

Foyston, Gordon & Payne Inc.

CONFLICTS OF INTEREST DISCLOSURE STATEMENT

Securities legislation in Canada requires Foyston, Gordon & Payne Inc. (“FGP”) 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 FGP 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. We consider a conflict of interest to be any situation where the interests of a client and those of FGP are inconsistent.

FGP takes reasonable steps to identify all existing material conflicts of interest and those that we would reasonably expect to arise. FGP determines the level of risk for each 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. In other circumstances involving a conflict of interest, FGP takes the appropriate steps to control the conflict of interest.

FGP, whose office is located in Toronto, Ontario, is currently registered in Ontario as a dealer in the category of Exempt Market Dealer, as an Investment Fund Manager managing the assets of a group of proprietary pooled investment funds (“FGP Pooled Funds”) and as (in addition to all other jurisdictions in Canada) an adviser in the category of Portfolio Manager, providing discretionary investment advisory services to its clients across Canada.

The situations in which FGP could be in a conflict of interest, and the way in which FGP intends to respond to such conflicts, are described below.

Related Registrants – Affiliated Managers Group, Inc. (Prides Crossing, Massachusetts, USA) (“AMG”), through its indirect ownership in AMG Canada Corp. (Toronto, Ontario) holds a majority ownership position in FGP.

AMG is also the principal shareholder of certain dealers and advisers (“AMG Affiliates”). As a result of the AMG ownership interests, these AMG Affiliates are viewed as ‘related registrants’, registered with securities regulatory authorities in Canadian jurisdictions or in the United States. Except as described in this document, FGP does not have any business dealings with AMG Affiliates and does not conduct any joint operations with them. These AMG Affiliates do not formulate advice for the firm’s clients and do not, in the firm’s view, present any potential conflict of interest with the firm’s clients. Listed below are the AMG Affiliates:

1. Deans Knight Capital Management Ltd.
2. Beutel Goodman & Company
3. Louisbourg Investments Inc.

4. Montrusco Bolton Investments Inc.
5. Trilogy Global Advisors, LP

The potential for conflict of interest is further minimized by the fact that, although AMG holds an ownership interest in each of them, the AMG Affiliates operate as discrete businesses with separate management and separate, individually constituted, boards of directors or equivalent. If FGP determines that it is appropriate to engage an AMG Affiliate for a client, or to have the client invest in financial products offered by an AMG Affiliate, FGP will notify the client of the relationship in advance.

Representatives of AMG and AMG Affiliates may from time to time act as directors of FGP and may also be directors of other AMG Affiliates. All AMG Affiliates have adopted policies and procedures that minimize the potential for conflicts of interest resulting from relationships of directors and the AMG Affiliates.

It is FGP's policy to ensure that the engagement of AMG Affiliates on behalf of FGP's clients would only be done when it has been determined that such AMG Affiliate is an appropriate selection in the circumstances.

Investments in Related or Connected Issuers – As manager of pooled investment funds, FGP, is connected to its own pooled investment funds, the FGP Pooled Funds. It is also related or connected to certain issuers who, in turn, are related or connected to AMG by virtue of AMG's ownership interest in, or relationship with, these issuers ("AMG Issuers"). A related issuer means a person or company that influences or is influenced by, another person or company through ownership, or direction and control over, voting securities. A person or company is connected to another person or company if, due to its relationships with such person or company, a prospective purchaser of securities of the person or company might question the other person or company's independence from the first person or company.

FGP does not invest assets of their clients in AMG or AMG Issuers. If FGP does intend to invest in these connected or related issuers for its clients, before trading, or advising their clients, it will inform them of the relevant relationships and connections with the issuer of the securities. Listed below is the list of the AMG Issuers:

1. Affiliated Managers Group, Inc.
2. AQR group of mutual funds
3. Aston group of mutual funds
4. Beutel Goodman group of mutual funds
5. Beutel Goodman group of private pooled funds
6. Brandywine group of mutual funds
7. Deans Knight Capital group of pooled funds
8. Harding Loevner group of mutual funds
9. Managers group of mutual funds
10. Montrusco Bolton Focus (Canadian) Global Fund Ltd.
11. Montrusco Bolton group of pooled funds
12. Third Avenue group of mutual funds
13. Tweedy, Browne group of mutual funds

