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October 20th, 2022

Dear Investors,

During the third quarter of 2022, our portfolio was down 14.0% in Canadian dollars net of fees. The broad European equity index was down 4.3%[1] in Canadian dollars and the Canadian index was -2.2% in the quarter.

The table below gives you a summary of our performance and exposure by strategy bucket for the quarter and the relevant periods since inception.

Time Period	Performance, Net of Fees	Exposures by Strategy Bucket			
		Total Equity	**Core Value Equity**	**Special Situations Equity**	**Cash**
FY 2019 [1]	1.9%	41.0%	36.0%	5.0%	59.0%
FY 2020	24.2%	78.1%	70.6%	7.5%	21.9%
FY 2021	5.1%	84.1%	80.8%	3.3%	15.9%
Q3 2022	**-14.0%**	**94.6%**	**79.3%**	**15.3%**	**5.4%**
Year to Date, 2022	-32.2%	88.5%	74.8%	13.7%	11.5%
Average, Since Inception [1]	-3.6%	75.6%	67.3%	8.3%	24.4%
Total Return, Since Inception [1]	-9.8%				

1. Inception on December 9, 2019

In this letter, I will give you my thoughts on the portfolio in the context of the wider equity market as it stands presently. I will try to explain as succinctly as possible, why I think we are likely to look back on this time as having been a gift for long term investors, similar to previous bear markets over the past 20 years. I will then give the usual detailed discussion on each position as a way of helping you look through to your underlying holdings to understand how they are executing in the current environment and how they are being priced. If you have more time, I have also included a section on my approach to risk management which I touched on briefly last letter in the context of position sizing.

During the quarter, I deployed a further 11% of our capital into three positions which I believe have the most attractive return profile over the next 5-10 years with the lowest risk of potential capital impairment from current prices. As a result, we are now 95% invested in twelve positions which are priced at 38 cents on the dollar of my estimate of their intrinsic value vs 45 cents on the dollar just 3 months ago. On top of this, we have a double discount as a result of currency effects. The currencies in which our portfolio companies are listed – primarily European currencies – are down 12% year to date vs the Canadian dollar.

[1] MSCI Europe (in CAD) and TSX respectively.

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Quite simply, this means that every Canadian dollar buys 12% more shares at the same price at the beginning of the year.

While it may not feel like it, this divergence between price and value is a gift for those that have cash on the side to deploy. This is, I believe, a moment when intelligent investors with an appropriate time horizon can embed a return on their capital that can make a significant difference to their net worth 5 and 10 years out.

My optimism for prospective returns from here is not based solely on the valuation of the portfolio. I have witnessed the cycle of fear that drives bear markets as a professional investor several times in the past 20 years. In every case, the initial event which drives investors to sell shares at whatever price available is a shock that was not on the radar of investors, politicians and central bankers until that moment. It was a global pandemic in 2020, a loss of confidence in the unity of the EU in 2012, and the banking system in 2008. In each case, it was a different, seemingly intractable issue. Then, the forces of human ingenuity & collective action driven by a desire for peace and prosperity take hold, the problem becomes better understood, solutions become clearer, and the greater the fear, the stronger the will to enact these solutions. At that point, hope starts to creep back in.

The shock driving this bear market is a combination of rising general inflation, runaway energy prices (particularly in Europe), the invasion of Ukraine by an increasingly isolated dictator, and the implications that has for global security. Our brains tend to fixate on the immediate problem, but rarely weigh up the slow changes that are in place to resolve these problems. But they are there. Monetary policy is moving quickly to slow demand, supply chains are being re-organised, the supply side of the energy complex is responding to higher prices and liberal democracies are facing up to Vladimir Putin. The complex system that is our human world has a strong tendency to reach equilibrium and I can see those forces at work today.

