

FEBRUARY 14, 2024

VALUE PARTNERS INVESTMENT COUNCIL

CONFLICTS OF INTEREST DISCLOSURE STATEMENT



The purpose of this document is to provide you with information pertaining to conflicts of interest as required by applicable securities laws. Any phrase using the terms “we”, “us”, or “our” refers to Value Partners Investment Counsel (VPIC), an operating division of Value Partners Investments Inc. (VPIC).

Actual, potential, and perceived conflicts of interest are present every day in our interactions with others. Our relationship with you is no different. We operate a business and have a responsibility to maximize the economic benefit to our shareholders and other stakeholders. We also have an obligation to you, to adhere to the highest ethical standards in managing your money. Our mission as a firm is to build client wealth and we believe that the best way to achieve our mission is to always put your best interests first and earn your business as a trusted adviser.

The general types of conflicts of interest which can arise are:

- Conflicts of interest between you and us,
- Conflicts of interest between you and our other clients, and
- Conflicts of interest between us and our related and associated companies.

Management of Conflicts of Interest

In general, we deal with and manage relevant conflicts as follows:

- **Avoid:** In situations where conflicts cannot be effectively addressed or where conflicts are prohibited by law, we will avoid them.
- **Control:** We will establish robust policies and procedures to provide standard operating procedures and guidelines on managing certain conflicts.
- **Disclose:** We will provide you with information about certain conflicts so that you are able to independently assess their significance when evaluating our recommendations and actions.

We control or manage acceptable conflicts in a number of ways:

- by physically separating different business functions,
- by restricting the internal exchange of information in person or through systems,
- by reducing the possibility of one part of our organization unsuitably influencing another,
- by removing the financial incentive of a representative to favour a particular product or service over another that may be more suitable, and
- by setting up and testing our operational review and approval processes.

Our goal is to address conflicts in a fair, equitable and transparent manner, consistent with the best interests of our clients. We will try to avoid conflict where possible, and in all other cases manage it through internal controls and review processes, as well as disclosure. Conflicts deemed too significant to be addressed through controls and disclosures will be avoided. Disclosures will be made in a timely and understandable manner.

The following information is intended to assist you in understanding and assessing actual, potential, and perceived conflicts of interest that are material in nature and how we have chosen to address them.

We understand that this is a complex subject matter. If you have any questions or concerns, whether they involve conflicts of interest or anything else, please feel free to contact us at info@vpinvestmentcounsel.ca or 1-844-807- 856



**Material conflicts from being a member of the Power Financial Corporation (PFC) group of companies**

VPIC is a majority owned indirect subsidiary of PFC. Our relationship to PFC and its other financial services subsidiaries (collectively the PFC Group) creates conflicts of interest when we provide products and services to you that are sourced from or provided by other members of the PFC Group.

PFC and its various financial services subsidiaries, including VPIC, are commercial businesses that seek to maximize profits while providing fair, honest, and appropriate services to you. This means that we may encourage you to do more business with us and the other members of the PFC Group, and we may engage affiliates to provide us with products and services for your account but will always do so in a way that we consider is in your best interests. We will only enter transactions or arrangements where we are permitted under applicable securities laws and where we believe they are in your best interests.

Although VPIC is under common ownership with the other members of the PFC Group and may from time to time have directors and officers in common with these other firms, VPIC is a separate and distinct corporate entity. Any relationships that a VPIC director or officer might have with another PFC Group entity does not raise material conflicts as none of the individuals are in a position to personally influence you as a client of VPIC to invest in any of the investment products of the PFC Group, nor are they compensated by any of the PFC Group entities on a commission or other basis that could result in decisions being made or influence being exerted, against your interests. In addition to applicable regulatory provisions and contractual provisions respecting any business arrangements that may exist between VPIC and the other PFC Group entities, the directors, officers, and employees of each of the firms are subject to a code of conduct governing their actions. These codes of conduct are supplemented by our internal compliance policies and procedures. VPIC generally carries on its activities independently from the other firms that form part of the PFC Group. However, from time to time there may be certain cooperative business arrangements between it and other firms, such as arrangements relating to introduction of clients, distribution of products, advisory relationships, or administrative support. The conflicts described in this section may raise perceptions that VPIC will favour the business interests of the various members of the PFC Group rather than your interests. These conflicts and how VPIC manages them to ensure that it acts in your best interests are described below.

Related service providers to VPIC

The following PFC Group entities may provide services to you and/or VPIC.

- Companies including Counsel Portfolio Services Inc., Mackenzie Financial Corporation and Canada Life Investment Management Ltd. manage investment funds which VPIC representatives may choose as investment options for your account with VPIC.
- Companies including Canada Life Asset Management Limited, Irish Life Investment Managers Limited, Mackenzie Investments Corporation, Mackenzie Financial Corporation and Setanta Asset Management Limited may be the portfolio manager of certain investment funds, which VPIC representatives may choose as investment options for your account with VPIC.

