



## Relationship Disclosure

The purpose of this Relationship Disclosure is to help you better understand the nature of the services that Odlum Brown Limited provides and what you can do to help ensure a superior relationship with us.<sup>1</sup>

### 1. The services and types of accounts we offer.

We offer two basic account types, an **advisory account** and a **managed account**.

In an **advisory account**, either a commission or a fee based Alliance account, you approve all investment decisions, whether or not you have relied on the advice of your investment advisor.

In a **managed account** a portfolio manager is given the discretion to make and implement investment decisions for you on a continuing basis in accordance with your written investment objectives. Managed accounts are strictly **fee based accounts**.

A **commission based account** is an account in which you will be charged a commission for each transaction made for your account (buy or sell). Sometimes investments purchased on your behalf may also pay us fees, such as trailer fees in the case of mutual funds and agent's fees in respect of new issue business. In such cases, it is uncommon that you would incur any other additional charges in connection with the purchase of these investments or, in the case of a mutual fund or similar products, their sale.

A **fee based account (Alliance account or managed accounts)** is an account in which you will be charged an annual fee, payable monthly (plus any applicable taxes) based on a percentage of the value of the securities held in the account. This fee may be a flat fee rate based on the aggregate value of your account assets; a tiered fee rate based on the aggregate value of your account assets; or different fee rates applied to the various types of investments held in your account (cash, bonds, stocks). Alliance accounts are also subject to an allowable limit of trades.

Managed account and advisory account rates are established by you and your investment advisor in accordance with industry standards and our firm's policies. For non-discretionary advisory accounts we require our investment advisors to inform you of the charges

(or reasonable estimate of the charges) you will incur prior to executing any trade for your account. All accounts are subject to administration fees and service charges in accordance with our published rates. You will receive 60 days notice prior to a change in these rates becoming effective.

Depending on which of the above accounts is right for you, you may open one or more of the following accounts:

- Cash Account (CDN or USD)
- Margin Account (CDN or USD)
- Registered Retirement Savings Plan Account (including Locked-In and Spousal)
- Registered Retirement Income Fund Account (including Locked-In and Spousal)
- Registered Education Savings Plan Account
- Registered Disability Savings Plan Account
- Tax Free Savings Account

All accounts, except cash accounts, may also be approved to trade options.

Please consult your investment advisor about how each of these accounts operate and which one(s) best meet your investment objectives.

### 2. The type of products we offer.

We offer a wide range of investment products, including stocks, bonds, money market and mutual funds. Your investment advisor can explain these investment products to you, as well as how they work, their risks and possible returns, and whether they are appropriate for you.

We also offer, through our wholly owned subsidiary Odlum Brown Financial Services Limited (OBFSL), a variety of insurance products and solutions as well as financial, retirement and estate planning services. Your investment advisor would be happy to make a referral for you to OBFSL. If you purchase an insurance product through OBFSL, Odlum Brown Limited will be compensated by receiving forty-five per cent of the initial compensation paid by the insurance company to OBFSL. Odlum Brown Limited receives no trailing compensation from your insurance product purchase.

### 3. How we determine what investments are suitable for you.

Before we will provide you with an investment recommendation we will first determine if our recommendation is suitable for you according to our understanding of the information you have given us when you completed or last updated your account documentation. This information is commonly referred to in the securities industry as “know your client information” or “KYC Information”. That is why keeping your KYC Information up to date and accurate is very important. Without current and accurate KYC Information, we cannot give you suitable recommendations or reliable investment advice. We also undertake a suitability assessment in respect of any trading instructions you give to us to buy or sell an investment that we did not recommend to you. Our suitability assessment may be affected by the urgency of your trading instructions or our ability to (timely) access reliable information about your proposed investment. If we determine that your trading instructions are not suitable for you we will advise you against proceeding with the order and either execute the order with a formal notation of our cautionary advice (and, if necessary a request for you to update your account documentation) or refuse to execute your trading instructions.

