

SENVEST CAPITAL INC.

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2020**

MARCH 30, 2021

Unless otherwise indicated, the information contained in this annual information form is given as of
December 31, 2020

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USE OF CURRENCY

Unless otherwise indicated, in this Annual Information Form all dollar amounts refer to Canadian dollars.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Annual Information Form, and in certain documents incorporated or deemed to be incorporated by reference in this Annual Information Form, constitute forward-looking statements. When used in this document, the words “anticipate”, “believe”, “estimate”, “expect”, “plan”, “future”, “intend”, “may”, “will”, “should”, “predicts”, “potential”, “continue”, and similar expressions, as they relate to Senvest Capital Inc. or its management, are intended to identify forward-looking statements. Such statements reflect the current views of Senvest Capital Inc. with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. These statements should not be relied upon. Many factors could cause the actual results, performance or achievements of Senvest Capital Inc. to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements (see the section entitled “Risk Factors” appearing elsewhere in this Annual Information Form). These factors, some of which are discussed in greater detail elsewhere in this Annual Information Form under the heading “Risk Factors”, include risks associated with market and general economic conditions, interest rates, currency exchange rates, trading activities and investments, the adherence to one investment philosophy or strategy, regulatory and statutory developments, the ability of Senvest Capital Inc. and its subsidiaries to attract and retain key personnel, and the historic limited trading market for the common shares of Senvest Capital Inc. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. Senvest Capital Inc. does not intend, and does not assume any obligation, to update these forward-looking statements, except as may be required under applicable securities legislation. Additional information about the material factors that could cause actual results, performance or achievements of Senvest Capital Inc. to be materially different from any future results, performance or achievements that may be expressed or implied as reflected in the forward-looking statements is contained in Senvest Capital Inc.’s annual report and other documents filed from time to time with the Canadian securities regulatory authorities, all of which are available through the SEDAR website at www.sedar.com.

INCORPORATION

Senvest Capital Inc. (the “Corporation”) was incorporated under Part I of the *Canada Corporations Act* on November 20, 1968 under the name Sensormatic Electronics Canada Limited, and was continued under the *Canada Business Corporations Act* under the name Sensormatic Canada Limited on July 23, 1979. On April 21, 1991, the Corporation changed its name to Senvest Capital Inc.

The head office and principal place of business of the Corporation is located at 1000 Sherbrooke Street West, Suite 2400, Montreal, Quebec H3A 3G4.

Principal Subsidiaries

The consolidated financial statements include the accounts of the Corporation and all of its subsidiaries and structured entities at December 31, 2020. The principal operating subsidiaries and their activities are as follows:

<u>Name</u>	<u>Country of Incorporation</u>	<u>% Interest Held</u>	<u>Nature of Business</u>
Senvest Global (KY) LP	Cayman Islands	100	Investments
Argentina Capital Inc.	Canada	100	Real estate
Pennsylvania Properties Inc.	United States	100	Real estate
Senvest Equities Inc.	Canada	100	Investments
Coldstream SL	Spain	100	Real estate

For the purposes of its December 31, 2020 consolidated financial statements, the Corporation has consolidated the results of Senvest Management LLC, a Structured Entity (the “SE”), and of the three funds managed by the SE, Senvest Master Fund, L.P., Senvest Technology Master Fund, L.P. and Senvest Cyprus Recovery Investment Partners, L.P. (collectively, the “Funds”), as the substance of its relationship with the SE and the Funds is that they are controlled by the Corporation. However, the Corporation does not own any equity interest in the SE, and therefore has limited access to the SE’s assets, and holds an equity interest in some of the Funds which is less than 50%.

For further information on this matter, please see the notes to the Corporation’s consolidated financial statements for the fiscal year ended December 31, 2020.

In this Annual Information Form, unless the context otherwise requires or indicates, the term the “Corporation” mean Senvest Capital Inc. and its subsidiaries, collectively.

GENERAL DEVELOPMENT OF THE BUSINESS

Prior to December 31, 1990, the Corporation's principal operations were as the exclusive Canadian licensee of Sensormatic Electronics Corporation (“Sensormatic”) for the assembly, marketing and servicing of electronic article surveillance systems and closed circuit television equipment for use by retailers and commercial and industrial customers. On December 31, 1990, the Corporation sold its electronic article surveillance business as it related to retail stores. The remaining part of its operations in this field of activity ceased in 1997, when the Corporation entered into a long-term agreement with

Sensormatic which provided for Sensormatic or its successors to distribute the commercial and industrial product lines in Canada in return for payments to be made to the Corporation based on sales performance.

