Highwood
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January 20th, 2026

Dear Investors,

In the second half of 2025, our portfolio was up 5.7% which brings our return to +10.2% for the calendar year and +76% since inception in Canadian dollars net of fees[1]. This compares to the most relevant benchmark index, the MSCI Europe SMID Cap index, which is +68% since the date of our inception.

The table below gives you the usual summary of our performance and exposure by strategy bucket for the second half of 2025 and the relevant periods since inception.

I have made a small change to the usual table below to breakout realized gains since inception. Below the Total Return since inception metric (+76%), I have added the Realized Return since inception (+71.4%). Unrealized gains are the difference between total and realized returns, or 4.6% as of December 31, 2025.

Time Period	Return, Net of Fees[1]	Exposures by Strategy Bucket			
		Total Equity	Core Value Equity	Special Situations Equity	Cash
FY 2019 [2]	2.0%	41.1%	36.0%	5.1%	58.9%
FY 2020	25.9%	78.1%	70.6%	7.5%	21.9%
FY 2021	7.4%	84.1%	80.8%	3.3%	15.9%
FY 2022	-14.1%	95.6%	79.9%	15.8%	4.4%
FY 2023	28.9%	95.9%	79.2%	16.7%	4.1%
FY 2024	4.6%	97.2%	74.8%	22.4%	2.8%
FY 2025	10.2%	82.9%	47.0%	35.9%	17.1%
Total Return, Since Inception	**76.0%**				
Realized Return since Inception	71.4%				
Average Return[3], Since Inception	**9.8%**	**84.4%**	**69.8%**	**14.6%**	**15.6%**

1. Returns presented are the returns of the Highwood Value Partners Client Composite. 2. Inception on December 9, 2019

3. Average Return presented is the Annualized Total Return of the Highwood Value Partners Client Composite.

This letter has four sections. In the first section, I will discuss our response to the fast-changing geopolitical landscape. In the second section, I discuss the values at the core of Highwood and what those values mean for how Wayne and I steward your capital. In the third section I discuss changes to the portfolio in the second half of 2025, including the sale of our longstanding positions in Protector, Ryanair and Alimak. In the fourth and final section I look at the drivers of value creation in the portfolio going forward by way of

[1] Returns presented are those of the *Highwood Value Partners Client Composite*, net of all fees and taxes in CAD. Past performance is not a guarantee of future results. Individual client returns will vary. Please see the disclosures at the end of this letter.

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assessing the investment thesis on our five largest investments. I touch on how the fundamentals of each business have progressed versus my initial expectations, why these opportunities likely exist and the catalysts on the horizon to drive the closing of the gap between price and value over the next year or two.

A comment on Geopolitics and the opportunity set

We are witnessing dramatic shifts in global geopolitics. I am alert to these shifts and the developments in Artificial Intelligence, US domestic politics, the White House, Tariffs, NATO and the various wars that are sadly ongoing. I am an avid reader of the same news you are reading. When I put my investing hat on, which is apolitical, what I see is a lot of change.

This change means the set of investment opportunities worthy of our focus is changing as well. Markets are becoming more fragmented and regional, which has consequences for competitive intensity and market size. Regulation, incentives or in some cases, government pressure is driving changes in demand for certain products and services (eg.. defence in Europe). The free trading of goods and services and competition on the basis of lowest cost or highest quality is increasingly influenced by 'national interest'. The corporate strategy and business model of 'designed in California, made in China' is challenged. This business model, often referred to as the 'platform company[2]', was a major driver of higher returns on capital in corporate America over the past two decades. Companies were built with supply chains that were fast and cheap, not robust and diversified. The benefits of these lower costs flowed to consumers in the form of lower prices, wider choice and to shareholders in the form of higher corporate earnings. Now, downward pressure on returns on capital also puts downward pressure on the multiple of earnings shareholders should pay for ownership of those companies. On the other side of the ledger, Geopolitical change is reducing competition in some industries and regions and new markets are being borne or are experiencing a renaissance following a long period of underinvestment during the previous 'globalist' paradigm.

