DOMINION TRUST CAPITAL

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— REPORT

Investment Methodology

Philosophy, process, and risk framework

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— OVERVIEW

How We Invest

This document describes the Dominion Trust Capital investment process — the philosophy we hold, the framework we apply, and the discipline we maintain across market cycles. It is intended to give existing and prospective clients full transparency into how their capital is managed before they entrust it to us.

— PHILOSOPHY

Four Beliefs That Anchor Our Process

1. Capital compounds at the rate of underlying business quality.

Over long enough time horizons, portfolio returns converge with the economic returns of the underlying businesses. We therefore allocate the majority of analytical effort to evaluating business quality — competitive position, capital allocation track record, governance, balance-sheet resilience — rather than predicting short-term price movements.

2. Volatility is not the same as risk.

Volatility is the variability of a portfolio's reported value. Risk is the probability of permanent capital loss. The two are correlated but distinct. We accept short-term volatility — sometimes meaningful — in exchange for reducing the probability that a client cannot meet a specific financial goal at a specific point in time.

3. Fees compound against the client, just as returns compound for them.

A one-percent annual fee over thirty years consumes approximately one-quarter of total wealth accumulation, even with no change in gross returns. We therefore charge a single management fee, receive no commissions, and use low-cost passive vehicles where active management cannot reliably add value.

4. Time horizon is the single largest source of structural advantage.

The average institutional investor faces quarterly performance reviews; the average private client faces no such constraint. We position client portfolios to take advantage of this difference — buying when others are forced to sell, holding when others are forced to trim, and ignoring news cycles that do not affect long-term business value.

— PROCESS

How a Client Portfolio Is Built

Step 1 — Investment Policy Statement

Every client relationship begins with a written Investment Policy Statement (IPS) documenting goals, time horizon, tax circumstances, liquidity needs, and explicit constraints. The IPS is the binding document against which all subsequent investment decisions are evaluated. It is reviewed with the client at least annually.

Step 2 — Strategic Asset Allocation

The Asset Allocation Committee — chaired by the CIO and meeting eight times per year — sets long-term strategic targets across major asset classes. These targets reflect capital-market expectations, valuation conditions, and macroeconomic regime, and are revised approximately every 18-24 months.

Step 3 — Security Selection

Within each asset-class sleeve, security selection follows a documented checklist covering financial quality (return on capital, balance-sheet strength, free cash flow conversion), competitive position (moat persistence, customer concentration, regulatory risk), governance (board independence, executive compensation alignment, capital allocation track record), and valuation (forward earnings, free cash flow yield, replacement cost where applicable).

Step 4 — Implementation and Rebalancing

Trades are implemented through CIRO-regulated executing brokers with best-execution reporting. Rebalancing is rules-based: portfolios are reviewed against IPS targets monthly and rebalanced when any single position drifts more than 20% from its target weight or when tax-loss harvesting opportunities exceed defined thresholds.

Step 5 — Continuous Review

Each client receives quarterly performance reporting and an annual written portfolio review. Material changes to the IPS — driven by a change in the client's circumstances or by significant market events — trigger a documented conversation and, where appropriate, an IPS amendment.

— RISK FRAMEWORK

How We Define and Manage Risk

We monitor four risk dimensions continuously:

Drawdown risk

The maximum peak-to-trough decline a portfolio could reasonably experience in adverse market conditions. We model this for each composite using historical stress scenarios (2008, 2020, 2022) and forward-looking shocks. Drawdown tolerance is matched to each client's specific time horizon and liquidity needs.

Concentration risk

No single security exceeds 5% of any composite mandate. No single industry exceeds 25%. Geographic exposure is monitored relative to underlying client base and Canadian home bias considerations.

Liquidity risk

Within composite mandates, more than 90% of holdings can be liquidated within five business days at quoted prices. Private-credit allocations in the family-office mandate are subject to specified lock-up periods, disclosed in advance and never exceeding 25% of mandate assets.

Counterparty and operational risk

Client securities are held in custody with regulated third-party prime brokers — not on the Dominion balance sheet. Our COO maintains continuous oversight of counterparty exposure, operational controls, and cybersecurity. Annual penetration testing is conducted by an independent firm.

> *"We do not aim to never lose money in any quarter. We aim to ensure that no client ever encounters a loss they were not prepared to accept."*