



BARLOW CAPITAL MANAGEMENT Inc.

POLICIES & PROCEDURES MANUAL

*Updated June 8, 2010*

***Barlow Capital Management Inc.*** will make available to all clients or potential clients, a copy of this Policies and Procedures manual upon request.

All Partners/Employees of Barlow Capital Management Inc. are expected to know and abide by the policies and procedures set forth herein.

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# **OVERVIEW**

## ***BARLOW CAPITAL MANAGEMENT***

### ***POLICIES & PROCEDURES MANUAL***

Barlow Capital Management Inc. (BCM) is a registered as a Portfolio Manager with the Provincial Securities Commissions in British Columbia and Ontario. Its head office is in Victoria, British Columbia. Registered records are kept by the firm's legal counsel in Vancouver, British Columbia.

BCM will primarily conduct business as an investment counselor / portfolio manager to a select number of private client families.

BCM will employ only full-time portfolio managers to deal with clients.

BCM will offer a fee-based "discretionary" investment management service and/or a fee-based investment consultancy service. There will not be a commission structure.

BCM will have formal written procedures for payment of salaries and incentive compensation for its employees.

BCM will not hold any cash or securities on behalf of their clients. Cheques and securities will be delivered to the client's chosen custodian.

BCM will assign another portfolio manager to a client when a portfolio manager terminates his/her employment or is terminated by the Company.

## **ORGANIZATION CHART OF BCM**

### **SHAREHOLDERS**

C.A.B. Barlow Holdings Corp	85%
0827129 B.C. Ltd.	15%

- *C.A.B Barlow Holdings Corp is a wholly owned subsidiary of C.A. Bancorp Inc. a TSX-listed merchant bank and private equity firm with widely held ownership.*
- *0827129 B.C. Ltd. is a holding company with the following ownership structure:*

O'Brien Family Trust	33.3%
SCC Sherpa Capital Corp	33.3%
Simpson Family Trust	33.3%

### **BOARD OF DIRECTORS**

Kurt Brands, Principal, C.A. Bancorp Inc  
Andrew Shortreid, President, BCM

### **PRESIDENT**

Andrew Shortreid, CFA

### **EMPLOYEES**

None

# **CORPORATE PROCEDURES**

## ***I – COMPLIANCE***

The President shall be the Compliance Officer (“CO”) supervising all transactions made on behalf of client accounts.

The CO is responsible for ensuring the Company and its employees are complying with the Securities Act, regulations and rules. In addition, the CO will be responsible for generally supervising the daily activities of the firm and its employees and ensuring that they are consistent with the policies and procedures set forth herein.

The CO will review any matter of concern brought to his attention by the administration personnel.

The CO will review all employee applications for registration as portfolio manager/investment counsel for proper and accurate completion.

The CO will overview any and all advertising materials before their use and ensure they comply with relevant rules and regulation.

The CO will conduct an annual review of the adequacy of the Company’s bonding.

The CO will conduct regular reviews of the portfolio managers’ activities under their supervision.

The CO will periodically review (at least annually) the Company’s policies and procedures manual to ensure continuing compliance. Any compliance infractions will be brought to the attention of and dealt with by the CO or other designated compliance officer.

The CO will review on a monthly basis the financial statements of the Company in particular, the Report of Working Capital, to ensure compliance.

## ***II – CODE OF ETHICS AND CONDUCT***

BCM will comply with all the applicable requirements of the Province of British Columbia's Securities Act, Regulations and Rules. In addition, BCM will adhere to the CFA Institute (formerly the Association for Investment Management and Research - AIMR) Professional Conduct Program

### **CODE OF ETHICS**

BCM and its employees will

Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.

Place the integrity of the investment profession and the interests of clients above their own personal interests.

Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.

Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.

Promote the integrity of, and uphold the rules governing, capital markets.

Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

## **CODE OF CONDUCT**

### **I. Conduct Relating to Professionalism**

#### ***Knowledge of the law***

BCM and its employees will

Understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation.

Not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.

#### ***Independence and Objectivity***

BCM and its employees will

Use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities.

