

PROOF CAPITAL – CONFLICTS OF INTEREST DISCLOSURE & POLICY

Offering Memorandum Excerpt (sections 10.1 to 10.3)⁽¹⁾

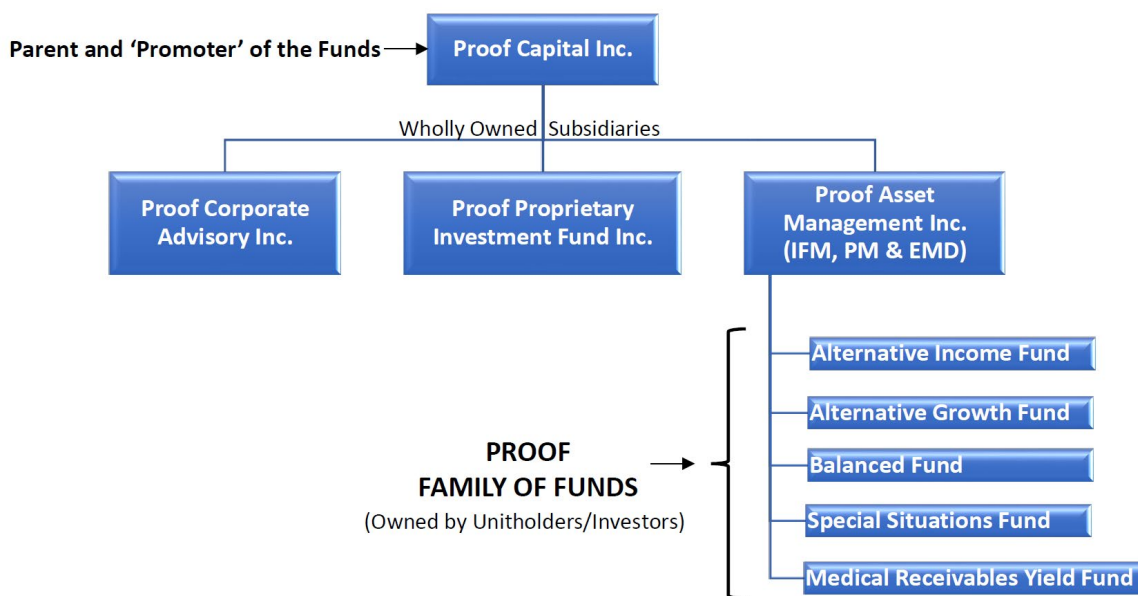
ITEM 10 CONFLICTS OF INTEREST

10.1 General Comments on How Conflicts of Interests Are Addressed

The Proof Family of Funds are subject to several existing and potential conflicts of interest as described in further detail below. Each of Proof Capital Inc., its subsidiaries, the Funds, 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. ("**PROP 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., the Funds may be able to access high quality investment opportunities that may be less volatile than those in the public markets (in which the Manager may or may not invest);
- By investing along-side investors in the Funds 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 Funds;

⁽¹⁾ 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 Family of Funds..

- 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 PROP Fund as a venture capital incubator, Proof nurtures a potential source of quality future investment opportunities for the Funds.

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 PROP 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).

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**" or the "**Manager**"), , and the Proof Family of Funds (the "**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).

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 Funds 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 Funds 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 and the Promoter not Exclusive to the Funds

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 Funds or advice to be given to the Funds (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 Funds.

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

- The Chief Investment Officer of the Promoter is also an Advising Representative of the Manager.
- The Manager and the Promoter 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 Funds have invested or in which the Manager is 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 Funds.

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 Funds. 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) 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's investment decisions for the Funds shall be made in the best interests of investors of the Funds.

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 Funds purchase a security from, or sells a security to, the PROP Fund or its officers or directors (the "**Self-Dealing Parties**").

The Funds shall not be permitted to make an investment in an issuer in which any officer or director of the Funds, 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 Funds 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 Funds and a Self-Dealing Party shall proceed without first addressing the potential trade with the Conflict Advisory Board. The Funds 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 Funds 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 Funds. 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).

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, New Brunswick, 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**” or the “**Manager**”), and the Proof Capital Family of Funds (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. Gerry Hannochko
 - iii. Cameron Reid
 - iv. Jeremy Kaliel (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) 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).

