

Globevest Capital Appalache Fund

Introduction document

April 2023

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General Fund Risk Disclosure

The fund (“Appalache”, “the Partnership”, “the Globevest Capital Appalache Fund”, “the Appalache Partnership”, “the Appalache Capital Partnership”) described in this document is not subject to the same regulatory requirements as mutual funds, including mutual fund requirements to provide certain periodic and standardized pricing and valuation information to investors. There are substantial risks in investing in a fund. Persons interested in investing in a fund should carefully note the following:

- A fund represents a speculative investment and involves a high degree of risk. An investor could lose all or a substantial portion of his/her investment. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in a fund.
- An investment in a fund should be discretionary capital set aside strictly for speculative purposes.
- An investment in a fund is not suitable or desirable for all investors. Only certain persons meeting certain additional eligibility criteria may invest in a fund.
- A fund may employ leverage and other investment techniques, and such leverage and other investment techniques may result in increased volatility of the fund’s performance and increased risk of loss.
- A fund may trade in commodities, futures and other derivatives, which may increase the risk of loss of the fund. Fund investments are illiquid and there are generally significant restrictions on transferring interests in a fund. There will likely be no secondary market for the interests of a fund.
- A fund may have limited or no operating history.
- The investment manager of a fund may have certain discretionary authority over the fund’s assets.
- A fund may invest in a limited number of securities or instruments, which could result in a limited degree of diversification and higher risk.
- A fund generally involves a complex tax structure, which should be reviewed carefully. A fund’s investment strategy may cause delays in important tax information being sent to investors.
- The management fees of a fund’s investment manager may be substantial regardless of whether the fund has a positive return, and can offset the fund’s profits.
- A fund is not required by regulators to provide periodic pricing or valuation information to investors.

The above summary is not a complete list of the risks and other important disclosures involved in investing in funds. Before making any investment in a fund, investors are advised to thoroughly and carefully review fund documentation with their financial, legal and tax advisors to determine whether an investment is suitable.

This document is confidential and is intended only for the use of the person(s) to whom it is presented. It may not be reproduced, in whole or in part, nor may its contents be divulged to any other person without the prior written consent of the managements of the Globevest Capital Appalache Fund. Investors should note that Globevest Capital Appalache Fund legally operates as a trust and not as a Partnership (limited or otherwise).

The launch of the Appalache fund stems from our inability to find a sufficient amount of public equity managers who could answer 5 simple questions



How are your incentives aligned with mine?



Are you deviating from your benchmark enough to earn your fees?



Investment-related work represents what percentage of your daily activities?



How will your fees not eat up my returns?



How do I know that you are managing my capital for the long term?

Source: Globevest Appalache Fund

Our business principles – Our 3 commitments to Investment Partners

- 1**
Side-by-side investing
- 2**
Earn value only if we create value
- 3**
Investors first

Always commit our own capital on the same basis as that of our Investment Partners.

Structure and align incentives so that we win only if our Investment Partners also win.

Our core business is to find, value and invest in exceptional companies. It is not marketing, asset gathering or distribution.

Source: Globevest Capital Appalache Fund

Our investment strategy – the 3 pillars that dictate how we invest

1

A few exceptional businesses

Concentrate the portfolio in a few high-quality businesses.

2

Price matters

Invest only when the purchase price can lead to a satisfactory, long-term return.