In 1992, the Corporation launched Pennsylvania Properties Inc. (“PPI”) in order to seek out and participate in real estate investment opportunities principally in the United States. In 2005, the Corporation incorporated Argentina Capital Inc. (“Senvest Argentina”) as a vehicle through which it expanded its real estate activities into Argentina. In 2006, the Corporation incorporated Senvest Equities Inc. (“Senvest Equities”) in order to invest in certain United States real estate income trust (“REIT”) opportunities.

In 1994, the Corporation launched Senvest International LLC (“Senvest International”) in order to seek out and participate in public and private business opportunities existing outside of Canada. As part of an internal reorganization that occurred in October 2015, Senvest International was subsequently wound-up. In that same year, a portfolio of assets was transferred to a new wholly-owned subsidiary named Senvest Global (KY) LP. In 1997, the Corporation started up, together with an executive of the Corporation, Senvest Master Fund, L.P., a fund for institutions and high net worth individuals which focuses primarily on small- and mid-cap publicly traded companies. In 2003, a second fund, Senvest Israel Partner, L.P., was started which focuses on companies having a connection with Israel. This fund was subsequently renamed Senvest Technology Partners Master Fund, L.P and its mandate broadened to include technology in general. In 2014, a third fund, Cyprus Recovery Investment Partners, L.P., was started through which an investment was made in a Cypriot bank.

In 2017, the Corporation purchased 100% of the voting interests of Globalbox Arganda SL, Globalbox Rivas SL, Bogas Costa Del Sol SL and Coldstream SL. These entities, along with Punto Box SL, owned self-storage facilities located in Madrid, Spain. In 2018, all of these entities were amalgamated into Coldstream SL.

DESCRIPTION OF THE BUSINESS

Through its various subsidiaries, the Corporation invests in both publicly-traded and privately-held companies as well as in real estate.

The Corporation's holdings are principally in small- and mid-cap companies located primarily in the United States and are at varying levels of participation. Prior to making any investment, the Corporation conducts extensive industry- and company-specific research, including an in-depth analysis of the senior management and its long-term strategy.

With all of its equity holdings, the Corporation's strategy is to focus on long-term growth as opposed to quarterly results.

The Corporation also provides services to the three Funds which are targeted toward institutions and high net worth individuals. As discussed in the Corporation's consolidated financial statements for the fiscal year ended December 31, 2020, the three Funds have been consolidated into the accounts of the Corporation.

The Corporation's real estate holdings are located primarily in the United States and are held principally through different US REITs and partnerships. The Corporation has also invested in real estate properties in Argentina and investment properties that are self-storage facilities in Spain. For further information on

these real estate properties and investment properties, please refer to the notes to the Corporation's consolidated financial statements for the fiscal year ended December 31, 2020.

As at December 31, 2020, the total assets of the Corporation were over \$4 billion, of which the Corporation's equity holdings accounted for approximately \$3.8 billion.

As at December 31, 2020, the Corporation had 24 employees operating out of offices located in Montreal, Quebec, New York City, New York and Venice, California.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

An entity owned by an executive of the Corporation acts as the advisor to the Funds. In turn, the Corporation acts as a sub-advisor to such entity. This entity is considered by the Corporation as an SE and has been consolidated in the Corporation's consolidated financial statements (see "Incorporation"). The non-controlling interest of the SE was approximately \$48 million as at December 31, 2020. In addition, the Corporation is an investor in the Funds (see "Description of the Business").

RISK FACTORS

The Corporation's activities expose it to a variety of financial risks, as discussed below. The Corporation's overall risk management program seeks to maximize the returns derived for the level of risk to which the Corporation is exposed and seeks to minimize potential adverse effects on the Corporation's financial performance. Managing these risks is carried out by the Corporation's management under policies approved by the Board. Reference is also made to the Corporation's Management's Discussion and Analysis for the fiscal year ended December 31, 2020, for a discussion of some of the risks inherent in an investment in the common shares in the share capital of the Corporation ("Common Shares").

Some of the risks to which the Corporation is exposed are interrelated and, consequently, investors should treat such risks as a whole. These risks are not the only ones that could affect the Corporation and additional risks not currently known to the Corporation, or that the Corporation currently deems immaterial, may also impair the returns, financial condition and results of operations of the Corporation.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The majority of the Corporation's debt is based on floating rates which expose the Corporation to cash flow interest rate risk. The Corporation does not have a long-term stream of cash flows that it can match against this type of fixed debt, so it prefers to use short-term floating rate debt. The Corporation does not mitigate its exposure to interest rate fluctuation on floating rate debt. If interest rates spike, then the Corporation could enter into interest rate swaps or more probably just reduce its debt level. As at December 31, 2020, the Corporation owned sufficient equity securities that it could sell to reduce its floating rate debt to zero.

