

# PROOF CAPITAL – CONFLICTS OF INTEREST DISCLOSURE & POLICY

## Offering Memorandum Excerpt (sections 10.1 to 10.3)<sup>(1)</sup>

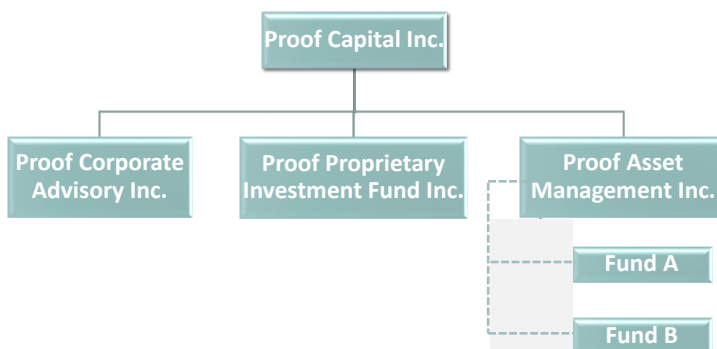
### ITEM 10 CONFLICTS OF INTEREST

#### 10.1 General Comments on How Conflicts of Interests Are Addressed

The Fund is subject to several existing and potential conflicts of interest as described in further detail below. Each of Proof Capital Inc., its subsidiaries, the Fund, and the Manager emphasize integrity when dealing with investors and will deal fairly, honestly and in good faith with all investors and will address all conflicts in the best interest of investors in the Fund.

#### Structure and Description of Proof’s Wholly Owned Subsidiaries

Proof has the following three wholly owned subsidiaries: Proof Corporate Advisory Inc. (“**Proof Advisory**”), Proof Proprietary Investment Fund Inc. (“**PROF Fund**”), and Proof Asset Management Inc. (“**PAM**”). Transactions between these subsidiaries and with Proof have not been, and cannot be, negotiated at arm’s length.



The goal of Proof’s corporate structure is to address conflicts with respect to inter-corporate transactions by aligning interests between Proof, its subsidiaries and the Fund. The Board of Directors of Proof believe this alignment is supported by the following four tenets:

- By virtue of the internal sourcing and structuring of its own private investment opportunities by Proof’s subsidiary, Proof Corporate Advisory Inc., Proof and the Manager are able to give the Fund access to high quality investment opportunities that may be less volatile than those in the public markets;
- By investing along-side investors in the Fund through Proof Proprietary Investment Fund Inc., Proof demonstrates both confidence in the quality of its investments and willingness to accept the same risks as investors in the Fund;
- By the directors of Proof accepting directorships in certain of the entities in which it has structured its investments, Proof maintains access to information to support Fund investment decisions; and
- By using the PROF Fund as a venture capital incubator, Proof nurtures a potential source of quality future investment opportunities for the Fund.

Proof Advisory may earn advisory and/or origination fees from performing due diligence and structuring securities in which the Manager may or may not direct the Fund to invest. No such fees will be payable by the Fund and no portion of such fees will be payable to the Manager. The PROF Fund may invest in parallel with the Fund or it may invest in opportunities in which the Fund either cannot or chooses not to invest, all as further discussed below. Any related situations that result in a potential conflict of interest shall be referred to the Conflict Advisory Board (see below).

<sup>(1)</sup> This excerpt was taken from pages 27-31 of the Proof Capital Alternative Income Fund Offering Memorandum, but is mirrored in the Offering Memorandums of the Proof Capital Alternative Growth Fund and the Proof Capital Balanced Growth & Income Fund.



## Conflict Advisory Board

Proof has established a conflict advisory board (“Conflict Advisory Board”) whose mandate is to provide recommendations and advice to Proof, Proof Corporate Advisory Inc. (“**Proof Advisory**”), Proof Proprietary Investment Fund Inc. (“**PROP Fund**”), Proof Asset Management Inc. (“**PAM**”), Qwest Investment Fund Management Ltd. (the “**Manager**”), Proof Capital Alternative Income Fund (the “**Fund**”)<sup>(2)</sup> and all proprietary Proof funds, to address existing or potential conflicts of interest in the best interests of the investors of the particular fund and in compliance with all applicable laws and best practices.. The Conflict Advisory Board members shall be appointed by Proof’s Board of Directors and will include qualified individuals, the majority of whom will at all times be independent from Proof and its subsidiaries. The identities of the members of the Conflict Advisory Board at any given time shall be publicly disclosed on Proof’s website ([www.proofcapital.ca](http://www.proofcapital.ca)).

