

# Conflicts Of Interest Brochure

Founded in 1974, Mawer Investment Management Ltd. ("Mawer") is a privately owned, independent investment firm that provides discretionary investment management services to individual and institutional investors through a suite of proprietary mutual funds and pooled funds as well as segregated accounts.

Mawer is the investment fund manager and portfolio manager to the Mawer Mutual Funds and the Mawer Pooled Funds, collectively referred to as the "Mawer Funds". Mawer also offers investment management services for clients with segregated securities that meet our minimum requirements.

Securities legislation in Canada requires Mawer to take reasonable steps to ensure that business decisions and activities are conducted in the best interest of our clients and to provide certain disclosures regarding conflicts of interest. This document provides a description of the material conflicts of interest that Mawer has identified and manages.

## Connected Issuers and Proprietary Products

As manager of the Mawer Funds, Mawer is connected to its own proprietary funds, the Mawer Funds. As a client, you only have access to the Mawer Funds or segregated accounts.

## Fees and Valuation

Mawer provides discretionary investment management services for a management fee based on the market value of assets held in our clients' accounts. If you hold series O, series S or segregated assets, your investment management agreement sets out your fee rate. If you hold series A of the Mawer Mutual Funds, the offering documents set out the management fee of each fund.

In limited circumstances, Mawer offers a performance-based fee to certain institutional clients with segregated accounts. This fee structure creates a conflict as Mawer could be incentivized to favour these accounts over others. We adhere to our fair allocation policy and procedures to manage this conflict.

Mawer is responsible for determining the market value of our clients' accounts which is used to calculate the management fees payable by our clients and the Mawer Funds. If Mawer values a security higher than its current market value or above its fair value, Mawer would benefit by receiving an increased management fee. To manage this conflict, Mawer uses independent pricing sources and fair value methodology to value securities and fulfill our fiduciary obligation to our clients and the Mawer Funds by ensuring clients' assets are valued in good faith and as accurately as possible.

## Compensation Practices

Mawer does not provide compensation incentives for the sale of Mawer Funds. A competitive compensation package, including profit sharing, is provided to Mawer personnel based on their role and responsibilities and is not tied directly to any sales targets.

## Expenses paid by the Mawer Funds

Mawer acts as the investment fund manager and portfolio manager to the Mawer Funds which creates a conflict when we charge expenses to the Mawer Funds. To manage this conflict, expenses relating to the operations of Mawer are not eligible to be allocated to the Mawer Funds, expenses paid by the Mawer Funds are approved by our management team and are disclosed in the Mawer Funds' offering documents.

## Referral Arrangements

Mawer recommends third-party service providers such as accountants, lawyers, or tax advisors upon request from our clients. Mawer does not receive any form of compensation or benefit in doing so.

Mawer pays a referral fee to a third-party advisor for referring certain clients to Mawer. The details of this arrangement are disclosed to the clients being referred.

In limited circumstances, Mawer may pay a fee to a consultant for being awarded a mandate in an investment manager search. These fees are agreed upon and disclosed to prospective clients in advance of participating in the investment manager search process.

## Cross Trades

A cross trade is when Mawer buys and sells the same security between two or more client or fund accounts. Mawer will only transact in cross trades when it is in the best interest of all parties involved and meets the investment objectives of our clients' and/or Mawer Funds.

Mawer is subject to certain exemptive relief obligations when engaging in cross trades for our Canadian clients and we have policies and procedures to manage this conflict.

## Best Execution and Use of Client Brokerage Commissions

When executing security transactions, Mawer selects brokers/dealers from whom we reasonably expect to obtain best execution (after considering all transaction costs and research). Mawer is not affiliated with any broker/dealer.

Mawer uses client commissions to obtain research or other brokerage services. This is a conflict of interest because Mawer receives a benefit by not paying for these research products or services directly. Mawer has adopted policies and procedures for best execution and the use of client commissions to manage this conflict in the best interest of our clients and the Mawer Funds.

### **Fair Allocation**

Mawer aggregates orders for multiple accounts for the purchase and sale of securities. A conflict arises when the quantity available for purchase is insufficient to satisfy the requirements of our clients and/or the Mawer Funds purchasing the securities, or the quantity of securities to be sold is greater than the market demand at the same price.

Mawer has adopted policies and procedures to ensure fair allocation of securities among accounts and will allocate purchases and sales on a pro-rata basis in proportion to the total aggregate order.

### **Handling Errors**

If you encounter an error in your account, Mawer will resolve trading and pricing errors in your best interest. For pricing or any other errors related to the Mawer Funds, Mawer has policies and procedures to consistently manage discrepancies in calculations of the net asset value of the Mawer Funds. To manage this risk, Mawer uses a third-party service provider to calculate net asset values of the Mawer Funds.

### **Proxy Voting and Other Corporate Actions**

Mawer has discretion in voting securities held in the Mawer Funds and for certain clients. Mawer could be placed in a conflict of interest because it may have an incentive to vote these securities or agree to certain corporate actions, in a manner which advances Mawer's own interest (such as maintaining or obtaining issuers as clients), rather than acting in the best interest of our clients and the Mawer Funds. To manage this conflict, Mawer has adopted a proxy voting and related matters policy and retains a record of how we vote securities.

Mawer does not invest in securities of issuers for the purposes of exercising control over or participating in the management of issuers.

### **Personal Trading**

Mawer personnel may find themselves in situations where their personal interests are in conflict with those of a client or the Mawer Funds. Mawer has adopted a policy and procedures to establish basic principles of conduct prohibiting personnel from conducting personal trades that are not in the best interest of our clients and Mawer Funds.

### **Gifts and Entertainment**

When Mawer personnel accept or give gifts or entertainment of more than a minimal value in connection with services provided to you or Mawer Funds, the personnel may be incentivized to act in a manner that is not in the best interest of our clients and Mawer Funds. Mawer has established a policy and procedures for providing or accepting gifts and entertainment to or from persons or entities with whom Mawer has an existing or potential business relationship to minimize this conflict.

### **Outside Activities**

When Mawer personnel participate in activities, interests or associations outside of Mawer, such as volunteering or other employment, a conflict could arise between the individual's interests and those of our clients and the firm. Mawer has policies and procedures to ensure personnel participating in outside activities will not create a conflict with acting in the best interest of our clients and the firm.

### **Other Conflicts**

From time to time, other conflicts may arise. Mawer will continue to take reasonable measures to monitor for additional conflicts and will respond in a fair and appropriate manner and in the best interest of our clients and the Mawer Funds.

**You are encouraged to speak with your Investment Counsellor or Institutional Portfolio Manager if you have any questions, concerns, or would like a copy of our policies.**