

FGP CONFLICTS OF INTEREST DISCLOSURE STATEMENT

Securities legislation requires Foyston, Gordon & Payne Inc. (“FGP”) to disclose existing or potential material conflicts of interest that could arise in the course of its business, and how it addresses those conflicts of interest in the best interests of its clients. This statement is to inform you of the nature and extent of conflicts of interest that might be expected to arise between FGP, its employees and its clients.

FGP has the following core business activities:

Activity	Description	FGP’s Client
Investment Manager of Pooled Funds	FGP manages and selects the investments of its various pooled funds, in accordance with the investment objectives and risk parameters set out in the Investment Policy Statement for each fund	Fund unitholders
Portfolio Manager of Managed Accounts	FGP uses its discretion to select the investments held by clients in their FGP accounts, in accordance with the investment objectives, and risk parameters set out by the account holder	Account holder
Sub-Advisor	FGP provides an investment model to a third party sponsor (eg. another fund manager or portfolio manager), who invests the funds it manages according to the model. The investment model will comply with investment objectives and risk tolerances set out by the sponsor. In some instances, FGP will trade the sponsor’s client’s account in accordance with the FGP model.	Sponsor of the Model

In order to conduct its business, FGP is currently registered as:

- i. Portfolio Manager in all Canadian provinces and territories (allows FGP to use its discretion to select investments for its Pooled Funds, managed accounts and investment models);
- ii. Exempt Market Dealer, in all Canadian provinces and territories (allows FGP to distribute its pooled funds under an exemption from prospectus registration);
- iii. Investment Fund Manager in Ontario, Quebec and Newfoundland and Labrador (allows FGP to organize, establish and manage the day-to-day affairs of its Pooled Funds); and
- iv. Investment Adviser with the United States Securities and Exchange Commission (SEC) (allows FGP to provide investment advice to clients based in the US).

FGP considers a conflict of interest to exist when the interests of a client diverge or could diverge from those of FGP or an individual who acts on FGP’s behalf.

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FGP takes reasonable steps to identify material conflicts of interest and those that could reasonably be expected to arise. It avoids conflicts of interest that cannot be resolved in the best interests of its clients. Otherwise, FGP takes the appropriate steps to control the conflict of interest.

The situations in which FGP could be in a conflict of interest with its clients, and the way in which FGP intends to respond to such conflicts, are described below.

Related Registrants – FGP is majority owned by Affiliated Managers Group, Inc. (West Palm Beach, Florida, USA) (“AMG”), through its indirect ownership in AMG Canada Corp. (incorporated in Nova Scotia). AMG is also a principal shareholder of other dealers and advisers in Canada, the US and internationally (“AMG Affiliates”), who are related registrants of FGP.

This could be a conflict of interest because AMG could use its influence to affect FGP’s investment discretion or cause FGP to refer client business to AMG Affiliates, to the detriment of FGP’s clients. However, except as described in this document, FGP does not have any business dealings with AMG Affiliates and does not conduct any joint operations with them. The potential for a conflict of interest is further minimized by the fact that, despite AMG’s ownership interest in each of them, the AMG Affiliates operate as discrete businesses with separate management and separate, individually constituted, boards of directors or the equivalent. Neither AMG nor AMG Affiliates formulate or influence investment advice for the FGP’s clients. Therefore, in FGP’s view, the relationship with AMG or its Affiliates does not present any potential conflict of interest with the Firm’s clients. Listed below are the AMG Affiliates in Canada. A full list of AMG’s Affiliates will be posted on FGP’s website from time to time:

1. Beutel, Goodman & Company Ltd.
2. Montrusco Bolton Investments Inc.

Related Issuers – AMG’s securities are publicly traded and some of its Affiliates may also have publicly traded securities. Furthermore, many of AMG’s Affiliates offer securities of pooled funds. As such, because FGP is majority owned by AMG and under common ownership with AMG Affiliates, it could be viewed as a related issuer of AMG, AMG Affiliates and funds managed by them.

This could be a conflict of interest if AMG or AMG Affiliates used their influence to cause FGP to invest in securities of AMG, AMG Affiliates or their funds, even though that investment would not be in the best interests of FGP’s clients.

FGP does not invest in securities issued by AMG, AMG Affiliates or their funds. If FGP determines that it is appropriate to invest in such securities, FGP will notify affected clients of the relationship in advance. FGP will not proceed with the investment in a managed account or include the issuer in an investment model until it receives its client’s written approval and authorization for the investment.

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Services of Related Parties – FGP is party to a client servicing and marketing agreement with one or more subsidiaries of AMG under which the AMG subsidiaries may market certain of FGP’s investment strategies to eligible clients and provide services to FGP’s clients in various foreign jurisdictions. FGP pays the AMG subsidiaries a fee for these services.

