



**CUMBERLAND**

Private Wealth

**Cumberland Investment Counsel Inc.**

**99 Yorkville Avenue, 3rd Floor**

**Toronto, Ontario, Canada**

**M5R 3K5**

Tel: 1-416-482-5337

Email: [caici@bloomberg.net](mailto:caici@bloomberg.net)

Website: [www.cumberlandcounsel.com](http://www.cumberlandcounsel.com)

**Item 1: Cover Page**

Form ADV Part 2A: Firm Brochure

This brochure is dated as of September 30, 2024

This brochure provides information about the qualifications and business practices of Cumberland Investment Counsel Inc. (CIC). If you have any questions about the contents of this brochure, please contact us by telephone: 416-482-5337 or by email: [caici@bloomberg.net](mailto:caici@bloomberg.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cumberland Investment Counsel Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*Note: The terms "registered" and "registered investment adviser" may appear in this brochure. Registration does not imply a certain level of skill or training. Cumberland Investment Counseling Inc. staff's level of skill comes from experience and education.*

**Item 2: Material Changes**

Material changes since September 30, 2023:

Effective October 29, 2023, Mr. Gerald R. Connor resigned from his role as Director of SQI Diagnostics Inc.

**Item 3: Table of Contents**

Item 1: Cover Page .....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	5
Item 6: Performance-Based Fees and Side-by-Side Management. ....	7
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9: Disciplinary Information .....	8
Item 10: Other Financial Industry Activities and Affiliations .....	8
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	10
Item 12: Brokerage Practices .....	12
Item 13: Review of Accounts .....	13
Item 14: Client Referrals (Endorsements) and Other Compensation .....	13
Item 15: Custody .....	14
Item 16: Investment Discretion .....	14
Item 17: Voting Client Securities.....	15
Item 18: Financial Information .....	15
Item 19: State-Registered Advisers.....	16

#### **Item 4: Advisory Business**

Cumberland Investment Counsel Inc. (“CIC”) (formerly called Wirth Associates Inc.) was founded in 1991 to provide investment advisory services to high-net-worth clients. The company was acquired in January 2007 and became a wholly owned subsidiary of Cumberland Partners Ltd. (“CPL”).

On May 1, 2018, Cumberland Partners Limited (“CPL”; parent company of Cumberland Associates Investment Counsel Inc. (“CAIC”) and Cumberland Private Wealth Management Inc. (“CPWM”)), Norrep Investment Management Group Inc. (“NIMGI”; parent company of Norrep Capital Management Ltd (“NCM”)), Perron & Partners Wealth Management Corp. (“PPWM”), Perron Asset Management Inc. (“PAM”), amalgamated their related entities (the “Combination”).

Under the Combination, PAM amalgamated with CAIC and continues under the name Cumberland Investment Counsel Inc. (“CIC”), PPWM amalgamated with CPWM and continues under the name CPWM, and Norrep Capital Management Ltd. (“NCM”) will remain a separate entity. NCM subsequently changed its name to NCM Asset Management Ltd. in August 2018.

As a result of the Combination, CIC, CPWM, NIMGI and NCM are wholly owned subsidiaries of CPL, and CPWM, NIMGI and NCM are related persons of CIC. CIC’s related persons are Canadian entities and are not registered under US securities legislation. NIMGI amalgamated with NCM on September 30, 2022.

CIC provides discretionary investment management services primarily to high-net-worth individuals, their families, and foundations through separately managed accounts generally with \$1 million or more in investible assets. As well, CIC provides sub-advisory or advisory services to certain Canadian individual portfolios within CPWM’s discretionary management program, and certain Canadian affiliated funds where CPWM or NCM is the Canadian Investment Fund Manager. CIC invests primarily in exchange traded equity securities, corporate and government bonds, and we may invest in pooled funds and exchange traded funds (ETF). Certain ETFs will incur other costs in addition to management fees.