Currency Risk

Currency risk refers to the risk that values of monetary financial assets and liabilities denominated in foreign currencies will vary as a result of changes in underlying foreign exchange rates. The Corporation's functional currency is the US dollar. The Corporation has foreign currency exposure to the Canadian dollar, the British pound sterling, the Euro and the Israeli shekel. The main financial assets and financial liabilities that have items denominated in currencies other than the US dollar are: cash and cash equivalents, due from/to brokers, bank advances, equity and other holdings, real estate investments, other assets, equities sold short and derivative liabilities and accounts payable.

Equity Price Risk

Equity price risk is the risk that the fair value of equity investments and other holdings and equities sold short and derivatives will vary as a result of changes in the market prices of the holdings. The majority of the Corporation's equity investments and other holdings and all of the equities sold short are based on quoted market prices as at the consolidated statement of financial position date. Changes in the market price of quoted securities and derivatives may be related to a change in the financial outlook of the investee entities or due to the market in general. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than the US dollar, the price, initially expressed in a foreign currency and then converted into US dollars, will also fluctuate because of changes in foreign exchange rates.

Equities sold short represent obligations of the Corporation to make future delivery of specific securities and create an obligation to purchase the security at market prices prevailing at the later delivery date. This creates the risk that the Corporation's ultimate obligation to satisfy the delivery requirements will exceed the amount of the proceeds initially received or the liability recorded in the consolidated financial statements. In addition, the Corporation has entered into derivative financial instruments which have a notional value greater than their fair value which is recorded in the consolidated financial statements. This creates a risk that the Corporation could settle these instruments at a value greater or less than the amount that they have been recorded in the consolidated financial statements.

The Corporation's equity investments and other holdings have a downside risk limited to their carrying value, while the risk of equities sold short and derivatives is open-ended. The Corporation is subject to commercial margin requirements which act as a barrier to the open-ended risks of the equities sold short and derivatives. The Corporation closely monitors both its equity investments and other holdings and its equities sold short and derivatives.

Liquidity Risk

Liquidity risk is the risk the Corporation will encounter difficulties in meeting its financial obligations. The Corporation's largest assets are equity investments and other holdings. Most of these assets are made up of equities in public holdings which can be liquidated in a relatively short time. Due to its large holding of liquid assets, the Corporation believes that it has sufficient resources to meet its obligations.

All financial liabilities other than equities sold short and derivative liabilities as at the consolidated statement of financial position date mature or are expected to be repaid within one year. The liquidity risk related to these liabilities is managed by maintaining a portfolio of liquid investment assets.

Credit Risk

Credit risk is the risk that a counterparty will fail to fulfill its obligations under a contract and will cause the Corporation to suffer a loss.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is executed only once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Corporation is also exposed to counterparty credit risk on its cash and cash equivalents, restricted short-term investment and due from brokers.

From time to time the Corporation enters into derivative financial instruments consisting primarily of options and warrants to purchase or sell equities, equity indices and currencies, equity swaps, foreign currency forward contracts, and foreign currency futures contracts. These derivative instruments are marked to market. There is deemed to be no credit risk for futures and certain options that are traded on exchanges. The warrant contracts are not exchange traded and allow the Corporation to purchase underlying equities at a fixed price. Equity swaps represent future cash flows that are agreed to be exchanged between the Corporation and counterparties at set dates in the future. Foreign currency forward contracts are contracts to buy or sell foreign currencies at a specified price at a future point in time.

Capital Risk Management

The Corporation's objective when managing its capital is to maintain a solid capital structure appropriate for the nature of its business. The Corporation considers its capital to be its shareholders' equity. The Corporation manages its capital structure in light of changes in economic conditions. To maintain or adjust its capital structure, the Corporation initiates normal course issuer bids or adjusts the amount of dividends paid. The Corporation monitors capital on the basis of its debt-to-capital ratio. The Corporation's goal is to maintain a net debt to capital ratio below 2.0 in order to limit the amount of risk, although this ratio may temporarily be exceeded on occasion. The Corporation believes that limiting its net debt to capital ratio in this manner is the best way to control risk.

Investment Risk

To the extent not discussed above the Corporation is subject to additional risks with respect to the investments made by it.

