



Relationship Disclosure

This Relationship Disclosure document contains information designed to help you better understand the nature of the account services provided to you by Harbourfront Wealth Management Inc.

The Services we Offer

You can have two different types of relationships with Harbourfront Wealth Management Inc., through Advisory or Managed Accounts.

Advisory:

We offer you our services through an advisory account. Your investment advisor will provide you with advice and make recommendations, but the ultimate decision and the responsibility for transactions made in your account rests with you. Our role in this type of account is limited to providing suitable advice and acting on your instructions. It is our responsibility to ensure that the recommendations we make are suitable based on the Know-Your-Client information we have gathered, and we are also obligated to inform you if investments you choose on your own are suitable.

Discretionary Managed Accounts:

Alternatively, we can offer you services through a discretionary managed account. Once your Investment Advisor has established your investor profile and objectives, he or she will work with you to establish the most appropriate managed account to suit your needs. After that, the day-to-day management of your investments will be conducted by your Investment Advisor or by an external portfolio manager. This is a discretionary relationship as investment decisions in the account will be made on your behalf, with your best interest in mind, and you will not be asked to validate and approve each transaction before it is made. You will of course be kept fully informed of transactions made in your managed account on a regular basis.

The Types of Accounts we Offer

You may open one or more of the following account types with us:

- Cash Account
- Margin Account
- Registered Disability Savings Plan Account
- Registered Education Savings Plan Account
- Registered Retirement Savings Plan Account
- Registered Retirement Income Fund Account
- Locked In Retirement Accounts
- Tax Free Savings Account

The accounts may be denominated in Canadian or US Currency, and, except for cash accounts, may also be approved to trade options.

The Products we Offer

As a full service brokerage firm, we offer a wide range of investment products and vehicles including:

- Securities – Common stock, preferred shares, trust units, ETF's
- Bonds and Treasury Bills
- New Issues and Private Placements
- Mutual Funds – Open and Closed
- GICs
- High Interest Savings Accounts

How we Determine what Investments are Suitable for You

Prior to providing any investment advice to you, we must first determine that our recommendation will be suitable for you. We can only determine this by referring to the information you have provided us when you completed or last updated your account information, which is compiled by us in accordance with the "Know your Client (or KYC) Rule". It is very important to keep your KYC information up to date and accurate. Without current and accurate KYC Information, we cannot ensure that we give you suitable recommendations and reliable investment advice.

Your KYC information will include your age, marital status, dependents, occupation, income, net worth and financial situation. It will also include an assessment of your risk tolerance, investment objectives, time horizon and investment knowledge and experience. We use all of these factors to establish your investment profile. Our understanding of the profile is critical to help us suggest the allocation of your financial assets.

After opening your account with us, you will be provided with access to a copy of the Client Account Application Form which contains the information about you that we have compiled. It is important that you review this information and contact your Investment Advisor if any of the information is inaccurate or incomplete.

Your Investment Advisor will contact you from time to time to see if there are any changes in your personal information, financial situation or investment objectives which may warrant a change in the types of investments or relative weighting of the holdings in your account.

Suitability and Advisory Accounts:

We carry out a suitability determination when accepting your orders, when recommending a security or strategy to you, when securities are deposited or transferred to your account, and when your investment advisor or portfolio manager changes. Accordingly, it is important that you understand that you have a duty to inform your Investment Advisor right away if there are any changes to your circumstances or objectives that may affect the accuracy of the KYC information that we have on file.

Due to the long term nature of investments held in advisory accounts for most of our clients, we do not automatically review the suitability of the investments held in your account when there are significant market fluctuations, or when other circumstances occur that are not noted above. Your investment advisor is available to review and discuss the effect of market fluctuations on your portfolio at your request.

Suitability and Managed Accounts:

Ongoing suitability verification is part of the managed account services provided to you, in that each prospective transaction is analyzed prior to execution to ensure it is appropriate given your investment objectives and prevailing market conditions. For further information in this regard, please refer to the specific managed account documentation provided to you on opening of your managed account with Harbourfront.

How we Report your Transactions and Investment Holdings to You

If you have chosen electronic delivery, your transaction confirmations, account statements, and tax documents will be posted to our secure web site which you can access at your convenience. To register for online access, please visit <https://harbourfrontwealth.com> and click "CLIENT LOGIN" and follow the set-up instructions. You will receive an email notification when a new document is available.

Confirmations:

A written confirmation of every transaction will be sent to you the day after it occurs in your account, either in paper form by mail or electronically.

We request that you review all confirmations and notify us of any inaccuracies or omissions with 10 days of the date you receive them. If you do not contact us within that period, we will consider the confirmation to be accurate and that you have authorized and accepted the transaction made in your account.

Account Statements:

For any month that there is trading activity in your account, and at every calendar quarter end, you will receive a month end account statement. Your account statement will show all account activity including purchases and sales, contributions and withdrawals, dividends, interest earned and paid, transfers and any other transactions occurring in that month. The statements will also list your current holdings and the value of your portfolio as of the close of the last business day of the month reported. Please be aware that where no reliable market value can be determined, such as in the case of a security that has ceased trading, no value will be given.