CIC provides continuous investment advice on a fully discretionary basis. Clients may impose restrictions relating to, amongst other things, directorships, controlling interests in publicly traded securities or specific preferences. The Investment Management Agreement may be terminated by either party per the terms outlined under the Agreement. CIC will gather information about a client’s investment profile in an Investment Policy Statement and Account Application including information pertaining to a client’s personal and financial circumstances, risk tolerance, risk capacity, time horizon, investment needs and objectives. This information will be used to develop a client profile and will serve as the basis for the formulation of an investment strategy to help meet a client’s investment goals.

CIC does not participate in Wrap Fee programs.

#### **IRA Rollover Recommendations**

For purposes of complying with the DOL’s Prohibited Transaction Exemption 2020-02 (“PTE 2020-02”) where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

As of September 30, 2024, CIC managed ~US\$1 billion in AUM on a fully discretionary basis primarily for Canadian resident clients and Canadian affiliated funds, and ~US\$35 million AUM for US resident clients.

### Item 5: Fees and Compensation

CIC offers discretionary investment management services to CIC clients through separately managed accounts. CIC is compensated for such services by charging a percentage of assets under management. The applicable fee schedule is based on the investment strategy chosen. Typically, the maximum Investment Management Fee is 1.5% per annum (plus applicable taxes) on a declining scale for accounts in excess of \$2 million. Groups or family accounts may be combined to take advantage of our declining fee scale under certain circumstances.

(i) The Capital Appreciation fee schedule applies to portfolios which have a mandate of greater than 60% towards capital appreciation (equities).

Capital Appreciation Portfolios (CAP)	
1.5%	p.a. on the first \$2 million
1.125%	p.a. on the next \$2 million
0.75%	p.a. on the next \$3 million
0.50%	p.a. on the next \$3 million
0.40%	p.a. over \$10 million

(ii) The Balanced/Income fee schedule applies to portfolios which have a mandate of 60% or less towards capital appreciation (equities).

Balanced/Income Portfolios (BIP)	
1.00%	p.a. on the first \$1 million
0.75%	p.a. on the next \$2 million
0.50%	p.a. on the next \$3 million
0.40%	p.a. on the next \$4 million
0.30%	p.a. on the next \$5 million
0.25%	p.a. over \$15 million

iii) The Fixed Income fee schedule applies to portfolios which are modeled 100% towards Fixed Income.

Fixed Income (FI)	
0.50%	p.a.

CIC management fees are charged monthly in arrears based on the portfolio's total market value at month-end. In certain limited situations, clients may choose to be charged management fees quarterly in arrears based on the portfolio's total market value at quarter-end. The fee takes into consideration cash flows into and out of the portfolio and includes accrued income during the billing period. The management fees are generally deducted from the portfolio incurring the fee and remitted to CIC by the custodian upon receipt of our instruction however, a client may choose to be invoiced separately and remit payment from an external source at their discretion. In certain circumstances a client may benefit from paying fees separately and should discuss their options with their tax advisor.

In general, CIC offers a standard fee schedule however, in certain limited situations, we may negotiate our investment management fee schedule on a case-by-case basis. As such, certain clients will have a management fee schedule that differs from CIC's standard fee schedule noted above.

In addition to management fees, clients who engage CIC to provide advisory services will incur additional fees and expenses charged by their custodian under their custodial arrangement including custody fees, transaction related costs, interest charges on overdraft or margin balances, wiring charges etc., as applicable. Clients will also incur brokerage costs, including minimum ticketing charges, as applicable. Clients may refer to Item 12 for additional details relating to our brokerage practices.

CIC does not request payment of management fees in advance of services rendered nor does CIC, including its supervised persons, receive any compensation other than management fees for advisory services rendered in respect of our US business.

Where applicable, clients have the option to purchase investment products that CIC recommends through other brokers or agents that are not affiliated with CIC.