The value of the Corporation's portfolio may decrease as well as increase, due to a variety of factors, including general economic conditions and market factors. Additionally, investment decisions made by the Corporation may not always be profitable or prove to have been correct. Investment strategies, at any given time, may incur significant losses. Losses can occur for a number of reasons, including, but not limited to, an overall decline in the underlying market, a lack of liquidity in the underlying markets, excessive volatility in a particular market, government intervention or monetary and/or fiscal policies of a specific region or country. The profitability of a significant portion of the Corporation's investments also depends to a great extent upon the Corporation's ability to correctly assess the future course of the price movements of securities and other investments. There can be no assurance that the Corporation will be able to accurately predict these price movements.

The Corporation's investment strategy is speculative and involves risk. The Corporation trades in options and other derivatives, as well as using short sales and utilizing leverage. The portfolio may not be diversified among a wide range of issuers or industries. In addition, the Corporation may take concentrated positions in its high conviction ideas, invest in high yield securities or invest in foreign markets outside the US and Canada. Accordingly, the investment portfolio may be subject to more rapid change in value than would be the case if the Corporation were required to maintain a wide diversification in the portfolios among industries, areas, types of securities and issuers.

The Corporation may make investments in the securities of high growth companies. More specifically, the Corporation may have significant investments in smaller-to-medium sized companies with market capitalizations of less than US\$2 billion. While smaller companies may have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification and competitive strengths of larger companies. These factors make smaller companies far more likely than their larger counterparts to experience significant operating and financial setbacks that threaten their short-term and long-term viability. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations, and exiting investments in such securities at appropriate prices may be difficult, or subject to substantial delay. Furthermore, some of the Corporation's portfolio may be invested in technology, technology-related markets and biotech. These types of companies may allocate greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. Furthermore, these companies could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

The Corporation tries to manage the above risks by monitoring its leverage, actively following its investee companies and trying to react to market conditions. At the same time the Corporation expects its portfolio to exhibit a higher degree of volatility than portfolios that invest in larger more stable companies and that invest within more defined limits.

Climate Change Risk

Climate change risk refer to the physical risks and transition-related risks related to the changes in climate patterns that may have a significant impact on communities and the economy. While the direct exposure of the Corporation's operations to climate change risk is relatively low, as an investor in equities and other assets, the Corporation could indirectly be impacted by this risk through its portfolio investments.

The Corporation's portfolio investments face the potential direct impact of more frequent and more intense extreme weather events, as well as the potential indirect impact of any related supply chain disruptions. The exposure of the Corporation's portfolio investments to climate change risk also arises from the movement toward a low-emission economy, which may result in increased reputational, market, regulatory, policy, legal and technology-related risks. Existing portfolio investments in carbon-intensive industries and in other markets which are dependent on such industries may be more exposed to such transitional risks as a result of significant changes in customer perceptions and preferences, the increasing cost of carbon emissions and competition from renewable energy.

Regulatory Risk

The Corporation's operations are subject to various laws and regulations across all of its operating jurisdictions. The failure of the Corporation to comply with such laws and regulation, or its inability to adapt to any changes thereto, could have a material adverse effect on the Corporation's returns, financial condition and results of operations.

COVID-19

Since February 2020, the financial markets have been very volatile in response to the developing COVID-19 pandemic. More specifically, the equity markets and credit markets have experienced significant volatility due to concerns about credit risk and liquidity, amongst others. The Corporation continuously monitors this situation and its potential impact on the Corporation and, more particularly, the Funds. However, it is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 both in the short- and long-term. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and cannot be predicted, including new information which may emerge concerning the severity of this coronavirus and actions taken to contain the COVID-19 or its impact, among others. Such developments, depending on their nature, duration, and intensity, could have a material adverse effect on the business, financial position, results of operations or cash flows of the Corporation.

Operationally, the Corporation continues to function quite well during the current environment and the stay-at-home conditions, as over the past few years the Corporation has planned and tested its systems for remote work-from-home scenarios. The Corporation has moved its technology infrastructure to the cloud almost two years ago and thus far has had no significant issues with its systems operating from home. However, the increased use of electronic and remote communication tools and services may lead to heightened cybersecurity risk.

DIVIDENDS

No dividends were declared on the outstanding Common Shares during the fiscal year ended December 31, 2020, nor during the preceding two fiscal years.

CAPITAL STRUCTURE

The Corporation has only one class of shares, the Common Shares, issued and outstanding.

MARKET FOR THE NEGOTIATION OF SECURITIES

The Common Shares are listed on The Toronto Stock Exchange under the symbol SEC. The stock price of the Common Shares ranged from \$100.00 to \$183.00 in 2020. The average monthly trading volume was 6,995 shares.