The companies in our portfolio are well placed to manage through this turbulence and come out stronger on the other side. Some of them are clear beneficiaries of the move back to equilibrium[2]. The core value bucket is comprised of businesses that are natural market share winners owing to competitive advantage, with strong balance sheets run by capable, experienced management teams that are incentivised to make the right decisions for long term equity value creation. The historic facts tell the story: these businesses have grown their intrinsic value[3] by 3.8x over the past ten years. And they are continuing to do well despite the economic headwinds you read about. Eight out of ten of these companies are executing ahead of my initial underwriting assumptions. Our two special situation investments have returned substantial gains year to date driven by progress against our thesis, yet they remain heavily mispriced.

To summarize, Highwood's mission is to turn every dollar of investors capital into five dollars over ten years, without taking undue risk. I expect to achieve this mission by owning businesses that are likely to grow their per share value by 5x over ten years, and at a price where my return as a shareholder will be at least as good as the rate of compounding in the underlying businesses we own.

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[2] STO, Vestas, Borr Drilling.

[3] As measured by earnings per share or book value per share growth, excluding the two companies that did not have earnings 10 years ago.

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What is special about this moment in time, is that investors can now buy this group of companies at such a deep discount to their worth. This adds a powerful additional driver to our returns, which is the unwind of that discount (including currency) as hope creeps back into the system. Whether that takes 1, 2, 5 or 10 years, I am confident it will, and at that time we will have benefited from the compounding of the per share value of our companies and the re-pricing of those shares to something closer to fair value.

Portfolio Updates

Below is the usual table which summarizes a few key statistics on the portfolio as of September 30th. As you can see, the portfolio is the most attractively valued it has been since inception. Many of our holdings are the most attractively valued they have been since either 2008 or their listing. The opportunity set has shown up, which means we are the most invested we have ever been, consistent with our opportunistic and long-term approach. I added one new position in the quarter which I will discuss in future letters.

Highwood Value Partners Portfolio

As of Date	% Invested	Median Price / Est. Intrinsic Value	Median Market Cap, in Mns of USD	Median Net Debt (Cash) / EBITDA	Median EV / Sales	Median P/E
31-Dec-19	41%	0.54x	550	-0.8x	1.6x	15.1x
31-Dec-20	78%	0.69x	713	-0.3x	2.2x	13.1x
31-Dec-21	84%	0.52x	1387	-0.5x	2.0x	13.3x
31-Mar-22	86%	0.50x	1144	0.1x	1.4x	11.0x
30-Jun-22	84%	0.45x	854	0.1x	1.2x	9.1x
30-Sep-22	95%	0.38x	796	0.2x	0.8x	8.7x

Below are the updates on our portfolio holdings in the quarter in alphabetical order.

Alimak – Core Value

Alimak is our mid-cap, Swedish industrial business which operates an attractive installed base business model. It has a dominant position in the core industrial elevator business – north of 70% market share in industrial elevators in the USA – which provides a defensive, growing cash flow that management can deploy back into organic growth at high returns, into acquisitions to consolidate other niches within vertical access or return to shareholders. The company reported results for the quarter ended June 30th, which, in contrast to the general economic environment, showed an acceleration of growth. Order intake was +37%, Revenue +13% and Earnings per share was +26%. The core business is strong and getting stronger.

Alimak also announced the acquisition of Tractel from Cinven Private Equity during the quarter, consistent with their strategy of consolidating niches within vertical access. This is a transformational deal: it doubles the group's profits, adds a new division, new brands and the potential for commercial and cost synergies as the two businesses are integrated. Alimak is paying 10x LTM EBITDA pre synergies for Tractel and will

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finance the deal with a rights issue and new debt, which will leave the combined entity at 2.9x Net Debt / EBITDA.

The deal comes with both opportunities and risks for us as shareholders. Tractel is a good business – it is a well-regarded player in vertical access with stable 20%+ EBIT margins, mid single digit organic revenue growth and high customer retention. It is also well-known to Alimak management through their own commercial teams, which affords them a front-row seat to observe this business. And this is what Alimak management have done for over 7 years. Shortly after Tractel was acquired by Cinven, Alimak was approached with a proposal to combine at that time based on the clear industrial logic of doing so, and it has remained on Alimak's watch list ever since. This deal has been a long time in the making and our CEO, Ole Kristian Jodahl, has paid a price that makes sense for this asset on a standalone basis without baking in any benefit from potential synergies which I think are substantial. Nonetheless, this is a large deal which brings cultural and integration risks and the requirement to de-lever the combined entity once it is integrated.