Not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

#### ***Misrepresentation***

BCM and its employees will

Not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.

#### ***Misconduct***

BCM and its employees will

Not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

## **II. Conduct Relating to the Integrity of Capital Markets**

### ***Material Nonpublic Information***

BCM employees who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.

### ***Market Manipulation***

BCM employees must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

## **III. Conduct Relating to BCM's Duties to Clients**

### ***Loyalty, Prudence, and Care***

BCM and its employees have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Employees must act for the benefit of clients and place clients' interests before their employer's or their own. In relationships with clients, BCM and its employees must determine applicable fiduciary duty and must comply with such duty to persons and interests to whom it is owed.

### ***Fair Dealing***

BCM and its employees must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

### ***Suitability***

When BCM and/or its employees are in an advisory relationship with a client, they must:

Make a reasonable inquiry into a client's or prospective clients' investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.

Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.

Judge the suitability of investments in the context of the client's total portfolio.

In addition, when BCM and/or its employees are responsible for managing a portfolio to a specific mandate, strategy, or style, they must only make investment recommendations or take investment actions that are consistent with the stated objectives and constraints of the portfolio.

***Performance Presentation***

When communicating investment performance information, BCM and its employees will make reasonable efforts to ensure that the information presented is fair, accurate, and complete.

***Preservation of Confidentiality***

BCM and its employees must keep information about current, former, and prospective clients confidential unless:

The information concerns illegal activities on the part of the client or prospective client.

Disclosure is required by law.

The client or prospective client permits disclosure of the information.

**IV. Conduct Relating to the Duties of BCM Employees to BCM**

***Loyalty***

BCM employees must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.

***Additional Compensation Arrangements***

BCM employees must not accept gifts, benefits, compensation, or consideration that competes with, or might reasonably be expected to create a conflict of interest with, their employer's interest unless they obtain written consent from all parties involved.

***Responsibilities of Supervisors***

BCM employees must make reasonable efforts to detect and prevent violations of applicable laws, rules, regulations, and the Code of Ethics and Conduct by anyone subject to their supervision or authority.

## **V. Conduct Relating to Investment Analysis, Recommendations and Actions**

### ***Diligence and Reasonable Basis***

BCM employees must:

Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.

Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.

### ***Communication with Clients and Prospective Clients***

BCM employees must:

Disclose to clients and prospective clients the basic format and general principles of the investment processes used to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.

Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.

Distinguish between fact and opinion in the presentation of investment analysis and recommendations.

### ***Record Retention***

BCM employees must develop and maintain appropriate records to support their investment analysis, recommendations, actions, and other investment-related communications with clients and prospective clients.

## **VI. Conduct Relating to Conflicts of Interest**

### ***Disclosure of Conflicts***

BCM and its employees must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

***Priority of Transactions***

Investment transactions for clients and employers must have priority over investment transactions in which BCM or one of its employees is the beneficial owner.

***Referral Fees***

BCM must disclose to their clients and prospective clients, as appropriate, any compensation, consideration, or benefit received from, or paid to, others for the recommendation of products or services.

### **III – OPERATIONS**

As stated, BCM's primary function will be to act as the investment counselor / portfolio manager to a select group of private client families.

#### **Account Opening & Closing Procedures – Individuals, Corporations and Not-for Profit Organizations**

The client signs an engagement letter which incorporates inter alia, a "Fee Schedule".

Where appropriate client chooses an approved custodian and signs an "Investment Administration Agreement".

BCM generates a Statement of Investment Policy and Asset Allocation that the client approves by signing.

When appropriate the client then funds the BCM Investment Management Account by either cash deposit or securities transfer.

Cash Deposit – Client makes a cheque payable to the Custodian, Not to BCM, which we will deliver for deposit to their account.

Securities Transfer – Client directs current custodian to transfer assets to new custodian by way of a letter; and/or Client signs new direction in favor of BCM to existing custodian/asset manager.

Each party can end the Agreement by providing the other party with 30 days written notice of such a desire. Client has the option to maintain or sever their custodial agreement.