While the opportunity set for fundamental value investors is changing, I do not think it is shrinking. Those of us who observed the dotcom bubble (or read much about it) can attest that there was a whole swath of excellent businesses which were out of favour and trading at single digit multiples of earnings in 1999-2000[3]. It was at this time that many of the great value investors of our time made hay for their investors[4]. Managers who were captivated by the go-go stocks of the time missed those opportunities and subsequently became footnotes in history. Capital was sucked out of the broader economy and competed to invest in a small group of highly valued, fast-growing companies driven by a powerful narrative. The exuberance driving large inflows into mutual funds with highest one- and two-year returns ended with disappointment and capital impairment for many households and institutional investors. I was a junior analyst at Putnam from 2002 and observed the hangover of a firm that had sold internet focused funds like hot cakes during the dotcom bubble.

[2] As coined by Gavekal, See 'Our Brave New World', downloadable free here for detail.
[3] For example, consumer staples in the US and Europe were trading at 7-12x earnings. This group went on to deliver outstanding returns over the next 10 years.
[4] For example, Seth Klarman's Baupost, delivered a c.17% 10yr CAGR from 2000 to 2010 while the broad equity indices experienced a 'lost decade' of zero returns.

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It follows that flexibility is an important quality to have at this time. Flexibility permits your manager to move with the opportunity set and to invest counter-cyclically. Being a generalist across industries is also helpful as this is just flexibility across industry and business model. As such, Highwood's approach - flexible across industry and market cap, concentrated, and underwriting to a fixed hurdle - remains the right approach in my view. If we see something outside Europe that is more compelling than what we are finding in Europe, we will also not hesitate.

In summary, the substantial developments in geopolitics and the macro environment you are reading about change the opportunity set we are looking for, but do not necessarily diminish it. The right response to this change is not market timing and running for the perceived safety of cash. The right answer is ensuring investment flexibility to capitalise on the new opportunity set emerging from change.

Our Values:

I want to take a moment at this point to review and re-iterate Highwood's values. These are the principles that guide how Wayne and I run Highwood, and by extension your hard-earned capital.

As I discussed in my first letter to investors six years ago, Highwood was founded on the four core values of diligence, humility, self-improvement and alignment of interests with our investors. These values stem from the qualities I respect most in the great investors of our time[5]. Those values are:

- Diligence. We are looking to have fractional ownership in no more than 15 companies at any one time and in each case, at the time of acquisition we expect to hold that investment for five years or more. This approach enables and facilitates a focus on the fundamentals of each business from the bottom up: the qualities of the CEO and board, their incentives, the history of the business, its unit economics, the variables that will drive the per share earnings in five or ten years and the risks to those variables. It is in virtue of this concentrated and long-term approach that Wayne and I can apply ourselves in a manner we require and enjoy.
- Humility. Our kind of investing is about understanding the variables noted above bottom up, case by case. Humility in this process is about knowing what you do not understand as much as what you do understand and being willing to accept or act on that knowledge. The ability to pass on an investment or having the intellectual honesty to recognize when an existing investment thesis is broken are examples of this value at work.
- Self-Improvement. Putting together an outstanding track record as defined by the firm's mission statement[6] is a marathon not a sprint. There is opportunity in that ten year marathon to be curious about and learn from wins and losses, errors of omission or position sizing, room to expand our circle of competence and listen to the lessons of history. A commitment to self-improvement is the energy to seize these learning opportunities and enjoy the process rather than fixate on an outcome.
- Alignment. Our alignment with you is both what brings these values to bear for your capital and what keeps distractions at bay. Alignment means that I have over 90% of my family's capital

[5] Warren Buffett, Charlie Munger, Seth Klarman and Nick Sleep all exude these qualities.
[6] 5x money over 10 years without taking undue risk.

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invested alongside yours, that I will not take on additional capital if I think it will reduce the ultimate return we can achieve for our collective capital and why I am not interested in managing a large team of analysts and marketing staff.

Changes in the Portfolio – Realized Gains and Concentration

In the second half of 2025, we sold our positions in Protector, Ryanair and Alimak. As such, we have now exited every position I started the firm with in December 2019. With these sales, our stated returns (+76% since inception) are almost entirely realized returns as noted in the table on page one[7]. I will take a moment here to provide the score card on this cohort of investments.