What is Jodhal's track record with such deals? Prior to being appointed CEO of Alimak in June 2020, he was the CEO of another of Latour Group's portfolio companies[4], Hultafors Group. During his four-year tenure at Hultafors, Jodhal acquired and integrated six businesses which more than doubled revenue and profits of the group at prices which generated a c.15% return on invested capital. He has plenty of experience and a proven track record of creating value through acquisitions. I had a detailed conversation with Ole during the quarter about the risks and opportunities from this acquisition which left me encouraged.

The equity market has marked our shares in Alimak down by one third following the announcement of this deal. Investors are in no mood for the uncertainty that a large deal brings at the moment. From the current price, we own Alimak at 1x revenue and 9x current earnings which is the cheapest it has been since the company was listed in 2015.

Borr Drilling – Special Situation

Borr Drilling is our mid-cap, Norwegian listed owner of shallow water drilling rigs and is one of two special situations investments for Highwood. I detailed the summary thesis on Borr, which is available here. There was strong progress in line with our thesis in the quarter. On the operational side, Borr is executing well. Revenue was +28% in the quarter and margins continue to improve as the rig market tightens. The most recent contract signed by Borr was at a day rate of $132,000 which is a substantial improvement even from last quarter. In addition to operational improvement, the other leg of the thesis is that Borr will be able to restructure its balance sheet, and here there was good progress in the quarter as well. The company announced a $275mn equity raise and an agreement with the secured creditors to extend debt maturities to 2025. Management and the board subscribed to the share offer and now hold 8% of the equity worth $60mn. The market for Borr's rigs is improving fast which has a powerful effect on the profitability of the company. In May of this year, Borr issued guidance that it expected to achieve EBITDA of $115-$140mn in 2022 and approximately double that in 2023. In August, the company issued guidance

[4] Recall, Investment AB Latour owns 30% of Alimak and the CEO of Latour is the Chairman of Alimak's Board. Hultafors is wholly owned by Latour Group.

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that it expects to generate $290-330mn in EBITDA in 2023, and for that to double again in 2024. Now, if the entire fleet was re-priced at the most recently achieved rate for its rigs, which is still below the long run average, I estimate the company would be generating EBITDA of c.$600mn per annum and free cash flow north of $400mn per annum. At this rate, the company's leverage comes down to 3x EBITDA, which is by no means over-levered, and the equity is at sub 2x free cash flow.

Burford Capital – Core Value

Burford Capital is our UK listed global market leader in litigation finance. The company makes money from investing in mis-priced litigation claims by funding the legal costs of the claimant in exchange for a share of the ultimate award. Burford announced H1 results during the quarter. Court proceedings are slowly getting back to normal post COVID related delays, which is showing through in the company's results. Revenue from the recovery on claims originated for the Burford balance sheet was up 11% in the first half of the year. Returns on these claims were solid and the company continued to re-deploy this capital, after expenses, back into new litigation claims for the Burford balance sheet. During the first half, Burford underwrote and committed an additional $295mn in capital on these new claims. To put this in context, at the current run rate of new allocations, Burford will deploy the equivalent of 40% of its market cap in litigation assets at returns that have averaged a 30% IRR since inception, and it is doing this year over year over year. This is a powerful cocktail for equity value creation over the long term. The second leg of equity value creation is the growth of Burford's asset management business, which is also growing nicely. Total 3rd party assets under management grew 15% year over year and fees from 3rd party asset management were up 42% in the first half, in large part due to performance fees. The final variable I, and other investors, are watching closely is the development of the YPF claim, which as you know has the potential to return something between zero on the downside, and up to 3x the current market cap in the upside scenario. There was no new news on this in quarter. As at September 30th, we owned Burford at between a 25% and 40% discount to the cash NAV of the business in a run-off scenario excluding the option value of YPF or any further growth in NAV. Management continued to buy shares in Burford during the quarter and now own 20mn shares worth $150mn personally and have committed $6mn to Burford's 3rd party funds.