Please ensure that you review all statements carefully and inform us of any inaccuracies or omissions within 30 days of the day you receive it. If you do not contact us within that period, we will consider the confirmation to be accurate and that you have authorized and accepted the transactions listed in your account.

Account Performance Reporting:

We are required by regulation to provide you with an annual performance report which will include the annualized total percentage return of each of your accounts calculated on a Money-Weighted Rate of Return (MWRR) basis. The report will show your annualized returns since January 1, 2016 and, as applicable over time, the one, three, five and ten year annualized return(s) of your account(s).

Under certain circumstances, other periodic performance summaries will be made available on request and provided without additional charge. Please contact your investment advisor to review the reporting options available to you.

Fee Options

Our clients can choose between two different pricing options for their advisory accounts. Like most financial institutions we offer both commission and fee based accounts.

Commission Based Accounts:

In a *commission based account* you will be charged a commission for each transaction made for your account at the time of the transaction. This covers Harbourfront's cost of the transaction, as well as both investment advisory services and wealth management services.

For equity transactions (common and preferred shares, ETF's and other listed securities) the commission charge will be added to the purchase price of the security on a purchase or deducted from the proceeds of a disposition. These amounts will be clearly identified on the transaction confirmation that you will receive.

For fixed income product investments (other than preferred shares), the commission may be charged in the form of a *spread*. A spread is a charge built into a fixed income investment which reflects the difference between the cost of the product to us and the price at which it is offered to you. All financial institutions charge spreads on fixed income products, which covers the cost of the transaction and the risk of holding fixed income products for distribution.

Should you choose to hold mutual funds within your accounts you may pay management fees and/or transaction fees, depending on the fund. All mutual funds charge management fees which are deducted from the funds' assets and used to pay the fund company's expenses and profit margin. These are charged as a percentage of the fund asset value and are disclosed in the fund prospectus and annual information form or offering memorandum. Some funds distribute a portion of that fee to the distributor (in this case Harbourfront and its Investment Advisors) in the form of a trailer fee.

Mutual fund companies may offer investors multiple fee options for funds purchased including front load, low load, deferred sales charges or fee class funds (for fee based accounts). Front load commissions are calculated as a percentage of the purchase and deducted from the amount invested. Funds purchased using the low load or deferred sales charge option will only charge a fee if the investment is redeemed during a certain period of time. Any applicable charge declines over time, so the longer the investment is held, the less the charge on redemption. Generally low load funds will only collect a fee if the fund is redeemed within the first two to three years while deferred sales charge funds will only collect a fee if the fund is redeemed within six or seven years. F Class funds do not have any type of loads or commissions nor do they pay a trailer fee to its distributors. Rather the fee is collected through a fee based account.

Fee Based Accounts:

In a *fee based account* you will be charged an annual fee based on a percentage of the value of the account. This covers the cost of investment advisory services and wealth management services. The fees, which are calculated on the Billable Assets in your account, vary based on the size of your portfolio account(s) and are established at the time you open your account. Billable Assets generally include cash and equivalents, bonds, debentures, preferred shares, fee-class mutual funds, exchange traded funds (ETFs), common shares, trust units and derivative products. Fee based account fees are billed and shown on your account statements on a monthly or quarterly basis. In the event you close an account type in the fee based program or terminate your fee based account within the first year of establishment, account closing and/or early termination fees may apply in accordance with the Fee Based Account Client Agreement.

The commission and fee based account rates are established in accordance with our firm policy and industry standards and regulation. Your investment advisor will review the operation of each of these types of accounts and fees with you to determine what best suits your investment objectives.

Managed Accounts:

In a *managed account*, the day to day activity of monitoring your portfolio and making investment transaction decisions is done by your Investment Advisor or by a Portfolio Manager. The fees that are applicable to this type of account are detailed in the managed account agreement you sign when you open the account. You should discuss the available managed account offerings with your investment advisor in order to make the choice most appropriate for your needs.

Other Fees and Charges

Currency Conversion:

If you conduct a trade involving a security denominated in a currency other than the currency of your account, a conversion of currency may be required. In such instances we will act as principal in converting the currency, and we may earn revenue in addition to the applicable commission on the trade, based on the difference between the bid and ask rates for the currency and the rates established in the market.

Interest:

In the event that you engage in a trade using margin, or do not settle a trade in a timely manner, you will be charged interest until the trade is fully paid for. Your account will be charged interest at rates established by us in accordance with industry standards.

Administrative Fees:

All other fees for our services are detailed in the Administration Fee Schedule which is distributed to you when you open an account with us. A current copy is also located on our website at www.harbourfrontwealth.com.

Pre-trade Disclosure of Fees and Charges:

Charges specific to transactions in any non-managed accounts held by you will be disclosed to you before we conduct the transaction. This disclosure will be either written or verbal and will either establish a practice for all transaction charges or will be with regard to each individual transaction.

Notice of Price Changes:

We will provide you with 60 days written notice of any changes in fee charges or new fees, excluding interest charged on client accounts and commissions on trades executed. Interest will be shown on your client account statements, and any commissions charged will be detailed on your trade confirmation.