## **10.2 Specific Conflicts and How They Will Be Addressed**

### The Manager

The Manager is a registered Exempt Market Dealer, an Investment Fund Manager, and a Portfolio Manager. The Fund may invest in securities of Underlying Funds for which the Manager is the manager and/or portfolio manager in accordance with applicable securities laws and with any regulatory orders it has obtained. As a result, there are potential conflicts of interest that could arise in connection with the Manager acting in its capacities as Exempt Market Dealer, Investment Fund Manager, and Portfolio Manager and as the manager and/or portfolio manager of both the Fund and the Underlying Funds. In order to address this conflict, the Manager has adopted a conflict of interest policy to address and minimize those potential conflicts of interest. The policy states that the Manager will deal fairly, honestly and in good faith with all clients (including the Funds and any Underlying Funds) and not advantage one client over another.

### Services of the Manager, the Promoter and the Portfolio Advisor not Exclusive to the Fund

The Manager, Proof, PAM, and their respective partners, directors, and officers as well as their respective employees, agents and associates who have access to, or participate in formulating and making decisions on behalf of the Fund or advice to be given to the Fund (each, an “**Access Person**” and collectively the “**Access Persons**”) are also engaged in a variety of management, advisory, and other portfolio management and financial planning activities which may or may not involve an investment in the Fund.

The Services of the Access Persons are not exclusive to the Fund. Such examples include, but are not limited to:

- The Chief Investment Officer of the Promoter and the Portfolio Advisor is also an Advising Representative of the Manager.
- The Manager, Promoter, and Portfolio Advisor may, at any time, engage in the promotion, management or portfolio management of any other fund or trust (including any Underlying Funds) and provide similar services to other investment funds and other clients and engage in other activities.

Access Persons will, therefore, have conflicts of interest in allocating management time, services and functions among the Fund and such other persons for which it provides services (including any Underlying Funds). In order to address this conflict, all Access Persons will devote as much of their respective time and resources to the activities of the Fund as in their respective judgment is reasonably required and will ensure a fair and equitable allocation of its management time, services and functions between the Fund and any other such persons to whom it provides services.

### Proof Corporate Advisory Inc.

Proof Advisory clients may include both public and private entities (“**Advisory Clients**”), some of which the Fund may decide to invest in. Proof Advisory analyzes the risks and opportunities of Advisory Clients, develops structures and terms for

potential financing solutions, develops strategic alternatives, and recommends and introduces potential capital providers. The PROP Fund and the Fund are potential funding sources for Advisory Clients, and either may, from time to time and as deemed appropriate, invest solely or with other investors in these opportunities. A potential conflict of interest may arise when the Fund invests in the securities of any entity to which Proof Advisory is also providing advisory services and earning an advisory and/or origination fee from the Advisory Client. To address the potential fee conflict caused by Proof Advisory receiving fees related to the Fund's investments, Proof Advisory shall seek to align its interests with the interests of investors by ensuring that unless otherwise agreed to by the CAB, the amount of fees it receives shall be consistent with industry practices. Further, unless otherwise agreed by the CAB, Proof Advisory shall receive such fees in one of the following three manners:

- Payment of at least 50% of advisory and origination fees shall be received "in kind" in securities of the issuer, which securities will be subject to a minimum one (1) year holding period;
- Advisory and origination fees shall be received in the form of a carried interest that is earned after the Fund receives an aggregate amount of dividends, distributions or return of capital equal to at least a 100% of invested capital; or
- Advisory or origination fees may only be received 100% in cash if either: (i) the cash fee is not more than 1.0% of aggregate capital raised for the Advisory Client; or (ii) Proof Advisory enters into an agreement with the Advisory Client that in the event the investment is liquidated and the Fund has not received an aggregate amount of dividends, distributions or return of capital equal to at least 100% of invested capital, all fees paid to Proof Advisory by the Advisory Client shall be advanced by Proof Advisory on behalf of the Advisory Client to the Fund as a return of invested capital.

If Proof Advisory receives fees in any way other than the above three manners prior to a CAB decision with respect to the same, all such fees shall be held in escrow until CAB has had the opportunity to review the potential conflict:

- If/when CAB is satisfied that the potential conflict has been adequately addressed, the fees shall be released to Proof Advisory; or
- However, if/when CAB concludes that the potential conflict of interest CANNOT be adequately addressed in the best interest of investors in the fund, the fees being held in escrow are to be returned to the Advisory Client (rather than advanced to Proof Advisory).

