



CONFLICTS OF INTEREST DISCLOSURE

Haywood offers a wide array of investment products and services to our valued individual, institutional and corporate clients. As a full-service investment dealer, we recognize that our client offering sometimes makes us susceptible to conflicts of interest.

We recently updated our conflicts of interest policy to reflect the goals of the Client Focused Reforms initiative approved by the Canadian Securities Administrators (CSA) and IIROC, now known as the Canadian Investment Regulatory Organization (CIRO).

The principal goal of the Client Focused Reform initiative reflects our longstanding policy and commitment to our clients to act in their best interest and to avoid all material conflicts of interest that we cannot otherwise address in the best interest of our clients.

A summary of our policy and how we manage specific conflicts of interest follows. We encourage you to contact your investment advisor or our Chief Compliance Officer to discuss any aspect of our policy should you have any questions.

How We Manage Conflicts of Interest

Depending on the specific conflict of interest, we use one or more of three mechanisms to address the conflict: avoidance, control, and disclosure. Conflicts that are prohibited by law, securities regulation, common industry practice, or that cannot otherwise be addressed in the best interest of our clients, we avoid. For other conflicts or potential conflicts of interest, we employ one or more control mechanisms. Common examples of control mechanisms include the physical separation of our business functions; creating internal information barriers; conducting regular trading reviews of our employees and restricting their ability to trade in priority to our clients or ahead of our research reports.

In addition to the control mechanisms, we make disclosure (when necessary) to our clients about conflicts of interest that may affect them. That disclosure includes information about the conflict, so they can independently assess the conflict when evaluating our advice or considering any service we offer.

In the case of a material conflict of interest, we will not rely on disclosure alone as our sole mechanism to address the conflict. When we disclose a material conflict of interest, we will describe the nature and extent of the conflict, its potential impact and risk, and how the conflict has been or will be addressed.

All material or potential material conflicts of interest must be reported and escalated to Haywood's senior management for proper assessment and handling.

Below, we identify existing or potential conflicts of interest, describe how they may affect you, and how we manage them.

**ACCOUNT APPROPRIATENESS:
FEE-BASED AND COMMISSION-BASED ACCOUNTS**

We offer full service advisory accounts and charge a commission for trades executed in these accounts. Commission-based accounts may encourage us to recommend more frequent investment transactions.

HOW WE ADDRESS THIS CONFLICT

- Industry regulations require us to ensure all investment recommendations are suitable for our clients.
- At the time of account opening, our investment advisors will discuss with you any appropriate alternative products and services, that may reduce the conflicts associated with commission-based pricing.
- Our investment advisors will provide you with pre-trade disclosure of fees and charges with respect to transactions in commission-based accounts.
- The amount of a commission charge is disclosed to you on your trade confirmation.
- You will receive an annual cost report that identifies the investment fees and charges associated with your account(s).
- We have supervisory systems that review for excessive trading in commission-based accounts for the purpose of generating excess commissions.
- We have supervisory systems that monitor for investment suitability as well as account appropriateness.

We offer fee-based accounts which charge a fee based on the value of the account value instead of a commission charge for each trade. This may encourage us to transact less frequently in your account since we receive a monthly fee regardless of account activity.

HOW WE ADDRESS THIS CONFLICT

- We have supervisory systems that monitor fee-based accounts for account activity to help identify fee-based account that may no longer be the most appropriate account structure for our clients.
- You will receive an annual cost report that identifies the investment fees and charges associated with your account(s).

New issues enable firms to earn compensation in addition to the standard fee they earn on fee-based accounts which are determined by account value and may influence portfolio managers to purchase and investment advisors to recommend securities with embedded commissions for their fee-based accounts.

HOW WE ADDRESS THIS CONFLICT

- For managed accounts, you must provide us with written consent to participate in new issue business for which the firm acts as underwriter.
- We monitor fee-based accounts to ensure that the amount of new issue business is appropriate.
- Our portfolio managers and investment advisors are not permitted to share in the compensation earned on new issues fee-based accounts.
- We have supervisory systems to prevent securities in fee-based accounts for which the firm earns a fee in addition to the standard fee.
- You will receive an annual cost report that identifies the investment fees and charges associated with your account.
- We have supervisory systems in place that monitor for investment suitability as well as account appropriateness.

REFERRAL ARRANGEMENTS

We may enter into referral arrangements where we receive or pay a referral fee.

HOW WE ADDRESS THIS CONFLICT

- A written referral agreement between us and any third party is required before clients can be referred. The terms of the agreement will be disclosed to you in writing prior to the referral or the payment of any referral fees, providing you the ability to opt out of the referral arrangement.
- Prior to making a referral we ensure that the other party has the appropriate qualifications to provide the referred services to you.
- If you are referred to us by a third party, we will ensure that our services are suitable for you.
- Referral arrangements are reviewed by the firm's Compliance Department and approved by the Chief Compliance Officer, President or CEO.
- Referral arrangements that are not in the best interest of our clients are avoided.