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 15th, 2020.

QWEST INVESTMENT FUND MANAGEMENT LTD.
CONFLICTS OF INTEREST DISCLOSURE INFORMATION

September 2, 2026

1. CONFLICTS OF INTEREST

General

Canadian securities laws require Qwest Investment Fund Management Ltd. (“**QIFM**”, “**we**”, “**us**” or “**our**”) to take reasonable steps to identify and respond to existing and reasonably foreseeable material conflicts of interest in our clients’ best interests and inform clients about them, including how the conflicts might impact clients and how we plan to address them in the best interests of our clients. This document describes the material conflicts of interest that arise or may arise in our capacity as a portfolio manager (“**PM**”) for clients receiving our investment management services (including managed account clients), in our capacity as an exempt market dealer (“**EMD**”) for clients that purchase directly through us securities of investment funds and other pooled investment vehicles created by us or other third parties and managed by us (including those described below under “*We act as an IFM and/or PM for the following funds*”) (the “**funds**”), and in our capacity as an investment fund manager (“**IFM**”) of our funds. Additionally, material conflicts of interest that arise or may arise in our capacity as IFM and PM for our funds will also be disclosed in the offering memorandum or other disclosure document for our funds.

What is a conflict of interest?

A conflict of interest may arise in circumstances where (i) our interests or those of our representatives and your interests as our client may be inconsistent or different, (ii) we or our representatives may be influenced to put our or their interests ahead of yours, or (iii) monetary or non-monetary benefits available to us, or potential negative consequences for us, may compromise the trust that you have in us.

How do we address conflicts of interest?

We and our representatives always seek to resolve all material conflicts of interest in your best interest. Where it is determined that we cannot address a material conflict of interest in your best interest, we and our representatives will avoid that conflict.

We have adopted policies and procedures to assist us in identifying and controlling any conflicts of interest that we and our representatives may face.

Material conflicts of interest

A description of the material conflicts of interest that we have identified is set out below.

Limitation on Product Offering – Primarily Proprietary Products

Certain funds as disclosed in our relationship disclosure information document are proprietary products and related/connected issuers (as such terms are defined under applicable Canadian securities laws) of QIFM because of our role in managing the business and affairs of the funds and our investments in certain related funds.

As EMD and PM, we are licensed to select and recommend any of the securities available to clients through discretionary portfolio management, the exempt market or generally. QIFM's business model will generally only recommend products where QIFM has either a compensation bias or an affinity bias. However, where QIFM provides you with services related to the purchase or sale of securities of our funds or other issuers that are related or connected to us, we will only engage in these types of transactions where they are permitted under applicable securities laws and by applicable securities regulatory authorities, and where we believe they are in your best interests.

Our roles in managing, advising and selling units of our funds will inevitably give rise to certain material conflicts between our interests and yours. The potential impact and risk of these material conflicts of interest could mean that we are providing you access primarily to proprietary products because we receive compensation related to those products. In addition, our relationship with these products may cause us to follow a ‘know your product’ process that is less robust than it otherwise would be for non-proprietary

products. Our review of these products may also be conducted with a less independent view than would be done by an arm's length party. Further, because we only offer non-proprietary products on a limited basis, any suitability determination conducted by us and our representatives of our proprietary products may not consider the larger market of non-proprietary products or whether those non-proprietary products would be better, worse, or equal in meeting your investment needs and objectives.

We manage these conflicts by ensuring that we only receive fees or other compensation for our services as EMD as disclosed in the product offering documents. Our representatives may only receive sales-based compensation or commissions, or referral fees related to the sale of proprietary products as disclosed in the product offering documents. In addition, unless you are a "permitted client" and have requested that we not make suitability determinations for your account, we will conduct a suitability assessment to ensure that each investment is suitable for you and in your best interests, having regard to your financial and other circumstances. We also carry out periodic assessments of the products we offer, including their performance, to ensure that they remain appropriate for the range of our clients and prospective clients. In most cases, the relationship or connection to our funds will be obvious to you because the names of the funds will be sufficiently similar to our name. For example, most of our funds will include the word "Qwest" as part of their name, or "Qwest" will be included in the fund's disclosure documents. If we believe that the name of any fund or any other issuer is not similar enough to convey the fund's or other issuer's relationship to us, we will provide you with specific disclosure regarding that relationship at the appropriate time.

