that is a corporation, partnership or trust, obtain information on:
  - the nature of the client’s business;
  - the identity of any individual who:
    - in the case of a corporation, is a beneficial owner of, or exercises direct or indirect control or direction over, more than 25% of the voting rights attached to the outstanding voting securities of the corporation;
    - in the case of a partnership or trust, exercises control over the affairs of the partnership or trust.

As a portfolio manager, LAM is also subject to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. Under this legislation, the regulatory requirements for client identification and record keeping are even broader than those required under securities laws.



LAM's Account Opening Form has been designed to gather information required under both the regulations governing securities and the recycling of crime and terrorist activity financing.

LAM takes reasonable steps to keep the above-mentioned information current. LAM must report to the AMF on a monthly basis, including reporting any suspicious transactions.

**12. A general explanation of how investment performance benchmarks might be used to assess the performance of a client's investments and any options for benchmark information that might be made available to clients by the registered firm**

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

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

LAM does currently use investment performance benchmarks.

**13. Personal trading activities**

LAM has a Code of Ethics that contains provisions designed to ensure that our employees do not engage in personal securities transactions that are prohibited by law or negatively impact a client account or a Lester Fund.

**14. Best execution and fair allocation**

National Instrument 23-101 *Trading Rules*, LAM must use reasonable efforts to achieve "best execution" when acting for a client. "Best execution" means the most advantageous execution terms reasonably available under the circumstances.

Although what constitutes "best execution" varies depending on the particular circumstances, to meet the "reasonable efforts" test, LAM should be able to demonstrate that it has, and has abided by its policies and procedures that (i) require it to follow the client's instructions and the objectives set, and (ii) outline a process designed to achieve best execution. LAM considers a number of factors, including assessing a particular client's requirements or portfolio objectives, selecting appropriate dealers and marketplaces and monitoring the results on a regular basis.

### **Selection of Brokers**

When placing orders with brokers and dealers, LAM's primary objective is to obtain the most favorable net price and execution for its clients, but this obligation shall not be deemed to obligate LAM to place any order solely on the basis of obtaining the most favorable price if the other standards hereinafter set forth are satisfied.

In selecting a dealer to execute a trade, LAM will look at the trading expertise of the dealer in the particular security (or type of security) being traded, as well as whether the dealer takes principal positions in the security in order to improve the liquidity of access to that security. In addition, LAM may also take into account, to the extent permitted by law, the broker or dealer's facilities, reliability and financial responsibility, the ability of the broker or dealer to effect securities transactions, particularly with regard to such aspects as timing, size and execution of orders, and research services, statistical (including data, software, and IT infrastructure) and other similar services provided to LAM for the benefit of clients. LAM's dealer selection process may take into account whether or not the dealer provides other services and benefits in return for brokerage commissions.

In selecting brokers, LAM usually negotiates "execution only" commission rates. However, LAM could, at any time, pay regular commission rates which would include other services provided by the broker to the Lester Fund or the account or to LAM for the benefit of the Lester Fund or the account. Such services could include the provision of advice, research and related data bases or software. LAM has an obligation to make a good faith determination that the Lester Funds or the account receives reasonable benefit from any research goods and services received, relative to the amount of brokerage commission paid.

LAM will not be restricted from directing brokerage transactions to brokers who have referred new investors to the Lester Funds, provided that LAM determines that the service is comparable to that which it may obtain from other brokers and the commission rates are equivalent to or better than those that would have been normally charged by the broker. LAM will monitor the level of service provided by any broker retained on behalf of the Lester Fund or an account with respect to the cost and execution of trades.

### **Use of Commission Dollars (or Soft Dollars)**

As specified within *National Instrument 23-102 Use of Client Brokerage Commissions*, client brokerage commissions may not be used to pay for any goods or services that are not order execution goods and services or research goods and services. When commissions are used to pay for permitted services (soft dollars), such services must benefit the clients of LAM and may not be used to pay for general overhead expenses of LAM. The amount of commissions used for permitted services must be reasonable in relation to the value of the services received and LAM must be able to justify the use of commissions to acquire the services. LAM must also adhere to best execution principles when carrying out trades for clients.