#### **Record Keeping of Client Information – Individuals, Corporations and Not-for Profit Organizations**

##### ***Investment Management Account Statement***

The President will be responsible for obtaining the necessary information from the Client to complete the Investment Management Account Agreement that is necessary to open an account. The Agreement outlines the role of BCM as Portfolio Manager. The Client will sign the Agreement and copies will be made for both their records

and the BCM client file. The President will be the only authorized Officer to execute Investment Management Account Agreements on behalf of BCM

***Investment Policy Statement***

The President will develop an Investment Policy Statement with each client. The Policy Statement will establish a clear understanding between the client and BCM as to the investment objectives and policies applicable to the client's investment portfolio. This statement will be updated as necessary, to allow BCM to adjust their investment recommendations to reflect changed circumstances. The Client will sign the policy statement and copies will be made for both their records and the BCM client file.

***Portfolio Administration and Asset Custody Agreement***

The Client will appoint a custodian, typically a Trust Company, acceptable to BCM. The Custodian will hold the assets under management by BCM and be responsible for maintaining all of the accounting records and statements with respect to assets under management, including purchase and sale transactions, maturity payments, dividend and interest collection. The Client will sign this Agreement and copies will be made for their record, the Custodian's file and the BCM client file.

These foregoing documents are considered the core of the client file. The BCM client files will be stored in a secured filing cabinet maintained at the Victoria business address. The Clients' records will be maintained for a minimum of 7 years. The record of Clients' holdings is always available electronically at the custodians' offices.

**Trading Process and Reconciliation of Records**

All securities transactions in exchange or dealer markets on behalf of BCM clients will be executed in bulk through the firm's Average Price Account at each custodian and allocated pro-rata at an average price to suitable client accounts.

For the majority of client trades, BCM will use "Direct Market Access" trading software to electronically execute trades directly on major exchanges. Orders placed and filled through DMA are instantly confirmed.

In certain instances, such as securities with limited distribution, trades may be executed through a third party and delivered to the client's custodian.

A trade blotter will be kept of all trades executed on behalf of private clients at each custodian or third party institution and be reviewed by the President at least monthly.

All private client custodial statements will be reviewed and reconciled each month. Any material discrepancies found to exist between private client investments and custodial statements will be escalated to the appropriate department of the client's custodian. If a data error is found to exist, actions will be taken to resolve it with the custodian. If the error relates to holding or failing to hold a physical security, a "trading error" will be logged.

BCM's level of materiality for private clients is equal to 0.50% of assets under management. Differences in exchange rates used for currency translation of foreign assets are not considered material.

A "Trading Error" will be an event that includes but is not limited to the following: Trades that are entered with incorrect prices or amounts, trades that are entered to incorrect client accounts, trades that fail to be entered when instructions are given, and trades that charge an unwarranted commission to the client. All trading errors and exceptions will be entered in a log by BCM with information regarding the circumstances that caused the error / exception and identify any actions taken to resolve the error / exception.

## **Record Keeping of Company Information**

### ***Financial Statements***

BCM will file with the B.C. Securities Commission audited Financial Statements within 90 days of the end of its financial year-end. BCM will produce unaudited (prepared by management) Financial Statements monthly.

The Auditors of BCM will have a Letter of Direction authorizing them to conduct an audit any time during BCM registration - in any jurisdiction in which the firm is registered – as required by the Securities Act in that jurisdiction. All financial records will be kept indefinitely but on-site for a minimum of 7 years in filing cabinets.

### ***Report of Working Capital***

The Auditor on behalf of BCM will file an audited Report of Working Capital annually.

Management of BCM will produce an unaudited Report of Working Capital monthly, unless directed otherwise.

### ***Partner/Employee Registrations***

BCM will make available to clients or prospective clients all of its advising employees' registrant categories and their respective expiry dates.

BCM will make available to clients or prospective clients the registrant's category and expiry date of registration.

### ***Standard of Fairness***

When it appears probable that demand for an investment opportunity will exceed its supply at a given price, BCM will use its best efforts in fairly allocation its allotment among those accounts managed by the Company for whom the investment opportunity would be appropriate. If an issue is oversubscribed, then the issue will be prorated to all clients.

