Lorne Park Capital Partners Inc.

Management's Discussion and Analysis
For the Year Ended December 31, 2020

LORNE PARK
CAPITAL PARTNERS INC.

Introduction

This Management's Discussion and Analysis ("MD&A") document, prepared on March 30, 2021, should be read in conjunction with the audited consolidated financial statements of Lorne Park Capital Partners Inc. ("LPCP" or "the Company") for the year ended December 31, 2020.

This MD&A and the consolidated financial statements are expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The information in this MD&A is presented on a consolidated basis. The Canadian dollar is the Company's functional and reporting currency for purposes of preparing the financial statements given that the Company conducts most of its operations in that currency. Accordingly, all dollar references in this MD&A are in thousands of Canadian dollars, unless otherwise specified. The use of the term "prior periods" refers to the quarter and year-to-date ended December 31, 2019, as applicable.

The offices of LPCP are at Suite 202, 1267 Cornwall Road, Oakville, Ontario, L6J 7T5 and further inquiries regarding the Company may be directed to its Chief Executive Officer, Robert Sewell, at (905) 337-2227 or by email at investor.relations@lpcp.ca.

Forward-Looking Statements

This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance, or expectations with respect to LPCP and its products and services, including its business operations, strategy and financial performance and condition. When used in this MD&A, such statements use such words as "may", "will", "expect", "believe", and other similar terms. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest rates, global financial markets, changes in government regulations, industry competition, technological developments and other factors described under "Risk Management" or discussed in other materials filed with applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that interest rates will remain relatively stable.

Non-IFRS Measures

The Company uses certain measures to evaluate and assess the performance of its business, which are not defined within IFRS. These measures are EBITDA, Adjusted EBITDA, and Adjusted EBITDA per share. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. However, the Company believes that most shareholders, creditors, investment analysts and other stakeholders prefer to utilize these measures in their analysis of our results.

We define EBITDA as net income (loss) before financing costs, income taxes, depreciation and amortization. Adjusted EBITDA is calculated as EBITDA, adjusted for acquisition, restructuring, integration, and share-based compensation expenses. Adjusted EBITDA per share is calculated using the same average shares outstanding that are used in calculating income per share. The Company believes these are important measures as they allow management to assess the operating profitability of our business and to compare it with other investment management companies, without the distortion caused by the impact of non-core business items, different financing methods, levels of income taxes, the amount of net earnings attributable to non-controlling interests and the level of capital expenditures. The most comparable IFRS measure is "Net income (loss)", which is disclosed in the Company's Consolidated Statements of Income (Loss) and Comprehensive Income (Loss), and a reconciliation to that measure is provided within the section below entitled Net Income and Adjusted EBITDA.

Business Overview and Highlights

Lorne Park Capital Partners Inc. is a public company listed on the TSX-V as "LPC-V".

LPCP and its wholly owned subsidiaries, Bellwether Investment Management Inc. ("Bellwether") and Bellwether Estate and Insurance Services Inc. ("Bellwether Estate"), are incorporated and domiciled in Canada. As at December 31, 2020, the Chief Executive Officer and a member of the Board of Directors held 50.3% of LPCP's common shares. Bellwether is registered with the Ontario Securities Commission as a Portfolio Manager, Exempt Market Dealer and Investment Fund Manager, and its principal business is the provision of discretionary portfolio management services to affluent Canadian investors, estates, trusts, endowments, and foundations. Bellwether Estate was formed on February 14, 2018 and is registered as an insurance agent corporation with the Financial Services Commission of Ontario.

COVID-19

On March 12, 2020, the World Health Organization declared the novel coronavirus, or COVID-19, a pandemic, and this continues to have an impact on stock markets and the economy around the world. Efforts by governments to control the spread of COVID-19 have disrupted normal economic activity both domestically and globally and uncertainty related to the extent, duration and severity of the pandemic has contributed to significant volatility in the financial markets. To control the spread of COVID-19, many governments at all levels have imposed severe restrictions on business activity and travel. Although certain of these restrictions have subsequently been eased, and vaccines have begun to be administered, there can be no certainty when these restrictions will be fully lifted or that they will not be expanded.

We activated our business continuity plan in early March 2020 to mitigate risks, maintain operational efficiency and service levels, and address the health and safety concerns of our employees, clients, and advisors. With few exceptions, all the business operations are being carried out remotely. The extensive use of remote communication tools and third-party services may lead to heightened cybersecurity and privacy risks. Stress on technology resources, new workplace constraints, personal stress and health concerns may all lead to higher operational risks. As part of the plan, we implemented enhanced monitoring of network assets and management oversight of our business processes, active employee engagement and client communication, and built redundancy for critical services and infrastructure, however there can be no guarantee that this will be effective to mitigate these risks.

We are continuing to review the financial impact of the COVID-19 pandemic and market risk to our capital position and profitability should the duration, spread or intensity of the pandemic further develop. Our revenues are directly related to the market value of our AUM. During the first quarter of 2020, we experienced a market depreciation in our AUM of 12.9%, however, this decline was recovered during the remainder of 2020, and we ended the year with a market appreciation in our AUM of 5.8%. 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 and, as a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

We have proactively lowered the overall volatility risk in client portfolios by regularly evaluating exposure to higher volatility investments, and we continue to closely monitor the markets and client portfolios and risk tolerances to identify ways to protect capital and to take advantage of any opportunities that this market has provided. However, we may face declines in our AUM as a result of client redemptions related to a variety of COVID-19 related factors including general market pessimism, poor fund performance, or clients' needs for immediate cash. Refer to Risks Related to Assets Under Management within the Risk Management section of this MD&A for further details.

