

Ensuring Fairness in Client Dealings

Watson Di Primio Steel (WDS) Investment Management Ltd. (“WDS” or “we”) conducts business as a discretionary portfolio manager for individual clients. This policy sets standards to ensure fairness in the allocation of investment opportunities among our clients.

Fairness Policy

Updated: April 2017

Section 14.10 of National Instrument 31-103 requires fairness in allocating investment opportunities among our clients. Accordingly, we adopted the following 7 standards to govern the trading practices relating to your accounts:

1. **Investment decisions** - Investment decisions relating to client portfolios are made after considering the following factors:
 - suitability,
 - client investment objectives,
 - risk tolerance,
 - time horizon,
 - income needs,
 - liquidity needs,
 - tax-related factors,
 - unique constraints (security and industry), and
 - portfolio managers’ asset mix targets.

2. **Trading in client accounts –**

i. Trading by Security

In order to ensure a fairness of order execution, orders for the purchase and sale of securities are entered based on WDS’s Asset Allocation list of clients (usually alphabetically by clients’ last name). This process is reversed for trading subsequent securities. This consistently applied process will mean that variations in market prices will affect clients randomly. The allocation of any hot initial public offerings (“IPOs”) will be done on a pro-rata basis without any favouritism.

ii. Trading by Account (rebalancing by household)

In order to ensure a fairness of order execution, account households are rebalanced based on WDS’s Asset Allocation list of clients (usually alphabetically by clients’ last name). This process is reversed after all accounts are rebalanced. This consistently applied process will mean that variations in market prices will affect clients randomly. Priority may be given to clients with the largest cash positions (measured as a percent of account), recently transferred or matured securities, and off-target accounts.

iii. Personal Trading

WDS has a *Personal Trading Policy*, which does not allow the purchase or sale of any security where the transaction is in conflict with client interest. Personal trading is considered to be in conflict with clients when personal transactions are executed shortly before or after transactions for clients in the same security, or personal transactions are on the opposite side of client transactions. Therefore, personal transactions will only be allowed when the above-described conflicts do not exist. Adequate records of all personal transactions are maintained.

- 3. Best price and Execution** - In executing client transactions, every effort will be made to achieve the best price and execution for accounts. This includes negotiating commissions (whenever possible), ensuring timely order execution, and subsequent reviews of order fills to ensure reasonableness.
- 4. Partial fills and limited issues** - All partial fills and limited issues will be allocated on a pro-rata basis. Personal trades are removed and the remaining trades are allocated exclusively to clients on a pro-rata basis.
- 5. Allocation of pricing and commissions on block trades** - Average pricing is used when trades are blocked. This process will ensure clients receive the same pricing for each security traded. Clients will be charged the standard trading fee per settlement according to our compensation arrangements with National Bank Correspondent Network Inc. ("NBCN").
- 6. IPOs and "hot issues"** - The allocation of IPOs and "hot issues" is based upon suitability. Once suitability has been established, allocation is done on a pro-rata basis.
- 7. Block trades at differing prices and/or lots** - In the event of differing prices on block trades, average pricing is used. In the event of differing lots, trades are allocated on a pro-rata basis.

Questions?

If you wish to know more about our fairness policy, please do not hesitate to contact us. All questions will be responded to in a timely fashion.

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