GetBusy PLC – Core Value

GetBusy is our small-cap, UK productivity software business with a strong position in the tax and accountancy vertical, good economics and a net cash balance sheet. The company reported H1 results during the quarter and hosted a capital markets day. I also met with management during the quarter. The company continues to execute ahead of my initial underwriting assumptions. Revenue was +21% in the first half, driven by price increases and an 8% increase in users. Gross margins were strong at 90%. The company increased its expectation for revenue growth for the full year, despite the challenging macro-economic backdrop in the UK. The value creation engine remains firmly on track: the company continues to re-invest cash flows from Virtual Cabinet, which generates 50% operating margins, back into acquiring subscribers in SmartVault at a 4x return on this spend over the life of the customer. These underlying economics support management's target of doubling revenue over the next 5 years and reaching a 30% operating margin. If the firm was broken up and sold today, I believe it would be worth at least 3x the current share price. If the company achieves its medium-term goal of doubling revenue in 5yrs, a target it is tracking ahead of, it would be worth significantly more than 3x the current share price. The CFO of the

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company continued to buy shares in the quarter. Management and the board now own 30% of the company.

JZ Capital Partners – Special Situation

JZ Capital is our small cap, UK listed closed-end private equity fund in liquidation. Following the busy Q2 in which the company sold two major assets at substantial premiums to their Net Asset Value (NAV), it was a relatively quiet quarter. JZ Capital used the proceeds from the asset sales last quarter to redeem the zero dividend preference shares and at the same time, extend the maturity of the subordinated loan notes. Net of the cash remaining post this transaction, the fund is essentially debt free. The NAV of the fund as of August 31st was $4.71 per share, which at the current FX rate for GBP/USD, amounts to £4.17 per share vs the current market price of the London listed shares of £1.72. The price of the shares were down modestly in the quarter despite the depreciation of GBP vs USD, which should put upward pressure on the share price. We now own this asset at 41 cents on the dollar of NAV. The two principals of the advisor to the fund collectively own 28% of JZ Capital Partners.

Naked Wines – Core Value

Naked wines is our UK listed online direct-to-consumer subscription wine business. This investment has been a disappointment so far and has certainly had it's share of red flags over the past 6 months as it has adjusted to lower growth post pandemic lock-downs. Despite this, I continue to hold it as I believe the company will be able to work through these issues, which I highlighted in the last quarterly letter, and the core thesis remains unchanged despite the recent issues. The evidence in the past quarter was mixed, but it is getting better and overall, I believe is consistent with this view. The company gave an operational and financial update on October 20th which addressed many of the missteps of the past 6 months. Firstly, management have re-negotiated the terms of the ill-advised credit facility agreement they signed in March 2022. It was the covenant on this original facility coupled with slowing growth that caused the share price to halve in June of this year. To be clear, the company still has cash on the balance sheet, but the new credit facility gives them more flexibility to manage the working capital cycle going forward and on acceptable terms for shareholders. Secondly, management are addressing both the elevated inventory position and cost structure of the business as part of a pivot from managing the business for growth to managing the business for profit. Third, the management bench has been improved. The CFO who ran the process for the credit facility in March was let go and the former CFO, James Crawford, who went on to run the UK business in early 2020 has taken up his previous role as group CFO. James knows the business well and has strong operational skills, which I think is just what is needed in this role.

There have been other missteps which are not fully resolved in my mind – notably the resignation of one of the directors who is a major shareholder and was on the board for just one month. The issues that have come up do not, in my view, go to the heart of the attraction of this business, which I believe is highly advantaged for both customers, suppliers and ultimately longer-term shareholders. However, I reserve the right to change my mind. These events have certainly tested my resolve, but at each step, I have tried to separate what matters for the ultimate value of our shareholding from what does not. The current pricing of the shares is barely above the net current assets of the company, which sets us up for excellent returns if management can continue to right the ship.