Referral Arrangements – FGP has in place several referral arrangements whereby a third party introduces or refers clients who are interested in investing in the FGP Pooled Funds or obtaining the investment advisory services of FGP. FGP generally pays a referral fee to such introducing parties for their services. Under Canadian regulations, FGP is required to disclose the nature of such referral arrangements, including the referral fees it pays such introducing parties for referring clients to it. Clients will receive a copy of such disclosure prior to entering into an investment advisory agreement with FGP and prior to receipt or payment of referral fee if there is a change to the referral arrangement. Details of the referral arrangement, including the fee paid by FGP to the third party, are disclosed to the clients being referred.

Conflicts of Interest Relating to FGP Personnel/Personal Trading – FGP’s personnel may find themselves in situations where their personal interests are in conflict with those of a client.

FGP’s Code of Ethics and related policies and procedures establish basic principles for employee conduct which, among other things, prohibit an employee from:

- Using confidential information acquired in connection with his or her duties, for the purpose of obtaining an advantage.
- Accepting gifts, entertainment and compensation that would influence decisions to be taken in the course of performing his or her duties.
- Engaging in activities that could interfere or conflict with his or her duties.

FGP does not allow any of its personnel to engage in activities outside the scope of their duties, including serving as a director of a company or other entity, without first ensuring that such activities do not compromise the interests of FGP’s clients.

When FGP staff invests in the same securities as FGP, including its Funds, there is a perceived or potential conflict of interest that the staff person may benefit from opportunities at the expense of FGP’s clients or its Funds. FGP has a Code of Ethics that sets out standards for business conduct so as to prevent conflicts of interest and has established personal trading policies and procedures to monitor personal trades of employees, officers and directors who have access to information about client portfolios and the FGP Pooled Funds. Among other things, the Code requires pre-clearance and reporting of personal securities transactions; applies blackout periods for certain personal trades; and obligates employees to provide an annual acknowledgement of compliance with the Code’s terms.

In addition, FGP has adopted certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by an officer or employee of FGP. Employees are prohibited from utilizing material, non-public information for personal gain.

Gifts and Business Entertainment – When employees of FGP give or accept gifts or business entertainment of more than minimal value in connection with the firm’s business, FGP has established policies and procedures for the provision and acceptance of gifts and business entertainment to or from persons or entities with which the firm has an existing or potential business relationship and regularly monitors employees’ compliance with such standards.

Best Execution, Soft Dollars and Commission Sharing Arrangements – When placing orders for and on behalf of clients’ accounts, FGP will select those brokers and dealers from whom they reasonably can expect to obtain best execution, based on its consideration of the broker’s ability to timely and accurately communicate with FGP’s trading desk and operations team, ability to maintain confidentiality of FGP’s trading program, trading expertise, reputation, integrity, trading infrastructure and facilities, responsiveness, financial stability and capability, including availability of capital to commit in order to facilitate particular trades, access to IPOs and other offerings, access to a wide range of secondary markets, reliability and fairness in resolving problems and disputes, and the ability to charge commission rates which, when combined with these services, will produce the most favourable total costs or proceeds for each transaction under the circumstances. “Best execution” means the best overall qualitative execution, not necessarily the lowest possible commission cost.

FGP does not currently allocate Client brokerage business to broker-dealers under so called “Soft-Dollar” arrangements. Specifically, FGP does not utilize commission dollars to pay for research services from those firms that charge for their proprietary research services. In these circumstances, FGP pays for these research services directly. Nevertheless, FGP may receive unsolicited proprietary research from broker-dealers through which it trades. Proprietary research of this nature is generally part of a “bundle” of brokerage and research and the research is not separately priced. Any research received is used to service all clients to which it is applicable. FGP executes trade orders with broker-dealers on the basis of Best Execution as described above, without consideration of any unsolicited research services that it may receive. FGP makes no attempt to link the acquisition of unsolicited research with any particular client transactions.

