Information Circular

BARRAGE CAPITAL AND THE BARRAGE FUND

As provisioned under *National Instrument 31-103 respecting registration requirements, exemptions and ongoing registrant obligations* ("NI 31-103") of the Securities Act, every registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.

Barrage Capital

The firm Barrage Capital Inc. ("Barrage") is duly registered with the Autorité des marchés financiers in Quebec and with the Ontario, Alberta and British-Columbia Securities Commissions.

Barrage offers its asset management services through the Barrage Fund (the "Fund").

Firm Registrations

Registration category	Activities covered under this category
Investment Fund Manager	Barrage created the Fund and manages its operations.
Portfolio Manager	Barrage makes investment decisions on securities held by the Fund.
Exempt Market Dealer	Barrage acts as an exempt market dealer when a client subscribes to units of the Fund that is under an exemption from the prospectus requirement.

Barrage Partners and Employes

Barrage was founded by four partners that share a common vision of investing. They fulfill their professional duties on a full-time basis at the firm. They are registered with the regulatory authorities under the following categories:

Individual Registrations

	Mathieu Beaudry CFA	Maxime Lauzière CFA	Rémy Morel CIM	Patrick Thénière CIM
Shareholder	✓	✓	✓	✓
Director	✓	✓	✓	✓
Advising Representative (Portfolio Manager)	✓	✓	✓	✓

Patrick Thénière is the Ultimate Designated Person and Vincent Mascolo, CPA is the Chief Compliance Officer. All employees who participate in distribution activities are registered as Dealing Representatives for an Exempt Market Dealer.

The Barrage Fund

The Barrage Fund was created as an open-end trust under a Trust Act on January 11, 2013. The Fund is governed by the laws in the Province of Quebec.

<u>Objective</u>

The Fund's objective is long-term capital growth and a return after fees above the S&P/TSX and S&P 500 benchmark indices.

<u>Investment philosophy</u>

The managers apply an investment philosophy known as "Value Investing" which consists of buying the shares of quality companies when their price is undervalued.

The methodology is based on the idea that a significant difference may exist between the value of a company and its trading price and this difference, with the passage of time, tends to disappear. The idea is not to know exactly why such a difference exists but to profit from it. Since the price of a company is readily available, the difficulty lies rather in estimating its value.

The value of a company is primarily derived from the value of its assets and their ability to generate profits. A company's profit history on its own cannot ensure future profitability. By considering several other factors the managers can achieve a reasonable degree of certainty about the future of the company. Among the factors that they look at are the economics of the business, the competitive position of the company and the integrity and competence of its management.

After estimating the value of a company, the managers buy shares only if the price is significantly lower than their estimate. The difference between the price paid and the estimated value is the

"Margin of safety". The margin of safety provides a double benefit to the portfolio: it reduces the risk of permanent capital loss while considerably increasing potential returns.

The decision to sell a company's shares is decided by one or more of the following factors:

- The share's market price has reached its intrinsic value, or the catalyst event needed to realize its estimated value has occurred. This means that the investment potential has thus reached its maturity.
- The intrinsic value of the enterprise has declined (the competitive advantage of the company has eroded, management made decisions against the best interest of stockholders) or the intrinsic value estimate was wrong.
- A better opportunity has presented itself.

Strategy

Invest with conviction in great businesses managed by outstanding managers when they are available at a discount to intrinsic value.

Investment Policy

The Fund's investment policy is designed to allow the managers to maximize their flexibility.

The Fund does not set limits on region, sector or a company's market capitalization. However, considering the managers' knowledge, their experience and the market's opportunities, the portfolio is usually built in the following way:

Portfolio Structure

Region	Sectors	Market Capitalization
Mostly North America	All sectors	Mostly large and mid-cap stocks

The Fund generally holds eight to fifteen securities with a minimum of six at any particular time. At the time of purchase, one security cannot represent more than 40% of the Fund and the three largest positions cannot represent more than 60% of the Fund.

The Fund largely owns the common stocks of public companies. However, it is possible that in certain times, the managers may feel that the market does not offer investment opportunities that meet their selection criteria. When this occurs, rather than compromise on the quality of the investments, the managers may prefer to keep the capital in liquid and riskless assets until acceptable investment opportunities return.

