

Dear Clients,

In order to foster public trust and respect, Cape Cove Financial Management ("Cape Cove") has adopted policies and procedures to assist it in identifying and controlling material conflicts of interest with the interests of its clients in the course of its operations

In managing conflicts of interest, Cape Cove acts within its regulatory mandate and in the best interests of its clients. Therefore, the firm, its directors, employees and representatives must act in the best interests of its clients, ahead of their own interests or any other competing considerations.

Cape Cove shall manage conflicts of interest by avoiding them when they cannot be managed in the best interests of the client, or by ensuring that they are sufficiently mitigated so that they are handled in the best interests of the client.

Cape Cove will avoid conflicts of interest that cannot be adequately controlled or mitigated in the best interests of its clients until it is able to do so. Cape Cove will therefore avoid conflicts of interest if this is the only way to act in the best interests of clients, even if it means giving up revenue or business opportunities.

To date, Cape Cove has identified the following material conflicts of interest. The order of presentation is in no way related to their degree of importance or frequency.

This presentation is in addition to the disclosure contained in the "Relationship Disclosure" and "Related and Connected Issuer Policy Statement" previously produced prior to December 30, 2020. While Cape Cove issues this conflict of interest disclosure, crucial to the client's ability to make an informed decision in managing and evaluating the relationship with it; it is important to keep in mind that disclosure alone, is not always sufficient to manage material conflicts of interest.

Cape Cove expects its clients to use this disclosure as an informational tool that will assist them in their decision making when evaluating business practices, managing conflicts of interest, and the quality of services provided by the firm on an ongoing basis.

Accordingly, Cape Cove provides its clients with what it believes to be full disclosure of the types of conflicts of interest that exist in its client relationships and a statement of our commitment to act fairly towards them.

Cape Cove Financial Management

1. Compensation from the distribution of products and services to its clients for which the client pays.

Description - This conflict relates to the compensation Cape Cove receives from the client in the course of its business activities as a mutual fund dealer, exempt market dealer or portfolio manager.

Occurrence - This conflict arises when the client purchases a product or requires the firm's services. The greater the transaction volume or assets entrusted, the greater the revenue for the firm and its representatives.

Possible effect - The client may perceive that the communications they receive from Cape Cove or its representative are biased to stimulate sales of products and services rather than justified by the client's personal situation. The customer may not understand that fees are charged for products and services or the extent of the revenue Cape Cove and its representatives derive from those sales of products and services.

Client Risk - It may not be to the client's advantage to restrict or limit its product transactions or use of the Firm's services to limit the revenues the Firm derives from its activities. The client may underestimate the benefits of the products and services to their portfolio.

Conflict Management - Cape Cove strives to be as transparent as possible about the fees and commissions charged on products and services and aspires to inform its clients fully, clearly and completely so that the client knows what they are paying and why. Cape Cove and its representatives receive commissions, fees and other compensation. These are set out in the fund facts or other documentation for mutual funds, offering memoranda or other documentation for exempt market products and account statements produced by Cape Cove. Products and services are offered by representatives who are affiliated with the firm but who, as self-employed individuals, have full control over their service offerings within the limits of their licenses. Cape Cove and its representatives do not offer products and services for the sole purpose of generating revenue for the firm or its representatives. We have policies and procedures that require pre-approval of marketing initiatives to validate that the content is accurate and free of bias.

2. Different products and services offered have different compensation.

Description - This conflict of interest also relates to the compensation Cape Cove receives from clients in connection with its business activities as a mutual fund dealer, exempt market dealer or portfolio manager.

Occurrence - This conflict of interest arises when a client chooses one product and service over another as they may have different fees.

Potential effect - The client may perceive our marketing communications to them as biased to promote the use of services or the acquisition of products with the highest fees or that are most profitable for the firm or its representatives. The customer may not understand that fees are charged for our products and services or the extent of the revenue Cape Cove and its representatives derive from these product and service sales.

Client Risk - A customer who does not fully understand the compensation they are paying to Cape Cove may make biased decisions to reduce fees by ignoring the benefits of more expensive products and services for their personal situation. This could be to the client's detriment and affect the performance of their investments in the longer term.

Conflict Management - Cape Cove strives to be as transparent as possible about fees and commissions, and makes best efforts to fully inform our clients in advance so that they know what they are paying and the differences between the various options from which they may choose. We have policies and procedures that require pre-approval of marketing initiatives to validate that the content is accurate and free of bias.

3. Indirect compensation from the firm in connection with business activities conducted with clients.

Description - This conflict of interest also relates to the compensation Cape Cove receives from clients in connection with its business activities as a mutual fund dealer, exempt market dealer or portfolio manager.

Occurrence - This conflict of interest arises when the client acquires a product for which the issuer provides Cape Cove with compensation other than the payment of commissions.

Potential Effect - The client may consider that communications received from Cape Cove or its representative are biased to stimulate sales of indirectly compensated products and services rather than justified by the client's personal circumstances. The customer may not understand that fees are charged for products and services or the extent of the revenue Cape Cove and its representatives derive from such sales of products and services.

Client Risk - It may not be to the client's advantage to choose to restrict or limit its product transactions or use of the firm's services to limit the indirect revenues the firm derives from its activities. The client may underestimate the benefits of these products and services to their portfolio.

Conflict Management - Cape Cove strives to be as transparent as possible about the fees and commissions charged on products and services and aspires to inform its clients fully, clearly and completely so that the client knows what they are paying and why. Cape Cove and its representatives receive indirect compensation. These are outlined in the offering memoranda or other documentation for products offered in the exempt market. If a particular situation applies to a representative, the representative must inform the customer prior to the transaction. The products and services offered are offered by representatives who are attached to the firm but who, as self-employed individuals, have full control over their service proposal within the limits of the permits they hold. Cape Cove and its representatives do not offer products and services for the sole purpose of generating indirect revenue for the firm or its representatives. We have policies and procedures with respect to the submission of bidding documents. We also have policies that require pre-approval of marketing initiatives to ensure that the content is accurate and free of bias.