We maintain sufficient liquidity to satisfy all of our financial obligations for the foreseeable future. Despite this liquidity, we may see an impact to the cost of capital in the future as a result of disrupted credit markets or potential credit rating actions in relation to our debt if the timing and pace of economic recovery is slow. Furthermore, a sustained period of significant market volatility could result in a write-down of our goodwill and intangible assets in subsequent periods, and provide a higher level of uncertainty with respect to management's judgments and estimates.

Bellwether Fixed Income and Adaptive ETF Global Tactical Funds

In February 2020, we introduced the Adaptive ETF Global Tactical Fund. The investment objective is to achieve long-term capital appreciation and superior risk-adjusted returns by investing primarily in a diversified portfolio of exchange traded funds and similar securities that are listed in Canada and the US, and that provide exposure to global markets. The strategy is designed to provide the ability to fully participate in rising equity markets while providing superior downside protection in periods of market stress. The Fund uses proprietary quantitative methodologies for selecting securities and building its portfolios, focusing on securities with strong momentum and trend characteristics.

In November 2020, we introduced the Bellwether Fixed Income Fund. The investment objective is to achieve maximum total investment return, consistent with preservation of capital and prudent investment management through stable income and long-term capital appreciation primarily through investments in debt obligations and other evidences of indebtedness of Canadian, US, and International issuers. The investments will be comprised of a diversified mix of fixed income and income-oriented instruments issued or guaranteed by governments or their subdivisions, agencies, government-sponsored enterprises, or corporations.

Investment in Kingston Road Financial LP

On November 30, 2020, Bellwether made a cash contribution of $3,500 to Kingston Road Financial LP (“Kingston”), an Ontario limited partnership. On the date of investment, Kingston had approximately $234 million in assets under management, all of which was managed by Bellwether. The general partners of Kingston are two advisors engaged with Bellwether and those advisors’ personal corporation. In exchange for this investment, Bellwether was granted admission as a limited partner of Kingston and granted certain strategic rights and privileges, including the right for Bellwether to remain the investment manager over the assets of the partnership and the right of first refusal in the event the partnership receives a third party offer for its assets.

The Company identified the only asset of Kingston as client relationship intangible assets and concluded that Kingston was not a business as defined in IFRS 3 Business Combinations. The Company also concluded that Bellwether has control over Kingston per IFRS 10 Consolidated Financial Statements.

The Company assessed the value of the client relationship intangible assets based on the fair value of the consideration paid, any directly attributable costs, and the fair value of the non-controlling interest on the date of the transaction.

Dividend Policy

On March 30, 2021, the Company’s Board adopted a quarterly cash dividend policy. Such quarterly dividends are only payable as and when declared by the Board and there is no entitlement to any dividends prior thereto. In addition, on March 30, 2021, the Board declared a quarterly dividend totaling $0.005 per share on each of its common shares, such dividend to be paid on April 27, 2021 to the shareholders of record on April 13, 2021.

Business Outlook

The Company has established an excellent long-term investment track record in its core investment solutions and is positioned to continue to rapidly accelerate its business growth. Our primary focus for 2021 is on the continued development of our portfolio management team and business development. The priorities include four objectives in this context:

1 Continue to make strides in the performance, management, and marketing of our branded investment solutions via our existing network.
2 Continue to provide our affluent clients with excellent investment returns through our tailored investment solutions approach.
3 Continue to actively pursue the addition of established Portfolio Managers and their client bases to further enhance the depth of the portfolio management team and accelerate AUM growth.
4 Develop alternative distribution channels to market our established investment solutions and rapidly accelerate AUM growth.

Financial Highlights

- AUM as at December 31, 2020 was $1,587,092, an increase of $135,784 or 9.4% compared to $1,451,309 as at December 31, 2019, and an increase of $93,532 or 6.3% compared to $1,493,561 as at September 30, 2020. The increase resulted from market appreciation during the periods, as well as net additions from clients which was primarily attributable to the addition of new clients, and existing clients entrusting the Company with additional assets to manage.
- Revenues increased $2,072 or 12.4% and $371 or 8.0% during the year and three months ended December 31, 2020, respectively, compared to the same periods in the prior year. This increase was the result of higher AUM during the current year periods, as well as higher AUM within our pooled funds.
- Total expenses increased $2,576 or 16.4% and $162 or 3.6% during the year and three months ended December 31, 2020, respectively, compared to the same periods in the prior year. This was primarily due to higher expenses relating to increased AUM and revenues, higher amortization resulting from additional intangible assets, higher non-recurring acquisition related expenses, higher share-based compensation, and higher financing costs.
- Net income and comprehensive income decreased to $110 during the year ended December 31, 2020 compared to $991 during the prior year. Net income and comprehensive income decreased to $25 during the three months ended December 31, 2020 compared to $189 during the same period in the prior year. Adjusted EBITDA[1] improved to $2,824 and $979, during the year ended and three-month period ended December 31, 2020, respectively.
- Cash and cash equivalents and short-term investments decreased $1,377 or 29.2% during the year ended December 31, 2020, with an ending balance of $3,344. This decrease was primarily due to the investment in Kingston, interest paid, and payments on lease obligations, with partial offset from cash generated from operating activities, and proceeds on the exercise of warrants.