I started the firm with investments in the shares of five companies – Protector, Ryanair, Alimak, Standard Drilling and Vestas Wind Systems. We held these investments for 4.7 years on average and realized 2.0x money and a 16% IRR on average across the group[8]. More pleasingly is that we did not lose money on a single investment. Our lowest return investment was Standard Drilling ASA (1.2x money/8% 2yr IRR) and our best result was in Protector Forsikring (3.6x money/50% 6yr IRR).

While our returns on Protector were top of the class, we can learn from our experience with this investment as well. We achieved 3.6x money on our investment while the shares were up 7.9x including dividends over the same period. This is the result of my decision to trim this holding at various points over the past 5 years to fit the constraints on position sizing I set at inception. Hindsight is 20/20 and we must be careful not to draw the wrong conclusions from this experience, however we have taken learnings from this one and now carry that forward.

I commented on the rationale for the sale of Standard Drilling here and Vestas here. A brief word on the sales of our shares in Ryanair and Alimak now follows.

- Ryanair. Our original thesis on Ryanair in 2019, available here, could be boiled down to the conviction that the business was highly likely to deliver c.€2 of earnings per share in the medium term, and exiting at 15x earnings would result in a double in the share price. On my initial analysis, which did not envision a war in Europe or a pandemic, this was most likely in 2023/2024. In the end, it took a bit longer, but Ryanair delivered €2 in earnings per share and the shares re-rated to c.15x earnings, resulting in a share price of c.€30. We took that opportunity to crystallize our gains. The thesis played out and we exited on the basis of valuation. The company continues to demonstrate the qualities we value as long term investors, but the price for that economic productivity is no longer as attractive.
- Alimak. Our shares in Alimak have been a strong performer over the past two years, up 80% in local currency. We exited at 19x earnings, which was in the realm of fair value. Similar to Ryanair, the sale decision was the result of our valuation discipline rather than anything changing in the fundamentals that we did not like.

[7] Total returns since inception of +76% are comprised of realized gains of +71.6% and unrealized gains on existing holdings of +4.6% as of December 31st.
[8] Individual investors realized returns will differ from this depending on when they invested with Highwood.

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Our portfolio is now more concentrated than at any point in its history. I have re-deployed a portion of the proceeds from the sales above into existing positions where (a) the thesis is playing out as expected, (b) the discount to fair value has widened and (c) catalysts for re-valuation are more visible. As of the date of this letter, our three largest positions make up 37% of our capital and our five largest make up 57% of the portfolio. Meanwhile, we have significant dry powder to act on new ideas in the pipeline.

Portfolio Review

As such, I think the best use of the remainder of this letter is to provide insight into "the big five" investments. My intention is to give you a more focused assessment of each investment case across a few key variables rather than a general update on development of all our investments as I usually do. If you wish to know the developments at Trigano, Motorpoint or JZ Capital, please get in touch and I will provide those as well.

Below is the usual table which summarizes key statistics on the portfolio as of December 31st and previous periods for comparison. To summarize, we are 83% invested in the shares of 11 companies, we employ no leverage and the companies we own are well capitalised (net cash balance sheets on average). We own their common stock at 48 cents on the dollar of my estimate of fair value and median P/E of 7.5x..

Highwood Value Partners Portfolio

As of Date	% Invested	Median Price / Est. Intrinsic Value	Median Market Cap, in Mns of USD	Median Net Debt (Cash) / EBITDA	Median EV / Sales	Median P/E
31-Dec-19	41%	0.54x	550	-0.8x	1.6x	15.1x
31-Dec-20	78%	0.69x	713	-0.3x	2.2x	13.1x
31-Dec-21	84%	0.52x	1387	-0.5x	2.0x	13.3x
31-Dec-22	96%	0.45x	1013	0.2x	1.0x	10.6x
31-Dec-23	95%	0.54x	1027	-0.2x	0.9x	10.7x
31-Dec-24	97%	0.47x	2008	-0.5x	1.3x	8.1x
31-Dec-25	**83%**	**0.48x**	**2292**	**-1.2x**	**1.2x**	**7.5x**

The Big Five

In this section I will assess the investment cases for our five largest positions with respect to (a) how the corporate fundamentals are developing versus my initial thesis, (b) why the opportunity in the shares likely exists in a competitive equity market and (c) catalysts on the horizon to drive the closing of the gap between price and value over the next year or two.