Proof Advisory shall promptly notify the Conflict Advisory Board of any such situations. Proof Advisory shall also provide the Conflict Advisory Board with sufficient information to provide considered advice on the matter, and give full and sufficient consideration to the Conflict Advisory Board's recommendations where a potential conflict of interest exists, taking care to adopt recommendations the Conflict Advisory Board believes are sufficient to ensure the conflict has been adequately addressed in the best interests of investors of the Fund. Proof Advisory shall not accept advisory or origination fees in a manner different than the three methods described above without the approval of the Conflict Advisory Board.

### Directorships

A potential conflict of interest may arise when an individual Access Person accepts a directorship in an entity in which the Fund has invested or in which the Manager and/or PAM are considering an investment. This is a potential conflict of interest because the individual Access Person's fiduciary duty as a director to the 3rd party entity could potentially come into conflict with its fiduciary duty to the Fund.

The individual Access Person shall promptly notify the Conflict Advisory Board of such directorships and shall also provide the Conflict Advisory Board with sufficient information to provide considered advice on any such matter, and give full and sufficient consideration to the Conflict Advisory Board's recommendations where a potential conflict of interest exists, taking care to adopt recommendations the Conflict Advisory Board believes are sufficient to ensure the conflict has been adequately addressed in the best interests of investors in the Fund. If the conflict cannot be adequately addressed by any other means, then the individual Access Person shall recuse themselves from the directorship.



With respect to Directorship disclosure, the Manager shall comply with the *Disclosure to Clients* requirements set out in National Instrument 31-103 – Registration Requirements, Exemptions And Ongoing Registrant Obligations, as may be amended from time to time. In addition, Proof will post and maintain on its website ([www.proofcapital.ca](http://www.proofcapital.ca)) a list of all the directorships of Access Persons.

#### Parallel Investments of Access Persons

A potential conflict of interest may arise when Access Persons make a parallel investment alongside the Fund if the allotment of such investments is not equitably distributed. To address this potential conflict, when the Fund and one or more Access Persons are engaged in the purchase or sale of the same security, such parallel investments shall be allocated and disposed of in a fair and equitable basis (and with full consideration to the advice of the Conflict Advisory Board). The Manager and PAM's investment decisions for the Fund shall be made in the best interests of investors of the Fund.

#### Allocation of Investment Opportunities Amongst the Manager's Clients

The Manager may make an investment in the Fund and/or for one or more of its clients. If one or more of the clients of the Manager are engaged in the purchase or sale of the same security, the transactions will generally be effected on an equitable basis. However, the Manager may determine from time to time that some investment opportunities are appropriate for certain investment management clients and not others due to differing objectives, time horizons, liquidity needs or availability, tax consequences and assessments of general market conditions and of individual securities. The Manager may also occasionally determine it to be necessary to allocate limited investment opportunities among the managed accounts under its responsibility, on a basis deemed appropriate by the Manager.

#### Self-Dealing

A potential conflict of interest could develop any time the Fund purchases a security from, or sells a security to, the PROP Fund or its officers or directors (the "**Self-Dealing Parties**").

The Fund shall not be permitted to make an investment in an issuer in which any officer or director of the Fund, Proof, the PROP Fund, or the Manager beneficially owns, either directly or indirectly, more than 10% of the outstanding shares or units of the issuer, or if all officers and directors of the aforementioned entities combined beneficially own, either directly or indirectly, more than 50% of the outstanding shares or units of the issuer.

To address this potential conflict of interest, trades between the Fund and a Self-Dealing Party will only be permitted if the trading price is established to be at fair market value that is validated by a third party transaction (including a coincident equity financing by the issuer). In addition, no permitted trade between the Fund and a Self-Dealing Party shall proceed without first addressing the potential trade with the Conflict Advisory Board. The Fund and the applicable Self-Dealing Party will provide the Conflict Advisory Board with sufficient information to allow the Conflict Advisory Board to advise on any such matter. The Fund and the Self-Dealing Party will give full and sufficient consideration to the Conflict Advisory Board's recommendations on potential investments where a potential conflict of interest exists, taking care to adopt recommendations the Conflict Advisory Board believes are sufficient to ensure the conflict has been adequately addressed in the best interests of investors in the Fund. If the conflict cannot be adequately addressed, then the trade will not be permitted.

