



# **CANFIN Magellan Investments Inc. Client Relationship Disclosure and Information Document**

This Client Relationship Disclosure and Information Document (“Information Document”) is part of your account agreement and describes the legal relationship between you, your advisor, and CANFIN Magellan Investments Inc. (“CMI”).

Please take the time to read the information and speak with your advisor if you have any questions. We suggest keeping this Information Document with your account opening documents and other financial records for future reference.

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## **Welcome to CANFIN Magellan Investments Inc.**

Thank you for entrusting a CANFIN Magellan Investments Inc. ("CMI") advisor with your financial future. Our firm commitment to service excellence, provides clients with options tailored to fit their financial goals and investment needs.

CMI is an independent mutual fund dealer and is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF). Our head office is located in Toronto, Ontario.

You are receiving this "Client Relationship Disclosure and Information Document" ("Information Document") because you have opened a new account(s) with a CMI advisor. We have prepared this Information Document to give you important information about your relationship with us, how your account operates, your responsibilities, and our responsibilities. This Information Document also provides information about the ways that we collect, use, and protect your personal information, the risks and requirements associated with borrowing to purchase investments, conflicts of interest and how we manage them, and what to do if you have a problem or complaint.

This Information Document is part of your account agreement and describes the legal relationship between you, your CMI advisor, and CMI. We will provide an updated copy to you if we make any significant changes to the Information Document.

Please take the time to read the information and keep this Information Document on hand, as it contains important information.

We suggest keeping this Information Document with your account opening documents and other financial records for future reference. While not all the information will apply to your specific situation, we'd like you to use this as a resource so you have the information you need to make informed decisions. As you consider additional products and services, please be sure to review all pertinent prospectuses and other pertinent documents.

We are committed to helping you achieve your financial goals and want you to have a positive long-term relationship with us. We promise to handle your financial affairs with the highest level of professionalism and integrity. If you have any questions about this document or any aspect of our relationship with you, please consult with your CMI advisor.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Robert Carducci'.

Robert Carducci  
President  
CANFIN Magellan Investments Inc.

## Relationship Disclosure

This Client Relationship Disclosure and Information Document ("Information Document") contains important information about the products and services we offer, the nature of your account(s) and the manner in which it operates, and our responsibilities to you. You will receive a copy of this Information Document when you open your account(s) with a CMI mutual fund advisor or before we begin providing advice or trading services to you. If any significant change is made to this Information Document, we will provide you with an update.

### **CANFIN Magellan Investments Inc.**

CANFIN Magellan Investments Inc., ("CMI") is registered as a mutual fund dealer, under provincial securities legislation in Ontario, Alberta and British Columbia. CMI is also registered as an exempt market dealer in Ontario. CMI is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF). CANFIN Wealth Management is a tradename of CMI.

### **Nature of the Advisor Relationship**

CMI advisors are registered as mutual fund dealing representatives (mutual fund advisors). Your advisor receives commissions and ongoing service fees from the sale of mutual funds and other investment products as per the **Products and Services Offered by CANFIN Magellan Investments Inc.**, section below. Your advisor may recommend financial products and services offered by, and receive commissions and/or referral fees from, companies related to CMI. Clients are responsible for making investment decisions but may rely on the advice given by the advisor. In such situations the advisor is responsible for the advice and ensuring that it is suitable based on the client's financial situation, investment needs and objectives.

### **Products and Services Offered by CANFIN Magellan Investments Inc.**

CMI is registered under provincial securities legislation in Alberta, British Columbia, and Ontario, as a mutual fund dealer and, in Ontario as an exempt market dealer. As a mutual fund dealer and exempt market dealer (Ontario), CMI is only permitted to sell a limited range of products, including Mutual Funds, High-interest savings accounts, Guaranteed Investment Certificates (GICs), Principal Protected Notes (PPNs), Labour-Sponsored Investments Funds, Pooled Funds, Hedge Funds and Flow Through products.

CMI is responsible for completing due diligence on, and assessing, products and determining which products to approve. Once a product has been approved, CMI will monitor it for significant changes. In addition, to this due diligence, your advisor is required to understand the products that are being traded for you or recommended to you, including the structure, features, risks, initial and ongoing costs as well as the impact of those costs on the return on your investment. This is known in the securities industry as Know Your Product requirements.

Most of the products we offer can be redeemed or sold in a reasonable amount of time with no restrictions and little to no impact on price; however, we do offer products that may be difficult to redeem or sell. This may be because they are illiquid (not regularly traded), do not permit resale or redemptions or only permit redemptions back to the issuer. This could mean that you need to sell these products at a lower price in order to find a willing buyer or you may be unable to sell the security. A product's resale and redemption restrictions or procedures will be outlined in the product's offering documents. Products that may be difficult to redeem or sell include GICs, market-linked GICs, labour-sponsored investment funds, and principal-protected notes prior to their maturity or end of term.

CMI does not sell proprietary products.

Only advisors with Exempt Market Dealer proficiency may promote and offer exempt investment products such as Principal Protected Notes, Pooled Funds, Hedge Funds and Flow Through Shares.

CMI also provides Fee-For-Service Financial Planning through our CMI Financial Planners division ("CFP"). Only advisors with the CFP and RRC designation can offer Fee-For-Service Financial and/or Retirement Planning. An advisor or Retirement Planner ("Planner") who renders such a service to a client covered by a Letter of Engagement earns a Fee-For-Service as compensation.

The Planner's service may be conducted in person/face-to-face meeting with the client, or through CANFIN Wealth Management's online communication called VirtualSage.

VirtualSage is an online communication platform offered to potential clients and investors to meet and speak to a CANFIN Wealth Management Planner or Retirement Consultant at the comfort of their home computer and at their own convenient time fitting their schedules. The VirtualSage is a secure and dedicated portal that does not utilize third party technology such as "Skype." As such, VirtualSage was created for this purpose alone and not shared with any other programs outside of CANFIN Wealth Management.

The fees collected and paid to the Planner is a service-fee paid for his or her professional capacity as a Financial or Retirement Planner. Such fees are separate and distinct from any compensations received by a CMI advisor for the sale and purchase of an investment outside of the Planner's fee-for-service. The Planner's Letter of Engagement for Fee-for- Service does not negate the Regulatory Disclosures that a CMI advisor is required to provide clients in investment transactions.

## **B2B Introducing/Carrying Dealer Arrangement**

CMI also offers accounts where B2B Bank Financial Services Inc. (B2B) acts as the carrying dealer for the account. You will know that B2B acts as the carrying dealer for your account if you filled out a B2B account application form at the time of account opening and you regularly receive an official account statement from B2B.

CMI has an introducing / carrying dealer arrangement with B2B where CMI acts as the introducing dealer and B2B acts as the carrying dealer. As the introducing dealer, CMI is responsible for approving and opening your account(s), including the application of Know Your Client rules, supervising your advisor and ensuring that the investments and trading activity in your account(s) is suitable for you, facilitating the deposit and withdrawal of your cash and ensuring that the operation of your account(s) complies with other regulatory requirements. As the carrying dealer, B2B is responsible for trade execution and for settling trades (both of which CMI may do in certain circumstances), custody of your cash and securities and issuing account statements, trade confirmations, performance reports, charges and compensation reports and most tax reporting.

## **CI Investment Services Inc. Introducing/Carrying Dealer Arrangement**

CANFIN has an introducing and carrying arrangement in place with CI Investment Services ("CIIS") whereby CIIS, the carrying dealer, performs certain services including clearing and recordkeeping activities for CANFIN, the introducing dealer, in respect of CANFIN and CANFIN clients introduced to CIIS by CANFIN as a result of the client participating in the CANFIN Private Wealth Model Portfolio Program.

CANFIN Private Wealth Inc. ("CPW") is a business corporation incorporated under the laws of Canada, registered as a portfolio manager in Ontario and Alberta. CPW offers discretionary investment management services to its clients, with its head office located in Toronto, Ontario. CPW and the CANFIN are both wholly owned subsidiaries of CANFIN Holdings Inc.

## **Conflicts of Interest**

### **Understanding conflicts of interest**

At times, our interests as a financial services firm and those of our advisors may be inconsistent with your interests as our client. We have adopted policies and procedures to assist in identifying and addressing these material conflicts of interest. All material conflicts of interest will be addressed in your best interests and will be disclosed to you in a timely manner. If we cannot effectively address a material conflict in your best interests, or the conflict is otherwise prohibited by law, we avoid it.

