

# Relationship Disclosure And Other Information

Please contact your representative if you require additional information.

This disclosure provides you with information to assist you with understanding your relationship with LBC Financial Services Inc. ("LBCFS") and B2B Bank Financial Services Inc. ("B2BBFSI"), both part of Laurentian Bank of Canada ("LBC"). The disclosure will describe, among other things, the products and services offered, how investment suitability is assessed and other relevant information. LBCFS recommends that you communicate regularly with your Representative and proactively ask questions or request information you may need to resolve any questions that you may have about specific transactions, investments, or your relationship with B2BBFSI. The term "you", "your" and "the client" means individually and collectively each of the LBCFS account holders or, if applicable, the account holder's representative. Several organizations are involved in servicing your account. The following is a summary of each of those organizations and their roles:

## Role of Your Representative

Your Representative, who represents LBCFS, is responsible for working with you to understand and help you achieve your investment objectives by providing you with investment advice. Your LBCFS Representative is registered with the applicable provincial securities commissions and is also an LBC employee. Your LBCFS Representative receives ongoing information and training to ensure compliance with securities law and regulatory obligations. Accordingly, LBCFS' accountability is limited to the conduct of its Representatives in the performance of their duties for LBCFS.

## Role of LBCFS

Canadian securities regulations require that your Representative work under the authority of a dealer. Your Dealer is LBCFS. LBCFS is responsible for the opening and approval of new accounts and for supervising your Representative, including ensuring that investments and trading activity in your account is suitable for you. LBCFS has entered into an Introducing/Carrying Dealer Arrangement with B2BBFSI for the provision of certain services discussed in greater detail below. Under this arrangement, LBCFS is also referred to as the Introducing Dealer.

## Role of B2BBFSI

B2BBFSI is the Carrying Dealer on your account and is responsible for trade execution and for settling trades (both of which LBCFS may do in certain circumstances) and custody of your cash and your securities. Your investments are held by or in the name of B2BBFSI with other qualified custodians. To protect your investments, fully paid investments are segregated from and cannot be used in the normal course of B2BBFSI's business. B2BBFSI is also responsible for issuing account statements and trade confirmations and for most tax reporting. Nevertheless, for mutual fund transactions, B2BBFSI relies on the manager of the mutual fund to issue trade confirmations as permitted by Canadian Investment Regulatory Organization ("CIRO") Rules.

**B2BBFSI does not give investment advice, does not determine the suitability of your investments and is not responsible for and does not supervise any investment advice given to you by your Representative or LBCFS. Also, B2BBFSI is under no duty to evaluate the appropriateness, accuracy or quality of any instructions received from you, your Representative, or LBCFS.**

B2BBFSI is responsible for and maintains in its name trust accounts established for the purpose of holding cash received from you and all cheques received from you shall be made payable to "LBC Financial Services Inc."

## Role of the Trustee

B2B Trustco (the "Trustee") is the trustee of your registered plan(s). The Declaration of Trust included in the registered plan application form and in the account opening mailing is the contract governing your registered plan(s). The Trustee has appointed B2BBFSI as its agent, and may appoint other agents, to provide services to your registered plan(s) in compliance with the Declaration of Trust.

## Your Role

When you open an account, you are establishing an advisory relationship with LBCFS. An advisory relationship means that you are responsible for your investment decisions but LBCFS and your Representative will provide advice and recommendations to allow you to make informed investment decisions that help you achieve your financial goals. LBCFS and your Representative are responsible for ensuring that investment recommendations are suitable for you, based on your investment objectives and needs, investment knowledge, investment time horizon, risk profile and other personal and financial information and circumstances. The "Assessing Suitability" section of this Relationship Disclosure further describes how and when investment suitability is assessed.

As part of the account opening process and in addition to this Relationship Disclosure and Other Information document, you will receive the following:

- Account Application
- Investment Account and/or Registered Account or Tax-free Savings Account Agreement
- Privacy Protection Notice
- National Instrument 54-101 Explanation to Clients regarding securityholder materials
- Pre-Authorized Debit (PAD) Terms and Conditions
- Deposit Terms and Conditions
- If applicable, B2B Trustco Retirement Savings Plan Declaration of Trust and its supplements and addenda, and the Retirement Income Fund Declaration of Trust and its supplements

and addenda or the Tax-free Savings Account Declaration of Trust

- Borrowing to Invest (Leverage risk disclosure statement)
- LBCFS Fee Schedule
- Canadian Investment Regulatory Organization How to Make a Complaint brochure
- Canadian Investment Regulatory Organization How CIRO Protects Investors brochure
- CDIC Protecting Your Deposits brochure

**Information about your investments will be provided to you using the following reporting methods:**

- **Confirmations:** after any investment transaction (i.e. buy, sell, switch, etc.), you will receive written confirmation by mail from B2BBFSI, unless you have registered to be able to view communications electronically, or, in the case of a mutual fund transaction, from the mutual fund company of the details of the transaction, usually within ten (10) business days from the date of the transaction. In the case of systematic transactions (i.e. pre-authorized contributions, systematic withdrawal plans, etc.), a confirmation will be issued for the first systematic transaction. Subsequent transactions under the systematic instruction will not generate further confirmations, however, the details of these transactions will be included in your Account Statement (see below).
- **Account Statement:** you will receive a detailed client statement by mail, unless you have registered to be able to view communications electronically, on a calendar monthly (if transactions occurred during the month) or quarterly basis provided there is a debit/credit balance or securities held in the account at the end of the calendar quarter. The statement will clearly review the activity in the account and will summarize the securities in the account and their current value as of the end of the reporting period.
- **Report on Charges and Other Compensation and Performance Reports:** On an annual basis, you will receive a Report on Charges and Other Compensation and a Performance Report along with your December Account Statement. These 2 reports provide information for the past 12 months (calendar year) and will be included with your December month end statement and provided for each of your accounts that are active at the end of each calendar year. The Report on Charges and Other Compensation will provide you information to help you understand the fees that you have paid, and amounts that your introducing dealer, B2BBFSI or others, such as fund manufacturers, received for servicing your account. The Report on Charges and Other Compensation covers operating charges, which are amounts charged in respect to the operation, transfer or termination of your account, and transaction charges, which are amounts charged in respect to the purchase or sale or other transaction in your account. The Performance Report will provide you information on the performance of your accounts to help you assess your progress to meet your investment goals. The Performance Report provides information on the change in market value for the past 12 months and since inception of your account as well as the total percentage return calculated using the Money Weighted Rate of Return methodology, which takes into consideration various factors including the changes in values of your investments and is influenced by the amount and timing of deposits and withdrawals from your account.
- **Tax Information:** annually, your T5008/RL18 – Statement of Security Transactions will be mailed to you in February for securities that you have sold in your Non-Registered/Investment account in the preceding calendar year, if applicable. This report will provide you details on the adjusted cost base of the securities sold. If the security is purchased through B2BBFSI, the adjusted cost base represents the book value, or original cost paid, of the security including any commissions and related fees/charges recorded on B2BBFSI's books and records. You should be aware that if the investment was not purchased through B2BBFSI, the fair market value at the time of the transfer-in is used as the book value, if the book value was not provided at time of transfer or in the case of mutual funds, the respective fund company's book value.

