

## RELATIONSHIP DISCLOSURE DOCUMENT

### *Introduction*

EEL welcomes you as a client of our firm. EEL would like to very much build a relationship with you that you will find to be highly satisfactory.

As with any relationship, it is often useful to begin with a clear understanding of the roles and responsibilities that each party has in that relationship. The purpose of this Relationship Disclosure Document is to do just that – to help you understand the nature of the services that you can expect to receive from EEL and your Investment Advisor here, including the fees and charges associated with those services. We are also required by investment industry regulations to request certain information from you and we will explain why and when we need that information.

This Relationship Disclosure Document will be provided to you at the time you open your account(s) with EEL (“EEL”, “we”, “us” or “our”). If there are significant changes to the information contained in this Relationship Disclosure Document, we will provide you with an updated version by referring you to our website at [www.emergingequities.ca](http://www.emergingequities.ca), or in hardcopy upon your request. If you have any questions related to the contents of this Relationship Disclosure Document, please contact your Investment Advisor.

This Relationship Disclosure Document covers the following topics:

- ◆ Available Products and Services;
- ◆ Account types;
- ◆ Responsibilities;
- ◆ “Know Your Client”;
- ◆ Investment Knowledge, Investment Objectives, and Risk Tolerance
- ◆ Assessing Suitability;
- ◆ Conflicts of Interest;
- ◆ Complaint Handling;
- ◆ Account and Activity Reporting;
- ◆ Fees and Charges; and
- ◆ Other Important Information.

### *Available Products and Services*

#### **Available Products**

EEL is registered as an investment dealer under certain provincial securities laws and is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”). As such, EEL offers a variety of investment vehicles to meet your financial needs including, but not limited to:

- ◆ Equities on the North American stock exchanges
- ◆ Fixed income, such as government and corporate bonds
- ◆ Investment funds, such as mutual funds and exchange-traded funds

Your Investment Advisor can explain these investment products to you, in addition to how they work, their risks and possible returns, and whether or not they are appropriate for you.

#### **Services**

In accordance to securities industry regulations, your account at EEL is described as an “**advisory account**”. This means that you are ultimately responsible for investment decisions. Your investment advisor can make recommendations, but cannot make investment decisions for you. When providing advice, your investment advisor must meet an appropriate standard of care, provide suitable investment recommendations and provide unbiased investment advice.

## Account Types

In providing these investment opportunities, EEI has an assortment of accounts, which include, but is not limited to:

- ◆ **Cash accounts:** involve standard cash settlement of transactions, three days after the day your trades are executed;
- ◆ **Margin accounts:** offer some level of borrowing capacity, secured by the value of the securities held in your account and based on both regulatory loan value rates and our more stringent internal credit policies (See the *Leverage Risk Disclosure Statement* in the “Other important information” section of this Relationship Disclosure Document);
- ◆ **Registered retirement savings plans and income funds (“RRSP” and “RRIF”):** these are accounts intended to hold your eligible retirement savings investments and assets, in accordance with the regulations and restrictions on their operation, as prescribed in the *Canadian Income Tax Act*;
- ◆ **Tax-free savings accounts (“TFSA”):** these are accounts which allow you to hold eligible savings investments and assets where the related income and capital gains are earned on a tax-free basis, in accordance with the regulations and restrictions on their operation, as prescribed in the *Canadian Income Tax Act*;

Fees related to the various account types are provided to you upon the opening of your account. Please contact your Investment Advisor should you require an additional schedule.