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Protector Forsikring – Core Value

Protector is our mid-cap, Norwegian P&C insurer with a cost advantage in underwriting which feeds a large and growing float. The company reported another strong set of results during the quarter, with quite outstanding results on the insurance side of the business, partly offset by a weaker investment result. On the insurance side, the company grew premiums by 24% organically with a combined ratio of 82.5%, which resulted in the largest quarterly insurance profit for the business in its history. On the investment side, Protector manages a bond portfolio of 12bn NOK and an equity portfolio of 2.3bn NOK. The gains and losses on this portfolio are the property of shareholders. In the most recent quarter, the losses on the investment portfolio on a mark to market basis were -1.2% or 175mn NOK, which was split -4% on the equity portfolio (-97mn NOK) and -0.7% on the bond portfolio (-81mn NOK). Meanwhile, as interest rates have increased, the investment team has rolled over maturities into higher yielding bonds while also improving the credit quality of the portfolio. The running yield on the bond portfolio has improved from 1.8% this time last year to 3.9% currently with an average duration of 1.1yrs. This has a meaningful impact on the bottom line for Protector – it increases earnings per share by c.30% year over year all else equal. As these bonds mature, the capital can be re-deployed at the yields prevailing at that time (which at this point are likely to be higher still). Also notable in the quarter was that the largest shareholder and a board member of the company bought an additional 1mn shares which takes the management and board ownership of this company to just over 20%.

Ryanair – Core Value

Ryanair is our large cap, Irish listed discount airline that is able to price its fares at a 30% discount to the costs of competing airlines and still earn a low twenties return on capital in a normalised environment[5]. The implication of this fact is rather powerful. Competing airlines would have to run at a -30% operating margin to match Ryanair's prices. During the quarter, Ryanair reported Q1 results to the end of June. Traffic and load factors recovered strongly, which drove revenue of 6x the same quarter in the prior year while costs were up 2.5x. As a result, the company moved back into profit for the first time since the pandemic. Unit cost per passenger, which is the clearest measure of the economic moat around this business, fell year over year (in an inflationary environment!) and the company continued to take market share. Net Debt has been reduced from €1.45bn as at March 31st to €0.4bn. The company expects to carry 165mn passengers this year vs 149mn in the year prior to the pandemic, which makes it one of two airlines in Europe that is flying more passengers now than it was prior to the pandemic. Ryanair remains the most profitable airline in Europe with a wide economic moat in the form of the lowest costs and the strongest balance sheet and a laser focused, experienced management team who have skin in the game (€500mn in equity worth). The company is on track to carry 225mn passengers by March 2026. At a normalised level of profit per passenger, this amounts to a range of earnings power of between €1.8 and €2.1 per share. As at September 30th, the shares were trading at €10.48 each, or 5x 2026 earnings which I believe embeds a return well above our hurdle rate. We added to our position in the quarter.

[5] Ryanair's return on capital in the ten years prior to the COVID-19 pandemic was 22.4%.

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Sto SE – Core Value

Sto is our German listed, family run international manufacturer of building coatings with a dominant market position in external wall insulation in Europe and a net cash balance sheet. A review of this company will show that it is both highly resilient and profitable. In the 22 years since it was listed revenue declined in just two of those. In 2003, revenue was down 2.7% and in the 2008 financial crisis, it was down a whopping 2.3%. Over that same 22 years, the business has grown earnings per share over 10x and to my mind, the future looks better than the past. In my most recent call with the CFO, he pointed out that in his 20 years with the company, higher energy prices and the resulting higher cost to heat buildings has always resulted in increased demand for their products. Below is a chart showing energy prices in the 15 largest economies in the EU from 2009 to September 2022:

While this is clearly not good news for the EU economy in general, it is good news for STO which has strong market shares selling insulation at a mid 50's gross margin across Europe. Now, it may not be a straight line for STO as it has to navigate challenging procurement for its raw materials in an energy crisis. However, it is strategically important for Europe to make buildings more energy efficient by hook or by crook. Our starting valuation as partial owners of the STO business is now 7x 2021 earnings net of the substantial cash on the balance sheet, which is the cheapest it has been since 2012. Looking out 3yrs, the equity is now valued at c.2x 2025 earnings ex cash in our base case operating scenario. We added to our position in the quarter.