B2BBFSI also offers the capability for you to view account information electronically and securely through Investor Access. Further information about Investor Access is available through your Representative or through the B2BBFSI website [b2bbank.com/dealerservices](http://b2bbank.com/dealerservices).

You should review all transaction confirmations and account statements carefully and promptly and report any errors, omissions or questions you may have to your Representative.

Where there is a significant change to information that has been provided to you which may have an effect on the nature of your relationship with B2BBFSI, B2BBFSI will take reasonable steps to notify you of the changes in a timely manner.

## Products and Services

LBCFS is a mutual fund dealer and is permitted under provincial securities legislation to sell mutual funds and certain other types of products as described in this section. A mutual fund is an investment product which provides a convenient way for persons with similar investment goals to combine their money. The mutual fund uses this money to buy different types of investments on behalf of all of the Investors. A portfolio manager makes investment decisions to buy and sell investments such as stocks, bonds or other securities based on the investment objective and investment strategies of the mutual fund. When investing in a mutual fund, you purchase units or shares in the fund, where each unit or share represents a share of the total pool.

Your representative's role is to guide you through the different mutual fund investments available and advise you on the investments best suited to meet your needs. It is important to note that the mutual funds offered by LBCFS are not covered by the Canada Deposit Insurance Corporation or Canadian Securities Administrators or by any another government deposit insurer. Furthermore, these funds are not guaranteed, in whole or in part, by LBC, B2B Trustco, B2BBFSI, or any fund

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company. Nothing guarantees that the fund will maintain a net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you. Mutual fund values change frequently and past performance may not be repeated. Refer to the applicable Simplified Prospectus or Fund Facts available from your Representative.

LBCFS is also a registered financial planning firm in Quebec offering advisory services to client through certified financial planners in Quebec. Financial planning may involve estates, finance, insurance and risk management, investment, legal aspects, retirement and taxation. LBCFS does not provide tax, legal or accounting advice.

You may open an account at LBCFS with a representative at one of our branch locations or in some cases, by phone, with one of our LBCFS Representatives.

LBCFS offers investment loans through B2B Bank. All disbursements obtained through this referral are invested in an LBCFS account. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources. If you borrow money to purchase securities, your responsibility to repay the loan and interest as required by the terms remain the same even if the value of the securities purchased declines. The main risk with borrowing money to invest is that your losses may be larger than had you invested your own money and you may have to sell other assets or use money you had set aside for other purposes to repay the loan. If you used your home as security for the loan, you may lose your home.

You should know that LBCFS acts as a principal distributor under an arrangement with Mackenzie Financial Corporation ("Mackenzie"). Under such arrangement, LBCFS has agreed to distribute exclusively "Laurentian Bank Group of Funds" and thus may not distribute any other funds, subject to certain exceptions. Refer to the applicable Mackenzie Simplified Prospectus or Fund Fact documents available from your Representative, or other product document that your Representative may issue for further information about specific mutual funds. LBCFS through Mackenzie offers products and services such as the Preferred Pricing Program, Flexible Payout Service, Pre-authorized contribution plans (PAC), systematic withdrawal plans, and Portfolios Rebalancing System. The Laurentian Bank of Canada Private Banking sector offers an exclusively sponsored fee for service program (subject to eligibility criteria) (fee-based accounts) which has a requirement to maintain specified levels of assets to retain the fee percentage. Transfer-in kind are allowed only at Private Banking under certain conditions. However, no purchases allowed in mutual funds other than in the Laurentian Bank Group of Funds.

LBCFS also distributes deposit products and ActionGICs exclusively from LBC issuers (LBC, Laurentian Trust, and LBC Trust, refer to Disclosure of Related and Connected Issuers). Deposit products offer a fixed interest rate for a fixed term, including term deposits (redeemable at any time) and guaranteed investment certificates (redeemable at maturity only). The payment of invested principal and interest is guaranteed, except in specific circumstances, under the terms of the product. ActionGICs are indexed investments that has a potential of a higher return than a regular GIC due to the interest tied to market performance while the capital is fully guaranteed (not offered on an ongoing basis but maybe issued several times throughout the year). Deposit products and ActionGICs are guaranteed and covered by the Canada Deposit Insurance Corporation under its terms and conditions. The offer of deposit products and ActionGICs is reviewed by LBC on a regular basis to ensure these products remain competitive.

LBCFS will advise you of any material changes to the types of products and services that are offered to clients.

You should know that B2BBFSI does not accept cash for business you are conducting with LBCFS and B2BBFSI. Cheques should not be made payable directly to your Representative or anyone else, other than LBC Financial Services Inc.

LBCFS has an annual process to review its product shelf to ensure that the appropriate products meet LBCFS's criteria for eligible products and they are available. LBCFS also ensures that its representatives know the products and services they are offering for the suitability of the clients' portfolio. LBCFS believes that it offers a wide range of mutual funds that meet what most client needs.

Based on our product offer this might not be applicable but please note that in certain cases, a product may be subject to a restriction and may not be able to be sold or liquidated. Some of the potential reasons include:

1. The product has a hold period (such as a GIC);
2. The product is in receivership or bankruptcy.

Please carefully read the product documentation and/or contact your Representative or LBCFS to obtain information on any potential product restrictions.