Director Positions with Issuers

Registered individuals, such as advising representatives, who serve on a board of directors of an issuer whose securities that we may distribute or provide investment management or portfolio management services for, pose a material conflict of interest.

Mr. Cameron Reid is an advising representative of QIFM responsible for the management of portfolios for the Proof Capital funds. He will be compensated for his registerable activities performed for the Proof Capital funds by QIFM. However, Mr. Reid is also a director and shareholder of Proof Capital Inc. and will also receive certain dividends/other compensation from Proof Capital as a director and shareholder (please also see our Relationship Disclosure Information provided to you).

Xavier Hamel-Lapointe is an Advising Representative (Portfolio Manager), Dealing Representative of QIFM. Mr. Hamel-Lapointe is a director of SharpeQuant Capital GP Inc.

The impact and risk of this material conflict is that directors owe a fiduciary duty to the issuer on whose board they serve, but they are also required to address material conflicts in your best interest and owe you a duty to act faith, honestly, and in good faith. To address this material conflict of interest, and in addition to disclosure and the legal restrictions under applicable securities laws, the advising representative will; (a) be restricted in the compensation he is allowed to accept for acting in the role of director for the issuer; and (b) recuse himself from board discussions involving QIFM, or our clients, or any companies or investments with which QIFM is involved. QIFM will also supervise the trades and recommendations the advising representative makes in his role as advising representative for the funds on a regular basis. Despite the steps we take to manage these conflicts, you may wish to get independent advice from a trusted professional before you consider investing in the proprietary products we offer.

Director Positions with "Reporting Issuers"

QIFM currently has individuals acting as a director of or adviser to a reporting issuer, which includes Probit Mining Flow-Through Limited Partnerships and Qwest Funds Corp. mutual funds. Individuals on boards of publicly traded companies are reflected in their National Registration Database as well as Qwest's Related, Connected and Associated Issuers List. Concerns arise in relation to issues of insider information, trading and timely disclosure. The potential risk and impact of this conflict is that it could influence a registrant to put their interests ahead of their client's interests and/or monetary or non-monetary benefits available to a registrant may compromise the trust that a reasonable client has in their registrant. Directors of a reporting issuer have an obligation not to reveal any confidential information about the issuer until there is full public disclosure of the information, particularly when the information might have a bearing on the market price or value of the securities of the issuer. If a partner, director, officer, employee or agent of a registrant is not a director but is acting in an advisory capacity to a reporting issuer and discussing confidential matters, the same care shall be taken as if that person were a director. Should the matter require consultation with other

personnel of the registrant, adequate measures will be taken to guard the confidential nature. All QIFM employees are required to be conscious of their responsibilities in these situations and weigh the burden of dealing in an ethical manner with the conflicts of interest against the advantages of acting as a director of a reporting issuer. Our Outside Business Activity Policy requires disclosure by individuals who serve on boards of directors of "reporting issuers". For publicly traded reporting issuers, we add these entities to our Restricted List.

Fees and Commissions

As EMD, QIFM may earn variable or no commission for such services. The risk and impact to you is that variable, commission-based fee structures offer an incentive to promote the distribution of variable fee-based issuers over no-fee issuers. We address this conflict of interest in the following ways: (a) we evaluate all products through our initial and on-going due diligence processes, which does not consider compensation; (b) we disclose such compensation to the client in the attached Relationship Disclosure Information document and in our statements. Moreover, where it is our business model to act for a specific product partner issuer in respect of a client referred to us from that product partner issuer, we will tell the client that our consideration of appropriate products will be limited to that range of products; and (c) where we act for an EMD of a related/connected issuer as defined in our Relationship Disclosure Information document, our proprietary product conflict controls will apply, which includes a market comparison to ensure that the product we are selling is as good or better than appropriate competitors.