Vestas – Core Value

Vestas is the Danish listed, global market leader in wind turbine manufacture, sale and service. The company has an attractive installed base business model with a highly profitable and competitively

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advantaged service business. The difficult operating environment continues for Vestas. Despite the longer-term fundamental attractions of this business, given its role enhancing energy security and CO2 reduction globally, it continues to struggle with cost-inflation which it is unable to pass on for turbine sales contracted 12-18 months ago. It also continues to struggle with supply chain and logistics disruption and complexity. The company reported Q2 results to the end of June during the quarter which showed no real improvement from the first quarter results. Revenue was down 7% while costs of production were up 2% which resulted in EBIT losses of €180mn. The company continues to make the right moves to offset inflation going forward – they have increased the average price per turbine megawatt by 21% vs this time last year. There is no doubt the current fundamentals are disappointing. The silver lining is that the current challenges are forcing management to make the right changes now to reach the group's 10% operating margin target by the middle of the decade. At that level of profitability, which the company has reached several times in the past, it would be generating over €1.7bn in profits. Today, the shares are sub 10x earnings on that basis, which is too cheap for the global market leader in a structural growth business which has averaged 19% return on capital over the past decade.

Business Update

It was a busy quarter digesting the macro economic developments and assessing our portfolio in light of those developments, as well as reviewing new ideas for inclusion in the portfolio. I went to the UK and Europe during the quarter for close to a month which gave me the time to meet with a number of the management teams running our companies, new potential targets and to stay in touch with a network of like-minded value investors I have cultivated for nearly two decades. The business is now coming up to 3yrs since inception. I am proud of what I have created so far: an independent thinking investment partnership with strong alignment of interests dedicated to creating an outstanding long-term track record.

As always, I value your support and welcome your questions and comments.

Sincerely,

Desmond Kingsford

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Appendix 1: Risk Management

As you know, I define risk as permanent capital impairment, not volatility of prices or any other metric that is a derivative of price. I manage risk at both the individual security level and at the portfolio level and I will summarize, albeit briefly, my approach at each level.

Risk is managed at the individual security level in what we are willing to own and the price we are willing to pay for it.

- What we are willing to own. I search for a select group of high quality, well capitalised businesses that are understandable within my circle of competence. Business quality is a multi-faceted concept, but there are certain necessary conditions that guide this assessment. Amongst them are high returns on invested capital and a demonstrable resilience across a wide range of scenarios for how the world can evolve. My experience is that I cannot predict what the world can throw at us and nor can any other investor I have met – the last three years has certainly proven that! So, in light of the vast and typically underestimated uncertainty that is a feature of our world owning businesses that are highly profitable, resilient and have strong balance sheets that afford them time when the operating environment gets tricky is our strongest protection.
- The price we are willing to pay. Even the highest quality asset bought at the wrong price is risky – just ask a US Treasury bond investor these days. That you would only buy shares when you believe they are worth substantially more than what you are paying is of course axiomatic no matter what kind of investor you are (except for the speculator, the index funds or the momentum strategies that have drawn in so much capital in recent years). How it is done is the important bit. I manage valuation risk by thinking about the downside first, by taking into consideration a wide range of outcomes for the business, potential weaknesses in business models and the incentives driving management decision making. Our opportunistic approach is valuable in this regard. I am not a forced investor in any security at any point in time and will only deploy capital if I can conservatively underwrite a 5yr 20% IRR in the central case or better and get my money back in the downside case, or else I will hold cash until I can find those opportunities.

Risk is managed at the portfolio level in three main ways.