We inform you about actual, potential or perceived material conflicts so you can better understand them and assess how they may affect you. Examples of conflicts of interest are when:

- CMI, or your advisor, has financial or other interests that are inconsistent with your best interests as a client; and
- CMI or your advisor may be influenced to put their own interests ahead of your interests.

## Identified Conflicts of Interest

CMI has identified certain conflicts that have arisen or could arise in the day-to-day business of the firm and its advisors and employees. The following table discloses all of the actual, potential or perceived material conflicts of interest that apply to our relationship with you and explains the nature and extent of the conflict, how the conflict could affect you or be a risk to you, and how we address the conflict.

Conflict of Interest	How the Conflict affects you	How we address the conflict
<b>Relationships with Related or Connected Issuers*</b>	*"Related or Connected Issuer" when used in this policy means, issuers that could influence CMI or a brother, sister, parent or subsidiary company to CMI. "Influence" means having the power to exercise control over the management and policies of the company.	When CMI recommends securities of a related or connected issuer, it will disclose this relationship to you. That is because, the relationship could present a conflict of interest in that CMI might only be selling its own funds to you, and no other funds that may be better suited to you, so that their related issuer will earn fees and profits. <b>CMI does not currently have any Related or Connected Issuers.</b>
<b>Relationships with Other Issuers</b>	CMI assesses whether conflicts of interest arise in relationships with issuers that do not fall within the definitions of related or connected issuers.	CMI does not currently have any such conflicts or relationships.
<b>Advisor Compensation</b>	CMI advisors are compensated for their services to you, and for selling products and services the Plans through commissions. Advisors receive a portion of the commission paid to CMI. This may incent advisors to encourage you to acquire additional services and products regardless of their suitability.	Before entering into a transaction, we are required to disclose to you the commissions and other compensation we will receive from the transaction. Our advisors can only sell products that have been reviewed and approved by CMI, and we will not approve a product if the costs to the client are not competitive or are abnormally high.
<b>Fee-Based Accounts</b>	CMI offers commission-based and fee-based accounts. Fee-based accounts can create conflicts of interest primarily through the incentive for advisors to prioritize moving clients into fee-based accounts, even if it's not in the client's best interest, due to higher compensation for fee-based revenue. Additionally, conflicts can arise when fee-based accounts hold securities with embedded commissions, potentially leading to the client effectively paying for two types of compensation on the same product..	CANFIN has controls in place, to ensure that conflicts of interest relating to fees charged in fee based accounts are in the best interests of clients, based on their investment objectives and needs. Specifically, CANFIN has measures in place to ensure that fees charged to clients are reasonable and aligned with the client's needs and services rendered. Fees are determined on a standardized fee schedule based the client's assets under administration. CMI conducts bi-annual reconciliations of all intermediary and client name fee-based accounts to ensure that products with embedded commissions are not included in the fee calculation for fee-based accounts.

<b>Sales Incentives Offered by CMI</b>	Sales Incentives may give rise to a perception that advisors are incented to encourage you to acquire additional products and services regardless of their suitability.	CMI does not provide sales incentives for our advisors to sell certain types of products or the products of certain manufacturers over others, and we do not have annual sales or revenue targets.
<b>Branch Manager Compensation</b>	Branch Managers are responsible for supervising advisors. They are paid commissions and compensation based on the products and services sold by the advisors they supervise. This may incent Branch Managers to approve products and services when it may not be suitable for you.	At CMI, we address this conflict of interest, by hiring Branch Managers who are CANFIN Head Office employees. These individuals are compensated with a salary, rather than by commissions and they have authority to reject sales if they consider that they are not suitable for clients.
<b>Referral Arrangements *</b>	<p>CMI has referral arrangements in place with several other companies in the CANFIN Wealth Management Group of Companies as well as several unrelated companies.</p> <p><b><i>*Please see section titled “CANFIN Magellan Investments Inc. Referral Arrangements” for details of each arrangement.</i></b></p> <p>Paid referral arrangements, where an advisor receives compensation for referring a client to another party, are an inherent conflict of interest. The payment of compensation may lead an advisor to make a referral, even when the referral is not in the client’s best interests.</p>	<p>Before referring you to any other party, your advisor is required to ensure that the referral is in your best interests. Before or at the time of referral, your advisor will provide you with a disclosure document outlining important information about the referral arrangement, including the amount of the referral fee that will be paid to your advisor for making the referral (or how the referral fee will be calculated).</p> <p>CMI requires your consent before we can refer you and you are not obligated to agree to being referred.</p> <p>CMI advisors are prohibited from engaging in any referral arrangements other than referral arrangements that CMI has approved.</p>
<b>Outside Activities and Positions of Influence</b>	<p>Your advisor must conduct all securities-related business through CMI. If your advisor offers other products and services, these are activities conducted outside of your advisor’s registration with CMI (known as outside activities). Outside activities can create conflicts of interest if the activity affects the advisor’s ability to provide unbiased advice in the best interests of the client, if the advisor earns compensation from the activity, if the activity requires too much of the advisor’s time, if it is likely to cause client confusion, or by the nature of the position and the degree of influence the advisor holds.</p> <p>An outside activity of an advisor is deemed to be a position of influence if the influence is deemed to be significant enough that it would be difficult to separate the influence from the activities that the advisor performs through CMI. Examples of positions of influence would be religious leaders, health care providers, military officers, government positions resulting from national or local elections, or any other position where such position</p>	<p>CMI is required to pre-approve and monitor all outside activities that our advisors engage in. Before approving any outside activity, CMI considers potential conflicts of interest in accordance with CIRO Mutual Fund Dealers Rule 2.1.4. We consider issues relating to existing or potential conflicts of interest when determining whether to permit an outside activity. If CMI believes the conflict cannot be properly managed in accordance with CIRO Mutual Fund Dealers Rule 2.1.4, then the outside activity will not be permitted (meaning the advisor will have to stop engaging in the outside activity or will no longer be registered with CMI). Prohibited outside activities include acting as a partner, director or officer of a publicly listed company. Permitted activities include holding an insurance license. Other outside activities are evaluated on a case-by-case basis considering all existing and potential conflicts. If your advisor offers other products or services, you will be provided an outside activities disclosure form describing the activity. CMI makes no representations or warranties and assumes no liability in connection with any outside activities engaged in by your advisor.</p>

	influences the public due to the very nature of the position or with a moral predominance influencing the public or your decision.	
<b>Gifts and Entertainment</b>	When advisors receive gifts, other than gifts of minimal value, from product issuers, mutual fund companies or referral partners, it creates a potential conflict of interest as the receipt of these benefits may affect, or give the perception that it affects, the advisor's ability to give impartial investment recommendations. Gift giving between the advisor and the client may also give rise to concerns of conflicts of interest, favouritism, or suggest a future obligation of the client or advisor.	CMI has policies and procedures in place that prohibit the giving or receiving of gifts or business entertainment of more than a minimal value between advisors and their clients and gifts and promotional items and activities to advisors from product issuers, mutual fund companies.
<b>Client complaints and errors</b>	CMI may have a potential conflict of interest when responding to a client complaint or correcting an error as we could be influenced to correct the error in our own best interests rather than in the client's best interests.	CMI is committed to handling all complaints in a fair and reasonable manner and in accordance with our complaint handling procedures and Policy. We investigate and respond to all client complaints, and if you are not satisfied with our response, you can escalate your complaint to the Ombudsman for Banking Services and Investments (OBSI) or the Canadian Investment Regulatory Organization (CIRO).
<b>The use of leverage in clients' accounts</b>	Leverage is when you use borrowed money to purchase securities. There is a potential conflict of interest when clients borrow money to invest as this increases the size of their advisors' book of business and results in higher commissions for the advisor. Along with the increased risks that come with using leverage, there are also increased costs associated with borrowing money, which may mean that using leverage is not in the client's best interest.	Before opening a leverage account, clients are provided with a disclosure document explaining the risks of using borrowed money to invest. The Compliance department reviews all leverage account applications before an account is approved, to ensure that leverage is suitable for the client.
<b>Personal financial dealings with clients</b>	It is a conflict of interest for our advisors to engage in any personal financial dealings with clients as this creates the risk that our advisors are putting their own interests ahead of their clients' best interests. Examples of personal financial dealings with Clients, which are all prohibited, include: <ul style="list-style-type: none"> <li>▪ Lending funds to or borrowing funds from Clients;</li> <li>▪ Personal business arrangements with Clients including being a partner, shareholder, Director or Officer of a business owned, co-owned or controlled by the Client; and</li> <li>▪ Using monetary or non-monetary benefits such as gifts or charitable donations to circumvent CMI policies and conceal breaches.</li> </ul>	CMI advisors are prohibited from lending money to clients, borrowing money or receiving a guarantee in relation to borrowing money, or other assets, from clients. Advisors are also prohibited from investing together with clients, for instance, through an investment club or purchasing an asset from clients. Our advisors are also prohibited from having full control or authority over the financial affairs of a client (such as acting as power of attorney, executor, or trustee), except when the client is related to the advisor and the arrangement has been preapproved by CMI. These restrictions are managed through a combination of policies and procedures and training.
<b>Individuals Serving on Boards of Directors</b>	Conflicts of interest can arise when CMI advisors, Directors, Officers, Partners or employees serve on a board of directors.	Advisors are not permitted to serve on a Board of Directors of a publicly traded company.