Acceptable products may be held in a non-registered cash account, a registered account (i.e. RRSP, Spousal RRSP, RIF, LRIF or LIF) or a Tax-Free Savings Account ("TFSA") in your name.

### Collection, Use and Disclosure of Personal Information

LBCFS collects personal information about you and, if applicable, your spouse and/or beneficiaries in order to conduct business with you (e.g. to make an investment or obtain a service, to take instructions about your investments or services, or to receive information related to your investments or services). LBCFS does not share personal information with others except for the purposes set out below. Personal information collected about you includes your personal and financial circumstances like marital status, occupation, age, income, net worth, number of dependents, etc.

LBCFS may collect from you, or others, (including mutual fund companies, financial institutions with whom you have or have had dealings, credit bureaus and reporting agencies, and third parties who represent they have a right to disclose the information) personal information about you ("Information") that it needs to provide products and services to you, including for the following purposes:

- identifying you;
- complying with legal, security, processing, and regulatory requirements, such as obtaining social insurance numbers as required by the Income Tax Act;
- protecting against error and fraud;
- ensuring that the investments you make are suitable;
- providing ongoing service to you; and
- offering you products and services that meet your needs.

You should be aware that your social insurance number is required to be provided in your client application. By providing it to us, you also provide authorization to LBCFS to use your social

insurance number to identify you.

Full details on the handling of your personal information can be found in the Privacy Protection Notice that is included in the application and welcome kit provided to you at account opening.

### Disclosure of Information

LBCFS may disclose or transfer this Information to Laurentian Bank of Canada Financial Group "LBCFG" and its affiliates, its consultants, a government authority, investigative body or a self-regulatory organization and to its service providers and suppliers ("Service Providers"), including its carrying dealer, for the following purposes:

- to establish and maintain its relationship with you, including servicing your account;
- to offer, or enable its service providers to offer products and services that meet your needs;
- to meet legal, security, processing and regulatory requirements;
- to comply with all applicable legal, securities and regulatory regimes; and
- in the case of B2BBFSI, for the purposes of carrying out the functions of the carrying dealer as described in this disclosure.

When Information is disclosed or transferred to LBCFS' service provider(s), contractual means are used to ensure that the Information is used only for the purposes for which Service Provider is retained. In the event the Service Provider(s) are located outside of Canada, the Service Provider(s) will be bound by, and Information (including personal information) may be disclosed in accordance with, the laws of the jurisdiction in which the Service Provider(s) are located. Information shall not be sold, rented or traded.

### Benchmark

A benchmark is information that helps you compare your investments performance.

Students compare their marks to the class average to understand how well they did. In the same way, an "investment benchmark" helps you understand how well your investments performed. You would not compare your math mark to the average on an English test. In the same way, you must not compare your equity fund to a benchmark for bond funds.

There are many different benchmarks and it is important to use the right one. Among common indices are the S&P/TSX Composite for Canadian equities, the DEX Universe for the Canadian bonds and the S&P500 for US equities. For a portfolio composed of different asset classes, the appropriate comparison would be a combination of weighted indices according to the portfolio asset allocation.

A fund that uses a benchmark will list it in its Management Report of Fund Performance. You can get this report online on the mutual fund company's website or on [www.sedar.com](http://www.sedar.com). You may also ask your representative for this information.

A market index provides good historic information, but isn't a perfect comparison to your investment for these reasons:

1. A market index does not reflect the costs of managing and operating a mutual fund. To compare your mutual fund to a benchmark, subtract the fund costs from the benchmark.
2. A market index measures performance over a specific time period. If you held the mutual fund over a different time period, it will not be a perfect match.
3. Benchmarks use a « time-weighted » formula to calculate performance. The statement that you will receive after 2016 will use a "money-weighted" formula to calculate your return.

For these reasons, your return might not mirror the benchmark for the fund.

It is important to note that B2BBFSI does not include any benchmark reporting in any Account Statements or other reporting.

### Risks of Investing

There are many types of risks you take on when you invest. Because markets rise and fall, there is a general market risk that you could lose some or all of your principal investment, or that you could earn less return from the investment than you expected. There are also specific risks with different types of investments. For example:

- **Inflation risk** is the risk that the value of an investment will be eroded by inflation. The cost of goods increases as inflation rises, which reduces the purchasing power of money invested and the interest it is earning.
- **Interest-rate risk** is the risk that the value of an investment will decline as interest rates rise. Interest rates have an impact on a whole range of investments. For example, treasury bills and bonds tend to fall when interest rates go up.
- **Credit risk** is the risk that an obligation to pay a debt will not be paid.
- **Liquidity risk** refers to the risk that the fund will not be able to buy or sell an investment quickly because buying and selling opportunities are limited. Most securities owned by funds can be sold promptly at an acceptable price, but some maybe difficult to sell due to the nature of the investment itself, settlement terms or other reasons. Difficulty in selling securities may result in a loss or may be costly to a fund.
- **Currency risk** is the risk that an investment denominated in a foreign currency will lose value due to fluctuations in the exchange rate.
- **Specialization/Concentration risk** relates to mutual funds that specialize in investments in a particular kind of industry or in a particular part of the world. If the industry or geographic area has an economic slump, the mutual fund will suffer because there are relatively few other investments in the portfolio to offset the decline.
- **Foreign Market risk** is the risk that an investment in a foreign issuer depends on general global economic factors and specific economic and political factors relating to the country/countries in which the foreign issuer operates. Some or all of these factors could make a foreign investment more or less volatile than investing in an issuer operating in Canada.

Mutual funds have a wide range of risk profiles and it is important to find out which type of risks a fund may be exposed to before you invest. The level of risk of a particular mutual fund depends a great deal on the types of investments made by the fund and the extent to which those investments are diversified. A mutual fund containing only equity securities in a single industry sector generally is higher risk. A bond mutual fund generally is lower risk than an equity mutual fund. The number of mutual funds that should be held in a diversified portfolio will depend on the diversification of the individual mutual funds and the extent to which the various mutual funds move in the same direction or in different directions. More detailed information on specific product risk is set out in the applicable Simplified Prospectuses or Fund Facts which are available at [www.sedar.com](http://www.sedar.com), or other product disclosures that we or your Representative may issue.