- Firstly, I will never take on portfolio leverage, so I can never be a forced seller of undervalued securities in moments where Mr Market is particularly downbeat. Unlike the UK pension funds which have been in the news of late, we will never face margin calls.
- Secondly, I manage risk through position sizing. I aim to have a concentrated portfolio of 10-15 investments, which implies an average position size of 7%-10%. Around this average, position sizes can range from 5% to a maximum of 15% of the portfolio at their initial cost. No position will ever be more than 15% of the portfolio at cost, no matter what my conviction is. Position sizes between 5% and 15% are the outcome of my degree of conviction on three main variables:
    - Business Quality. The resilience of the business, its diversification by geography and product, the strength of its competitive advantage, cost flexibility, obsolescence/technology risk and balance sheet strength are all factors that go into this assessment.

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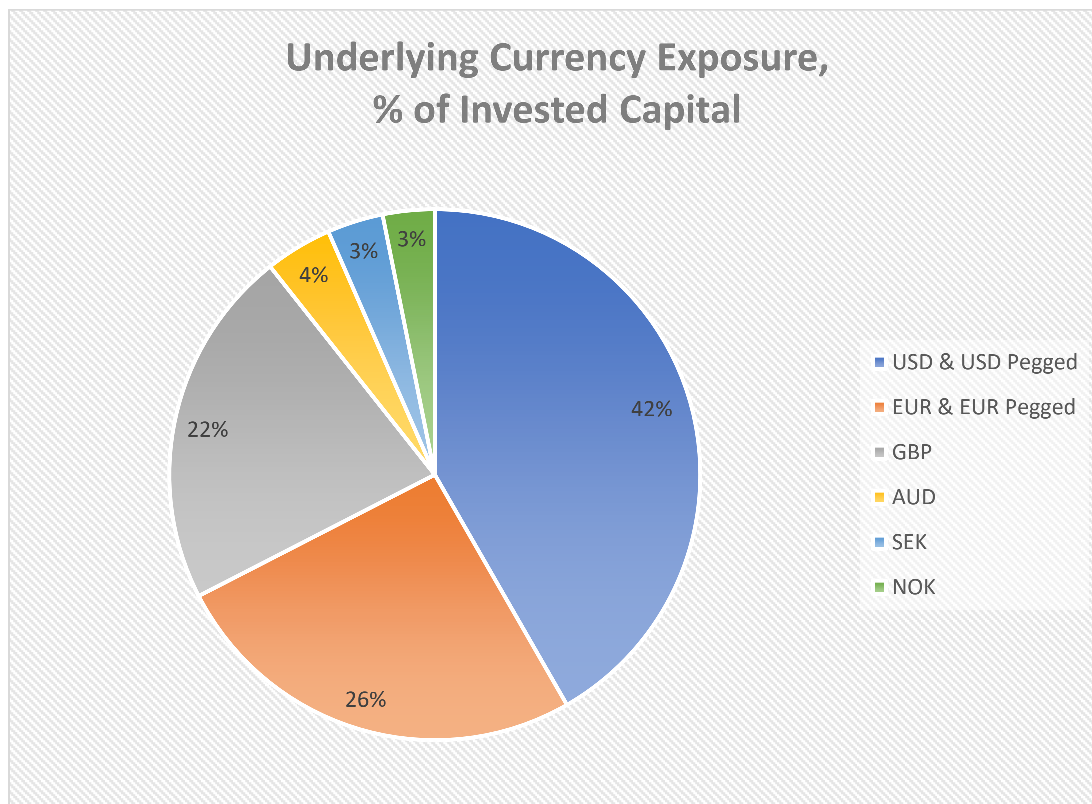
  - Management quality. Experience, alignment, operational and capital allocation track record are all considered.
  - Valuation.
- Currency Risk is managed through owning global companies with multi-currency earnings power. The portfolio's currency exposure is reported quarterly.

Appendix 2: Underlying Currency Exposure Split

This is not a breakdown of the listing currency of our holdings. It is the split of the currencies our portfolio companies earn their revenues in. As such, it is the underlying exposure to currencies you have through your partial ownership of these businesses. As investors can choose whether to have their account in USD or CAD and hence their cash balance may be in either USD or CAD, I have expressed the currency exposure as a percent of invested capital.