Maximum, minimum and target weight of securities

Securities	Minimum as a percentage of the Fund's assets	Maximum as a percentage of the Fund's assets	Target weight
Cash or cash equivalents	0%	100%	**5%**
Bonds, debentures and preferred stocks	0%	100%	0%
Common stocks and unit trusts	0%	100%	**95%**
Options, warrants, subscription rights and futures contracts	0%	5%	0%
Short selling	0%	10%	0%
SWAP, CDS and other derivatives	0%	0%	0%

Forward contracts can be used in a currency hedging program and their nominal value can reach up to 100% of the Fund's market value if the managers deem it appropriate.

Short selling, options and futures contracts are allowed in the Trust Agreement as long as they respect the requirements for investments of registered accounts in Canada, as defined in section 204 of the *Income Tax Act* (Canada) and in article 4900 of the *Income Tax Regulation*. Currently, Barrage Capital does not engage in short selling because it does not have a prime broker and Barrage Capital does not trade any derivative instrument because it does not have the required registration.

The managers do not trade on margin, and do not borrow or hold a line of credit related to the management of the Fund.

Fund’s Partners

Barrage engages third parties whose expertise is widely recognized to help with the Fund’s administration and auditing. The independence between those partners and Barrage helps eliminate all forms of conflicts of interests, thus protecting the interests of unitholders.

CIBC MELLON

1 York Street, Suite 900
Toronto, Ontario, M5J 0B6

Trustee	Protection role for the unitholders
Custodian	Safe keeper of the assets of the Fund
Administrator	Fund accounting and administration (unitholders’ recordkeeping, account statements and tax statements)

CIBC Mellon acts as the sole custodian of client's assets in accounts opened in their name. Barrage Capital never has access to the assets of its clients. The risks associated with this type of holding are limited and clients benefit from the custody of their assets with a renowned Canadian custodian.

KPMG

600 boulevard de Maisonneuve Ouest, Suite 1500
Montréal, Québec, H3A 0A3

Auditor	Ensures that the Fund’s accounting is in accordance with generally accepted accounting principles (under IFRS) and issues an opinion to this effect to readers.

Performance and Benchmark Indices

The net asset value (NAV) of the units is calculated by CIBC Mellon on the last business day of every month. The NAV of each unit is determined by the net assets held by the Fund divided by the number of outstanding units.

Changes in the units’ NAV constitute the performance of the Fund. It is important to note that past performance does not guarantee future performance.

The managers compare the performance of the Fund to the following equity market indices (with dividends and in Canadian dollars):

- **S&P/TSX:** a broad Canadian equity index.
- **S&P 500:** a US equity index representing 500 large capitalization companies.

The managers chose those indices because the majority of the Fund's investments are concentrated in Canada and in the United States, and it is where Canadians naturally allocate their investments.

Account opening at Barrage Capital

Barrage offers the possibility of opening the following types of accounts at CIBC Mellon:

Account types

Registered accounts	• Tax-Free Savings Account (TFSA) • Registered Retirement Savings Plan (RRSP) • Locked-In Retirement Account (LIRA) • Registered Retirement Income Fund (RRIF) • Life income fund (LIF)
Non-registered accounts	• Personal • Corporate • Joint

Barrage has fixed the minimum investment at $200,000. The amount can be allocated in different accounts (with a minimum of $10,000 per account), except RRIFs and LIFs that are not eligible to open. Clients already invested can transfer these accounts (RRIFs and LIFs) from another financial institution when they contain more than $100,000.

Know your client

Barrage must take reasonable measures to know the client well.

Barrage must validate the client's identity and determine if they are an insider with regards to a reporting issuer or to any issuer whose shares are publicly traded. When in doubt, Barrage must conduct due diligence on the client's reputation. Barrage also conducts the required verification as per the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

In the case of a client that is a legal entity, Barrage must determine the nature of its activities and the identity of the individuals that exercise control over the entity.

Privacy Policy

Given the regulatory obligation to know your client well, Barrage will have to collect various personal and financial information about you.

This collection of information is governed by a *Privacy Policy* on the management of personal information which has been implemented in accordance with the laws and regulations in force in Quebec and in Canada. You will receive a copy of the *Policy* when you open your account, but in the meantime, you can consult it on the Barrage Capital website in the "Publications" section.