ISSUER COMPENSATION

We may receive compensation from issuers of securities and other third parties based on their products that we sell to clients (such as trailer fees on mutual funds). We may be influenced

to recommend more of these product types based on the compensation received from these issuers.

HOW WE ADDRESS THIS CONFLICT

- A trailer fee is the commission paid by a mutual fund company to the firm, for its investment advisors purchasing the fund. Trailer fees are disclosed in the mutual fund's simplified prospectus mailed to you after your initial purchase. You may also ask your investment advisor for this information at any time. You are not directly charged the trailing commission, but this commission will reduce the amount of the fund's return to you. Industry rules require us to tell you in respect of the purchase or sale of a security (managed accounts excepted) about the charges you will incur, including commissions, deferred sales charges, trailer fees payable or investment fund management expense fees or other ongoing fees.
- Mutual funds held in a fee-based account that pay trailing fees are excluded from the monthly fee-based account charge to ensure that you are charged fairly.

We may receive compensation on the new issue distributions that is greater than our usual account charges. This may influence our recommendations on these type of investment products.

HOW WE ADDRESS THIS CONFLICT

- Fees we receive for purchasing new issues in client accounts are disclosed in the offering document (e.g., prospectus) and in the trade confirmation which we provide to you.
- Fees for prospectus-exempt products paid to the firm are disclosed by issuers by way of press release or in their financial disclosure and are available to you through your investment advisor.
- You will receive an annual cost report that includes fees earned by the firm from new issues in your account.
- In commission-based accounts no additional commission is charged for new issue transactions.
- In fee-based accounts no portion of the fee is paid to your portfolio manager or investment advisor.
- For all accounts we are required to ensure that the purchase of any investment is suitable and in your best interest.

OUTSIDE BUSINESS ACTIVITIES (OBA)

Some investment advisors may carry on an OBA such as acting as a director, officer or shareholder in another entity, participating on advisory boards or engaging in volunteer

positions. Participation in the OBA may create competing interests with their obligations to our clients.

HOW WE ADDRESS THIS CONFLICT

- Investment advisors may not engage in an OBA without the approval of our Chief Compliance Officer or their designate.
- We review all OBAs for potential conflicts. If any potential conflicts exist and cannot be resolved in your best interest, we do not permit it.
- Outside directorships in public companies are generally not permitted.
- Our employees are prohibited from engaging in personal financial dealings with our clients, including receiving any consideration, payment or gratuity, paying for client losses out of personal funds or making settlements without our consent, or borrowing from or receiving a guarantee from clients unless they are recognized financial institutions, or a Related Person as defined by the CRO Rules.

GIFTS AND ENTERTAINMENT

Investment advisors may receive offers of gifts or entertainment which could be perceived to motivate or influence their conduct in a manner contrary to their professional duties.

HOW WE ADDRESS THIS CONFLICT

- We have internal policies regarding the giving, accepting, and soliciting of gifts, entertainment and other business courtesies to address their potential abuse or undue influence.
- Gifts are prohibited from being either excessive or recurrent to prevent a conflict of interest or the perception of a conflict of interest.

PERSONAL TRADING

Employees may have personal trading accounts which may encourage investment advisors to care for their own accounts over their client accounts.

HOW WE ADDRESS THIS CONFLICT

- We monitor and supervise the personal trading of all employees and take corrective action as required.
- We have procedures in place to ensure that clients are given priority allocations on all agency financings.

- We monitor trading by employees to detect personal trading ahead of a client order or recommendation, personal trading contrary to client recommendation, personal trading in advance of a research report recommendation; and personal trading based on knowledge of material non-public information.

TRADING

We may receive compensation from trading destinations, marketplaces and exchanges in connection with order flow we direct to such destinations through affiliates or directly.

HOW WE ADDRESS THIS CONFLICT:

- We have policies and procedures to ensure compliance with applicable securities laws relating to best execution of client trades. A copy of our firm's Best Execution Disclosure is available on our website.

We may sell securities to clients that are owned by the firm and may profit by doing so.

HOW WE ADDRESS THIS CONFLICT

- Our trade confirmations will disclose to you whether we acted as principal or agent on a transaction. When we buy or sell securities owned by the firm to our clients, this is called principal trading. When we buy or sell securities on behalf of our clients to third parties, this is called agency trading.
- For transactions in fixed income securities (which we often execute as principal), we provide you with a stated yield-to-maturity prior to purchase so you can assess the competitiveness of pricing. The yield-to-maturity is also stated on the trade confirmation we send you.
- We adhere to strict "best execution" rules which oblige us to act reasonably and diligently in ensuring the best execution of client orders.

We may engage in trading of securities for our own account which may encourage us to do so in priority to our client trading.

HOW WE ADDRESS THIS CONFLICT

- We adhere to strict "best execution" rules which oblige us to act reasonably and diligently in ensuring the best execution of client orders.

- Proprietary trades by our employees (“pro trades”) are identified as such, and client trades are placed in priority to pro trades in accordance with industry regulations. We are strictly prohibited from intentionally trading ahead of any client order.
- We monitor our pro trading to ensure our client priority execution and will correct trades when appropriate to ensure our obligation is met.