An Investment management agreement may be terminated by either party upon receipt of written notice in accordance with the terms contained in the management agreement. CIC will be entitled to management fees earned to the date of termination. Clients shall honor all investment transactions executed in good faith on behalf of the client's account prior to our receipt of the termination notice.

#### **Item 6: Performance-Based Fees and Side-by-Side Management.**

CIC does not charge performance-based fees in relation to our US business, nor do we engage in side-by-side management.

#### **Item 7: Types of Clients**

CIC provides investment advisory services to high-net-worth individuals including estates, trusts, personal retirement accounts, corporations and similar entities. The minimum investment required to establish a client relationship is \$1M. Under certain circumstances we may accept a lower minimum investment, subject to management review & approval on a case-by-case basis.

Additionally, CIC provides sub-advisory or advisory services to certain Canadian individual portfolios within CPWM's discretionary management program, and certain Canadian prospectus and non-prospectus funds where our related persons, CPWM or NCM, is the Canadian Investment Fund Manager. These funds are not available to US clients.

#### **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

CIC offers CPWM investment models to our clients. The CPWM models rely on a fundamental and GARP-oriented approach to investment analysis primarily on a bottom-up basis. Foreign and domestic companies are screened to select those that have cash flow generation, reasonable valuations or other metrics that demonstrate desirable attributes. Macro-economic factors are also considered during the screening process. Possible candidates for inclusion in the portfolios are assigned to a portfolio manager/analyst who is responsible for monitoring the industry and company.

The portfolios rely on diversification to reduce risk. To ensure diversification and to prevent concentration, the portfolio manager is subject to limits on holdings of individual securities and any related companies and industries. There may be minimum holdings in an industry depending on the portfolio. The portfolio manager is also responsible for maintaining an appropriate geographic distribution of investments, depending on the mandate.

Macroeconomic factors and overall market volatility may dictate a tactical decision to dampen the possible volatility of the portfolios by replacing the more volatile securities with ones that are less volatile and/or increasing the cash component of the portfolio.

CIC's investment advice regarding the same security or investment may differ depending on the investment strategy, and advice may vary depending upon a client's specific situation.

CIC may invest in exchange traded funds (ETFs) for clients if the strategy is suitable for their situation. Investments in ETFs will incur other costs in addition to brokerage charges.

Investments in securities markets are subject to, amongst other factors, changes in the economic environment, interest rates, availability of credit, market conditions and company news. Consequently, individual securities are subject to market fluctuation and financial risk and may decline in value. Investment in securities involves risk of loss that clients should be prepared to bear.

### **Item 9: Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that may be material to a client's evaluation of the investment advisor or the integrity of its management.

CIC has no disciplinary information to disclose.

### **Item 10: Other Financial Industry Activities and Affiliations**

Neither CIC nor any of its management persons are registered as, or have pending applications to be registered as, a US broker-dealer or a registered representative of a US broker dealer, or futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

On May 1, 2018, Cumberland Partners Limited ("CPL"; parent company of Cumberland Associates Investment Counsel Inc. ("CAIC") and Cumberland Private Wealth Management Inc. ("CPWM")), Norrep Investment Management Group Inc. ("NIMGI"; parent company of Norrep Capital Management Ltd ("NCM")), Perron & Partners Wealth Management Corp. ("PPWM"), and Perron Asset Management Inc. ("PAM"), amalgamated their related entities (the "Combination").

Under the Combination, PAM amalgamated with CAIC and continued under the name Cumberland Investment Counsel Inc. ("CIC"), PPWM amalgamated with CPWM and continued under the name CPWM, and Norrep Capital Management Ltd. remained a separate entity.

As a result of the Combination, CIC, CPWM, NIMGI and NCM are wholly owned subsidiaries of CPL, and CPWM, NIMGI and NCM are related persons of CIC. Cumberland Private Wealth Management Inc. (CPWM) is a Canadian investment dealer member of the Investment Industry Regulatory Organization of Canada (IIROC) and a Canadian Investment Fund Manager. NCM Asset Management Ltd. (NCM) is a Canadian Portfolio Manager and Canadian Investment Fund Manager. NCM changed its name to NCM Asset Management Ltd. in August 2018. NIMGI amalgamated with NCM on September 30, 2022. CIC's related persons are Canadian entities that are not registered under US securities legislation.