DIRECTORS AND OFFICERS

The following table sets forth various information regarding the current directors and executive officers of the Corporation:

Name and Municipality of Residence	Office with the Corporation	Director Since	Principal Occupation	Common Shares Beneficially Owned or Over Which Control is Exercised and Percentage of Outstanding Common Shares ⁽²⁾
VICTOR MASHAAL Montreal, Quebec	Chairman of the Board and President	1968	Chairman of the Board and President of the Corporation	1,165,170 (45.6%)
DAVID BASNER ⁽¹⁾ New York, New York	Director	2014	Chief Executive Officer of TAG Associates LLC, a multi-client family office and portfolio management services firm	Nil
EILEEN BERMINGHAM ⁽¹⁾ New York, New York	Director	2020	Compliance Officer, Barclays Bank	Nil
FRANK DANIEL Montreal, Quebec	Director and Secretary-Treasurer	1972	Secretary-Treasurer of the Corporation	40,102 (1.6%)
JEFFREY JONAS ⁽¹⁾ Boston, Massachusetts	Director	2005	Partner, Brown Rudnick, a law firm	2,000 (< 0.1%)
RICHARD MASHAAL Montreal, Quebec	Director and Vice- President	2001	Vice-President of the Corporation	262,900 (10.3%)
GEORGE MALIKOTSIS Montreal, Quebec	Vice-President, Finance	-	Vice-President, Finance of the Corporation	71,100 (2.8%)

(1) Member of the Audit Committee.

(2) As at March 15, 2021.

The information as to the number of Common Shares beneficially owned or over which control is exercised, not being within the knowledge of the Corporation, has been provided by each director and executive officer.

During the last five years, all of the directors and executive officers have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their names or with related or affiliated companies.

Each of the foregoing directors shall continue to hold office until the Corporation's next Annual Meeting of Shareholders. Moreover, it is intended that each of the foregoing directors be proposed by management of the Corporation for election at such meeting as a director of the Corporation for a further one-year term.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation, no director or officer of the Corporation is, or has been within the past 10 years, a director or officer of any other company that, while such person was acting in that capacity or as a result of events that occurred while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such company access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days.

To the knowledge of the Corporation, no director or officer of the Corporation or shareholder of the Corporation holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation (a “control person”) is, or has been within the past 10 years, a director or officer of any other company that, while such person was acting in that capacity or within one year thereafter, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

To the knowledge of the Corporation, no director, officer or control person of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, nor has any director, officer or control person of the Corporation been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

To the knowledge of the Corporation, no director, officer or control person of the Corporation, nor any personal holding company of any such person, has, within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Corporation also holding positions as directors and/or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under applicable corporate and securities legislation.

AUDIT COMMITTEE INFORMATION

Composition of the Audit Committee

The audit committee (the “Audit Committee”) of the Corporation is composed of the following three members: Jeffrey Jonas (Chairman), David Basner and Eileen Bermingham.

Relevant Education and Experience

The Board believes that the composition of the Audit Committee reflects a high level of financial literacy and expertise. Each member of the Audit Committee has been determined by the Board to be “independent” and “financially literate” as such terms are defined under Canadian securities legislation. The Board has made these determinations based on the education and breadth and depth of experience of each member of the Audit Committee. The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee:

Jeffrey Jonas - Mr. Jonas is a corporate attorney. He is a senior partner in the insolvency and finance group of Brown Rudnick, a Boston-based law firm, and specializes in the area of financial institutions. In such capacity, Mr. Jonas has extensive exposure to matters pertaining to financial statements and their interpretation through his involvement in financial work-outs, reorganizations and valuations.

David Basner – Mr. Basner has over 25 years of experience in asset management, private equity investing and investment banking, working with both institutional and high net worth clients. His responsibilities include overseeing professionals in the areas of asset allocation, portfolio construction, manager selection, risk management, fund administration and business development. Moreover, as the Chief Executive Officer of TAG Associates LLC, Mr. Basner has additional responsibility for all aspects of the company’s business. In these capacities, he regularly reviews the financial statements of a variety of investment funds, including those directly managed by his firm.

Eileen Bermingham – Ms. Bermingham has over 25 years of experience in the financial industry. She has worked as a senior portfolio manager and head of structured credit for Loews Corporation for 20 years. Ms Bermingham has also worked at Barclays bank for over five years in their Compliance group. In such capacities, Ms. Bermingham has extensive exposure to matters pertaining to financial statements and their interpretation.

