

**ADVISORY BOARD MEETING**

<u>Board Member</u>	<u>Alternate</u>	<u>Board Member</u>	<u>Alternate</u>
David Morritt	TBA	Donald Milner	Anne-Marie Breton
Robert Love	Kate Menear	Gordon Goodman	John Birch
Mike Swartz	Paul Wilson	Ken Crofoot	Eugene Cipparone
Julia Holland	David Outerbridge	Laurence Detière	Melanie Koszegi
Caroline Zayid	David E. Woollcombe	Carl De Vuono	Christopher Garrah

Tuesday, December 3, 2024 at 8:30 a.m.
Goodmans LLP
34th Floor, Bay Adelaide Centre, West Tower
333 Bay Street.
Toronto, Ontario

ZOOM login information: Advisory Board of CLLAS

To join meeting using a computer:

<https://us02web.zoom.us/j/88380186326?pwd=IKpnSRMhuHZ8cdaKDhp4DLxOkDT6QL.1>

Meeting ID: 883 8018 6326

Passcode: 986461

To join meeting by phone:

+1 647 558 0588 Canada

Meeting ID: 883 8018 6326

Passcode: 986461

AGENDA

	<u>Responsibility</u>	<u>Est. Time</u>	<u>Tab</u>
1. Constitution of Meeting	Ken Crofoot		
2. Appointment of Secretary	Ken Crofoot		
3. Approval of the Minutes of September 24, 2024 Meeting <i>Proposed Resolution: To approve the minutes.</i>	Ken Crofoot	5 mins	3.1



	<u>Responsibility</u>	<u>Est. Time</u>	<u>Tab</u>
4. Business Arising Out of the Minutes	Ken Crofoot		
5. Comments of Chair	Ken Crofoot	5 mins	
6. Market Update and Reinsurance Renewal Planning	Chris Marley	10 mins	
7. CLLAS Cyber Renewal - Update	Ryan Durrell	5 mins	
8. Report of the General Manager's Office	Carrie Green	30 mins	
8.1 Management Financial Statements as at September 30, 2024			8.1
8.2 Subscribers Accounts at June 30, 2024 – E&O and Cyber			8.2
8.3 Confirmation of Investment Policy			8.3
<i>Proposed Resolution: To confirm the Investment Policy</i>			
9. Committee Reports		20 mins	
9.1 Audit Committee	Gord Goodman		
9.1.1 Reinsurance Security Update			
9.2 Claims Committee	Robert Love		9.2
9.3 Risk Management Committee	Julia Holland		
9.4 Policy Committee	Donald Milner		
10. Other Business			
10.1 Quarterly Report of the Investment Manager	Carrie Green	5 mins	10.1
10.2 Annual Dinner – April 24 th	Ken Crofoot		
11. Next Meeting - Tuesday, February 25, 2025 at 8:30 a.m.			

Anticipated Adjournment Time: 10:00 a.m.

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
("CLLAS")**

Minutes of a Meeting of the Advisory Board

8:30 a.m.

Goodmans LLP (Via Videoconference)

Tuesday, September 24, 2024

Present:

Ken Crofoot (Chair)	Goodmans LLP
Robert Love	Borden Ladner Gervais LLP
Gordon Goodman	Cassels Brock & Blackwell LLP
Laurence Detière	Davies Ward Phillips & Vineberg LLP
Donald Milner/Anne-Marie Breton	Fasken Martineau DuMoulin LLP
Caroline Zayid	McCarthy Tétrault LLP
Carol De Vuono	McMillan LLP
David Morritt	Osler, Hoskin & Harcourt LLP
Julia Holland	Torys LLP
Carrie Green	Office of the General Manager, CLLAS
Norma Ibbetson	Office of the General Manager, CLLAS
Ryan Durrell	Axxima
Christopher Marley	Axxima

Absent:

Mike Swartz	WeirFoulds LLP
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1. Constitution of Meeting

The Chair brought the meeting to order.

2. Appointment of Secretary

Norma Ibbetson acted as Secretary.

3. Approval of Minutes of the June 25, 2024 Meeting of the Advisory Board

It was moved by Laurence Detière and seconded Donald Milner that the minutes of the June 25, 2024 meeting of the Advisory Board be approved. The motion was carried unanimously.

4. Business Arising Out of the Minutes

All business arising out of the minutes will be dealt with elsewhere in the agenda.

5. Comments of the Chair

No additional comments of the Chair.

6. Final Placement of Reinsurance Renewal including Cyber

Ryan Durrell and Chris Marley reviewed the final terms of the July 1, 2024 reinsurance renewal and provided updates on the CLLAS Cyber program and the CLLAS Associate Member program.

E&O Renewal:

Renewal negotiations were smoother than in previous years. The impact of inflation was a primary concern of the markets with claims movement also noted. We did not lose any existing markets on this renewal, with most markets looking to preserve their book of business overall.

The structure of the program is unchanged from last year.

While we experienced some pressure for increases, the market continues to soften as reinsurers seek premium volume and more capacity becomes available and CLLAS was able to attract some new markets. This permitted us to reduce Westfield (formerly Argo) and Colchester's share which was a desired goal.

The reinsurance rate increase on the \$49MM xs \$1MM primary layer was 2.5%, which we consider a very good outcome. The increases on the upper layers were 12.5% (\$60MM xs \$160MM) and 17% (umbrella layer) respectively. BRIT, who leads these layers continues to feel they are underpriced. The second umbrella layer which was introduced last year (\$30MM xs \$250MM), saw no change to its rate.

Cyber Renewal:

In general the overall market for cyber insurance saw some rate easing through the first half of 2024 but rising incident rates have reversed this trend with most renewals coming in flat. Underwriting guidelines largely stabilized making applications more consistent year over year, but many organizations still have not implemented key controls so obtaining fulsome coverage remains a challenge for some entities.

The CLLAS cyber program offers limits of \$10MM, of which CLLAS retains the first \$1MM, inclusive of the firm deductible. Reinsurance of \$5MM excess of \$1MM is placed with Beazley. The final layer of reinsurance (\$4MM xs \$6MM) is with Axis. We are not anticipating any issues. The basic deductible is \$100,000 for firms with <150 lawyers and \$250,000 for firms with ≥150 lawyers. Additionally, there are a number of sub-limits, e.g. funds transfer fraud has a limit of \$250,000 and a deductible of \$50,000.

Renewal applications have gone out to the firms who all have a common renewal date of October 15th. No premium rate change is expected on a per lawyer basis.

Optional excess limits of up to \$20MM excess of CLLAS' \$10MM limit are available outside of CLLAS in the commercial marketplace, facilitated by Axxima through Ridge Canada. It is expected that there will be at least a 5% reduction over last year, possibly a bit more because of discounting of commissions that Axxima does not take on the placement of the excess.

The Associate Firm program has renewed with both existing firms. Rates for 2024/2025 increased by approximately \$2.5% on the \$30MM primary under that program and the \$20MM excess \$30MM saw a similar increase. A new firm was quoted under the Associate firm program, and we hope to hear on binding in the next few days.

On a final note, a large Calgary based firm has expressed interest in CLLAS and the CLLAS Chair and Ryan Durrell will be meeting with them next week in Calgary to discuss the CLLAS and Associate Firm programs.

7. Report of the General Manager's Office

Financial Statements for the Period Ending June 30, 2024

Ms. Green presented CLLAS' financial management report as at June 30, 2024. The financial statements were prepared under IFRS 17 which came into effect January 1, 2023. Comments were primarily be focused on the financials on a combined program basis (E&O and Cyber) but it's good to note that independently each program had positive results for the quarter and the detailed statements for each are included in the materials.

Looking at the Combined Income Statement, the net insurance result as of June 30th was \$526,000 (this is premiums minus claims and expenses net of reinsurance). Once we add in investment income and unrealized investment losses, total comprehensive income for CLLAS at June 30th was \$830,000.

There was no claims activity of note in Q2, things have been relatively quiet.

The Budget Variance shows that operating expenses finished the quarter pretty much on target being \$4,000 overbudget or 0.4%. Not projecting any significant budget variances for year end.

The surplus position for CLLAS on a combined program basis is \$15.5 million with \$14.6 residing with the E&O program and the cyber program nearing the \$1M mark (\$928k).

The key regulatory solvency test that CLLAS is required to comply with is the Alberta Maintenance of Reserve and Guarantee Fund ("AMRGF"). At June 30, 2024 CLLAS had assets exceeding the required amount by just under \$12.2 million.

CLLAS also monitors its Minimum Capital Test ratio. At June 30, 2024, CLLAS' MCT ratio is estimated to be 702%, well above CLLAS' minimum internal requirements of 210%.

Ms Green also referred the Board to the risk metrics monitored by CLLAS on a quarterly basis. Market outlook following the most recent renewal was upgraded to green indicating there are no concerns on the horizon.

8. **Committee Reports**

Report of the Audit Committee

Gordon Goodman reported to the Board. There will be a year-end planning meeting to be held October 22, 2024 with the new auditors, KPMG.

Report of the Claims Committee

Bob Love reported to the Board. The Committee meets quarterly. Included in the material are some charts summarizing CLLAS' claims activity at June 30, 2024. The Committee has met virtually in between the regularly scheduled meetings and just last week settled a high damage – low exposure claim from a more recent policy year.

Report of the Risk Management Committee

Julia Holland reported to the Board. Discussions are underway to have a fall vendor event hosted by Beazley. CLLAS has a speciality roster of cyber experts available to them at a fixed rate through Beazley and these are the vendors being invited. They have suggested towards the end of November 2024, (third week). They would look to invite their Canadian team. There was also a discussion of running a mock Cyber event in conjunction. Attendee focus should be on the incident response team by firm. We were asked to consider making the session available online for remote attendance.

Report of the Policy Committee

Donald Milner reported. No new issues at the time under consideration by the Committee.

9. **Other Business**

Quarterly Report of the Investment Manager

This is an information item for the Board.

Additionally, Martin Lucas and Seagram was acquired by Beutel, Goodman & Company at the end of July 2024. Ther merger contemplated a two-year commitment by CLLAS to Beutel Goodman. C. Green commented that so far it is business as usual, with no change to the existing team. No action required at this time.

10. **Proposed Meeting Dates in 2025**

- Tuesday, February 25, 2025
- Thursday, June 26, 2025
- Tuesday, September 23, 2025
- Tuesday, December 2, 2025

Date and location of the AGM is to be advised.

11. Next Meeting

The next regularly scheduled meeting of the Board will be on December 3, 2024. Meetings will continue to be held virtually for the time being.

There being no further business, the meeting was terminated.

Chairman

Secretary



MEMORANDUM

DATE: November 25, 2024
TO: CLLAS Advisory Board
FROM: Carrie Green
COPY:
RE: September 30, 2024 Financial Management Report

CLLAS' financial management report for the quarter ended September 30, 2024 is attached. Included are the following exhibits:

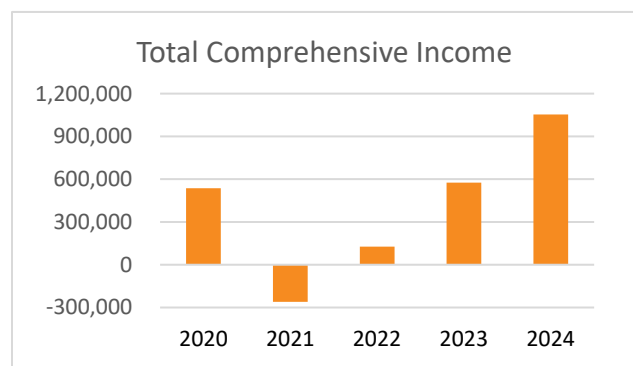
- Exhibit 1: Management Financial Statements for the Combined CLLAS Programs, including the AMRGF and risk metrics exhibits
- Exhibit 2: Management Financial Statements for the E&O Program
- Exhibit 3: Management Financial Statements for the Cyber Program

These financial statements were prepared under IFRS 17 which came into effect January 1, 2023. Note that for the figures shown in the graphs contained here, all years prior to 2023 were prepared under IFRS 4.

Combined Programs (Exhibits 1.1 – 1.6)

On a combined program basis, as shown on Exhibit 1.2, overall results continued to be positive for CLLAS in Q3 despite experiencing a small loss in the net insurance service result (i.e. premiums minus claims and expenses) of just under \$44,000 for the quarter, year-to-date results were positive at \$482,000.

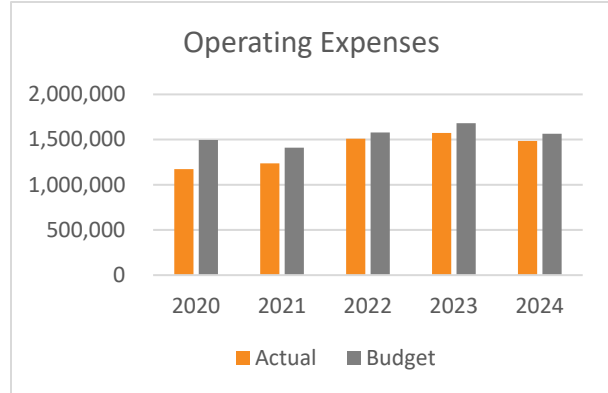
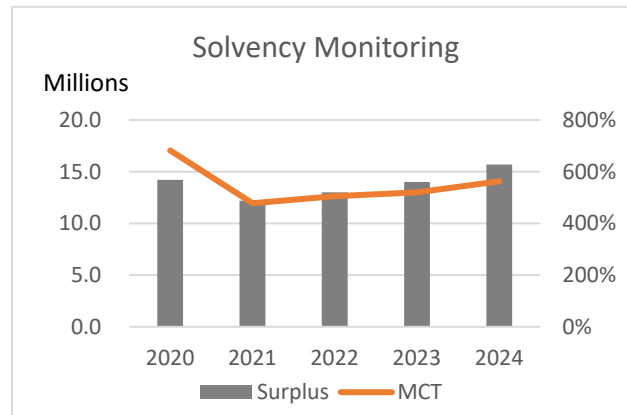
After taking into account the net investment result and unrealized gains on the investment portfolio, the total comprehensive income result was \$224,000 for the quarter and \$1.05 million year-to-date. Results are explained further below under the separate commentaries for the E&O and Cyber Programs.



The Budget Variance (Exhibit 1.4) shows that expenses finished the quarter below budget by \$114,000, or 5.5%.

As shown on Exhibit 1.1, the surplus position for CLLAS at September 30, 2024 stood at just over \$15.7 million.

The key regulatory solvency test that CLLAS is required to comply with is known as the Alberta Maintenance of Reserve and Guarantee Fund (“AMRGF”). CLLAS must maintain “cash and approved securities” in excess of the reserve fund plus the guarantee fund required by the Alberta regulator. Exhibit 1.5 shows that at September 30, 2024 CLLAS had assets exceeding the required amount by \$18.3 million.



The other solvency test monitored by CLLAS is the Minimum Capital Test (“MCT”). As shown in Exhibit 1.6, CLLAS’ MCT ratio was 563% at September 30, 2024, again well in excess of regulatory expectations.

Note that the combined statements consolidate the two programs and account for any inter-program adjustments. (For example, premium

taxes on the Cyber Program may have been paid by the E&O Program. This would appear as a payable on the Cyber Program’s accounts and a receivable for the E&O Program but would be netted out of the combined statements.) The financial performance metrics for CLLAS (shown on Exhibit 1.6) are presented on a combined basis.

Exhibit 1.6 shows the year-end results for 2022 and 2023, and the results at September 30, 2024 against risk targets and risk limits. Most of the metrics at September 30, 2024 are within CLLAS’ risk limits. The items of note are discussed below.

Line 8: Following the CLLAS 2024/25 renewal result, this metric was changed from yellow to green – “nothing on the horizon”. The market outlook continues to be favourable as rates continue to improve and capacity increases.

Line 9: This metric reflects the Reinsurance Security Report presented to the Audit Committee at its October 22, 2024 meeting. As discussed during that meeting, one of CLLAS’ reinsurers Westfield (formerly Argo) has an A- rating with AM Best and/or S&P.



Line 10: This metric also reflects the Reinsurance Security Report presented to the Audit Committee at its October 22, 2024 meeting. As discussed during that meeting, the Westfield Syndicate (formerly Argo) reinsures 21.1% of CLLAS' total liabilities. Appropriate moves to continue diversifying CLLAS' reinsurance support should be made when market conditions permit.

CLLAS E&O Program (Exhibits 2.1 – 2.4)

As shown on Exhibit 2.2, the E&O program experienced negative net insurance service results in the quarter of \$263,000 and \$142,000 year-to-date. With the E&O policy renewal on July 1, in accordance with the accounting policies adopted under IFRS 17, insurance policy acquisition costs are no longer deferred which means premium taxes are fully recognized upon policy inception creating some volatility in the results as of September 30.

The quarter also saw claims development on the E&O Program that resulted in reserve increases on two existing claims, one being an older matter from 2015 and the other from the 2021 policy year. These amounts are substantially reinsured, but one is a drop-down claim for which CLLAS retains the risk up to \$975,000.

After taking into account investment results and unrealized gains on the investment portfolio, the total comprehensive income was just under \$16,000 for the quarter and \$436,000 year-to-date. As shown on Exhibit 2.1, the E&O program's surplus at September 30, 2024 sits at approximately \$14.6 million.

CLLAS Cyber Program (Exhibits 3.1 – 3.4)

As shown on Exhibit 3.2, the Cyber program continues to perform well, with total comprehensive income of approximately \$618,000 at September 30 and no claims activity to date (note that the incurred claims expense and amounts recovered from reinsurers represent actuarial reserves for IBNR only). As explained in the 2024 CLLAS operating budget memo, except for premium taxes and reinsurance fees, which can be isolated by program, 5% of all other operating expenses are allocated to the Cyber program. As shown on Exhibit 3.1, surplus for the Cyber program continues to grow and is sitting at just under \$1.14 million as at September 30, 2024.

Please contact me if you have any questions with respect to the statements or the risk metrics.