## Responsibilities

- 1) **Your Investment Advisor’s responsibilities:** Your Investment Advisor is responsible for the advice provided to you and for ensuring that it is unbiased, meets an appropriate standard of care, and is suitable based on your investment needs and objectives.
- 2) **EEI’s responsibilities:** EEI is responsible for, among other things, providing you with this Relationship Disclosure Document and related information, assessing the suitability of the investments in your account(s), reporting your account activity to you through trade confirmations, account statements, and various other disclosures and requirements, many of which are referred to elsewhere in this document. EEI is responsible for providing you with information about the investments that you make, including prospectuses, offering documents and other product information, where applicable. EEI is responsible for the supervision of its Investment Advisors and for handling any complaints regarding its services in a fair and reasonable manner.
- 3) **Your responsibilities:** You are ultimately responsible for making all investment decisions in respect of your account(s). As such, you are required to be an active participant in the relationship by keeping informed and keeping us informed. In order to achieve this, you are responsible for:
  - ◆ Providing us with full and accurate “know your client” (“KYC”) information, including your financial situation, investment objectives and risk tolerance, time horizon, and any other information relevant to assisting you in meeting your investment goals. Later in this section, we will provide you with some guidelines for establishing and defining this KYC information.
  - ◆ Promptly informing your Investment Advisor of any material changes in life circumstances which may result in changes to the KYC information previously provided. This may include such things as a significant change in financial situation, employment changes, marital status, retirement plans, etc.
  - ◆ Carefully and promptly reviewing copies of all KYC information we will provide you at the time of account opening and any time that information is updated, to ensure that we have recorded an accurate understanding of your circumstances.
  - ◆ Ensuring that you understand the information contained in this Relationship Disclosure Document and asking questions of your Investment Advisor where you require further clarification.
  - ◆ Carefully and promptly review all documentation provided to you including trade confirmations and account statements. You must report any errors or inaccuracies within the time limits prescribed in the documents.
  - ◆ Being informed by reviewing your portfolio regularly, understanding the potential risks and returns related the investments in your account(s), reviewing all sales literature and product related information provided, being proactive by asking questions about specific transactions, investments and the relationship in general whenever such questions may arise, and by consulting the appropriate professionals as necessary, including accountants or lawyers for tax and/or legal advice.
  - ◆ Ensuring that payment for transactions is made by the settlement date.
  - ◆ Contacting EEI if you are dissatisfied with the handling of the affairs in your account(s)

In an advisory account, while you are ultimately responsible for your investment decisions, you may rely on the advice provided by your Investment Advisor. Your Investment Advisor is required to ensure that the advice provided and investments made in your account are suitable for you. In order to assess suitability, we consider factors such as your investment objectives, time horizon, risk tolerances and your personal and financial circumstances, including your age, annual income, net worth and investment knowledge. This “Know Your Client” information is what we refer to as “KYC”, and is collected when you complete your New Client Application Form (“NCAF”). EEI will match your needs and desires with your investments and trading activities. Without this understanding, it is not possible for your Investment Advisor to make suitable recommendations.

EEI understands that you may be concerned about sharing some of this information however, **without all the necessary information to know your fundamental circumstances, securities legislation prohibits us from proceeding with opening your account.** EEI’s Privacy Policy is available on our website at [www.emergingequities.ca](http://www.emergingequities.ca).

Again, as described above, you are also responsible for ensuring the KYC information is up-to-date and be sure to inform your Investment Advisor of changes in your life circumstances which may require amendments to the KYC information that we have in our records.

Further information on the various KYC factors is provided below:

- ◆ **Personal situation:** The personal information we gather not only ensures that we are in compliance with anti-money laundering/anti-terrorist financing regulations mandating verification of identification but is also important in our understanding of your personal circumstances and how they may affect the recommendations we make to you. This includes, but is not limited to, full name, residence address, telephone number(s), date of birth, social insurance number, marital status, and employment information.
- ◆ **Financial situation:** EEI needs to understand your net worth, which includes your financial assets (i.e. deposits, investments) and capital assets, net of your liabilities (i.e. debts, mortgage). We need to understand the sources of your income and the amount of your income from all sources. We will consider the size of any transaction relative to your net worth as part of our suitability assessment.
- ◆ **Investment knowledge:** This reflects your level of understanding of investing, investment products and their associated risks. We will document your level of investment knowledge as being excellent, good, fair or nil. Further information on determining your level of investment knowledge is provided below.
- ◆ **Investment objectives:** Your investment objectives are your specific financial goals. This information will help us determine how to balance the desire to keep your money safe (not lose principal), earn income, and increase your capital through growth in the market value of your holdings/account. The investments that we recommend should be consistent with your investment objectives. Further information on the types of objectives you may have is in the following section.
- ◆ **Time horizon:** This is the period from the time you provide us with this information to the time when you expect to need your financial assets, or a significant portion thereof, for such things as purchasing a home, paying for your education or retiring. In retirement, this may also include consideration of tax requirements to withdraw minimum amounts.
- ◆ **Risk tolerance:** The level of risk tolerance is intended to document your willingness to accept risk and your ability to withstand declines in the value of your portfolio, whether from the perspective of comfort level or actual financial ability. Your risk tolerance should reflect the relative weighting of the various levels of risk of the investments that you wish to hold in your account. Further information on how to define the various levels of risk is in the following section.