1) Burford Capital – Core Value

Burford Capital is our UK listed global market leader in litigation finance. The company makes money by funding select commercial litigation claims in exchange for a share of the settlement or court awarded

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judgement and by generating fees on third party capital. The original thesis is here and details of the judgement against Argentina in 2023 here.

- Fundamentals vs thesis. Burford has compounded book value per share and realized cash proceeds from litigation matters settled and adjudicated ahead of my original underwriting assumptions. The best measure of fundamental progress of the core business ex YPF is the cash "run-off" value of the existing book of claims, which incorporates both realizations (cash in) and deployments (cash out) as well as a rate of return assumption on those deployments. My estimate of that value has increased from c. $9 to c.$12.50 per share. Meanwhile the share price is essentially unchanged from our original purchase price of $9.50. The other major asset we own through Burford is a proportional share in the YPF claim. Here, the progress to date is in line with the best case scenario I had initially envisaged. After nearly a decade of litigation, we have a clear judgement overwhelmingly in our favor and quantification of damages at the high end of my estimate. As such, our assessment of fair value has increased meaningfully over the past 3 years.
- Why does this opportunity exist? First, Burford is the only listed business of its kind, which means analysts have very little to compare it with and little precedent for its business model and economics. Second, earnings are difficult to forecast because the timing of realizations is dependent on the courts not the business cycle – a positive in my view. Finally, the developments in the YPF case tend to be taken out of context and draw attention away from the progress in the core business (including the potential for other billion dollar cases to emerge from the book of c.250 litigation matters). The YPF case is a huge success on any measure, which attracts event-driven attention. In this way, Burford is a victim of its own success.
- Catalysts. My estimate of fair value is about 3x the current price and I believe there are a number of catalysts to narrow the gap between price and value on the horizon. In 2026, we are likely to see the deposition on Argentinian state assets held abroad, judgement on the core appeal by the 2nd circuit court of appeals, oral arguments on the secondary turnover motion, continued improvement in Argentina's public finances and progress on re-integration into global capital markets, milestones on the Sysco vs Meat producers price fixing case and continued growth in realizations to clear the backlog.

2) Borr Drilling – Special Situation

Borr Drilling is our mid-cap, Norwegian listed owner of shallow water drilling rigs and is one of four special situations investments for Highwood. The initial thesis is available here and I reviewed the thesis in more detail here.

- Fundamentals vs Thesis. Borr's fundamentals initially improved faster than my expectations, then fell back and are now in line with my initial underwriting of the case[9]. When we bought the shares,

[9] Shortly after our purchase of the shares in February 2022, the jack up market tightened which caused a doubling of rig rates in short order over the next 18 months to $180,000/day. At that point, Saudi Aramco, by far the largest customer in the industry, cut their production growth targets and cancelled 36 rig contracts across the industry (including 3 at Borr), which took some of the pressure out of the market. Rig rates fell back to $120,000/day. Over the past 18 months, these cancelled rigs have all been re-contracted with other customers. In H2 2025, Aramco started

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the business was doing run-rate EBITDA of c.$100mn. It is now doing run-rate EBITDA of $500mn. Borr also successfully re-financed its debt, which was another key plank of the thesis. The share price is up a bit but has lagged these developments in my view.

- Why does this opportunity exist? Borr is a capital cycle investment – by definition we invested into an industry where there had been oversupply and poor economics. This meant a poor experience for investors and a tendency toward apathy and anchoring bias. However, the other hallmark of this kind of investment is that oversupply works its way through and industry returns on capital come back into balance. It is micro-economics at work. However, this takes patience. Second, most investors are focused on the demand side of the equation and pay less attention to the supply side. The retirement of old rigs and barriers to the supply of new builds is as important a variable in getting the market back into balance as growing demand for rig days, and more important than the absolute price of oil. Developments on the supply side tend to occur away from the eye of most investors.
- Catalysts. My estimate of fair value is about 3x the current price. The catalyst to getting closer to fair value is rig rates rising back to the long run average, which is meaningfully above where they are today (in nominal terms, more so in real terms). This is likely to be achieved through some combination of declining supply – highly likely given the number of 40yr old rigs up for re-certification – and stable or growing capex budgets at the major developers. I expect to see more evidence of this in 2026.