Sincerely,



Carrie Green
General Manager

**CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - COMBINED
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED September 30, 2024**

Exhibit 1.1

	As at September 30, 2024	As at September 30, 2023
Assets		
Cash	8,377,270	6,834,259
Short term investments	8,082,845	9,117,347
Bonds	7,893,851	6,734,043
Interest income due and accrued	62,653	51,015
Prepaid expenses	3,981	393,142
Other receivable	-	-
Reinsurance contract assets		
Asset for incurred claims	76,015,580	64,775,113
Asset for remaining coverage	1,284,903	1,623,600
	101,721,083	89,528,519
Liabilities		
Insurance contracts liabilities		
Liability for incurred claims	81,276,025	70,350,648
Liability for remaining coverage	4,729,485	5,177,470
Accounts payable & accrued charges	-	-
	86,005,510	75,528,118
Subscribers' equity		
Equity	15,700,760	14,532,750
Accumulated other comprehensive income (loss)	14,813	(532,349)
	15,715,573	14,000,401
	101,721,083	89,528,519

Exhibit 1.2

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED September 30, 2024**

	Current Year		Prior Year	
	Quarter September 30, 2024	Year to Date September 30, 2024	Quarter September 30, 2023	Year to Date September 30, 2023
Insurance service result				
Insurance revenue	4,915,614	14,394,805	4,784,836	13,159,295
Insurance service expense				
Incurred claims expenses	2,241,651	9,403,184	(71,675)	5,144,698
Operating expenses	267,823	929,401	291,200	1,043,028
Premium taxes	485,203	485,203	473,503	473,503
Insurance service result before reinsurance	1,920,937	3,577,018	4,091,808	6,498,067
Allocation of reinsurance premiums	4,090,103	11,880,441	3,955,981	10,636,381
Amounts recovered from reinsurers	2,272,162	9,341,579	121,210	5,005,680
Reinsurance expenses	(146,862)	(555,817)	(130,289)	(531,938)
	1,964,803	3,094,679	3,965,060	6,162,638
Net insurance service result	(43,866)	482,339	126,748	335,428
Investment result				
Investment income (loss)	211,582	654,060	253,702	491,127
Insurance finance income (expense)				
For insurance contract	(2,634,858)	(3,498,917)	758,191	(617,008)
For reinsurance contracts	2,428,918	3,218,230	(705,772)	568,774
Net investment result	5,642	373,373	306,121	442,893
Net Income (loss)	(38,224)	855,712	432,869	778,322
Unrealized gains (losses) arising during the year	261,939	198,329	(198,323)	(202,713)
Recognition of realized gain (loss) included in income	-	-	-	-
Other comprehensive income (loss) for the year	261,939	198,329	(198,323)	(202,713)
Total comprehensive income (loss)	223,715	1,054,042	234,547	575,609

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - COMBINED
STATEMENT OF CHANGES IN EQUITY
September 30, 2024

Exhibit 1.3

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on FVOCI financial assets	Total Equity
Balance, beginning of year	50,000	14,795,048	(183,516)	14,661,532
Comprehensive income for the year				
Net gain (loss) for the year		855,712		855,712
Other comprehensive income				
Unrealized gains and losses arising during the year			198,329	198,329
Recognition of realized gain included in income			-	-
Total comprehensive income (loss) for the year	-	855,712	198,329	1,054,042
Return of Surplus		-		-
Balance at September 30, 2024	50,000	15,650,760	14,813	15,715,573

Exhibit 1.4

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - COMBINED
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED September 30, 2024

	Annual Budget	Year to Date Budget %	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$	YTD Actual Prior Year \$
		September 30, 2024	September 30, 2024	September 30, 2024		September 30, 2023
MANAGEMENT SERVICES (See Note 1)	662,971	75%	497,222	478,696	18,526	473,173
PROFESSIONAL SERVICES (See Note 2)						
Actuarial Services	93,225	82%	76,442	85,092	- 8,650	76,594
Strategic Matters	33,900	82%	27,795	31,713	- 3,918	105,020
Total Professional Services	127,125		104,237	116,806	- 12,569	181,614
OTHER EXPENSES						
Audit Expenses (See Note 3)	179,000	75%	134,253	81,270	52,983	135,365
Annual Dinner	8,000	100%	8,000	6,096	1,904	6,177
Chairman's Honourium	150,000	100%	150,000	150,000	-	150,000
D&O Insurance	20,000	100%	20,000	17,794	2,206	17,794
Office Expenses	16,000	75%	12,000	14,312	- 2,311	19,441
Claims: Borderaux (LawPro/LIF)	18,800	95%	17,858	16,175	1,683	16,350
Special Services	15,000	75%	11,250	-	11,250	-
Statistical/Assessment Fees	7,000	75%	5,249	8,416	- 3,168	7,949
Investment counsel fees	29,000	75%	21,750	22,962	- 1,212	20,701
Investment - Custodial	17,000	75%	12,753	13,374	- 621	10,964
Risk Management/Loss Prevention	5,000	75%	3,753	-	3,753	-
License Fee	5,000	85%	4,250	3,500	750	3,500
Insurance: Sundry	-		-	-	-	-
Total Other Expenses	469,800		401,116	333,899	67,216	388,241
PREMIUM TAXES	592,465	88%	520,421	485,203	35,218	473,503
REINSURANCE EXPENSES						
Reinsurance Services (see Note 2)	282,500	82%	231,649	223,726	7,923	210,263
Reinsurance Travel Expense	7,500	100%	7,500	7,497	3	7,618
Reinsurance Fee (3MG) (See Note 4)	429,600	75%	322,200	324,593	- 2,393	314,057
Total Reinsurance Expenses	719,600		561,349	555,817	5,532	531,938
TOTAL	2,571,961		2,084,345	1,970,420	113,924	2,048,468

* NOTE 1: MANAGEMENT SERVICES

The budget of \$586,700 before tax (5% is allocated to the Cyber) has been increased from \$575,000 prior year budget due to:

- wage inflation
- additional activity due to Cyber Program, and
- increase in commission credit applied against fixed fees as a combined result of the small increase in commission to place CLLAS Associate, and profit share commission received in 2023 on CLLAS Associate firms.

* NOTE 2: PROFESSIONAL SERVICES - SEASONALLY WEIGHTED BUDGET

This is based upon an analysis of the current budget and previous years' experience, the anticipated pattern of seasonal workflow is as follows:

First Quarter, ending March 31st	21%
Second Quarter, ending June 30th	46%
Third Quarter, ending September 30th	15%
Fourth Quarter, ending December 31st	18%
	100%

* NOTE 3: AUDIT EXPENSES

The 2024 budget is based on 2023 actual and reflects the ongoing IFRS 17 audit work required now that IFRS 17 implementation is complete.

* NOTE 4: 3MG INSURANCE FEES (Reins. Comm.)

Budget for 3MG fees for the year 2024 reflects the fee already agreed for the 2024/25 policy year, and it is \$329,600 on E&O and \$100,000 on Cyber Program.

Exhibit 1.5

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
For the Period Ending September 30,2024

ALBERTA MAINTENANCE OF RESERVE AND GUARANTEE FUNDS
 (Section 99 and 100)

	Current Year to Date 30-Sep-24 (in \$000's)	Prior Year End 30-Sep-23 (in \$000's)
<u>Reserve Fund</u>		
Premiums received having one year or less to run	(1) 16,979	16,533 -
Less: Amount paid to licensed reinsurers	(2) 15,425	15,074 -
Premiums received with more than one year to run, less expired portion	(3) -	- -
Less: Amount paid to reinsurers on premiums on line 3, less expired line 3, less expired portion.	(4) -	- -
Subtotal (lines 1, minus line 2, plus line 3, minus line 4)	(5) 1,554	1,459
Reserve Fund Required (50% of Line 5)	(6) 777	730 -
<u>Guarantee Fund</u>		
Total Liabilities	(7) 86,006	75,528 -
Less: Liability for Remaining Coverage	(8) 4,729	5,177 -
Less: Recoverable from licensed reinsurers	(9) 75,994	64,543 -
Plus: Statutory Margin	(10) 50	50 -
Guarantee Fund Required (Line 7 minus Lines 8 and 9 plus line 10)	(11) 5,333	5,858
TOTAL RESERVE & GUARANTEE FUND REQUIRED (Line 6+11)	(12) 6,110	6,588
Cash & Approved Securities	(13) 24,417	22,686 -
Excess of Cash & Securities over Reserve & Guarantee Fund (line 13 minus line 12)	(14) 18,307	16,098

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY
SUMMARY OF RISK METRICS*
September 30, 2024

Exhibit 1.6

Risk Category	Risk Metric	December 31, 2022	December 31, 2023	September 30, 2024	Green Zone (Meets Target)	Yellow Zone	Red Zone (Limit Exceeded)
General	(1) AMRGF - Excess of Cash/Appr. Securities Over Reg. Req'ment	\$2,952,000	\$15,529,000	\$18,307,000	5,000,000 and above	\$2,500,000 to \$5,000,000	Less than \$2,500,000
	(2) MCT Ratio	381%	781%	563%	210% and above	n/a	Less than 210%
	(3) Status of Governance Policies	Up to date	Up to date	Up to date	Up to date	Items outstanding	Materially behind schedule
Insurance	(4) Gross Loss Ratio	87%	46%	63%	Less than 150%	150% to 300%	Over 300%
	(5) Net Loss Ratio	3%	4%	2%	Less than 50%	50% to 100%	Over 100%
	(6) Risk of Systemic Loss	Nothing on horizon	Nothing on horizon	Nothing on horizon	Nothing on horizon	Some concerns raised	Adverse experience
Premium & Strategy	(7) Actual Expenses vs. Budget	94%	96%	95%	Less than 105%	105% to 120%	Over 120%
	(8) State of the Market Outlook	Some concerns raised	Some concerns raised	Nothing on horizon	Nothing on horizon	Some concerns raised	Adverse experience
Reinsurance	(9) Reinsurer Credit Rating	A- to A+	A- to A+	A- to A+	A or above	A-	B+ and below
	(10) Maximum Concentration with a Single Reinsurer excl. Colchester	18.1%	21.3%	21.1%	Less than 10%	10% to 15%	Over 15%
Operational	(11) Board Discussion of Prior Quarter Risk Metrics	Discussed corrective measures	Discussed corrective measures	Discussed corrective measures	Discussed corrective measures	Received but no discussion	Not received
	(12) Resiliency Capacity - People (e.g. redundancy, succession)	n/a	n/a	n/a	Score of 4 or 5 out of 5	Score of 3 out of 5	Score of 1 or 2 out of 5
	(13) Resiliency Capacity - Data/Systems	n/a	n/a	n/a	Score of 4 or 5 out of 5	Score of 3 out of 5	Score of 1 or 2 out of 5
	(14) Advisory Board Turnover in Last 12 Months	0	0	0	0 to 2 members	3 to 4 members	5 or more members
	(15) Key Management/Advisor Turnover in Last 36 Months	1	1	1	0 to 1 person	2 to 3 people	4 or more members
Investments	(16) Investment Manager Compliance Statement	In compliance	In compliance	In compliance	In compliance	Temporarily or slightly not in compliance	Consistently or materially not in compliance
Regulatory Compliance	(17) Regulatory Outlook Report	No significant concerns noted	No significant concerns noted	No significant concerns noted	No significant issues noted	Issues being addressed	Significant issues outstanding

Notes

(1) = From Exhibit 6.

(2) Based on P&C-1 for December 2022 and 2023, based on data and financial statements for September 2024. Target based on ORSA analysis.

(3) Reviewed annually in December.

(4) = Insurance incurred claims expenses / Insurance revenue from the financial statements, excluding the effect of any return of surplus.

(5) = Insurance incurred claims expenses net of reinsurance recovered amounts / Insurance revenue net of reinsurance premium from the financial statements, excluding the effect of any return of surplus.

(6) Reviewed in December 2023.

(7) = Actual expenses / budget expenses. From the financial statements.

(8) Reviewed in September2024.

(9) Based on A.M. Best. information from report on reinsurance security (October 2024).

(10) Based on claim liabilities exposure. Lloyds syndicates are assessed separately. September 2024 information from report on reinsurance security (October 2024).

(11) Reviewed quarterly.

(12) Reviewed annually in December.

(13) Reviewed annually in December.

(14) Reviewed quarterly based on turnover in the preceding 12-month period

(15) Senior Management/Key Advisor Turnover in Last 36 Months – Includes principal attorney, general manager, accountant, auditor, actuary, reinsurance broker and excess insurance broker.

(16) Reviewed quarterly.

(17) Reviewed annually in December.

*Risk Metrics as of December 31, 2022 are based on the financial statements under IFRS 4. Risk Metrics as of December 31, 2023 and September 30, 2024 are based on the financial statements under IFRS 17.

Color Code
Meets Target
Between Target and Limit
Exceeds Limit

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - E&O
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED September 30, 2024

Exhibit 2.1

	As at September 30, 2024	As at September 30, 2023
Assets		
Cash	8,377,270	6,834,259
Short term investments	8,082,845	9,117,347
Bonds	7,893,851	6,734,043
Interest income due and accrued	62,653	51,015
Prepaid expenses	3,981	247,900
Other receivable	-	-
Reinsurance contract assets		
Asset for incurred claims	75,307,493	64,210,119
Asset for remaining coverage	1,157,986	1,555,284
	100,886,079	88,749,967
Liabilities		
Insurance contracts liabilities		
Liability for incurred claims	80,031,833	69,321,508
Liability for remaining coverage	4,602,220	4,882,917
Accounts payable & accrued charges	1,672,096	893,853
	86,306,149	75,098,278
Subscribers' equity		
Equity	14,565,117	14,184,038
Accumulated other comprehensive income (loss)	14,813	(532,349)
	14,579,930	13,651,689
	100,886,079	88,749,967

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - E&O
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED September 30, 2024

Exhibit 2.2

	Current Year		Prior Year	
	Quarter September 30, 2024	Year to Date September 30, 2024	Quarter September 30, 2023	Year to Date September 30, 2023
Insurance service result				
Insurance revenue	4,258,681	12,439,792	4,135,507	11,236,738
Insurance service expense				
Incurred claims expenses	2,213,377	9,288,582	273,550	4,529,613
Operating expenses	254,435	882,933	276,640	990,876
Premium taxes	482,701	482,701	471,085	471,085
Insurance service result before reinsurance	1,308,168	1,785,577	3,114,233	5,245,164
Allocation of reinsurance premiums	3,701,496	10,722,706	3,582,812	9,531,262
Amounts recovered from reinsurers	2,250,016	9,264,591	310,874	4,666,531
Reinsurance fees	(119,859)	(469,370)	(103,944)	(446,374)
	1,571,339	1,927,485	3,375,882	5,311,105
Net insurance service result	(263,172)	(141,908)	(261,649)	(65,941)
Investment result				
Investment income (loss)	210,352	639,858	250,858	481,460
Insurance finance income (expense)				
For insurance contract	(2,605,983)	(3,451,402)	759,294	(608,910)
For reinsurance contracts	2,412,698	3,191,584	(706,405)	564,321
Net investment result	17,067	380,040	303,747	436,871
Net Income (loss)	(246,104)	238,132	42,098	370,930
Unrealized gains (losses) arising during the year	261,939	198,329	(198,323)	(202,713)
Recognition of realized gain (loss) included in income	-	-	-	-
Other comprehensive income (loss) for the year	261,939	198,329	(198,323)	(202,713)
Total comprehensive income (loss)	15,835	436,461	(156,224)	168,217

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - E&O
STATEMENT OF CHANGES IN EQUITY
September 30, 2024

Exhibit 2.3

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on FVOCI financial assets	Total Equity
Balance, beginning of year	50,000	14,276,985	(183,516)	14,143,469
Comprehensive income for the year				
Net gain (loss) for the year		238,132		238,132
Other comprehensive income				
Unrealized gains and losses arising during the year			198,329	198,329
Recognition of realized gain included in income			-	-
Total comprehensive income (loss) for the year	-	238,132	198,329	436,461
Return of Surplus		-		-
Balance at September 30, 2024	50,000	14,515,117	14,813	14,579,930

Exhibit 2.4

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - E&O
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED September 30, 2024

	Annual Budget	Year to Date Budget %	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$	YTD Actual Prior Year \$
		September 30, 2024	September 30, 2024	September 30, 2024		September 30, 2023
MANAGEMENT SERVICES (See Note 1)	629,823	75%	472,365	454,761	17,604	449,514
PROFESSIONAL SERVICES (See Note 2)						
Actuarial Services	88,564	82%	72,621	80,837	- 8,216	72,764
Strategic Matters	32,205	82%	26,406	30,128	- 3,722	99,769
Total Professional Services	120,769		99,027	110,965	- 11,938	172,533
OTHER EXPENSES						
Audit Expenses (See Note 3)	170,050	75%	127,539	77,206	50,333	128,596
Annual Dinner	7,600	100%	7,600	5,791	1,809	5,868
Chairman's Honourium	142,500	100%	142,500	142,500	-	142,500
D&O Insurance	19,000	100%	19,000	16,904	2,096	16,904
Office Expenses	15,200	75%	11,400	13,599	- 2,199	18,469
Claims: Borderaux (LawPro/LIF)	17,860	95%	16,966	15,367	1,600	15,533
Special Services	14,250	75%	10,688	-	10,688	-
Statistical/Assessment Fees	6,650	75%	4,986	7,995	- 3,009	7,552
Investment counsel fees	27,550	75%	20,662	21,814	- 1,151	19,666
Investment - Custodial	16,150	75%	12,114	12,705	- 591	10,416
Risk Management/Loss Prevention	4,750	75%	3,564	-	3,564	-
License Fee	4,750	85%	4,038	3,325	713	3,325
Insurance: Sundry	-		-	-	-	-
Total Other Expenses	446,310		381,057	317,207	63,850	368,829
PREMIUM TAXES	518,193	100%	518,193	482,701	35,492	471,085
REINSURANCE EXPENSES						
Reinsurance Services (see Note 2)	268,375	82%	220,068	212,539	7,529	199,750
Reinsurance Travel Expense	7,125	100%	7,125	7,122	3	7,237
Reinsurance Fee (3MG) (See Note 4)	329,600	75%	247,200	249,708	- 2,508	239,387
Total Reinsurance Expenses	605,100		474,393	469,370	5,023	446,374
TOTAL	2,320,195		1,945,035	1,835,004	110,031	1,908,335

* NOTE 1: MANAGEMENT SERVICES

The budget of \$586,700 before tax (5% is allocated to the Cyber) has been increased from \$575,000 prior year budget due to:

- wage inflation
- additional activity due to Cyber Program, and
- increase in commission credit applied against fixed fees as a combined result of the small increase in commission to place CLLAS Associate, and profit share commission received in 2023 on CLLAS Associate firms.

* NOTE 2: PROFESSIONAL SERVICES - SEASONALLY WEIGHTED BUDGET

This is based upon an analysis of the current budget and previous years' experience, the anticipated pattern of seasonal workflow is as follows:

First Quarter, ending March 31st	21%
Second Quarter, ending June 30th	46%
Third Quarter, ending September 30th	15%
Fourth Quarter, ending December 31st	18%
	100%

* NOTE 3: AUDIT EXPENSES

The 2024 budget is based on 2023 actual and reflects the ongoing IFRS 17 audit work required now that IFRS 17 implementation is complete.

* NOTE 4: 3MG INSURANCE FEES (Reins. Comm.)

Budget for 3MG fees for the year 2024 reflects the fee already agreed for the 2024/25 policy year, and it is \$329,600 on E&O and \$100,000 on Cyber Program.

