

Terra Cotta Investment Counsel Inc. Conflicts of Interest Disclosure Statement

ENHANCED CONFLICTS OF INTEREST DISCLOSURE

Securities legislation in Canada requires Terra Cotta Investment Counsel Inc. (“TCIC”) to make certain disclosures regarding conflicts of interest. This statement is to inform you of the nature and extent of conflicts of interest that might be expected to arise between TCIC and its clients.

It is important for you to be informed about how we identify and respond to conflicts of interest in order to minimize their impact.

MATERIAL CONFLICTS OF INTEREST

A “conflict of interest” occurs whenever the personal interests of TCIC, or an individual acting on its behalf, may potentially conflict with those of a client, or in a situation where TCIC, or an individual acting on its behalf, has an obligation to more than one party whose interests are different. A conflict of interest can also exist where monetary or non-monetary benefits are made available to TCIC, or an individual acting on its behalf, as incentives.

Conflicts of interest may be large enough to be material (in which case they are addressed as described in this document) or small enough to be immaterial (in which case no further action is taken to address them). In determining the materiality of a conflict of interest, TCIC will consider whether the conflict may be reasonably expected to affect the decisions of its client in a particular situation or the recommendations and/or decisions TCIC makes on behalf of its client.

TCIC addresses material conflicts of interest in the best interest of our clients. This is done by placing the interests of clients first, ahead of the personal interest of TCIC and any other competing considerations. As such, TCIC takes reasonable steps to identify, address and avoid any existing material conflicts of interest or foreseeable material conflicts of interest that we would reasonably expect to arise (i.e., between us and a client and between each individual acting on our behalf and a client). TCIC determines the level of risk for each material conflict. The Firm avoids situations that would result in a serious conflict of interest that would be too high a risk for clients or market integrity and will ensure that it will act in the client’s best interest. In other circumstances involving a conflict of interest, TCIC takes the appropriate steps to control the conflict of interest. Similarly, if a particular conflict is capable of being addressed by using controls, but the specific controls being used by us are not sufficiently mitigating the effect of the conflict, we will avoid that conflict until we have implemented controls sufficient to address the conflict in the best interest of the client.

Individuals acting on behalf of TCIC also are required to identify potential conflicts of interest and bring them to the attention of TCIC, and will also disclose any relevant information that may arise in a potential conflict of interest to TCIC. If the individual is uncertain as to whether a potential conflict of interest exists or could arise, the matter should be directed to the Chief Compliance Officer or Ultimate Designate Person for discussion. Any individual who identifies a potential conflict of interest will await approval from TCIC’s Chief Compliance Officer prior to acting on behalf of the client, in order to ensure that any actions taken on the client’s behalf are in their best interest.

TCIC, whose office is located in Toronto, Ontario, is a portfolio manager in the business of providing discretionary investment advisory services to its clients across Canada, and is also an Exempt Market Dealer, investing in private placements where appropriate.

Each of the private placements and investment products are reviewed by the Investment Committee (“IC”). The IC reviews and advises on the investment products’ conflict of interest matters. TCIC has policies and procedures to identify and control actual or potential conflicts of interest matters related to these products.

TCIC takes proactive measures to anticipate reasonably foreseeable conflicts of interest, assesses the materiality of such conflicts to distinguish between those conflicts that are material and those that are not and has developed adequate procedures to identify existing conflicts. The situations in which TCIC could be in a conflict of interest, and the way in which TCIC intends to respond to such conflicts, are described below.

TCIC may sell securities of unrelated, or related issuers. TCIC provides disclosure on related issuers through an issuer’s offering documentation and/or within the issuer’s profile on the TCIC platform. TCIC receives a commission fee from issuers when an issuer’s offering is successfully sold to investors through its platform. An offering is deemed successful if it meets the threshold of a minimum amount raised during the time of the offering. If no minimum amount is in place for an offering, TCIC receives a commission on each individual investment. There may be times where TCIC also charges an issuer due diligence and administrative fees for processing an offering. TCIC is not required to list an issuer’s securities on its platform in receiving due diligence or administrative fees.