3) GetBusy PLC – Special Situation

GetBusy is our small-cap, UK listed productivity software business which is run like a private company. Our ultimate return in this investment will be the result of management's ability to extract value from their US asset (SmartVault) from large, well capitalized buyers. Management and the board's expectations of value and more importantly, agreed transaction multiples for comparable businesses, suggest fair value in a different zip code to the current share price.

- Fundamentals vs Thesis. The US business, which is the key value driver, has grown revenue organically at a 15% CAGR over the past 4 years, slightly better than my initial expectations. Management have also done a great job with integrations into Intuit's tax prep software, which increases the value of each customer for both GetBusy and Intuit. More significant in my view is that the board's intentions to sell this business have become clear and the probability of such a transaction has increased. The board and management are not waiting for the public equity market to recognize the value of the US business. Up to this point, the progress of the company has been better than my initial thesis, the share price is little changed so the discount to fair value has widened.
- Why does this opportunity exist? Quite straightforwardly, this is a small company with limited liquidity and well below the radar of larger funds. There is very little price discovery at this level of

re-tendering for the rigs it previously cancelled. Day rates have picked up again and Borr is contracting its rigs at c.$140,000 day and the market continues to tighten.

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market cap and liquidity – it has a public listing but it might as well be private, which is how it is run.

- Catalysts. My estimate of fair value is 2-4x the current price. Over the next year, I expect the US business to show material profit growth as operating leverage comes through. I also expect the US business to reach the scale management view as ideal to achieve fair value in a transaction, which of course opens the door to the sale of the US business and cash returns to shareholders as per management's incentive package. The catalysts in this case are hardening. 2026 will be an important year. Of course, there are a range of outcomes here, not all outstanding, but the return profile is asymmetric and the timeline to realization is visible.

4) Fever-Tree Drinks PLC – Core Value

Fever-Tree is our founder-led UK listed mid-cap beverages company which dominates the premium mixer category globally. In January 2025, Fever-Tree signed a joint venture agreement for the commercialization of Fever-Tree brands in the USA by Molson Coors, which is likely to accelerate the commercialization of these brands. A summary of my thesis behind this investment is available here with an update here.

- Fundamentals vs Thesis. We acquired our Fever-Tree shares in late 2024, in part on the basis that current management would resolve recent margin pressure or find itself in the hands of a larger acquiror. The JV agreement with Molson Coors and their acquisition of a 9% stake in the company in January 2025 was, I believe, a strong endorsement of this aspect of the thesis. The company has reported two sets of results since our acquisition, both of which showed strong progress recovering lost margin. EBITDA margins were up 5.3% in 2024 and have continued to improve, in line with my thesis.
- Why does this opportunity exist? The main reason for this mispricing in my view is that Fever-Tree shares have been a serial underperformer over the past five years – the shares are down c.70% over this period. This is reason in itself for the "buy anything that is going up regardless of price" approach of momentum investors to avoid its shares, and that is the strategy which has attracted so much capital in the past five years. It is important to note at this point that Fever-Tree is not a broken business – it is growing, taking market share and is the partner of choice for Moson Coors, who are no dummies. Second, with that kind of underperformance on the stock market, it now has to attract a new investor base. It has gone from a £3bn market cap growth company to a £1bn market cap value idea.
- Catalysts. The Fever-Tree investment case has suffered from a kind of information vacuum over the past year. Very little about the shape of the US business, which is the key profit driver, could be disclosed in the early part of the partnership. This is coming to an end and I expect the wide ranging opportunity from this partnership and contractually guaranteed profits in the near term to come into focus in 2026.

5) *Bolloré and Compagnie de L'Odet – Special Situation*

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Bolloré and Compagnie de L'Odet are the Paris listed mid-cap holding companies controlled by Vincent Bolloré (VB) and family. We acquired our shares in H1 2024, and the thesis is based on steady compounding of the underlying assets (UMG & Vivendi), value creative uses of the large cash balance and a simplification of the complex family holding structure over our investment horizon.