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - CYBER
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED September 30, 2024

Exhibit 3.1

	As at September 30, 2024	As at September 30, 2023
Assets		
Cash	-	-
Short term investments	-	-
Bonds	-	-
Interest income due and accrued	-	-
Prepaid expenses	-	145,242
Other receivable	1,672,096	893,853
Reinsurance contract assets		
Asset for incurred claims	708,087	564,994
Asset for remaining coverage	126,917	68,316
	2,507,100	1,672,406
Liabilities		
Insurance contracts liabilities		
Liability for incurred claims	1,244,192	1,029,140
Liability for remaining coverage	127,265	294,553
Accounts payable & accrued charges	-	-
	1,371,457	1,323,693
Subscribers' equity		
Equity	1,135,643	348,712
Accumulated other comprehensive income (loss)	-	-
	1,135,643	348,712
	2,507,100	1,672,406

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - CYBER
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED September 30, 2024

Exhibit 3.2

	Current Year		Prior Year	
	Quarter September 30, 2024	Year to Date September 30, 2024	Quarter September 30, 2023	Year to Date September 30, 2023
Insurance service result				
Insurance revenue	656,933	1,955,013	649,328	1,922,557
Insurance service expense				
Incurred claims expenses	28,274	114,602	(345,225)	615,085
Operating expenses	13,388	46,468	14,560	52,151
Premium taxes	2,502	2,502	2,418	2,418
Insurance service result before reinsurance	612,769	1,791,441	977,576	1,252,903
Allocation of reinsurance premiums	388,606	1,157,736	373,168	1,105,119
Amounts recovered from reinsurers	22,146	76,988	(189,664)	339,149
Reinsurance fees	(27,003)	(86,447)	(26,346)	(85,564)
	393,464	1,167,194	589,178	851,534
Net insurance service result	219,305	624,247	388,397	401,369
Investment result				
Investment income (loss)	1,230	14,203	2,844	9,668
Insurance finance income (expense)				
For insurance contract	(28,875)	(47,515)	(1,103)	(8,098)
For reinsurance contracts	16,220	26,646	633	4,453
Net investment result	(11,425)	(6,666)	2,374	6,023
Net Income (loss)	207,880	617,580	390,771	407,392
Unrealized gains (losses) arising during the year	-	-	-	-
Recognition of realized gain (loss) included in income	-	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-
Total comprehensive income (loss)	207,880	617,580	390,771	407,392

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - CYBER
STATEMENT OF CHANGES IN EQUITY
September 30, 2024

Exhibit 3.3

	Minimum Surplus	Additional Surplus	Unrealized gains and losses on FVOCI financial assets	Total Equity
Balance, beginning of year	-	518,063	-	518,063
Comprehensive income for the year				
Net gain (loss) for the year		617,580		617,580
Other comprehensive income				
Unrealized gains and losses arising during the year			-	-
Recognition of realized gain included in income			-	-
Total comprehensive income (loss) for the year	-	617,580	-	617,580
Return of Surplus		-		-
Balance at September 30, 2024	-	1,135,643	-	1,135,643

Exhibit 3.4

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY - CYBER
STATEMENT OF OPERATIONS AND SURPLUS - VARIANCE ANALYSIS
FOR THE PERIOD ENDED September 30, 2024

	Annual Budget	Year to Date Budget %	Year to Date Budget \$	Year to Date Actual \$	Fav/(Unfav) Variance \$	YTD Actual Prior Year \$
		September 30, 2024	September 30, 2024	September 30, 2024		September 30, 2023
MANAGEMENT SERVICES (See Note 1)	33,148	75%	24,857	23,934	923	23,659
PROFESSIONAL SERVICES (See Note 2)						
Actuarial Services	4,661	82%	3,821	4,255	- 434	3,830
Strategic Matters	1,695	82%	1,389	1,586	- 197	5,251
Total Professional Services	6,356		5,210	5,841	- 631	9,081
OTHER EXPENSES						
Audit Expenses (See Note 3)	8,950	75%	6,714	4,064	2,650	6,768
Annual Dinner	400	100%	400	305	95	309
Chairman's Honourium	7,500	100%	7,500	7,500	-	7,500
D&O Insurance	1,000	100%	1,000	890	110	890
Office Expenses	800	75%	600	713	- 112	972
Claims: Borderaux (LawPro/LIF)	940	95%	892	809	84	818
Special Services	750	75%	563	-	563	-
Statistical/Assessment Fees	350	75%	263	421	- 158	397
Investment counsel fees	1,450	75%	1,087	1,149	- 61	1,035
Investment - Custodial	850	75%	639	669	- 30	548
Risk Management/Loss Prevention	250	76%	189	-	189	-
License Fee	250	85%	213	175	38	175
Insurance: Sundry	-		-	-	-	-
Total Other Expenses	23,490		20,059	16,693	3,366	19,412
PREMIUM TAXES (see Note 5)	74,272	3%	2,228	2,502	- 274	2,418
REINSURANCE EXPENSES						
Reinsurance Services (see Note 2)	14,125	82%	11,581	11,187	394	10,513
Reinsurance Travel Expense	375	100%	375	375	0	381
Reinsurance Fee (3MG) (See Note 4)	100,000	75%	75,000	74,885	115	74,670
Total Reinsurance Expenses	114,500		86,956	86,447	509	85,564
TOTAL	251,766		139,310	135,417	3,893	140,133

* NOTE 1: MANAGEMENT SERVICES

The budget of \$586,700 before tax (5% is allocated to the Cyber) has been increased from \$575,000 prior year budget due to:

- wage inflation
- additional activity due to Cyber Program, and
- increase in commission credit applied against fixed fees as a combined result of the small increase in commission to place CLLAS Associate, and profit share commission received in 2023 on CLLAS Associate firms.

* NOTE 2: PROFESSIONAL SERVICES - SEASONALLY WEIGHTED BUDGET

This is based upon an analysis of the current budget and previous years' experience, the anticipated pattern of seasonal workflow is as follows:

First Quarter, ending March 31st	21%
Second Quarter, ending June 30th	46%
Third Quarter, ending September 30th	15%
Fourth Quarter, ending December 31st	18%
	100%

* NOTE 3: AUDIT EXPENSES

The total (E&O and Cyber) decrease of \$28,000 over the 2023 actual reflects the completion of the implementation of IFRS 17, and includes \$23,000 for recurring IFRS 17 audit work.

* NOTE 4: 3MG INSURANCE FEES (Reins. Comm.)

Budget for 3MG fees for the year 2024 reflects the fee already agreed for the 2024/25 policy year, and it is \$329,600 on E&O and \$100,000 on Cyber Program.

* NOTE 5: PREMIUM TAXES

The budget of \$74,272 is allocated 3% in the third quarter to reflect the July 1 renewal for one CLLAS firm with the remainder allocated in the fourth quarter to reflect the October 15 renewals for all other firms.



MEMORANDUM

DATE: November 21, 2024
TO: CLLAS Advisory Board
FROM: Carrie Green
RE: CLLAS Subscribers' Accounts as at June 30, 2024

You will find attached to this memo the Subscribers' Accounts for the Professional Liability and Cyber Programs as at June 30, 2024.

As a reminder, the objective of the Subscribers' Accounts is to systematically allocate CLLAS' assets and liabilities (and resulting surplus) amongst the Subscribers as of June 30th of each year. These Accounts are used to track each Subscriber's financial interest in CLLAS. The aggregate financial information in the accounts is consistent with CLLAS' management financial statements as of the same date.

CLLAS PROFESSIONAL LIABILITY SUBSCRIBERS' ACCOUNTS
UNDERWRITING PERIODS CONSOLIDATED
STATEMENT OF FINANCIAL POSITION*
FOR THE YEAR ENDED JUNE 30, 2024

BOARD BOOK PAGE 26

Exhibit 1
Page 1

SUBSCRIBER	Blake	BLG	Fasken	Davies	Dentons	Goodmans	McCarthy	McMillan	Osler	Torys	WF	Cassels	Total
ASSETS													
Net Asset Account	497,598	2,862,618	1,794,774	910,861	773,313	1,261,690	2,657,484	1,886,256	2,372,232	1,611,751	533,132	1,181,094	18,342,804
Accrued Interest	564	6,265	4,657	1,865	1,374	2,269	5,472	3,349	4,661	3,153	1,004	2,431	37,064
Reinsurance Receivable	(219)	586,950	443,688	146,957	350,085	192,568	419,484	259,156	347,339	258,669	87,798	193,858	3,286,332
Prepaid Expenses	-	64,779	56,566	16,599	-	15,868	51,079	24,022	42,137	28,030	8,898	26,418	334,395
Total Assets	497,944	3,520,612	2,299,685	1,076,282	1,124,772	1,472,394	3,133,518	2,172,783	2,766,369	1,901,602	630,833	1,403,801	22,000,595
LIABILITIES													
Net Unpaid Claims	-	1,060,130	847,120	270,603	195,294	317,837	807,815	424,956	668,348	489,252	172,753	397,964	5,652,072
Accrued Expenses	-	26,290	24,726	7,674	-	6,493	21,730	9,708	17,130	11,187	3,861	10,278	139,077
Payable to Cyber Liability Program	-	212,672	218,587	142,467	-	118,658	206,756	153,142	195,621	172,435	73,064	151,951	1,645,353
Total Liabilities	-	1,299,091	1,090,434	420,744	195,294	442,988	1,036,301	587,806	881,098	672,874	249,678	560,193	7,436,502
SUBSCRIBERS' EQUITY													
Total Subscribers' Equity	497,944	2,221,521	1,209,251	655,538	929,478	1,029,405	2,097,218	1,584,977	1,885,271	1,228,728	381,154	843,607	14,564,093
Total Liabilities and Equity	497,944	3,520,612	2,299,685	1,076,282	1,124,772	1,472,394	3,133,518	2,172,783	2,766,369	1,901,602	630,833	1,403,801	22,000,595

* Reflects use of simplified financial reporting consistent with Subscribers' Accounts presented in periods prior to January 1, 2023.

CLLAS PROFESSIONAL LIABILITY SUBSCRIBERS' ACCOUNTS
UNDERWRITING PERIODS CONSOLIDATED
STATEMENT OF OPERATIONS*
FOR THE YEAR ENDED JUNE 30, 2024

BOARD BOOK PAGE 27

Exhibit 1
Page 2

SUBSCRIBER	Blake	BLG	Fasken	Davies	Dentons	Goodmans	McCarthy	McMillan	Osler	Torys	WF	Cassels	Total
Direct Written Premium	-	3,109,391	3,007,913	922,259	-	756,136	2,589,388	1,106,060	2,024,305	1,337,764	402,033	1,196,878	16,452,126
Retroassessment (Refund of Surplus)	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Written Premium	-	3,109,391	3,007,913	922,259	-	756,136	2,589,388	1,106,060	2,024,305	1,337,764	402,033	1,196,878	16,452,126
Reinsurance Ceded	-	2,672,767	2,626,041	804,307	-	641,758	2,239,662	941,599	1,733,925	1,141,045	336,270	1,015,831	14,153,204
Net Written Premium	-	436,624	381,872	117,952	-	114,378	349,726	164,461	290,380	196,719	65,763	181,048	2,298,922
Change in Unearned Premium	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Earned Premium	-	436,624	381,872	117,952	-	114,378	349,726	164,461	290,380	196,719	65,763	181,048	2,298,922
Claims Paid	-	10,370	7,722	2,594	7,723	3,471	7,266	4,720	6,026	4,491	1,495	3,293	59,169
Change in Unpaid Claims	(1,768)	50,424	51,338	14,869	(39,301)	7,524	46,146	15,494	41,072	23,076	7,932	30,825	247,632
Incurred Claims	(1,768)	60,794	59,060	17,463	(31,578)	10,995	53,412	20,214	47,098	27,567	9,428	34,117	306,800
Operating Expenses	3,649	328,989	301,073	93,604	7,309	84,444	268,404	124,173	213,720	141,200	49,101	128,579	1,744,245
Premium Tax	-	93,289	75,953	20,986	-	22,684	70,445	34,723	60,592	40,954	12,036	39,424	471,085
Total Expenses	3,649	422,277	377,026	114,590	7,309	107,128	338,849	158,896	274,311	182,154	61,136	168,003	2,215,329
Underwriting Gain (Loss)	(1,881)	(46,447)	(54,213)	(14,101)	24,269	(3,745)	(42,535)	(14,649)	(31,030)	(13,002)	(4,801)	(21,072)	(223,208)
Investment Income	13,173	151,108	112,405	45,022	32,056	54,689	131,928	80,748	112,430	76,008	24,202	58,719	892,488
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Gain (Loss)	11,292	104,661	58,191	30,921	56,325	50,944	89,393	66,100	81,400	63,006	19,401	37,647	669,280
Other Comprehensive Income	1,323	14,689	10,919	4,373	3,221	5,319	12,829	7,851	10,929	7,392	2,354	5,701	86,900
Total Comprehensive Income	12,615	119,350	69,110	35,294	59,546	56,263	102,222	73,951	92,329	70,398	21,755	43,347	756,180

* Reflects use of simplified financial reporting consistent with Subscribers' Accounts presented in periods prior to January 1, 2023.

CLLAS CYBER SUBSCRIBERS' ACCOUNTS
UNDERWRITING PERIODS CONSOLIDATED
STATEMENT OF FINANCIAL POSITION*
JUNE 30, 2024

SUBSCRIBER	BLG	Fasken	Davies	Goodmans	McCarthy	McMillan	Osler	Torys	WF	CBB	Lenczner	Total
ASSETS												
Net Asset Account	0	0	0	0	0	0	0	0	0	0	0	0
Prepaid Expenses	12,307	12,695	8,865	6,868	11,969	8,970	11,341	9,890	4,541	8,948	4,316	100,710
Receivable from Professional Liability Program	203,634	209,283	136,612	113,615	197,968	146,598	187,301	165,136	70,060	145,443	69,702	1,645,353
Total Assets	215,941	221,978	145,477	120,484	209,937	155,568	198,642	175,026	74,600	154,391	74,018	1,746,063
LIABILITIES												
Net Unpaid Claims	63,576	65,318	42,419	35,471	61,804	45,719	58,467	51,598	25,901	45,336	21,714	517,323
Net Unearned Premiums	38,518	39,731	27,743	21,495	37,460	28,073	35,493	30,951	0	28,005	13,508	300,978
Total Liabilities	102,093	105,050	70,162	56,966	99,265	73,792	93,960	82,549	25,901	73,341	35,222	818,300
SUBSCRIBERS' EQUITY												
Accumulated Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0
Retained Earnings	113,848	116,929	75,315	63,518	110,672	81,776	104,682	92,477	48,700	81,050	38,796	927,763
Total Subscribers' Equity	113,848	116,929	75,315	63,518	110,672	81,776	104,682	92,477	48,700	81,050	38,796	927,763

* Reflects use of simplified financial reporting consistent with Subscribers' Accounts presented in periods prior to January 1, 2023.

CLLAS CYBER SUBSCRIBERS' ACCOUNTS
UNDERWRITING PERIODS CONSOLIDATED
STATEMENT OF OPERATIONS*
JUNE 30, 2024

SUBSCRIBER	BLG	Fasken	Davies	Goodmans	McCarthy	McMillan	Osler	Torys	WF	CBB	Lenczner	Total
Direct Written Premium	324,638	334,868	204,519	181,170	315,728	236,610	299,145	260,865	80,600	236,033	113,850	2,588,026
Retroassessment	0	0	0	0	0	0	0	0	0	0	0	0
Gross Written Premium	324,638	334,868	204,519	181,170	315,728	236,610	299,145	260,865	80,600	236,033	113,850	2,588,026
Reinsurance Ceded	195,988	202,149	123,963	109,374	190,608	142,809	180,591	157,517	32,656	142,445	68,699	1,546,800
Net Written Premium	128,650	132,719	80,556	71,796	125,120	93,801	118,554	103,348	47,944	93,588	45,151	1,041,226
Change in Unearned Premium	1,047	806	13,066	575	991	112	843	1,380	0	(174)	(245)	18,402
Net Earned Premium	129,697	133,524	93,622	72,371	126,111	93,913	119,396	104,728	47,944	93,415	44,905	1,059,628
Claims Paid	0	0	0	0	0	0	0	0	0	0	0	0
Change in Unpaid Claims	(12,944)	(13,081)	(2,975)	(7,214)	(12,561)	(8,793)	(11,807)	(10,932)	(9,183)	(8,490)	(3,936)	(101,914)
Incurred Claims	(12,944)	(13,081)	(2,975)	(7,214)	(12,561)	(8,793)	(11,807)	(10,932)	(9,183)	(8,490)	(3,936)	(101,914)
Operating Expenses and Premium Taxes	30,030	30,975	19,304	16,759	29,206	21,883	27,671	24,135	11,141	21,827	10,527	243,459
Underwriting Gain (Loss)	112,610	115,631	77,292	62,826	109,466	80,823	103,532	91,525	45,987	80,077	38,314	918,083
Investment Income	6,445	6,633	4,245	3,596	6,266	4,663	5,932	5,207	1,886	4,636	2,228	51,738
Other Income	0	0	0	0	0	0	0	0	0	0	0	0
Net Gain (Loss)	119,055	122,264	81,537	66,422	115,733	85,486	109,464	96,732	47,873	84,713	40,542	969,821
Other Comprehensive Income	0	0	0	0	0	0	0	0	0	0	0	0
Total Comprehensive Income	119,055	122,264	81,537	66,422	115,733	85,486	109,464	96,732	47,873	84,713	40,542	969,821

* Reflects use of simplified financial reporting consistent with Subscribers' Accounts presented in periods prior to January 1, 2023.



CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

Investment Policy

Last Updated
December 7, 2021



1. PURPOSE

- 1.1. This investment policy ("Policy") sets forth the investment objectives and guidelines for the management of the investments of the Canadian Lawyers Liability Assurance Society ("CLLAS") and the conflict of interest rules applicable to the members of the Advisory Board (the "Board") of CLLAS, the employees of the Office of the General Manager (the "General Manager") directly engaged in providing services to CLLAS and the employees of the investment counsel directly engaged in providing investment services to CLLAS (the "Investment Manager"), collectively referred to as the "CLLAS Agents".
- 1.2. This policy formalizes investment-related activities that comply with the *Alberta Insurance Act* and OSFI's Guideline B-1 *Prudent Person Approach* adopted by the Alberta Superintendent of Insurance.
- 1.3. This Policy is considered to reflect the financial needs of CLLAS and the risk appetite of its subscribers and to set investment standards which a reasonably prudent person would apply to avoid undue risk of loss, maintain appropriate liquidity and obtain a reasonable return.

2. CLLAS INVESTMENT ACTIVITIES

- 2.1. The Investment Manager will invest and reinvest, with full discretion but in accordance with the provisions of this Policy, the funds of CLLAS not required for operational purposes.
- 2.2. The Investment Manager will maintain two Funds (the "Funds") for investment purposes: the Short Term Investment Fund and the Long term Investment Fund. Monies provided to the Investment Manager for investment shall be allocated to one or both of the Funds as follows:

Fund	Target Allocation	Acceptable Range
Short Term Investment Fund	40%	20% to 100%
Long Term Investment Fund	60%	0% to 80%

- 2.3. In any event, the Short Term Investment Fund must represent not less than 20% of the total market value of the two Funds at the time the monies are received by the Investment Manager, after giving effect to such allocation. Transfers between the Funds may also be made subject to the Short Term Fund being at least 20% of the market value of the two Funds at the time of transfer and after giving effect thereto.
- 2.4. Investments in the two Funds will be denominated in Canadian dollars.



2.5. The Short Term Investment Fund is restricted to investments which mature within one year.

2.5.1. Such investments are restricted to the following:

- Treasury Bills issued by the Government of Canada or by any province of Canada having a rating A or better;
- Certificates of Deposit issued by a Canadian chartered bank having a rating R-1 High or better;
- Bankers Acceptances accepted by a Canadian chartered bank having a rating of R-1 High or better; and
- Bonds issued or guaranteed by any of the above which mature in less than one year.

2.5.2. Not less than 50% of short term investments will be invested in qualifying Government of Canada or provincial securities.

2.6. The Long Term Investment Fund consists of all investments which are not designated as being part of the Short Term Investment Fund.

2.6.1. Such investments are restricted to the following:

- Securities issued or guaranteed by the Government of Canada or any province of Canada; and
- Bonds issued by corporations incorporated under the laws of Canada or any province of Canada.

2.6.2. The maximum term to maturity of any one investment shall not exceed 10 years. For greater certainty, this Fund may include short term investments of the type permitted for investment under section 2.5.1

2.6.3. Not less than 60% of the market value of this Fund shall be invested in securities issued or guaranteed by the Government of Canada or by the government of any province of Canada and all such securities must, at the time of purchase, be rated A or better.

2.6.4. Not more than 40% of the market value of this Fund may be invested in bonds issued by corporations incorporated under the laws of Canada or any province of Canada and all such bonds, at the time of purchase, are restricted to the following:

Rating	Acceptable Range
BBB	0% to 10%
A or better	0% to 40%

In any event, not more than 10% of long term investments will be invested in BBB rated corporate bonds.



- 2.7. Investments which do not meet the criteria in Sections 2.5 and 2.6 are ineligible for inclusion in the investment portfolio.
- 2.8. If the credit rating for a fixed income instrument held in the portfolio is downgraded by a debt rating agency and results in part of the portfolio falling below the minimum rating standard, the investment manager is in the first ten days to communicate a plan that will result in the security's liquidation within a reasonable period of time. If a downgrade results in a split rating (variation among rating agencies in rating an issue), the security may be held under the condition of monitoring by the investment manager and ongoing communication with CLLAS provided at least one of the ratings meets the criteria in Section 2.6.4.
- 2.9. Under IAS 39, all CLLAS investments are designated as available-for-sale and have been reported at fair market value, unless otherwise determined by the General Manager with the concurrence of CLLAS' auditor. However, effective January 1, 2023, IFRS 9 will replace IAS 39.

