

Fairbank Investment Management Limited, an investment adviser registered with the Securities and Exchange Commission.

June 17, 2020

Fairbank Investment Management Limited is an independent investment advisory firm registered with the Securities and Exchange Commission as an investment adviser. We are based in Canada and are also regulated by the Ontario Securities Commission. All dollar figures herein are expressed in Canadian dollars.

Brokerage and investment advisory services and fees differ and it is important for you to understand the differences. There are free and simple tools available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

Fairbank provides discretionary investment management (investment advisory) services to high net worth individuals, charitable foundations, trusts and smaller public & private corporations from our office in Thornhill, Ontario, Canada. On behalf of our clients, we invest primarily in individual equity and fixed income securities. We seek to find undervalued companies with strong fundamentals that preserve and grow capital for shareholders over the long term. As a value manager, we believe that markets can often be inefficient and that our investment process comprised of primarily bottom-up, fundamental research in concert with a disciplined approach to capital allocation using a long-term perspective, can capitalize on mispricing in the market.

Monitoring: We monitor your investments daily and provide detailed portfolio reports for you semi-annually. You will also receive mandatory quarterly statements and if activity occurs during the intermittent months, a monthly statement from the independent custodian. You have online access to view your investments at any time.

Investment Authority: Through the use of segregated portfolios, we offer two broad mandates for asset allocation (all equity and balanced), within which we adhere to certain parameters which you may ask that we tailor:

- **Asset Allocation:** slight adjustments to minimum and maximum portfolio allocations to broader asset classes (Fixed Income including Cash and Equities).
- **Individual Securities:** you may request a higher than normal emphasis on current income or restrict the ownership of companies to a certain geography or provide a list of companies you are restricted from holding due to your occupation.
- **Concentration:** we limit the allocation to any single investment to 10% of your total portfolio.
- **Geographic limitations:** the key investment determinants that we use are quality and value, which we use as our guide to identify suitable equity opportunities worldwide.

Limited Investment Offerings: We do not limit our services or advice to proprietary products.

Account Minimums: The minimum portfolio size for a new client is \$2,000,000.

Investment Philosophy: We employ a value-oriented approach to identifying suitable investments. For further details, please visit: <http://www.fairbankim.ca/philosophy.html>.

You can use the following questions to start the conversation with your financial professional:

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

What fees will I pay?

Our fee structure is as follows:

- 1.25% on the first \$2,000,000 under our management;
 - 1.00% on the next \$3,000,000;
 - 0.75% on the next \$5,000,000; and
 - 0.50% on amounts in excess of \$10,000,000 under our management.
- These fees will be automatically deducted from your accounts under our management on a semi-annual basis. As a result, your returns will be calculated after the deduction of fees (i.e. net of fees). If after one year the rate of return net of fees was zero you would have paid us \$25,000 in fees and earned a return before fees of 1.25%. The fees are tax deductible for a non-registered account.

- Other costs include securities trading commissions. You will pay commissions to a broker to execute transactions and a “delivery against payment” cost for the custodian to receive or deliver securities to hold on your behalf. The custodian may charge an administration fee to the account(s).

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

You can use the following questions to start the conversation with your financial professional: *Help me understand how these fees and costs might affect my investments. If I give you \$2,000,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. In our experience, conflicts may arise in two dimensions:

1. Related parties who are clients of the firm. In this instance any trades for the related parties must lag completed trades for other clients by 1 day; or
2. Personal trades by staff members. All personal trades must be approved by the CCO and will be provided with a short window to transact (usually one or two days) and permission is only granted when the CCO is satisfied that there is no trading taking place in that security for clients currently or prospectively. We have a third-party accountant undertake a quarterly review of all personal trades to ensure there is no front running of client trades by staff.

As required by regulation, we have adopted procedures that govern several potential conflicts of interest when providing our advisory services. These procedures are designed to ensure we meet our fiduciary obligation to you and to promote a culture of compliance within our firm. The only way that we make money is through the application of our fee scale to assets under management. We do not charge performance fees. For more information about potential conflicts of interest, please refer to our Standards of Professional Conduct. A copy is available upon request.

You can use the following questions to start the conversation with your financial professional: *How might your conflicts of interest affect me, and how will you address them?*

How do your financial professionals make money?

Our financial professionals make money in two ways: modest base salary plus a share of the profits of the firm (bonus). The premise is as follows: If you do well then, we do well.

Do you or your professionals have legal or disciplinary history?

Fairbank Investment Management and its staff do not have a legal or disciplinary history. You can visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

You can use the following questions to start the conversation with your financial professional: *As a financial professional, do you have any disciplinary history? For what type of conduct?*

Additional Information

- You can find additional information about our investment advisory services on our website <http://www.fairbankim.ca/>.
- You can also give us a call at (905) 707-1991 or email us at info@fairbankim.ca to request up-to-date information or request a copy of this relationship summary.

You can use the following questions to start the conversation with your financial professional: *Who is my primary contact person? Is he or she a representative of the investment adviser? Who can I talk to if I have concerns about how this person is treating me?*