- Fundamentals vs Thesis. On my math, the discount to the *market* value of the holdings, primarily UMG, is little changed over our holding period but the market price of UMG shares has declined 25% to €22 each. On the other hand, there has been solid progress toward simplification of the holding structure with multiple mergers of subsidiaries of Bollore SE which hold treasury shares and the various holdcos above Bollore buying back shares in Odet and Bollore to monetize the discount on offer. Odet now owns 71% of Bollore, up from 67% when we initiated the position. There have been some setbacks with the French regulator (AMF) blocking the buyout of listed minorities in some of the Bollore SE subs that own treasury shares. On the other hand, this does signify intent to simplify the structure, which of course would reduce the shares outstanding by the stroke of a pen. The shares are down 25% and now trade below the value of the cash on balance sheet, let alone its stake in UMG and Vivendi entities.
- Why does this opportunity exist? Unravelling Bollore and its holdcos and subsidiaries is complex, which may put some off, but my view is that the opportunity really exists because it requires patient capital. The simplification is not particularly noticeable on a short time scale – it is one simplification here and one there. Judged over a longer period of time, these developments indicate a clear direction of travel, but for shorter term investors, the question is always 'will he collapse the structure *this year?'*. To put it another way, I believe this is one where we could wake up tomorrow and a few boxes of the structure have been collapsed. Or, nothing may happen for a year or two and then it all happens at once in three years from now. To that I say, 'fine' – the wealth creation from simplification more than compensates us even if it takes 10 yrs. A lumpy 5 year 20% IRR is preferable to a smooth 15% IRR.
- Catalysts. This one is more difficult to assess as the majority of the value creation will come from the levers Vincent Bollore and his family pull. *When* they pull them is hard to determine. I was not expecting VB to direct Bollore SE to buy out the remaining minorities in the ex-Rivaud entities which would bring their treasury shares directly and 100% into Bollore SE. The direction of travel is clear, the levers to create value are many and I believe the upside from doing so is worth our wait.

In summary, at least four out of five of these investments have seen fundamentals progress in line with initial underwriting, yet the share price has lagged and the discount has widened. There are clear reasons why the opportunity in their shares exist and catalysts on the horizon to close the gap with fair value. As such, I believe the rational thing to do is selectively buy more and this is what we have done, particularly with Burford and GetBusy PLC.

Business Update

We have taken on a few new investors who we think share our values. Our use of AI is streamlining the business and providing us with insight into how AI is likely to change the economy (and the opportunity set). We have also taken on a new puppy who spends time in the office and gets us out walking and talking.

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Anna is available for any requests you may have and Wayne and I are available to meet over zoom or in person if you find yourself in Whistler.