Under IFRS 9, the classification for financial assets is dependent on two key criteria:

- The business model within which the asset is held, and
- the contractual cash flows of the asset

CLLAS holds financial instruments to fund insurance contract liabilities and uses the proceeds from the contractual cash flows on the financial assets to settle insurance liabilities as they come due. To ensure that the contractual cash flows from the financial assets match the insurance liabilities, CLLAS undertakes buying and selling activities as required to rebalance its portfolio.

Based on this criterion, the financial instruments of CLLAS meet the required conditions to be measured at Fair Value through Other Comprehensive Income (FVOCI).

- 2.10. The investment portfolio, in aggregate, will at all times comply with the applicable regulatory requirements and restrictions. In particular, Sections 415 to 432 of the *Alberta Insurance Act* describe restrictions with respect to investments.
- 2.11. Unless otherwise required by the Board, the Investment Manager will report to CLLAS each quarter on the status of the Funds and will compare the performance of the Funds with the following benchmarks for the period covered by the report.
 - 2.11.1. The benchmark for the Short Term Investment Fund consists of 30-day Treasury Bills.
 - 2.11.2. The benchmark for the Long Term Investment Fund is a composite benchmark comprised of 60% FTSE Canada Short Term Bond Index and 40% FTSE Canada Mid Term Bond Index.



- 2.11.3. Each report shall also provide such additional information as CLLAS may reasonably require.
- 2.12. The Board will re-examine the asset mix policy periodically in light of significant changes in any of the following:
- 2.12.1. the Board becoming aware of any significant liability with respect to any claim;
 - 2.12.2. capital market prospects;
 - 2.12.3. the risk appetite of the subscribers of CLLAS;
 - 2.12.4. any changes in regulatory requirements, and
 - 2.12.5. any other factors considered relevant by the Board.
- 2.13. Nothing in this Section 2 will preclude the Chair or, in his absence, the Vice Chair, from withholding from the Investment Manager funds anticipated to be required for operational purposes and investing such funds in short term investments of the type permitted for investment under Section 2.5.1 and having maturities not exceeding 90 days.
- 2.14. The Board, in conjunction with the General Manager, will review and, if necessary, update this Policy at least annually.

3. ASSETS HELD PURSUANT TO REINSURANCE SECURITY AGREEMENTS

- 3.1. Section 3 of this Policy applies to monies held for the benefit of CLLAS pursuant to Reinsurance Security Agreements with reinsurers not licensed to do business in Canada which may be entered into by CLLAS from time to time.
- 3.2. Such Reinsurance Security Agreements must comply with the requirements of the Alberta Superintendent of Insurance. Pursuant to the terms of applicable Reinsurance Security Agreements, the market value of the deposits held pursuant to such Agreements must total not less than the amount required in the Minimum Capital Test in order to avoid any capital deduction or margin requirement as a result of CLLAS ceding risks to unlicensed reinsurers.
- 3.3. Pursuant to the terms of applicable Reinsurance Security Agreements, such deposits must be denominated in Canadian dollars and are restricted to the following:
- 3.3.1. Cash;
 - 3.3.2. Bonds and debentures issued by the Government of Canada, any province of Canada or any municipality of Canada;
 - 3.3.3. Bonds and debentures issued by a Canadian corporation, trust or limited partnership;
 - 3.3.4. Common or preferred shares in the capital of a Canadian or Provincial corporation; and
 - 3.3.5. Guaranteed investment certificates.



- 3.4. CLLAS has entered into a Loss Portfolio Transfer (“LPT”) with Colchester Reinsurance Limited. The terms of the LPT require that the assets supporting Colchester’s liabilities be held under a Reinsurance Security Agreement and that an investment policy that permits investment in securities other than Cash, T-bills, Government of Canada bonds and Canadian Provincial Government Bonds must be approved by CLLAS.

4. CONFLICTS OF INTEREST

- 4.1. No CLLAS Agent will knowingly permit his or her interest to conflict with his or her duties and powers in respect of CLLAS.
- 4.2. A conflict of interest is deemed to include any direct, indirect, actual or perceived material pecuniary interest of a CLLAS Agent in any arrangement, contract, investment, transaction or other matter in which CLLAS participates or proposes to participate. The pecuniary interest of a CLLAS Agent is deemed to include that of:
- 4.2.1. his or her spouse;
 - 4.2.2. any person with whom the CLLAS Agent is living in a relationship outside marriage;
 - 4.2.3. any member of the CLLAS Agent's family who shares his or her home; and
 - 4.2.4. any corporation or trust controlled by the CLLAS Agent or in which he or she has a substantial beneficial interest.
- 4.3. CLLAS Agents must not:
- 4.3.1. make, influence or participate in the making of any decision, if the effect or such decision is the potential furthering of the CLLAS Agent's interests;
 - 4.3.2. use material information derived from his or her status as a CLLAS Agent that has not been generally disclosed, to further the CLLAS Agent's interests; or
 - 4.3.3. accept, in connection with his or her status as a CLLAS Agent, any gift or personal benefit except those of a minor nature or as permitted by law.
- 4.4. At the earliest opportunity, each CLLAS Agent must fully disclose in writing, if practical, any conflict of interest or potential conflict of interest to the Chair or Vice Chair. The Chair or Vice Chair will record such declarations of conflict and report them to the Board at the earliest opportunity.
- 4.5. Board members in attendance at any meeting of the Board or its Committees must also declare to the Chair of the meeting any conflict or potential conflict of interest in any matter being considered at that meeting which relates to investment made pursuant to this policy and must refrain from participating in the discussion of or voting on such matter.



- 4.6. If any CLLAS Agent has doubt as to whether a particular situation represents a conflict of interest, he or she may provide the necessary information to the Chair or Vice Chair and request that the Board determine whether or not a conflict exists. The Chair or Vice Chair will record such requests and include them on the agenda for the next Board meeting for determination.
- 4.7. The obligation of CLLAS Agents under this Policy are in addition to those imposed on CLLAS Agents by any professional organization with which they may be associated.
- 4.8. The Chair will provide each member of the Board, the General Manager and the Investment Manager with a copy of this Policy. The Board may require periodic confirmation of compliance with this Policy.

5. ROLES AND RESPONSIBILITIES

- 5.1. The Board is responsible for the following:
 - 5.1.1. Ensuring that the investments are in compliance with applicable regulatory requirements and restrictions and that the investments are managed in a prudent manner;
 - 5.1.2. Establishing investment objectives, asset allocations and performance measures;
 - 5.1.3. Reviewing and approving this Policy annually;
 - 5.1.4. Appointing and modifying or terminating the appointment of the Investment Manager;
 - 5.1.5. Reviewing the annual investment review and compliance report; and
 - 5.1.6. Reviewing changes, if any, to the investment policy for the assets supporting the LPT.
- 5.2. The General Manager is responsible for the following:
 - 5.2.1. Ensuring that the investments are in compliance with applicable regulatory requirements and restrictions and that the investments are managed in a prudent manner;
 - 5.2.2. Monitoring the Investment Manager's performance, based on the benchmarks set in this Policy, and recommending corrective actions to the Board when required;
 - 5.2.3. Monitoring compliance with this Policy;
 - 5.2.4. Maintaining a system of internal controls designed to prevent losses from inappropriate investment activities, fraud or human error;
 - 5.2.5. Filing all documentation required by the Alberta Superintendent of Insurance.
- 5.3. The Investment Manager is responsible for the following:
 - 5.3.1. Managing the day-to-day securities transactions;
 - 5.3.2. Ensuring compliance with this Policy;
 - 5.3.3. Achieving performance targets set in this Policy;
 - 5.3.4. Maintaining an appropriate level of liquidity to meet financial obligations;



- 5.3.5. Reporting to the General Manager and Board on a quarterly basis, or if warranted, on a more frequent basis on compliance with this Policy;
- 5.3.6. Providing regular reports to the Board which include a review of the current portfolio, a review of investment performance and future investment strategies.

6. AUTHORITY

- 6.1. The Board has the authority to make revisions to this Policy.
- 6.2. The Board may, at any time, modify or terminate the appointment of Investment Manager and appoint one or more investment counsel to act as an Investment Manager in its place. The Chair or, in his absence, the Vice Chair shall be responsible, in consultation with the General Manager, for the supervision of the Investment Manager.
- 6.3. The Investment Manager has the authority to purchase, sell or hold securities that will be used to meet the objectives set forth in this Policy.

7. HISTORY OF CHANGES

December 2021: The Policy was amended to allow up to 10% of long term investments to be invested in BBB Corporate Bonds.

A section was added to specify steps to be taken in the event a fixed income security held in the portfolio is downgraded by a debt rating agency causing it to fall below the minimum rating standard specified in the policy.

A section was also added to address the future transition to IRFS 9 which will replace IAS 39 on January 1, 2023. Under the new accounting standard, the financial instruments of CLLAS will be measured at FVOCI.

The benchmark for the long term fund was updated to reflect the following:

- Change in name from the DEX Indices to FTSE Canada Indices.
- In order to align with the addition of BBB bonds, the composition of the benchmark was modified to include the entire index, whereas previously it was limited to equal portions of the federal and provincial indexes only.

Other minor changes were also made.



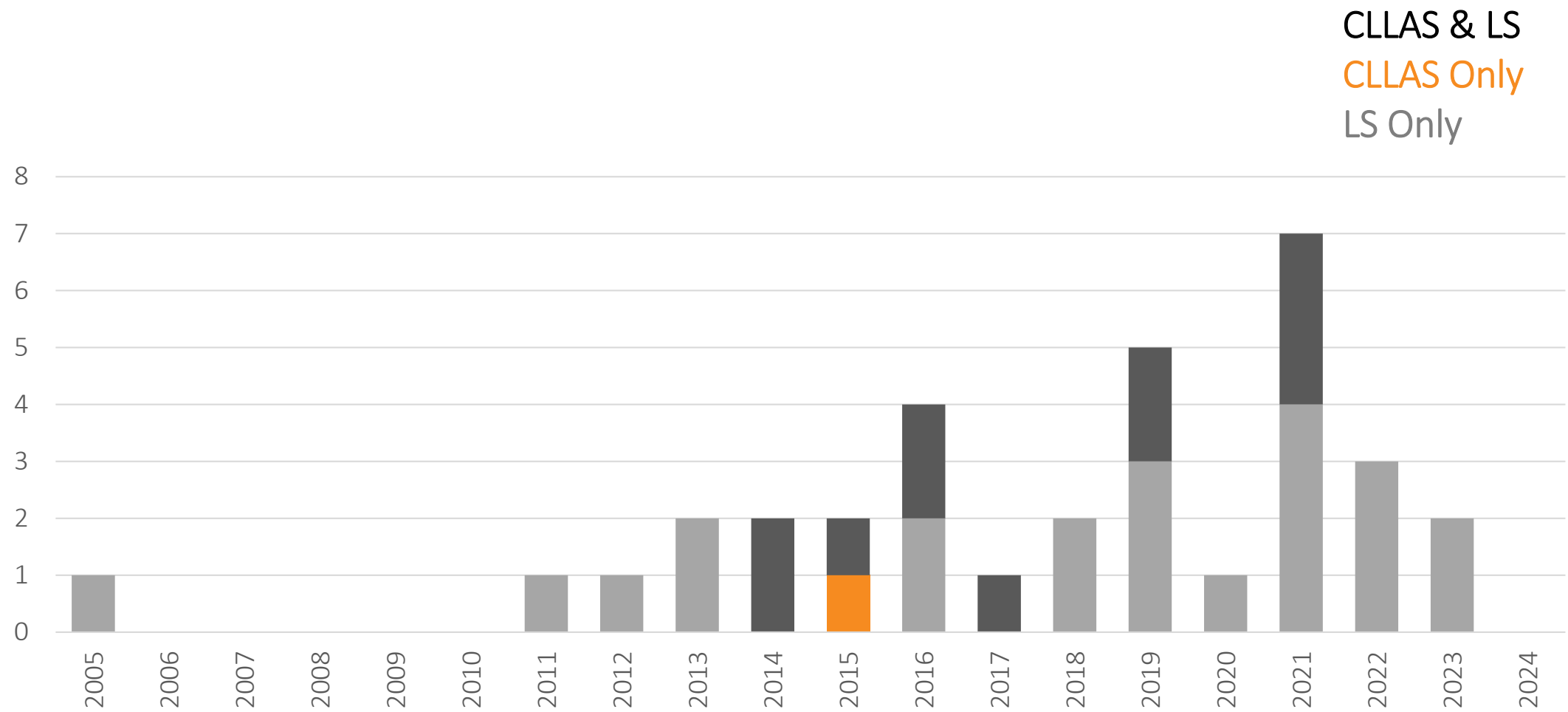
- December 2015: The Policy was amended to comply with OSFI's Guideline B-1 adopted by the Alberta Superintendent of Insurance. Notable changes include the following:
- Addition of accounting classification of investments;
 - Addition of section on the oversight of assets held pursuant to Reinsurance Security Agreements;
 - Addition of section on roles and responsibilities;
 - Addition of section on authority with respect to this Policy;
 - Addition of section on history of changes.
- Other minor changes were also made.
- December 2013: The Policy was amended to reflect CLLAS' financial profile in light of the Loss Portfolio Transfer. The following changes were adopted:
- Increasing the maximum allowable investments in corporate bonds from 20% to 40%;
 - Changing the minimum for federal and provincial bonds to 60% in the Long Term Investment Fund;
 - Adding a benchmark for the Short-Term Investment Fund.
- May 2012: The Policy was amended to restrict all investments based on applicable regulatory requirements and restrictions. The reporting frequency was clarified to be on a quarterly basis. Other minor stylistic changes were made.
- October 2008: The benchmark for the Long-Term Fund was changed from Scotia McLeod's Short Term Bond Index and Provincial Short Term Bond Index to 60% DEX short-term index and 40% DEX mid-term index.
- Prior: Prior revisions to this Policy date from 2001.



Canadian Lawyers Liability Assurance Society

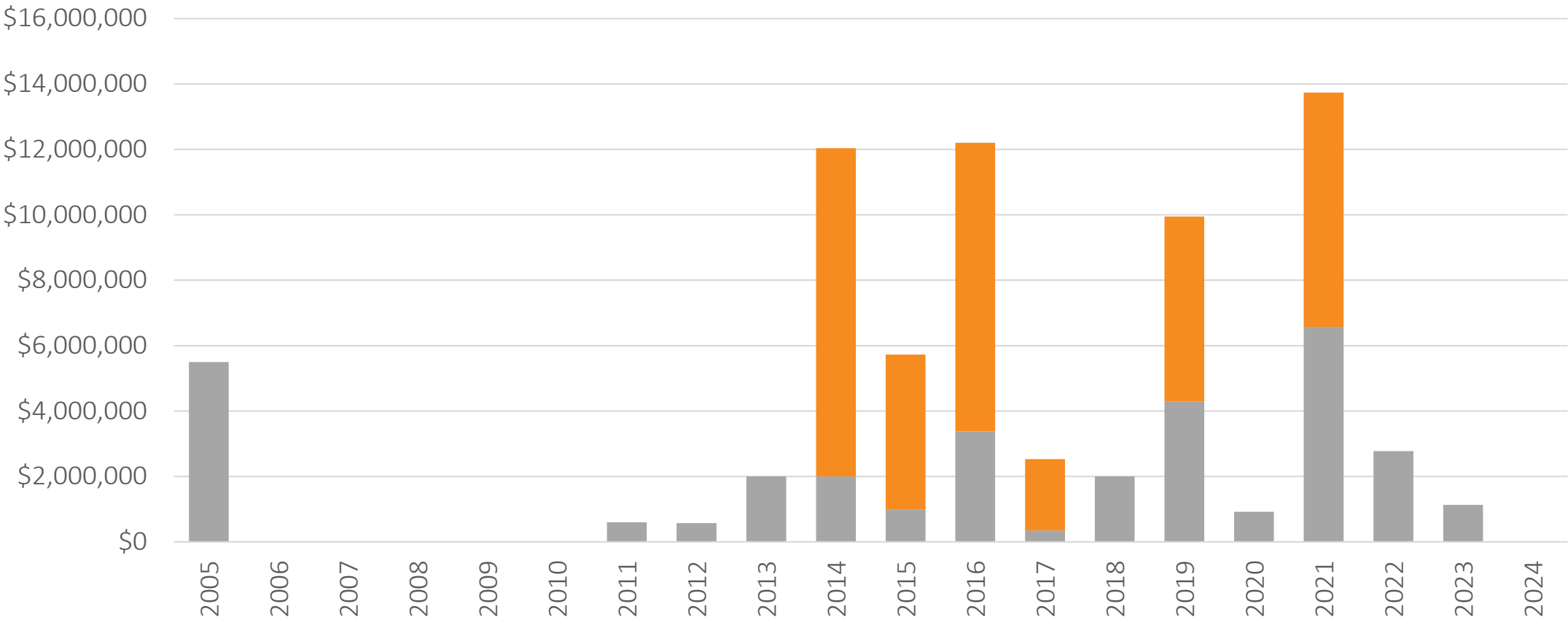
Open Large Loss Claims Summary as at September 30, 2024