With respect to Self-Dealing disclosure, the Manager shall comply with the *Disclosure to Clients* requirements set out in National Instrument 31-103 - *Registration Requirements, Exemptions And Ongoing Registrant Obligations*, as may be amended from time to time. In addition, Proof will post and maintain a list of all the holdings of the PROP Fund on its website ([www.proofcapital.ca](http://www.proofcapital.ca)).



### Proprietary Products

A potential conflict of interest could be created if both Proof proprietary products and non-proprietary products are sold to investors, and if the proprietary products have higher sales commissions attached to them than the non-proprietary products. To address the potential conflict, Proof has adopted a conflict of interest policy which provides that the same sales commissions shall be attached to all Proof products sold to investors, regardless of whether or not the products are proprietary or non-proprietary. In addition, the name of Proof's firm and the name of its proprietary investment products shall intentionally be made sufficiently similar such that further disclosure is not necessary to affirm which of Proof's funds are proprietary.

### Separation of Advisory Functions

Units of a fund may be sold by individuals registered as a dealing representative. In the context of a proprietary fund, there is a conflict of interest between the dealing representative sales function and the advising representative advisory function. Therefore, at all times there shall be a separation of the sales and advisory functions of a fund such that the individual or individuals advising a fund shall not act as a dealing representative with respect to sales of the fund's units.

### **10.3 Connected and Related Issuers**

The Manager is registered as a dealer and an adviser with securities regulatory authorities and regulators in Alberta, British Columbia, Nova Scotia, Ontario, Québec, Manitoba, and Saskatchewan. Those securities regulatory authorities and regulators, among others, have expressed concerns that, when a registered dealer trades in, or a registered adviser that advises on, securities of an issuer to which it is "connected" or "related", conflicts of interest may arise. As a result, Canadian securities laws require registered 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 "connected" or "related", to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their clients, to inform them of the relevant relationships and connections with the issuer of the securities.

The Fund may be considered a "related" or "connected" issuer to the Manager when it sells Fund Units on behalf of the Fund. While the Manager does not receive a fee for selling the Fund Units, it does receive management fees for management and advisory services rendered to the Fund. See Item 2.3 – *Fees and Expenses*.

*(The following pages contain the specific Conflicts of Interest Policy referred to in Proof Funds' offering memorandums.)*



## Conflicts of Interest Policy

The purpose of this Proof Capital Inc. Conflict of Interest Policy (“**Conflict of Interest Policy**”) is to protect the best interests of investors when there is an existing or potential conflict of interest. This policy is intended to supplement, but not replace, any applicable federal or provincial laws governing conflicts of interest. Each of Proof Capital Inc. (“**Proof**”) and its subsidiaries emphasize integrity when dealing with investors and will deal fairly, honestly and in good faith with all investors and will address all conflicts in the best interest of investors.

### 1) Conflicts Advisory Board

Proof Capital Inc. (“**Proof**”) has established a conflict advisory board (“**CAB**”) whose mandate is to provide recommendations and advice to Proof, Proof Corporate Advisory Inc. (“**Proof Advisory**”), Proof Proprietary Investment Fund Inc. (“**PROP Fund**”), Proof Asset Management Inc. (“**PAM**”), Qwest Investment Fund Management Ltd. (the “**Manager**”), and all Proof Capital Inc.’s fund(s) (the “**Fund(s)**”) to address existing or potential conflicts of interest in the best interests of the investors of the particular fund and in compliance with all applicable laws and best practices. The CAB shall have the following characteristics:

- a. CAB members shall be appointed by Proof’s Board of Directors. The CAB shall be made up of at least 3 members, and at all times the majority of members shall be representatives of the Manager, and at least one of the Manager’s representatives must be from the Manager’s compliance department. The Chair of the CAB shall be decided by the members of the CAB by a majority vote.
- b. If one of the CAB appointed members cannot be present for a meeting, they may nominate an alternate to represent them from a list of alternates which is pre-approved by a unanimous decision of the CAB members.
- c. Current CAB members and alternates are as follows:
  - i. Maurice Levesque (chair)
  - ii. Don Short
  - iii. Jeremy Kaliel
  - iv. Denise Liew (alternate)
  - v. Cameron Reid (alternate)
  - vi. Gerry Hannotchko (alternate)

### 2) Separation of Investment Committee (“**IC**”) Responsibilities

The matters to be addressed by the CAB should be limited to conflict matters in accordance with its mandate. All investment related matters, including but not limited to, reviewing and discussing investment opportunities and related documents and discussing other securities related matters such as eligibility and suitability, are not to be decided by the CAB and are to be discussed and decided by the IC in accordance with its mandate. Separation of the CAB and the IC is essential as a procedural safeguard to ensure that any decision of the CAB is made by those without ancillary interests.