**LAM does not currently engage in any soft-dollar arrangements in connection with client transactions. LAM does not use soft dollars.**

### **Fair Allocation Among Clients**

LAM may be engaged to act as an advisor to many clients, including the Lester Funds. It may aggregate orders for a number of client accounts for the purchase of a particular security or derivative instrument. LAM's usual process is structured on the basis of pro-rata allocation per client account based upon target weighting as determined by the portfolio manager at the time of order entry. Furthermore, considering that most components within our portfolios are liquid, clients would normally receive targeted allocation. However, LAM recognizes that no rigid formula will always lead to a fair result, and that a degree of flexibility to adjust to specific circumstances is necessary, especially in situations where the order is not entirely filled. Therefore, under certain circumstances, allocation on a basis other than strictly pro-rata based on order size is permitted if we determined that such allocation is fair and reasonable. The overriding principle to be followed in applying the aforementioned guideline is to be fair and reasonable to all clients based upon client investment objectives and policies and to avoid the appearance of favouritism or discrimination among clients.

## **15. Privacy Policy**

The privacy of our clients is very important to us. Set forth below are our policies with respect to personal information of current and former clients that we collect, use and disclose.

We collect and maintain personal information about clients in connection with our management of client accounts. We may collect personal information to enable us to provide clients with investment management services, to meet legal and regulatory requirements, and for any other purpose to which clients may consent in the future. Personal information is collected from the following sources:

- (a) investment management agreements, subscription agreements or other forms that clients submit to us;
- (b) client transactions with us and our affiliates, if applicable; and
- (c) meetings and telephone conversations with clients.

Unless a client otherwise advises, by providing us with their personal information, our clients are consenting to our collection, use and disclosure of their information as provided herein. We collect and maintain personal information on our clients in order to give them the best possible service and allow us to establish their identity, protect us from error and fraud, comply with the law and access their eligibility in our products.

We may disclose personal information to third parties, when necessary, and to our affiliates in connection with the services we provide, including:

- (a) financial service providers, such as banks and others used to finance or facilitate transactions by, or operations of, your account;
- (b) other service providers, such as accounting, legal, or tax preparation services; and
- (c) taxation and regulatory authorities and agencies.

We seek to carefully safeguard your private information and, to that end, restrict access to personal information about clients to those LAM employees and other persons who need to know the information. Each LAM employee is responsible for ensuring the confidentiality of all personal information they may access.

A client may access their personal information to verify its accuracy, to withdraw their consent to any of the foregoing collections, uses and/or disclosures being made of their personal information and may update their information by contacting LAM's Chief Compliance Officer at (514) 849-5566. Clients should note that our ability to maintain their account may be impacted should they withdraw their consent to the collection, use and disclosure of their personal information as outlined above.

Clients who are investors in the Lester Funds and who are resident in Ontario should be aware that the Lester Funds are required to file with the Ontario Securities Commission a report setting out the client's name and address, the class and series of securities issued, the date of issuance and the purchase price of the securities issued. Such information is collected indirectly by the Ontario Securities Commission from us under the authority granted to it in Section 3.11 of the *Securities Act* (Ontario), for the purposes of the administration and enforcement of the securities legislation of Ontario.

We are also required to file similar information with the *Autorité des marchés financiers* in Québec or the relevant securities commission in other provinces, as applicable, with respect to investors in those other provinces.

By subscribing for units in the Lester Funds, the client authorizes our disclosure and such indirect collection of the information by the Ontario Securities Commission and other securities and regulatory bodies. The following official can answer questions about the Ontario Securities Commission's indirect collection of the information:

OSC Inquiries and Contact Centre  
Suite 1903, Box 55, 20 Queen Street West  
Toronto, Ontario M5H 3S8  
Telephone: 1-(877)-785-1555  
Telephone: (416) 593-8314

LAM reserves the right to modify or supplement its Privacy Policy at any time. If we make a change to the Privacy Policy, we will advise you.