When you are considering these KYC factors and your own personal circumstances, you must do so on an account-by-account basis, rather than for all of your accounts or for you as an investor overall, as each account or type of account may have different investment objectives, risk tolerance levels, etc. For example, you may wish to keep your retirement savings in lower risk investments with longer term return objectives, but hold more speculative investments in a cash account. Clearly the risks and objectives are different in those two cases. For this reason, we will review suitability on an account-by-account basis.

## *Investment Knowledge, Investment Objectives and Risk Tolerance*

### Investment Knowledge

To assist you in describing your level of investment knowledge, the following guidelines are set out. It is expected that over a period of time, with increasing exposure to various investment products, your level of experience could increase.

- ◆ **Excellent** experience would include those individuals who have traded in most types of investment securities. This would include knowledge of commodities, speculative and short selling strategies and an appreciation of the risks and rewards involved in trading these securities.
- ◆ **Good** experience would include those individuals who have either traded in or have some knowledge of the basic characteristics of both fixed income securities and common shares, as well as a basic understanding of the degree of risk and reward inherent in these types of securities.
- ◆ **Fair** experience would include those individuals who have had some investment experience but may not have a full understanding of the basic characteristics of the various types of securities and the degree of risk associated with some securities.
- ◆ **Nil** experience would include those individuals who have very limited or no knowledge of the basic attributes of securities or the workings of the markets.

### Investment Objectives

The investments in your account should be consistent with your investment objectives. Your objectives are classified and documented as being income related, short-term or long-term growth, or venture situations, and may be any combination of these. These categories are general guidelines only, intended to assist us in meeting your overall investment objectives. It is recognized that your objectives may change from time to time, and what you provide at the time of account opening represent your basic objectives at that time. In the event that changes to your personal circumstances result in changes to your overall investment objectives, you are responsible for discussing and updating that information with your Investment Advisor.

To assist you in determining your objectives, we offer the following guidelines as to the nature of the investments and activities intended by each of the four categories. Please remember that the list of securities in each category is not intended to be exhaustive and your own situation may require further clarification. It is also important to recognize that the selection of investment objectives may not be synonymous with the selection of account risk factors as described in the section below.

- ◆ **Income:** This category includes securities whose primary characteristics are regular income with little potential for capital gain. For example, this category would usually include money market securities, investment grade bonds and high quality preferred shares, but could also include "high-yield" bonds, royalty trust units and lower quality preferred shares, where there is a greater risk of cessation of income flow and capital loss, depending on the account risk factors. High yielding, stable, dividend-paying common shares could, but would not normally, be included in this category.
- ◆ **Long-term growth:** This category includes securities, such as common shares, whose primary characteristics are to provide the investor with the potential for long-term capital gain, while assuming some risk of capital loss. This category would normally include the common shares of established companies which have experienced some reasonable period of operating history, including a record of past profitability.
- ◆ **Short-term growth:** This category includes common shares or other equity related securities of more junior companies or securities which are generally of higher risk than those securities which would be captured under the long-term growth category. Trading activity in warrants or stock options would be included in this category. This category would also encompass securities normally included under the income or long-term growth categories if:
  - the investment horizon was more short-term oriented and the intended trading activity was, therefore, of more frequent nature, or;
  - a significant percentage of margin was regularly utilized in the account.
- ◆ **Venture situations:** This category includes high-risk venture type of investments that are generally less liquid. Often times, these may be investments through private placements or some other form of investment in start-up or emerging entities.