The Audit Committee’s Charter

The responsibilities and duties of the Audit Committee are set out in the Audit Committee’s charter, the text of which is set forth in Appendix 1 to this Annual Information Form.

Pre-Approval Policies and Procedures

The Audit Committee has instituted a policy to pre-approve audit and non-audit services to be performed by the Corporation’s auditors, with a view to ensuring the independence of such auditors. In order to expedite certain decisions which may be required to be made during the course of the year in this respect, and having regard to the Corporation’s overall budget for audit services, the Audit Committee has pre-approved the expenditure in any one year by the Corporation of up to \$50,000 for non-audit related work and of up to a further \$50,000 to be allocated to services to be determined at the discretion of the Chairman of the Audit Committee. However, prior to approving any expenditure pursuant to such policy, the Chairman of the Audit Committee must first be satisfied that the performance of the services in question will not compromise the independence of the Corporation’s auditors. Furthermore, annually, the Chairman of the Audit Committee discusses with the Audit Committee the non-audit services performed by the Corporation’s auditors on a year-to-date basis, as well as any proposed new assignments to be conferred upon the Corporation’s auditors.

Auditors' Service Fees

Aggregate fees approved for payment to the Corporation's auditors during the fiscal years ended December 31, 2020 and 2019 were as follows:

<u>Fees</u>	<u>2020</u>	<u>2019</u>
Audit Fees	\$692,000	\$702,000
Audit-Related Fees ⁽¹⁾	\$20,000	\$20,000
Tax Fees	\$376,000	\$384,000
Total:	\$1,088,000	\$1,106,000

(1) These fees relate to translation services.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Corporation's Common Shares is Computershare Investor Services Inc. at its principal offices in Montreal, Quebec.

INTEREST OF EXPERTS

PricewaterhouseCoopers LLP are the external auditors of the Corporation. To the knowledge of the Corporation, PricewaterhouseCoopers LLP is independent of the Corporation within the meaning of the Code of Conduct of the *Ordre des comptables agréés du Québec*.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on the SEDAR website under the Corporation's profile at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's information circular for its most recent annual meeting of securityholders.

Additional financial information is provided in the Corporation's management's discussion and analysis and in the Corporation's audited annual consolidated financial statements for the fiscal year ended December 31, 2020.

APPENDIX 1 - AUDIT COMMITTEE CHARTER

ORGANIZATION

There shall be a committee of the board of directors (the “Board”) to be known as the audit committee (the “Audit Committee”). The Audit Committee shall be composed of no fewer than three (3) directors, all of whom are independent of the management of the Corporation and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as an Audit Committee member. All Audit Committee members shall have the ability to read and understand financial statements and at least one Audit Committee member shall have accounting or related financial expertise.

STATEMENT OF POLICY

The Audit Committee shall provide assistance to the directors in fulfilling their responsibilities in connection with the supervision of the accounting and reporting practices of the Corporation, and the quality and integrity of the financial reports of the Corporation. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors and the financial management of the Corporation. The Corporation currently does not have an internal audit function. If this function is established in the future, then this Charter will be amended to reflect this.

CONTINUOUS ACTIVITIES – GENERAL

1. Provide an open avenue of communication between the independent auditor and the Board.
2. Confirm and assure the independence of the independent auditor.
3. Review with the independent auditor the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
4. Inquire of management and the independent auditor about significant risks or exposure, including those which could impact the financial reporting of the Corporation, and assess the steps management has taken to minimize such risks.
5. Assess the effectiveness of management’s overall process for identifying principal business risks and report thereon to the Board.
6. Ensure that the disclosure of the process followed by the Board and its committees with respect to the oversight of the Corporation’s management of principal business risks is complete and fairly presented.
7. Consider and review with management and the independent auditor:
 - (a) the adequacy of the Corporation’s internal controls, including computerized information system controls and security; and

- (b) related findings and recommendations of the independent auditor together with management's responses.
- 8. Consider and review with management and the independent auditor:
 - (a) significant findings during the year, including the status of previous audit recommendations;
 - (b) any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information; and
 - (c) management's letter and post-audit response.
- 9. Ensure that management has developed and implemented appropriate policies regarding continuous disclosure and that there is compliance with filing requirements and prompt reporting to all investors of material events impacting the Corporation.
- 10. Meet periodically with the independent auditor and management in separate executive sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.
- 11. Report periodically to the Board on significant results of the foregoing activities.
- 12. Instruct the independent auditor that the Board, as fiduciary for the shareholders, is the independent auditor's client.
- 13. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

CONTINUOUS ACTIVITIES – REPORTING

- 1. Advise financial management and the independent auditor that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
- 2. Provide that financial management and the independent auditor discuss with the Audit Committee their qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation and particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.
- 3. Inquire as to the independent auditor's independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and the clarity of the financial disclosure practices used or proposed to be adopted by the Corporation.
- 4. Inquire as to the independent auditor's views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition and whether those principles are common practices or are minority practices.
- 5. Determine, as regards new transactions or events, the independent auditor's reasoning regarding the appropriateness of the accounting principles and disclosure practices adopted by management.