Number of Claims by Insurer

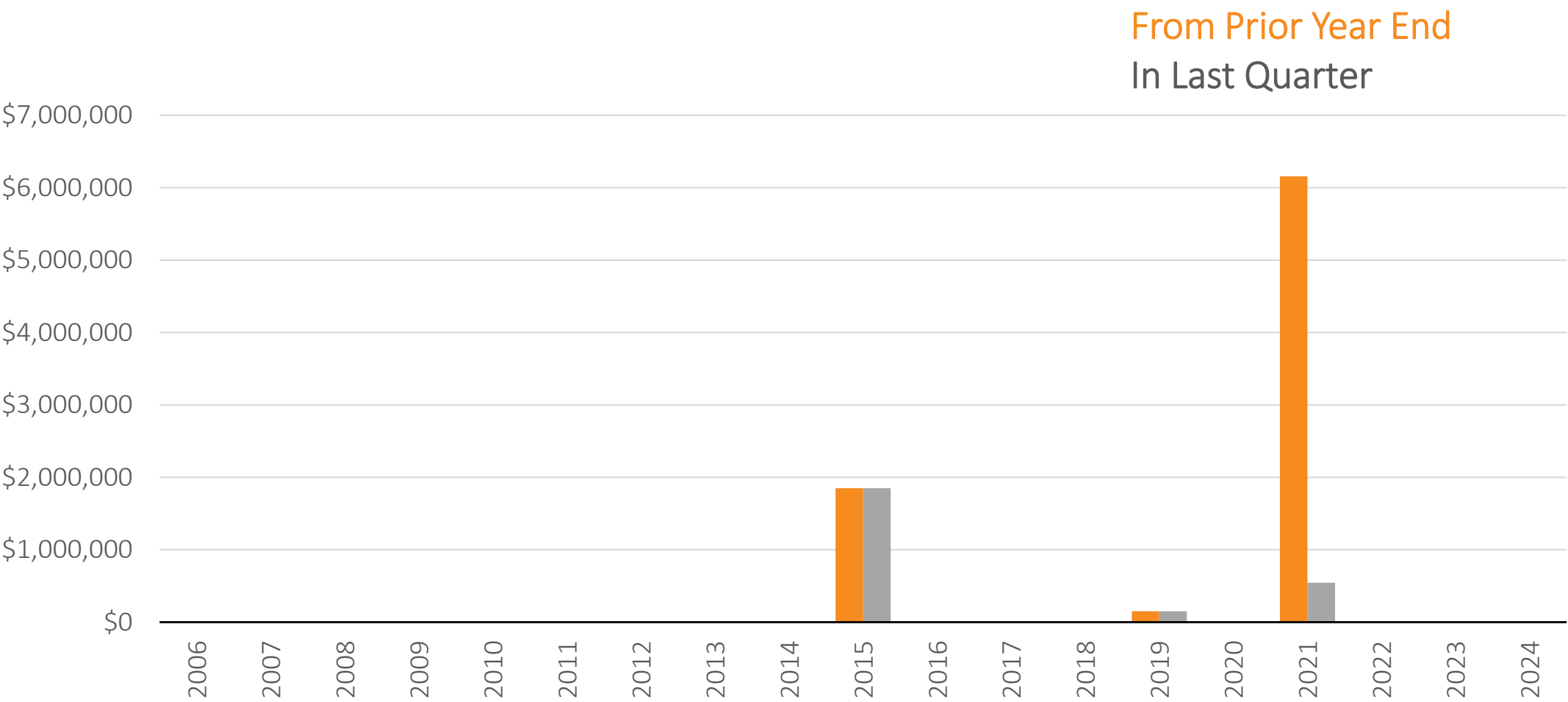


Incurred Amounts by Insurer

LS - CLLAS

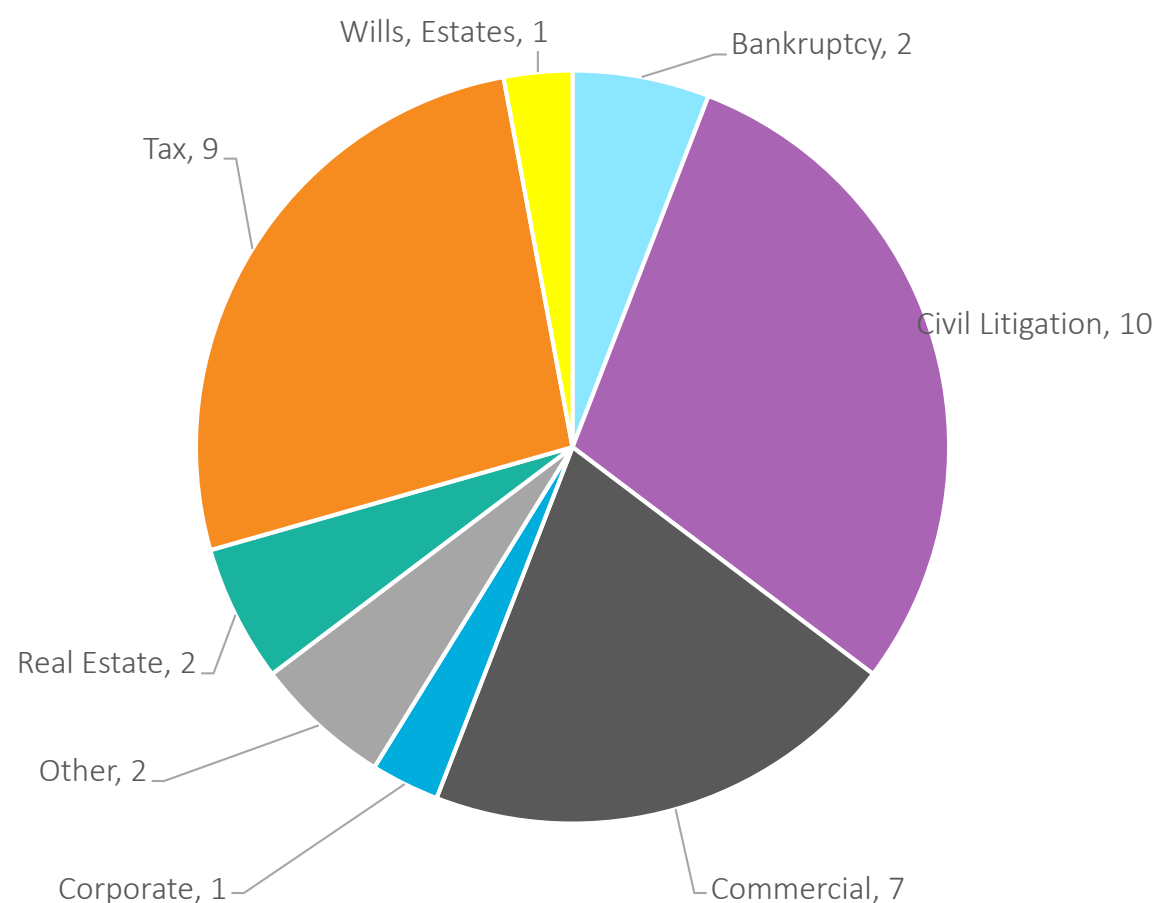


Change in Incurred Amounts (CLLAS)

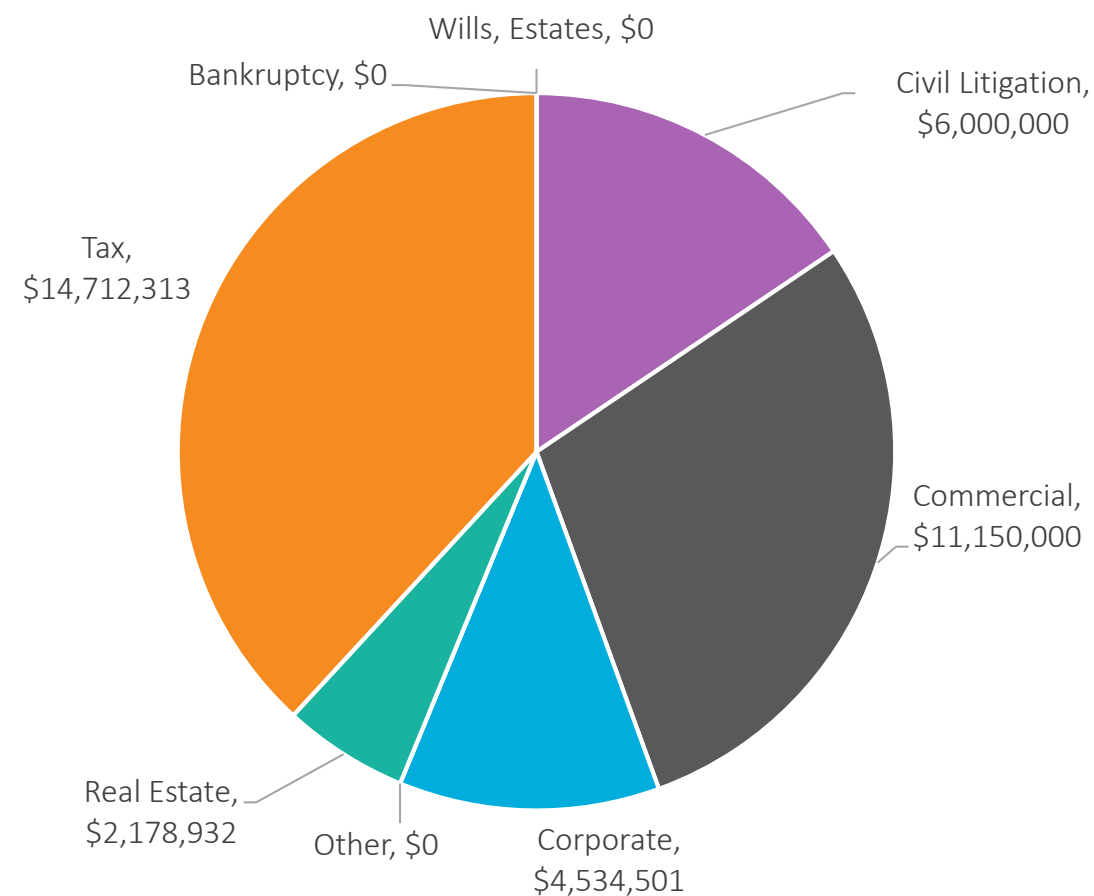


By Area of Law

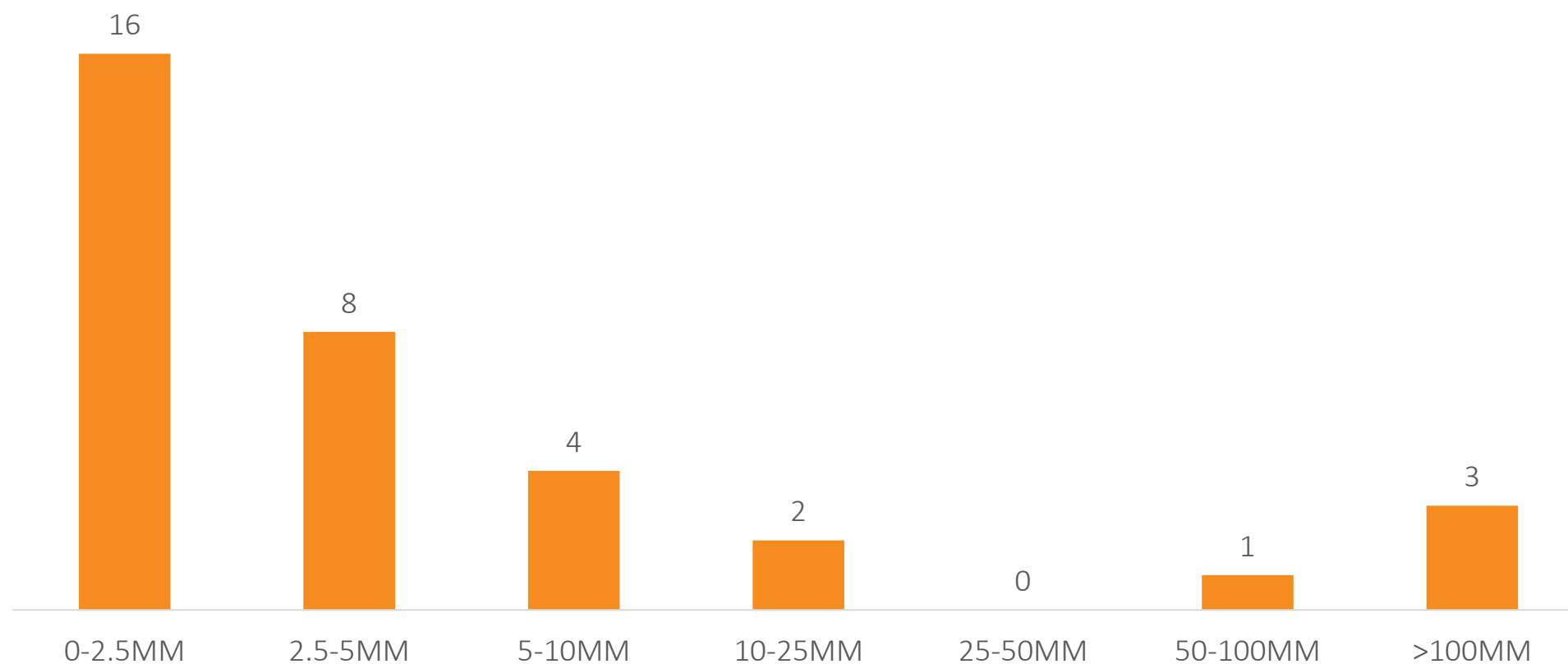
Number of Claims (CLLAS & LS)



CLLAS Incurred



Number of Claims by Best Estimate of Worst Case



Claim Count Movement in Quarter

Policy Year	Law Society Only	CLLAS Only	CLLAS & Law Society
2007 and prior	0	0	0
2008	0	0	0
2009	0	0	0
2010	0	0	0
2011	0	0	0
2012	0	0	0
2013	0	0	0
2014	0	0	0
2015	0	0	0
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0
2022	0	0	0
2023	0	0	0
2024	0	0	0

Notes

Slide 1

- Illustrates the number of open claims by insurer.
- LS Only: Large (\$500,000+) Law Society (“LS”) claims which have not yet developed into CLLAS (\$1,000,000+) claims
- CLLAS Only: Claims which are typically drop-down claims where the Law Society does not respond
- CLLAS & LS: Claims where amounts have been incurred by both the Law Society and CLLAS

Slide 2

- Illustrates the aggregate incurred amounts (paid + reserved) by policy year
- Identifies the quantum yet to be crystalized and highlights extraordinary years

Slide 3

- Illustrates movements in paid (always positive, except in cases of recovery) and reserved amounts on open claims
- Positive values highlight strengthening of reserves, or adverse claim development. Negative values highlight reduced reserves or better than expected outcomes

Notes (Cont'd)

Slide 4

- Illustrates the split between areas of law for the number of open claims and the incurred amounts (paid + reserved)
- Highlights the law areas of claims being actively managed

Slide 5

- Based on counsel's best estimate of the worst case outcome of each open claim
- Highlights the potential claim size being actively managed

Slide 6

- Illustrates the emergence or closure (including reduction of incurred value below the large loss monitoring threshold of \$500,000) of claims over the previous quarter
- Note: Claims may move between Law Society Only, CLLAS & Law Society, and CLLAS Only

discussion



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M5E 1G9

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Facsimile: 416-363-4538
E-Mail: info@mlsinvest.com

carriegreen@axxima.ca
October 22nd, 2024

Ms. Carrie Green,
General Manager, CLLAS
Berkeley Castle
250 The Esplanade, Suite 302
Toronto, ON M5A 1J2

Re: Canadian Lawyers Liability Assurance Society

Dear Ms. Green:

Please find enclosed our quarterly investment report for the period ending September 30 last on the Short Term Fund and Long Term Fund for CLLAS, together with a copy of our accounts, the originals of which have been sent to RBC Dexia Investor Services for payment.

It was a good quarter for the domestic bond market as the entire yield curve shifted lower. At the end of September, the short-term bond index posted a total return of 3.4% and the mid-term index returned 5.4%. Reflecting these trends, the Long Term Fund's total gain was 4.3% or \$325,373.

Following the closing of our new partnership with Beutel Goodman, we have updated and attached our Management Account Relationship Disclosure Document to reflect the change in ownership.

Please let us know if there are any questions or comments on the report or the updated Disclosure Document.

Yours sincerely,

Rowland W. Bell

RWB/de
Enclosures
cc: kcrofoot@goodmans.ca; normaibbetson@axxima.ca

CLLAS
CANADIAN LAWYERS LIABILITY
ASSURANCE SOCIETY

INVESTMENT REPORT
SEPTEMBER 30, 2024

MARTIN, LUCAS & SEAGRAM LTD.
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CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY**COMMENTARY FOR THE QUARTER ENDING SEPTEMBER 30, 2024****Review of Market Yields**

In the wake of some weakening in the economic data and a shift by central banks to lower policy rates the entire yield curve shifted lower during the third quarter. As a result, at the end of September, the yield on the 3-month Treasury Bill was 68 basis points below its level three months earlier. Meanwhile, further out the curve, the 5-year Canada yield dropped 78 basis points while the yield on the 10-year Canada declined 55 basis points.

As a result of these shifts, the inversion of the yield curve decreased over the quarter as the yield advantage of 3-month T-bills over the 10-year Canada declined from 114 basis points at the end of June to 101 basis points at September 30th.

	Jan. 01/24	Mar. 31/24	Jun. 30/24	Sep. 30/24
3-month Treasury Bill	6.80%	4.99%	4.64%	3.96%
5-year Canada	8.99%	3.51%	3.51%	2.73%
10-year Canada	9.09%	3.45%	3.50%	2.95%

During the third quarter, activity in the Short Term Investment Fund involved the roll-over and sale of money market securities. In the Long Term Investment Fund, a new corporate bond was purchased with a 6-year maturity – the purchase being funded from a maturing corporate bond.

At September 30, 2024, the average term to maturity of the Long Term Investment Fund was 4.70 years and the duration was 4.21 years.

The table below shows the distribution of the assets net cash held in both the Short and Long Term Investment Funds at September 30.

<i>Distribution at September 30, 2024</i>	<i>Valuation</i>	<i>%</i>
Short Term Investment Fund	\$8,124,868	50.7%
Long Term Investment Fund	\$7,893,850	49.3%
TOTAL COMBINED VALUATION	\$16,018,718	100.0%

CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY

The following pages set out tables, commentary and schedules on the items listed below:

- Total Returns vs. Benchmarks - Gross and Net of Fees
- Distribution of Securities in the Long Term Investment Fund by Credit Risk and by Maturity
- Compliance Statement
- Quarterly Performance Report - Gross of Fees: Long Term Investment Fund
- Bond Market Commentary and Future Policy
- Security Holdings in the Short Term and Long Term Investment Funds Listed and Valued Separately as at September 30, 2024
- Security Purchases and Sales
- Cash Reconciliations
- External Individual Credit Rating Report

LONG TERM INVESTMENT FUND**TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING SEPTEMBER 30, 2024**

	3 Years*	2 Years*	1 Year	Last 3 months
<i>Long Term Investment Fund – Gross of Fees</i>	<i>1.75%</i>	<i>5.73%</i>	<i>11.25%</i>	<i>4.26%</i>
<i>Long Term Investment Fund – Net of Fees</i>	<i>1.46%</i>	<i>5.42%</i>	<i>10.94%</i>	<i>4.18%</i>
Benchmark Portfolio **	1.12%	5.56%	11.10%	4.19%

*Annualized

** In the most recent Investment Policy update (dated December 7, 2021) the Benchmark Portfolio was revised to a composite comprised of the following total return indices:

- 60% FTSE Canada Short Bond Index
- 40% FTSE Canada Mid Bond Index

To reflect this change, the returns of the Benchmark Portfolio shown in the above table are based on the returns earned by the revised Benchmark Portfolio (as detailed above) in December 2021 and subsequent periods and the returns of the former Benchmark Portfolio that prevailed during reported periods prior to December 2021 (as detailed below).

- 30% FTSE (DEX) Federal Short Bond Index
- 30% FTSE (DEX) Provincial Short Bond Index
- 20% FTSE (DEX) Federal Mid Bond Index
- 20% FTSE (DEX) Provincial Mid Bond Index

SHORT TERM INVESTMENT FUND**TIME-WEIGHTED RATES OF TOTAL RETURN
FOR PERIODS ENDING SEPTEMBER 30, 2024**

	Since Inception Oct. 01/08 *	3 Years*	2 Years *	1 Year	Last 3 Months
<i>Short Term Investment Fund – Gross of Fees</i>	<i>1.31%</i>	<i>3.39%</i>	<i>4.67%</i>	<i>4.94%</i>	<i>1.12%</i>
<i>Short Term Investment Fund – Net of Fees</i>	<i>1.19%</i>	<i>3.26%</i>	<i>4.54%</i>	<i>4.79%</i>	<i>1.09%</i>
Benchmark Portfolio **	1.27%	3.38%	4.68%	4.97%	1.14%

* Annualized

** The Benchmark Portfolio, confirmed in the December 7, 2021 Investment Policy update, is based 100% on the total return index of the 30-day Treasury Bill Index

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY CREDIT RISK**
(Based on Market Values)

	Dec. 17/13	Dec. 31/23	Mar. 31/24	Jun. 30/24	Sep. 30/24
Bonds, Treasury Bills & Cash Less than 1 year term	100.0%	7.0%	6.9%	11.7%	8.2%
Canadas Greater than 1 year term		23.9%	23.2%	25.1%	25.2%
Provincials Greater than 1 year term		38.3%	37.0%	33.9%	34.1%
Corporates Greater than 1 year term		30.8%	32.9%	29.3%	32.5%
TOTAL PORTFOLIO	100.0%	100.0%	100.0%	100.0%	100.0%

LONG TERM INVESTMENT FUND**DISTRIBUTION OF SECURITIES BY MATURITY**
(Based on Market Values)

	Sep. 30/23	Mar. 31/24	Jun. 30/24	Sep.30/24
Under 1 year	7.3%	6.9%	11.7%	8.2%
1 - 3 years	21.1%	27.4%	27.2%	26.9%
3 - 5 years	27.3%	26.7%	15.9%	21.7%
5 - 7 years	21.3%	18.1%	20.6%	18.3%
7 - 10 years	22.9%	20.9%	24.6%	24.9%
TOTAL	100.0%	100.0%	100.0%	100.0%
Average Maturity (yrs)	4.80	4.43	4.73	4.70
Average Duration (yrs)	4.29	3.98	4.22	4.21

SHORT TERM INVESTMENT FUND

	Sep. 30/23	Mar. 31/24	Jun. 30/24	Sep. 30/24
Short Term Average Duration (yrs)	0.12	0.11	0.12	0.13

COMPLIANCE WITH INVESTMENT POLICY STATEMENT

AT SEPTEMBER 30, 2024

	Investment Limits	Investment Funds	Compliance
<i>Short Term Investment Fund</i>			
Maximum Term of Any Issue	1 year	0.2 year	Yes
Minimum Percentage of Total Fund (Short & Long)	20% of Total	50.7%	Yes
Minimum Canada & Provincial Percentage	50%	100%	Yes
Minimum Provincial Quality	A	N/A	Yes
Minimum Bank CD & BA Quality	R1 (high)	R1 (high)	Yes
<i>Long Term Investment Fund</i>			
Maximum Term of Any Issue	10 years	9.7 years	Yes
Maximum Percentage of Total Fund (Short & Long)	80% of Total	49.3%	Yes
Minimum Canada Percentage	20%	25.2%	Yes
Maximum Provincial Percentage	40%	39.2%	Yes
Minimum Canada & Provincial Percentage	60%	64.4%	Yes
Minimum Provincial Quality *	A	AA	Yes
Maximum Corporate Percentage	40%	30.0%	Yes
Minimum Corporate Quality *	BBB	BBB	Yes
Maximum BBB Corporate Percentage	10%	5.6%	Yes

* At time of purchase

This will confirm that, as at the end of the latest quarter, the Long Term and Short Term Investment Funds were managed in compliance with the Investment Policy limits provided on December 7, 2021.