As IFM and PM, we may receive compensation in the form of a management fee, performance fee or other similar compensation. This compensation can be a fixed fee, based on a percentage of the value of assets under our management subject to a minimum fee or a combination of fixed fee and percentage of the value of assets under our management. For different types of accounts, these fees may be built into the price of the security or charged separately. For certain account types and in certain instances, this fee is negotiable.

The risk and impact of this conflict of interest may be material absent appropriate controls, you may perceive QIFM as recommending securities driven by fees charged as opposed to what is suitable for you, or that QIFM favours higher commission clients over lower ones for the same products and services.

We address this conflict of by establishing the following controls: (a) we have implemented guidelines and criteria for when deviations from our standard fee schedule would be acceptable to ensure consistent application to all clients; (b) our oversight program ensures that a compliance individual who is not connected to the issuer or the advising representative reviews all deviations to ensure its appropriateness and alignment with our guidelines and criteria; (c) we disclose this conflict to you so that you can independently decide if it is important to you or if you do not wish to proceed with the investment.

Supervisory Level Conflicts

If compensation of QIFM's compliance or supervisory staff is tied to the sale or revenue from the funds that QIFM performs portfolio management services for or from the services that QIFM's registered individuals provide, there is an inherent conflict of interest that may cause QIFM to put its interest ahead of QIFM clients' interests. The risk and impact of this conflict is that the client may perceive QIFM as supervising and approving investments for the client where QIFM has a vested interest.

Maurice Levesque is the UDP and CCO of QIFM and a significant shareholder of the firm, as such, Mr. Levesque has an interest in the revenue generation activities and decisions of the firm, as well as being an individual responsible for the firm's compliance activities.

Gerry Hanochocko is an Advising Representative (Portfolio Manager), Dealing Representative and director of QIFM. Mr. Levesque and Mr. Hanochocko have an immaterial investment in London Financial Group Ltd., the parent company of SciVest Capital Management Inc. (SciVest). SciVest is the Sub-Advisor of Qwest Funds Corp.'s AlphaDelta Global Dividend Income Class and AlphaDelta Canadian Dividend Income Class. Gerry Hanochocko is a Director of AlphaDelta Management Corp. and has an immaterial investment in the company.

Xavier Hamel-Lapointe is an Advising Representative and Dealing Representative of QIFM and serves as the Advising Representative responsible for the Qwest SharpeQuant S&P 500 Systematic Long-Short Fund Limited Partnership. Mr. Hamel-Lapointe has an immaterial investment in SharpeQuant Technologies Inc. (SharpeQuant). SharpeQuant provides a quantitative technology service to QIFM. Mr. Hamel-Lapointe may

also receive compensation in connection with the distribution of the Qwest SharpeQuant S&P 500 Systematic Long-Short Fund Limited Partnership in his capacity as a Dealing Representative.

Sohail Thobani is the Chief Financial Officer of QIFM. Mr. Thobani has a position of Chief Financial Officer of One Bullion Limited (OBL), a publicly traded company currently listed on the TSX Venture Exchange. The business of OBL is not similar to or affiliated with QIFM. QIFM does not anticipate any potential for confusion by clients arising from Mr. Thobani's position with OBL.

To control and manage this conflict, we have ensured that the compensation of QIFM's compliance and supervisory staff is not tied to the sales or revenue generation of the firm overall or to the registered individuals that they supervise. The CCO and UDP are not registered as a dealing representative or advising representative, so this conflict is largely mitigated. Although, employees, including the CCO and UDP, have a vested interest in the overall success of the firm, the CCO and UDP are aware of the need to resolve material conflicts of interest in the best interests of clients. While the CCO and UDP both have an interest in the success of the firm, it is in both their and QIFM's interest to act according to prudent compliance standards. The compliance function at the firm is subject to the oversight of the board of directors. Finally, the QIFM model is not specifically dependent on the success of any specific fund or sponsoring partner relationship, this is in contrast to a small fund manufacturer model where compliance is more significantly tied to the success of a specific fund.