We may sell you securities in issuers that are related or connected to us, and this may be viewed as influencing our advice or recommendations.

HOW WE ADDRESS THIS CONFLICT

- We disclose to you our related and connected issuers. Please refer to our website for a current listing of connected and related issuers.
- We also inform you on your trade confirmation slip if the transaction involved a related or connected issuer.
- Our Investment Advisor compensation is the same whether the issuer is related or connected to the firm.

ALLOCATION OF SECURITIES

We may need to select which clients will be offered certain securities if availability is limited, which may lead to some clients being preferred over others.

HOW WE ADDRESS THIS CONFLICT

- All new issue prospectus distributions are offered to clients first. Client interest must be exhausted before participation by our employees or agents is permitted. We have internal policies and new issue allocation systems to track and evidence this procedure.
- We have a “fair allocation” policy for managed accounts to ensure each client who subscribed to the same managed account mandate receives the same security at the same price as all other clients who subscribed to the same mandate.
- The firm is required to maintain policies and procedures designed to ensure the fair allocation of new issues among client accounts.
- We endeavour to treat all clients on a basis that is fair and reasonable in the context of the nature of the transaction, associated costs, the client investment objectives and risk tolerance.

INVESTMENT BANKING

We are paid by issuers of securities when we advise on or underwrite a new issue which we may recommend to clients. When doing so, the issuer generally wants to obtain the highest

sale price while our clients are generally interested in obtaining the lowest purchase price. This may be perceived to create a conflict of interest in how new issues are priced for sale.

HOW WE ADDRESS THIS CONFLICT

- Our Investment Banking Department values new issue pricing using proven and industry-standard metrics and analysis. This valuation process is executed independently from the considerations of retail (or institutional) sales.
- Our clients receive full disclosure in the offering documents of the relationships we have with the issuer and the underwriting and/or advisory fees we are paid.
- Industry regulations and our internal policies obligate our Investment Advisors to ensure all investment recommendations, including the purchase of new issues, are suitable for purchase by our clients.

As a result of business relationships with public issuers, our employees and agents may be in possession of material, non-public or otherwise highly confidential information. We are not permitted to disclose this information to clients even if knowing said information would influence their decision to buy or sell.

HOW WE ADDRESS THIS CONFLICT

- We employ technological and physical barriers to segregate our corporate finance and retail advisory businesses to prevent the disclosure of material non-public information to our retail advisory business employees.
- Our internal information barriers are designed to ensure compliance with securities regulations and, in so doing, prevents the flow of non-public information to other divisions of the firm.
- Personal trading by employees that are in possession of material non-public information is not permitted and is monitored for compliance with all regulatory requirements.

RESEARCH

Our research department publishes reports and makes recommendations on issuers which we have an ongoing investment banking relationship. This may be viewed as influencing our research recommendations.

HOW WE ADDRESS THIS CONFLICT

- In accordance with industry requirements, we have specialized policies and procedures which are designed to eliminate or minimize the conflicts our research analysts commonly face.

- We do not compensate our research analysts based upon or linked to any specific corporate finance activity or recommendation.
- Our research reports are not vetted by or subject to any form of approval by our Investment Banking department.
- We disseminate our research simultaneously to our clients and employees.
- Our research reports disclose all potential conflicts of interest including: if the firm owns more than 1% of the issuer's float; if the covering analyst has a financial interest in the issuer's securities; if the issuer has compensated us for any investment banking activities in the previous 12 months (from the date of issuance of the report) and; if the firm has served in a corporate advisory capacity to the issuer.
- Our research analyst's ability to trade in the issuers they cover is controlled and subject to express management approval.

When analyzing an issuer and its investment potential, we may visit the principal operations of the business. The costs associated with this visit may be paid, fully or in part, by the issuer itself. This could be perceived as influencing our research coverage or recommendations.

HOW WE ADDRESS THIS CONFLICT

- Any visit to an issuer's headquarters or principal operations is disclosed in our research reports.
- Some operational sites are remotely located (e.g., mine pits, offshore oil wells, etc.) and issuers often arrange for several research analysts across many investment dealers to visit the site simultaneously and will subsequently arrange transportation and lodging. We disclose in our research reports if an issuer has covered the costs associated with a visit to their operational sites.

We may distribute investment research produced by third parties, which involve similar potential conflicts as disseminating our own research.

HOW WE ADDRESS THIS CONFLICT

- We have and follow written procedures under industry regulations which govern the distribution of third-party research.

OTHER COMPENSATION

We earn revenue by charging a fee for certain administrative and transaction-based services. This may encourage us to engage clients in these services.

HOW WE ADDRESS THIS CONFLICT

- Our fee schedule is posted on our website.
- We will provide you with at least 60 days notice of any changes to our fee schedule.

The firm is compensated in various ways based on the type of client activity, including interest spreads on uninvested cash deposits and foreign exchange spreads when you convert currencies.

HOW WE ADDRESS THIS CONFLICT

- Interest charges and foreign exchange transactions are conducted in accordance with the terms of your client account agreement and reflect market conditions and general industry standards. Specific transaction costs are available upon request.