## **Risk Tolerance**

Investing in securities is inherently risky, as the value of individual securities is not guaranteed and can fluctuate significantly. The risks your investments may face include, among other things, issuer specific risks (type of product; business, sector or industry risk), general market risk, macroeconomic conditions, interest and exchange rate risk and liquidity. You could lose a portion of, or even all of, your original investment.

The investments in your account should be consistent with the level of risk you are willing to accept in your account. Your risk tolerance may be affected by such factors as your age, your family situation (marital status; dependents), your net worth and your income expectations. You should approximate your risk tolerance on a percentage basis between high, medium and low risk. There will likely be some correlation between your risk tolerance and your investment objectives. For example, there should be a high correlation between the degree of high-risk tolerance, and the portion of the objectives that represent short-term growth and/or venture situations. An account in the 100% low-risk category would be very limited in the investment opportunities available to it, whereas one that has some allocation to the medium-risk or high-risk categories would have a much greater degree of flexibility in choosing investments.

- ◆ **Low risk investments** experience low volatility, and generally offer lower returns in exchange for greater protection of capital. This category would include investment such as government issued securities and money market mutual funds.
- ◆ **Medium risk investments** experience a medium level of volatility, and are more likely to offer moderate growth over a longer period of time. These investments can certainly fluctuate in value, but are generally higher quality. This category would include most publicly-traded securities, particularly those upon which the Firm would be willing to extend margin.
- ◆ **High risk investments** can exhibit significant volatility, and are best suited to investors who are willing to accept the risk of short term fluctuations in exchange for the potential for higher long-term returns. Accepting this level of risk is accepting the risk that the entire investment could be lost. This category would include volatile, start-up or lower value publicly traded securities, speculative investments and emerging company type investments with low liquidity. These are securities upon which the Firm is not willing or able to extend margin.

## ***Assessing Suitability***

Once we have established your KYC details, EEI will use this information to assess the suitability of investments in your account and the composition and risk of your portfolio relative to your investment objectives and risk tolerance.

Your Investment Advisor will conduct a suitability assessment, on an account-by-account basis, as follows:

- ◆ Each time a recommendation is made to you;
- ◆ Each time a trade is accepted from you (including those proposed by you);
- ◆ When securities are deposited or transferred into your account(s);
- ◆ When the Investment Advisor responsible for the account is changed; and/or
- ◆ When there has been a material change in your personal or financial circumstances or objectives.

To ensure that the positions held in your account(s) remain suitable for you as time passes, our goal is to review the suitability of the investments in your account(s), and your holdings as a whole, at least every other year in conjunction with an update of your KYC information.

Given the long-term nature of investing for most clients, we do not automatically review the suitability of the investments in your account(s) when there are significant market fluctuations. Should you so request, your Investment Advisor is prepared to discuss with you the effect of market fluctuations on your portfolio.

A suitability assessment involves a comparison of the overall composition of your account(s) at a point in time to the weighing of the various levels of risk and investment objectives as set out in your KYC information. When considering the suitability of a transaction, we consider how that transaction affects those weightings in your account(s).

During an assessment, if an investment is considered to be unsuitable, your Investment Advisor will discuss the situation with you and may advise against the purchase, or suggest that you sell any unsuitable investments already in your account. Your Investment Advisor may also recommend that you make changes to the other investments in your account to ensure the overall suitability of your holdings relative to your stated investment objectives and risk tolerance.

However, if you have a reasonable amount of financial assets and you wish to invest a small amount of your overall account in an investment that would otherwise be unsuitable, we would advise you that, while the specific investment is not suitable for you, it might be acceptable if you can “afford” to lose that money, even potentially that entire investment. This investment would not be considered “unsuitable” as it would be insignificant to the overall value of your portfolio.

