



Canadian Investment Funds Custodian Disclosure

This disclosure is provided to clients of IBC who qualify as investment funds managed by a registrant subject to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("NI 31-103") in order to address certain amendments to NI 31-103 with respect to custodial requirements that came into force on June 4, 2018.

This disclosure supplements the IBC client agreement as hereinafter provided, to reflect the foregoing custodial requirements.

IBC, when providing custodial services to investment funds managed by a registrant subject to NI 31-103 (the "Clients") qualifies as a "Canadian custodian" (as defined in NI 31-103) as it is an investment dealer that is a member of IIROC and that is permitted under the rules of IIROC, as amended from time to time, to hold the cash, securities and derivatives of a Client. IBC therefore is authorized to and agrees to perform the following duties with respect to any cash, securities or derivatives in accordance with NI 31-103 and accepted industry practice in the relevant market:

- a. **Holding Investments.** In accordance with section 14.5.3 of NI 31-103, IBC will take reasonable steps to ensure that cash, securities or derivatives of the Client (a) except as provided in paragraphs (b) and (c) below, are held by IBC or a sub-custodian (or, in respect of cash, IBC, a sub-custodian or a Canadian financial institution) using an account number or other designation in the records of IBC, a sub-custodian or the Canadian financial institution, as applicable, sufficient to show that the beneficial ownership of the cash, securities or derivatives of the Client is vested in the Client, (b) in the case of cash held in an account in the name of IBC or a sub-custodian, is held by IBC, a sub-custodian or the Canadian financial institution, separate and apart from IBC's or the sub-custodian's own property, in trust for its clients (including the Client), or (c) in the case of cash, securities or derivatives held for the purpose of bulk trading, are held in the name of IBC or the sub-custodian in trust for its clients or investment funds if the cash, securities or derivatives are transferred to the Client's account held by IBC or the sub-custodian or, in respect of cash, the Canadian financial institution as soon as possible following a trade.
- b. **Collection of Income and Proceeds.** Collect, receive and credit the Clients' accounts (less applicable taxes and fees) all income, principal, dividends and other payments and distributions when due in respect of any cash, securities or derivatives in Clients' accounts (provided, for greater certainty, that solicitation fees payable to IBC by an issuer for solicitation services shall be retained by IBC).
- c. **Appointment of sub-custodians.** In its discretion, IBC may appoint a sub-custodian to hold all or part of the cash, securities or derivatives, provided that the sub-custodian is reasonably believed to satisfy the requirements of section 14.5.2 of NI 31-103. Furthermore, a sub-custodian shall be permitted to appoint a sub-sub-custodian on the same terms with the prior written consent of IBC. The Client hereby consents and agrees to all such appointments. The Client also acknowledges and agrees that IBC shall not be responsible or liable for any losses or damages suffered by the Client resulting from the insolvency of any sub-custodian or any failure of a sub-custodian and its agents to perform their

duties in such capacities except to the extent IBC breaches its standard of care in its selection or continued retention of such sub-custodian.

- d. **Accounting for Fund Property.** IBC shall account for all cash, securities and derivatives received by it. Except as otherwise provided in the IBC client agreement, all distributions made from the Clients' accounts shall be pursuant to authorized instructions from the Client. Except as otherwise provided in the IBC client agreement or as otherwise agreed to by the parties, all cash, securities or derivatives held by IBC shall be surrendered only in accordance with an authorized instruction from the Client given pursuant thereto.