### ***Customer Complaints***

Any customer complaints, by letter, telephone or in person will be handled by the President or in his absence one of the other officers or directors of the Company. A separate log of any such complaints and the actions taken will be maintained at the head office of the Company.

### ***Conflicts of Interest***

If any conflict of interest should occur between a client and Investment Counsel or Portfolio Manager, the Company head office must be informed immediately, and the matter reviewed prior to transacting any further business after the conflict of interest became apparent.

### ***Change in Ownership or Sale of Account***

If there has been a material change in the ownership or control of a portfolio manager or investment counsel, the portfolio manager or investment counsel must provide immediately to each of its clients in British Columbia a written explanation of the change, and advice of the client's right to close or transfer the client's account.

### ***Disaster Recover and Business Continuity Plan***

BCM has created a disaster recovery and business continuity plan. This plan is included as Appendix I.

## ***IV – MARKETING***

### **Advertising**

Any advertising of any type must conform to the B.C. Securities Act and be pre-approved by the President of BCM prior to the advertising being done. A file will be kept of all advertising being run and a copy of the tear sheet will be sent to the B.C. Securities Commission as is required.

### **Printing – Business Cards, Letterhead, Brochures**

All marketing materials, business cards and letterhead must be either ordered through head office or be pre-approved by head office before they are printed and used. All marketing materials, letterhead and business cards must be approved by the Compliance Officer and the President prior to use.

# CORPORATE POLICIES

## ***I - INTRODUCTION***

The BC Securities Commission (BCSC) has disclosure policies in place for investment counsel and portfolio managers. The objectives of these policies are, among others, the disclosure of “connected issuers”, fees and other potential conflicts of interest.

In the spirit, as well as the letter, of the regulations, we have set out to disclose the following “relationships” that Barlow Capital Management Inc. (BCM) has in place. We believe the list is exhaustive.

## ***II – RELATED AND CONNECTED ISSUERS***

The securities laws of certain jurisdictions in Canada require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. In certain provinces or territories, these rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities statutes for the particulars of these rules and their rights or consult with a legal adviser.

### **List of Related, Connected and Associated Parties**

*As at 3/31/10*

<u>Company</u>	<u>Relationship</u>	<u>Reporting / Non-Reporting</u>
National Bank Financial	Related – Custodian, Trading	Reporting
CIBC	Related – Trading	Reporting
TD Bank	Related – Trading	Reporting
Desjardins Securities	Related – Trading	Non-Reporting
Canaccord Capital	Related – Trading	Reporting
Vertex One Asset Management	Related – Sub-Advisor	Non-Reporting
Picton Mahoney Asset Management	Related – Sub-Advisor	Non-Reporting
Man Group PLC	Related – Sub-Advisor	Non-Reporting
C.A. Bancorp Inc	Connected – Ownership Interest	Reporting
C.A. Bancorp Ltd	Connected – Subsidiary of C.A. Bancorp, Shared Officer	Non-Reporting

## Private Client Custodian

### *National Bank Correspondent Network (NBCN) / National Bank Financial (NBF)*

In 2008, BCM initiated an institutional prime brokerage relationship on the Investment Counsel platform of National Bank Correspondent Network, a division of National Bank Financial. Prior to this, BCM clients utilized the broker codes of Investment Advisors at CIBC Wood Gundy and Wellington West Capital for asset custody, administration and trade execution.

By establishing a direct institutional relationship with NBCN, BCM was able to realize the following benefits for clients:

Cost savings. Previously, BCM clients were charged between 0.25% and 0.35% of portfolio assets annually for custody and execution through Wellington West and CIBC. At NBCN, asset custody is provided to BCM clients at zero cost, with trade execution provided at institutional rates. Trade execution costs for most client accounts are expected to approximate 0.10% of total assets per annum at NBCN, for a total savings of between 0.15% and 0.25% per year.