If during the suitability determination any concerns are identified, we will discuss them with you and document our discussions. If we are strongly concerned about any transaction you request of us which differs from what we determine to be a suitable transaction, we may choose to refuse to execute a transaction or even terminate our account relationship.

## Conflicts of Interest

Actual, potential, and perceived conflicts of interest exist in almost all human interactions. Our relationship with you is no different. EEI has a legal responsibility to maximize economic benefit for our shareholders and other stakeholders, as well as an obligation to adhere to the highest ethical standards in our dealings with our clients. We believe the best way to achieve our goal is to provide you with trusted advice and personalized financial solutions that help you achieve your financial goals in order to retain your continued patronage and encourage you to recommend our services and products to others.

EEI is what is referred to as an “introducing broker” (“IB”) investment firm. Our client accounts are held in a custody arrangement with our “carrying broker” (“CB”), NBCN Inc. (“NBCN”). All investments shown on our/your client statements are held by NBCN in segregation from the accounts of other brokerage firms. NBCN executes, settles, and reports all your trade activity to you and provides EEI (and consequentially to you) with a contractual indemnity assuring you that the investments shown on your statements are held by them as custodian. If, under any circumstance, any trade activity for your account is not reported on a trade confirmation and your monthly statement, immediately report such omission to EEI Compliance since such an event is a violation of our operating policies and procedures. We provide a broad range of service in corporate finance, investment management, and retail client services and products. We recognize that by definition some of these activities are more susceptible to conflicts of interest than many other commercial activities since we may periodically represent both sides of a transaction, namely, the buyer and the seller.

The general types of conflicts of interest which can arise are:

- ◆ Conflicts of interest between you and us,
- ◆ Conflicts of interest between you and our other clients, and
- ◆ Conflicts of interest between us and our related and associated companies.

In general, we deal with and manage relevant conflicts as follows:

- ◆ **Avoidance:** This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed.
- ◆ **Control:** We manage acceptable conflicts through means such as physically separating different business functions and restricting the internal exchange of information.
- ◆ **Disclosure:** By providing you with information about conflicts, you are able to assess independently their significance when evaluating our recommendations and any actions we take.

Our goal is to address conflicts in a fair, equitable and transparent manner, consistent with the best interest of our clients. We will try to avoid conflict where possible, and in all other cases either disclose the conflict, or manage it through internal controls and review processes. Conflicts deemed too significant to be addressed through controls or disclosures must be avoided. Disclosures will be made in a timely, meaningful and prominent manner.

Our *Conflicts of Interest Statement* is available on our website at [www.emergingequities.ca](http://www.emergingequities.ca). This document is intended to assist you in understanding and assessing material potential and actual conflicts of interest, including how we address them. This is an overview of a complex subject. Despite that, we believe the simplest control is the most effective – your continued satisfaction and patronage. If you ever have any questions or concerns, whether they involve conflicts of interest or anything else, you should never hesitate to say so and ask your Investment Advisor for an explanation and more information.

## Complaint Handling

The fair and timely handling of client complaints is vital to the overall integrity of the investment industry. EEI regards the handling of any client complaint as an essential element of servicing our client accounts and we have established written policies and procedures to ensure they are dealt with promptly and fairly. EEI's *Complaint Handling Process* is available on our website at [www.emergingequities.ca](http://www.emergingequities.ca).

## Account and Activity Reporting

EEI will provide you with reporting to help you monitor your financial assets and performance. This reporting will come in the form of trade confirmations and account statements. While we do our utmost to avoid errors, misunderstandings and mistakes can happen. Accordingly, it is important that you review each trade confirmation and account statement promptly upon receipt and advise EEI if you believe there has been an error.

- (i) **Trade confirmations:** You will be provided with written confirmation of the details of every securities purchased or sale transaction that is processed in your account. These are generated and mailed no more than two days after the transaction takes place.
- (ii) **Account statements:** You will be sent out an account statement at least once per quarter, as long as there are cash and/or securities in your account. In any month where there has been activity in the account of any type, a monthly account statement will also be produced. Account statements include the details of all activity in your account including, among other things, all trades in securities (both those that settled in the period and those that are pending settlement at the statement date), deposits, withdrawals, transfers, dividends, interest, etc., as well as the opening and closing cash balance in the account. Your account statement will also provide you with a list of the current securities held in the account as well as their market value.

