

CANDOR Financial Group Inc. Client Dealer Disclosure
1494 Islington Avenue, Toronto, Ontario M9A 3L5 Telephone (416) 233-4108 Fax: (416) 233-0856

CLIENT RELATIONSHIP DISCLOSURE

Candor Financial Group Inc. (CFG) is committed to making sure clients have a full understanding of their obligations as well as the obligations of the dealership and their mutual agent with respect to service levels and cost.

Nature of Advisory Relationship

Ultimately, the client is responsible for making investment decisions, but you may rely on the advice given by the agent. The agent is responsible for the advice and making sure it is suitable based on the client's investment needs and objectives.

Nature of Products and Services Offered and Services Offered

CFG is an independent mutual fund dealer. Through your agent, we offer a wide variety of mutual funds products and may also offer some CDIC insured products through Canadian Banks such as GIC's. We do not have any proprietary (in house) or insurance products. No services are offered through CFG, but your agent may independently offer services such as financial planning, income tax and accounting. Any services or products other than mutual funds are not the business or responsibility of CFG.

Suitability of Orders

Based on your signed account application (KYC), we will review all investment orders for suitability based on your investment objectives, risk tolerance and other personal information and circumstances. This may include a review of assets transferred into CFG and when your KYC or agent changes. Any trades that raise questions based on our suitability review will be returned to your agent for follow up with you.

Procedures Regarding Handling of Cash and Cheques

All cheques must be made payable to the Mutual Fund company or your Intermediary Self Directed Plan (MRS Trust or B2B Trust). WE DO NOT ACCEPT CASH OR CHEQUES PAYABLE TO CFG OR YOUR AGENT.

Content and Frequency of Reporting

We will send you quarterly reports of all your accounts held at CFG as required under MFDA rules. These will be sent by electronic notification or by mail if we have not received your permission for electronic reporting. You will also have daily 24 hour access to our secure web site reporting through Funddealernet. Your agent will provide you with a secure link and password.

Compensation – How we get paid.

CFG may be paid a commission on your purchase of a mutual fund in addition to an ongoing commission (service or trailer fee) as long as you hold the investments. See our Dealer Compensation Disclosure for more details.

RISK TOLERANCE AND INVESTMENT OBJECTIVES

This section documents your willingness and ability to assume risk and should reflect the relative type of investments you wish to hold in the account. The value of the investments we recommend should not significantly exceed the thresholds described below.

LOW

Low risk investments demonstrate a low volatility and are for investors who are willing to accept lower returns for greater safety of capital and may include such investments as Canadian Government Savings Bonds, GIC's and Money Market mutual funds.

LOW TO MODERATE

Low to moderate risk investments demonstrate a low to medium volatility and are for investors but a higher volatility than those described above and may include bond or balanced funds.

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MODERATE

Moderate risk investments demonstrate a medium volatility and are for investors that are looking for moderate growth over a longer period of time and may include Canadian or Global Dividend, Equity or Balanced Funds

MODERATE TO HIGH

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

HIGH

High risk investments demonstrate a high volatility and are for investors who are growth oriented and are willing to accept significant short term fluctuations in portfolio value in exchange for potentially higher returns over a longer period of time and may include labour sponsored venture capital funds, or funds that invest in specific market sectors, geographic areas or funds that engage in speculative trading strategies including hedge funds that invest in derivatives, short sell or use leverage.

INVESTMENT OBJECTIVES

INCOME

Your objective is to generate income from your investments and you are less concerned with capital appreciation. Investments that will satisfy this objective may include fixed income investments such as bond or money market funds.

BALANCED

Your objective is a combination of income and growth. An account with a balanced objective should typically include at least 40% in fixed income and no more than 60% in equity mutual funds.

GROWTH

Your objective is capital appreciation and current income from investments is not required. This may lead you hold a relatively high proportion of funds that invest in equities and you may also have a higher risk tolerance and long term investment horizon.

SPECULATIVE

Your objective is maximizing growth over a long term and you understand there will be large fluctuations in fund values.

RISK OF BORROWING TO INVEST

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

Is it Right for You?

- ❖ Borrowing money to invest is risky. You should only consider borrowing to invest if:
 - You are comfortable with taking risk.
 - You are comfortable taking on debt to buy investments that may go up or down in value.
 - You are investing for the long-term
 - You have a stable income.

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

You Can End Up Losing Money

- If the investments go down in value and you have borrowed money, your losses would be larger than had you invested using your own money.