Better rates. Asset custodians provide more favorable rates to institutional prime brokerage clients such as BCM. Relative to CIBC and Wellington West, BCM clients at NBCN are paid more on their account cash balances, they pay less on their drawn margin facilities, and they receive more favorable rates on foreign exchange transactions.

Better trade execution. The NeoVest trading platform provided to BCM on the institutional platform at NBCN provides direct, real-time access to electronic exchanges, alternative exchanges, and dark pools, allowing BCM clients faster access to far greater sources of liquidity than the manual trading platforms provided at CIBC and Wellington West. NeoVest uses “smart-routing” technology to automatically seek out the best price for a security across all available exchanges. NeoVest also provides an extremely sophisticated level of order management, allowing for trades to be executed in baskets (groups of different securities) or according to complex trading models called algorithms.

100% of BCM client accounts reside at NBF.

## **Trading Relationships with Prime Broker (NBCN)**

BCM utilizes the trading systems and services of its prime broker for the majority of its securities transactions. Using the NeoVest DMA platform BCM clients pay between \$0.004 and \$0.0125 per share for equity trades. These are the same low execution rates paid by major mutual fund companies or pension funds.

BCM has the ability to inventory securities in its Average Price Account in order to build positions to a desired size before allocating to client accounts. This is a major benefit for trading in less liquid securities such as certain debentures or income trusts, and was not previously available at CIBC or Wellington West.

## **Trading Relationships with Third Party Brokers**

In addition to its prime brokerage relationship with NBCN, BCM has securities trading accounts at 4 third-party financial intermediaries with specialties in various markets. We utilize these relationships to ensure access to a wide range of investment opportunities for private clients. Because BCM can sometimes trade in small cap securities and other securities that have lower levels of market liquidity, having relationships with intermediaries who make markets, hold inventory, or have trading relationships with other large holders benefits all BCM clients.

Established fees that BCM pays for these execution services range from between \$0.01 to \$0.035 per share based on the number of shares traded, the price of the underlying shares, and the level of expertise required to execute the transaction. For new issue allocations secured through these channels, established fees range between 3% and 6% of the total value allocated and are paid by the issuing firm to the distributing broker, not to BCM.

BCM feels it necessary to maintain a number of relationships because not every broker actively trades in every stock, and not every dealer has access to every new issue. These intermediaries generally choose to specialize in a certain area of the market (e.g. Materials, or Large Capitalization stocks). It should be noted however, that the vast majority of trades executed by BCM for private clients are done via electronic means directly into the market.

### ***Soft Dollars***

The term “Soft Dollars” refers to the method of an advisor like BCM receiving a financial or non-financial benefit from a broker or other

related party that the advisor would otherwise have to pay themselves. Examples are the supply of computer terminals, publications like the Wall Street Journal and the Economist, football or hockey tickets, etc.

BCM and / or its employees receive absolutely no financial benefits from directing client commissions to a specific broker-dealer, nor from any other relationship with any supplier, customer, or other business relationship.

Non-financial benefits that BCM may receive from time to time from broker-dealers with which we have trading relationships include proprietary research, and invitations to attend conferences, company site tours, or meetings with management. We wish to explicitly state that BCM only attends conferences, tours, meetings or other sponsored events that provide a direct and measurable benefit to the investment selection abilities of its employees, and that BCM covers all costs associated with attendance.

BCM utilizes proprietary research received from trading brokers only in the context of a wider investment selection process and we always conduct our own independent research before making an investment decision.

#### ***Best Execution***

In directing trades to the market, we are primarily concerned as a portfolio manager with achieving best execution for our clients. Due to our arrangement with NBCN, the cost of transacting has been dramatically reduced for our private clients. As a result, we execute the majority of our buy and sell orders directly to the market through this intermediary.

In instances where we are attempting to buy or sell large blocks of shares (e.g. aggregate values > \$200,000 or volume > 50,000 shares) in less liquid securities “best execution” becomes an issue. The commissions charged by intermediaries are relatively standardized and we will seek to direct the trade through the channel that provides the best execution for our clients.