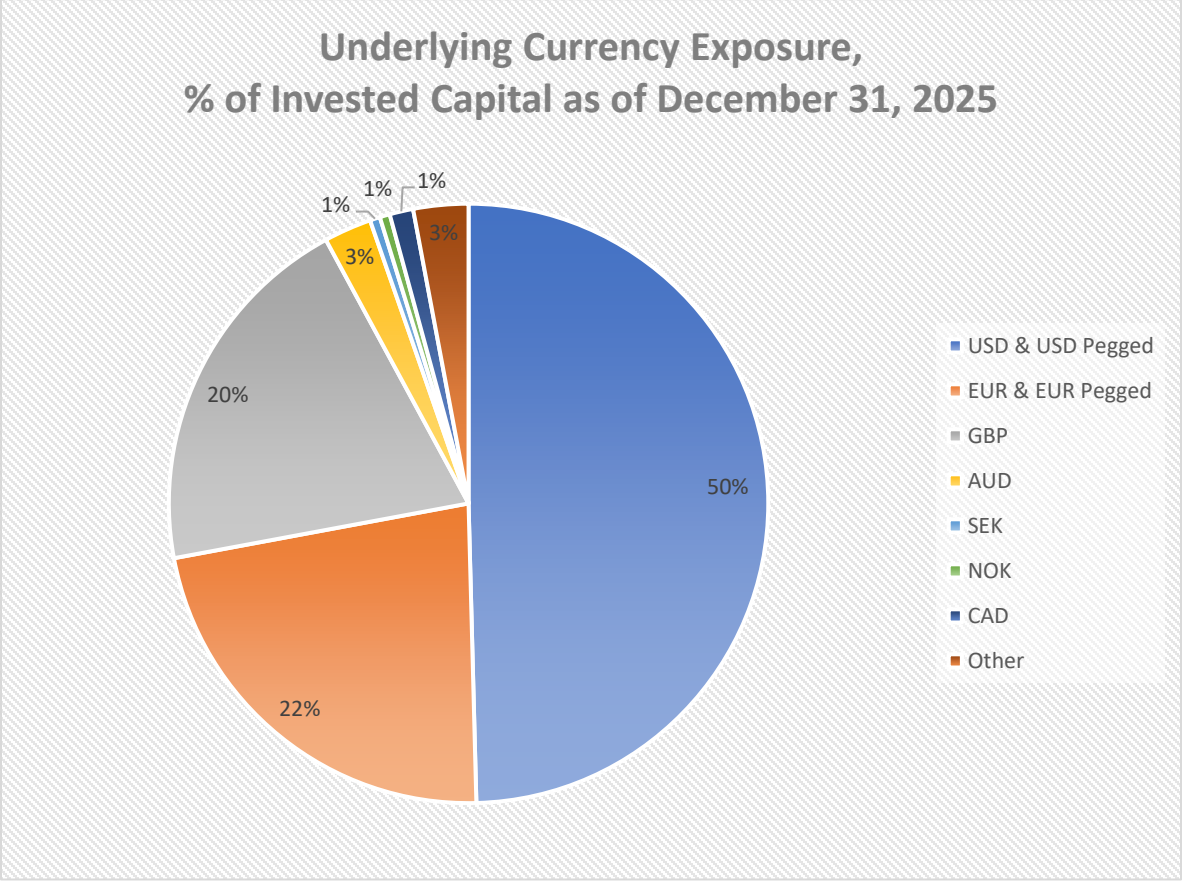
As always, I thank you for your trust and welcome your questions and comments.

Sincerely,



Desmond Kingsford

Appendix 1: Underlying Currency Exposure Split



This is not a breakdown of the listing currency of our holdings. It is the split of the currencies our portfolio companies earn their revenues in. As such, it is the underlying exposure to currencies you have through your partial ownership of these businesses. As investors can choose whether to have their account in USD

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or CAD and hence their cash balance may be in either USD or CAD, I have expressed the currency exposure as a percent of invested capital.

Disclosures:

This letter ("Letter") provides a general description of Highwood Value Partners, Inc. (the "Firm"). The Firm is registered with the British Columbia Securities Commission, the Alberta Securities Commission, the Manitoba Securities Commission, and the Ontario Securities Commission (the "Commissions") as a portfolio manager under National instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registration Obligations* ("NI 31-103"). Desmond Kingsford, the principal of the Firm, is registered as the advising representative of the Firm under NI 31-103 with the Commissions.

The information presented in this Letter is not investment advice, should not be relied on as such, and should not be viewed as an investment recommendation by the Firm or Mr. Kingsford generally, or an offer or a solicitation of an offer for the purchase of any securities. Recipients should not make any investment decisions based on the information contained in this Letter. Only (i) an "accredited investor" as defined under section 1.1 of National Instrument 45-106 - *Prospectus Exemptions*; and (ii) a "permitted client" as defined under section 1.1 of NI 31-103 may invest with the Firm. This Letter is presented solely to illustrate the Firm's investment process and strategies as of the date indicated on the cover page of this Letter and is based on information provided by management of the Firm as of such date and on beliefs, assumptions, expectations and/or opinions of management as of such date. Certain information contained in this Letter may have been obtained by management of the Firm from third parties and, although believed to be reliable, has not been independently verified and its accuracy, timeliness or completeness cannot be guaranteed.

While the Firm's investment mandate is designed to reduce risk the program will inherently entail substantial risks. There can be no assurance that the investment objective of the Firm will be achieved. In fact, the investment techniques that the Firm may employ from time to time may, in certain circumstances, substantially increase the adverse impact on the Firm's investment portfolio. Accordingly, the Firm's activities could result in substantial losses under certain circumstances. A separately managed account managed by the Firm is highly speculative and there can be no assurance that the investment objectives of the Firm will be achieved. Nothing herein is intended to imply that the Firm's investment methodologies may be considered "conservative", "safe", "risk free" or "risk averse". Investors must be prepared to bear the risk of a total loss of their invested capital. Past performance of Mr. Kingsford and his affiliates is not necessarily indicative of the future results and any prospective clients of the Firm will need to be prepared to lose all or substantially all of their investment. The Firm will give no warranty as to the performance or profitability of any client account or that the investment objectives of a client's account will be successfully accomplished.