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

Tax Considerations

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

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

CLIENT COMPLAINT INFORMATION FORM

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. MFDA 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 your mutual fund dealer. 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. The firm will investigate any complaint that you initiate and respond back to you with the results of their investigation within the time period expected of a Member acting diligently in the circumstances, in most cases within three months of receipt of the complaint. It is helpful if your complaint is in writing.
- Contact the Mutual Fund Dealers Association of Canada ("MFDA"), which is the self regulatory organization in Canada to which your mutual fund dealer belongs. The MFDA investigates complaints about mutual fund dealers and their representatives, and takes enforcement action where appropriate. You may make a complaint to the MFDA at any time, whether or not you have complained to your mutual fund dealer.
- The MFDA can be contacted:
 - By completing the on-line complaint form at www.mfda.ca
 - By telephone in Toronto at (416) 361-6332, or toll free at 1-888-466-6332
 - By e-mail at complaints@mfda.ca
 - In writing by mail to 121 King Street West, Suite 1000, Toronto, ON M5H 3T9 or by fax at (416) 361-9073

COMPENSATION

The MFDA does not order compensation or restitution to clients of Members. The MFDA exists to regulate the operations, standards of practice and business conduct of its Members and their representatives with a mandate to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry.

If you are seeking compensation, you may consider the following:

- Ombudsman for Banking Services and Investments ("OBSI"): After the dealer's Compliance Department has responded to your complaint, you may contact OBSI. You may also contact OBSI if the dealer's Compliance Department has not responded within 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 your firm 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. OBSI can be contacted:
 - By telephone in Toronto at (416) 287-2877, or toll free at 1-888-451-4519
 - By e-mail at ombudsman@obsi.ca
- Legal Assistance: You may consider retaining a lawyer to assist with the complaint. You should be aware that there are legal time limits for taking civil action. A lawyer can advise you of your options and recourses. Once the applicable limitation period expires, you may lose rights 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 New Brunswick: www.nbsc-cvmnb.ca Saskatchewan: www.sfsc.gov.sk.ca

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- Quebec: The Autorite des marches financiers ("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 a financial services compensation fund. For more information, please visit www.lautorite.qc.ca.

COMPLAINT HANDLING PROCEDURES

At Candor Financial Group Inc we are committed to providing exceptional level of client services and products. We have procedures in place to handle any written or verbal complaints received from clients in a fair and prompt manner. This is a summary of those procedures, which we provide to new clients, clients who have filed a complaint and that we also make available on our website at www.candorgroup.com

How to File a Complaint with Candor Financial Group Inc.

Clients wishing to complain to Candor Financial Group Inc. may make their complaint to our head office by contacting the Chief Compliance Officer, Michael G. Yuill or Ultimate Designated Officer, Glen Yuill all complaints are forwarded to qualified compliance or supervisory personnel to be handled. We encourage clients to make their complaint in writing or by email where possible. Where clients have difficulty putting their complaint in writing, they should advise us so that we can provide assistance. For confidentiality reasons, we will only deal with the client or another individual who has the client's express written authorization to deal with us.

Complaint Handling Procedures

We will acknowledge receipt of complaints promptly, generally within five days. We review all complaints fairly, taking into account all relevant documents and statements obtained from the client, our records, our Chief Compliance Officer, other staff members and any other relevant source. Once our review is complete we provide clients with our response, which will be in writing if the complaint was made in writing. Our response may be an offer to resolve your complaint, a denial of the complaint with reasons or another appropriate response. Where the complaint relates to certain serious allegations, our initial acknowledgement will include copies of this summary and the CCIF. Our response will summarize your complaint, our findings and will contain a reminder about your options with the Ombudsman for Banking Services and Investments.

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

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

Settlements

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

Contacting Candor Financial Group Inc.

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

DUAL OCCUPATION DISCLOSURE

Candor Financial Group Inc. is an independent Mutual Fund Dealer authorized to solicit and place orders for securities of mutual funds sponsored by many different financial organizations. Agents of Candor Financial Group Inc. are restricted solely to providing mutual funds and other financial products to their clients as licensed by the Ontario Securities Commission.

Activities including but not limited to insurance, insurance planning, financial planning, tax planning, estate planning and tax preparation services may be undertaken by agents of Candor Financial Group Inc., but are neither the business or the responsibility of Candor Financial Group Inc.

OUR PRIVACY POLICY AND COMMITMENT TO PROTECTING YOUR PRIVACY

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Candor Financial Group Inc. values your business and we thank you for your confidence in choosing our firm as your source of advice and products. As our client, you trust us with your personal information. We respect that trust and want you to be aware of our commitment to protect the information you share in the course of doing business with us.