In addition, Franklin Resources, Inc. (Franklin) or certain of its investment management subsidiaries (collectively, the Franklin Group entities) may provide management, advisory or sub-advisory services to investment funds which VPIC representatives may recommend as investment options for your accounts with VPIC. Franklin and Great-West Lifeco Inc. (Lifeco), VPIC's parent company, have entered into arrangements which include incentives for Lifeco to support the availability of Franklin Group entity products and services on the VPIC and other Lifeco affiliated platforms. As a result, Lifeco may derive an economic benefit to the extent that Franklin Group entities provide management, advisory or sub-advisory services to funds or products that are included on the VPIC and other Lifeco affiliated platforms.

In all cases, VPIC monitors the securities, services and products provided and ensures that the services and products, as applicable, are provided to you at market rates and are suitable for your account and appropriate for you. Where VPIC provides you with advice in respect to the purchase or sale of securities or buys or sells securities for your account, the disclosure must be made before we provide you with the advice. This document provides you with the required disclosure.



VPIC representatives entitled to the Canada Life (CL) Earnout Payment

As a result of the September 8, 2023 transaction that resulted in VPIC becoming part of the PFC Group, certain VPIC executives, management and representatives who previously held shares in our parent company, Value Partners Group Inc. (VPGI), received payment for their shares on closing at the agreed share price paid to all shareholders of VPGI. Those VPIC executives, management and representatives are also entitled to the CL Earnout Payment described below.

The payment provisions in the purchase agreement entered by the shareholders of VPGI and Canada Life, provides that an additional amount is payable three years after the closing as an earnout payment (the **CL Earnout Payment**). The CL Earnout Payment mechanism is designed to ensure that the financial performance of the VPGI business during the three-year period following the closing of the transaction (the **earnout period**) is generally consistent with the financial performance of the VPGI business during the 12-month period prior to closing, as measured by total adjusted revenue growth during the earnout period.

The CL Earnout Payment may be viewed as an influencing factor on whether VPIC (and its applicable representatives) encourage you to open an account with VPIC during the earnout period, in order to maximize the CL Earnout Payment. This means that VPIC (and its applicable representatives) could be perceived to have a conflict of interest when they open an account for you during the earnout period.

The CL Earnout Payment is not intended to influence behavior of our executives, management, or representatives, nor does it incentivize representatives to recommend that you open an account – it is designed to ensure the consistent financial performance of the VPGI business during the earnout period.

Nonetheless, this is a conflict of interest that we control in the best interests of our clients. Executive and management of VPIC will not incentivize or influence our representatives when they are considering whether it is suitable for you to open an account. In all cases, VPIC will only recommend you open an account with VPIC if we have determined that such an account is suitable for you based on a number of factors, including your personal and financial circumstances and risk profile and whether we consider this action is in your best interests.



POTENTIAL CONFLICT OF INTEREST	HOW WE ADDRESS THE CONFLICT
<p style="text-align: center;">Proprietary Products</p> <p>We may recommend internally managed investment funds (the 'VPI Pools') which are related issuers and considered Proprietary Products.</p>	<p>We disclose the nature of our relationship with the VPI Pools and other related funds as well as any associated investment restrictions and obtain your consent prior to the purchase of the VPI Pools and related mutual funds.</p> <p>We have several investment options available that we may consider suitable for you based on your personal financial circumstances. This may include a recommendation to invest your account in one or more of the VPI Pools or related funds.</p> <p>Any investment recommendation considered appropriate for your account is subject to the same due diligence, selection, and ongoing monitoring process. If our recommendation is to invest in the VPI Pools or any other related funds, it will be because we believe it to be in your best interests as the most suitable option available.</p> <p>Our employees are not compensated based on the type of investments held in your account(s) and there is no incentive for them to invest your account in one investment option over another.</p>
<p style="text-align: center;">Referral Arrangements</p> <p>We may pay a referral fee to affiliates or third parties that refer you to us.</p>	<p>We have standard fee schedules and service offerings for all clients so that the fees you pay and the services you receive are not impacted by the referral fee we pay to referral agents.</p> <p>You will receive written disclosure of the terms of any referral agreement, including disclosure of any referral fee being paid and the ownership stake of the referring party, if any, at the time you are referred to us.</p>
<p style="text-align: center;">Related Registrants and Issuers</p> <p>There is the potential for conflicts between our related parties and related registrants and/or issuers.</p>	<p>We have policies in place to minimize conflicts of interest and provide disclosures to you to assist in addressing conflicts of interest. Our related registrants and issuers are disclosed to you at time of account opening and you are updated when there are material changes to this information.</p>