Certain statements contained in this Letter may be considered "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact included herein, without limitation, statements relating to the Firm's future financial performance and investment returns, are forward-looking statements.

Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. Forward-looking statements in this Letter include, among other things, statements relating to: the desire to generate outstanding investment results with low risk; the proposed timeline for the Firm's investment horizon and Mr. Kingsford's career; the benefits of operating the Firm out of Whistler, British Columbia as opposed to a more traditional investment market; Mr. Kingsford's beliefs regarding the necessary components to investment success; the future operating or financial performance of the Firm and the assets managed by the Firm; the intention to prioritize long-term investment return over short-term results; the intention to take on more capital only where the Firm believes it will not dilute investor returns; the intention to maintain a fee structure that incentivizes manager performance over asset gathering; the intention to maintain the Firm's current strategy and vision as it grows; the potential to provide a fund structure in addition to the SMA approach in the future; the Firm's mission to compound each dollar of invested capital into five dollars over a ten-year period without taking undue risk; the belief that a short term quarterly or annual results focus is harmful to long-term returns; the Firm's beliefs with respect to how risk is properly defined and mitigated; the Firm's beliefs as to how returns may actualize; the beliefs of the Firm and Mr. Kingsford regarding the prospective results of specific investments of the Firm; the theories and beliefs disclosed

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regarding what makes an investment strategy successful; and the expectation and plans for growth . Actual future results may differ materially. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements reflect the beliefs, opinions and projections on the date of this Letter and are based upon a number of assumptions and estimates that, while considered reasonable by the Firm and Mr. Kingsford, are inherently subject to significant business, economic, competitive, political and social uncertainties, many of which are beyond the control of management. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements and management of the Firm have made assumptions and estimates based on or related to many of these factors. Readers should not place undue reliance on the forward-looking statements and information contained in this Letter concerning these assumptions.

None of the Firm or Mr. Kingsford or their respective affiliates, associates, shareholders, directors, officers, employees, agents or representatives (collectively, the "Representatives"), as applicable, makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein or any other information (whether communicated in written or oral form) transmitted or made available to recipients, and the Representatives expressly disclaim any and all liability relating to or resulting from the use of this Letter or such other information by a recipient or any of its affiliates, associates or representatives. The Representatives will not be liable for any errors (as a result of negligence or otherwise, to the fullest extent permitted by law in the absence of fraud) in the information, beliefs, assumptions, expectations and/or opinions included in this Letter, or, as noted above, for the consequences of relying on such information, beliefs, assumptions, expectations and/or opinions and further the Representatives disclaim any obligation or undertaking to provide any updates or revisions to any information contained herein to reflect any change in beliefs, opinions, expectations, assumptions or estimates with respect thereto or any change in events, conditions or circumstances on which any statement in this Letter is based.

The Highwood Value Partners Client Composite ("The Composite") is the asset-weighted return of all Client Accounts managed by the Firm according to Highwood's Investment Mandate and meet the inclusion criteria of the composite. Highwood's Investment Mandate is fundamental value investing with an opportunistic, concentrated and long-term approach, focused on International public equities. For inclusion in the Composite client accounts must have a net asset value of at least $100,000 CAD and be managed with full discretion. Client accounts meeting these requirements are included in the Composite after the first full month of discretionary management. The Composite returns are stated after all fees paid to Highwood, withholding taxes, transaction expenses and sales taxes in Canadian Dollars.

The Firm's chosen benchmark index is the MSCI Europe SMID Cap Index in Canadian dollars. This is the market capitalisation weighted index of 1,110 European companies with market capitalisations from $35bn USD to $100mn across 15 developed countries in Europe. Where the Firm references the performance of this index, it is expressed as total return (ie including dividends), net of fees in Canadian Dollars. Full details of the methodology used by MSCI in the calculation of returns of this index is available here.