There are other risks related to mutual fund investing, we refer you to the Simplified Prospectus of the mutual fund you wish to purchase and invite you to look in section "What are the risks of

investing in a mutual fund?" You may find the simplified prospectus on [www.sedar.com](http://www.sedar.com) or ask your Representative.

### Leveraging Risk

Financial leveraging is a debt strategy that consists of borrowing money to purchase securities including, among others, mutual funds or investments with the anticipation of generating a higher return that outweighs the cost of borrowing.

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 securities purchased decline.

If you wish to purchase a security by contracting a loan, an information document that explains the risks related to using this strategy will be provided to you.

### "Know your client" and Assessing Suitability

Taking into consideration your personal and financial circumstances, your LBCFS Representative will provide the advice and recommendations you need to make informed investment decisions to help you achieve your financial goals. Securities legislation requires that each recommendation that your Representative makes must be suitable for you in relation to your investment objectives and needs, investment knowledge, investment time horizon, risk profile and other personal or financial circumstances, often referred to as "know-your-client information". It also always has to be in your best interest. It is important that you understand this information is being used by your Representative to assess the suitability of investments that may be proposed to you and that LBCFS and your Representative have the responsibility for obtaining from you and maintaining your "know your client" information.

LBCFS is also required to update your information:

- When LBCFS becomes aware of a material change in the client information (i.e. change in income level, etc.) that could result in the account to become unsuitable;
- LBCFS performs a periodic review no less frequently than once every 36 months;

Some of the personal and financial information that LBCFS might ask you about include the following and will determine your investor profile per account:

#### Your Investment time horizon

Your investment time horizon is the time frame from now to when you will need to withdraw a significant portion of the amounts invested. The length of your investment horizon impacts the types of investments that may be suitable for you. Investors with a time horizon of greater than three years have a greater degree of flexibility when building a portfolio (although risk tolerance and investment objectives must also be considered). If you have a very short time horizon, more conservative investments like GICs or money market funds may be the only suitable option for you.

#### Your Investment knowledge

Your investment knowledge must reflect your understanding and experience with investing, investment products and the related risk. If you have a high level of investment knowledge, you have a good understanding of the relative risk of various types of investments and understand how the level of risk taken affects potential returns. If you have very little knowledge of investments and financial markets, speculative and high-risk investments and strategies are likely not suitable options for you.

#### Your Investment needs and objectives

Investment needs and objectives are the goal or result you want to achieve from investing. Understanding your investment goals helps determine the types of investments best suited to meet your needs. The investment products used to meet different goals have varying levels of risk and potential returns. If you have several objectives, your representative must be able to identify the relative importance of each objective and interpret this within your portfolio. To facilitate the interpretation of the different goals, the objectives are outlined and explained below:

**Safety:** You want to keep the money you have invested safe from short-term losses or readily available for short-term needs. Investments that will satisfy this objective include GICs and money market funds.

**Fixed income:** You want to generate a steady stream of income from your investments and you are less concerned about growing the value of your investments. Investments that will satisfy this objective include fixed income investments such as bonds funds.

**Mixed:** You want to generate some income with some opportunity for the investments to grow in value. A balanced fund or portfolio that includes at least 35% in fixed income investments and no more than 65% in equity funds will satisfy this objective.

**Growth:** You want to generate long-term growth from your investments. A portfolio with a relatively high proportion of funds that invest in equities will satisfy this objective if you also have a long-time horizon and are willing and able to accept more risk.

#### Your Risk Profile

Your Representative has to consider risk profile as your capacity to accept risk and your ability to cope with the drops in the value of your portfolio. This is not simply about your comfort level or attitude toward risk, but also your ability to withstand financial losses. As a result, your risk profile must be reflected in the types of investments that you hold in your portfolio and that should not be exceeded.

##### Risk Attitude

Your comfort level with risk is important in determining how conservatively or aggressively you should invest. Generally speaking, you need to consider accepting more risk if you want to pursue higher returns. If you decide to seek those potentially higher returns, you face the possibility of greater losses.

##### Risk Capacity

Your financial situation including your assets, debt and the amount and stability of your income are all important when determining how much risk you can take with your investments. In addition, the larger the portion of your total assets that you are investing, the more conservative you might wish to be with this portion of your portfolio.

#### Your Age

Your age is an important consideration when constructing an investment portfolio. Younger investors may have portfolios that are primarily invested in equities to maximize potential growth if

they also have a higher risk profile and long investment time horizon. Investors who are retired or near retirement are often less able to withstand losses and may have portfolios that are invested to maximize income and capital preservation.

After collecting your personal and financial information, including your investment time horizon, your investment knowledge, your investment needs and objectives, your risk profile and your age, your LBCFS Representative will be able to determine your Investor Profile per account. Your Investor Profile will help determine the best asset allocation and risk level that best suit you. Other elements might be taken into consideration to assess the suitability of your account, such as:

- Type of account
- Current and potential incidental costs
- Concentration and liquidity of product or in a sector
- Characteristics of each product within the portfolio

LBCFS will proceed with a suitability assessment of your investments held in your account at the following times:

- when a trade is placed on your account;
- when LBCFS or your Representative become aware of a material change in your personal circumstances;
- when you transfer assets into your account; and
- when there is a change to the Representative responsible for your account.

As a caution, you should be aware that other circumstances, other than those identified above, such as significant market fluctuations or a material change to an investment, will not automatically trigger a suitability review. Should you have any questions or concerns, you may contact your Representative at any time to discuss your investment portfolio.

### Trusted Contact Person Information

We are required to ask you for the name and contact information for a person that you trust to assist us in protecting your investments. We would contact this person to confirm or make inquiries about any of the following:

- Possible financial exploitation or mistreatment affecting you or your account
- Concerns about your mental capacity or health status as it relates to your financial decision making
- The identify of your legal guardian, executor, trustee, or other personal or legal representative
- Your current contact information

Designating a Trusted Contact Person is optional. When providing a Trusted Contact Person information, you authorize your advisor or dealer to contact your Trusted Contact Person to obtain the information needed to validate the concerns about you or to disclose to the Trusted Contact Person such information as the Trusted Contact Person may require in order to obtain the information or help needed.

Only the information necessary to discuss the concerns about you and assist you may be disclosed to your Trusted Contact Person(s). This could include, but is not limited, to medical information, details of your personal life, financial holdings and transactions.