[1] Refer to 'Non-IFRS Measures'

In $000s, Except Share Data and Unless Otherwise Specified

Summary Financial Information

Key Performance Indicators	As at and for the years ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Assets under management	**$ 1,587,092**	$ 1,451,309	$ 1,231,921
Revenue	**18,722**	16,650	9,745
Expenses	**18,267**	15,692	9,864
Net income (loss) and comprehensive income (loss)	**110**	991	(60)
Net income (loss) and comprehensive income (loss) attributable to Company's shareholders	**639**	1,169	(60)
Income (loss) per common share:			
Basic	**0.012**	0.024	(0.001)
Diluted	**0.012**	0.024	(0.001)
EBITDA[1]	**2,539**	2,301	620
Adjusted EBITDA[1]	**2,824**	2,317	1,149
Adjusted EBITDA per common share[1]:			
Basic	**0.055**	0.048	0.029
Diluted	**0.054**	0.047	0.029

Summary Balance Sheet	As at		
	December 31, 2020	December 31, 2019	December 31, 2018
Cash, cash equivalents and short-term investments	**$ 3,344**	$ 4,721	$ 1,751
Total assets	**24,581**	19,521	7,625
Total liabilities	**8,809**	8,779	6,722
Total shareholders' equity and non-controlling interest	**15,772**	10,742	903

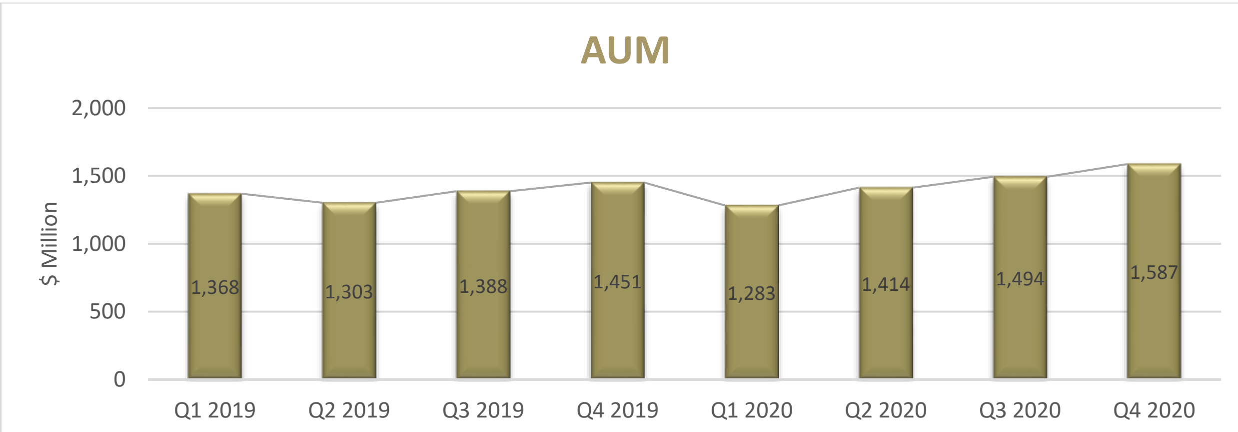
[1] Refer to 'Non-IFRS Measures'

In $000s, Except Share Data and Unless Otherwise Specified

Results of Operations

Assets Under Management and Revenues

AUM increased to $1,587,092 as at December 31, 2020, for an increase of $135,783 or 9.4% compared to $1,451,309 as at December 31, 2019, and an increase of $93,531 or 6.3% compared to $1,493,561 as at September 30, 2020.



The following is a summary of the change in AUM during the year and the three-month periods ended December 31, 2020 and 2019, as well as the average AUM during the respective periods:

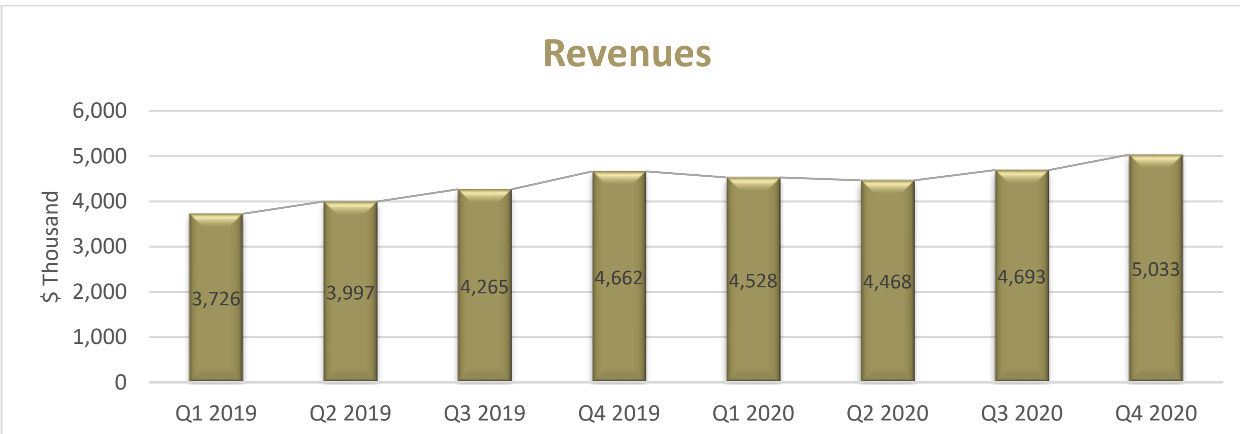
	Years ended		Three months ended	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
AUM, beginning of period	**$ 1,451,309**	$ 1,231,921	**$ 1,493,561**	$ 1,388,160
Net additions from clients during the period	**51,444**	42,102	**5,615**	21,539
Market appreciation	**84,339**	177,286	**87,916**	41,610
AUM, end of period	**$ 1,587,092**	$ 1,451,309	**$ 1,587,092**	$ 1,451,309
Average AUM	**$ 1,452,402**	$ 1,350,650	**$ 1,536,668**	$ 1,429,317

The net additions from clients were $51,444 during the year ended December 31, 2020 compared to a net addition of $42,102 during the prior year. During the three months ended December 31, 2020, the net additions from clients were $5,615 compared to net additions of $21,539 during the same period in the prior year. The net additions from clients were primarily attributable to the addition of new clients, and existing clients entrusting the Company with additional assets to manage.

The market appreciation was $84,339 during the year ended December 31, 2020 compared to an appreciation of $177,286 during the prior year. During the three months ended December 31, 2020, the market appreciation was $87,916 compared to an appreciation of $41,610 during the same period in the prior year.