Additionally, FGP as permitted by applicable law, uses commissions to obtain products or services provided by broker-dealers but produced by third parties, through commission sharing arrangements. In a commission sharing arrangement, FGP has entered into agreements with broker-dealers so that certain commissions from transactions placed by FGP at that broker-dealer are pooled by the broker-dealer in order to compensate one or more third-party research providers, which research providers may or may not be a broker-dealer. Products and services which provide lawful and appropriate assistance to FGP’s investment decision-making process may be paid for with commissions generated by client accounts to the extent such products and services were used in that process. FGP allocates the cost of the product on a basis which it deemed reasonable over time according to the various uses of the product, and would maintain records documenting the allocation process followed.

Only that portion of the cost of the product allocable to research services would be paid with the brokerage commissions generated by client accounts.

A copy of the FGP Brokerage Practices and Soft Dollar policies will be provided to clients on request.

Fair Allocation Amongst Clients – FGP is appointed to act as an advisor to many clients. It may aggregate orders for a number of client accounts for the purchase of a particular security. Unfair allocation of trades by FGP is a potential conflict of interest. To avoid any potential conflicts of interest, FGP has adopted trading policies designed to ensure fair allocation of securities amongst clients.

IPOs/New Issues – In the event that FGP participates in an initial public offering or other securities with limited availability (collectively, “IPOs”), FGP sets a firm-wide minimum allocation requirement and if received allocates IPOs among client accounts in a fair and equitable manner. If the minimum allocation is not received, FGP will not participate in the offering.

Cross Trading – FGP may affect a cross-trade with respect to the sale and purchase of securities, typically in the Firm’s segregated accounts. In effecting a cross-trade, FGP attempts to seek the best price for both clients by contacting various broker-dealers with whom the Firm transacts business, or by surveying market place pricing information. The broker that executes the trades will be compensated. FGP does not receive any additional compensation for effecting cross-trades.

Errors – FGP may have a potential conflict of interest when determining when and how to deal with a pricing error or other type account error, due to the time, processing cost and reimbursement of clients involved. FGP maintains an Error Correction policy, which is designed to ensure that errors caused by FGP or its vendors affecting client accounts are consistently resolved in the best interest of clients and that effort is made to prevent recurrence of the error.

Fees and Valuation – FGP charges its client’s fees for its advisory services based on a percentage of the market value of the client’s account.

Valuation is a potential conflict of interest because FGP’s interest in valuing a security to show good performance, for obtaining a good ranking and attracting more investment may conflict with the firm’s fiduciary responsibility to its clients to provide accurate performance calculations for investment-making purposes. FGP is responsible for valuation of its clients’ assets in the FGP Pooled Funds. The Pooled Funds sell, redeem, and repurchase their units at a price based on the current net asset value (NAV) next calculated after the receipt of an investor’s order to purchase or sell shares. The FGP Pooled Funds calculate their respective NAVs at the close of business on each day on which the Toronto Stock Exchange is open for business. FGP has appointed a third party service provider to obtain the prices of the FGP Pooled Funds. FGP has valuation policies and procedures designed to mitigate any potential conflicts of interest.

Proxy Voting – FGP generally has discretion in voting the portfolio securities purchased for clients. A perceived conflict of interest arises because of the opportunity for the firm to vote securities or to agree to certain corporate actions in its own interest. To minimize this potential conflict, FGP maintains proxy voting policies and procedures which explains the firm’s process and controls for voting securities in the best economic interest of its clients. Clients may request a copy of FGP’s policies and procedures. FGP does not invest in securities of issuers in order to exercise control over, or participate in, the management of issuers.

Outside Business Activities – When employees engage in certain activities, interests or associations outside of FGP, a conflict of interest may arise between the employee’s personal interests and those of FGP and its clients. FGP has developed policies and procedures that govern employees’ outside business activities and to which all employees must adhere. Under no circumstances, may an employee of FGP serve on the board of directors or other governing body of a publicly traded company. Further, FGP requires that all outside relationships such as directorships or trusteeships of any kind or membership in investment organizations must be approved by the Compliance Department prior to acceptance of such position.

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

FGP will update this policy if there is any material change to this Conflicts of Interest Disclosure Statement.