A temporary hold on transactions may be placed by the dealer or advisor for the time that is necessary to address the situation and concerns about you. You will be notified if such a hold is placed.

The dealer or advisor will first contact the Primary Trusted Contact Person. The Alternate Trusted Contact Person will be contacted in the event the Primary Trusted Contact Person refuses, is unable or unavailable to assist or is suspected of financially exploiting or mistreating you.

You will be solely responsible of notifying your Trusted Contact Person(s) of this appointment, the circumstances under which they may be contacted and the fact that you have given their contact information to the dealer or advisor. You confirm that you are duly authorized by your Trusted Contact Person(s) to do so.

Only you may revoke this consent or change your Trusted Contact Person(s) at any time by notifying in writing the dealer or advisor.

Your Trusted Contact Person(s) cannot execute any transactions, make any financial decisions or act on your behalf.

The dealer or advisor may contact your Trusted Contact Person(s) should one of the situations mentioned above occur, but they are not legally obligated to do so and cannot be held in any way responsible for not doing so.

### Conflicts of Interest

There is a possibility that conflicts of interest may arise in connection with the business that LBCFS and/or B2BBFSI conducts for you.

A conflict of interest includes any situation where:

- the interests of different parties such as the interests of a client and those of a registrant are inconsistent or divergent;
- a registrant may be influenced to put their interests ahead of the client's interests; or
- monetary or non-monetary benefits available to a registrant, or potential detriments to which a registrant may be subject, may compromise the trust that a reasonable client has in their registrant.

Securities laws of Canada require securities dealers and other registrants to take reasonable steps to identify and respond to existing material conflicts of interest and material conflicts of interest that the registrant in its reasonable opinion would expect to arise between the registrant, including an individual acting on behalf of the registrant and a client. In addition, when a registrant acts on behalf of a client in connection with a purchase or sale of a security that is a security of the registrant or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, they are required to provide particular disclosure to the client. If a conflict arises and is unavoidable, LBCFS and/or B2BBFSI will take reasonable steps to advise you in writing of the conflict in a timely manner and ensure that the conflict is addressed fairly and in a way that is in your best interest.

To maintain public confidence and respect, both LBCFS and B2BBFSI have adopted policies and procedures to assist in identifying, avoiding, addressing and minimizing any conflicts of interest

that LBCFS, B2BBFSI or its employees or sales representatives may face in dealing with you. LBCFS and B2BBFSI employees and sales representatives are required to address any conflicts of interest by exercising responsible business judgment, influenced only by the best interests of clients and are encouraged to bring conflicts of interest to the attention of clients as soon as they become aware of them. Both LBCFS and B2BBFSI employees and sales representatives are subject to a code of conduct, which includes, among other things, policies to address many common types of conflict of interest situations.

Under certain circumstances, LBCFS and/or B2BBFSI may deal with you or for you in securities transactions where the issuer of those securities or the other party to the transaction is LBCFS/B2BBFSI or a party having an ownership or business relationship with LBCFS/B2BBFSI. Since these transactions may create a conflict between either entities' interests or yours, LBCFS/B2BBFSI is required by securities law to disclose to you certain relevant matters relating to the transactions which are contained in the following sections entitled "Disclosure of Related and Connected Issuers" and "Disclosure of Related Registrants". LBCFS/B2BBFSI do not believe these situations create a conflict for you as other similar non-related securities are available to you.

## A. Disclosure of Related and Connected Issuers

### i. Important Concepts

"Related Issuer" – A person or company is a related Issuer to LBCFS if:

- the person or company issuing securities is an influential securityholder of LBCFS
- LBCFS is an influential securityholder of the person or company issuing securities; or
- LBCFS, and the person or company issuing securities, are a related issuer of the same third person or company;

"Connected Issuer" – A connected issuer means an issuer or selling securityholder distributing securities where the issuer or selling securityholder, or a related issuer of the issuer or selling securityholder, has a relationship with any of the following persons or companies that may lead a reasonable prospective purchaser of the securities to question if LBCFS and the issuer are independent of each other for the distribution:

- LBCFS;
- a related issuer of LBCFS;
- a director, officer or partner of LBCFS; or
- a director, officer or partner of a related issuer of LBCFS.

Attached to this statement is a list of Related Issuers and Connected Issuers of LBCFS together with a concise statement of the relationship between them and LBCFS.

### ii. Disclosure

Where LBCFS acts as your dealer or advises you with respect to securities issued by LBCFS or by a Related Issuer or in the course of a distribution, by a Connected Issuer, in these situations, LBCFS must disclose the nature and extent of its relationship with the issuer of the securities or that LBCFS is the issuer. LBCFS will also disclose to you where LBCFS knows or should know that, if as a result of LBCFS acting as your dealer or adviser, securities will be purchased from or sold to LBCFS, a Related Issuer or, in the course of a distribution, from a Connected Issuer.

The following is a list of the time and manner in which these disclosures will be made:

- Where LBCFS buys or sells securities for your account the required disclosure will be contained in the trade confirmation and account statement which are sent to you;
- Where LBCFS advises you with respect to the purchase or sale of securities, the disclosure must be made prior to the giving of the advice, either through the receipt of this disclosure or otherwise; or
- Where LBCFS underwrites securities, the required disclosure will be contained in the prospectus or other document being used to qualify those securities.

LBCFS may, from time to time, be deemed to be related or connected to one or more issuers for purposes of this disclosure and other rules of the securities laws. LBCFS may have acted, and is prepared to continue to act, where permitted by law, as an adviser, dealer or underwriter with respect to securities of such Related and Connected Issuers and to provide the full range of services customarily provided by LBCFS in respect of securities of other Issuers. LBCFS shall carry out such services in the ordinary course of its business in accordance with our usual practices and procedures and in accordance with all applicable disclosure and other regulatory requirements.

### iii. List of Related and Connected Issuers

The following is a list as of May 14, 2015 of Issuers that are Related Issuers or Connected Issuers to LBCFS by virtue of the ownership of equity interests, directly or indirectly, by affiliates or subsidiaries of Laurentian Bank of Canada. Only Connected Issuers who offer their securities in Canada are included in the following list of Related and Connected Issuers.