The average AUM was $1,452,402 during the year ended December 31, 2020, an increase of $101,752 or 7.5% compared to $1,350,650 during the prior year. During the three months ended December 31, 2020, the average AUM was $1,536,668, an increase of $107,351 or 7.5% compared to $1,429,317 during the same period in the prior year.

Revenues were $18,722 during the year ended December 31, 2020, an increase of $2,072 or 12.4% from $16,650 in the prior year. Revenues were $5,033 during the three months ended December 31, 2020, an increase of $371 or 8.0% from $4,662 during the same period in the prior year. The main reasons for the increase were due to the growth in average AUM, and a higher proportion of AUM being managed within our pooled funds, with a partial offset from the prior year periods including a performance fee on one of our managed pooled funds which did not occur in the current year periods.



In $000s, Except Share Data and Unless Otherwise Specified

Expenses

Expenses consist of the following:

	Years ended		Three months ended	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Operating Expenses				
Salaries and benefits	**$ 13,653**	$ 12,364	**$ 3,449**	$ 3,371
Professional fees	**291**	292	**57**	79
Investment research fees	**256**	282	**66**	83
Direct fund costs	**988**	701	**275**	216
Rent and facility	**157**	138	**40**	37
Marketing and client retention	**169**	19	**34**	46
Depreciation and amortization	**1,515**	870	**428**	339
Other administrative costs	**362**	426	**117**	163
	17,392	15,092	**4,465**	4,334
Other Expense (Income)				
Public company expenses	**75**	54	**18**	22
Financing costs	**570**	473	**142**	143
Interest income	**(15)**	(25)	**(2)**	(6)
Share-based compensation	**245**	98	**44**	13
	$ 18,267	$ 15,692	**$ 4,668**	$ 4,506

Total expenses increased $2,575 or 16.4% from $15,692 for the year ended December 31, 2019 to $18,267 for the year ended December 31, 2020. The main changes during the period were as follows:

- An increase in salaries and benefits of $1,289. Included in salaries and benefits are salaries, wages, bonuses, and commissions owing to employees, contractors, and consultants. The main reasons for the increase were due to increased variable compensation resulting from higher revenues, as well as additional employees to support and further the growth of our AUM.
- An increase in direct fund costs of $287 resulting from increased AUM in our pooled funds, as well as a full period of our Global Real Estate and Infrastructure Fund and Adaptive ETF Fund, and the addition of a new pooled fund in late 2020, our Fixed Income Fund.
- An increase in marketing and client retention of $150. The main reasons for this were due to the prior year period including a non-recurring reduction in expense of $82 related to a previous acquisition, and increased expenses incurred in the current year related to website and advisor business development activities.
- An increase in depreciation and amortization of $645. As a result of investments in partnerships in the latter part of 2019 and in 2020, additional client relationship intangible assets were identified and are being amortized over a 10-year period.
- A decrease in other administrative costs of $64 due primarily to lower travel, meals and entertainment resulting from COVID-19 restrictions during the year.
- An increase in financing costs of $97. Financing costs mainly consist of interest on debentures payable. The main reason for the increase was due to a full period of interest resulting from a net

increase in debentures payable following the closing of private placement offerings and repayment of debentures on August 15 and October 4, 2019.

- An increase in share-based compensation of $147. The main reason for the increase was due to a grant of stock options on March 31, 2020, a quarter of which vested on the grant date, and the remainder vesting over the next three years.

Total expenses increased $162 or 3.6% from $4,506 for the three months ended December 31, 2019 to $4,668 for the three months ended December 31, 2020. The main changes during the period were as follows:

- An increase in salaries and benefits of $78 mainly due to increased variable compensation resulting from higher revenues.
- An increase in direct fund costs of $59 resulting from increased AUM in our pooled funds, as well as additional pooled funds.
- An increase in depreciation and amortization of $89 mainly due to additional client relationship intangible assets being amortized.

Net Income, Comprehensive Income, and Adjusted EBITDA[1]

Net income and comprehensive income decreased $881 to income of $110 during the year ended December 31, 2020, compared to $991 during the prior year. Net income and comprehensive income decreased $176 to income of $25 during the three months ended December 31, 2020, compared to $189 during the same period in the prior year. The main reason for the decrease was due to increased expenses, as detailed above, and increased income tax expense, with a partial offset from increased revenues.

[1] Refer to 'Non-IFRS Measures'

In $000s, Except Share Data and Unless Otherwise Specified

The following table outlines how EBITDA[1] and Adjusted EBITDA[1] were determined:

	Years ended		Three months ended	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Net income and comprehensive income	**$ 110**	$ 991	**$ 25**	$ 189
Adjustments				
Financing costs	**570**	473	**142**	143
Depreciation and amortization	**1,515**	870	**428**	339
Deferred income taxes recovered	**344**	(33)	**341**	(33)
EBITDA[1]	**2,539**	2,301	**936**	638
Other adjustments				
Non-cash share-based compensation	**245**	98	**44**	13
Non-recurring expenses related to:				
Acquisitions	**40**	(82)	**-**	-
Adjusted EBITDA[1]	**$ 2,824**	$ 2,317	**$ 980**	$ 651

During the year and three months ended December 31, 2020, we incurred $245 and $44, respectively, in non-cash share-based compensation. During the year ended December 31, 2020, we also incurred $40 in non-recurring acquisition related expenses.

During the year and three months ended December 31, 2019, we incurred $98 and $13, respectively, in non-cash share-based compensation. During the year ended December 31, 2019, we also incurred a non-recurring reduction in expenses of $82 related to a previous acquisition.

After adjusting for non-recurring and non-cash expenses, Adjusted EBITDA[1] for the year ended December 31, 2020 improved $507 to earnings of $2,824 compared to $2,317 in the prior year. Adjusted EBITDA[1] also improved $328 to earnings of $980 for the three months ended December 31, 2020 compared to $651 during the same period in the prior year.