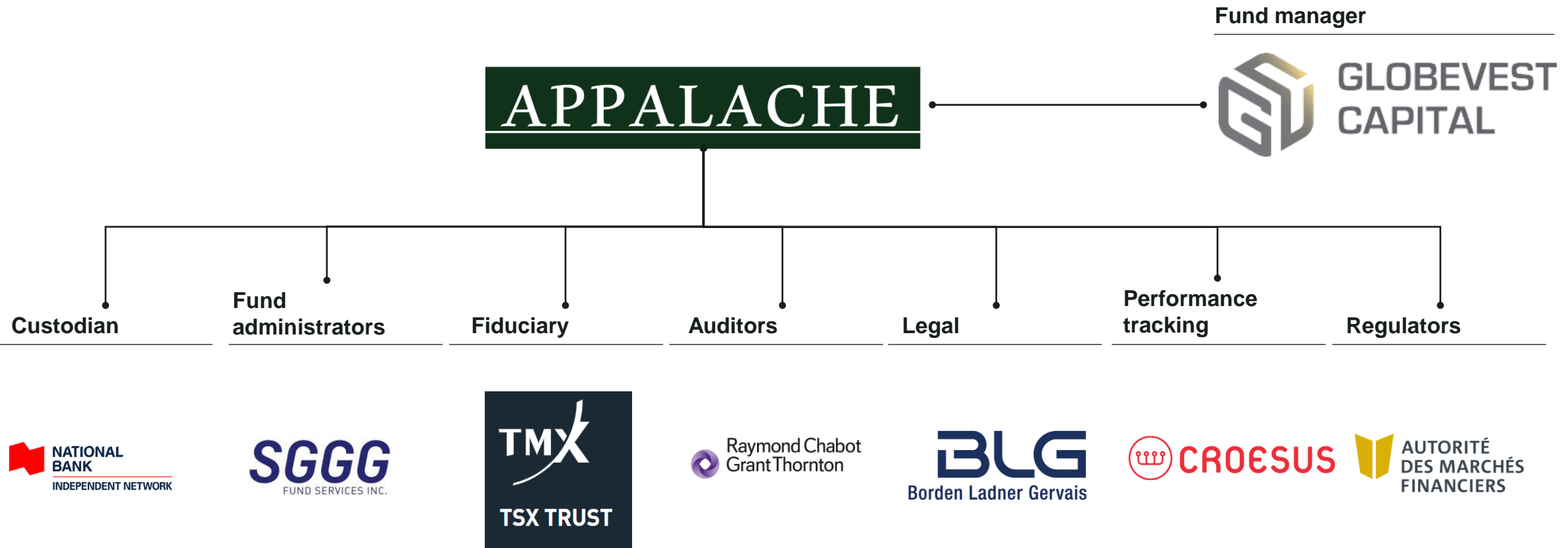
3

Patience

Try to deliver long-term results, not short-term trading activity.

Source: Globevest Capital Appalache Fund

Our ecosystem of partners



Source: Globevest Capital Appalache Fund

Detailed investment terms

Detailed fees and terms

- **Management fee:** 1.0% charged monthly, and diminishing proportionately with increases in AUM to cover only the baseline costs of running the fund¹
- **Performance fee:** 20% of returns above a return of 7%, charged annually, starting in 2024
- **High-water mark:** Yes
- **Liquidity:** Monthly, on the last business day of the month
- **Minimum investment :** \$150,000 for non accredited investors
- **Reporting:** Quarterly Partner Memorandums & virtual meetings
- **Suggested Partner time commitment:** 5-years. We encourage you not to invest if you plan on needing your capital in less than 5 years.
- **Custodian:** National Bank Independent Network (NBIN)
- **Trustee:** TSX Trust
- **Legal:** Borden Ladner Gervais LLP (BLG)
- **Auditors:** Raymond Chabot Grant Thornton
- **Registered accounts:** Yes

Portfolio parameters

- **What we invest in: Public market** businesses that appear to possess **4 attributes**
 1. High cash **returns on invested capital**
 2. A **predictable** and long **runway for growth**
 3. A **high-integrity** and shareholder-aligned **management team**
 4. **A price that represents a meaningful discount** to our estimate of intrinsic value
- **Geographical scope:** Global markets
- **Portfolio composition:** 5-20 companies
- **Holding period:** Multiple years for most holdings
- **Benchmark:** MSCI World, in Canadian dollars (CAD)
- **Hedging:** The fund can fully or partially hedge foreign exchange risk¹
- **Use of derivatives and short-selling:** While not part of the core mandate, the use of leverage or derivatives, or the shorting of securities, may be used under unusual circumstances and with advance notice to all Unitholders

1. At the discretion of the fund manager