	Examples of potential conflicts include conflicting fiduciary duties owed to the company and to CMI or a client, possible receipt of inside information and conflicting demands on an individual's time.	In the case of non-public boards, CMI controls the conflict by requiring advisors to seek permission from CMI Compliance before accepting a position on any such board.
<b>Solvency Issues</b>	A CMI advisor who is insolvent, may be motivated by financial pressure to act in a manner that maximizes his or her own personal financial gain rather than in your best interests.	CMI must be promptly notified of any situation where an advisor has been petitioned into bankruptcy or entered into a consumer proposal under Canadian Bankruptcy legislation. CMI will assess such solvency issues and may impose terms and conditions on the advisor or take such other measures as are appropriate.

## Account relationship

The success of our relationship is very important to us. It is important for you to know the various roles and responsibilities that you, your mutual fund advisor and CMI have with respect to your CMI account(s), as well as what you can expect with respect to services and costs.

You will have an advisory account relationship with CMI. In an advisory account relationship, your mutual fund advisor will give you unbiased advice and recommendations about suitable investments. However, you are responsible for making all investment decisions in your account(s) and must authorize each transaction. An advisory account may be commission-based or fee-based (see Section titled: "Nature of the Compensation that May be Paid to CANFIN Magellan Investments Inc."). You can refer to the Investment Profile section of your account opening documentation to see the Investment Objectives, Risk Tolerance and Time Horizons for each of your accounts. Each account will be identified by Account Type (for example, cash or RRSP).

## What you can expect from CMI

CMI's responsibilities to you include:

- Providing you with relationship disclosure information;
- Assessing the suitability of investments in your CMI account(s) (for more information, please see Section titled "Suitability and Know Your Client information" below);
- Reporting account activity to you through account statements;
- Providing you with fund facts, prospectuses, offering memoranda, and/or other product disclosure documents where required by law;
- Supervising advisors and branch managers; and
- Handling any complaints regarding its services in a fair and reasonable manner.

## Know Your Client information

CMI and your advisor must assess whether investments in your account(s) are suitable for you. This is accomplished by considering a variety of factors related to your investment goals and personal circumstances. These factors are known in the securities industry as Know Your Client (or KYC) information and are described further below.

It is important that you provide CMI and your advisor, with accurate and up to date KYC information so we can assess the suitability of your investments. **You must ensure your KYC information has been accurately recorded on your account opening documentation and subsequent account-related documentation. You must also promptly inform your advisor whenever there has been a change in your KYC information.** You will receive a copy of the KYC information we obtain from you when you open your account(s) and when you tell us about any material changes to the information.

We need to know the following KYC information at a minimum, to guide us in our determination regarding suitability:

- **Your personal circumstances** – includes age, contact information, marital status or family situation, employment information or occupation, and who has a personal financial interest in your account. If the account is opened for a non-individual (for example, a corporation), we will need information about the corporation, including the legal name, address, form of organization and principal business, and who is authorized to provide instructions for the account.
- **Your financial circumstances** – includes:
  - **Annual income** – The amount of your annual income from all relevant sources.
  - **Net worth** – The total of all your assets (e.g., house, investments) less liabilities (e.g., debt, mortgage).
  - **Liquidity needs** – Considers the extent to which you wish or need to access all or a portion of your investments to meet expenses, financial obligations or to fund major planned expenses.
  - **Financial assets** – Includes a breakdown of your financial assets and may include investments that are held outside of CMI.
  - **Leverage or borrowing to invest** – Whether or not you have borrowed funds to buy your investment.

### Investment Knowledge

Refers to your understanding of investing, investment products, financial markets, their associated risks and limitations and how the level of risk taken affects your potential investment returns. The following are the definitions for the different categories of Investment Knowledge:

- **Novice:** You have not previously invested in investment products or have done so for a short period of time.
- **Fair:** You have invested but may not have yet lived through a bear market or have obtained an in-depth understanding of the capital markets.
- **Good:** You have previously invested in markets for a minimum of 5 – 10 years during which you have gained an understanding of the factors that drive the market performance and an understanding of volatility and the base concepts of portfolio management.
- **Sophisticated:** You have either formal training in capital markets or have a long investing history during which you have gained an in-depth understanding of market behavior and portfolio management.

### Investment needs and Objectives

Includes a discussion of your liquidity needs as well as the financial outcomes you want to achieve with the investments in a particular account. Your investment objectives may include growth, income and capital preservation. Your account will be designated as having one or a combination of these objectives, which can be described as follows:

- **Safety** - You have a very low tolerance for risk and are unable to tolerate any investment losses or you have a very short investment time horizon. You prefer knowing that your capital is safe and are willing to accept lower returns to protect your capital by investing 100% in Money Market funds or GICs.
- **Income** - You have a low tolerance for risk and potential loss of capital or a short investment time horizon. You are willing to accept some short term fluctuations and small losses in your investment portfolio in exchange for modest returns. The primary objective of your investment portfolio will be to provide income by investing primarily in funds that invest in fixed-income securities. While capital appreciation is not a priority, a small portion of the portfolio may be invested in equity funds to provide the potential for some

growth to offset the impact of inflation. Your portfolio will include about 75% in fixed income investments and up to 25% equities.

- **Balanced** - You have a moderate tolerance for risk and loss of capital. You are willing to tolerate some fluctuations in your investment returns and moderate losses of capital. You have at least a medium term investment time horizon. The objective of your portfolio will be to provide a combination of income and long term capital growth and therefore the portfolio will include at least 40% in fixed income investments and up to 60% equities.
- **Growth** - You have a high tolerance for risk and loss of capital. You are willing to tolerate large fluctuations in your investment returns and moderate to large losses of capital in exchange for potential long-term capital appreciation. You do not have any significant income requirements from your investments. You have at least a medium term investment time horizon. Your portfolio will can hold up to 100% in equities (excluding funds that employ speculative trading strategies).
- **Aggressive Growth** - Your tolerance for risk, portfolio volatility and investment losses is very high. You are willing to tolerate potentially significant and sustained price fluctuations and large losses of capital. You have extensive investment knowledge. You have no income requirements from your investments and have a long investment time horizon. Your portfolio will can hold up to 100% in equities (including funds that invest in specific market sectors or employ speculative trading strategies).

## Investment Time horizon

When you expect to need your investments (e.g., at retirement, to purchase a house, etc.). Your investment time horizon will be assessed based on your liquidity needs, age, investment objectives, risk profile and other personal circumstances. In general, if you have a longer investment time horizon there may be greater flexibility in choosing your investments, whereas if you have a shorter investment time horizon, conservative investments may be your only option.

## Risk Profile

Your risk profile is determined by taking the lower of (i) your willingness to accept risk (your risk tolerance) and (ii) your ability to withstand financial loss (your risk capacity).

- **Risk tolerance** – Considers your willingness to accept risk and how comfortable you are with the possibility of losing money on your investments.
- **Risk capacity** – Considers your ability to withstand financial loss in light of your particular circumstances, including your financial circumstances, age, life stage and how much of your total investments an account or investment position represents.