CIC is a wholly owned subsidiary of CPL. Mr. Gary E. Perron, owns >25% of CPL indirectly through his personal holding company and related Trust.

CPL, CIC, CPWM, NCM and its related entities currently have, and may from time to time have, common directors, officers and/or dual registrants. CIC and CPWM currently share Canadian dually registered investment adviser representatives. CIC directors Gerald R. Connor and Charles R. Sims are also directors of CPWM and CPL; D. Andrew Anderson, CIC director and president, is also a director of CPWM and NCM, and General Counsel to CPL responsible for governance and compliance of CPL and its related entities. Common director's representation on each board is for governance purposes.

Accounts belonging to US resident clients are held by an independent, qualified custodian primarily in the US, and trading for these accounts is executed through external brokers. In instances where a US client may have a Canadian retirement account, the account is held in custody by an independent Canadian custodian, and trading for such accounts is executed by CPWM, a related person, alongside accounts belonging to our non-US client base including accounts of access persons, while respecting client priority, to benefit from trading efficiencies. This trading arrangement poses a conflict of interest which CIC addresses by periodically reviewing the arrangement for best execution.

CIC has a Service Agreement with CPWM whereby CIC retains CPWM to provide services including model portfolios, research services, recordkeeping/Information services, trading, back-office and administrative support, and office rental space. Both CIC and CPWM have privacy policies governing the collection, use and disclosure of client information.

CIC has other arrangements with its Canadian related persons in respect of its Canadian business.

#### **Use of Affiliate Models**

CIC has entered into a service agreement with CPWM to provide clients of CIC with investment advisory models based on certain CPWM strategies. CIC shall at all times remain the overall client relationship manager and investment advisor to these accounts, and CIC will retain discretionary authority over the client accounts. Services are offered under a CIC investment management agreement. CIC is responsible for the payment of fees to CPWM under the service agreement such that there is no duplication of fees charged to the client.

The maximum Investment Management Fee is 1.5% per annum (plus applicable taxes) on a declining scale for accounts in excess of \$2 million. Groups or family accounts may be combined to take advantage of our declining fee scale under certain circumstances. Management fees will be charged monthly in arrears based on the Total Market Value of the portfolio at month-end. In certain limited situations, clients may choose to be charged management fees quarterly in arrears based on the portfolio's total market value at quarter-end. The fee takes into consideration cash flows into and out of the portfolio and includes accrued income during the billing period. CIC clients with investments in CPWM strategies will incur brokerage commissions, subject to applicable minimums, on trade execution payable to CPWM where

CPWM acts as the broker-dealer for CIC's non-US client accounts, and Canadian retirement accounts belonging to US clients.

### **Sub-Advisor and Advisor Relationship**

CIC has also entered into an agreement to sub-advise or advise certain CPWM strategies within CPWM's discretionary management program, and certain Canadian prospectus and non-prospectus funds where CIC's related persons, CPWM or NCM, is the Canadian Investment Fund Manager. These Canadian funds are not offered to CIC's US client base.

CIC is:

- i) related to SQI Diagnostics Inc. ("SQI"), a life sciences and diagnostics company that develops and commercializes proprietary technologies and products for microarray diagnostics as our director, Gerald R. Connor, has power to direct the voting of more than 20% of the votes of SQI Diagnostics Inc. SQI Diagnostics Inc. trades on the OTCQX Marketplace in the United States (SQIDF); and
- ii) connected to CPWM & NCM's Canadian investment funds as CPWM or NCM is the investment fund manager of these funds.