B2B Bank  
Laurentian Bank of Canada  
Laurentian Trust of Canada Inc.  
LBC Trust

## B. Disclosure of Related Registrants

### i. Disclosure

In addition, LBCFS wishes to advise its clients if it has any principal shareholders, officers, partners or directors who are also principal shareholders, officers, partners or directors of another securities registrant and to provide details of the policies and procedures adopted to minimize the potential for conflict of interest resulting from these relationships.

### ii. List of Related Registrants

As of May 14, 2015, each of the following Related Registrants is a direct or indirect subsidiary of Laurentian Bank of Canada ("LBC").

#### Related Registrants Registered in Canada (individually, a "Related Registrant")

Laurentian Bank Securities Inc.  
LBC Financial Services Inc.  
B2B Bank Securities Services Inc.  
B2B Bank Financial Services Inc.  
B2B Bank Intermediary Services Inc.

In addition, Related Registrants may include other dealers and advisers which become subsidiaries of LBC.

A Related Registrant may from time to time have directors and/or officers who are also directors and/or officers of another Related Registrant.

Each of LBC and the Related Registrants is a separate legal entity that generally carries on its business independently. However, a Related Registrant may enter into arrangements with another Related Registrant respecting such matters as the provision of support services, distribution or products and services, and client referrals.

Conflicts of interest resulting from the above relationships are minimized in a number of ways. Regulations, policies and procedures made by the industry regulating bodies restrict, and otherwise regulate the relationships among dealers, advisers and Related Registrants and govern their relationships with one another and clients. As well, each Related Registrant has its own conflict of interest policies. Compliance with both internal and external regulations, policies and procedures are monitored at all levels of the company under the guidance of LBCFS Compliance Department.

In addition to the foregoing, officers and employees of each Related Registrant are subject to Codes of Conduct governing their actions and internal compliance policies and procedures.

### C. B2BBFSI – Disclosure of Related Registrants or Connected Issuers

B2BBFSI has the same obligation to disclose Related Registrants and Issuers of B2BBFSI and ensure policies and procedures are in place to maintain public confidence and to assist B2BBFSI in identifying and minimizing any conflicts of interest.

As of May 14, 2015, each of the following Related Registrants is a direct or indirect subsidiary of Laurentian Bank of Canada ("LBC").

#### Related Registrants Registered in Canada (individually, a "Related Registrant")

Laurentian Bank Securities Inc.  
LBC Financial Services Inc.  
B2B Bank Securities Services Inc.  
B2B Bank Financial Services Inc.  
B2B Bank Intermediary Services Inc.

The following is a list as of May 14, 2015 of issuers that are Related Issuers or Connected Issuers to B2BBFSI by virtue of the ownership of equity interests, directly or indirectly, by affiliates or subsidiaries of Laurentian Bank of Canada. Only Connected Issuers who offer their securities in Canada are included in the following list of Related and Connected Issuers.

B2B Bank  
Laurentian Bank of Canada  
Laurentian Trust of Canada Inc.  
LBC Trust

### D. Other potential material conflicts of interest.

LBCFS or its representatives may be in a position of a potential material conflict of interest that were not described above. In these potential cases, LBCFS has enacted controls to ensure these potential cases are reviewed and addressed. The potential material conflicts of interest include:

- LBCFS has a distribution agreement with Mackenzie to distribute exclusively the Laurentian Bank Group of Funds managed by Mackenzie.
- LBCFS distribute exclusively the deposit products and ActionGICs of the Laurentian Bank of Canada, Laurentian Trust and LBC Trust issuers
- Representatives are subject to have an outside business activity ("OBA") which they must submit it to LBCFS for approval. A guideline must be respected to minimize the conflict of interest. An OBA might be approved, approved with conditions, or declined in which case the Representative has to cease one of the activities. Any OBSs that have significant conflict of interest will not be approved.
- LBCFS Representatives are not paid by commissions but their remuneration is salary-based by LBC. They also have a variable remuneration program. They have performance objectives by product allowing the representative to potentially receive a bonus by LBC depending of the global investment's objectives attained, but same % for all investment products.
- Different marketing and sales campaign may occur on specific product and LBCFS has put in place procedures to respect the regulatory requirements.

#### Fees and Expenses and Compensation of LBCFS and its Representatives

##### Compensation to LBCFS and its Representatives

LBCFS receives periodic trailing commissions, usually monthly, based on the average value of the assets invested in the Mackenzie Funds or in other funds permitted to be held by LBCFS. The percentage paid varies depending on the fund.

LBCFS receives monthly fees for mutual funds offered in a fee-based program.

LBCFS also receives a portion of the management fees as part of a corporate profit-sharing arrangement with Mackenzie reflecting the fact that LBCFS acts as principal distributor on an exclusive basis.

Please note that B2BBFSI may make payments to LBCFS and LBCFS may make payments to B2BBFSI under the Introducing/Carrying Dealer arrangement.

Please note that LBC or LBCFS may also receive compensation from, amongst others, Laurentian Bank Securities Inc., pursuant to referral agreements between the parties.

##### Fees and Expenses for the client

Generally, mutual funds have management expenses that are deducted from the fund and are not charged directly to you. The management fee pays for such things as the mutual fund company's investment management, marketing and administrative costs. In addition, each fund pays its own operating costs such as brokerage fees on securities trading, audit fees and unitholders communication. Management fees and operating costs are charged each year as a management expense ratio (MER), expressed as a percentage of your total investment. These costs are deducted before the fund's performance returns are calculated. For example, if a fund has a performance return of 8 % and the MER is 2 %, the reported return for the year will be 6%.

Service fees may be charged for LBCFS accounts, including cases of withdrawal, account closing and transfers to other institutions. **Please refer to the LBCFS fee schedule provided to you for more details.**

Fees charged to your accounts and/or investments such as management expense fees, other ongoing fees, operating charges or transaction charges may negatively impact the investment return of your account and may have a compounding effect over time. Please contact your Representative for further details.

LBCFS mainly offers no load funds, which means no sales charge and no redemption fees for you. However, some fees may be paid directly by you as they are associated with the purchase or

redemption of mutual funds. Funds purchased on a deferred sales charge basis (redemption fees) are subject to charges on redemption that are applied on a declining rate scale over a specified period of years until such time as the charges decrease to zero. Funds purchased on a sales charge purchase option result in purchase costs. This fee is a percentage of your investment and normally varies between 0% and 5%.