TCIC undertakes best practices in collecting due diligence information on the issuers and the securities it considers making available for purchase by qualified investors on its platform. Not all issuers which solicit TCIC to sell their securities are accepted to enter into an agreement with TCIC to sell their securities. If TCIC and an issuer enter into an agreement, acceptance of an issuer and their securities on its platform is determined by multiple considerations during a due diligence review. If an issuer is not approved by TCIC’s Investment Committee, they are given an opportunity to improve their offering in the interest of potential investors before an offering is made available on its platform. TCIC is of the opinion that not all investments are suitable for all investors and it undertakes best efforts to provide products which may be suitable for different investors.

TCIC expects that all employees will avoid any activity, interest or association which might interfere or appear to interfere with the independent exercise of their judgement in the best interest of TCIC, its clients and the public. Employees must avoid any situation in which their personal interests conflict with their duties at TCIC. When an employee knows a conflict of interest exists or is perceived to exist, all details of the conflict of interest must be immediately provided to the Chief Compliance Officer of TCIC. An employee of TCIC must report to the Chief Compliance Officer of TCIC any situation that might give rise to a real or perceived conflict of interest, including but not limited to i) outside business activities; ii) outside business activities by a spouse or other relative living in the same residence; iii) shareholdings in an issuer of greater than 10% of the issued shares on a fully diluted basis, whether voting or not; iv) family affiliation with the controlling management or ownership of an issuer; v) lawsuits or other significant adversarial actions against the issuer, no matter who initiated them; and vi) information about any undisclosed interests or business of TCIC or an employee that a client would reasonably expect to be told to make an informed decision about an introduction. In the event that an employee of TCIC reports any situation that might give rise to a real or perceived conflict of interest, the Chief Compliance Officer of TCIC will undertake one or more of the following actions: i) disclose the conflict to the client; or ii) supervise the conflict to ensure that the party with the conflict acts only in the client’s best interest; or iii) ensure that no business is conducted that results in a conflict of interest.

All employees of TCIC are prohibited from trading for their own account any security in which they have inside or non-public information. Employees must obtain approval from the Chief Compliance Officer before purchasing a security offered on the platform for their own account.

RELATED COMPANIES

TCIC has related companies involved in different areas within the financial services industry including financial planning, life insurance and providing financing to businesses in need of capital. These companies offer services that are complementary to our investment advising services allowing us to provide full intergenerational wealth management. In addition, TCIC is related to a securities issuer which could cause a conflict of interest. The related companies are as follows:

Terra Cotta Private Wealth Inc. is the main operating company for financial planning and life insurance. It has contracts with most of the major insurance companies in Canada.

Terra Cotta Wealth Management Inc. serves a wide-range of entrepreneurs, business owners, executives, and professionals. Terra Cotta Wealth Management has independent contracts with majority of the major life insurance companies and has an referral agreement with TCIC for in-house management of client portfolios. TCIC may pay a referral fee to Terra Cotta Wealth Management Inc. in relation to prospects that become clients of TCIC. Referral details will be disclosed to the clients at time of account opening.

Terra Cotta Strategic Capital Inc. is a private debt and working capital supplier. Through our credit manager and deal sourcing manager, Oxygen Working Capital, we will provide strategic and tactical financing options for growing small and mid-sized businesses in Canada.

Terra Cotta Strategic Capital Inc. is a related issuer and there could be a conflict of interest should TCIC recommend shares of this issuer to a client. The relationship between TCIC and Terra Cotta Strategic Capital is such that shareholders of TCIC indirectly benefit from the success of Terra Cotta Strategic Capital. Clients will be advised verbally as well as through this document that TCIC is related to this issuer.

OUTSIDE BUSINESS ACTIVITIES

TCIC has developed policies and procedures that govern Employees' outside business activities and to which all Employees must adhere. Further, TCIC has implemented a notification and pre-approval process to restrict any outside business activity that would interfere or give the appearance of interfering with an Employee's ability to act in the best interests of, or perform work for, TCIC and its Clients.