4. Referral fees may have been paid to an external individual or entity that referred the client

Description - This conflict of interest is related to the fact that the referrer receives compensation for referring a client to Cape Cove and may not be solely considering the interests of the referred client.

Occurrence - This conflict of interest arises when the client is referred by a person or entity external to Cape Cove and a referral fee, deducted from the representative's commission, is paid to the indicator by Cape Cove

Potential Effect - The customer may assume that Cape Cove has an incentive to charge a higher fee for products and services to offset the referral fee paid to the third party.

Customer Risk - The customer may view the communications it receives from Cape Cove or its representative as biased to drive sales of products and services rather than justified by the customer's personal circumstances to compensate for the referral fee.

Conflict Management - The referral agreement between Cape Cove and the client's referrer is a written agreement. In order to assist the client in making an informed decision, a disclosure of this agreement and its effects in terms of the calculation of compensation for the parties involved and conflicts of interest is provided to the client. This document is intended to help the client understand the financial interests and role of the informant in the referral arrangement, and the nature of any real or perceived conflicts of interest that may be induced by the arrangement. Cape Cove strives for full transparency of its fees and commissions and will make every effort to inform clients of the various options available. The compensation of the parties involved is disclosed to the client for the products and services they have selected.

5. Personal Transactions of Portfolio Management Representatives

Description - This conflict of interest relates to the fact that portfolio management involves trading for clients that the representative can choose the timing of the trade for his or her accounts and those of the clients.

Occurrence - This conflict of interest arises when the client and the portfolio management representative hold the same product and that product is valued according to the supply and demand prevailing on the exchange or in the relevant over-the-counter market.

Potential Effect - The client may assume that the portfolio representative is taking advantage of his or her knowledge of the client's positions for personal gain and limit the client's use of the portfolio management service or become more involved in the management thereby limiting the effectiveness of the portfolio management.

Client risk - The representative could synchronize his personal transactions in order to take advantage of the client's transactions on an organized market such as an exchange or over-the-counter market.

Conflict Management - Cape Cove's portfolio management has tools in place to ensure that all products traded on a bid/ask basis under its supervision are traded at the same average price. Cape Cove also has policies that require periodic disclosure of personal transactions in the accounts of portfolio management team members, including accounts not under the direct supervision of Cape Cove.

6. Cape Cove may offer products of issuers that are related or connected to it¹.

Description - This conflict arises because Cape Cove, in the course of its business, distributes exempted products that may meet the definition of related or connected issuers and that are issued in the exempt market and may be distributed through dealer representatives or incorporated into portfolio management investment strategies.

Occurrence - This conflict of interest arises when the client, or the portfolio manager if applicable, makes the decision to invest in a related product.

Potential Effect - The client may perceive that the communications he or she receives from Cape Cove or its representative are biased to stimulate sales of products and services involving the related product rather than justified by the client's personal circumstances. The customer may not understand that the related product and thus may not adequately weigh this information in making product and service acquisition decisions.

Client Risk - It may not be to the client's advantage to not consider the contribution of a product to the risk/return relationship of their portfolio solely on the basis that the product is related to Cape Cove.

Conflict Management - Cape Cove strives to be fully transparent about its relationships with various issuers and has made various documents available to its clients. Cape Cove's relationships with issuers are disclosed in offering memoranda and other disclosure forms produced in specific situations. Cape Cove also strives to distribute products in the exempt market in which it has confidence in both the management and updating of information concerning them. Cape Cove's representatives are self-employed and are free to offer products and services they consider appropriate and are not given a sales target for any related or unrelated products. In addition, Cape Cove has policies and procedures that require pre-approval of marketing initiatives to validate that the content is accurate and free of bias.

¹ Under 33-105, a person or company is a "related or connected issuer" of Cape Cove if, through ownership, direction or voting control or otherwise, that person or company is an influential holder of Cape Cove, or if Cape Cove is an influential holder of that person or company, or if each of them is a related issuer of the same third person or company

7. Directors, officers, employees and agents may be involved in outside professional activities.

Description - This conflict of interest arises because the business of brokerage and portfolio management is subject to regulation and the best interests of the client must prevail at all times when products and services are offered to the client. Cape Cove and its representatives must act without bias regardless of any other interests that the directors, officers, employees or representatives may have arising from their involvement outside of Cape Cove or within the firm itself.

Occurrence - This conflict of interest arises when the client chooses a product in which a director, officer, employee or representative is involved through an outside business activity and this conflicts with the client's best interests.

Potential effect - The customer may question the ability of Cape Cove or its representative to fulfill its obligations to the customer if the customer believes that the representative is directing the customer's choices to products and services in which outside interests are involved.

Customer Risk - The customer may acquire a product or service that is not in the customer's best interest. Such a risk may arise when the director, officer, employee or representative is involved in an outside paid professional activity or because of the relationship between that person and the outside entity that has retained the Cape Cove member.

Conflict Management - Individuals licensed with an authority are required to disclose all outside business activities and any changes to them to the authority. Before approving these outside business activities, Cape Cove considers conflicts of interest. If a potential conflict cannot be adequately controlled, the outside business activity is denied. These activities are disclosed to the client at the time of account opening. In addition, Cape Cove has policies and procedures that require pre-approval of marketing initiatives to validate that the content is accurate and free of bias.