



Fair Allocation of Investment Opportunities

Each client and investor of Sprucegrove is provided a copy of the policy statement (and all future amendments) along with the provisions of this policy being disclosed within Form ADV Part 2A and filed with the Ontario Securities Commission. This policy statement applies equally to all clients and investors and may be amended as necessary to provide further clarity or accommodate business activities.

Allocation of Investment Opportunities

In accordance with Sprucegrove's business model, client and investor accounts are evaluated based on the characteristics and risk tolerance of the associated client and investor prior to applying the Firm's proprietary methodology. Generally, Sprucegrove manages all of its accounts with similar mandates uniformly and typically the investment opportunities identified are suitable for all similar mandates. It endeavors to not give preferential treatment to any client or investor and over time to provide fair and equal treatment. It attempts to allocate investment opportunities among accounts managed by it on the basis of the suitability of the investment for each managed account. In doing so, instances may arise in which certain identified investment opportunities may not be suitable based on the characteristics and circumstances of each managed account.

The following is a partial list of potential deviations from Sprucegrove's general policy on the allocation of investment opportunities among client and investor accounts:

1. The timing of account cash flows resulting in inadequate cash or margin to accommodate new positions purchased.
2. Where Sprucegrove has reached its maximum investment in a holding, it will not purchase that holding for any new accounts.
3. Where the market capitalization of a security or the size of a client or investor account precludes participation in certain accounts.
4. Client and investor investment restrictions, limitations and preferences.
5. In order to comply with switching between mandates or institutions may request that consideration be given with respect to in species transfer of securities. Such requests are at the sole discretion of Sprucegrove in accordance with stated policies. While such an account is in the process of being aligned with the applicable mandate, the account may be excluded from aggregation.

Sprucegrove rarely participates in IPOs. It may participate in additional shares that are issued for an existing holding. In either case, Sprucegrove will not withhold such issues for its own benefit or to reward other persons who direct business to Sprucegrove.

Allocation of Block or Bunched Trades

To ensure fairness in the allocation of opportunities among its clients and investors, Sprucegrove will use its best efforts to do the following:

- Orders entered for a specific security are bunched or blocked for all applicable accounts and are entered simultaneously for execution at the same price. Order fills are allocated daily on a pro-rata basis at the average fill price for that day. Partial order fills on a day may be allocated to a selection of those clients and investors if such prorating would be uneconomic, given minimum board lot sizes and transaction costs. Sprucegrove will attempt to ensure that such partial fills are allocated such that no client, class of clients or investor is given preference.
- In the case of a new securities issue, where the allotment received is insufficient to meet the full requirements of all accounts on whose behalf orders have been placed, allocation is made on a pro rata basis. However, if such prorating would result in an inappropriately small position for a client or investor, the allotment would be re-allocated to another account. Over a period of time, Sprucegrove will make its best efforts to ensure that these prorating and reallocation policies result in fair and equal treatment of all clients and investors.

Allocation of Trade Execution Costs

Broker commissions and other transaction costs will be allocated on a pro-rata basis, plus any per trade charges which may apply.