The risk rating of the investments in your account(s) must be consistent with your risk profile. Investment risk levels are described as follows:

**Low:** Low risk investments demonstrate a low volatility and are for investors who are willing to accept lower returns for greater safety of capital and may include such investments as Canada Savings Bonds, GICs and money market mutual funds.

**Low to Medium:** Low to Medium risk investments demonstrate a low to medium volatility but a higher volatility than those described above and may include bond and balanced funds.

**Medium:** Medium risk investments demonstrate a medium volatility and are for investors that are looking for moderate growth over a longer period of time and may include bond or balanced funds, Canadian dividend, Canadian equity, U.S. equity and certain international equity funds.

**Medium to High:** Medium to High risk investments demonstrate a medium to high volatility and are for investors that are looking for long term growth and may include funds that invest in smaller companies, specific market sectors or geographic areas.

**High:** High risk investments demonstrate a high volatility and are for investors who are growth oriented and are willing to accept significant short term fluctuations in portfolio value in exchange for potentially higher long term returns and may include smaller companies, specific market sectors or geographic areas, labour-sponsored venture capital funds or funds that invest in specific market sectors or geographic areas such as emerging markets, science and technology, or funds that engage in speculative trading strategies including hedge funds that invest in derivatives, short sell or use leverage.

## Suitability

Our ongoing suitability analysis begins at the time of account opening. We will determine what type of account (e.g., fee-based, commission-based, etc.) is appropriate for your circumstances. Your advisor will make recommendations to you for suitable investments, and you are responsible for making all investment decisions in your account(s). It is important to remember that meeting our suitability determination obligation does not imply or guarantee any particular outcome for your investments.

Before we open an account for you; purchase, sell, deposit, transfer or switch securities in your account; or take or recommend an investment action for you, your advisor must determine that the action being taken:

- Is suitable for you, based on the following:
  - Your existing KYC, including the risk level of the account;
  - Your advisor's assessment or understanding of the product;
  - Your investment portfolio and how the trade would affect the concentration and liquidity in the account and in the product;
  - The cost of the product and its impact on the returns on your investment;
  - The reasonable range of alternative investments and actions available at the time the determination was made; and
- Puts your interests first.

## General Investment Risks

The greatest risk to you as an investor is that you could lose all or part of your investment. Your investments through CMI are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. Your accounts will hold different kinds of investments depending on your investment objectives. The value of investments in any account will fluctuate on a daily basis, reflecting changes in interest rates, economic conditions and markets as well as company news. Therefore, the value of any investment may go up or down and you may get more or less than you paid for it when you choose to sell it. This also means that your greatest investment risk is the potential to lose part or all of your investments.

The risks that are specific to mutual funds and other products purchased by you are described in detail within the disclosure documents that you will receive prior to purchase. Please do not hesitate to contact your advisor should you wish to review the specific risks which relate to you.

The following is a list of general risks which may affect your account:

- **Risks Relating to Concentration**  
When you are invested too heavily in a small number of securities, the lack of diversification can result in higher volatility. Since your account(s) is overly exposed to a small number of securities, your account(s) is more sensitive to changes in the value of those securities.

- **Risks Relating to Credit**

When you purchase a debt security, it represents borrowed money that must be repaid by the issuer to you (the lender) according to the terms of the debt security. Credit risk is the risk that some issuers may not pay back interest or pay back the principal on schedule, which may result in a loss to you as the lender.

- **Risks Relating to Interest Rate Fluctuations**

The risk that a potential change in interest rates may affect the value of your credit investment, such as a bond or fixed-income product. If you own an investment that pays a fixed interest rate, it may decrease in value if interest rates increase and increase in value if interest rates decrease over the period that you hold the investment.

- **Risks Relating to Currency**

The risk that changes in the value of the Canadian dollar (as compared to a foreign currency) can affect the Canadian dollar value of securities priced in foreign currencies. This means that if you hold a security priced in a foreign currency, even if the investment increases in value you may still lose money on your investment once the value of the security is converted into Canadian dollars..

- **Risks Relating to Equity securities**

Equity securities represent an ownership interest in an entity. The entity is affected by general economic and financial conditions both internally and externally. Unlike debt securities, the entity has no obligation to repay you, and your expected return is uncertain. If the entity fails, you may lose all or most of your investment.

- **Risk and Return on Investments (“ROI”)**

There is a strong co-relation between risk and ROI. You may have to accept a higher level of risk in order to obtain a higher ROI. Higher risk investments generally fluctuate more in value than investments with lower risk. High-risk investments generally have the potential higher long-term returns than lower risk ones. They may also post more negative short-term returns than lower-risk investments.

- **Foreign investment risk**

This is a risk that securities issued in a country other than Canada may be exposed to additional risks that are unique to that country, such as political risks, economic risks, market or liquidity risks and regulatory risks. These foreign investment risks may cause the investment to fluctuate more in value than Canadian securities.

- **Risks Relating to Fund Redemptions**

A pooled or mutual fund may have to dispose of its investments at unfavourable prices to meet the redemption requests of the portfolio and this could have a harmful effect on the performance of the fund.

- **Risk Relating to Liquidity**

Liquidity refers to how quickly an investment can be bought or sold. Liquidity risk is the risk that you may not be able to convert a security into cash quickly or easily because it isn't regularly traded. As a result, you may have to sell at a lower price in order to find a willing buyer or be unable to sell the security you.

- **Risks of Using Borrowed Money (Leveraging) to Finance the Purchase of an Investment**

Using borrowed money to finance the purchase of securities involves greater risk than a purchase 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 investment purchased declines.

If an investment is determined to be unsuitable, your advisor will have a discussion with you and may recommend the investment not be purchased or may recommend that it be sold, as the case may be. Your advisor will also consider whether there have been any material changes in your circumstances that should be reflected in your KYC information. If you still wish to purchase an investment that we conclude is unsuitable, we will, on a case-by case basis, decide whether to proceed with the transaction.

**CMI and your advisor will ensure that any action taken, recommendation given, or decision made for you is suitable and puts your interests first, including when:**

- An order is accepted or a recommendation is made;
- You transfer, withdraw or deposit assets into your account(s);
- CMI becomes aware of a change in an investment held in your account that could result in the investment or the account no longer satisfying a suitability determination;
- There is a change in your advisor;
- CMI or your advisor becomes aware of a material change to your KYC information; and
- We review your KYC information with you, which we are required to do, at a minimum of every 36 months.

CMI and your advisor will not review the suitability of the investments in your account(s) whenever significant market events occur. However, should you have any questions or concerns regarding the investments in your account(s) in the event of a significant market fluctuation or at any other time, please contact your advisor to request a review of your account(s).

## **Trusted Contact Person**

During the account opening process (or for existing accounts, when meeting with your advisor), we will ask you for the name and contact information of a trusted contact person. A trusted contact person is someone who you authorize us to contact when we have concerns about your mental capacity and ability to make decisions on financial matters or we suspect that someone might be financially exploiting you. We may also contact your trusted contact person for information such as your contact information (after multiple attempts at trying to contact you directly) or the name and contact information of your legal representative (if any). If we need to contact your trusted contact person, we will try to notify you in advance and will only share as much information with your trusted contact person as is necessary for the trusted contact person to be able to help you. Your trusted contact person cannot make investment decisions for your account(s) and does not replace your power of attorney (if any).

The above applies only to individual clients.

## **Temporary Holds**

CMI will place a temporary hold on a client's account(s) on the basis of financial exploitation of a vulnerable client if we reasonably believe that:

- The client is a vulnerable client and financial exploitation of the client has occurred, is occurring, has been attempted or will be attempted: or
- The client does not have the mental capacity to make decisions involving financial matters.

A temporary hold means you will not be able to sell or purchase securities in your account(s) or withdraw or transfer cash out of your account(s). Prior to placing a temporary hold, we are required to:

- Document the facts and reasons that caused CMI to place and, if applicable, to continue the temporary hold;
- Provide notice of the temporary hold and the reasons for the temporary hold to you as soon as possible after placing the temporary hold;
- Review the relevant facts as soon as possible after placing the temporary hold, and on a reasonably frequent basis, to determine if continuing the hold is appropriate; and
- Within 30 days of placing the temporary hold and, until the hold is revoked, within every subsequent 30-day period, do the following:
  - Revoke the temporary hold; or
  - Provide you with notice of our decision to continue the hold and the reasons for that decision.