Third-Party Compensation

With QIFM's business model, there exists a potential for another company to receive compensation for work that should be performed by QIFM. The potential impact and risk is that, although QIFM should be responsible for all investment decisions, QIFM can potentially split compensation in such a way that it would appear that QIFM is delegating its responsibilities to unregistered entities, who may not always consider the best interest of the client. To avoid this conflict, QIFM has in place a compensation policy and a compensation grid that details in what circumstance and how each party will be compensated.

Personal Trading Activities and Code of Conduct

Employee personal trading can create a conflict of interest because employees with knowledge of our trading decisions could use that information for their own benefit. The extent of this conflict will depend on the extent to which QIFM employees engage in personal trading, which is not expected to be significant in scope. The potential impact and risk of this conflict is that an employee may attempt to use their access to information to self-profit by engaging in prohibited practices, including self-dealing and front running to the detriment of the client's best interest.

To control and manage this conflict, we have adopted a policy to restrict and monitor personal trading by our directors, officers and employees/contractors who are designated as persons who have or may have access to portfolio trading information (Access Persons) in order to ensure that there is no conflict between such personal trading and the interests of our funds and our clients. Each of our directors, officers, and employees/contractors puts the interests of our clients first, ahead of their own personal self-interests. In particular, Access Persons who have, or is able to obtain access to, non-public information concerning the portfolio holdings, the trading activities or the ongoing investment programs of our clients, is prohibited from using such information for his or her direct or indirect personal benefit or in a manner which would not be in the best interests of our clients. Access Persons also must not use their position to obtain special treatment or investment opportunities that are not generally available to our clients or the public. Access Persons are only allowed to make a personal trade if it falls within our Personal Trading Policy or if our Chief Compliance Officer has determined that such a trade will not conflict with the best interests of our clients. We encourage our directors, officers, and employees/contractors to invest primarily through our funds, thereby reducing the amount of their personal investments and, consequently, reducing the likelihood of a conflict of interest arising between us and our clients.

Additionally, we have a Code of Conduct which sets out certain expected standards of conduct of our directors, officers and employees/contractors and includes restrictions and controls on outside activities and personal trading of our Access Persons. The Code of Conduct is designed to ensure that our directors, officers and employees/contractors act in accordance with applicable Canadian securities laws and other applicable laws, that they act in the best interests of our clients, that they avoid actual or potential conflicts

of interest, and that they and Access Persons do not engage in personal securities transactions that are prohibited by law, such as insider trading, or that negatively impact our clients.

Referral Arrangements

QIFM may enter into referral arrangements from time to time whereby we pay or provide a fee or other benefit for the referral of a client to us or to one of the funds we manage, or whereby we receive a fee or other benefit for the referral of a client to another entity. Paid referral arrangements are inherent conflicts of interest and must be addressed in the best interest of the client. The potential impact, risk and extent of this conflict is that QIFM or other entity referrer may be improperly motivated to refer you to or from QIFM as a result of the potential fees received under the referral arrangement between QIFM and the other entity.

Before we refer a client, and to address this material conflict of interest, in exchange for a referral fee, to another entity, we will determine whether making the referral is in the client's best interest. In making that determination, we will consider the benefits to the client of making the particular referral over alternatives or at all through our due diligence analysis and only make the referral if it's in your best interest. If you were referred to us, you should only choose to engage us if you are satisfied that we will be able to meet your investment needs and objectives

The details of these referral arrangements, including the parties to the referral arrangement, the manner in which the referral fee for referral services is calculated and the party to whom it is paid, will be provided to you in writing when required. All services resulting from a referral arrangement relating to your account(s) which require registration under applicable securities legislation will be provided by the registrant receiving the referral.

We also have policies and procedures that are designed to ensure that fees and other benefits received or paid or provided, as applicable, in connection with referral arrangements are appropriate and do not provide inappropriate incentives, and that any referral by us is in the client's best interest. We undertake periodic reviews of referral arrangements. Clients are not obligated to purchase any product or service in connection with a referral.

Best Execution

We endeavour to select dealers to execute trades on behalf of our clients based on their quality of research and ability to execute trades. However, a conflict of interest arises where it is possible that we may be biased in our selection of dealers based on these relationships, or by certain incentives offered by some dealers, rather than on objective, qualitative or quantitative considerations. The potential impact and risk of this conflict, absent appropriate controls, is that this may result in the commissions paid by our clients being somewhat higher than those that might be charged by different dealers.