## 16. Non-resident disclosure and agent for service

We are a resident of Québec. In the jurisdictions in which we carry on business but are not resident in, we have appointed an agent for service of process:

| Jurisdiction     | Name of agent             | Contact person   | Address and telephone number                         |
|------------------|---------------------------|------------------|--|
| British Columbia | Borden Ladner Gervais LLP | Jason Brooks     | 1200 - 200 Burrard Street<br>Vancouver, BC V7X 1T2   |
| Alberta          | Borden Ladner Gervais LLP | Jonathan L. Doll | 1900, 520-3rd Avenue SW<br>Calgary, AB T2P 0R3       |
| Ontario          | Borden Ladner Gervais LLP | Kathryn Fuller   | 3400- 22 Adelaide Street West<br>Toronto, ON M5H 4E3 |
| Manitoba         | Filmore Riley LLP         | Peter J. Davey   | 1700 – 360 Main Street<br>Winnipeg, Manitoba R3C 3Z3 |

It is important to know that certain rights may not be enforceable by you against us in a jurisdiction where we are not resident.

## 17. Disclosures with regards to the custody of the client’s assets

Your assets are held with **National Bank Financial** (“NBF”) acting through its National Bank Independent Network division (“NBIN”), a qualified custodian, which is an indirect, wholly owned subsidiary of National Bank of Canada (“NBC”). NBIN’s principal place of business is located in Toronto, Ontario. NBF is a federally regulated Schedule A bank and public company listed on the TSX. NBF is a member of and regulated by the Investment Industry Regulatory Organization of Canada (IIROC). NBF is also a member of the Canadian Investor Protection Fund (CIPF). This fund safeguards your assets from the insolvency or bankruptcy of an IIROC member firm, subject to conditions and limits. You can find more information at <https://www.cipf.ca>.

Lester Asset Management Inc. (“the Manager”) and NBIN are independent entities and have entered into a Portfolio Manager Services Agreement (the “PM Services Agreement”) whereby NBIN acts as custodian, holding in custody and duly identified in its books and records, whether in nominee or in client name, the cash and securities in your account over which the Manager has discretionary trading authority, and executes and settles trades in your account based on instructions received from the Manager. The Manager is responsible for ensuring such transactions are suitable for you and for complying with all applicable “know your client” and “know your product” obligations.

Securities of the **Lester Canadian Equity Fund** (the “Fund”) held by the client are subject to the custody and recordkeeping arrangements applicable to the Fund and disclosed in the offering documents of the Fund. Client assets are subject to risk of loss if the Fund or its custodian becomes bankrupt or insolvent, or if the Fund, its custodian or transfer agent experiences a breakdown in its information systems. The Manager has reviewed the system of controls and supervision maintained by the Fund and has concluded that its system is sufficient to manage the risk to a client of loss in accordance with prudent business practice.

## 18. Proxy Voting Policy

Public companies call upon holders of their securities to vote on a wide range of matters relating to those companies. When LAM is granted the duty to vote for its clients, proxies will be voted in a manner that seeks to enhance shareholder value and that is consistent with leading corporate governance practices

With this always in mind, LAM generally votes in accordance with the recommendations proposed by management of the issuing companies. The firm maintains a proxy voting register that includes:

- the name of the issuer
- the exchange ticker symbol
- the date of the meeting
- a brief identification of the matters voted on at the meeting
- whether and how LAM voted on the matters, and the reasoning behind any votes cast by LAM that went against the recommendations of management of the issuer

The firm must promptly send the most recent copy of the investment fund's proxy voting policies and procedures and proxy voting record, without charge, to any client upon a request made by the security holder.

Clients have the right to exercise their own votes as shareholders. If so desired, please inform us in writing.


To address potential conflicts of interest that may arise if a client grants LAM discretion to vote proxies, LAM will establish a Proxy Voting Committee (the "Committee"). The Committee will consist of the Chief Compliance Officer and the Ultimate Designated Person. The Committee will make reasonable efforts to determine whether a potential conflict may exist, including screening proxies against a list of clients with whom LAM has a material business relationship.

### ACKNOWLEDGEMENT

The undersigned hereby confirms having received, read and understood the **Relationship Information Disclosure Document** of Lester Asset Management Inc.

Date: \_\_\_\_\_

CLIENT :

Per:  \_\_\_\_\_  
Name  
Title