## Content and Frequency of Statement Reporting for Your Account/Plan

CMI will be providing account statements on a quarterly basis to you. The contents of these statements are as follows:

- All debits and credits including automatic purchase or withdrawal plans transactions;
- The quantity and description of each security purchased, sold or transferred and the dates of each transaction;
- The type of account;
- The account number;
- The period covered by the statement;
- The name of your advisor(s) servicing the account, if applicable;
- The name, address and telephone number of CMI;
- The total market value of all cash and investments in the account as at the beginning of the period for which the statement is made;
- As at the end of the period for which the statement is made:
  - The name and quantity of each investment in the account;
  - The market value of each investment in the account and, if applicable, a notification to you that there is no active market for the investment and that its value has been estimated. Where a value cannot be reliably determined, CMI will include the following notification or wording that is substantially similar: "Market value not determinable";
  - The cost of each investment position presented on an average cost per unit or share basis of on an aggregate basis, and determined as at the end of the applicable period. Where market value is used to determine the cost of an investment position, disclosure of that fact must be provided in the account statement;
  - The total cost of all investment positions;
  - The total market value of each investment position in the account;
  - Any cash in the account;
  - The total market value of all cash and investments in the account; and
  - Disclosure in respect of the party that holds or controls each investment and a description of the way it is held.

Only transactions executed by CMI will be reflected on the account statements.

Written confirmation of a trade in a security of a mutual fund will be sent to you directly by the Fund Company containing the information as required by CIRO Mutual Fund Dealers rules.

It is a good practice to review every statement and confirmation you receive. Make sure the transactions are accurate and have been carried out as you intended. If you have any concerns, contact your advisor or our head office at 905-829-0020.

## Content and Frequency of Performance Reporting for the Account/Plan

CMI will provide you with an Investment Performance Report on an annual basis. This will be delivered to you in the first quarter of the year for the previous year. The Investment Performance Report provides information on the performance of your account and is broken down into the following two parts:

### 1. Change in value of your investment account:

This information provides you with changes in the value of your account:

- 1) Since the opening with CMI or since Jan. 1, 2002, whichever is later; and
- 2) During the past year.

## **2. Your Personal Rate of Return:**

The Investment Performance Report also provides your personal rate of return for your investments expressed as the total percentage return of your account, after charges have been deducted. This information is provided for the year covered by the report and from the date you first opened your account and depending on how long your account has been opened, you may also see your personal rate of return for the past three, five and ten year periods.

Where market values cannot be readily available and reliably determined by CMI in respect to the securities positions held in the account, such values shall not be included in the report and CMI will disclose to you in the report the security positions for which values have not been included and why the information has not been included in the report.

### **Report on Charges and Other Compensation**

CMI will provide you with a Report on Charges and Other Compensation on an annual basis. This will be delivered to you in the first quarter of the year for the previous year. The charges and compensation report provides a breakdown of the costs and compensation that were paid to CMI over the past year.

The report will show costs broken down into the following three categories:

#### **Amounts paid to the dealer for general administration of your account:**

This section sets out charges that you paid for the administration and operation of your account. Examples include administrative fees, transfer fees, RRSP fees and trustee fees. These are fees charged to your account that do not relate to specific transactions

#### **Amounts paid to the dealer for specific transactions:**

This section sets out charges you paid relating to specific transactions in your account. Examples include frontend sales commissions and switching fees. These types of charges do not apply to all investments.

#### **Amounts the dealer received from others to service your account:**

This section sets out compensation your dealer received from third parties. These amounts are included in the price of the mutual fund that you purchase. While you do not pay these directly or "out-of-pocket", these amounts affect you because they reduce the investment's return to you. Examples include trailing commissions and commissions from deferred sales charge mutual funds. The compensation paid to a dealer is not the same for all investments.

### **Information about Benchmarks**

A benchmark is a point of reference that is commonly used to compare and assess the performance of an investment. It is usually an index of securities of the same or similar asset class and geography. A benchmark's performance represents the returns over time of the select group of securities that forms its index. Your CMI advisor may provide you with information about how the performance of a specific investment strategy, including an investment fund, may compare with the performance of a broad-based securities index or benchmark. This information may be important to you if your account is invested according to the specific investment strategy or if you invest in the specific investment fund. Your advisor may also show you specific benchmark returns to give you a sense of how a particular market has performed over a given period of time. It is important to note that benchmarks reflect the performance of the specific basket of securities, without any fees or charges being taken into account, whereas the performance of the particular investment strategy or investment fund is calculated after fees are deducted.

### **eDelivery of documents and access to account information**

You have the option to agree to eDelivery of your account statements, annual reports, trade confirmations, tax receipts, and other documents related to your account. You are not required to consent to eDelivery, and you may



revoke your consent at any time by contacting your advisor or through our Client Portal. If you choose eDelivery, you will no longer receive paper statements by mail, but you may request a paper copy by contacting your advisor. We believe that eDelivery offers many benefits, including improved convenience for you and better security for your information, since you can access documents from anywhere at any time and you don't have to worry about storing or destroying paper copies which may include confidential information.

## Procedures Regarding the Handling of Client Cash and Cheques

CMI **does not accept cash from clients, nor are CMI advisors permitted to accept cash from clients**. You can make the cheques payable directly to the fund companies or if applicable to an Intermediary such as B2B Trust. Cheques made payable to the fund companies or intermediaries will be forwarded to those institutions, on your behalf. You may also make the cheques payable to CMI, which in turn would deposit said cheque into a Trust Account and then issue a cheque to the applicable institution for the purpose of purchasing the investment for you. All cheques should be made payable to either the applicable fund company(s), intermediary or CMI as set out above. **Under no circumstance should you leave the name of the payee blank on your signed cheque or make a cheque payable to your advisor, a numbered or personal holding company and never or any other company, entity or persons. CMI does not keep client cheques on premises, or for safekeeping services.**

All cheques made payable to "CANFIN Magellan Investments Inc." will be deposited into CMI "In Trust Account".

Any interest earned on the CMI "In Trust Account" is retained by CMI.

## Nature of the Compensation that May be Paid to CANFIN Magellan Investments Inc.

CMI and its advisors may receive the following compensation:

- (a) A purchase fee, as a percentage of the gross investment amount, may be deducted by the fund management company, which in turn will be paid to CMI, part of which will be paid to your advisor to service your account.
- (b) Mutual Funds can be purchased on a Front-end sales charge basis where the allowed initial purchase fee under Fund Companies Prospectus/Fund Facts agreed upon between advisor and the client are deducted from the purchase amount prior to investing; Other fees may also apply per Fund Company Prospectus/Fund Facts such as *Deferred Sales Charge* when all or a portion of a fund is redeemed prior to the expiry of a schedule set by the fund company, *Transfer Fee* when your assets are transferred out to another institution, *Switch Fee* when switching from one fund to another within the same fund family, *early redemption fee* or *short-term trading fee* when redeeming funds within a minimum period (generally 90 days). Early redemption or short-term trading fees are intended to discourage investors from frequent and short-term trading; and CMI and its advisors may be entitled to trailing commissions paid the Fund Manager to the Dealer and advisor as an ongoing service fee in maintaining, monitoring and ongoing advice.
- (c) Some fund management companies may provide additional compensation to CMI advisors such as service fees, cost sharing for continuing education programs or marketing assistance.
- (d) Should these investment funds be used in an R.R.S.P., R.R.I.F. or other registered tax deferral plans, the trustee of the plan may annually or semi-annually deduct a trustee fee from the fund (s). This trustee fee is usually calculated either as a flat amount or as a small percentage of the market value of the R.R.S.P. or R.R.I.F. with a stated minimum and maximum amount.
- (e) Fee Based is a compensation paid to CMI and its advisors where compensation is based on a set percentage of client's assets instead of a commission. The fee-based compensation has a maximum

percentage provided by the manufacturer offering the fee-based product. Clients and advisors must however, first sign an agreement, known as the advisor Service Agreement, indicating the percentage client is willing to pay CMI and advisor is within the prescribed manufacturer's maximum. This agreement must be completed prior to execution of the fee-based product purchase(s).