To address this conflict, QIFM has policies and procedures to ensure that when QIFM selects brokers for the execution of portfolio transactions, and/or other services in connection with the execution, the service is comparable to that which QIFM may obtain from other brokers and the commission rates are equivalent to or better. Please see our Broker Allocation and Best Execution Policy as set out in Schedule B of the Relationship Disclosure Information document.

Allocation of Investment Opportunities

We provide investment management services to various funds and other clients. The size and mandate of the various funds and other accounts managed by us differ and the portfolios are not identical. As a consequence, we may purchase or sell a security for one account prior to other accounts. This could occur, for example, as a result of the specific investment objectives of the account, different cash resources arising from contributions or withdrawals, or the purchase of a small position to assess the overall investment desirability of a security. The allocation of investment opportunities can present a material conflict of interest as QIFM works with multiple issuers, the potential exists for QIFM to favour one account over another in the allocation of an attractive investment opportunity, whether due to fees charged or other compensation. The potential impact and risk of this conflict is that QIFM could be motivated to provide select investment opportunities to favoured clients in preference to other clients.

To manage this potential material conflict of interest, if the availability of any particular security is limited and that security is appropriate for the investment objective of one or more other accounts, any purchase of that security will be allocated on an equitable basis in accordance with our Fair Allocation Policy.

Fair Allocation Policy

Purpose – The basic purpose of QIFM’s policy regarding allocation of investment opportunities (the “Policy”) is to ensure fair treatment of all clients of QIFM in situations where two or more client accounts participate simultaneously in a buy or sell order involving the same security. The Policy is premised on the view that allocating on a pro rata basis among applicable client accounts based upon target weighting as determined by the advising representative at the time of order entry will promote fair and reasonable treatment of all clients. However, the Policy recognizes that no rigid formula will always lead to a fair and a reasonable result, and that some flexibility is required to adjust to specific circumstances, as appropriate. Accordingly, allocation on a basis other than strictly pro rata based on order size is permitted in certain circumstances where it can be established that such allocation is fair and reasonable. The fundamental objective of the Policy is to be fair and reasonable to all clients based upon client investment objectives and policies and to avoid the appearance of favoritism or discrimination among clients.

General Rule – In placing orders, advising representatives must specify a pre-determined number of shares or number of bonds or a target weight for each identified account, or group of accounts, at the time the order is placed. Except as provided in the following paragraphs, the executed portion of a transaction through a specific broker or dealer on the same trading day, combining two or more accounts regardless of the advising representative involved, will be allocated by the appropriate trading desk personnel on a pro rata basis (to the nearest round trading lot when possible, 100 or 1000 shares) or based on a target weighting provided by the advising representative. Each account involved would receive a percentage of the executed portion of the order (including price and commission) based upon each account’s percentage of the entire order. This procedure will apply to all accounts which are participating in the execution under the same trading circumstances (price limits, approximate time of entry, etc.).

Exceptions to the General Rule – An exception may be made to the General Rule if, for example, an order is unreasonable as measured against the particular account’s asset size and target weighting for the security in question. The reasonableness of the target weighting will be assessed by a review of the investment guidelines of the particular account. Any unresolved issues relating to the application of the Policy in specific circumstances will be determined in accordance with the trade allocation dispute resolution mechanism (described below).

Initial Public Offering (IPO) Allocation – IPOs may be particularly contentious in that demand often far exceeds supply. Accordingly, allocation based on order size may be inappropriate in a proportionately greater number of circumstances involving IPOs as opposed to secondary market transactions. Such allocations of IPOs may, if necessary, be determined in accordance with the trade allocation dispute resolution mechanism (described below). This is applicable for both filled and partially filled orders.