6. Assure that the independent auditor's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure practices.
7. Inquire as to the independent auditor's views about how the Corporation's choices of accounting principles and disclosure practices may affect shareholders and public views and attitudes about the Corporation.

SCHEDULED ACTIVITIES

1. Recommend the selection of the independent auditor, for approval by the Board, approve the compensation of the independent auditor and review and approve the discharge of the independent auditor. When there is to be a change of independent auditor, review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.
2. Consider, in consultation with the independent auditor, the audit scope and plan of the independent auditor.
3. Review with management and the independent auditor the results of annual audits and related comments in consultation with other committees, as deemed appropriate, including:
 - (a) the independent auditor's audit of the Corporation's annual consolidated financial statements, accompanying footnotes and its report thereon;
 - (b) any significant changes required in the independent auditor's audit plans;
 - (c) any difficulties or disputes with management encountered during the course of the audit;
 - (d) any significant variances between comparative reporting periods; and
 - (e) other matters related to the conduct of the audit, which are to be communicated to the Audit Committee under Canadian Generally Accepted Auditing Standards.
4. Review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of independent auditor.
5. Arrange for the independent auditor to be available to the full Board at least annually to help provide a basis for the Board to recommend the appointment of the independent auditor.
6. Assure that the independent auditor's reasoning is described in accepting or questioning significant estimates by management.
7. Review the unaudited quarterly consolidated financial statements and all material continuous disclosure documents prepared by management.

"WHEN NECESSARY" ACTIVITIES

1. Review and approve requests for any non-audit services to be performed by the independent auditor's firm or its affiliates, together with estimated fees, be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter

and consider the impact of the provision of such services on the independence of the independent auditor.

2. Review periodically with general counsel legal and regulatory matters that may have a material impact on the Corporation's business, financial statements, compliance policies and programs and any reportable events.
3. Review all public disclosure documents containing audited or unaudited financial information before release, including any prospectus. In addition, the Audit Committee shall review and be satisfied that adequate procedures are in place for the review and timely disclosure of financial information by the Corporation extracted or derived from the Corporation's audited and unaudited consolidated financial statements and periodically assess the adequacy of those procedures.
4. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.

NOMINATION

The Board shall appoint the members of the Audit Committee and the Chair of the Audit Committee annually at the first meeting of the Board after the meeting of the shareholders at which directors are elected each year. The Board may appoint a member to fill a vacancy which occurs in the Audit Committee between annual elections of directors. Any member of the Audit Committee may be removed or replaced at any time by the Board.

MEETINGS

The Audit Committee shall meet as frequently as it determines necessary but not less frequently than once each quarter. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. The Chair of the Audit Committee may call meetings of the Audit Committee and must call a meeting when requested to do so by a member of the Audit Committee, the independent auditor, the Chairman and Chief Executive Officer or the Chief Financial Officer. Notice of the time and place of each meeting of the Audit Committee must be given to each member of the Audit Committee and the independent auditor, not less than 48 hours before the time of the meeting. A quorum of the Audit Committee shall be a majority of its members. The powers of the Audit Committee may be exercised at a meeting at which a quorum of the Audit Committee is present in person or by telephone or other electronic means. Each member is entitled to one vote in Audit Committee proceedings.

REPORTS

The Audit Committee shall report the proceedings of each meeting and all recommendations made by the Audit Committee at such meeting to the Board at the Board's next meeting. The Audit Committee shall make such recommendations to the Board as it may deem appropriate and has such decision-making authority as the Board may determine from time to time.

ACCESS TO MANAGEMENT AND OUTSIDE ADVISORS

The Audit Committee shall have full, free and unrestricted access to management and employees and to the independent auditor. The Audit Committee has the authority to retain legal counsel, consultants or other advisors with respect to any issue or to assist it in fulfilling its responsibilities without consulting or

obtaining the approval of any officer of the Corporation and the Corporation shall provide appropriate funding, as determined by the Audit Committee, for any such advisors.