This general information with respect to how CMI is compensated as well as other possible costs associated with making and holding investments is intended to supplement more specific product disclosure available through the relevant investment fund's prospectus or offering memorandum. Other fees may apply should the client's cheque is returned NSF or if the clients request historical information or copies of account documents more than one year of age. The cost of the NSF will be borne by the client. Any costs associated with providing historical information or document copies will be communicated to the client prior to proceeding.

## **The Impact of Fees and Expenses for your Account/Plan**

Fees and expenses may have a significant impact on your account/plan over time. Along with the other factors you think about when choosing your investment, be sure you understand and compare the fees you'll be charged. Fees and expenses typically come in two types—transactional and ongoing. Transaction fees and expenses may be charged each time you enter into a transaction, for example, when you buy a mutual fund. As with any fee, transaction fees will reduce the overall amount of your investment portfolio.

In contrast, ongoing fees or expenses are charges you incur regularly, such as an annual account maintenance fee or the management expenses charged to mutual funds by investment managers. Ongoing fees can also reduce the value of your investment portfolio. Over time, even ongoing fees that are small can have a big impact on your investment portfolio. For example, a \$100,000 invested for 20 years with .50% annual fees will be worth \$10,000 less than \$100,000 invested for 20 years with .25% annual fees.

## **CANFIN Magellan Investments Inc. Referral Arrangements**

CMI has referral arrangements in place with several other companies in the CANFIN Wealth Management Group of Companies as well as several unrelated companies. The referral arrangements are as follows:

- (a) CANFIN Management Inc.:** If you give your advisor permission to refer you to CANFIN Management Inc. for tax preparation and tax planning needs, your advisor will receive a referral fee of 20% of the pre-GST/HST amount that you are invoiced by CANFIN Management Inc. As well, if you are referred for Management Consulting, your advisor will receive a one-time referral fee of 10% of the pre-HST (subject to a maximum of \$250). This referral fee will be paid by CANFIN Management Inc. directly to CANFIN Magellan Investments Inc., which in turn will pay your advisor.
- (b) CANFIN Mortgage and Equity Inc.:** If you give your advisor permission to refer your mortgage needs to, and you are able to finance your home through CANFIN Mortgage and Equity Inc., (Ontario License Number 11949) your advisor will receive a mortgage referral fee of up to \$250 from CANFIN Mortgage and Equity Inc. In accordance with applicable regulation, this referral fee will be paid by CANFIN Mortgage and Equity Inc. directly to CANFIN Magellan Investments Inc., which in turn will pay your advisor.
- (c) Q-Trade Investor:** If you give your advisor permission to refer you to Q-Trade Investor for the purpose of transacting in securities such as stocks and bonds etc. CMI will receive a referral fee equal to One Dollar (\$1.00) per revenue-generated trade conducted in your Qtrade accounts. For the purposes of calculating the referral fee, "revenue generated trade" includes equity and fixed income trades which Qtrade earns a commission or spread on. Referral payments will be made quarterly by Qtrade to CMI, which in turn, pay your advisor any referral fees received at their contract level, for all trades executed by you during such quarter. Q-Trade is an independent on-line brokerage registered as an Investment Dealer with the applicable Provincial Securities Commissions and is a Member of IIROC, providing investors with the service of purchasing and transacting in securities such as stocks and bonds etc. CMI is registered as a Mutual Fund Dealer with the applicable Provincial Securities Commissions and Exempt Market Dealer (Ontario) and therefore, for the purpose of transacting in securities such as stocks and bonds, CMI has

entered into a referral agreement with Q-Trade Investor to allow our clients access to this service. CMI and our advisors are referring to you to Qtrade via a link on CANFIN Wealth Management's website. All activities requiring registration resulting from the referral arrangement will be provided by Qtrade. Under Provincial Securities law it is illegal for CMI and our Advisors to trade or advise in respect to securities as they are not duly licensed or registered under the applicable securities legislation to trade or advise.

- (d) **Manulife Bank:** If you give your advisor permission to refer you to Manulife Bank for the purpose of availing their respective bank products, CMI will receive a referral fee as outlined in the Referral Fee Agreement of Manulife Bank. Manulife Bank is a Canadian bank that offers banking products and services regulated by the Office of the Superintendent of Financial Institutions (OSFI). CANFIN Magellan Investments Inc. is registered as a Mutual Fund Dealer and Exempt Market Dealer (Ontario with the Ontario Securities Commission and regulated by the Mutual Funds Dealer Association of Canada. Therefore, for the purpose of transacting in banking products, CMI has a referral agreement with Manulife Bank, to allow our clients access to products and services by these banks. Should CMI enter into referral agreements at a later date, a full disclosure at the point of referral will be provided to the client and permission obtained prior to proceeding.
- (e) **CANFIN Private Wealth (CPW):** If you give your advisor permission to refer you to CPW for the purpose of CPW as a Portfolio Manager to manage, with discretionary investment authority, the securities and assets which from time to time constitute the Account. The Account may comprise of one or more investment portfolios and shall consist of the securities and assets which are credited to the Account, the securities and other instruments in which such assets are invested and all dividends, interest and other income earned. CPW is a Portfolio Manager Registered with the Ontario Securities Commission and the Alberta Securities Commission. In consideration for referring the Client to The Manager for the CPW Services, the Manager will pay CMI a referral fee (the "Referral Fee"). The Referral Fee charged to the Client's account(s) with the Manager and collected by the Manager, is paid to CMI monthly and is currently equal to 0.50% (50 basis points) annually plus applicable taxes, of the value of the Client's assets under management invested with the Manager for the CPW Services. The Manager will continue to pay the Referral Fee to CMI for as long as the Client continues to engage the Manager for the CPW Services. CMI is registered as a Mutual Fund Dealer with the applicable Provincial Securities Commissions and Exempt Market Dealer (Ontario). Under Provincial Securities law it is illegal for CMI and our advisors to act as Portfolio Managers as they are not duly licensed or registered under the applicable securities legislation..

*Wherever required, your advisor and the party or parties receiving the referral will hold the appropriate registrations/license(s) including that required by applicable securities and insurance legislation. It is important for you to be aware that a referral arrangement does exist between the above noted organizations as outlined and, as laid out above, that your advisor will/may receive a referral fee. It is important to note that to the degree that CMI is responsible as laid out in this disclosure, any business that is not being conducted through CMI is not the responsibility of CMI, but is the responsibility of the company and/or the registrant providing the respective service(s) and receiving the referral fee.*

## **CANFIN Magellan Investments Inc. Complaint Handling Procedure**

### **Summary of Complaint Handling Procedure**

CANFIN Magellan Investments Inc. has procedures in place to handle any written or verbal complaints received from clients in a fair and prompt manner. This is a summary of those procedures, which we provide to new clients, clients who have filed a complaint and that we also make available on our website at [www.CANFIN.com](http://www.CANFIN.com)

### **How to Make a Complaint Brochure**

We also provide new clients and clients who complain, with separate information issued by the Canadian Investment Regulatory Organization, (CIRO) with the "How to Make a Complaint Brochure", that provides general information about CIRO's options for making a complaint.

### **How to file a complaint with CANFIN Magellan Investments Inc.**

Clients wishing to complain to us may make their complaint to our head office by contacting the Chief Compliance Officer or to any branch manager or representative of our company. All complaints are forwarded to qualified staff to be handled. We encourage clients to make their complaint in writing or by email<sup>1</sup> where possible. Where clients have difficulty putting their complaint in writing, they should advise us so that we can provide assistance. For confidentiality reasons, we will only deal with the client or another individual who has the client's express written authorization to deal with us.

### **Complaint handling procedures**

We will acknowledge receipt of complaints promptly, generally within five (5) days. We review all complaints fairly, taking into account all relevant documents and statements obtained from the client, our records, our representative(s), other staff members and any other relevant source. Once our review is complete we provide clients with our response, which will be in writing. Our response may be an offer to resolve your complaint, a denial of the complaint with reasons or another appropriate response. Where the complaint relates to certain serious allegations<sup>2</sup>, our initial acknowledgement will include copies of this summary and CIRO's How to Make a Complaint Brochure. Our response will summarize your complaint, our findings and will contain a reminder about your options with the Ombudsman for Banking Services and Investments.