Referral Arrangements – FGP has entered into and may enter into referral arrangements from time to time with AMG, its subsidiaries or unrelated third parties, who introduce or refer clients who are interested in investing in FGP’s products. FGP generally pays a referral fee to such introducing parties for their services. This could be a conflict of interest because FGP could be induced to charge more fees to clients who are introduced under a referral arrangement, to offset the referral fees payable. Before entering into an agreement with a client for investment services in respect of which referral fees are payable, FGP will disclose in writing to the client, the nature of the applicable referral arrangements, including the name of the referrer and the amount of referral fees payable, so that the client may make an informed decision.

Proprietary Products - When recommending its FGP Pooled Funds to a client, FGP seeks to ensure the Pooled Funds meet the client’s investment objectives and risk tolerances.

Pooled Funds Investing in Other Funds – From time to time, FGP Pooled Funds may invest in other FGP Pooled Funds or other funds, when the portfolio manager for the FGP Pooled Fund determines that such an investment will enable the fund to meet its investment objectives (i.e. diversification) efficiently and expeditiously. Such investments may cause a perceived conflict of interest because an investment by a larger fund into a smaller fund may enable the smaller fund to extend its costs among a greater number of investors and may save FGP the time and cost of researching other suitable discrete investments. However, FGP Pooled Funds will only make investments that are, in the opinion of the fund’s portfolio manager, in the best interests of the fund.

Conflicts of Interest Relating to FGP Personnel – FGP’s personnel may find themselves in situations where their personal interests conflict with those of a client.

FGP’s Code of Ethics and related policies and procedures establish basic principles for employee conduct which, among other things, prohibit an employee from:

- Using confidential information acquired in connection with his or her employment, for the purpose of obtaining a personal advantage;
- Accepting gifts, entertainment and compensation that would or could be perceived to influence decisions to be taken in the course of performing their employment duties;

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- Engaging in outside activities that could interfere or conflict with their employment duties; and
- Engaging in personal financial dealings with clients of FGP, who are not personally related to the employee.

Personal Trading - When FGP staff invest in the same securities as FGP, including the FGP Pooled Funds, there is a perceived or potential conflict of interest that such FGP staff may benefit from opportunities at the expense of FGP's clients or its Funds. FGP's policies set out standards that govern its employees and enables their compliance to be monitored. Among other things, the policies require employees to pre-clear and report personal securities transactions; abstain from personally trading certain securities during blackout periods; and annually certify compliance with the policies.

In addition, FGP has adopted certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by a director or employee of FGP. Employees are prohibited from utilizing material, non-public information for business or personal investment purposes.

Gifts and Business Entertainment – To address instances when employees of FGP may give or accept gifts or business entertainment of more than minimal value in connection with the Firm's business, FGP has established policies and procedures limiting the value of gifts and entertainment given or received and requiring that all gifts and entertainment be reported to the Compliance Department for monitoring.

Outside Business Activities - FGP does not allow any of 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 FGP's clients or FGP. FGP employees are prohibited from engaging in personal financial dealings with clients who are unrelated to the employee.

Best Execution, Soft Dollars and Commission Sharing Arrangements – When placing orders for and on behalf of clients' accounts, FGP will select those brokers and dealers from whom it can reasonably expect to obtain best execution, based on its consideration of various factors, including the broker/dealer's ability to timely and accurately communicate with FGP's trading desk and operations team, trading expertise, reputation, integrity, trading systems, and ability to commit capital to facilitate trades.

FGP may pool all or part of the commissions paid in connection with trades it carries out on behalf of clients and use the pooled commission to pay for products and services. Such arrangements create a perceived or potential conflict of interest to the extent that FGP could use the pooled commissions to pay for services that benefit it but not necessarily its clients. FGP complies with Canadian and US regulatory requirements for soft dollar practices and generally uses the pooled commissions to pay for research products and services that assist it in its investment decision making process.

A copy of the FGP Soft Dollar and Commission Sharing Arrangement policy will be provided to clients on request.

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Fair Allocation Amongst Clients – Since investment decisions are frequently implemented in more than one client account, it will often be necessary or desirable to acquire or dispose of the same security for more than one client account at the same time. To the extent permitted by applicable law, regulations and advisory contracts, FGP may, but is not obligated to, aggregate such purchases and sales for its various clients, provided that, in the opinion of FGP, the accounts are treated equitably and fairly. Where the aggregate order is executed in a series of transactions at various prices on a given day, each participating client’s proportionate share of the order will typically reflect the average price paid or received and commission rate paid with respect to the total order placed on that day. In the cases where FGP is unable to fulfill an aggregated order on the same day, those shares that have been purchased or sold by the end of the day will generally be allocated amongst the client accounts on a pro rata basis based on each account’s order size as determined by the portfolio manager at the time of order entry. However, if such prorating should result in an inappropriately small allocation to the client account, the allotment may be reallocated to another client account, based on a rotational allocation methodology, with appropriate Compliance Department approval.