### 3) Reporting of Conflicts of Interest

At all times the CAB shall be immediately notified of any circumstances of which an individual has knowledge which are or may appear to others to be an actual or potential conflict of interest within the Proof structure. The process by which CAB is notified is as follows:



- a. Notification of conflicts shall be provided via email to the Chair of the CAB by the individual to which the conflict applies, or in the case of a corporate entity, by an officer or director of the corporate entity to which the conflict applies (the “Interested Party”). However, the applicable Interested Party only needs to seek CAB approval for matters that: (i) are not addressed by this Conflict of Interest Policy; (ii) are outside of this Conflict of Interest Policy; or (iii) approval of the CAB is required under this Conflict of Interest Policy.
- b. For each potential conflict, the Interested Party shall provide the CAB sufficient information and all requested information required by CAB to provide measured advice on any reported matter, including (as applicable):
  - i. A completed Notice of Conflict of Interest form which set outs, among other things, the conflicted parties, the nature of the potential conflict of interest, how the potential conflict of interest is being addressed and whether approval from the CAB is being requested;
  - ii. Relevant Proof Advisory engagement agreements;
  - iii. Term sheets of the relevant fund’s investment; and
  - iv. Any other relevant documentation.
- c. The CAB’s decision on a matter is final and each Interested Party will give full and sufficient consideration to the CAB’s recommendations where a potential conflict of interest exists, taking care to adopt recommendations the CAB believes are sufficient to ensure the conflict has been adequately addressed in the best interests of investors.
- d. If the CAB has reasonable cause to believe that an Interested Party has failed to disclose actual or potential conflicts of interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose. If, after hearing the response of the individual and making such further investigation as may be warranted in the circumstances, the CAB determines that an Interested Party has, in fact, knowingly failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action as it deems necessary.

#### **4) CAB Meetings**

- a. Regular CAB meetings shall be endeavored to be scheduled monthly. The Chair of the CAB may call a meeting of the CAB that is not otherwise scheduled upon not less than twenty-four (24) hours’ notice.
- b. A majority of the CAB members must be present at a meeting to have a quorum, and at least one of the present members must be from the Manager’s compliance department. The Chair of the CAB shall act as the chair for all meetings. If all the CAB members consent, a CAB member may participate in a CAB meeting by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other. A CAB member participating in a meeting by means of telephone or other communication facilities is deemed to be present at the meeting.
- c. Every resolution submitted to a meeting of the CAB must be decided by a majority of votes cast at the meeting. In the case of an equality of votes, the chairperson does not have a casting vote – in such cases, ties shall be broken by a follow up meeting as soon as possible in which an alternate is asked to attend and vote so that a majority of votes can be achieved.
- d. Each member of the CAB shall not take part in a vote in which they are personally conflicted (or may be perceived to be conflicted) with respect to a matter that is before the CAB for approval.

#### **5) Proof Advisory Policy with Respect to Advisory or Origination Fees**

Proof Advisory clients may include both public and private entities (“Advisory Clients”), some of which the Fund may decide to invest in. To address the potential fee conflict caused by Proof Advisory receiving fees related to a fund’s investments, Proof Advisory shall seek to align its interests with the interests of investors by ensuring that unless



otherwise agreed to by the CAB, the amount of fees it receives shall be consistent with industry practices. Further, unless otherwise agreed by the CAB, Proof Advisory shall receive such fees in one of the following three manners:

- a. Payment of least 50% of advisory and origination fees shall be received “in kind” in securities of the issuer, which securities will be subject to a minimum one (1) year holding period;
- b. Advisory and origination fees shall be received in the form of a carried interest that is earned after the fund receives an aggregate amount of dividends, distributions or return of capital equal to at least a 100% of invested capital; or
- c. Advisory or origination fees may only be received 100% in cash if either: (i) the cash fee is not more than 1.0% of aggregate capital raised for the Advisory Client; or (ii) Proof Advisory enters into an agreement with the Advisory Client that in the event the investment is liquidated and the fund has not received an aggregate amount of dividends, distributions or return of capital equal to at least 100% of invested capital, all fees paid to Proof Advisory by the Advisory Client shall be advanced by Proof Advisory on behalf of the Advisory Client to the fund as a return of invested capital.