[1] Refer to 'Non-IFRS Measures'

In $000s, Except Share Data and Unless Otherwise Specified

Statement of Financial Position

Cash and cash equivalents and short-term investments decreased $1,377 or 29.2% from $4,721 as at December 31, 2019 to $3,344 as at December 31, 2020. The main reasons for this decrease were as follows:

Investment in partnership	$	(3,500)
Net cash generated from operating activities		2,540
Interest paid		(504)
Proceeds on exercise of warrants		356
Payments of lease obligations		(248)
Payments relating to acquisitions		(31)
Interest received		15
Acquisition of property and equipment		(6)
	$	(1,377)

Accounts receivable increased $103 or 5.3% from $1,946 as at December 31, 2019 to $2,050 as at December 31, 2020. The main reason for this increase was due to increased revenues.

Right-of-use assets decreased $189 or 69.4% due to the amortization of those assets, with a partial offset from the addition of a new lease resulting in the recognition of a right-of-use asset.

Intangible assets increased $6,535 or 60.7% from $10,764 as at December 31, 2019 to $17,298 as at December 31, 2020. Included in intangible assets is the cost of acquired client relationships, net of accumulated amortization. The reason for this increase was due to the addition of intangible assets arising from the investment in a partnership, with partial offset from the amortization recognized during the year.

Accounts payable and accrued liabilities decreased $150 or 6.9% from $2,166 as at December 31, 2019 to $2,016 as at December 31, 2020, mainly due to the timing of payments of various accounts payable and accrued amounts.

Lease obligations decreased $208 or 66.5% from $313 as at December 31, 2019 to $105 as at December 31, 2020. The main reason for the decrease was due to regular monthly payments made relating to these lease obligations, with partial offset from the addition of a new lease.

Share capital increased $438 or 3.8% from $11,450 as at December 31, 2019 to $11,888 as at December 31, 2020, which was due to the exercise of debenture warrants into common shares.

Reserve for options and warrants increased $164 or 21.4% from $765 as at December 31, 2019 to $929 as at December 31, 2020. The main reason for this increase was due to share-based compensation arising from option grants, with a partial offset from the exercise of debenture warrants into common shares.

Non-controlling interest increased $3,789 or 83.6% from $4,532 as at December 31, 2019 to $8,321 as at December 31, 2020. Non-controlling interest exists due to the investments made in partnerships, which resulted in Bellwether acquiring control over each partnership, and as a result, assessed the fair value of the non-controlling interests on the date of each transaction based on a discounted cash flow analysis using various assumptions and estimates. The reason for the increase was due to another partnership investment being made during the year, with partial offset from the recognition of the non-controlling interest portion of the intangible asset amortization being recognized in the partnerships during the year.

In $000s, Except Share Data and Unless Otherwise Specified

Liquidity and Capital Resources

The following is a summary of the cash flows of the Company for the year and three-month periods ended December 31, 2020 and 2019:

	Years ended		Three months ended	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Cash provided by (used in)				
Operating activities	**$ 2,540**	$ 1,884	**$ 533**	$ 641
Financing activities	**(396)**	5,310	**(190)**	899
Investing activities	**(2,536)**	(6,148)	**(2,000)**	(1,825)
Net increase (decrease) in cash and cash equivalents	**(391)**	1,046	**(1,657)**	(286)
Cash and cash equivalents, beginning of period	**2,349**	1,303	**3,615**	2,635
Cash and cash equivalents, end of period	**$ 1,958**	$ 2,349	**$ 1,958**	$ 2,349

The Company generated $2,540 and $533 from operating activities during the year and three months ended December 31, 2020, respectively, compared to a generation of $1,884 and $641 during the same periods in the prior year. The main reasons for the increase in cash generated from operating activities were due to an improvement in cash adjusted net income and less cash invested in net working capital accounts.

The Company used $396 and $190 in financing activities during the year and three months ended December 31, 2020, respectively, compared to a generation of $5,310 and $899 during the same periods in the prior year. The prior year periods include net proceeds arising from a private placement and the net issuance of debentures. The current year periods include increased interest paid resulting from additional debentures outstanding, with offset from proceeds arising from the exercise of debenture warrants.

The Company used $2,536 and $2,000 in investing activities during the year and three months ended December 31, 2020, respectively, compared to a usage of $6,148 and $1,825 during the same periods in the prior year. The main reasons for the decrease in cash used in investing activities during the year were due to the current year including less funds invested in short-term investments, and the prior year periods including higher payments relating to previous acquisitions and investment in partnerships.