PERIODIC REVIEW AND ASSESSMENT

The Audit Committee shall conduct periodic reviews and assessments of its performance, including reviews of its compliance with this Charter. The Audit Committee shall conduct such reviews and assessments in such manner as it deems appropriate and report the results to the Board. The Audit Committee shall also periodically review and assess the adequacy of this Charter taking into account all legislative and regulatory requirements applicable to the Audit Committee as well as any best practice guidelines recommended by regulators or stock exchanges with which the Corporation has a reporting relationship.

WHISTLEBLOWER POLICY

General

The Corporation requires its directors, officers and employees to observe high standards of professionalism and ethical conduct in maintaining the financial records of the Corporation. In furtherance of this objective, and as stated in National Instrument 52-110, the Audit Committee is responsible for ensuring that a confidential and anonymous process exists whereby persons can express any concerns or complaints regarding any conduct which constitutes or could result in a violation of law or which places or could place in doubt the accuracy, fairness or appropriateness of any of the Corporation's accounting policies or financial reports. In order to carry out this responsibility, the Audit Committee has adopted a whistleblower policy (the "Whistleblower Policy").

For the purpose of the Whistleblower Policy, any conduct which constitutes or could result in a violation of law or which places or could place in doubt the Corporation's accounting or auditing practices or any other financial matters pertaining to the Corporation (including, without limitation, conduct in connection with accounting, internal accounting controls or auditing matters) and which is the subject of a complaint or submission is referred to as a "Misconduct".

No Retaliation

No director, officer or employee of the Corporation or of any of its subsidiaries (a "Reporting Party") who in good faith reports a Misconduct shall suffer as a result any harassment, retaliation or other adverse consequence. A director, officer or employee of the Corporation or of any of its subsidiaries who retaliates against a Reporting Party who has reported a Misconduct in good faith is subject to discipline up to and including termination of employment or office. The Whistleblower Policy is intended to encourage and enable Reporting Parties to raise serious concerns within the Corporation rather than seeking resolution outside the Corporation.

Acting in Good Faith

Anyone filing a complaint concerning a suspected Misconduct must be acting in good faith and have reasonable grounds for believing that the information disclosed indicates a Misconduct. Any allegations that prove not to be substantiated and which prove to have been made maliciously or with knowledge that they were false will be viewed as a serious disciplinary offence.

Reporting Violations

It is the responsibility of all Reporting Parties to report all suspected Misconducts in accordance with the Whistleblower Policy. The Corporation maintains an open door policy and suggests that all Reporting Parties share their questions, concerns, suggestions or complaints with someone who can address them properly.

In most cases, a Reporting Party should report a Misconduct to any of the members of the Audit Committee. However, if a Reporting Party is not comfortable speaking with a member of the Audit Committee, the Reporting Party should contact the Corporation's outside legal counsel, Blake, Cassels & Graydon LLP. In addition, the Chief Financial Officer of the Corporation is required to immediately notify the Audit Committee of any complaint of a Misconduct of which he or she becomes aware.

Investigations of Complaints

The Corporation's Audit Committee is responsible for investigating and resolving all reported complaints and allegations concerning Misconducts. The Audit Committee may retain independent legal counsel, accountants or others to assist in its investigations.

Confidentiality

Complaints or submissions concerning a suspected Misconduct may be submitted on a confidential basis by the Reporting Party or may be submitted anonymously. All complaints or submission will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Chair of the Audit Committee will notify the Reporting Party and acknowledge receipt of the reported suspected Misconduct within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

The Corporation shall retain records of complaints for a period of no less than seven years as a separate part of the records of the Audit Committee.

Privacy Violations

In addition to the rules regarding accounting, internal accounting controls and auditing matters, recent privacy legislation, being the *Personal Information Protection and Electronic Documents Act* (Canada) ("PIPEDA") and the *Act Respecting the Protection of Personal Information in the Private Sector* (Quebec) ("PPIA"), provide that any person who has reasonable grounds to believe that there has been a contravention of either of PIPEDA or PPIA may notify the relevant Privacy Commissioner.

The Corporation must not harass, retaliate against or other impose adverse consequences upon any employee because such employee, acting in good faith and on the basis of reasonable belief, has disclosed to the Privacy Commissioner that the Corporation has contravened or is about to contravene either of PIPEDA or PPIA.

Members of the public may lodge anonymous complaints to avoid the possibility of retaliation.

Modification

The Audit Committee or the Board of Directors of the Corporation may modify the Whistleblower Policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with federal, provincial or local regulations and/or to accommodate organizational changes within the Corporation.