Fund's suitability

Barrage is under the obligation to validate the suitability of the Fund before it makes a recommendation to the client.

The Fund is for Investors who:

- have an investment horizon of 5 years or more;
- Want a growth product in their portfolio;
- Are looking for a Value Investing strategy;
- Can withstand the volatility of the stock market (sufficient risk tolerance).

To ensure that it has sufficient information fulfill its suitability obligation, Barrage collects the following information in writing for each client when an account is open: personal situation, financial situation, investment needs and objectives, investment knowledge, risk profile and investment time horizon.

The client must inform Barrage of any significant change in their situation and the information collected is updated at least once every 12 months.

Subscription and Redemption

Subscription and redemption of the units are executed on the valuation date, the last business day of every month, at the NAV price. It is possible to subscribe to units of the Barrage Fund in Canadian or US dollars.

Subscriptions must be requested at noon at the latest on the valuation date or else the subscription will be done at the next valuation date. Redemptions must be requested at least 31 days before the desired valuation date.

Subscriptions and redemptions must be at least $5,000. The minimum amount for the automatic monthly transactions are $500 each, over a period of 12 months or more.

Subscriptions and redemptions are processed electronically on the business day following the valuation date. Subscriptions resulting from a transfer between registered accounts will be made at the valuation date following receipt of the sums. Outgoing transfers are sent by cheque in the days following the valuation date.

For clients with a financial advisor from another financial institution

A subscription agreement must be signed by the client for their first purchase with a financial advisor. A subscription form must be filled out for each transaction and the transaction is settled on Fundserv. The Fund codes are BRG100 (CAD) and BRG150 (USD).

A first subscription must represent a minimum acquisition cost of $50,000 and subsequent subscriptions must be at least $5,000.

Management Fees

The Fund management fees are comprised of two parts:

- **Base fee:** 1% of the Fund's net asset value per year
- **Incentive fee:** 20% of performance in excess of a threshold of 5% per year

The 5% threshold is the annual return –before base fees– after which incentive fees are applied. This minimum return is cumulative when it is not achieved. For example, if the return of the Fund is 0% for a given year, the threshold will be 10.25% the following year (5% compounded over two years).

In addition to the above, incentive fees are subject to a ''high water mark'' rule. This rule does not allow incentive fees to be levied if the unit value is lower than it was when incentive fees were last applied. For example, if the unit goes from $150 to $140, it will have to move back to a minimum of $150 before other incentive fees can be charged.

Clients do not need to pay management fees themselves as they are debited directly from the Fund (each quarter for base fees, each year for incentive fees). Fees are accrued monthly and deducted from the NAV.

Management fees are subject to federal and provincial sales taxes. The table below presents management fees under different performance scenarios:

Management Fee calculations

Fund Return	Base Fee	Incentive Fee (Return – Threshold) x 20 %	Total management fees
-5.0%	1.0%	0.0%	**1.0%**
5.0%	1.0%	0.0%	**1.0%**
8.0%	1.0%	0.6%	**1.6%**
12.0%	1.0%	1.4%	**2.4%**
16.0%	1.0%	2.2%	**3.2%**

Other fees

Transaction fees on securities held in the Fund are paid by the Fund itself and represent an approximate expense of 0.01% (1 basis point) of the Fund's assets on a yearly basis.

The fees paid to third party partners for the trust, custodial and administration services, as well as those of the annual Fund auditing, are borne by Barrage.

There are no administration, transaction or commission fees. In the event of a transfer, fees may be charged by the financial institution from which the money originated. Barrage does not reimburse these fees.

Distributions

Realized capital gains and dividends received from securities held in the portfolio during the year, net of management fees, are distributed to unit holders on December 31 of each year.

The distribution has a tax impact for unitholders with units of the Fund in non-registered accounts. Tax forms are sent at the beginning of the year by CIBC Mellon for tax purposes.

When there is a distribution, the NAV is reduced by the same amount. This will reduce the capital gain in the future when units are sold.

Annual distributions are reinvested in additional units of the Fund unless indicated otherwise or requested in writing 30 days before the end of the year.