LBCFS charges fees for mutual funds held in fee-based series, offered exclusively to Private Banking clients that qualify for the offering and accept it. The percentage of fee is based on the month end assets invested in mutual funds. If your account is subject to a LBCFS Application/Addendum to the Private Banking Fee for Service Program, a negotiated fee amount is paid to LBCFS with a portion paid to B2BBFSI, as disclosed in the LBCFS Application/Addendum to the Private Banking Fee for Service Program document. In this program, you have agreed to pay LBCFS fees that are calculated based on an agreed upon percentage of eligible assets in your account. B2BBFSI administers this program for LBCFS including processing the transactions to cover the fees and making payments to LBCFS. B2BBFSI provides LBCFS various reports to assist in their oversight of the program to ensure the fees negotiated/charged and the program is appropriate for you. B2BBFSI has controls in place to ensure that non-eligible assets are not included in the calculation of the fees to ensure you are not over-charged fees or commissions if your account holds assets (such as mutual funds with embedded commissions) that are not permitted under the program.

Other fees may be charged to you such as short-term trading fees and switch fees as described in the simplified prospectus or Fund Facts of the fund company.

Simplified prospectuses and Fund Facts contain important information, including specific details on the different types of commissions and fees. We ask that you read these documents carefully prior to investing. Simplified prospectuses are available at [www.sedar.com](http://www.sedar.com), by contacting an LBCFS representative in any LBC branch or by calling at 1-800-522-1846. You can also contact your representative for additional information on fees associated with mutual funds or compensation paid to LBCFS.

### What You Should Do as a Client

As a client you should:

- Provide a full and accurate description of your personal and financial situation, investment objectives and needs, investment knowledge, investment time horizon and risk profile to your Representative and LBCFS to assist you in meeting your investment goals.
- Promptly inform your Representative and LBCFS regarding any material changes to this information or financial or life circumstances to assess whether changes to your investment strategy are necessary. A "material change" would be a change to any information that could reasonably result in changes to the types of investments appropriate for you, such as income level, investment objectives and needs, risk profile, investment time horizon or net worth. Examples of such changes would include changes in employment, changes to marital status or changes in retirement plans.
- Carefully review all account documentation, sales literature and other documents provided by your Representative, LBCFS and B2BBFSI and, where appropriate, consult your legal, accounting and tax representatives.
- Make sure you understand all fees, charges and costs.
- Make sure you are aware of the possible risks and returns on your investments.
- Make sure your relationship with your Representative, LBCFS, B2BBFSI and your Trustee is clear to you.
- Communicate regularly with your Representative and proactively ask questions or request information you may need to resolve any questions that you have about your account, specific transactions or investments or on your relationship with LBCFS, your Representative and B2BBFSI.
- Contact your Representative's Branch Manager if unsatisfied with the answers or explanations you receive from your Representative.
- Make sure that payment for securities purchases is made by the settlement date.
- Review all transaction confirmations and account statements or reports carefully and promptly. Report any errors or questions to your Representative or LBCFS immediately.
- Review your portfolio holdings on a regular basis. You may want to make changes based on your investments' performance and your current objectives.

Should you still have questions or concerns, LBCFS has adopted a procedure to handle all verbal or written client complaints in a fair and prompt manner. Where possible, we encourage clients to address their complaint in writing or by e-mail. The current summary of such procedure, also available on our Web site at [www.laurentianbank.ca](http://www.laurentianbank.ca), is as follows:

#### How to initiate a complaint to LBCFS

- By contacting your Branch Manager;
  - By contacting LBCFS compliance department through one of the following means of communication:  
1360 René-Levesque Blvd West, Suite 630  
Montreal, (Quebec), H3G 0E9  
E-mail: [Complaint-lbcfs@laurentianbank.ca](mailto:Complaint-lbcfs@laurentianbank.ca)  
Fax: 514 284-6982
- If the problem has not been resolved to your satisfaction, you can contact:
- **The Laurentian Bank Head of Complaints Resolution's Office**, preferably in writing, via one of the following means of communication:  
1360 René-Levesque Blvd West, Suite 600  
Montreal, Quebec H3G 0E5  
Telephone: 1-800-479-1244 (toll free) • 514-284-7192  
Fax: 1-800-473-4790 (toll free) • 514-284-6982  
E-mail: [HCR@laurentianbank.ca](mailto:HCR@laurentianbank.ca)
  - **The Autorité des marchés financiers ("AMF")** through one of the following means of communication:  
Place de la Cité, Cominar Tower  
2640 Laurier Blvd, Suite 400  
Québec (Québec) G1V 5C1

Telephone: 1-877-525-0337 (toll free) • 514-395-0337 (Montreal) 418-525-0337 (Quebec)  
Fax: 1-877-285-4378

- Ultimately, you may contact the **Ombudsman for Banking Services and Investments** ("OBSI") via one of the following means of communication:  
20 Queen Street West Suite 2400, PO Box 8, Toronto, Ontario M5H 3R3  
Telephone: 1-888-451-4519 (toll free) • 416-287-2877  
Fax: 1-888-422-2865 (toll free) • 416-225-4722  
Email: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

If the problem is **related to a personal information issue**, you may contact the Office of the Privacy Commissioner of Canada via one of the following means of communication:  
30 Victoria Street, Gatineau, Quebec K1A 1H3  
Telephone: 1-800-282-1376 (toll free) • 819-994-5444  
Fax: 819-994-5424

#### Clients in Quebec:

Complaint Services  
Commission d'accès à l'information du Québec  
525 René-Lévesque Boulevard East, Suite 2.36, Quebec, Quebec G1R 5S9  
Phone: 514-864-8808 (Montréal), 418-528-7741 (Quebec) and toll-free 1-888-528-7741  
[plaintes@cai.gouv.qc.ca](mailto:plaintes@cai.gouv.qc.ca)  
[www.cai.gouv.qc.ca](http://www.cai.gouv.qc.ca)

#### Clients in Alberta:

Office of the Information and Privacy Commissioner (OIPC)