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Registration Obligations ("NI 31-103"). Desmond Kingsford, the principal of the Firm, is registered as the advising representative of the Firm under NI 31-103 with the Commissions.

The information presented in this Letter is not investment advice, should not be relied on as such, and should not be viewed as an investment recommendation by the Firm or Mr. Kingsford generally, or an offer or a solicitation of an offer for the purchase of any securities. Recipients should not make any investment decisions based on the information contained in this Letter. Only (i) an "accredited investor" as defined under section 1.1 of National Instrument 45-106 - *Prospectus Exemptions*; and (ii) a "permitted client" as defined under section 1.1 of NI 31-103 may invest with the Firm. This Letter is presented solely to illustrate the Firm's investment process and strategies as of the date indicated on the cover page of this Letter and is based on information provided by management of the Firm as of such date and on beliefs, assumptions, expectations and/or opinions of management as of such date. Certain information contained in this Letter may have been obtained by management of the Firm from third parties and, although believed to be reliable, has not been independently verified and its accuracy, timeliness or completeness cannot be guaranteed.

While the Firm's investment mandate is designed to reduce risk the program will inherently entail substantial risks. There can be no assurance that the investment objective of the Firm will be achieved. In fact, the investment techniques that the Firm may employ from time to time may, in certain circumstances, substantially increase the adverse impact on the Firm's investment portfolio. Accordingly, the Firm's activities could result in substantial losses under certain circumstances. A separately managed account managed by the Firm is highly speculative and there can be no assurance that the investment objectives of the Firm will be achieved. Nothing herein is intended to imply that the Firm's investment methodologies may be considered "conservative", "safe", "risk free" or "risk averse". Investors must be prepared to bear the risk of a total loss of their invested capital. Past performance of Mr. Kingsford and his affiliates is not necessarily indicative of the future results and any prospective clients of the Firm will need to be prepared to lose all or substantially all of their investment. The Firm will give no warranty as to the performance or profitability of any client account or that the investment objectives of a client's account will be successfully accomplished.

Certain statements contained in this Letter may be considered "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact included herein, without limitation, statements relating to the Firm's future financial performance and investment returns, are forward-looking statements.

Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. Forward-looking statements in this Letter include, among other things, statements relating to: the desire to generate outstanding investment results with low risk; the proposed timeline for the Firm's investment horizon and Mr. Kingsford's career; the benefits of operating the Firm out of Whistler, British Columbia as opposed to a more traditional investment market; Mr. Kingsford's beliefs regarding the necessary components to investment success; the future operating or financial performance of the Firm and the assets managed by the Firm; the intention to prioritize long-term investment return over short-term results; the intention to take on more capital only where the Firm believes it will not dilute investor returns; the intention to maintain a fee structure that incentivizes manager performance over asset gathering; the intention to maintain the Firm's current strategy and vision as it grows; the potential to provide a fund structure in addition to the SMA approach in the future; the Firm's mission to compound each dollar of invested capital into five dollars over a ten-year period without taking undue risk; the belief that a short term quarterly or annual results focus is harmful to long-term returns; the Firm's beliefs with respect to how risk is properly defined and mitigated; the Firm's beliefs as to how returns may actualize; the beliefs of the Firm and Mr. Kingsford regarding the prospective results of specific investments of the Firm; the theories and beliefs disclosed regarding what makes an investment strategy successful; and the expectation and plans for growth . Actual future results may differ materially. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements reflect the beliefs, opinions and projections on the date of this Letter and are based upon a number of assumptions and estimates that, while considered reasonable by the Firm and Mr. Kingsford, are inherently subject to significant business, economic, competitive, political and social uncertainties, many of which are beyond the control of management. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements and management of the Firm have made assumptions and estimates based on or related to many of these factors. Readers should not place undue reliance on the forward-looking statements and information contained in this Letter concerning these assumptions.

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