Martin, Lucas & Seagram Ltd.
 PERFORMANCE REPORT
 GROSS OF FEES
CLLAS – LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 06-30-24 to 09-30-24

Portfolio Value on 06-30-24	7,625,390
Accrued Interest	37,076
Contributions	252,860
Withdrawals	-284,161
Realized Gains	260
Unrealized Gains	267,499
Interest	32,001
Dividends	0
Change in Accrued Interest	25,613
Portfolio Value on 09-30-24	7,893,850
Accrued Interest	62,688
Average Capital	7,645,831
Total Gains before Fees	325,373
IRR for 0.25 Years	4.26%

BOND MARKET COMMENTARY AND FUTURE POLICY

Markets have been anticipating a rate cut by the U.S. Federal Reserve (Fed) for some time now and it finally arrived in Q3/2024. Fed Chair Jerome Powell's announcement in September that the target rate would come down was close to a foregone conclusion, although the size of the cut (50 bps, to a range of 4.75%–5.00%) was somewhat of a surprise. The Fed's decision likely reflects its concerns regarding the U.S. economy, particularly the consistent rise in the unemployment rate over the past year.

The Bank of Canada (BoC) has made three cuts in succession, bringing its policy rate to 4.25% at its September meeting. The job market is also a concern for the BoC and, with inflation returning to the central bank's 2% target in August, more rate cuts are expected in the coming months.

Amid the dovish shift by central banks, the bond markets rallied to deliver strong performance during the quarter. In Canada, the FTSE Canada Short Bond Index advanced by 3.4%, while the Mid Bond Index rose 5.4%.

The Canada 10-Year Government Bond yield ended the quarter at 2.96%, compared to the 10-Year U.S. Treasury yield of 3.78%. As yields declined in both Canada and the U.S., the extreme differential between the two countries that prevailed in the second quarter has narrowed, although it remains wide from a historical standpoint.

On rates, bond markets are currently pricing in a terminal rate (i.e., the level at which central banks end their cutting cycle) of 2.25%–2.50% in Canada and 3.00%–3.25% in the U.S. These ranges are significantly lower than terminal rate expectations at the end of the second quarter and provide evidence of how quickly market sentiment can change.

In credit markets, the release of weaker-than-expected economic data in the U.S. led to elevated market volatility at the beginning of August, which saw spreads widen during the month but tighten again in September. Despite some economic headwinds gathering in North America, spreads in both Canada and the U.S. remain relatively tight versus historical levels.

Economic Update: An Ambiguous Economic Picture

A soft landing for both the Canadian and U.S. economies remains a key objective for the BoC and the Fed, although recent data suggesting a weakening labour market is certainly cause for concern. In terms of GDP, Canada is still generating growth, expanding by 2.1% in the second quarter (source: Statistics Canada). However, the increase in GDP was largely attributable to increased government spending; household spending has been weaker.

Traditionally, hiking cycles have foreshadowed recessions, but so far Canada has managed to avoid that scenario. In fact, forecasts by S&P and Bloomberg predict that the Canadian economy will expand by 1.2% in 2024 and continue to grow in 2025. It is important to note, though, that strong population growth has led to a less rosy GDP per capita picture. In per-capita terms, Canada GDP has decreased for six quarters in a row.

The U.S. economy, meanwhile, is on stronger footing as American consumers are much less sensitive to interest rates and continue to spend. Speaking at an economics conference in Nashville in late September, Fed Chair Powell stressed that the central bank's 50 bps rate cut was intended to support a healthy economy, rather than rescue a floundering one headed for recession.

According to the Bureau of Economic Analysis, U.S. GDP grew by 3.0% in the second quarter, a significant increase on the Q1 reading of 1.6%.

As we approach the end of 2024, it appears that rising prices will be much less of a worry for central banks. In August, Canada's year-over-year Consumer Price Index (CPI) reading was 2.0%, which is in line with the BoC's target and brings inflation back to levels not seen since February 2021. Since then, Canada's CPI decelerated further to 1.6% in September.

In the U.S., CPI slowed to 2.5% year over year in August, which is also the lowest annual inflation rate since February 2021 and the CPI annual increase cooled further to 2.4% in September. However, some pockets of price stickiness remain, particularly in sectors such as shelter, which can be slower to adjust in an inflationary environment.

While GDP growth and moderating inflation in Canada and the U.S. provide reasons for optimism, a weakening labour market, characterized by rising unemployment and fewer job openings, is a clear headwind for their respective economies.

In Canada, unemployment increased to 6.6% in August, before edging back to 6.5% in September. Nevertheless, the amount of people out of work has steadily climbed in 2024 (the unemployment rate stood at 5.7% in January) which will likely factor into upcoming rate decisions by the BoC.

The resilience of the U.S. job market has been one of the main features of the post-pandemic period but it has started to cool recently. The unemployment rate in the U.S., although close to historically low levels, is slowly starting to creep up.

In this environment, workers are reluctant to seek new employment and quit rates are down in both Canada and the U.S. As we approach the BoC's and the Fed's next meetings, jobs rather than inflation is the topic likely to dominate the discourse.

A New Path for Central Banks

At its September meeting, the Federal Open Market Committee released its latest Summary of Economic Projections (SEP). Since its June update, the Fed increased its projection for median unemployment (4.4% for 2024), lowered its median projection for inflation (core PCE of 2.6% for 2024) and reduced its projection for the Federal Funds Rate (to 4.4% for 2024).

Of those revisions, the change in the Federal Funds Rate projection stands out (it was 5.1% for 2024 in the June SEP). This all but confirms that the Fed will cut again at its November and December meetings, unless something completely unexpected (e.g., inflation reigniting) occurs in the interim.

The BoC has already reduced its policy rate three times this year, but it's expected that there will be further cuts at its upcoming meetings. With mortgage renewals in 2025–2026 likely to drag on economic growth in Canada, the BoC will attempt to limit that impact by moving to even more accommodative monetary policy. Speaking at an event in September, BoC Governor Tiff Macklem stressed that rate decisions would be made one meeting at a time and will be entirely dependent on data, with particular focus on consumer spending, business hiring and investment.

Another major development during the quarter was the decision by the Chinese central bank, the People's Bank of China (PBOC), to introduce several stimulative measures to support the world's second-largest economy. The PBOC cut its benchmark interest rate on seven-day reverse repurchase (repo) agreements, and reduced the amount of cash that banks must hold as

reserves, thus injecting liquidity into bond markets. Coming alongside a commitment by the Chinese government to increase fiscal stimulus, China's stock market surged late in the quarter. Major trading partners with China, including the EU and Canada, will be hopeful that the stimulus can strengthen the Chinese economy.

Outlook

Bond markets are already pricing in a series of rate cuts by central banks, so yields will not necessarily come down in lockstep with policy rates. Instead, bond yields will be driven by whether upcoming economic data supports the current soft-landing narrative or if a hard landing narrative gains traction.

The economy could remain resilient in the next few quarters should lower yields stimulate consumer spending and housing markets. This resiliency would be considered a soft landing by central banks and would likely mean a slower pace of cuts in 2025. Should a soft landing not materialize, however, it is likely that central banks will accelerate their interest rate cuts, with a view to stimulating growth and protecting the labour market.

Amid growing turmoil in the Middle East, not to mention the upcoming U.S. elections, there are many factors that could impact the global economy and the policies of central banks. As BoC Governor Macklem recently stated, "we need to recognize that new uncertainties are a new reality, and we must be ready for the inevitable shocks in a more turbulent world." With that in mind, it is our view that growth will continue to moderate in both Canada and the U.S., bringing inflation down and allowing central banks the runway to continue their cutting cycle.

Given the uncertain investment landscape, the portfolio remains defensively positioned in terms of credit quality with an emphasis on higher rated provincial and corporate credits. From an interest-rate-positioning perspective, we expect interest rates will continue to fall over the medium term, so we are watching for favourable opportunities to increase the Long Term Fund's duration position, which was held at 4.2 years during the third quarter.

RWB/de

As stipulated in our Investment Management Agreement, please let ML&S know if there are major changes in your financial and/or personal circumstances, income needs or risk tolerance in order for us to review the suitability of your investment portfolio and objectives.

Martin, Lucas & Seagram Ltd.

CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at September 30, 2024

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
CASH					
	Cash Account			17,377	0
MONEY MARKET ISSUES					
965,000	Canada Treasury Bill 4.55% due October 10, 2024	98.77	99.85	963,580	43,367
642,000	Canada Treasury Bill 4.35% due October 24, 2024	98.85	99.70	640,043	27,605
1,640,000	Canada Treasury Bill 4.25% due November 7, 2024	98.87	99.54	1,632,484	68,914
976,000	Canada Treasury Bill 4.15% due November 21, 2024	98.81	99.39	970,067	40,022
2,875,000	Canada Treasury Bill 4.05% due December 5, 2024	99.04	99.24	2,853,285	115,160
1,075,000	Canada Treasury Bill 4.04% due December 18, 2024	98.79	99.11	1,065,410	42,903
				<u>8,124,868</u>	<u>337,969</u>
TOTAL PORTFOLIO				8,142,245	337,969

Disclosures:

1. Please note that the securities listed herein are held on your behalf by the above noted custodian. You may wish to contact them directly to determine if your account is covered by any recognized Investor Protection Plan and/or for information on how these securities are held.
2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 07-01-24 To 09-30-24

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
07-02-24	07-02-24	965,000	Canada Treasury Bill 4.55% due October 10, 2024	98.77	953,118.92
07-17-24	07-18-24	642,000	Canada Treasury Bill 4.35% due October 24, 2024	98.85	634,588.11
07-31-24	08-01-24	1,640,000	Canada Treasury Bill 4.25% due November 7, 2024	98.87	1,621,497.52
08-06-24	08-06-24	976,000	Canada Treasury Bill 4.15% due November 21, 2024	98.81	964,376.82
08-26-24	08-27-24	790,000	Canada Treasury Bill 4.05% due December 5, 2024	98.90	781,330.54
08-28-24	08-29-24	1,075,000	Canada Treasury Bill 4.04% due December 18, 2024	98.79	1,061,952.73
09-11-24	09-12-24	2,085,000	Canada Treasury Bill 4.05% due December 5, 2024	99.09	2,065,980.63
					8,082,845.27
SALES					
07-02-24	07-02-24	955,000	CIBC BA 5.00% due July 2, 2024	100.00	955,000.00
07-18-24	07-18-24	635,000	Canada Treasury Bill 4.80% due July 18, 2024	100.00	635,000.00
08-01-24	08-01-24	1,620,000	Canada Treasury Bill 4.80% due August 1, 2024	100.00	1,620,000.00
08-07-24	08-07-24	965,000	Province of Alberta Prom Note 4.85% due August 7, 2024	100.00	965,000.00
08-27-24	08-27-24	783,000	Province of Alberta T/Bill 4.85% due August 27, 2024	100.00	783,000.00
08-29-24	08-29-24	1,060,000	Canada Treasury Bill 4.70% due August 29, 2024	100.00	1,060,000.00
09-12-24	09-12-24	2,060,000	Canada Treasury Bill 4.60% due September 12, 2024	100.00	2,060,000.00
					8,078,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - SHORT TERM INVESTMENT FUND
(RBC Investor Services)
From 06-30-24 to 09-30-24

Cash Balance at June 30, 2024		2,990.39
ADD: Proceeds from Sales	8,078,000.00	
Capital Contribution		
Interest on cash balance	76.09	
Bond Interest Credited (from Long Term Investment Fund)	30,128.88	8,108,204.97
LESS: Cost of Purchases	-8,082,845.27	
Capital Withdrawal		
Q1 2024 Investment Counsel Fees - Short Term Investment Fund	-2,269.41	
Q1 2024 Investment Counsel Fees - Long Term Investment Fund	-5,385.43	
Trust Company Charges	-4,490.63	
Transfers to Long Term Fund re: net sales and purchases	1,172.23	-8,093,818.51
Cash Balance at September 30, 2024		17,376.85

0.00

[illegible]

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at September 30, 2024

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
GOVERNMENT BONDS					
300,000	Canada Housing Trust Ser. 70 2.25% due December 15, 2025	100.98	98.86	296,579	6,750
250,000	Canada Housing Trust Ser. 77 2.35% due June 15, 2027	93.81	98.60	246,509	5,875
250,000	Canada Housing Trust No.1 2.350% due March 15, 2028	103.96	98.33	245,829	5,875
300,000	Canada Housing Trust 2.1% Series 88 due September 15, 2029	99.73	96.28	288,844	6,300
275,000	Canada Housing Trust 1.1% Series 95 due March 15, 2031	94.05	88.76	244,101	3,025
200,000	Canada Housing Trust 3.55% due September 15, 2032	98.05	102.31	204,618	7,100
215,000	Canada 2.75% due June 1, 2033	92.55	98.88	212,599	5,913
250,000	Canada 3.0% due June 1, 2034	96.98	100.40	251,009	7,500
				<hr/> 1,990,088	<hr/> 48,338
PROVINCIAL BONDS					
400,000	Ontario 2.60% due June 2, 2025	101.08	99.38	397,519	10,400
350,000	British Columbia 2.3% due June 18, 2026	104.40	98.78	345,746	8,050
350,000	Ontario 2.60% due June 2, 2027	97.56	99.16	347,044	9,100
300,000	Alberta 2.90% due December 1, 2028	94.50	99.79	299,360	8,700
350,000	Ontario 2.05% due June 2, 2030	94.43	94.53	330,862	7,175
200,000	British Columbia 1.55% due June 18, 2031	83.75	89.77	179,543	3,100
300,000	Ontario 2.25% due December 2, 2031	87.15	93.28	279,836	6,750
300,000	British Columbia 3.2% due June 18, 2032	96.71	98.57	295,698	9,600
300,000	Ontario 3.65% due June 2, 2033	97.98	101.06	303,184	10,950
150,000	Ontario 4.15% due June 2, 2034	101.10	104.22	156,323	6,225

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at September 30, 2024

Quantity	Security	Unit Cost	Price	Market Value	Annual Income
150,000	British Columbia 4.15% due June 18, 2034	101.64	104.10	156,146	6,225
				<hr/> 3,091,262	<hr/> 86,275
CORPORATE BONDS					
250,000	CIBC Deposit Note 3.3% due May 26, 2025	100.24	99.74	249,348	8,250
200,000	Wells Fargo & Company 2.975% due May 19, 2026	102.15	98.88	197,758	5,950
300,000	Bank of Nova Scotia Dep. Notes 2.62% due December 2, 2026	102.07	98.69	296,084	7,860
150,000	Bank of Montreal Dep. Note 2.70% due December 9, 2026	108.76	98.89	148,341	4,050
100,000	Bank of Nova Scotia 2.95% due March 8, 2027	92.85	98.74	98,740	2,950
150,000	Enbridge Inc. CB-27 3.2% due June 8, 2027	96.43	99.01	148,520	4,800
150,000	Royal Bank 4.642% due January 17, 2028	97.93	103.55	155,322	6,963
100,000	Bank of Montreal 3.19% due March 1, 2028	100.75	99.53	99,534	3,190
100,000	Telus Corp. CB-27 3.625% due March 1, 2028	97.25	99.80	99,800	3,625
100,000	Bell Canada SerM56 2.2% due May 29, 2028	98.26	95.37	95,370	2,200
250,000	Toronto Dominion Bank 4.68% due January 8, 2029	97.97	104.17	260,433	11,700
175,000	Ontario Power Generation 2.977% 13SEP29 due September 13, 2029	98.45	97.20	170,095	5,210
200,000	Hydro One Inc. 2.16% Ser 46 due February 28, 2030	86.95	93.42	186,842	4,320
100,000	Suncor EN INC SR7 CB-30 5.00% due April 9, 2030	100.45	104.17	104,166	5,000
150,000	Loblaw Companies 2.284% due May 7, 2030	87.39	93.08	139,615	3,426
250,000	Canadian National Railway 4.15% CB-30 due May 10, 2030	100.28	102.54	256,338	10,375
100,000	Telus Corp. CB 5.25% due November 15, 2032	101.65	106.20	106,196	5,250
				<hr/> 2,812,500	<hr/> 95,119

Martin, Lucas & Seagram Ltd.

CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)

Portfolio Holdings at September 30, 2024

<u>Quantity</u>	<u>Security</u>	<u>Unit Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Annual Income</u>
TOTAL PORTFOLIO				7,893,850	229,731

Disclosures:

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2. The cost of each position shown in the account is the book cost (original cost adjusted for distributions, capital returns and re-orgs). For unit costs marked with an *, the book cost cannot be determined and the value shown is based on the closing market price on July 15, 2015.