#### ***New Issue Allocations***

BCM’s policy on allocating new issues is summarized as this: We try to be fair and when in the odd situation that we cannot receive an adequate allocation from the underwriters, we will determine who among our clients the new security best fits. Otherwise, we will simply fill client orders on a pro-rata basis to ensure fairness. We want to assure everyone that our own families are at the bottom of the food chain in this regard. No one gets special treatment.

## **Sub-Advisors**

In managing portfolios for both private clients and pooled funds, BCM utilizes the special talents of other managers to add exposure in areas where we lack specific expertise, such as alternative investment or emerging market equities.

### ***Vertex One Asset Management (VRT)***

Previously, BCM spent 18 months looking for a suitable hedge fund to include in private client portfolios. We decided on VRT as we got to know and admire their approach to the capital markets. VRT exclusively concentrates on hedge fund management. In recognition of our diverse corporate directions, and the fact that neither firm employs a sales force, we agreed to a joint marketing effort. BCM refers potential fund clients to VRT and they will refer potential discretionary clients to BCM. A service fee is paid out of each company's revenue – not a single cent from the clients. Would this fee somehow affect our objective opinion of VRT? Not likely. BCM has significantly reduced allocations to Vertex over the past 2 years, and began utilizing the services of a second hedge fund commencing in January 2007 and a third in March 2009.

### ***Picton Mahoney Asset Management (PMAM)***

BCM began utilizing PMAM in early 2007 to manage long-short and market neutral equity mandates for certain private clients. PMAM is primarily an institutional asset manager for pension funds and other large investors, but also manages funds for private clients. To maintain access to the skills of PMAM's managers, BCM has secured future capacity with PMAM prior to their retail close.

### ***Man Group PLC / AHL Diversified Investment Program***

BCM began utilizing Man Group's AHL Investment Program in early 2009 to execute a managed futures mandate for certain private clients. The UK-based, publicly traded Man Group PLC is considered to be the world's largest hedge fund manager with over \$60 billion in assets under management. Man is primarily an institutional asset manager for pension funds and other large investors, but also manages funds for high net worth private clients. Over its 20-year track record, Man's AHL Diversified Program has demonstrated very low correlation to equities, excellent portfolio diversification, and capital protection in down markets.

## **Ownership Interest / Shared Officer**

### ***C.A. Bancorp Inc. (CAB)***

C.A. Bancorp owns 85% of BCM. CAB is a widely held public company that trades on the Toronto Stock Exchange under the symbol

BKP. CAB is in the business of acquiring large - often majority - equity stakes in private companies that it views as having significant growth potential. CAB has representation on BCM's board of directors and BCM reports full financial and operational performance to CAB on a quarterly basis. To prevent the possibility – real or perceived – of insider trading or a conflict of interest, BCM will not hold CAB shares in client accounts.

***C.A. Bancorp Ltd. (CABL)***

C.A. Bancorp Ltd. is a wholly owned subsidiary of C.A. Bancorp Inc. that, like BCM, is also a registrant with the Ontario Securities Commission. CABL is registered under the categories of Portfolio Manager and Exempt Market Dealer. CABL operates the “C.A. Bancorp Canadian Realty Finance Corporation”, a TSX-listed closed-end mortgage fund trading under the ticker symbols RF.A (common shares) and RF.PR.A (preferred shares). BCM and CABL share an officer - The Compliance Officer of BCM is also the Compliance Officer of CABL. This made sense because of the relatively limited and complementary scope of registered activities for each firm and was approved by the Provincial Securities Commissions. To prevent the possibility – real or perceived – of insider trading or a conflict of interest, BCM will not hold any shares of any entity either managed or brought to market by CABL in client accounts.

***III – TRADING SECURITIES OF RELATED OR CONNECTED, ISSUERS***

Under certain circumstances we may deal for private clients in securities transactions where the issuer of the securities or the other party to the transaction is this firm or a party having an ownership or business relationship with us. Since these transactions may create a conflict between our interests and yours, we are required by provincial law to disclose certain relevant matters relating to the transactions. In these situations, we must disclose either our relationship with the issuer of the securities, or that we are the issuer.