Where we exercise discretion in the purchase or sale of related and/or connected issuers we will first obtain written client consent to the investment. CIC has policies and procedures in place to manage conflicts of interest.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

CIC has adopted and claims compliance with the CFA Institute Code of Ethics and Standard of Professional Conduct (Code). CIC shall adhere to this code and all applicable Canadian, US Federal and US state securities laws. The purpose of the Code is to ensure the fair treatment of our clients and managed accounts by following high standards of integrity and ethical business conduct, and to act in the best interest of CIC clients. The standard of care extends to the services provided by all employees, directors and officers in each facet of our business operations. Failure to comply with the Code may be grounds for a warning, revision of responsibilities, suspension or dismissal. Failure to comply with certain aspects of the Code may also be a violation of securities law and subject to disciplinary action. All officers, directors and employees have a duty to report any contravention of the Code which may come to their notice and shall be protected against retaliation from CIC or any of its members.

A copy of this Code is available upon request and can be obtained by submitting a request to CIC:

Cumberland Investment Counsel Inc.  
99 Yorkville Avenue, Suite 300  
Toronto, ON, M5R 3K5  
Attention: Compliance Department

Email: [caici@bloomberg.net](mailto:caici@bloomberg.net)  
Website: [www.cumberlandcounsel.com](http://www.cumberlandcounsel.com)  
Tel: 416 482 5337

CIC employees participate alongside clients in investments and may hold some of the same investments CIC has purchased for client accounts.

CIC utilizes external brokers to trade for accounts belonging to our US clients except where a US resident client has a Canadian retirement account with an independent qualified custodian that cannot be transferred to a custodian located in the US. In such cases, trading for the Canadian retirement account will be executed by our related person, a Canadian broker-dealer, alongside accounts belonging to our non-US client base including accounts of access persons, while respecting client priority, to benefit from trading efficiencies. Where trade orders for US accounts and non-U.S. accounts, including accounts of access persons, are aggregated and placed through a single broker employee orders are generally filled alongside client orders at an average price where there is adequate volume to complete the whole order. Where orders are partially filled, client orders are filled ahead of the accounts of access persons. Where orders for our Canadian accounts, Canadian retirement accounts belonging to US resident clients, and other non-U.S. accounts, including accounts of access persons, are not placed through the same broker as our US client accounts, the average price will differ, higher or lower, through differences in execution and order size. CIC does not engage in principal transactions.

Trading errors will be corrected as expeditiously as possible, and a client account will be made whole where losses have occurred from trading errors. If possible, a client will be given the allocation and/or trade price of the original trade had an error not occurred. This may also result in the removal of a gain attributed to the error, to an Errors and Omissions account. Each error will be reviewed on a case-by-case basis.

CIC shall protect the privacy of client information including holdings, personal information, and the financial circumstance of CIC clients. Access to client information is restricted and privacy is monitored on an on-going basis.

CIC and its employees shall act fairly, honestly, in good faith and in the best interest of CIC clients, placing client interests ahead of their own. On an annual basis, CIC employees sign an employee

disclosure acknowledging their adherence to the Code including, among other things, conflicts of interest, gifts and outside business activities.

All employees, officers and directors of CIC are considered Access Persons. As such, CIC access persons with personal trading accounts are generally required to open accounts with CIC or its affiliate CPWM. Employees may not open investment accounts with external entities without pre-approval by CIC. A copy of the periodic account statement for approved external accounts is sent to the compliance department for supervision.

### **Item 12: Brokerage Practices**

CIC has discretionary authority to manage client accounts including the authority to make decisions with respect to the selection of broker dealers through which we execute trades. CIC achieves best execution in respect of client orders in accordance with CIC's fiduciary duties and applicable regulatory requirements. CIC meets best execution by conducting an annual assessment of the guidance that has been provided to date around the elements that comprise standards for best execution from time to time to assess the execution capabilities of CIC's brokerage arrangements.