It is very unusual that we refuse to execute our client’s trading instructions but we will exercise our contractual and regulatory prerogative to do so in the case of a wholly unsuitable trade.

The main factors that guide us in determining whether an investment is suitable for you are:

- **Your Financial Situation:** We learn about your fixed and financial assets, current and long term and your liabilities and the sources and amount of your income.
- **Your Investment Knowledge:** We assess the level of your investment knowledge.
- **Your Investment Objectives:** We learn about your financial goals to help us determine your need to keep your money safe, earn income or increase your capital through growth in the market value of your investments.
- **Your Time Horizon:** We learn about when you expect to need your financial assets (for example, to buy a house, pay for education or enter retirement) how important it is for you to have the ability to quickly and easily convert to cash all or a portion of your investments without experiencing a significant loss in their value.
- **Your Risk Tolerance:** We assess your ability to tolerate fluctuations in the value of your account and the

potential for the temporary and permanent loss of your principal.

- **Your Investment Portfolio Composition and Risk Level:** We assess how the purchase or sale of particular securities affects the holdings in your overall account(s) in terms of allocation of holdings between debt, equity and other investment classes, the risk of the assets held, and the overall diversification of your investments.

We use these six factors to establish your investment profile. Our understanding of your profile is critical because it will help us suggest the allocation of your financial assets.

Your profile will also enable us to determine (for each account you wish to open with us) whether you have a low, medium, medium to high, or high to very high tolerance for risk. We will then recommend an appropriate risk rated account that best corresponds with your risk profile and the type of investing you want to undertake (A = Income/Low Risk; B = Balance/Medium Risk; C = Growth/Medium to High Risk; D = Aggressive Growth/High to Very High Risk).

The risk associated with each account (A to D) is the overall investment risk of the account portfolio and not its specific holdings. We rate investments from low risk to very high risk. For example, a GIC is low risk whereas borrowing to invest in stock in a junior exploration company is very high risk. We consider all stocks to be at least a medium risk investment.

We will conduct a suitability determination when accepting each of your orders or series of orders; recommending a security or strategy to you; securities are deposited or transferred to your account(s); your investment advisor or portfolio manager changes; and we become aware that there has been a material change in your personal or financial circumstances or objectives. If during our suitability determination we identify any concerns, we will discuss them with you and, as required by our regulators or good business practice, document our discussions and specific cautionary advice.

Given the long-term nature of investing for most clients, we do not automatically review the suitability of the investments in your account(s) when there are market fluctuations, even large fluctuations. Your investment advisor is ready to discuss the effect of market fluctuations on your portfolio with you when you request. We encourage you to speak with your investment advisor, especially if you anticipate the need to convert your assets to cash in the near future or if there has been any other material change in your financial or personal information

which may affect your investment objectives or risk tolerance.

If you have a managed account, ongoing suitability is provided as part of the managed account services and in accordance with the six factors described above.

#### **4. The ways we will avoid, manage or disclose conflicts of interest which may arise as we serve your interests and those of others.**

In the course of our usual activities, we assume a responsibility to act fairly, honestly and in good faith with our clients. Given the nature of our business, conflicts of interests may arise between you and our firm, its employees or our other clients.

We have policies and procedures in place to address the handling of conflicts of interests. Under these policies and procedures we avoid material conflicts prohibited by law as well as conflicts that we cannot effectively control.

In all other situations when our interests may compete with yours, your interest is always given priority by our acting in one of two ways:

- We control or manage acceptable conflicts by taking such actions or instituting procedures that will adequately control or manage the conflict of interest.
- We disclose information about any remaining conflicts to you so that when you evaluate our recommendations and actions, you can assess independently if conflicts are significant for you.

A more detailed explanation of our Conflicts of Interest policy may be found in the **Client Agreement and Notices** section located in the Client Centre menu at [odlumbrown.com](http://odlumbrown.com).