Trade Allocation Dispute Resolution Mechanism – in the event (i) that pro rata allocation is inappropriate; (ii) that a proposed allocation is disputed after the application of the above rules; or (iii) allocation of an IPO, where appropriate, and the participating advising representatives are unable to determine an allocation that is clearly fair and reasonable to all the clients involved, the following procedures shall apply. If a consensus cannot be reached, an allocation will be determined by our Compliance Department (who are not involved in buying or selling the security in question), based on an evaluation of factors, including:

- (a) The potential investment needs of the participating clients;
- (b) The appropriateness of the investment to a portfolio’s style, performance time horizons and the client’s risk objectives;
- (c) Whether the investment fits more closely to the client account’s industry or investment specialization or region of investment;
- (d) The significance of the order in relation to the size of the account;
- (e) Existing levels of portfolio ownership in the intended investment and in similar types of companies or

- fixed income securities; and
- (f) The origin of the idea, future coverage from a research standpoint and broker relationship.

Expense Allocation

The charging and allocation of expenses among our funds creates a potential material conflict of interest because we could inappropriately charge expenses to benefit QIFM over our funds. The potential impact and risk to you is that it could be in QIFM's interests to allocate expenses to our fund rather than to QIFM itself as expenses allocated to our funds are indirectly borne by its holder rather than by QIFM. The amount of expenses charged to a fund has a direct impact on its management expense ratio and will reduce its potential investment return.

QIFM manages this conflict by allocating expenses for our funds in a fair and reasonable manner based on the benefit received by each fund. Employees, directors and officers/contractors observe high standards and care in tracking, allocating and coding of invoices and activities with respect to potential expenses in accordance with our Fund Expenses and Allocation Policy.

Allocation of fund expenses is generally determined as follows:

- (a) Expenses directly attributed to the funds are allocated to each account appropriately;
- (b) Only appropriate costs and expenses are charged to the funds;
- (c) Costs and expenses that are not appropriate or are prohibited are not charged to the funds;
- (d) Expenses, where the benefit is shared amongst QIFM as IFM and the funds, are allocated reasonably and fairly; and
- (e) Expenses that relate to more than one fund account are allocated fairly amongst the applicable funds.

Fair Valuation of Assets

When we earn fees based on assets under management, such as with managed accounts or the investment funds we manage, there is a potential conflict in valuing the assets held in the portfolios because a higher value results in a higher fee paid to us. The potential impact and risk of this conflict is that QIFM may be motivated to support a valuation of a fund or deal with a pricing error in a manner that would be in our interest rather than purely in the best interests of our clients. Overstating the value of the assets can also create improved performance, which increases our fees.

In addition to disclosing this conflict of interest to you, we address this conflict through compliance with our fair valuation policy. In the absence of readily available or reliable market quotations, fair value situations arise where estimated values are used in good faith when valuing our managed accounts' funds. QIFM engages its custodian, and if applicable, our funds' fund accounting service provider, and the Portfolio Management Team monitor and escalate any potential fair value situations. If the situation is deemed to be a potential fair value situation, the custodian or the Portfolio Management Team will gather all relevant information and present the facts to the Investment Committee who will make a decision with regards to the potential fair value situation.

Pricing and Account Errors

We make reasonable efforts to keep trade errors to a minimum and ensure fairness to clients with respect to protection from errors made within their account. A trade error is an inadvertent error in the placement, execution or settlement of a transaction. A trade error is not an intentional or reckless act of misconduct. Although errors or issues are an inevitable by-product of the operational process, there may be a material conflict of interest when determining when and how to deal with a pricing error or other type of client account error. The potential impact and risk of this conflict is that we may be motivated to pass the cost of an error to you or to a fund, rather than have the cost absorbed by QIFM.

All accounts managed by QIFM follow a policy to ensure that in the event of an error, the account is made whole and that such error corrections and any necessary reimbursements to the accounts are made accurately and on a timely basis. Any errors resulting in a gain are kept by the accounts. Nevertheless, QIFM strives to establish controls and processes that are designed to reduce the possibility of their occurrence.

Proxy Voting

A potential for conflict arises when QIFM, in its capacity as IFM and PM, has the opportunity to vote a proxy in a manner that is in its own interest and not in the best interest of clients. The potential impact, risk and extent of this conflict is that if one of QIFM's advising representatives has a personal or business interest in the outcome of a particular matter before shareholders, or if QIFM has a business or financial relationship with the issuer soliciting proxies, QIFM may be motivated to cast votes in line with those interests.