In respect of accounts belonging to CIC's U.S. clients, with the exclusion of Canadian retirement accounts, CIC executes foreign trades through Schwab in accordance with our custodial agreement. The Schwab commission schedule is: \$75 per foreign trade, \$6.95 per Canadian trade, and \$0 commission for US trades. Where CIC utilizes an external prime broker for US trade execution, a broker is selected based in part on their execution and settlement capabilities in US markets including transaction costs, speed of execution, ease of settlement, and other factors we deem relevant. The applicable prime broker's commission schedule shall apply.

In respect of accounts belonging to CIC's Canadian resident clients, other non-US clients, and Canadian retirement accounts belonging to US resident clients, CIC utilizes its related dealer CPWM for trade execution. Where CPWM provides trade execution clients will incur trading costs of 3 cents per share for equity trades, with a minimum \$7.75 per ticket and maximum 1% of the gross value of the trade. CPWM will earn a 57bp spread where CPWM executes US/CDN foreign exchange conversions, as applicable. The decision to select CPWM as its dealer is based on factors that we perceive to be important to our client relationships given our business structure. CIC clients trade alongside CPWM clients by aggregating orders across both firms to obtain advantages associated with, among other things, larger trade order sizes, CPWM's access to trade opportunities, and overall costs. CIC has concluded that this arrangement results in better execution for CIC clients than CIC could obtain by trading separately from CPWM.

CIC shall monitor best execution by periodically reviewing the broker arrangements based on criteria we deem to be appropriate from time to time to ensure they continue to achieve best execution for CIC clients.

CIC does not have soft dollar arrangements with respect to our US business. CIC may receive bundled research which cannot be separated from execution.

CIC does not direct client transactions to a broker in exchange for client referrals nor do we recommend or require a client to direct CIC to execute transactions through a specified broker-dealer.

Orders for our US resident clients that are placed with the same broker, at the same time, and for the same security will be aggregated to benefit from order size and to minimize commissions, where applicable.

### **Item 13: Review of Accounts**

All client accounts are reviewed regularly by the investment adviser representative for adherence to their investment objectives. On a quarterly basis, CIC provides clients with a quarterly report comprising of a portfolio report, transaction report, performance, and strategy commentary, which is reviewed and approved by the investment adviser representative before they are delivered to the client.

The CCO and, in the absence of the CCO, a designated compliance person, conduct on-going monitoring by reviewing the daily and monthly trade activity for unusual activity including suspicious activity, excessive trading, conflicts of interest, front running, and pre-clearance.

Clients are encouraged to compare CIC reports against the custodial reports they receive to identify and report discrepancies promptly to CIC.

Client preference determines the frequency of client meetings to discuss the portfolio performance and strategy.

### **Item 14: Client Referrals (Endorsements) and Other Compensation**

Other than management fees for advisory services, CIC does not receive any other economic benefit or compensation in relation to our US business.

CIC uses paid endorsements (“referral arrangements”) to advertise its services. CIC has referral arrangements with promoters including third party referral agents and our related person, Cumberland Private Wealth Management Inc. (CPWM). These arrangements have generated both Canadian and US referral business. Endorsements are provided by persons other than a current client of CIC. CIC does not use client testimonials in advertisements. CIC may not compensate a promoter who has been subject to disqualifying Commission action, or certain disqualifying events (certain cease and desist orders), as described in Marketing Rule 206(4)-1.

Under the third-party referral arrangements, CIC will pay a cash referral fee, on a quarterly basis, directly to the referral person to a maximum of twenty-five percent (25%) of the management fees earned and collected by CIC for the respective referral business, plus applicable taxes. The referral fees paid to the referral person will be paid by CIC against the management fees earned and collected which would be identical regardless of whether referral fees are paid.

Under the referral arrangement with CPWM, an Investment Dealer Member of the Canadian Investment Regulatory Organization (CIRO) (formerly the Investment Industry Regulatory Organization of Canada) and Canadian Investment Fund Manager, CIC will pay a cash referral fee, on a quarterly basis, directly to a maximum of twenty-five percent (25%) of the management fees earned and collected by CIC for the respective referral business. CIC pays the referral fee to CPWM from management fees earned and collected which would be identical regardless of whether a referral fee is paid.