We will generally provide our response within ninety days, unless we are waiting for additional information from you, or the case is novel or very complicated.

We will respond to communications you send us after the date of our response to the extent necessary to implement a resolution or to address any new issues or information you provide.

### **Settlements**

If we offer you a financial settlement, we may ask you to sign a release and waiver for legal reasons.

### **Contacting CANFIN Magellan Investments Inc.**

Clients may contact us at any time to provide further information or to inquire as to the status of their complaint, by contacting the individual handling their complaint or by contacting the Chief Compliance Officer at head office.

<sup>1</sup>Clients who choose to communicate by email should be aware of possible confidentiality issues regarding internet communications.

<sup>2</sup>As defined in the policies of the Canadian Investment Regulatory Organization, of which we are a Member.



You are opening an account with a firm regulated by the Canadian Investment Regulatory Organization (CIRO). CIRO regulates the activities of Canadian investment dealers and mutual fund dealers and the advisors they employ.

CIRO works to protect investors. Here is how:



### Rules and Standards

CIRO sets rules for the firms and advisors we regulate, from conduct rules regarding the handling of your account to capital requirements to reduce the risk of a firm insolvency to how your firm trades on a marketplace. These rules protect investors like you.



### Oversight

We conduct regular reviews of all firms to make sure they comply with our rules. We also monitor the trading activity of all Canadian marketplaces. We can take disciplinary action if firms or their advisors break our rules.



### Registration and Education Requirements

Advisors registered with a CIRO regulated firm must pass background checks and specific education requirements before they become registered. They must also meet continuing education requirements to keep their knowledge up to date.



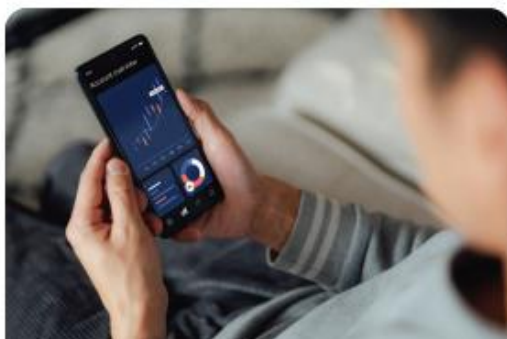
### Putting Your Interests First

If you are receiving investment advice, your advisor must first work with you to understand your personal and financial circumstances, investment needs and objectives, risk profile and investment time horizon. Any investment recommendation your advisor makes must be suitable for you and put your interests first.



### Keeping You Informed

Your firm must keep you informed about your investments with regular account statements and periodic reports on the fees and charges you pay and the performance of your investments.



### Addressing Your Complaints

You can complain directly to your firm and they must address your complaint fairly. You can also complain directly to CIRO if you feel there has been misconduct in the handling of your account and we can investigate and, if necessary, take disciplinary action.



### Ombudsman

If you are not satisfied with your firm's response to your complaint, you can also complain to the Ombudsman for Banking Services and Investments. Learn more at [obsi.ca](https://obsi.ca)



### CIPF Protection

Your account is eligible for CIPF protection if your CIRO regulated firm becomes insolvent. Learn more at [cipf.ca](https://cipf.ca)

### Questions?

Contact us:  
1-877-442-4322

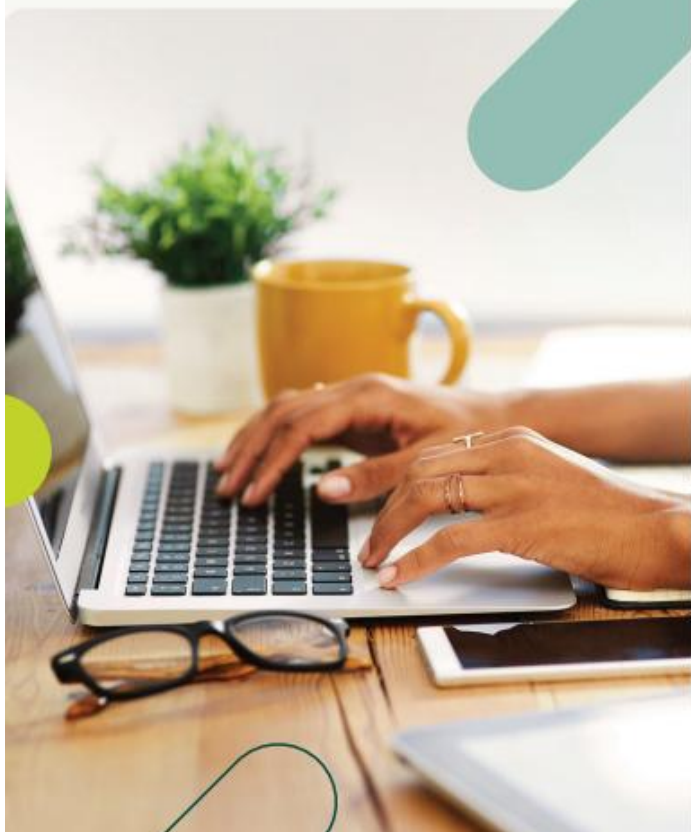


[ciro.ca](https://ciro.ca)





# How to Make A Complaint



## About CIRO

CIRO regulates the activities of Canadian investment dealers and mutual fund dealers and the advisors they employ. CIRO sets rules for the firms and advisors we regulate and monitors the trading activity on all Canadian marketplaces. We can take disciplinary action if firms or their advisors break our rules. CIRO is overseen by the provincial and territorial securities regulators.

Here is what you need to know if you have a complaint about your advisor or investment firm regulated by CIRO.

### **You Can Make a Complaint to Your Investment Firm**

Clients of a firm regulated by CIRO who are not satisfied with a financial product or service can make a complaint to the firm and seek resolution of the problem. The firm must follow our rules for handling client complaints and address your complaint promptly and fairly. You can find your firm's contact information on your account statement and your firm's complaint handling procedures on their website.

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Learn more at [ciro.ca](http://ciro.ca) about how to make a complaint, where you can get help and your options for seeking compensation.



### **You Can Also Complain Directly to CIRO**

If you feel there has been misconduct in the handling of your account we want to hear from you. You can complain to CIRO directly and we can investigate to determine if your advisor or firm has broken our rules and, if necessary, take disciplinary action. Disciplinary action can include fines or suspensions for firms or advisors that have broken our rules. You can make a complaint to CIRO, at any time, whether or not you have complained to your firm. However, CIRO does not order compensation to investors. If you are seeking compensation, the first step is to make a complaint to your investment firm. You can also consider the options described on the pages that follow.







We can be contacted by:

- 1 Completing the easy and convenient online complaint form at [ciro.ca](http://ciro.ca)
- 2 By email at [info@ciro.ca](mailto:info@ciro.ca)
- 3 By telephone at 1-877-442-4322
- 4 Fax at 1-888-497-6172
- 5 40 Temperance Street, Suite 2600  
Toronto, ON M5H 0B4

#### Examples of Complaints We Investigate

Your firm or advisor:

-  Recommended investments that were too risky for you;
-  Made trades in your account without your permission or used your funds in ways that you were unaware of;
-  Charged you fees that were not explained to you;
-  Signed forms on your behalf without your knowledge.

Learn more at [ciro.ca](http://ciro.ca) about how to make a complaint, where you can get help and your options for seeking compensation.

## If You Are Seeking Compensation You Have Options

### The Ombudsman for Banking Services and Investments (OBSI)

If you do not receive a response from your investment firm within 90 days or you are not satisfied with the firm's response you can go directly to OBSI. OBSI is Canada's free, independent and impartial service for resolving investment and banking disputes with participating firms. CIRO requires all the investment firms it regulates to take part in the OBSI process. OBSI can recommend compensation up to \$350,000, but currently its decisions are not legally binding. **You have 180 days to bring your complaint to OBSI after receiving a response from your investment firm. If your firm has not responded within 90 days, then you can take your complaint to OBSI without your firm's response.**

You can contact OBSI at:

- 1 1-888-451-4519
- 2 [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)
- 3 [obsi.ca](http://obsi.ca)
- 4 20 Queen Street West, Suite 2400  
P.O. Box 8  
Toronto, ON M5H 3R3



## Other Options

### Going to Court

You can hire a lawyer to take legal action or to assist you with your complaint, however this can be an expensive option. There are also time limits on legal action, which vary by province or territory. Once the time limit expires you may not be able to pursue your claim.