An estimate of the amount of the distribution is communicated to unitholders prior to the end of the year.

When the distribution is reinvested, the following changes occur:

- The value of the units is reduced by the amount of the distribution;
- Units are bought with the distribution amount;
- Market value of the account stays the same;
- Book value increases by the amount of the distribution.

Prospectus Exemption

Units of the Fund are issued under Regulation 45-106 respecting Prospectus Exemptions of the Securities Act. Thus, the Fund is distributed without a prospectus and is not subject to applicable rules for investment mutual funds.

There are different types of prospectus exemptions. Barrage has chosen to distribute the Fund under the accredited investor exemption. This means units of the Fund can only be subscribed to by people who fit the definition of an accredited investor.

There are many categories of accredited investors. Barrage uses the following two:

- A person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- A person with a certain level of assets or income.

Barrage clients sign a fully managed account agreement. This agreement confirms the fully managed account mandate of their portfolio, for its growth portion. Barrage then acts as an accredited investor for the unit’s subscription.

Similarly, financial advisors authorized to distribute the Fund can do so if they have a fully managed account mandate from their client or if the client is qualified under the asset or income criteria.

Content and Frequency of Reporting

Client reporting

Source	Information	Frequency
CIBC Mellon By mail or online (client's choice)	**Account statement** Unit's NAV, number of units held, book and market value of each account and historical transactions for the month	Monthly
	Subscription and redemption confirmation Transaction details	In the days following the transaction
	Investment Performance Report (Client for at least 12 months) Opening market value, deposits, withdrawals and returns over 1, 3, 5, 10-year periods and since account opening	In January
	Report on charges and other compensation Administration fees, transactions fees and commissions	In January
	Tax slips See below	See below
Barrage Capital By email	**Management report** Comments on the markets and the securities in the portfolio	In February and August
	Fund's Financial statements and portfolio securities Audited by KPMG as of December 31	In March
	Fund's Financial statements and portfolio securities Not audited as of June 30	In August
	Annual meeting Portfolio review and question period	During spring Montreal and Quebec
	Website Units' NAV, realized and non-realized gains, Fund and benchmark performance	Monthly

Types of Risks

This is an overview of the different types of risks Barrage's clients must consider before making an investment decision.

Volatility

The volatility is defined by the variation magnitude of a security's price. Since the Fund mostly holds stocks, clients should expect the units' value to vary considerably in the short-term. An individual with short-term capital needs should not invest in the Fund.

Concentration

The Fund holds a limited number of securities, which could lead to one single stock having a large impact on the portfolio.

Interest rates

Interest rate volatility could have a material impact on financial markets, including equity markets. This could affect the Fund units' value.

Exchange rate

When investments are made in foreign currency, the variation of the exchange rate between that currency and the Canadian dollar will have a direct impact on the Fund units' value.

Decrease in an enterprise value

The dwindling of an enterprise's value held in the portfolio may be caused by unpredictable events like fraud, natural catastrophes, cyber-attacks, etc.

Analysis error

The managers could make errors when estimating an enterprise value.

Risk to a client of using borrowed money to finance a purchase of a security

The managers believe no client should borrow to invest in the Fund.

Conflict of interest disclosure

Barrage takes reasonable steps to identify existing or reasonably foreseeable material conflicts of interest between the firm, its employees and clients.

Barrage addresses these conflicts in the best interest of the clients, otherwise it avoids them. Barrage discloses such conflicts in writing to the clients concerned.

Here are the material conflicts of interest that have been identified at Barrage and which concern all of its clients. The potential impact or risk to the clients is that an investment with another firm would have been better or equivalent.

Conflict arising from proprietary products

Barrage offers a proprietary product, the Barrage Fund. The suitability assessment does not take into account the market for non-proprietary products and whether such products would be better or equivalent to meet the client's investment needs and goals.

Barrage deals with this conflict in the best interests of the client by:

- declining any prospective client who does not match the required profile;
- clearly communicating to the client that the Barrage Fund is a proprietary product;
- clearly communicating to the client the nature of the Barrage Fund and the extent to which it can be included in their portfolio.

Conflicts arising from internal compensation arrangements and incentive practices

Because the portfolio managers are also shareholders of the firm, their compensation is linked to turnover, which is derived from assets under management.

