



**INDEPENDENT REVIEW COMMITTEE**  
**2015 REPORT TO UNITHOLDERS**

Dear Unitholder:

I am writing on behalf of the Independent Review Committee (the "IRC") of certain Funds, as listed on Schedule "A" (the "Redwood Funds"), managed by Redwood Asset Management Inc. ("Redwood" or the "Manager"). The IRC was established pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"), a national instrument of the Canadian Securities Administrators. Its members are independent of the Funds, the Manager and its affiliates.

The IRC is responsible for providing advice, approvals and recommendations to the Manager regarding potential conflict of interest matters referred to it by the Manager, in accordance with the provisions of NI 81-107. Our responsibility is to consider whether proposed actions of the Manager that have been brought to the IRC in relation to a Fund, which may pose potential conflicts of interest, are being conducted in such a manner to ensure a fair and reasonable result for the unitholders. The IRC uses its combined experience and knowledge to render such recommendations and approvals.

As the members of the IRC, we are proud to represent the best interest of the Funds in any matter where the Manager has a conflict of interest. In respect of any Conflict of Interest Matter ("COIM") referred to us, we have sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the relevant Fund(s).

During its annual meeting on December 17, 2015, the IRC reviewed and assessed the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters regarding the Funds, as well as the independence, compensation and effectiveness of the IRC and its members. The IRC continues to be satisfied with all relevant policies, procedures and operations of the committee. The IRC looks forward to upholding its commitment and executing its responsibility to the Manager and its unitholders in 2016.

We are now pleased to publish this annual report for the unitholders of the Funds, to describe the IRC and its activities during the 2015 financial year.

A handwritten signature in blue ink, appearing to read "Christopher Marshall", is written over the printed name.

Christopher Marshall  
Chair of the Independent Review Committee

## **Mandate of the IRC**

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager is subject when managing the Redwood Asset Management Inc. Group of Funds listed at the end of this report (collectively the "Funds" and individually a "Fund"). The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Funds, and request input from the IRC on how it manages those conflicts of interest, as well as on its written policies and procedures outlining its management of those conflicts of interest.

The Manager must refer its proposed course of action in respect of any such conflict of interest matters to the IRC for its review. Certain matters require the IRC's prior approval, but in most cases the IRC will provide a recommendation to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action provides a fair and reasonable result for the Fund. For recurring conflict of interest matters, the IRC can provide the Manager with standing instructions, which enables the Manager to act in the particular conflict of interest matter on a continuing basis, subject to annual review and re-approval by the IRC of the standing instructions.

This report is available on the Manager's website at [www.redwoodasset.com](http://www.redwoodasset.com) or you may request a copy, at no cost to you, by contacting the Manager by calling 416-368-8898 or by writing to Redwood Asset Management Inc. 120 Adelaide Street West, Suite 2400, P.O. Box 23, Toronto, ON M5H 1T1.

## **Composition of the IRC:**

<b>Name and municipality of residence</b>	<b>Residence</b>	<b>First Appointed</b>
William Christopher Marshall (Chair of the IRC)	Toronto, Ontario	May 1, 2010
Paul Abrams	Toronto, Ontario	December 3, 2011
Boris Novansky	Toronto, Ontario	May 1, 2014

## **Compensation and Indemnification**

The members of the IRC are entitled to compensation by the Funds. The initial compensation of the IRC was set by the Manager. At least annually, the IRC reviews its compensation giving consideration to the following:

1. the best interests of the Funds;
2. that each Fund must pay its reasonable allocation of the compensation of the IRC from the assets of the Fund;
3. that compensation paid to the IRC by each Fund should fairly and reasonably reflect the general and specific benefits accruing to the Fund;
4. the number, nature and complexity of the Funds for which the IRC acts; and

5. the nature and extent of the workload of each member of the IRC.

In aggregate, the IRC members were paid \$14,625 for the year ended December 31, 2015.

#### **Disclosure of IRC Member's Holdings**

None of the IRC members hold any units of the Redwood Funds, or related entity securities of any other material persons or companies that provided investment fund services to the funds, as at December 31, 2015.

#### **Conflict of Interest Matters Reviewed**

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation; nor is the IRC aware of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval.

#### **Standing instructions Approved**

The IRC has approved certain standing instructions (SIs), which constitute a written approval or recommendation from the IRC that permits the Manager to proceed with the specific action(s) set out in the SI on an ongoing basis, without having to refer the Conflict of Interest Matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI.

At the December 17, 2015 meeting of the IRC, the Manager reported to the IRC on its reliance on any SIs during the 2015 financial year.

#### **Positive Recommendations and Reliance on Standing Instructions**

There were no Conflict of Interest Matter referrals to the IRC in 2015. The Manager relied on the following standing instructions of the IRC during the period:

1. fair allocation of fund expenses
2. short-term trading policy

The IRC approval and standing instruction requires that the Manager proceed with the conflict of interest matter only if, among other things, (a) the Manager is acting free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (b) the action represents the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (c) the action is in compliance with the Manager's written policies and procedures.

#### **Review of Policies and Procedures and Compliance**

Pursuant to NI 81-107 and the IRC's written charter, the IRC has reviewed and re-approved the Manager's written policies and procedures concerning COIMs.

The IRC has not been made aware of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in an approval, a recommendation and/or a standing instruction. The Manager has an obligation to notify the IRC of any such instance. The IRC is responsible for responding only to conflict of interest matters brought to it by the Manager.

#### **Review of Charter**

The IRC reviewed its written charter on December 17, 2015 and made no changes.

#### **Self Assessments**

In accordance with NI 81-107, the IRC conducted a self assessment review during the financial year. The IRC communicated to the Manager the results of the IRC's self assessment review.

**Schedule "A"**  
**Funds served by the IRC**  
**As at March 31, 2016**

Redwood Unconstrained Bond Fund  
Redwood Unconstrained Bond Class  
Redwood Diversified Equity Fund  
Redwood Diversified Income Fund  
Redwood Global Small Cap Fund  
Redwood Pension Class  
Redwood Emerging Markets Dividend Fund  
Redwood Equity Growth Class  
Redwood Income Growth Class  
Trapeze Value Class  
Redwood Global Equity Strategy Class  
Redwood Global Innovations Class  
Redwood Global Total Return Bond Portfolio  
Redwood Floating Rate Preferred Fund  
Connected Wealth Tactical Class  
Connected Wealth Core Income Class