### Arbitration

Arbitration is a process where a qualified arbitrator, chosen in consultation with both you and the investment firm, hears both sides and makes a final, legally binding decision about your complaint. This option is available if your CISO firm is an investment dealer. There are costs to using arbitration, though often less than going to court. The arbitrator acts like a judge and reviews facts presented by each side of the dispute. Either side can choose to be represented by a lawyer, though this is not required. Arbitrators in the CISO arbitration program can award up to \$500,000.

Learn more at [ciso.ca](http://ciso.ca) about how to make a complaint, where you can get help and your options for seeking compensation.

## Provincial and Territorial Securities Regulators

### Quebec

If you live in Quebec, in addition to the options previously described, you can use the free services of the **Autorité des marchés financiers** (AMF). If you are dissatisfied with the firm's handling of the complaint or the outcome, you can request to have the complaint examined by the AMF. The AMF will assess the complaint and may offer conciliation and mediation services, though firms are not required to participate.

If you think you are a victim of fraud, fraudulent tactics or embezzlement, you can contact the AMF to see if you meet the eligibility to submit a claim to the Fonds d'indemnisation des services financiers ("Financial Services Compensation Fund"). Up to \$200,000 can be payable for an eligible claim.

For more information on the AMF:

- 1 1-877-525-0337
- 2 [lautorite.qc.ca/en](http://lautorite.qc.ca/en)



### Other Provinces or Territories

Some provincial or territorial securities regulators can, *in certain cases*, seek an order that a person or company that has broken securities law pay compensation to harmed investors who make a claim. These orders are enforced similar to court judgments.

Access the link to your provincial or territorial securities regulator by visiting the following Canadian Securities Administrators page:  
[securities-administrators.ca/about/contact-us](https://securities-administrators.ca/about/contact-us)

Learn more at [ciro.ca](https://ciro.ca) about how to make a complaint, where you can get help and your options for seeking compensation.



Your complaint matters. It helps to ensure you are treated fairly and can help CIRI better protect investors now and in the future.

Learn more about how to make a complaint, where you can get help and your options for seeking compensation.



[ciro.ca](https://ciro.ca)

## Declaration of Tax Residence

Canada Revenue Agency ("CRA") requires us to know details of a client's tax residence at account opening and whenever it changes. The Foreign Account Tax Compliance Act ("FATCA") is a law that requires U.S. citizens living at home or abroad to file annual reports on any foreign account holdings they have and pay any taxes owed on them. The Common Reporting Standard ("CRS") is an information standard for the Automatic Exchange of Information ("AEOI") regarding financial accounts on a global level, between tax authorities. We will ask you to disclose your tax residence and citizenship.

## Anti-Money Laundering / Anti-Terrorism Financing Requirements

Anti-money laundering and anti-terrorist financing ("AML/ATF") regulations require us to collect prescribed information about every client. That is why your advisor needs to view photo identification for individual clients and to record information about the ID on the Know-Your-Client (KYC) form.

### List of Approved ID's (Ontario Health Card is not valid)

- Valid Driver's License
- Valid Passport
- Canadian Citizenship Card
- Government-Issued Photo ID

## Leverage Disclosure

### Risk of borrowing to invest

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

Here are some risks and factors that you should consider before borrowing to invest.

### Is it right for you?

Borrowing money to invest is risky. You should only consider borrowing to invest if:

- You are comfortable with taking risk.
- You are comfortable taking on debt to buy investments that may go up or down in value.
- You are investing for the long-term.
- You have a stable income.

### You should not borrow to invest if:

- You have a low tolerance for risk.
- You are investing for a short period of time.
- You intend to rely on income from the investments to pay living expenses.
- You intend to rely on income from the investments to repay the loan. If this income stops or decreases you may not be able to pay back the loan.
- 

### You can end up losing money:

- If the investments go down in value and you have borrowed money, your losses would be larger than had you invested using your own money.
- Whether your investments make money or not, you will still have to pay back the loan plus interest. You may have to sell other assets or use money you had set aside for other purposes to pay back the loan.
- If you used your home as security for the loan, you may lose your home.
- If the investments go up in value, you may still not make enough money to cover the costs of borrowing.

**Tax considerations:**

- You should not borrow to invest just to receive a tax deduction.
- Interest costs are not always tax deductible. You may not be entitled to a tax deduction and may be reassessed for past deductions. You may want to consult a tax professional to determine whether your interest costs will be deductible before borrowing to invest.

Your advisor should discuss with you the risks of borrowing to invest.

**CANFIN Wealth Management Privacy Statement and Consent**

In this Privacy Statement, “you” and “your” refer to the CMI account applicant(s). “We”, “us” and “our” refer to CMI.

CMI will collect, use, and disclose your personal information for the purposes of establishing and managing our relationship with you, providing you with products and services, managing our business, and complying with legal and regulatory requirements.

We collect, use, verify and disclose your personal information for identified purposes, and only with your consent, or as permitted or required by law. By applying for an investment account, you give your consent for us to collect, use, and disclose your personal information as set out in this Privacy Statement. Any alterations to the consent must be agreed to in writing by CMI.

**Why do we collect, use, and disclose your personal information?**

For the purposes of establishing and managing our relationship with you, providing you with products and services, managing our business, and complying with legal and regulatory requirements.

**What personal information is collected?**

Depending on the type of account, we collect specific personal information about you, such as:

- Your name, address, citizenship, date of birth, gender, telephone number(s), email address, personal financial records, identification number (including your Social Insurance Number), marital status and information about your spouse where applicable, occupation and employer, financial information such as your annual income, your investment knowledge, investment needs and objectives and risk profile;
- Information about how you use our products and services, and information about your preferences, demographics, and interests; and
- Other personal information required to administer our business relationship with you.

We use fair and lawful means to collect your personal information.

**Where do we collect personal information from?**

- Your completed applications and forms
- Your advisor
- Your authorized advisor(s), such as power of attorney
- Third parties with whom we deal in administering your account(s), now and in the future
- Public sources, such as government agencies and internet sites

**What do we use your personal information for?**

- Administering the products and services that we provide and to manage our relationship with you
- Confirming your identity and the accuracy of the information you provide
- Understanding your investment objectives and risk tolerance
- Evaluating your application and to issue and administer the rights under the account
- Performing audits and investigations and to protect you from fraud
- Complying with legal and regulatory requirements, such as tax reporting

**Who do we disclose your personal information to?**

- Your advisor, authorized employees, agents and advisors of CMI, in the performance of their duties
- Fund companies or other issuers of investments named in any forms completed for your benefit
- People who are legally authorized to view your personal information
- Service providers who require this information to perform their services for CMI (for example, data processing, programming, data storage, printing and distribution services, credit bureaus and investigative agencies)
- Legal or Regulatory Authorities that require this information

Where personal information is disclosed to service providers, service providers are required to protect the information in a manner that is consistent with CMI's privacy policies and practices.

**How long is your personal information kept?**

The longer of:

- The time period required by law and/or by guidelines set for the financial services industry or
- The time period required to administer the products and services we provide.

**Withdrawing your consent**

You may withdraw your consent for the use of your SIN or Business Number, if applicable, for non-tax administration purposes. You may also withdraw your consent for us to use your personal information to provide you with other services or product offerings, excluding those delivered with your statements or reports. You may not withdraw your consent for us to collect, use, retain or disclose personal information we need to administer your investments and account(s) unless federal or provincial laws give you this right. If you do so, CMI may no longer be able to properly administer your investments or products, and we may treat your withdrawal of consent as a request to close your investment account(s), in which case you may have to pay penalties, if applicable.

If you wish to withdraw your consent, please advise our Privacy Officer.

**Accuracy**

You will notify us of any change to your contact information. If your information has changed, or if you need to make a correction of any inaccuracies to your personal information in our files, you must promptly inform your advisor in writing.

**Access**

You have the right to access and verify your personal information maintained in our files and to request any factually inaccurate personal information be corrected, if appropriate. If you have a question, a concern, wish to receive more information about parties who have access to your information or about our privacy policies and procedures, and/or wish to review your personal information in our files, you may contact our Privacy Officer:

**Mary Andrews – Chief Compliance Officer**

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