In $000s, Except Share Data and Unless Otherwise Specified

Summary of Quarterly Results

	As at and for the three months ended							
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Assets under management	**$ 1,587,092**	$ 1,493,561	$ 1,413,736	$ 1,282,675	$ 1,451,309	$ 1,388,160	$ 1,302,524	$ 1,368,407
Revenue	**$ 5,033**	$ 4,693	$ 4,468	$ 4,528	$ 4,662	$ 4,265	$ 3,997	$ 3,726
Operating Expenses								
Salaries and benefits	**3,449**	3,440	3,376	3,388	3,371	3,170	3,103	2,720
Professional fees	**57**	74	53	107	79	87	83	43
Investment research fees	**66**	65	65	60	83	66	68	65
Direct fund costs	**275**	245	234	234	216	172	164	149
Rent and facility	**40**	35	43	39	37	27	25	49
Marketing and client retention	**34**	57	29	50	46	34	(79)	18
Depreciation and amortization	**428**	362	362	362	339	245	143	143
Other administrative costs	**117**	79	80	86	163	86	84	93
	4,465	4,357	4,242	4,327	4,334	3,886	3,591	3,281
Other Expense (Income)								
Public company expenses	**18**	17	19	21	22	21	9	3
Financing costs	**142**	143	142	143	143	115	107	107
Interest income	**(2)**	(2)	(3)	(9)	(6)	(15)	(2)	(2)
Share-based compensation	**44**	44	47	110	13	13	55	17
	4,668	4,559	4,447	4,593	4,506	4,020	3,760	3,405
Net income (loss) before provision of income taxes	**366**	134	20	(66)	156	244	237	321
Provision for income taxes								
Current	**-**	-	-	3	-	-	-	-
Deferred	**341**	-	-	-	(33)	-	-	-
	341	-	-	3	(33)	-	-	-
Net income (loss) and comprehensive income (loss)	**$ 25**	$ 134	$ 20	$ (69)	$ 189	$ 244	$ 237	$ 321
Net income (loss) and comprehensive income (loss) attributable to:								
Company's shareholders	**$ 187**	$ 258	$ 144	$ 50	$ 306	$ 305	$ 237	$ 321
Non-controlling interest	**(163)**	(124)	(124)	(119)	(117)	(61)	-	-
	$ 25	$ 134	$ 20	$ (69)	$ 189	$ 244	$ 237	$ 321
Weighted-average number of common shares								
Basic	**51,706,501**	51,406,577	50,995,001	50,995,001	50,995,001	50,995,001	50,115,880	40,995,001
Diluted	**52,822,956**	52,524,369	51,748,470	52,193,196	51,979,721	51,864,192	50,689,491	41,363,751
Income (loss) per common share								
Basic	**$ 0.004**	$ 0.005	$ 0.003	$ 0.001	$ 0.006	$ 0.006	$ 0.005	$ 0.008
Diluted	**$ 0.004**	$ 0.005	$ 0.003	$ 0.001	$ 0.006	$ 0.006	$ 0.005	$ 0.008

In $000s, Except Share Data and Unless Otherwise Specified

Related Party Transactions

The Company considers its related parties to consist of members of its Board of Directors and officers, including their close family members and companies controlled or significantly influenced by such individuals, and reporting shareholders and their affiliates which may exert significant influence over the Company's activities.

Total compensation and other benefits paid or owing to directors and employees classified as key management, being individuals having authority and responsibility for planning, directing, and controlling the activities of the Company, are included as related party transactions.

The following is a summary of the transactions which occurred with related parties during the year and three months ended December 31, 2020:

	Years ended		Three months ended	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Transactions with key management				
Salaries, bonuses and net fees	**$ 1,685**	$ 1,452	**$ 388**	$ 391
Debenture interest expense*	**50**	61	**13**	13
Share-based compensation	**164**	52	**30**	5
	$ 1,899	$ 1,565	**$ 430**	$ 409
Other transactions with entities related to directors				
Legal fees	**$ 34**	$ 87	**$ 7**	$ 15

The following balances were outstanding with related parties as at December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Amounts payable to key management, due on demand	**$ 312**	$ 479
Amounts payable to entities related to directors, due on demand	**$ 2**	$ 2
Debentures payable to key management, bearing interest at 8% per annum, paid semi-annually, and due on the following maturity dates:		
June 15, 2022*	**$ 340**	$ 340
August 15, 2024*	**286**	286

* The debenture transactions were made on the same terms, including interest rate, maturity, and security, as provided to third parties.

Stephen Meehan is a member of the Board of Directors of the Company, and as at December 31, 2020 holds, directly or indirectly, 23.1% of the Company's outstanding shares (2019 – 23.5%). Mr. Meehan has a controlling interest in JDI Bancorp Inc. ("JDI") and Glen Road Capital Partners Inc. ("GRCP"). As such, the Company considers Mr. Meehan, JDI, and GRCP related parties. Mr. Meehan does not receive any director fees for his role as a director of the Company. During the year ended December 31, 2020, Mr. Meehan was compensated $500 through JDI to perform business development services for the Company (2019 – $500). GRCP occupies a portion of the head office of the Company, and the Company recovers from GRCP an amount based on the square footage occupied and the resources used by GRCP. During the year ended December 31, 2020, the Company recovered from GRCP $64 (2019 – $72). As at December 31, 2020, no amount remains payable to JDI (2019 – $238), and no amount remains recoverable from GRCP (2019 – $21). During the year ended December 31, 2020, the Company granted Mr. Meehan 100,000 stock options (2019 – nil), and the share-based compensation expense recognized on grants to Mr. Meehan was $24 (2019 – $nil). Up until August 15, 2019, Mr. Meehan, directly or indirectly, was subscribed to $400 in Company debentures, resulting in debenture interest expense of $20 during the year ended December 31, 2019. On August 15, 2019, those debentures matured and were repaid, and there were no debenture related transactions during the year ended December 31, 2020.

Robert Sewell is a member of the Board of Directors of the Company and is also the President and Chief Executive Officer of the Company. As at December 31, 2020, Mr. Sewell holds, directly or indirectly, 27.2% of the Company's outstanding shares (2019 – 27.5%). As such, the Company considers Mr. Sewell to be a related party. Mr. Sewell does not receive any director fees for his role as a director of the Company. During the year ended December 31, 2020, Mr. Sewell was compensated $550 in salary and bonus (2019 – $500). As at December 31, 2020, $250 remains payable to Mr. Sewell (2019 – $211). During the year ended December 31, 2020, the Company granted Mr. Sewell 100,000 stock options (2019 – nil), and the share-based compensation expense recognized on grants to Mr. Sewell was $24 (2019 – $nil). Up until August 15, 2019, Mr. Sewell, directly or indirectly, was subscribed to $200 in Company debentures. On August 15, 2019, $100 of those debentures matured and were repaid, and Mr. Sewell, directly or directly, subscribed to another $150 in Company debentures on that date. As at December 31, 2020, Mr. Sewell, directly or indirectly, is subscribed to $250 in Company debentures (2019 – $200). During the year ended December 31, 2020, the debenture interest expense relating to the debentures held by Mr. Sewell was $20 (2019 – $17).