If Proof Advisory receives fees in any way other than the above three manners prior to a CAB decision with respect to the same, all such fees shall be held in escrow until CAB has had the opportunity to review the potential conflict:

- a. If/when CAB is satisfied that the potential conflict has been adequately addressed, the fees shall be released to Proof Advisory; or
- b. However, if/when CAB concludes that the potential conflict of interest CANNOT be adequately addressed in the best interest of investors in the fund, the fees being held in escrow are to be returned to the Advisory Client (rather than advanced to Proof Advisory).

## 6) Proof Policy with respect to Directorships

Part of Proof’s strategy to address potential conflicts related to Directorships is to adopt the following disclosure policy: Proof shall post and maintain on its website ([www.proofcapital.ca](http://www.proofcapital.ca)) a list of all the directorships of individual directors, and officers and employees, agents and associates who have access to, or participate in formulating and making decisions on behalf of a fund or advice to be given to a fund of which a fund has invested in.

## 7) Proof Policy with respect to Self-Dealing

A potential conflict of interest could develop any time a Fund purchases a security from, or sells a security to, the PROP Fund or its officers or directors (the “**Self-Dealing Parties**”).

- a. A Fund shall not be permitted to make an investment in an issuer in which any officer or director of a Fund, Proof, the PROP Fund, or the Manager beneficially owns, either directly or indirectly, more than 10% of the outstanding shares or units of the issuer, or if all officers and directors of the aforementioned entities combined beneficially own, either directly or indirectly, more than 50% of the outstanding shares or units of the issuer.
- b. To address this potential conflict of interest, trades between a fund and a Self-Dealing Party will only be permitted if the trading price is established to be at fair market value that is validated by a third party transaction (including a coincident equity financing by the issuer). In addition, no permitted trade between a fund and a Self-Dealing Party shall proceed without first addressing the potential trade with the CAB. The applicable fund and the applicable Self-Dealing Party will report the potential conflict to the CAB in the manner set out in Section 3. If the conflict cannot be adequately addressed, then the trade will not be permitted.





- c. Part of Proof's strategy to address the potential conflicts related to Self-Dealing is to adopt the following disclosure policy: Proof shall post and maintain a list of all the holdings of the PROP Fund on its website ([www.proofcapital.ca](http://www.proofcapital.ca)).

## **8) Parallel Investments**

A potential conflict of interest may arise when individual directors, and officers and employees, agents and associates who have access to, or participate in formulating and making decisions on behalf of a fund or advice to be given to a fund of which a fund has invested in make a parallel investment alongside a fund if the allotment of such investments is not equitably distributed. To address this potential conflict, when a fund and one or more director, officer, employee, agent or associate is engaged in the purchase or sale of the same security, such parallel investments shall be allocated and disposed of in a fair and equitable basis (and with full consideration to the advice of the Conflict Advisory Board). All investment decisions for a fund shall be made in the best interests of investors of a fund.

## **9) Proprietary Products**

A potential conflict of interest could be created if both Proof proprietary products and non-proprietary products are sold to investors, and if the proprietary products have higher sales commissions attached to them than the non-proprietary products. To address the potential conflict, the same sales commissions shall be attached to all Proof products sold to investors, regardless of whether or not the products are proprietary or non-proprietary. In addition, the name of Proof's firm and the name of its proprietary investment products shall intentionally be made sufficiently similar.

## **10) Separation of Advisory Functions**

Units of a fund may be sold by individuals registered as a dealing representative. In the context of a proprietary fund, there is a conflict of interest between the dealing representative sales function and the advising representative advisory function. Therefore, at all times there shall be a separation of the sales and advisory functions of a fund such that the individual or individuals advising a fund shall not act as a dealing representative with respect to sales of the fund's units.

## **11) Policy for Unforeseen Conflicts of Interest**

If an unforeseen conflict is identified, the Interested Party shall seek advice from the CAB. Conflicts which cannot be adequately addressed in the best interests of investors shall not be permitted. In all cases, existing and potential conflicts and the recommendations of the CAB shall be documented and promptly reported to the Manager's Chief Compliance Officer, whose independence and authority shall be respected. In addition, not less than once annually the CAB, and the Manager's Chief Compliance Officer shall reassess Proof's conflict management framework, and any recommendations for improvement shall be implemented.

This Policy was approved and adopted by the Board of Proof Capital Inc. June 15<sup>th</sup>, 2020.