Barrage addresses this conflict in the best interest of the clients by relying on a culture of compliance to support its growth. Client satisfaction, the absence of complaints and upholding a good reputation are elements that are prioritized for the success of the firm, and ultimately, the compensation of its shareholders.

Other Information

Tax residency

Barrage only accepts clients that are Canadian tax resident (and are not also United States citizen). Clients must self-certify their status when opening an account.

Taxation

Unitholders should expect the following tax implications, depending on the type of account in which the units are held:

Non-registered accounts

- **Annual distribution:** Capital gain, dividends or interests (T3 slip and Releve 16 in Quebec, sent by CIBC Mellon by the end of March).
- **Disposition of the units:** Capital gain or loss (T5008 sent by CIBC Mellon by the end of February).
- **Transfer of units to a registered account:** Generates a disposition of the units.

Tax-Free Savings Account (TFSA)

- No tax impact.

Registered Retirement Savings Plan (RRSP)

- **Annual contribution to RRSP account:** Deduction for tax purpose - see notice of assessment for deduction limits (Contribution slips sent by CIBC Mellon in January for the past year and March for the first 60 days).
- **Withdrawal of a RRSP:** Taxable income, withholding tax applied at the rate in effect at the time of withdrawal (T4RSP and Releve 2 in Quebec sent by CIBC Mellon by the end of February).

Registered Retirement Income Fund (RRIF)

- **Withdrawal of a RRIF:** Taxable income, withholding tax applied at the rate in effect at the time of withdrawal (T4RIF and Releve 2 in Quebec sent by CIBC Mellon by the end of February).

Barrage encourages its clients to consult a specialist, such as an accountant, to obtain specific legal or tax advice.

Fair allocation of investment opportunities

Barrage could accept managing segregated accounts that would entail portfolio management that is separate from the Fund.

Under NI 31-103, a fairness policy of investment opportunities between clients must be established when allocating investment opportunities among clients. For the moment, since Barrage only manages the Fund and does not have segregated accounts, a fairness policy is not necessary.

A yearly review –or when a significant change justifies it– is conducted to identify conflicts of interests. When a conflict of interest is identified, Barrage must disclose it to all parties involved

To this day, because of the structure of its operations and the fact that the majority of employees are also owners, clients' interests are aligned with Barrage's.

Withholding taxes

The Fund is subject to withholding taxes on dividends received from foreign companies at the prescribed rate of the foreign company's home country even though the units are held in a registered account.

Voting rights

Voting rights conferred by the securities held in the Fund are exercised in the best interest of unitholders.

Client referral arrangements

When a client is brought in from a third party as referral, Barrage will pay a commission to the third party. The client is advised of the terms of the referral arrangement in a declaration letter that they sign.

Vulnerable client policy

Barrage may encounter situations where a client is at risk of financial abuse and situations where a client's vulnerability leads them to make decisions that are contrary to their financial interests, needs or goals.

Barrage has put in place a policy towards vulnerable clients which includes:

- the designation of a trusted contact person that Barrage could contact regarding:
  - (a) concerns about possible financial exploitation of the client;
  - (b) concerns about the client's mental capacity as it relates to the ability of the client to make decisions involving financial matters;
  - (c) the name and contact information of a legal representative of the client, if any;
  - (d) the client's contact information.

- The possibility of a temporary hold based on financial exploitation of a vulnerable client or lack of mental capacity to make decisions involving financial matters. The client is advised of the reasons for the hold.

Resolving Disputes

A client who feels aggrieved or who believes he has suffered prejudice may file a written complaint with Barrage, which will handle it in accordance with its internal policy for handling complaints and resolving disputes.

However, if this process does not lead to a satisfactory solution, a client who is a Quebec resident may ask Barrage to transfer his complaint to the Complaints and Assistance Service of the Autorité des marchés financiers (Montreal region: 514 395-0337 / Quebec region: 418 525-0337 / toll-free: 1 877 525-0337).

A client who is a resident of a province other than Quebec can submit a complaint to the Ombudsman for Banking Services and Investments (Toronto area: 416-287-2877 / toll free: 1-888-451-4519).

Both of these organizations provide an independent dispute resolution service.

Barrage Contacts

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