Carlo Pannella is Chief Financial Officer of the Company, and as such the Company considers Mr. Pannella to be a related party. During the year ended December 31, 2020, Mr. Pannella was compensated $270 in salary and bonus (2019 – $265). As at December 31, 2020, no amount remains payable to Mr. Pannella (2019 – $nil). During the year ended December 31, 2020, the Company granted Mr. Pannella 100,000 stock options (2019 – nil), and the share-based compensation expense recognized on grants to Mr. Pannella was $27 (2019 – $11). Up until August 15, 2019, Mr. Pannella, directly or indirectly, was subscribed to $240 in Company debentures. On August 15, 2019, Mr. Pannella, directly or indirectly, subscribed to another $36 in Company debentures. As at December 31, 2020, Mr. Pannella, directly or indirectly, is subscribed to $276 in Company debentures (2019 – $276). During the year ended December 31, 2020, the debenture interest expense relating to the debentures held by Mr. Pannella was $22 (2019 – $20).

Susan Schulze is Chief Operating Officer of the Company, and as such the Company considers Ms. Schulze to be a related party. During the year ended December 31, 2020, Ms. Schulze was compensated $205 in salary and bonus (2019 – $185). As at December 31, 2020, $35 remains payable to Ms. Schulze (2019 –

$35). During the year ended December 31, 2020, the Company granted Ms. Schulze 100,000 stock options (2019 – 100,000), and the share-based compensation expense recognized on grants to Ms. Schulze was $31 (2019 – $16). On August 15, 2019, Ms. Schulze, directly or indirectly, subscribed to $50 in Company debentures. As at December 31, 2020, Ms. Schulze, directly or indirectly, is subscribed to $50 in Company debentures (2019 – $50). During the year ended December 31, 2020, the debenture interest expense relating to the debentures held by Ms. Schulze was $4 (2019 – $2).

Kari Tavener is Chief Compliance Officer of the Company, and as such the Company considers Ms. Tavener to be a related party. During the year ended December 31, 2020, Ms. Tavener was compensated $153 in salary and bonus (2019 – $31). As at December 31, 2020, no amount remains payable to Ms. Tavener (2019 – $nil). During the year ended December 31, 2020, the Company granted Ms. Tavener 100,000 stock options (2019 – nil), and the share-based compensation expense recognized on grants to Ms. Tavener was $24 (2019 – $nil).

Christopher Dingle is Chairman of the Board of the Company, and as such the Company considers Mr. Dingle to be a related party. During the year ended December 31, 2020, Mr. Dingle was compensated $42 in director fees (2019 – $28). As at December 31, 2020, $15 remains payable to Mr. Dingle (2019 – $9). During the year ended December 31, 2020, the Company granted Mr. Dingle 60,000 stock options (2019 – 50,000), and the share-based compensation expense recognized on grants to Mr. Dingle was $14 (2019 – $13).

James Williams is a member of the Board of Directors of the Company, and as such the Company considers Mr. Dingle to be a related party. During the year ended December 31, 2020, Mr. Williams was compensated $10 in director fees (2019 – $3). As at December 31, 2020, $6 remains payable to Mr. Williams (2019 – $2). During the year ended December 31, 2020, the Company granted Mr. Williams 20,000 stock options (2019 – nil), and the share-based compensation expense recognized on grants to Mr. Williams was $5 (2019 – $nil).

David Brown is a member of the Board of Directors of the Company, and also a Partner with a law firm, Weirfoulds LLP ("Weirfoulds"). Mr. Brown also holds a controlling interest in Keiller Capital ("Keiller"). As such the Company considers Mr. Brown, Weirfoulds and Keiller to be related parties. Mr. Brown foregoes any director fees for his role as a director of the Company. During the year ended December 31, 2020, the Company incurred $34 in legal fees with Weirfoulds (2019 – $87). As at December 31, 2020, $2 remains payable to Weirfoulds (2019 – $2). During the year ended December 31, 2020, the Company granted Keiller 20,000 stock options (2019 – 20,000), and the share-based compensation expense recognized on grants to Keiller was $5 (2019 – $5).

Peter Patchet is a member of the Board of Directors of the Company, and also holds a controlling interest in 2615054 Ontario Inc. As such the Company considers Mr. Patchet and 2615054 Ontario Inc. to be related parties. During the year ended December 31, 2020, Mr. Patchet was compensated through 2615054 Ontario Inc. $19 in director fees (2019 – $12, of which $3 was compensated directly to Mr. Patchet and $9 was compensated through 2615054 Ontario Inc.). As at December 31, 2020, $6 remains payable to 2615054 Ontario Inc. (2019 – $5), and no amount is payable directly to Mr. Patchet (2019 – $nil). During the year ended December 31, 2020, the Company granted Mr. Patchet 40,000 stock options (2019 – 25,000), and the share-based compensation expense recognized on grants to Mr. Patchet was $10 (2019 – $7). On August 15, 2019, Mr. Patchet, directly or indirectly, subscribed to $50 in Company debentures. As at December 31, 2020, Mr. Patchet, directly or indirectly, is subscribed to $50 in Company debentures (2019 – $50). During the year ended December 31, 2020, the debenture interest expense relating to the debentures held by Mr. Patchet was $4 (2019 – $2).

Risk Management

The Company's business is subject to the risks of the competitive discretionary portfolio management industry and management has identified certain risks pertinent to its business including: credit risks, liquidity risks, market risks, concentration risks, capital requirements, dependence on senior management, the investment performance of the Company's investment solutions, sufficiency of insurance, competition from other discretionary portfolio management firms, significant redemptions of AUM, general business risks and liabilities, and future regulatory changes. Management attempts to assess and mitigate these risks by retaining experienced professional staff and assuring that the Board of Directors and senior management are monitoring these risks on a continual basis.