#### **5. The reports we will provide to help you monitor your financial assets and their performance, as well as the fees and charges you pay us or to third parties through us.**

**Confirmation of transactions.** We will provide you with written confirmation of the details of every purchase and sale for your account(s) either electronically or by mail in the manner you elect when you open your account(s).

**Account statements.** For your account(s), a statement will be provided for each month there is any account activity and in any event, on a quarterly basis. Your account statement confirms all account activity, including purchases and sales of securities, contributions and withdrawals, dividends, interest earned and paid, transfers, and any other transactions that occurred in your account over the previous period. Account statements also list your current

holdings. The value of most securities you hold is calculated with reference to the closing price of the last day of the month in the reporting period of the statement. In the case of securities that have ceased trading, where the company is bankrupt, or in other circumstances where a reliable market value cannot be ascertained, no valuation is given.

**Fees and charges paid.** Commission for the purchase and sale of securities for your account are recorded on the trade confirmation transaction records that are issued for each purchase and sale. Securities not traded on a public marketplace, such as treasury bills, banker's acceptance and corporate bonds are purchased or sold for you net of any applicable commission or fee. For Alliance accounts and managed accounts, our fees are recorded on your monthly account statement in accordance with rates you established with your investment advisor or portfolio manager.

Annually, we will provide you with a report of the fees and compensation associated with your account(s).

Please speak to your investment advisor if you have any questions about the fees and charges you have paid.

If your transaction involves a mutual fund, you will incur management fees and expenses for the period of time the mutual fund is held for your account. You may also incur costs for purchase or sale of the mutual fund. These fees, expenses and costs will be explained to you by your investment advisor before accepting an order from you to purchase or sell a mutual fund for your account.

Prior to an initial mutual fund purchase in a non-managed account, regulators require the delivery of the Fund Facts document to you.

Transactions involving a security or the transfer of funds denominated in a currency other than the currency of the account will require a currency conversion. In such instance, we or our agent will act as principal in converting the currency as of the trade or process date. We and our agent may earn revenue based on the difference between the rate applied to the currency conversion and the rate at which the currency exposure is offset either internally or in the market.

If you purchase a security using margin or in the event you do not timely settle a trade for your account you will be charged interest until the trade is fully paid for. In such instance your account will be charged interest at rates established by us in accordance with industry standards.

All other administration and service charges are published in the Administration Fees and Service Charges schedule located in the **Client Agreement and Notices** section in the

Client Centre menu on the [odlumbrown.com](http://odlumbrown.com) home page.

**Performance benchmarks and how to use them.** Quarterly and annual performance summaries are available on request and are provided without charge. You may assess the performance of your investments by comparing them to an investment performance benchmark. Benchmarks show the performance over time of a select group of securities. There are many different benchmarks. When choosing a benchmark, pick one that reflects your investments. For example, the S&P/TSX Composite Index follows the share prices of large companies listed on the Toronto Stock Exchange. This index would be a good benchmark for assessing performance of a Canadian equity fund that invests in only large Canadian companies. It would be a poor benchmark if your investments are diversified in other products, sectors or geographic areas.

As of January 2017, regulators require us to provide you with performance reporting calculated on a Money-Weighted Rate of Return (MWRR) basis. You will receive an annual Performance Report which will include the annualized total percentage return for each of your accounts, calculated using the MWRR. This report will show your annualized returns since inception, and as applicable, the one, three, five, and 10 year annualized return(s) of your account(s).

Please speak to your investment advisor if you have questions about the performance of your portfolio or your annual Performance Report.

## 6. What you can do and other helpful information.

**Provide complete information.** We cannot emphasize enough how important it is for you to provide us with complete and accurate KYC Information.

**Keep us up to date.** Promptly inform us of any change to the information you have provided us that could reasonably result in a change to the types of investments appropriate for you. Such information includes a material change in your income, investment objectives, risk tolerance, time horizon or net worth.