POTENTIAL CONFLICT OF INTEREST	HOW WE ADDRESS THE CONFLICT
<p>Fee-based accounts</p> <p>Fee-based accounts could potentially hold securities with embedded compensation, which may generate additional revenue over and above the management fee that we charge you.</p>	<p>We exercise our fiduciary duty to act in your best interests and all investment recommendations we provide are driven by your personal circumstances.</p> <p>We inform you of the fees, commissions, and other compensation you pay in advance of opening your account so that you know and understand the fees you will be paying.</p> <p>We invest your assets in securities which do not have embedded commissions to ensure there is no duplication of fees.</p> <p>In instances where transferred assets include investment fund assets with an embedded fee, we do not charge a fee on that portion your account until we sell them and invest the proceeds in securities that we offer.</p>
<p>Fair Allocation and Cross Trades</p> <p>We act as an adviser to many clients and may aggregate orders for multiple client accounts on the purchase of a particular security. There is the potential to allocate securities across client accounts in a manner that is not fair for all clients.</p> <p>There is the potential to trade securities between client accounts.</p>	<p>We have a Trade Allocation Policy consistent with industry standards to help ensure the fair allocation of securities across client accounts.</p> <p>We have a policy that strictly prohibits any trading between client accounts.</p>
<p>Outside Activities (OAs)</p> <p>Our representatives may participate in OAs such as serving on a board of directors, participating in community events, or pursuing other business interests. There is the potential for these OAs to cause them to put their interests ahead of yours.</p>	<p>We review all proposed OAs and do not permit any OA where the conflict or perceived conflict cannot be managed or is otherwise prohibited by Securities Regulation. For example, it is prohibited for a registered individual to serve as a director of another registered firm that is not an affiliate. If a permitted OA presents a potential conflict, we will disclose it to you.</p> <p>All OAs of registered employees are required to be disclosed to our regulator. If they have any issues or concerns, they will let us know.</p>
<p>Best execution & Soft Dollars</p> <p>We use brokers and/or dealers to place orders for trades in your account(s). For any VPI Pool that is managed by VP II, we select the brokers and/or dealers to place orders or trades on behalf of the Pool(s). These brokers and/or dealers may provide us with soft dollar benefits (including research reports and/or terminals to trade electronically and access market information). This may lead to the perception that such dealers may not be providing best execution.</p>	<p>We have policies in place to ensure that portfolio managers of the VPI Pools select brokers and/or dealers that we can expect to obtain best execution (after considering all transaction costs, research, and other benefits). We also comply with all regulatory requirements concerning soft dollars.</p> <p>Our best execution and soft dollar policies are disclosed to you.</p>



POTENTIAL CONFLICT OF INTEREST	HOW WE ADDRESS THE CONFLICT
<p style="text-align: center;">Trade and Pricing Errors</p> <p>There is the potential for a pricing or trading error to occur in your account and that the error may not be resolved in a fair and reasonable manner.</p>	<p>We have an error correction policy based on industry best practices to help ensure that trade and pricing errors are handled in a fair, reasonable and consistent manner with consideration for your best interests.</p>
<p style="text-align: center;">Personal Trading</p> <p>There is the potential for representatives to use non-public information about you and the securities in your account for their own personal gain.</p>	<p>We have a Personal Trading Policy to ensure that all employees, officers, and directors with access to non-public information act in accordance with applicable laws and do not engage in personal trading activities which are prohibited by law, or which may negatively impact our clients.</p>
<p style="text-align: center;">Gifts and Entertainment</p> <p>There is the potential for representatives to receive or give gifts or entertainment as a result of their relationship with our clients, service providers or referral partners.</p>	<p>We have a Business Code of Conduct which includes a policy on Gifts and Entertainment setting out guidelines and limits for permissible gifts and entertainment activities.</p>
<p style="text-align: center;">Valuation</p> <p>We charge advisory fees based on the market value of your account and there is the potential to be motivated to over-value certain securities to generate more revenue.</p>	<p>We use an independent third-party service provider to value the securities held in your account. This service provider uses pricing from market sources that are independent from us. In general, securities held in your account(s) have market prices that are easily accessible through public sources.</p>
<p style="text-align: center;">Proxy Voting</p> <p>We charge advisory fees based on the market value of your account and there is the potential to be motivated to over-value certain securities to generate more revenue.</p>	<p>We use an independent third-party service provider to value the securities held in your account. This service provider uses pricing from market sources that are independent from us. In general, securities held in your account(s) have market prices that are easily accessible through public sources.</p>





Long-Term Incentive Program

As of September 8, 2023, Canada Life established a long-term incentive plan (the LTIP) to allow eligible employees (which includes representatives employed with VPIC) to share in increases in value of the VPGI business, which includes the VPIC business as well as VPI's fund management business, and to support retention of such employees through the 60-month period beginning January 1, 2024. The awards to participants under the LTIP will be based on the overall financial performance of the VPGI business during the term of the LTIP and will not be tied to any specific products or services.

The LTIP may be viewed as an influencing factor on whether VPI (and its applicable representatives) encourage you to open an account with VPIC during the LTIP period, in order to maximize the awards under the LTIP. This means that VPI (and its applicable representatives) could be perceived to have a conflict of interest when they open an account for you during the LTIP period.

This is a conflict of interest that we control in the best interests of our clients. Executive and management of VPI will not incent or influence our representatives when they are considering whether it is suitable for you to open an account. In all cases, VPI will only recommend you open an account with VPIC if we have determined that such an account is suitable for you based on a number of factors, including your personal and financial circumstances and risk profile and whether we consider this action is in your best interests.