The disclosures below provide an analysis of the risk factors affecting the Company's business operations:

Credit Risk

Credit risk arises from deposits with banks, accounts receivable and the loan due from a related party. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties, and accordingly, does not anticipate significant loss for non-performance. The maximum exposure to credit risk approximates the amount recognized on the statement of financial position.

Based on its practices and processes around charging and collecting management fees, its credit policies, its previous experience, and its assessment of the current economic environment and financial condition of the counterparties, as at December 31, 2020 and 2019, the Company does not believe any allowances for expected credit losses are required.

Liquidity Risk

The Company's exposure to liquidity risk is dependent on the collection of accounts receivable and the loan due from a related party, and the raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital, cash flows and the issuance of share capital and debentures.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

1. Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates. The Company does not have any significant number of financial instruments denominated in a foreign currency, and therefore is not currently exposed to any significant foreign currency exchange risk.
2. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is currently exposed to

interest rate risk with respect to its short-term investments invested in money market funds. The sensitivity of this risk is not significant as at December 31, 2020 and 2019 due to the short-term nature of the instruments.

3. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Bellwether's financial performance is indirectly exposed to market risk. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect Bellwether's AUM and management fee revenue, which would reduce cash flow to the Company and ultimately impact its ability to manage its capital.

Management of market risk within Bellwether's AUM is the responsibility of the Chief Investment Officer, who has established a control environment that ensures risks are reviewed regularly and that risk controls throughout Bellwether are operating in accordance with regulatory requirements. Exposure to interest rate risk, foreign currency risk and equity risk is monitored by the Chief Investment Officer. When a particular market risk is identified, portfolio managers of the Company's investment solutions are directed to mitigate the risk by reducing their exposure.

Risks Related to Assets Under Management

Because the Company's revenues are directly related to the market value of the investments that its subsidiary is managing for clients, a change in market indices could have a significant impact on the Company's revenues. A 10% change in the Company's AUM of $1,587,092, as at December 31, 2020, could impact future annual revenues by approximately $2,050, compared to a December 31, 2019 AUM of $1,451,309 and a potential revenue impact of $1,800. A 10% change in the Company's average AUM for the twelve-months ended December 31, 2020 of $1,452,402 would have impacted the revenues for that year by approximately $1,900.

Concentration Risk

The Company's trade accounts receivable are due from clients and thus the Company believes that the entire accounts receivable balance is collectible. Accordingly, management has not provided an allowance for doubtful accounts as at December 31, 2020 or 2019.

Capital Requirements

Bellwether is subject to minimum regulatory capital requirements requiring the Company to keep sufficient cash or liquid assets on hand to maintain capital levels. Failure to maintain required regulatory capital may result in fines, suspension, or revocation of registration. A significant operating loss or an unusually large charge against regulatory capital could adversely affect the ability of the Company to expand or even maintain its present level of business and create a material adverse effect on Bellwether's business, results of operations and/or financial position.

Dependence on Senior Management

The success of the Company and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel on the part of LPCP or its subsidiaries, could adversely affect the Company's business. This risk is partially mitigated by the fact that the senior management team are significant shareholders in the Company. Further mitigation has been attained through the implementation of key employee compensation packages composed of monetary short-term compensation and long-term share-based compensation designed for the retention of key employees.

Investment Performance of our Investment Solutions

If the investment solutions managed by Bellwether are unable to achieve investment returns that are competitive with or superior to those achieved by other comparable investment products offered by Bellwether's competitors, such solutions may not attract new client AUM or may experience client attrition, which may have a negative impact on Bellwether's assets under management. This would have a negative impact on Bellwether's revenue and profitability.

Sufficiency of Insurance

The Company maintains various types of insurance which may include financial institution bonds, errors and omissions insurance, directors', trustees' and officers' liability insurance, and general commercial liability insurance. There is no assurance that claims will not exceed the limits of available coverage, that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost, or, that any insurer will not dispute coverage of certain claims due to ambiguities in the policies. A judgment against the Company or its subsidiaries in excess of available coverage could have a material adverse effect on the Company in terms of damages awarded and the impact on the reputation of Bellwether.

Competition

Bellwether competes with a large number of portfolio managers and other investment advisors as well as financial institutions. Many of these competitors have greater capital and other resources, and offer more comprehensive lines of products and services than Bellwether.

Bellwether success is largely dependent on its ability to compete in the current Canadian wealth management environment. The Company's success will be based upon a number of factors including the range of products and solutions offered, brand recognition, investment performance, business reputation, financing strength, management and sales relationships, quality of service, level of fees charged, and other compensation paid.

Bellwether's competitors seek to expand market share by offering different products and services than those offered by Bellwether. There can be no assurance that Bellwether will maintain its current standing, and that may adversely affect the business, financial condition, or operating results of Bellwether.

Risks of Significant Redemptions of Bellwether's Assets under Management

The Company's revenues depend largely on the value of Bellwether's AUM, which is influenced by sales, redemption rates and investment performance. Sales and redemptions may fluctuate depending on market and economic conditions, investment performance, and other factors. Increased competition and market volatility have contributed to redemptions and diminished sales for participants in the Canadian wealth management industry.

General Business Risk and Liability

Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing the Company, its directors, officers, employees, or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of Bellwether's right to carry on their existing business. LPCP may incur significant costs in connection with such potential liabilities.

Regulation of Bellwether

Bellwether is heavily regulated in all jurisdictions where it carries on business. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of Bellwether, including the power to limit or restrict business activities as well as impose additional disclosure requirements on Bellwether products and services. Possible sanctions include the revocation or imposition of conditions on licenses to operate certain businesses, the suspension or expulsion from a particular market or jurisdiction of any of Bellwether's business segments or its key personnel or financial advisors, and the imposition of fines and censures. To the extent that existing or future regulations affect the sale or offering of Bellwether's product or services in any way, the Company's assets under management and its revenues may be adversely affected.