Your Rights as They Pertain to Your Personal Information

- You have the right to know why an organization collects, uses or discloses your personal information
- You have the right to expect an organization to handle your information reasonably and not to use it for any other purpose other than to which you consented.
- You have the right to know who an organization is responsible for protecting your information
- You have the right to expect an organization to protect your information from unauthorized disclosure
- You have the right to inspect the information an organization holds about you and make sure it is accurate, complete and current
- You have the right to expect an organization to destroy your information when requested or when no longer required for the intended purpose
- You have the right to confidentially complain to an organization about how it handles your information and to Privacy Commissioner of Canada if need be.

How we Collect, Use and Disclose Your Information

When you do business with us, you share personal information so that we may provide you with products and services that best meet your needs. We assume your consent for our firm to use this information in an appropriate manner. We may use and disclose this information in order to:

- Communicate with you in a timely manner
- Assess your application for investment, Insurance and other services available to you by our firm
- Evaluate claims and underwriting risks when required
- Detect and prevent fraud
- Analyze business results
- Act as required or authorized by law
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What WE Will NOT Do With Your Information

We will not sell client information to anyone. Nor do we share client information with organizations outside of our relationship with you that use it to contact you about their own products or services.

We Strive to Protect Your Personal Information

All employees, associated advisors and suppliers who are granted access to client records understand the need to keep this information protected and confidential. They know they are to use the information only for the purposes intended. This expectation is clearly communicated. We've also established physical and system safeguards, along with proper processes, to protect client information from unauthorized access for use.

Your Privacy Choices

You may withdraw your consent at any time (subject to legal or contractual obligations and on providing us reasonable notice) by contacting our Privacy Officer. Please be aware that withdrawing your consent may prevent us from providing you with requested products or services and may have serious consequences.

ELECTRONIC TRANSMISSION OF PRIVATE INFORMATION

Candor Financial Group Inc. will not send private client information via email or facsimile or other "electronic means" without client consent. Clients will be deemed to have consented to the use of electronic means to send to clients, or others specified by clients, information that contains private information by electronic means if a request is made for the information via electronic means. If a client specifically states that he/she does not want to have private information returned via electronic means, the client's wishes will be honored, and alternative methods will be used, such as Canada Post or courier.

DEALER COMPENSATION DISCLOSURE

Candor Financial Group Inc. is an independent dealer authorized to solicit and place purchase orders for securities of mutual funds and other financial products sponsored by many different financial organizations. In performing our services on your behalf, we may be eligible to receive compensation from one or more sources, as described below. Your agent can give you a complete explanation of the compensation he or she will receive if you buy securities of a mutual fund or other financial products. In recommending a mutual fund or other financial products purchase to you, it is our responsibility to ensure that the one selected is suitable for your specific investment objectives, your financial position and the level of risk, you are willing to assume, regardless of the nature of source of compensation we will receive from the purchase transaction.

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A summary of fund expenses, investor expenses and all dealer compensation offered is required to be set out on the inside front cover of each fund prospectus, with such items more fully explained in the text of the prospectus. We recommend that you read the prospectus carefully before investing and retain it for future reference, together with all other information pertaining to your investment provided by our company or by the fund. Similar disclosures are set out in offering memorandums for other financial products.

The following information summarizes the various categories of dealer compensation available to distributors of mutual fund securities and other financial products:

FRONT-LOAD FUNDS - Funds which are sold on a sales charge basis (“front-end funds”) require the deduction of a sales commission from the amount of your purchase order. The net amount of your investment is then invested in securities of the fund at net asset value.

DEFERRED-LOAD FUNDS - Funds which are sold on a deferred sales charge (“deferred-load funds”) require no deduction from the amount of your purchase order at the time of purchase, but your investment may be subject to a redemption charge if the securities which you purchased are redeemed within a specified time after purchase. Under the deferred charge method of purchase, the distributing dealer receives a sales commission at the time of purchase arranged by the sponsor.

SERVICE FEES (Trailer Commissions) - Service fees (also known as “trailer commissions”) are generally paid by fund. Service fees encourage dealers to provide on-going services to their clients after the date of purchase, for which no sales commission would otherwise be received. Some fund sponsors do not pay service fee to dealers.

OTHER SALES INCENTIVES - Many fund sponsors also provide additional sales incentive compensation to dealers to promote distribution of their sponsored funds. Common sales incentives include: marketing support programs providing for reimbursement of advertising or promotional expenses incurred in the solicitation of fund sales; bonus commission payments; sales conferences and education seminar programs held at locations in Canada or the United States; and merchandise prize and gift programs. In some cases, eligibility to receive sales incentive compensation is based upon fund sales during specified selling periods. Where compensation arrangements are based upon total sales of clients’ holdings, they may provide an incentive to sell one family of mutual funds rather than a variety of funds, or one specific fund rather than another. If you have any questions concerning this disclosure statement, please speak with your agent.