Martin, Lucas & Seagram Ltd.
PURCHASE AND SALE
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 07-01-24 To 09-30-24

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount
PURCHASES					
07-24-24	07-25-24	250,000	Canadian National Railway 4.15% CB-30 due May 10, 2030	100.28	250,700.00
					250,700.00
SALES					
07-24-24	07-24-24	250,000	Toronto Dominion Bank Dep. Note 3.226% due July 24, 2024	100.00	250,000.00
					250,000.00

Martin, Lucas & Seagram Ltd.
CASH RECONCILIATION
CLLAS - LONG TERM INVESTMENT FUND
From 06-30-24 to 09-30-24

Cash Balance at June 30, 2024		<u>0.00</u>
ADD: Proceeds from Sales	250,000.00	
Accrued Interest on Sales	4,032.50	
Bond Interest Credited to Long Term Investment Fund	30,128.88	
Transfer Bond Interest to Short Term Investment Fund	-30,128.88	<u>254,032.50</u>
LESS: Cost of Purchases	-250,700.00	
Accrued Interest on Purchases	-2,160.27	
Transfer from Short Term Fund	-1,172.23	<u>-254,032.50</u>
Cash Balance at September 30, 2024		<u><u>0.00</u></u>

30-Sep-24

CLLAS - LONG TERM INVESTMENT FUND

					Unit	Total		Market	Pct.
Quantity	CUSIP	Security		Rating	Cost	Cost	Price	Value	Assets
GOVERNMENT BONDS									
300,000	13509PFD0	Canada Housing Trust Ser. 70 2.25%	due December 15, 2025	AAA	100.98	302,940	98.86	296,579	3.8%
250,000	13509PFX6	Canada Housing Trust Ser. 77 2.35%	due June 15, 2027	AAA	93.81	234,525	98.60	246,509	3.1%
250,000	13509PGF4	Canada Housing Trust No.1 2.350%	due March 15, 2028	AAA	103.96	259,900	98.33	245,829	3.1%
300,000	13509PHD8	Canada Housing Trust 2.1% Series 88	due September 15, 2029	AAA	99.73	299,200	96.28	288,844	3.7%
275,000	13509PHQ9	Canada Housing Trust 1.1% Series 95	due March 15, 2031	AAA	94.05	258,638	88.76	244,101	3.1%
200,000	13509PJC8	Canada Housing Trust 3.55%	due September 15, 2032	AAA	98.05	196,100	102.31	204,618	2.6%
215,000	135087Q23	Canada 2.75%	due June 1, 2033	AAA	92.55	198,983	98.88	212,599	2.7%
250,000	135087R48	Canada 3.0%	due June 1, 2034	AAA	96.98	242,450	100.40	251,009	3.2%
						1,992,735		1,990,088	25.2%
PROVINCIAL BONDS									
400,000	68323ACX0	Ontario 2.60%	due June 2, 2025	AA	101.08	404,305	99.38	397,519	5.0%
350,000	11070TAJ7	British Columbia 2.3%	due June 18, 2026	AA (high)	104.40	365,400	98.78	345,746	4.4%
350,000	68323AEE0	Ontario 2.60%	due June 2, 2027	AA	97.56	341,460	99.16	347,044	4.4%
300,000	013051EB9	Alberta 2.90%	due December 1, 2028	AA	94.50	283,500	99.79	299,360	3.8%
350,000	68333ZAH0	Ontario 2.05%	due June 2, 2030	AA	94.43	330,515	94.53	330,862	4.2%
200,000	110709AF9	British Columbia 1.55%	due June 18, 2031	AA (high)	83.75	167,500	89.77	179,543	2.3%
300,000	68333ZAT4	Ontario 2.25%	due December 2, 2031	AA	87.15	261,450	93.28	279,836	3.5%
300,000	110709GL0	British Columbia 3.20%	due June 18, 2032	AA (high)	96.71	290,130	98.57	295,698	3.7%
300,000	68333ZAY3	Ontario 3.65%	due June 2, 2033	AA	97.98	293,940	101.06	303,184	3.8%
150,000	68333ZBC0	Ontario 4.15%	due June 2, 2034	AA	101.10	151,650	104.22	156,323	2.0%
150,000	110709AK8	British Columbia 4.15%	due June 18, 2034	AA (high)	101.64	152,460	104.10	156,146	2.0%
						3,042,310		3,091,262	39.2%
CORPORATE BONDS									
250,000	13596Z3Y9	CIBC Deposit Note 3.3%	due May 26, 2025	AA	100.24	250,600	99.74	249,348	3.2%
200,000	949746RX1	Wells Fargo & Company 2.975%	due May 19, 2026	AA (low)	102.15	204,300	98.88	197,758	2.5%
300,000	064151QE6	Bank of Nova Scotia Dep. Notes 2.62%	due December 2, 2026	AA	102.07	306,210	98.69	296,084	3.8%
150,000	06368AAA8	Bank of Montreal Dep. Note 2.70%	due December 9, 2026	AA	108.76	163,140	98.89	148,341	1.9%
100,000	06415GDE7	Bank of Nova Scotia 2.95%	due March 8, 2027	AA (low)	92.85	92,850	98.74	98,740	1.3%
150,000	29251ZBK2	Enbridge Inc. CB-27 3.2%	due June 8, 2027	A (low)	96.43	144,650	99.01	148,520	1.9%
150,000	780086WG5	Royal Bank 4.642%	due January 17, 2028	AA	97.93	146,895	103.55	155,322	2.0%
100,000	06368BTX6	Bank of Montreal 3.19%	due March 1, 2028	AA	100.75	100,750	99.53	99,534	1.3%
100,000	87971MBG7	Telus Corp. CB-27 3.625%	due March 1, 2028	BBB	97.25	97,250	99.80	99,800	1.3%
100,000	07813ZCJ1	Bell Canada SerM56 2.2%	due May 29, 2028	BBB (high)	98.26	98,263	95.37	95,370	1.2%
250,000	89117GRJ8	Toronto Dominion Bank 4.68%	due January 8, 2029	AA	97.97	244,920	104.17	260,433	3.3%
175,000	68321ZAD3	Ontario Power Generation 2.977% 13SEP29	due September 13, 2029	A (low)	98.45	172,293	97.20	170,095	2.2%
200,000	44810ZCC2	Hydro One Inc. 2.16% Ser 46	due February 28, 2030	A (high)	86.95	173,900	93.42	186,842	2.4%
100,000	86721ZAQ2	Suncor EN INC SR7 CB-30 5.00%	due April 9, 2030	A (low)	100.45	100,450	104.17	104,166	1.3%
150,000	539481AN1	Loblaw Companies 2.284%	due May 7, 2030	BBB (high)	87.39	131,088	93.08	139,615	1.8%
250,000	136375DF6	Canadian National Railway 4.15% CB-30	due May 10, 2030	A	100.28	250,700	102.54	256,338	3.2%
100,000	87971MBX0	Telus Corp. CB 5.25%	due November 15, 2032	BBB	101.65	101,650	106.20	106,196	1.3%
						2,779,908		2,812,500	35.6%
TOTAL PORTFOLIO						7,814,953		7,893,850	100.0%

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-23 to 09-30-24

Security	12-31-23 Market Value	Additions Withdrawals	09-30-24 Market Value	09-30-24 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
CASH								
Cash Account	0	0	0	0				
GOVERNMENT BONDS								
Canada Housing Trust 2.9% due June 15, 2024	247,581	-253,625	0	0	-6,600	2,419	0	0
Canada Housing Trust Ser. 70 2.25% due December 15, 2025	290,413	-3,375	296,579	302,940	0	0	-6,361	6,166
Canada Housing Trust Ser. 77 2.35% due June 15, 2027	240,379	-2,938	246,509	234,525	0	0	11,984	6,130
Canada Housing Trust No.1 2.350% due March 15, 2028	239,276	-5,875	245,829	259,900	0	0	-14,071	6,554
Canada Housing Trust 2.1% Series 88 due September 15, 2029	279,938	-6,300	288,844	299,200	0	0	-10,356	8,906
Canada Housing Trust 1.1% Series 95 due March 15, 2031	234,313	-3,025	244,101	258,638	0	0	-14,536	9,788
Canada Housing Trust 3.55% due September 15, 2032	201,112	-7,100	204,618	196,100	0	0	8,518	3,506
Canada 2.75% due June 1, 2033	208,906	-2,956	212,599	198,983	0	0	13,617	3,693
Canada 3.0% due June 1, 2034	0	242,553	251,009	242,450	0	0	8,559	8,559
GOVERNMENT BONDS Total	<u>1,941,917</u>		<u>1,990,088</u>	<u>1,992,735</u>	<u>-6,600</u>	<u>2,419</u>	<u>-2,647</u>	<u>53,302</u>
PROVINCIAL BONDS								
Ontario 2.60% due June 2, 2025	390,871	-5,200	397,519	404,305	0	0	-6,786	6,648
British Columbia 2.3% due June 18, 2026	337,502	-4,025	345,746	365,400	0	0	-19,654	8,245
Ontario 2.60% due June 2, 2027	338,496	-4,550	347,044	341,460	0	0	5,584	8,549
Alberta 2.90% due December 1, 2028	291,515	-4,350	299,360	283,500	0	0	15,860	7,845
Ontario 2.05% due June 2, 2030	319,685	-3,588	330,862	330,515	0	0	347	11,177
British Columbia 1.55% due June 18, 2031	172,838	-1,550	179,543	167,500	0	0	12,043	6,705
Ontario 2.25% due December 2, 2031	270,791	-3,375	279,836	261,450	0	0	18,386	9,045
British Columbia 3.2% due June 18, 2032	288,927	-4,800	295,698	290,130	0	0	5,568	6,771
Ontario 3.65% due June 2, 2033	297,386	-5,475	303,184	293,940	0	0	9,244	5,798
Ontario 4.15% due June 2, 2034	0	151,718	156,323	151,650	0	0	4,673	4,673
British Columbia 4.15% due June 18, 2034	0	152,451	156,146	152,460	0	0	3,686	3,686
PROVINCIAL BONDS Total	<u>2,708,011</u>		<u>3,091,262</u>	<u>3,042,310</u>	<u>0</u>	<u>0</u>	<u>48,952</u>	<u>79,140</u>
CORPORATE BONDS								
Toronto Dominion Bank Dep. Note 3.226% due July 24, 2024	247,396	-258,065	0	0	-5,050	2,604	0	0
CIBC Deposit Note 3.3% due May 26, 2025	245,515	-4,125	249,348	250,600	0	0	-1,252	3,833

Martin, Lucas & Seagram Ltd.
DATE TO DATE GAINS AND LOSSES
CLLAS - LONG TERM INVESTMENT FUND
(RBC Investor Services)
From 12-31-23 to 09-30-24

Security	12-31-23 Market Value	Additions Withdrawals	09-30-24 Market Value	09-30-24 Cost Basis	Realized Gain or Loss		Unrealized Gain or Loss	
					Cost	Market	Cost	Market
Wells Fargo & Company 2.975% due May 19, 2026	192,373	-2,975	197,758	204,300	0	0	-6,542	5,385
Bank of Nova Scotia Dep. Notes 2.62% due December 2, 2026	285,636	-3,930	296,084	306,210	0	0	-10,127	10,448
Bank of Montreal Dep. Note 2.70% due December 9, 2026	143,916	-2,025	148,341	163,140	0	0	-14,799	4,425
Bank of Nova Scotia 2.95% due March 8, 2027	95,472	-2,950	98,740	92,850	0	0	5,890	3,268
Enbridge Inc. CB-27 3.2% due June 8, 2027	144,024	-2,401	148,520	144,650	0	0	3,870	4,495
Royal Bank 4.642% due January 17, 2028	151,108	-6,963	155,322	146,895	0	0	8,427	4,214
Bank of Montreal 3.19% due March 1, 2028	96,450	-3,190	99,534	100,750	0	0	-1,216	3,084
Telus Corp. CB-27 3.625% due March 1, 2028	97,161	-3,625	99,800	97,250	0	0	2,550	2,639
Bell Canada SerM56 2.2% due May 29, 2028	91,558	-1,100	95,370	98,263	0	0	-2,892	3,813
Toronto Dominion Bank 4.68% due January 8, 2029	252,688	-11,700	260,433	244,920	0	0	15,513	7,745
Ontario Power Generation 2.977% 13SEP29 due September 13, 2029	117,622	43,281	170,095	172,293	0	0	-2,198	5,118
Hydro One Inc. 2.16% Ser 46 due February 28, 2030	180,312	-4,320	186,842	173,900	0	0	12,942	6,530
Suncor EN INC SR7 CB-30 5.00% due April 9, 2030	0	99,347	104,166	100,450	0	0	3,716	3,716
Loblaw Companies 2.284% due May 7, 2030	88,772	44,004	139,615	131,088	0	0	8,528	5,826
Canadian National Railway 4.15% CB-30 due May 10, 2030	0	252,860	256,338	250,700	0	0	5,638	5,638
Telus Corp. CB 5.25% due November 15, 2032	0	99,960	106,196	101,650	0	0	4,546	4,546
CORPORATE BONDS Total	2,430,002		2,812,500	2,779,908	-5,050	2,604	32,593	84,722
TOTAL PORTFOLIO	7,079,930		7,893,850	7,814,953	-11,650	5,023	78,897	217,164
TOTAL DATE TO DATE GAIN OR LOSS								222,187
% CHANGE DURING PERIOD								3.14

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 E-mail: info@mlsinvest.com

MANAGED ACCOUNT RELATIONSHIP DISCLOSURE DOCUMENT

Martin, Lucas & Seagram Ltd. (“MLS”) is registered as a Portfolio Manager with the Ontario Securities Commission, British Columbia Securities Commission, New Brunswick Financial and Consumer Services Commission and the Autorité Des Marchés Financiers (Quebec). The firm has been operating as a discretionary portfolio manager since 1952.

MLS is a wholly-owned subsidiary of Beutel, Goodman & Company Ltd. (“Beutel Goodman” or “BG”). Beutel Goodman is a privately-owned, independent Canadian investment manager that was founded in 1967. BG, whose office is located in Toronto, Ontario, is a portfolio manager in the business of providing discretionary investment advisory services to its clients across Canada and is also an investment fund manager, managing the assets of a group of proprietary pooled investment funds. In addition, BG as a mutual fund dealer in Ontario and as an investment fund manager in Ontario and Quebec, manages the Beutel Goodman Managed Funds (the “BG Funds”), a group of prospectus-qualified mutual funds. BG is also registered in Ontario as a Commodity Trading Manager (CTM) and in Quebec as a Derivatives Portfolio Manager.

MLS manages portfolios for private clients on a discretionary basis. Client accounts are invested in individual equity and fixed income securities (or investment funds made up of those eligible securities, which may include the BG Funds) based on each client’s personal and financial circumstance.

As a securities registrant, we are obligated to make certain disclosures to you, so you may understand the nature of your relationship with MLS and are advised of significant matters regarding the discretionary authority that MLS will exercise over the operation of your managed account(s) through MLS.

We are also required, under federal privacy legislation, to make you aware of MLS’s policy to ensure compliance with the requirements of that legislation.

I) YOUR RELATIONSHIP WITH MLS AND OUR OBLIGATIONS TO YOU

You have engaged MLS to manage your investments on a discretionary basis through separately managed accounts.

Under this arrangement you have selected a specific broker to serve as custodian for your account holdings. The broker is further responsible for trade execution, trade settlement, record keeping and tax reporting with respect to your account(s). Your appointed broker is

directly responsible to you for performance of these services. Your account may be covered by CIPF and other insurance protections that the broker makes available to its clients. Please contact your appointed broker for a description of these coverages or protections.

If your accounts are held with a Correspondent Broker, MLS has entered into a services agreement with the broker, which sets out each party's respective roles as described above. It further sets out that MLS will collect certain documentation on behalf of the Correspondent Broker and that the Correspondent Broker will obtain MLS' consent with respect to any instructions it receives on the account.

The benefit of the arrangements is that these securities will be identified on the broker/correspondent's records as belonging to you and not co-mingled with holdings of other managed account clients.

MLS acts as a Portfolio Manager and has been granted discretionary authority over your account(s) held at your appointed broker/correspondent for the purpose of trading in securities, but MLS does not have authority to withdraw or transfer account holdings. This arrangement allows us to execute our obligations under the managed account agreement we have executed with you. However, transactions will be made to your account without your prior knowledge, approval oversight or control.

MLS is obligated to ensure your managed account(s) are managed prudently and in accordance with the Investment Policy Statement for the account(s) as detailed in the Know Your Client Form (KYC).

MLS is further obligated to ensure the Investment Policy Statement that serves as a basis for the ongoing management of your account is suitable and appropriate for your needs. MLS has relied on personal information that you have provided in the Know Your Client Form to recommend an Investment Policy Statement for your account(s). Please advise your MLS representative if there is a change to such personal information, as it may warrant a change to the Investment Policy Statement and/or your portfolio holdings.

MLS is also obligated to put your interests first. We are committed to acting in your best interest and will place your interests ahead of our personal interests and any other competing considerations.

We are obligated under securities law to take reasonable steps to obtain from each client that is an individual the name and contact information of a trusted contact person and the written consent of the client to contact the trusted contact person to confirm or make inquiries about any of the following: (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.

Under securities law, we may place a hold on the purchase or sale of a security on behalf of a client or on the withdrawal or transfer of cash or securities from a client's account (a

“Temporary Hold”) in certain circumstances. We may place a Temporary Hold on the basis of financial exploitation of a vulnerable client if we reasonably believe all of the following: (a) the client is a vulnerable client; (b) financial exploitation of the client has occurred, is occurring, has been attempted or will be attempted. We also may place a Temporary Hold on the basis of a client’s lack of mental capacity if we reasonably believe that the client does not have the mental capacity to make decisions involving financial matters. If we place such a temporary hold we will do all of the following: (a) document the facts and reasons that caused us to place and, if applicable, to continue the temporary hold; (b) provide notice and the reasons for the temporary hold to the client as soon as possible after placing the temporary hold; (c) review the relevant facts as soon as possible after placing the temporary hold and, on a reasonably frequent basis, to determine if continuing the hold is appropriate; (d) within 30 days of placing the temporary hold and, until the hold is revoked, within every subsequent 30-day period, do either of the following: (i) revoke the temporary hold; (ii) provide the client with notice of our decision to continue the hold and the reasons for that decision.

Your MLS representative will review the Investment Policy Statement with you, on at least an annual basis, to ensure it reflects your investment needs and circumstances.

II) MANAGEMENT FEES AND OTHER COSTS OF OPERATING A MANAGED ACCOUNT

Fees are charged to your account to cover portfolio management services and fees charged by your appointed broker/ custodian. These fees will reduce the return on your portfolio. For example, if the value of your account at the end of a quarter is \$10,000 and the annual management fee for your account is 1%, \$25 will be deducted from your account at quarter end. This will not only reduce that account’s return at quarter end by \$25 but the account will forgo future compounding returns that it would have earned from re-investment of the \$25.

Your managed account will be charged a management fee as set out in the Investment Management Agreement that you have executed with MLS. This fee compensates MLS for portfolio management.

Your appointed broker may levy additional operational or activity fees with respect to your account with that firm. Please contact them directly for further information on such charges.

Your appointed broker, through whom portfolio orders will be executed, will charge a commission or spread for this service. These costs are imputed into the purchase price or proceeds of the trade and are ultimately reflected in the cost of securities held by your account(s) and in your portfolio’s performance.

III) ACCOUNT REPORTING

MLS will provide you with quarterly investment reports which will include a summary of the portfolio’s investment experience, asset distribution, list of holdings, market valuation, transaction details and cash ledger.

In addition to this reporting your appointed broker will provide you with a separate reporting on your account(s) holdings, pursuant to their regulatory obligations. Please contact that firm directly for information on their client reporting obligations.

You will also receive, on an annual basis, a performance report that details the change in the value of your account during the year and since the account's inception date, as defined in the report. That report will also provide the percentage return you earned on the account for the year and other specified periods.

Finally, you will receive, on an annual basis, a summary of all the fees charged to you by MLS and compensation earned by the firm with respect to your account.

You may request, at no cost, e-mail delivery of any notice that MLS is obligated to send, including, but not limited to, quarterly investment reports. Such electronic delivery will be made to the contact e-mail provided in the KYC. You will be required to advise MLS if this address has changed or is otherwise unable to receive e-mail communications or does not have access to technology to read PDF documents sent to it. Your consent to receive such materials through e-mail may also be revoked or changed (including any change in the electronic e-mail address to which documents are delivered) at any time by notifying your Portfolio Manager.

IV) INVESTMENT RISKS

MLS will select securities and seek to diversify your account(s) to ensure your portfolio(s) is in accordance with the investment mandate set out under the Investment Policy Statement in the KYC.

The actual performance of your managed account(s) will be dependent on market fluctuations and other conditions that are both unpredictable and beyond the control of MLS or any other parties. Investment returns on your account cannot be guaranteed.