IPOs/New Issues – In the event that FGP participates in an initial public offering or other securities transaction with limited availability (collectively, “IPOs”), FGP allocates the IPOs among client accounts in a fair and equitable manner over time, taking into consideration factors such as account type, client account objectives and preference, investment restrictions, account sizes, cash availability, and current specific needs. FGP typically sets an acceptable minimum allocation which is communicated to a broker/dealer to ensure fair treatment to all clients. Generally, the security will be turned back to the broker/dealer if this minimum allocation condition is not met. Portfolio managers and compliance personnel periodically monitor the allocations to client accounts and the dispersion of performance for accounts in an effort to ensure that all accounts are treated fairly and equitably over time.

Cross Trading – From time to time, FGP may affect a cross-trade with respect to the sale and purchase of securities, typically in the Firm’s segregated accounts. Cross trading is the contemporaneous sale of a security by one client and the corresponding purchase of that same security by a different client. The Firm does not engage in cross trades in its pooled funds without the appropriate pre-approval and/or regulatory exemption pursuant to Section 13.5 of National Instrument 31-103.

In effecting a cross-trade, FGP generally attempts to seek the best price for both clients by contacting various broker/dealers with whom the Firm transacts business, or by surveying marketplace pricing information. The broker/dealer that executes the trades will be compensated as usual. FGP does not receive any additional compensation for effecting cross-trades.

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FGP is mindful of its fiduciary duty to engage in cross trading activities only on behalf of eligible client accounts, to disclose information about cross trading activities, to determine that the transaction is in the best interest of both clients involved, and to follow protocols to ensure that FGP has a reasonable basis for believing the price is fair to both the buyer and the seller. FGP has implemented policies and procedures to effect cross trades in compliance with applicable Canadian regulation. The Firm's Trading Department is responsible for maintaining documentation of any approved cross transaction to ensure compliance.

Errors – FGP may have a potential conflict of interest when determining when and how to deal with a pricing error or other type of account error, due to the time, processing cost and reimbursement of clients involved. FGP maintains an Error Correction policy, which is designed to ensure that errors caused by FGP or its vendors affecting clients are consistently resolved in the best interest of clients and that effort is made to prevent recurrence of the error.

Fees and Valuation – Since FGP charges a fee for its advisory services based on a percentage of the market value of the assets it manages, FGP may have a conflict of interest in those instances where it is responsible for calculating the value of the assets it manages. Since FGP earns more fees the greater the value of the assets it manages, FGP has an incentive when valuing the assets both to increase its fees and to show good performance, and thus obtain positive rankings and/or attract more funds to manage. This incentive may conflict with the FGP's fiduciary responsibility to its clients to provide accurate valuations. To address instances where FGP is responsible for valuing securities within clients' portfolios, FGP has valuation policies and procedures designed to mitigate any potential conflicts of interest.

FGP generally relies on asset prices provided by third-party pricing services, custodians, and/or broker/dealers or platform sponsors to value portfolio securities held in client accounts. However on occasion, FGP may be required to "fair value price" an asset when the market price for that security is not readily available or when FGP has reason to believe that the market price is unreliable. When "fair value pricing" a security, FGP will use various sources of information at its disposal to determine the fair price that the security would obtain. In no event shall a member of the Firm's Investment Team make the final decision on the fair value of a portfolio security without agreement to that value by Compliance personnel, and any occurrence of fair valuation is documented and maintained by the Firm's Operations Department.

FGP has appointed a third-party service provider to obtain the prices of the FGP Pooled Funds. FGP's only charges the management fees specified in each client's investment management agreement. FGP clients do not pay any other fees to FGP.

Allocating Expenses Among Funds and Within a Fund – Each of FGP's Pooled Funds is responsible for paying all routine and customary expenses relating to its operation, including, but not limited to, custody, auditing, legal and accounting fees. The amount of these expenses will vary from time to time but will be

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disclosed in the financial statements of the Pooled Funds. Within funds, the expenses are divided in proportion to the size of each class within the fund. FGP may in its sole discretion, elect to absorb expenses of a Fund for a period of time.

Proxy Voting – FGP generally has discretion in voting the portfolio securities purchased for clients. A perceived conflict of interest arises because of the opportunity for it to vote securities or to agree to certain corporate actions in its own interest. FGP does not trade or invest in securities for its own account and maintains proxy voting policies and procedures which are designed to ensure that proxies are voted in the best interests of the client. FGP does not invest in securities of issuers in order to exercise control over, or participate in, the management of issuers. Proxy voting results are available upon request.

Other Conflicts of Interest – From time to time, other conflicts of interest may arise. FGP will continue to take appropriate measures to identify and respond to such situations fairly and reasonably and in the best interests of its clients.

FGP will update this policy if there is any material change and will post the Statement on its website.