**Note:** *Market value is determined using the closing bid price for long positions in publicly traded securities and the closing ask price for short positions in publicly traded securities. Foreign exchange on US priced securities is calculated using the quoted closing spot rate for the statement date. Private, unlisted and restricted securities, with no quoted market value, may or may not be priced. Where a market value is reported for these securities, the price generally reflects the last traded price or the last issue price and may not necessarily reflect the true market value as of the statement date. As these securities are not readily marketable, EEI cannot ensure the accuracy of such prices at any point in time.*

- (iii) **Performance and other reporting:** EEI does not currently provide any formal performance reporting, percentage return information or separate fees and charges reporting. We intend to closely monitor the development of new rules and requirements in this area and will be prepared to comply with those at such time as they come into effect. To remain up to date on any changes we make in our reporting to you, please watch your statements for updates, ask your Investment Advisor or review the updated version of this Relationship Disclosure Document as posted on our website at [www.emergingequities.ca](http://www.emergingequities.ca).

**Note:** *Your Investment Advisor may be able to provide you with a view of your account(s) that reflects both the book value and the market value of the holdings in your account(s), however, this is not a formal report offering and you are cautioned that the information may not be entirely reliable. For example, position cost is not currently reliably tracked for all transaction types, and thus, may not result in an accurate reflection of gains or losses. This information is being provided for your general information and for discussion purposes only, and may not be relied upon for any purpose.*

- (iv) **Tax reporting:** We will provide you with any required tax reporting, based on the type of account(s) and/or transactions within your account(s) each year. The most common of these are as follows:
  - ◆ RRSP contributions;
  - ◆ T4RSP – Statement of RRSP Income and/or T4RIF – Statement of Income from a RRIF;
  - ◆ T5 – Statement of Investment Income;
  - ◆ T3 – Statement of Trust Income Allocations and Designations;
  - ◆ T5013/T5013A – Statement of Partnership Income;
  - ◆ NR4 – Statement of Amounts Paid or Credited to Non-Residents of Canada;
  - ◆ Summary of Investment Income;
  - ◆ Summary of Securities Transactions

There may be additional tax reporting as circumstances warrant. If you have any questions about the tax reporting you receive from EEI you should contact your Investment Advisor.

You may incur various fees and charges in relation to the operation of your account(s) EEI. Most of these will be charged to you directly by EEI, however, some of them may be charged elsewhere and by other parties. The different types of fees and charges are described below.

**(i) Commissions:** EEI will charge you commissions on all securities transactions in your account(s). These commissions represent the compensation you pay to EEI for the services we provide you in the execution and completion of your trades. For equity securities, these commissions are either added to your total purchase price or deducted from your sales proceeds, and are disclosed to you on your trade confirmation. The amount of commission that you pay will vary depending on, among other things, the security being traded, where it trades and the value of the trade. The amount of commission is negotiated between yourself and your Investment Advisor at the time you place your order, subject to some general guidelines to which he or she must adhere. Commissions are most commonly based on a percentage of the trade value. For debt and other fixed income securities, the commission is generally built into the price you pay or receive for the security in your transaction. EEI retains a portion of the price you pay or receive, and this is the commission or "spread" that we earn on these transactions.

**(ii) Mutual funds:** In the case of mutual funds, the related fees are generally charged to you through the mutual fund manager or product manufacturer. Mutual fund managers typically charge a percentage fee called a management expense ratio ("MER"), as well as other transaction costs, by deducting these charges from the value of the fund. From the MER, the firm is paid ongoing commissions, commonly referred to as trailer fees, for the services we provide. Product manufacturers may also charge you a commission at the time of purchase, which is deducted from the total amount delivered for investment in the fund. Product manufacturers may also charge you a deferred sales charge ("DSC") in the event that you redeem your fund investment prior to the expiry of a set schedule. As all of these amounts (MER's, trailing fees, commissions and DSC's) can vary from fund to fund, we encourage you to review the information you are provided regarding the fund in which you are investing (such as the prospectus, offering document or fund fact sheet) and discuss any questions you may have with your Investment Advisor.