Investment Performance Benchmarks

Comparing your portfolio's performance to that of an appropriate benchmark is a useful exercise for monitoring purposes. Benchmark comparisons can help you determine if your investment approach is delivering the desired results, or whether changes might be called for. Investment benchmarks are also helpful for developing realistic expectations about returns your portfolio can generate over the long term.

Investment benchmarks usually provide a broad measure of the return generated by specific asset classes over a given period. They are often referred to as reference indices since the most common form of investment benchmark is an index - such as a stock or bond index. A benchmark must replicate the security or portfolio you are monitoring as closely as possible for the comparison to be meaningful. Examples of benchmarks would include the S&P/TSX for Canadian stocks, the OEX Universe for Canadian bonds and the S&P 500 for U.S. stocks. For a portfolio composed of securities from several different asset classes, the appropriate benchmark would be a blend of indices weighted according to the portfolio's asset mix.

For more information about comparing your portfolio's return to a benchmark, please don't hesitate to contact your Investment Advisor.

Conflicts of Interest

In the course of our normal business activities we have the responsibility to deal fairly, honestly and in good faith with our clients, and to act in their interests. Many financial services companies act as a financial intermediary where they may at times act for both the buyer and the seller of a security. We recognize that there is the potential for conflicts of interest to arise between the interest of the clients, its advisors and the firm.

Accordingly, we have implemented policies and procedures designed to manage those potential conflicts, using three basic mechanisms to do so; depending on the circumstances we will either control the conflict, disclose the potential conflict to you in order for you to factor it into your decision making or, when there is serious potential impact to the firm or its clients, avoid it, usually by forgoing the business opportunity giving rise to the potential conflict.

Disclosure Statement – Conflicts of interest:

Under certain circumstances we may deal with or for you in securities transactions where the issuer of the securities or the other party to the transaction is a firm or party having an ownership or business relationship with us.

Since these transactions may create a conflict between our interests and yours, we are informing you of the relevant relationships and connections relating to the transactions. Any future unresolved material conflict of interest situations will be disclosed to you as they arise.

Important Concepts:

A person or company is a “related issuer” if the person or company is an influential security holder of us, if we are an influential security holder of the person or company or each of us and the person or company is a related issuer of the same third person or company.

A “connected issuer” is a party that is distributing securities and has a relationship with us that may lead a reasonable prospective purchaser of the securities to question if we and the issuer are independent of each other with respect to the distribution of such securities.

Disclosure:

Harbourfront Wealth Management Inc. (“Harbourfront”) has relationships with related and /or connected issuers which are disclosed in our Statement of Policies Regarding Related and Connected Issuers. This policy can be viewed here ([link](#)) on our website or can be obtained from your investment advisor on request.

Affiliated Entities and Shared Premises

Harbourfront and related companies, Harbourfront Estate Planning Services Inc., Willoughby Asset Management Inc. and Harbourfront Wealth America Inc. operate out of the same office premises in certain locations. Harbourfront is the entity that is registered and licensed as an Investment Dealer; all of your securities transactions and holdings will be reflected in accounts through Harbourfront. Harbourfront Estate Planning Services Inc. is licensed and registered to provide insurance products, including life, disability and critical illness. Willoughby Asset Management Inc. is licensed and registered to provide Investment Fund Management Services. Harbourfront Wealth America Inc. is registered with the SEC as a Registered Investment Advisor.

The above registered and affiliated entities carry out their activities independent of each other, however from time to time there may be certain cooperative business arrangements between the entities, such as referral arrangements relating to the introduction of clients, distribution of products, advisory relationships or administrative support. In addition to applicable regulatory and contractual provisions respecting any business relationships that may exist between the entities, the directors, officers and employees of each of the registrants are subject to Guidelines or Codes of Conduct governing their actions.

Relationship with your Advisor

Your Advisor may be an employee or agent of Harbourfront. If your investment advisor is an agent of Harbourfront, Harbourfront is irrevocably liable to you for any acts and omissions of your investment advisor with regard to Harbourfront business as if the investment advisor were an employee of Harbourfront. By continuing to deal with our firm, you accept our offer of indemnity.

Communicating With Us and Voicing Your Concerns

We encourage you to contact us and want to ensure that you feel comfortable doing so. It is essential that you keep us current on accurate KYC information, and feel free to ask us questions and obtain information relating to your account, transactions, investments and your relationship with us.

Should you have a less than satisfactory experience, or a complaint, please let us know. You must submit your complaint in writing to the Designated Complaints Officer at Suite 1800 – 1055 W. Georgia St, P.O. Box 11109 Royal Centre, Vancouver, B.C. V6E 3P3, and we will respond to you within five business days. The full procedure for registering a complaint with us is described in the Complaint Handling Procedures document under the policies link on our website at www.Harbourfrontwealth.com. In addition, you will find information as to how to make a complaint in the copy of the IROC approved complaint handling process brochure which is provided to you on opening of an account with us.

Your Success is Our Success

Our objective is to provide our clients with innovative, comprehensive wealth management services and advice on the highest level. We thank you for choosing Harbourfront to provide you with those services and look forward to a long relationship with you as your trusted source of advice relating to your financial investments.