OTHER ACTIVITIES

TCSC may carry out, among other activities, investment advisory services for unrelated issuers. At times, we and our affiliates may be privy to certain confidential or material non-public information that we may be prevented from using for your benefit. In carrying out activities other than investment management or investment advisory services, we may acquire material information in respect of a security that is not available in the Investment Advisor's or Portfolio Manager's ordinary course of business. In addition to the investments held in your account, TCIC or its affiliates also hold and may manage the assets of other clients. TCIC may give advice and take action in the performance of our duties for other clients that may differ from advice given, or in the timing and nature of action taken, with respect to you or your account. You agree that we will not be liable to you as a result of recommendations or decisions for your account that are

made without taking into consideration information we receive through our or our affiliates' investment management, investment advisory or other services, including any material non-public information.

In the above cases, TCIC operates its different businesses separately so that information is limited to the specific business involved. We also implement internal information barriers that are designed to ensure that confidential or undisclosed material information is not shared outside certain areas.

MANAGED ACCOUNTS

Your Investment Manager's compensation may be higher or lower depending on the type of investment chosen for you. Your Investment Manager has the discretion to exercise rights associated with securities in your account and may receive fees for exercising these rights. At times, your Portfolio Manager may be privy to certain confidential or material non-public information which they may be prevented from using for your benefit. Finally, your Portfolio Manager may give advice and take action in the performance of their duties for other clients that may differ from advice given to you, or in the timing and nature of action taken with respect to you or your account. You agree that they will not be liable to you as a result of recommendations or decisions for your account that are made without taking into consideration information they receive through services they provide other clients, including any material non-public information.

We, our officers, directors, employees or their family members, your Portfolio Manager, Associate Portfolio Manager and Dealing Representative and their affiliates, may have an interest in securities held in your account.

FAIR ALLOCATION AMONGST CLIENTS

TCIC has adopted trading policies which are designed to ensure fair allocation of securities amongst Client accounts. TCIC may aggregate orders for a number of Client accounts for the purchase of a particular security. A conflict of interest can arise when selecting which Clients' accounts to participate in the allocation. In general a participating Client will receive a percentage of the executed portion of the order based upon its percentage of the entire order (rounded to the nearest whole trading lot when possible, 100 or 1,000 shares). This rule applies to all Clients that are participating in the execution on the same trading terms (i.e., price limits, approximate time of entry, etc.). All allocations will be made at the average execution price. The basic purpose of this process is to ensure fair treatment of all Clients and to avoid the appearance of favoritism or discrimination among Clients. There may be times, however, where strict application of this process does not lead to a fair and reasonable allocation. In such circumstances, allocation by a method other than this rule will be permitted where such allocation produces a fairer and more reasonable result. As an overlying control, all order executions must satisfy the Clients objectives and suitability/restrictions.

FEES OF TCIC

TCIC typically charges its Clients a fee for its advisory services calculated as a percentage of the market value of the Client's account. Where TCIC appoints a sub-adviser to assist with managing Client accounts, TCIC is responsible for payment of the sub-advisory fees so that there is no duplication of fees charged to the underlying Client. In instances where TCIC receives an EMD fee in participation of a private placement, the specific product will be excluded from management fee calculations.

REFERRAL ARRANGEMENTS

TCIC has in place referral arrangements whereby the referrer refers clients to TCIC for a fee. Details of the referral arrangement, including the fee paid by TCIC to the referrer and the nature of any existing or reasonably foreseeable conflicts of interests that may arise from such referral are disclosed to the clients being referred.

OTHER RELATIONSHIP DISCLOSURE

TCIC sublets office space from eCapital Corp. at its Islington Avenue location. eCapital Corp. is an alternative lending company committed to supporting small and middle-market companies by accelerating their access to capital. eCapital Corp. has engaged TCIC to sell preferred shares and unsecured debentures through TCIC 's exempt market dealer offerings.

OTHER CONFLICTS OF INTEREST

From time to time, other conflicts of interest may arise. TCIC will continue to take appropriate measures to identify and respond to such situations fairly and reasonably and in the best interests of its clients.

This document is kept current and is posted on our external website at www.terracottawealth.ca or you may contact us for the most recent version.