**(iii) Account operation fees and charges:** You may also be subject to various other fees and charges in connection with the operation and maintenance of your account(s). These may include, among other things: account transfer, deregistration and withdrawal fees; physical certificate and re-registration fees; wire transfer fees; fees related to private company and other restricted securities; administration fees and more. As part of the account opening process, all retail clients are provided with a *Fee Schedule*, which details the fees we may charge.

**(iv) Interest and foreign exchange:** To the extent that you maintain a debit balance in your account, you will be charged debit interest. EEI may charge a higher rate to you than it pays to borrow funds itself, thus earning the spread between the two rates. To the extent that you maintain a credit balance in your account, you will be paid credit interest. EEI may credit your account at a lower rate than it earns on its own cash balances, thus earning the spread on the two rates.

When we are required to buy or sell US dollars on your behalf, we earn a commission as well. This commission is built into the exchange rate you are quoted. EEI retains a portion of the rate you pay or receive for your US dollars, thus earning the exchange rate spread on these transactions.

**(v) Other charges:** There may be other costs you incur that are not part of our service offerings, but which are levied by third parties and are required to ensure proper operation of your account(s) with us. For example, you may be required to pay for valuations and legal opinions as to the eligibility of certain private investments that you wish to hold in a registered account. Knowing about and planning for these costs is your responsibility.

Generally speaking, your Investment Advisor or his/her assistant will make every effort to advise you of all possible fees and charges relating to a specific transaction in advance of accepting instructions from you. However, it is your responsibility to be familiar with our *Fee Schedule* and the types of fees and charges relating to the account(s) you are operating.

### **Leverage Risk Disclosure Statement**

The regulatory authorities require member firms to provide their clients with a *Leverage Risk Disclosure Statement*. This disclosure statement is intended to remind clients of the inherent greater risks involved in borrowing money to purchase securities, and is as follows:

***Using borrowed money to finance the purchase of securities involves greater risk than using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.***

### **Performance Benchmarks**

You may assess the performance of your investments by comparing them to an investment performance benchmark. Benchmarks show the performance over time of a select group of securities. There are many different benchmarks. When choosing a benchmark, select one that reflects your investments. For example, the S&P/TSX Composite Index follows the share prices of the largest companies listed on the Toronto Stock Exchange. This index would be a good benchmark for assessing performance of a Canadian equity fund that invests only in large Canadian companies. It would be a poor benchmark if your investments are diversified in other products, sectors or geographic areas.

We do not provide benchmark comparisons in our account reporting.

Please speak to your investment advisor if you have questions about the performance of your portfolio or what benchmark(s) might be appropriate for you.

### **Canadian Investor Protection Fund**

The CIPF was created by the investment industry to ensure that client assets are protected, within defined limits, in the event of the insolvency of an investment dealer, who is a member of CIPF. All IIROC dealer members are required to be members of CIPF, and are subject to assessments for required contributions to the CIPF. The coverage limit is \$1,000,000 for any combination of cash and securities within each separate account. Many investors will have two separate accounts, a general account and a retirement account, that are each eligible for the \$1,000,000 of coverage. If an investor has several general accounts (cash, margin, US\$ account, etc.) or several retirement accounts (RRSP, RRIF, etc.), these will be combined, respectively, into two separate accounts for purposes of CIPF coverage. The coverage amount applies to any shortfall in your account which may exist following the dealer insolvency, which, in most cases, will be substantially less than the value of your account(s).

CIPF does NOT cover losses from market fluctuations.

For more information on CIPF coverage, please visit their website at [www.cipf.ca](http://www.cipf.ca) or contact your Investment Advisor for an informational brochure.