To manage this conflict, QIFM has implemented a procedure as follows: the proxies associated with securities held by the client or a QIFM fund will be voted by the advising representative, or delegate, in the best interests of the client. The advising representative, or delegate, considers the "best interests" of client to mean their best long-term economic interests. The advising representative, or delegate, maintains policies and procedures that are designed to be guidelines for the voting of proxies; however, each vote is ultimately cast on a case-by-case basis, taking into consideration the relevant facts and circumstances at the time of the vote:

QIFM's proxy voting policies and procedures set out various considerations including that:

- (a) The advising representative, or delegate, will generally vote with management on routine matters related to the operation of an issuer that are not expected to have a significant economic impact on the issuer and/or its shareholders;
- (b) The advising representative, or delegate, will review and analyze on a case-by-case, non-routine proposals that are more likely to affect the structure and operation of the issuer and to have a greater impact on the value of the investment;
- (c) The advising representative, or delegate, may abstain from voting a proxy if it concludes that (i) the effect on the clients' economic interests or the value of the portfolio holding is indeterminable or insignificant, or (ii) the cost of voting is disproportionate to the economic impact the vote would have on the portfolio holdings, or (iii) if there is insufficient information to make an informed decision; and
- (d) Any material conflicts that may arise will be resolved in the best interests of the clients and potential procedures to deal with any conflict are identified.

Gifts and Business Entertainment

The receipt of gifts or entertainment from business partners may result in a perceived material conflict as it gives rise to the perception that our representatives will favour such business partners when making investment decisions. QIFM employees may receive offers of gifts and/or entertainment from business relationships and/or clients. Additionally, our employees may offer gifts or business entertainment to clients. The potential impact and risk of this conflict is that receiving gifts or business entertainment from a client outside of acceptable standards may lead an individual to put that client's interests ahead of other client's interests. Additionally, providing gifts or business entertainment to a client outside of acceptable standards may be viewed as an undue attempt to gain a client's favour. To manage this perceived material conflict of interest, we have adopted a gifts and entertainment policies as part of our Code of Conduct, which prohibits our representatives from accepting gifts or entertainment beyond what we consider consistent with reasonable business practice and applicable laws. We set maximum thresholds for such permitted gifts and entertainment so that there cannot be a perception that the gifts or entertainment will influence decision-making.

Outside Activities

QIFM's directors, officers and employees/contractors who are registrants are required to inform QIFM's Compliance Department of any outside activities as a conflict of interest may arise between QIFM's registrants' interests and those of QIFM and our clients. The potential impact and risk of this conflict is that QIFM's registrant could be motivated to put their personal interests ahead of those of QIFM and our clients. For example, because of the compensation the registrant may receive for these activities or because of the nature of the relationship between the registrant and the outside entity. In limited circumstances, a QIFM registrant's outside activity may include serving on the board of directors or other governing body of a publicly traded company.

QIFM has developed policies and procedures that govern outside activities and to which all our registrants and employees must adhere. This includes a pre-approval process to restrict any outside activity of a registered adviser of QIFM that would interfere or give the appearance of interfering with the representative's ability to act in the best interests of, or perform work for, QIFM and our clients. The outside activities are reviewed to ensure they will not interfere with the duties and responsibilities of the directors, officers and employees/contractors as a registrant. See also above under "*Personal Trading Activities and Code of Conduct*".

2. MORE INFORMATION

Canada has comprehensive and extensive securities regulatory rules and regulations, many of which are directed at protecting client and investor interests, including dealing with conflicts of interest. We recommend that you refer to the websites and publications of the provincial securities commissions through the Canadian Securities Administrators (CSA) for more information on how Canadian securities regulatory rules and regulations address conflicts of interest in order to safeguard the investing public.

We document our core values and standards, including general standards for how we deal with conflicts of interest in our internal policies and procedures. You should also refer to our website at www.qwestfunds.com for further information.

This document is updated frequently, and clients should refer to the most recently dated Conflicts of Interest Disclosure Information. The most recent version may be obtained on our website at www.qwestfunds.com or by calling us at 1-866-602-1142 (ext. #1) (ask for the Compliance Department) or by emailing us at compliance@qwestfunds.com.