We must also make disclosure where we know or should know that, as a result of our acting as your dealer or adviser, or of our exercising discretion on your behalf, securities will be purchased from or sold to us, an associated party or, in the course of an initial distribution, a connected party.

The following is a list of the time and manner in which these disclosures must be made:

Where we underwrite securities, the required disclosure will be contained in the prospectus or other document being used to qualify those securities.

Where we buy or sell securities for client accounts, the required disclosure will be contained in the confirmation of trade which we prepare and send to you.

Where we advise clients with respect to the purchase or sale of securities, the disclosure must be made prior to our giving the advice.

In addition, where we exercise discretion under your authority in the purchase or sale of securities for your account, we may not exercise that discretion for the types of transactions described above unless we have obtained your prior specific and informed written consent.

#### ***IV – INSIDER TRADING OF SECURITIES***

##### **Employee Insider Positions in Invested Companies**

BCM's policy in this regard is to prevent individual employees from acquiring any material ownership position in a publicly traded company such that they may become exposed to, or gain access to, material non-public information on either a temporary or a permanent basis,

In order to prevent any real or perceived conflict of interest, or potential for employees to engage in insider trading in client or personal accounts, BCM employees are not permitted to engage in external assignment or employment with any non-affiliated publicly traded company. This policy includes but is not limited to BCM employees serving on a board of directors or advisory board to any public company, unless that public company is a direct affiliate of BCM and the employee has received approval from the board of directors of both companies. To the extent that a BCM employee may be engaged on assignment with an affiliate who is also a publicly traded company, employee trading in the shares of that company will be restricted during the period of engagement, and then for an additional 3 months after the engagement's conclusion.

##### **Client Insider Positions in Reporting Issuers**

All BCM private clients are required to complete a separate insider disclosure form for each company in which they have access to material non-public information or would otherwise be classified as an "inside" trader. These companies are identified on a firm-wide watch list.

BCM will make all reasonable efforts to ensure that insider disclosures are full, complete and up to date. Employees may receive inside information from a client in the course of executing their client service or investment management duties. In this situation employees are bound by client-advisor confidentiality and are prohibited from acting on or passing along any inside information.

Employee access to client information is not equal and limited by fire walls that ensure client files remain sealed to unauthorized eyes. BCM's firm-wide watch list identifies companies in which we have insiders as clients and employees are required to obtain approval prior to trading in listed names.

## ***V – PROXY VOTING GUIDELINES***

Public companies call upon holders of their securities to vote on a wide range of matters relating to those companies. In most cases these matters are proposed by management, however, shareholders also make proposals. Barlow Capital Management's Proxy Voting Guidelines have been formulated with the following guiding principles in mind:

Proxies will be voted in a manner that seeks to enhance shareholder value.

Proxies will be voted in a manner that is consistent with leading corporate governance practices.

In formulating these guidelines, we have reviewed proxy-voting guidelines from many other sources including Phillips, Hager & North Investment Management Inc., the Pension Investment Association of Canada Corporate Governance Standards, the Investment Counsel Association of Canada Principles of Corporate Governance, and the Canadian Coalition for Good Governance. We have used these sources as a guide to the current and emerging corporate governance issues, and the standards adopted to deal with them. Our guidelines have been adapted for effective application by Barlow Capital Management in both Canadian and global equity contexts, and we believe that they are in line with current best practices.

BCM's Proxy Voting Guidelines document is included as Appendix 2.

## ***VI – EMPLOYEE PERSONAL TRADING***

### **Employees of BCM**

Employees are restricted from trading in securities that are being purchased in client accounts for a period that includes the dates of purchase, 3 days before the purchase begins, and 3 days after the purchase ends. Employees are strongly encouraged to invest alongside BCM clients.

**The securities laws of the Province of Ontario require securities dealers and advisors, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisors, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consults with a legal advisor. R.R.O. 1990, Reg. 1015, s.223(1); O.Reg. 80/95, s.29(1); O.Reg. 542/98, s.1(1).**