**Remain informed.** Keep current of the sales literature and research material we provide or make available to you.

**Ask us questions.** Ask questions and request information from us to resolve any questions you have about your account(s), transactions or investments, or your relationship with us.

**Stay on top of your investments.** Timely review all account documentation and other information we provide you.

**If you have a complaint.** We are committed to providing you with the level of service our clients have come to

expect of us, including the prompt and fair resolution of any concern or complaint. If you are unable to satisfactorily resolve with your investment advisor any complaint or other concern you may have about the handling of your account, we would ask you to direct them to the **Branch Manager** of the branch where your investment advisor is located or to the attention of our **Vice President, Sales and Business Development**. We encourage you to take the additional time to put any complaint or other concern you have in writing as it is our experience that client complaints and concerns are typically resolved faster, if not more satisfactorily when they are written.

Our **Branch Manager** or **Vice President, Sales and Business Development**, will promptly undertake an initial review of your concern or complaint and will either attempt to deal with or resolve it directly with you or, refer it to our **Designated Complaints Officer** for investigation and resolution in accordance with our Resolving Clients Complaints policy located in the **Client Agreement and Notices** section in the Client Centre menu on the [odlumbrown.com](http://odlumbrown.com) home page.

## 7. A checklist of documents to be provided to you.

In connection with your new (updated) account(s) the following documents are available in the **Client Agreement and Notices** section in the Client Centre menu on the [odlumbrown.com](http://odlumbrown.com) home page<sup>2</sup>:

### For All Accounts

- ✓ Client Agreement
- ✓ Relationship Disclosure
- ✓ How we Manage Conflicts of Interest
- ✓ Opening Your Retail Account
- ✓ Ensuring Your Investments Are Right for You
- ✓ Privacy and the Protection of Personal Information
- ✓ Website Terms of Use
- ✓ Strip Bonds and Strip Bond Packages Information Statement
- ✓ A Guide to Your Statement of Account
- ✓ Agent for Service Information
- ✓ Administration Fees and Service Charges

### For Managed Accounts

- ✓ Managed Accounts — Allocation of Investment Opportunities

### For Option Accounts

- ✓ Risk Disclosure Statement (Exchange Contracts)

## Keeping You Informed (Regulatory Disclosure)

- ✓ Explanation to Clients - Client Response Form 54-101F1
- ✓ Explanation of the Limitation of Benefits Article and Treaty Statement
- ✓ Trading of Canadian Listed Securities - Best Execution Procedures
- ✓ Institutional Trade-Matching Statement
- ✓ How Safe Are Your Investments?
- ✓ About the Canadian Investor Protection Fund
- ✓ How IIROC Protects Investors

## Resolving Account Complaints

- ✓ Making a Complaint, A Guide For Investors
- ✓ How Can I Get My Money Back? A Guide For Investors
- ✓ Resolving Client Complaints or Other Concerns

We will provide you with a copy of your completed Client Account Application with our “Welcome Letter” that will be mailed to you after your Client Account Application has been formally approved and processed.<sup>3</sup> We will also provide a copy of your updated Client Account Application whenever there are material changes. Please carefully review the completed Client Account Application to ensure the accuracy of the KYC Information and that your account selection (A to D) accurately reflects your investment objectives and risk tolerance.

Thank you for choosing Odlum Brown Limited.

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<sup>1</sup> We will notify you of any update to this Relationship Disclosure and will post the updated Relationship Disclosure in the **Client Agreement and Notices** section located in the Client Centre menu on the [odlumbrown.com](http://odlumbrown.com) home page.

<sup>2</sup> Please do not hesitate to contact your investment advisor for a printed version of any of these documents.

<sup>3</sup> If you have opened a Tax Free Savings Account, Registered Education Savings Plan Account or Self-Directed Disability Savings Plan, copies of the application and Declaration of Trust will be included in the Welcome Letter.