There is an inherent conflict of interest in the use of referral arrangements (endorsements) as the promoter will receive an on-going fee from CIC in connection with a client with whom we have entered into an investment management agreement. Similarly, CIC has a conflict of interest as we will receive on-going management fees in relation to new client business. Notwithstanding these conflicts, CIC will mitigate material conflicts of interest and act in the best interest of our clients.

Referral arrangements are disclosed to, and written consent is obtained from, prospective clients before or at the time of entering into an advisory agreement with a client.

CPWM also compensates for referrals with respect to its business.

### **Item 15: Custody**

Cumberland Investment Counsel Inc. has custody of client assets under the Custody Rule by our authority to deduct management fees directly from client accounts. To safeguard client assets, clients enter into a custody agreement with an independent, third-party qualified custodian, primarily with the National Bank Independent Network for our non-US business, including Canadian retirement accounts belonging to US resident clients, and with Charles Schwab & Co., Inc., Advisor Services (“Schwab”) for our US client base, to custody client funds and securities in an account in client name. Cash and positions are reconciled on an ongoing basis.

CIC clients receive a quarterly CIC report that includes a portfolio valuation, a transaction report, performance and market commentaries. Additionally, clients will receive a monthly statement from their qualified custodian showing activity in the client account during the period. CIC clients are urged to carefully review and compare our CIC statement against the custodial statement, and to promptly report discrepancies, if any.

CIC statements are reported on a weighted average cost basis for tax purposes. Charles Schwab & Co.’s custodial statements are reported on a default FIFO tax reporting basis unless the client has elected to use an alternate reporting method.

### **Item 16: Investment Discretion**

CIC manages all client portfolios on a fully discretionary basis. Clients sign an investment management agreement granting CIC discretionary authority to manage their assets in a manner consistent with the

investment objectives as specified in the agreement. Discretionary authority includes the ability to, among other things, determine the type and quantity of securities to be purchased, sold, exchanged, or converted.

Clients also sign a custodial agreement designating CIC to act as the advising firm on their behalf with respect to assets held in their custodial account(s).

Clients may place trade limitations on their portfolios based on considerations including directorships, insider status, personal circumstances, and ethical concerns.

### **Item 17: Voting Client Securities**

CIC has adopted proxy voting guidelines in our policies and procedures to ensure votes are cast in a manner to optimize shareholder value. Proxy voting falls within the advisory service provided to a client unless a client specifies in his custodial agreement that he prefers to receive proxy material directly.

Conflicts of interest may arise between the interests of our clients and CIC or our related persons. A conflict of interest may exist, for example, if CIC or its related person has a business relationship with either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote. When a conflict or potential conflict of interest exists, proxies are voted based on our judgement as to the overall best interest of CIC clients and in accordance with proxy guidelines.

CIC invests alongside our clients and therefore our interests align with those of our clients.

Clients may obtain a copy of CIC's proxy voting policy and proxy voting records upon request. Requests may be submitted as follows:

Cumberland Investment Counsel Inc.  
99 Yorkville Avenue, Suite 300  
Toronto, ON, M5R 3K5  
Attention: Compliance Department

Email: [caici@bloomberg.net](mailto:caici@bloomberg.net)  
Website: [www.cumberlandcounsel.com](http://www.cumberlandcounsel.com)  
Tel: 416 482 5337

### **Item 18: Financial Information**

CIC does not require the prepayment of management fees. All management fees are billed in arrears as outlined in this document. CIC has no financial commitments that would impair our ability to meet our contractual and fiduciary commitments to clients, nor has CIC ever been the subject of a bankruptcy proceeding.

**Item 19: State-Registered Advisers**

CIC is not a state-registered adviser. CIC may be notice filed in certain states from time to time.