##### Edmonton

9925 109 Street NW, Suite 410, Edmonton, Alberta T5K 2J8  
Phone: 780-422-6860 or toll-free 1-888-878-4044  
Fax: 780-422-5682  
[generalinfo@oipc.ab.ca](mailto:generalinfo@oipc.ab.ca)  
[www.oipc.ab.ca](http://www.oipc.ab.ca)

##### Calgary

801 6 Avenue SW, Suite 2460, Calgary, Alberta T2P 3W2  
Phone: 403-297-2728 or toll-free 1-888-878-4044  
Fax: 403-297-2711  
[generalinfo@oipc.ab.ca](mailto:generalinfo@oipc.ab.ca)  
[www.oipc.ab.ca](http://www.oipc.ab.ca)

#### Clients in British Columbia:

Office of the Information and Privacy Commissioner  
PO Box 9038, Stn. Prov. Govt., Victoria, B.C. V8W 9A4  
Phone: 250-387-5629 or toll-free 1-800-663-7867  
Fax: 250-387-1696  
[info@oipc.bc.ca](mailto:info@oipc.bc.ca)  
[www.oipc.bc.ca](http://www.oipc.bc.ca)

#### Complaint-handling process

Upon reception, the complaint is forwarded to a qualified staff member of the Compliance Department in order to be processed, in accordance with regulatory authorities. Within five (5) days, an initial written response letter is sent to the client. For all written complaints, including serious allegations, the current summary of the LBCFS complaint procedure and the Client Complaint Information Form will be enclosed with the initial response letter. The processing delay is 56 days following the reception date of the complaint. Under exceptional circumstances, an additional delay may be required due to pending additional information or to the file's complexity. During the complaint-handling process, the client may contact LBCFS in order to send additional information and/or request for the complaint status by calling the person indicated on the initial written response letter.

During the complaint analysis, all documents, information and relevant declarations obtained from the client, the attorney (if applicable), our records, other persons of our society and/or any other relevant sources, are carefully examined. Once completed, we will communicate to the client a substantive response by mail, which summarizes the complaint, states the results of our analysis and reminds the possibility for the client to address the OBSI. The substantive response may contain a settlement offer, a denial of the complaint with the reasons or another appropriate response. Please note that we will respond to all your questions, communications and additional information sent after the response is issued.

#### Settlement offer

For legal purposes, if a financial settlement is offered to the client, LBCFS may ask the client to sign a release and waiver agreement.

#### Client Complaint Information Form (for Canadian residing in a province other than Quebec)

Clients of a mutual fund dealer who are not satisfied with a financial product or service have a right to make a complaint and to seek resolution of the problem. CIRO Member dealers have a responsibility to their clients to ensure that all complaints are dealt with fairly and promptly. If you have a complaint, these are some of the steps you can take:

- Contact LBCFS. Member firms are responsible to you, the investor, for monitoring the actions of their representatives to ensure that they are in compliance with by-laws, rules and policies governing their activities.
- Contact the Canadian Investment Regulatory Organization ("CIRO"), which is the self-regulatory organization in Canada to which your mutual fund dealer belongs. CIRO investigates complaints about mutual fund dealers and their representatives, and takes enforcement action where appropriate. You may make a complaint to the CIRO at any time, whether or not you have complained to your mutual fund dealer. The CIRO can be contacted:
  - by completing the on-line complaint form at [www.ciro.ca](http://www.ciro.ca)
  - by telephone 1-888-422-4332;
  - by e-mail at [info@ciro.ca](mailto:info@ciro.ca) (Clients who choose to communicate by email should be aware of possible confidentiality issues regarding internet communications)
  - in writing by mail to:  
40 Temperance Street, Suite 2600  
Toronto, ON M5H 0B4

- by fax at 1-888-497-6172

### **Compensation**

CIRO does not order compensation or restitution to clients of Members. CIRO regulates the activities of Canadian investment dealers and mutual fund dealers and the advisor they employ. CIRO sets the rules for the firms and advisors and monitors the trading activity on all Canadian marketplaces. If you are seeking compensation, the first step is to make a complaint to your investment firm. You can also consider the following options:

- **OBSI:** After dealing with LBCFS' Compliance Department, you may contact OBSI. You may also contact OBSI if the LBCFS' Compliance Department has not responded within ninety (90) days of the date you complained. OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients. OBSI can make a non-binding recommendation that LBCFS compensate you (up to \$350,000) if it determines that you have been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes of practice or conduct, industry regulation and the law. The OBSI process is free of charge and is confidential.
- **Legal Assistance:** You may consider retaining a lawyer to assist with the complaint. You should be aware that there are limitation periods for taking a civil action. A lawyer can advise you of your options and legal recourses available. Once the applicable limitation period expires, you may lose your right to pursue some claims.
- **Manitoba, New Brunswick and Saskatchewan:** Securities regulatory authorities in these provinces have the power to, in appropriate cases, order that a person or company that has contravened securities laws in their province pay compensation to a claimant. The claimant is then able to enforce such an order as if it were a judgment of the superior court in that province. For more information, please visit:
  - Manitoba: [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)
  - New Brunswick: [www.nbsc-cvmnb.ca](http://www.nbsc-cvmnb.ca)
  - Saskatchewan: [www.sfsc.gov.sk.ca](http://www.sfsc.gov.sk.ca)
- **Quebec:** The AMF pays indemnities to victims of fraud, fraudulent tactics or embezzlement where those responsible are individuals or firms authorized to practice under the legislation governing the provision of financial services in Quebec. It also rules on the eligibility of claims and sets the amount of the indemnities to be paid to victims. Consumers can thus be compensated to a maximum of \$200,000 per claim, through funds accumulated in the financial services compensation fund. For more information, please visit [www.lautorite.qc.ca](http://www.lautorite.qc.ca).

### **How to initiate a complaint to B2BBFSI**

Clients who have any questions strictly relating to the services provided by B2BBFSI as carrying dealer may contact B2BBFSI in writing at 199 Bay Street, Suite 610 PO Box 35 STN Commerce Court, Toronto ON M5L 0A3, or email at [dealercompliance@b2bbank.com](mailto:dealercompliance@b2bbank.com) or fax us at 416-945-1892. You will soon receive B2BBFSI's Client Complaint Handling Information, which will provide you with more detailed information in this regard.