The following is a summary of the risks of investing. Please note that this list is not exhaustive and has been provided to give you an indication of the factors that can affect the value of your portfolio(s).

a) Market risk: is the impact of a decline in the overall market (i.e. Equity, Bonds, etc.) on the value of your portfolio.

b) Interest rate risk: is the impact of a change in the level of interest rates on the value of your portfolio of fixed income investments, including bonds and treasury bills. As interest rates rise, bond prices will fall. Equities are also sensitive to this risk, to the extent that they affect demand for the firm's goods or services or affect revenues, operating and financing costs.

c) Inflation risk: is the risk of a decline in the purchasing power of your financial assets, including cash and equivalents, due to a general rise in prices.

d) Credit risk: is the risk of a decline in the value of bonds or money market instruments held in your portfolio because of a decline in the actual or perceived creditworthiness of the Issuer. In the worst case scenario, the Investor could lose most or all of their investment if the Issuer is unable to repay the debt obligation, and there are insufficient assets to pay off the debt.

e) Currency risk: is the risk of a decline in the value of securities denominated in a foreign currency, due to an appreciation in the value of the Canadian dollar. It also addresses the risk of a decline in the profits of a Canadian Issuer due to fluctuations in the value of currencies in which the Issuer transacts with customers or suppliers, or currencies in which the Issuer holds foreign assets.

f) Equity risk: is the general risk of investing in equity markets. The equities' market will fluctuate based on a variety of factors, including general economic and market conditions, interest rates, political developments, investor sentiment and changes within the company that issues the particular security.

g) Developing Market Investment Risk: Developing markets carry certain unique risks, including poor market liquidity and transparency, volatile growth and political risk.

V) IMPACT OF LEVERAGE

MLS will not trade on margin or otherwise use borrowed monies in the management of your account, unless we receive your explicit instructions to do so.

We have neither arranged for nor recommended that you borrow money in order to invest.

If the capital you propose to invest in the managed account(s) will be partly or fully obtained from borrowed funds, your investment risk will increase. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by the terms remains the same, even if the value of the securities purchased declines.

VI) PROCEDURES TO MINIMIZE CONFLICTS

All MLS staff, officers and directors are required to avoid any situation where their personal interests conflict or appear to conflict with their duties at the Firm and their obligation to clients.

All staff are obliged to disclose to the Chief Compliance Officer any conflict of interest or potential conflict of interest immediately upon discovery and to comply with any consequent prohibitions imposed by the Chief Compliance Officer.

MLS has adopted the following policies in order to minimize actual or potential conflicts:

1. The firm does not engage in any of the following activities:
 - a. MLS is not an issuer of securities.
 - b. MLS does not trade in or advise with respect to its own securities.
 - c. MLS is not related to an issuer of securities (except the BG Funds) or public company.
 - d. MLS has no sub-advisory agreements with any other investment advisor.
 - e. MLS does not trade in any type of securities for its own account. However surplus cash may be deposited in High Interest Savings Account units issued by Canadian chartered banks.
 - f. MLS has no soft dollar arrangements with any investment dealer or third party.
 - g. MLS does not pay referral fees or participate in any referral arrangements for new clients.
2. MLS staff are prohibited from receiving any personal benefits from public issuers in which they invest client capital or through whom they execute such transactions or from third party vendors or issuers of securities. This prohibition does not preclude acceptance of customary, ordinary, business-related entertainment and/or token non-cash gifts, so long as its purpose is not to influence any employee and the estimated value does not exceed \$100, unless specifically authorized.
3. MLS staff are prohibited from serving as directors or officers of public issuers. They are further obligated to disclose any outside directorships in non-public entities, any commercial arrangements (e.g. part-time employment, consulting contracts) and any 10% or greater equity ownership of an active business. If such activities give rise to real or perceived conflicts, the outside activity will be either prohibited or disclosed to the Firm's clients, based on the Chief Compliance Officer's judgment on how this matter should be addressed.
4. MLS' revenues (excluding interest on deposits) are derived exclusively from the management fees it charges clients. These fees are based on a negotiable and agreed upon per annum percentage rate of the market value of each account and are paid directly by the client or through the client's direct authorization to their custodian. As a result, the firm's remuneration is not influenced by any relationship with other parties.
5. Other than the BG Funds, staff are prohibited from causing the account(s) under management to invest in any issuer where the Chief Compliance Officer has determined that MLS or a staff person of MLS is related or connected to the company. In limited circumstances, MLS will seek your express written consent prior to investing in such issuers.
6. MLS is providing spare office space to a retired partner of Gowling Lafleur Henderson LLP, who will operate separately from MLS. This individual acted as the firm's legal counsel prior to his retirement and will be providing ongoing guidance to his former clients as an executor, trustee and/or director. His books and records, including

electronic copies, are kept separate and apart from those of MLS and its computer system. As this individual has access to the boardroom and common areas on the premises, MLS has executed a confidentiality agreement with him.

7. Beutel Goodman holds all of the shares of MLS and is therefore a related registrant of MLS. MLS is a separate and distinct corporate entity and generally carries on its own activities independent from BG. However, representatives of Beutel Goodman act as directors and officers of MLS and Beutel Goodman may provide administrative and operational support to MLS. Beutel Goodman may be introduced to MLS clients but does not have business dealings with MLS clients and does not formulate or provide advice for MLS clients unless they are or become Beutel Goodman clients. MLS may invest clients in BG Funds where consistent with its client obligations, as further described in this document.

Each of MLS and Beutel Goodman has adopted policies and procedures that minimize the potential for conflicts of interest resulting from this relationship. Beutel Goodman's Conflicts of Interest Disclosure Statement is available at www.beutelgoodman.com/policies-disclosures/conflicts-of-interest-disclosure-statement/.

VII) DISCLOSURE OF CONFLICTS

MLS is obligated to advise you of any circumstances that may create an actual or potential conflict of interest between your economic interest and those of MLS.

The following is a list of potential conflicts that we have identified, and steps we have taken to mitigate these risks:

MLS will receive compensation for portfolio management services provided to your managed account(s). These have been fully disclosed to you and are set out under the Investment Management Agreement.

MLS may manage the personal investment portfolios of MLS staff and related persons. MLS's policy is to ensure a fair allocation of investment opportunities to all accounts under management, as set out under section IX below.

Staff are allowed to operate separate accounts at other registered firms. MLS has adopted a personal trading policy that applies to all officers, directors and other staff with access to information regarding managed account portfolios. These policies are designed to reasonably prevent staff from trading in advance of orders for the portfolios under management or trading on the basis of their knowledge of portfolios' trading activities.

The shares of MLS were acquired by Beutel Goodman on August 1, 2024. There is a provision in this transaction that links a portion of the purchase price paid to the retention of MLS clients over a two-year period. While this arrangement is intended to support a smooth transition and continuity of service for MLS clients for two years following the August 1,

2024 close date, it may be considered a material conflict of interest between MLS and our clients. This is a customary consideration in these kinds of transactions and we have addressed this potential conflict of interest both by disclosing it and by adhering to our conflicts of interest policies and procedures in the same manner as we would under any other circumstance where we have identified a conflict of interest that must be resolved in your best interest.

With limited exception, MLS recommends only BG Funds and not other mutual funds to its clients. MLS conducts periodic reviews of the BG Funds and a sample of mutual funds offered by others and compares the features and performance of the BG Funds to those other mutual funds. When recommending BG Funds to a client, MLS seeks to ensure those BG Funds are suitable for that client.

VIII) REPORTING COMPLAINTS

If you have any concerns that your account(s) is not being handled in accordance with securities law, or that a staff person is acting illegally or unethically, please advise us immediately.

Complaints can be reported to MLS's Chief Compliance Office as follows. Written communications may be directed to:

Rowland Bell
Chief Compliance Officer
48 Yonge Street, Suite 620
Toronto, ON M5E 1G9
(FAX No.: 416-363-4538)

E-mail communications may be sent to rowlandbell@mlsinvest.com.

We will acknowledge your complaint in writing, investigate the matter and provide you with a written response.

If you are dissatisfied with the outcome of your complaint or we have not formally responded to it on a timely basis (i.e. within 90 days), you may elect to have the complaint mediated by the OBSI. Details will be provided to you in the acknowledgement and response letter relating to your complaint.

IX) FAIR ALLOCATION OF INVESTMENT OPPORTUNITIES

Each client's portfolio is managed separately and distinct from other clients. Transactions are executed based on the client needs, objectives, constraints and other factors that bear on the investment management process such as a required change in asset mix, tax considerations, capital additions and withdrawals and improvement in diversification.

MLS provides investment management services for a broad range of clientele with varying investment mandates. As a result, MLS may take action for any of our clients which may differ from the actions taken for your account(s). It is the firm's policy and practice not to intentionally favour or disfavour any client or class of clients in the allocation of investment opportunities so that, over time, such opportunities will be allocated among clients on a fair and equitable basis.

On occasion, multiple accounts may have a purchase or sell order for the same security on the same side of the market. It is the Firm's objective to execute such orders on a basis that is fair, reasonable and equitable to all clients. The Firm's procedures for fair trade allocation are as follows:

- 1) If a security is to be purchased or sold for multiple clients who have appointed the same broker, the orders may be bulked for execution through the broker. The respective trade executions will be allocated to each respective account, based on the average fill price, before commissions. Where the entire order has not been completed, the executed volume will be allocated to each account pro-rata, based on the relative size of their initial order. Notwithstanding the above, odd lot fills may be rounded up or down so that only normal lot amounts are allocated to each account. However, trades may not be allocated on a pro-rata basis where the size of the allocation is so small as to render an allocation uneconomical for the client.
- 2) In limited cases, MLS has found that some brokers are unable to execute block or bulk transactions. In such cases, MLS will ensure that all participating client orders are communicated to the broker at the same time, so that the broker can apply its procedures to ensure fair trade execution for its client accounts.
- 3) If a security is to be purchased or sold for multiple clients who have appointed different brokers, every effort is made to communicate the transaction at the same time and each dealer is given the same trade instructions, including price limits, so that each client's broker has a fair opportunity to ensure timely execution of the order. When a dealer completes a block order at different prices, the dealer is instructed to calculate the average price of the entire order and to assign this price to each individual client order.
- 4) The commission charged on each order will reflect commission rates charged by your appointed broker. Commission rates are based on the value of individual trades and the actual commission charge by the broker will not be affected if orders are bulked.
- 5) The officers, directors and other MLS staff are prohibited from participating in any bulk orders executed for clients.
- 6) It is MLS' policy not to trade in new issue common stock underwritings (IPOs) unless directed by the client or in private securities. The firm will develop procedures for the allocation of IPOs across multiple accounts, if and when this policy changes.

- 7) MLS will not cross orders between different client accounts. However, the Firm may effect the transfer of securities between accounts with the same beneficial ownership, if directed by the client.

X) BEST EXECUTION

Clients may direct MLS to execute all security transactions through their appointed broker for ease of settlement and to avoid safekeeping fees and additional fees where trades are executed and settled at different locations. This direction, if applicable, is set out in your Investment Management Agreement.

Using a single broker to execute security transactions, including equity and fixed income trades, may affect your account(s)' ability to obtain best execution. However, because your account will be principally invested in highly liquid securities, for which there is a wide and deep market, this should not have a material impact on your account's overall performance.

When executing trades for clients who have not directed trading to a specific custodian/dealer, MLS will select brokers whom they believe can provide the "best price and execution", while taking into consideration the commissions charged and the quality and reliability of services provided.

Such trades may be executed through approved brokers only. Criteria that the Chief Investment Officer may use to initially approve brokers include their reputation, competitiveness of their fee schedule, the broker's access to pools of liquidity and the broker's experience with the type of transactions that MLS wishes to execute.

The Chief Investment Officer will, on an annual basis, approve or re-approve selected brokers based on the quality of their trade executions, value of trading ideas presented to MLS and the factors considered when the Broker was initially approved.

XI) PROXY VOTING

MLS will vote all proxies received from your custodian in a manner that is, in their judgment, in your best interests. On substantive proxy issues, all members of the investment committee will review the matter before a group decision is made. Proxy votes will be entered during the week prior to the deadline to allow time for clients to provide specific voting instructions if they so choose.

XII) ELECTRONIC DELIVERY OF DOCUMENTS

Please note that the delivery of account statements and other notices may be effected through e-mail at your request.

To view such information you will need access to appropriate software and technology hardware including pdf software.

You may at any time revoke this request and/or request a paper copy of any such document by sending written communication to the Chief Compliance officer at the contact details set out under section VII) above.

XIII) USE OF BENCHMARKS

Certain materials that you receive from MLS, including quarterly investment reports, may show performance of a comparative benchmark.

Unless otherwise stated, the benchmark should reflect the general investment universe and risk profile of the portfolio to which it is compared. Performance of the portfolio will vary from that of the benchmark as the securities held by the portfolio and/or their relative composition will vary from the benchmark.

Benchmark returns provide readers with a basis for understanding a portfolio's historic performance in relation to comparable investments or the market segment in which the portfolio is invested. However, a portfolio's past performance relative to a benchmark may not be reflective of the future performance.

In certain cases, the performance of a portfolio has been compared to returns of a general index, such as the S&P/TSX Composite, S&P 500, FTSE Canada Universe Bond Index and MSCI EAFE indexes. These index returns are shown because they are widely quoted and are provided for general information purposes only. They may not be a fair comparison to the portfolio because the investment universe and risk profile of the portfolio differ from the index.

Benchmark returns have been obtained from sources believed to be accurate. However, MLS has not taken any steps to verify their accuracy or completeness.

XIV) PRIVACY POLICY

(THE PRIVACY POLICY APPLIES ONLY TO CLIENTS THAT ARE INDIVIDUALS.)

The ***Consumer Privacy Protection Act*** and **privacy acts in the Provinces of British Columbia and Quebec** (British Columbia Personal Information Protection Act ("BC PIPA")) regulates the way private sector organizations collect, use and disclose personal information. They do not apply to either corporate or not-for-profit organizations.

The Act's main objective is to ensure personal information collected from clients is used for their stated purpose and to safeguard such information.

"Personal Information" is defined as information about an "identifiable individual". This includes such things as income, assets, education, home address, phone number and age. It does not cover general contact information such as name, title, business address, business phone number, etc.

Information that MLS has collected for completion of the Know Your Client Form and custodian broker documentation is subject to the requirements of the Act.

MLS recognizes the importance of privacy and the sensitivity of personal information received in the conduct of its business. Our privacy policy has been prepared with this objective in mind.

The need for Personal Information

We have collected Personal Information from clients to meet certain regulatory requirements and to help us establish an appropriate investment objective and risk tolerance for your managed account(s). This information will necessarily include your personal information and, in certain cases, information about other individuals (e.g. spouses, other individuals with trading authority or beneficial interest.)

Collection and Disclosure of Personal Information

MLS will try to collect personal information directly from you or our appointed agent. We may also collect personal information from publicly available sources. We will collect only personal information necessary for the purposes stated in the section titled: "The Need for Personal Information".

Such information may be shared with third parties including the custodian OR the fund administrator where your securities are held, to facilitate your investing activities.

We may have to disclose personal information to a securities regulator or other regulatory authorities with jurisdiction over MLS, if required, in the course of a review or other investigation.

Personal information may also be disclosed to comply with the terms of a court order or other legal obligation.

Your Consent

By retaining MLS for Investment Management Services, we consider that you have consented to our collection, use and disclosure of personal information to the extent necessary to provide this financial service. We further consider you have consented to our sharing such information with third party service providers that assist us in providing the financial offering (see "Collection and Disclosure of Personal Information" above).

You may withdraw your consent for the use and/or disclosure of personal information at any time by contacting a representative at the firm and specifying the personal information you no longer wish the Firm to use or disclose. However, this request is subject to legal or contractual restrictions and reasonable notice.

If you withdraw consent, you will be informed of the implications including the Firm's inability to provide managed account services to you.

Notwithstanding the above, your consent is not required where there is a legitimate interest for retaining the information that outweighs any potential adverse effect of doing so without your consent and:

- You would reasonably expect the collection or use of the information for that purpose, and
- The personal information is not collected or used for the purpose of influencing your behaviour or decisions.

When using this exception, we will identify and document any potential adverse effect and take reasonable measures to reduce or mitigate those. A Legitimate Interest would include use of information to provide a requested financial product or service, to undertake due diligence to prevent or manage commercial risk or for security and safety purposes, where obtaining consent would be impracticable.

Security of Personal Information

We take our professional and legal obligations to protect your personal information seriously.

MLS has implemented policies and procedures to secure your personal information against unauthorized access, collection, use, disclosure, copying, modification, disposal or destruction.

Requests for Access to Personal Information

Subject to the terms of the Act, you may submit in writing a request for:

- a record of your personal information under our custody or control,
- the purpose for which such personal information is being used by us, and
- the names of persons to whom your information may be disclosed and the circumstances under which this will occur.

We will respond to such requests in the time allowed under the Act and will make a reasonable effort to respond as accurately and completely as possible. Requests may be subject to certain fees in accordance with the provisions of the Act.

Your ability to access your personal information is not absolute. The Act provides that we *must not* disclose personal information where:

- disclosure could reasonably be expected to threaten the safety or physical or mental health of another individual,

- the disclosure would reveal personal information about another individual and their consent is not obtained, or
- the disclosure would reveal the identity of an individual who has, in confidence, provided us with information or an opinion and they do not want disclosure of their identity.

The Act further provides that we *may choose not to* disclose personal information where:

- the personal information is protected by any legal privilege,
- the disclosure of the information would reveal confidential commercial information, and it is not unreasonable to withhold that information,
- the personal information was collected by us for an investigation or legal proceeding,
- the disclosure of the personal information might result in similar information no longer being provided to us when it is reasonable that it would be provided,
- the personal information was collected or created by a mediator or arbitrator in the conduct of a mediation or arbitration for which he or she was appointed to act under an agreement, under an enactment, or by a court, or
- the personal information relates to or may be used in the exercise of prosecutorial discretion.

The above examples are not exhaustive and you are encouraged to examine the provisions of the Act for a complete list.

Requests for Correction of Personal Information

You may also submit a written request to correct errors or omissions in your personal information that is under our custody or control. When provided with a written request, MLS may either:

- correct the personal information and, if reasonable to do so, send correction notifications to any other firm or service provider to whom we previously disclosed such information, or
- decide not to correct the personal information but annotate the personal information that a correction was requested but not made.

Requests to Dispose or Transfer Personal Information

You also have the right to ask that your personal information be disposed of or transferred in a prescribed form to other firms. However, such requests must be provided in writing.

If we receive a written request for the disposal of personal information, we may refuse the request if:

- Disposal would cause personal information about another individual that is not severable (e.g. joint account), also being disposed,

- The information is necessary for the expected ongoing provision of a financial offering to the individual (unless the information is in relation to a minor),
- There are valid legal or contractual reasons to retain the information such as the Firm's obligation under securities or anti-money launder regulation to maintain client information for certain minimum time periods,
- The information is necessary for the establishment of a legal defence or in the exercise of other legal remedies by the firm, or
- The request is vexatious or made in bad faith.

In such cases, you will receive written notification explaining the reasons for the refusal and any recourse you may have.

Transfers of Personal Information Outside Canada

Personal data that we collect from you is stored on our servers in Ontario, Canada and in the cloud in Canada. As a result, your personal data may be transferred to countries/provinces outside your country, state or province of residence and may have different data protection rules than in your country, state or province. While such information is outside of your jurisdiction, it is subject to the laws of the country, state, province in which it is located and may be subject to disclosure to the governments, courts or law enforcement or regulatory agencies of such other jurisdiction, pursuant to the laws of such jurisdiction. However, our practices regarding your personal information will at all times continue to be governed by this Privacy Policy and by applicable laws.

For Quebec residents: as a result, your personal information may be communicated outside Quebec.

Contacting or Communicating with Us

If you have questions about how your personal information is handled or if you wish to request access to, or a correction of, your personal information under our care and control, please contact MLS' Chief Compliance Officer. Contact details are set out under section VIII above.

If you are dissatisfied with our handling of your personal information, we invite you to contact our Chief Compliance Officer in writing, setting out the reasons for your concern. If you remain dissatisfied, you may wish to contact the Office of the Information and Privacy Commissioner.

The contact information for the Office of the Privacy Commissioner and a copy of the Act can be obtained from the following link:

<https://www.priv.gc.ca/en/>