

## CLIENT RELATIONSHIP DISCLOSURE

DEALER/REP CODE: \_\_\_\_\_

CLIENT ID: \_\_\_\_\_

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 agent with respect to service levels and cost. This disclosure provides you with information to assist you with understanding your relationship with Candor. The disclosure will describe, amongst other things, the products and services offered, your role as it relates to acknowledgement and requirements, and compensation information. Where there is a significant change to information in this disclosure that may have an effect on the nature of your relationship with Candor or your agent, Candor will take reasonable steps to notify you of the change in a timely manner. It is important that you, the client, provide a full and accurate description of your financial situation, investment objectives and risk tolerance to your agent in order for him/her to best assist you with your investment goals and determine what products are suitable to help you achieve those goals. You should carefully review all account documentation, sales literature, fees and other documents provided by your agent.

### **Nature of Advisory Relationship**

When you open an account, you are establishing an Advisory relationship with Candor Financial Group Inc. which means that you are ultimately responsible for making investment decisions, but you may rely on the advice given by your agent. The agent is responsible for providing the client advice based on the investment objectives, risk tolerance and other personal circumstances that are communicated to the advisor. Candor agents are responsible for ensuring that investment recommendations are suitable for you. Candor agents have an obligation to deal with you in an ethical and professional manner. This includes, amongst other things, keeping your personal information confidential, having written procedures in place to ensure that you will receive a proper level of service and ensuring employee and Candor agents adhere to applicable regulatory and compliance rules. You should review all transaction confirmations and account statements carefully and immediately report errors, omissions, questions or concerns to your Candor agent. Candor agents are not allowed to borrow money from or lend money to clients under any circumstance.

### **Nature of Products and Services Offered**

CFG is an independent mutual fund dealer and a member of the Mutual Fund Dealer Association of Canada "MFDA", a self regulatory organization that regulates mutual fund dealers. Under the Provincial securities legislation and 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 Guaranteed Investment Certificates "GIC's" which is an investment product that offers a fixed rate of interest for a specific term. Both principal and interest payments are guaranteed. A mutual fund is an investment product that provides a convenient way for persons to invest their money. The mutual fund uses this money to buy different types of investments on behalf of all of the investors. 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.

CFG does not have any proprietary (in house) 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.

## **Procedures Regarding Handling of Cash and Cheques**

All cheques must be made payable to the Mutual Fund company or your Intermediary Self Directed Plan (B2B). WE DO NOT ACCEPT CASH OR CHEQUES PAYABLE TO CFG OR YOUR AGENT. Please contact our Compliance team at [compliance@candorgroup.com](mailto:compliance@candorgroup.com) or by phone if you are asked to make a cheque payable to your agent.

## **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.

## **Content and Frequency of Reporting**

We will send you quarterly "Official Account Statements" of all your accounts held at CFG as required under MFDA rules. In an effort to enhance reporting and transparency on your investments, calculations such as Rate of Return (ROR), opening balances, all transactions, closing balances, and compensation paid can all be found on your statements. 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 [candorgroup.com](http://candorgroup.com). Your agent will provide you with a secure link and password.

## **Suitability of Orders**

Based on your signed account application and the information provided by you to your agent in your account application or the "Know Your Client" (KYC) update form, your agent will review all investment orders for suitability based on your stated investment objectives, risk tolerance and other personal information and circumstances and provide recommendations to help you achieve your financial goals. This may include a review of assets transferred into CFG and/or 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. CFG has the discretion to reject any transaction requested by the client in their account(s) for eligibility, regulatory and/or legal reasons.

Securities legislation and MFDA rules require that each recommendation your agent makes must be suitable for you in relation to your investment objective, risk tolerance and other personal circumstances, often referred to as

"KYC information". Factors taken into consideration when assessing the suitability of a recommendation to purchase, sell, exchange any product or service, includes:

- Personal circumstances such as: age, marital status, employment and dependent information;
- Time horizon, which is the length of time that you expect, or are willing to hold, the majority of investments in your plan;
- Financial information, which includes your annual income and net worth.
- Investment knowledge, which reflects your understanding of investing, investment products and their associated risks. Investment knowledge is usually ranked as either limited, fair, good or sophisticated;
- Investment objectives, which are your desired results from investing and should relate to the type of investments that will be purchased; and
- Risk tolerance, which is the degree of risk you are willing to assume and can tolerate, taking into consideration financial ability, time horizon, cash requirement and emotional response.

## **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, as well as clients who have filed a complaint. This information is also available on our website at [www.candorgroup.com](http://www.candorgroup.com).

### **How to File a Complaint with Candor Financial Group Inc.**

MFDA 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. CFG will investigate any complaint that you initiate and respond back to you with the results of their investigation. Clients wishing to submit a complaint to CFG may submit their complaint to our head office by contacting the Compliance Department via email at [compliance@candorgroup.com](mailto:compliance@candorgroup.com), or by mail, fax or phone. All complaints are forwarded to qualified compliance or supervisory personnel to be handled. We request clients to make their complaints in writing or by email where possible. In instances 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.

We will acknowledge receipt of complaints promptly, generally within five business days. In the acknowledgement letter, you will be provided with the name and contact information of the person who will be responsible for handling the complaint as well as a copy of the MFDA Client Complaint Information Form. 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 investigation is completed, a written summary of the investigation will be prepared and forwarded to the client within 90 calendar days. If additional time is required for our investigation, the client will be notified in writing with an explanation as well as our best estimate of the final completion date. Our response may be an offer to resolve your complaint, a denial of the complaint with reasons or other appropriate explanations. Our Summary will summarize your complaint, our findings and will contain a reminder about your options with the Ombudsman for Banking Services and Investments (OBSI).

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. Should we offer you a financial settlement to resolve your complaint, we may ask you to sign a release and waiver for legal reasons. 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 Compliance at [compliance@candorgroup.com](mailto:compliance@candorgroup.com). Any dissatisfaction with the outcome of the investigation will be acknowledged and further communicated with the client to the extent necessary to implement a resolution or to address any new issues or information provided.

You also have the right to 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](http://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](mailto: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
- 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.

Please note that you have 180 Calendar days to bring your complaint to OBSI after receiving the dealer's response should you not be satisfied with the resolution.

### **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 include but not limited to Financial Planning, Tax Planning, Estate Planning, Succession Planning, Tax preparation and Consulting, and Insurance Planning may be undertaken by agents of Candor Financial Group Inc., but are neither the business nor the responsibility of Candor Financial Group Inc.

*Your agent may have other gainful occupation or "outside business activity" if that occupation is permitted and approved by*

*Candor Financial Group Inc. You should be aware that your agent may provide other products or services that are outside of his or her securities related business activities that are not part of Candor's business activities. Candor assumes no responsibility or liability in connection with any other gainful occupations or outside business activities engaged in by your agent. You will be asked to sign a Dual Occupancy Acknowledgement with your agent if they engage in outside business activities.*

### **Our Privacy Policy**

Candor Financial Group Inc. values you as a client and your business and we thank you for your confidence in choosing our firm as your source of advice and products. We are committed to protecting the privacy, confidentiality, accuracy, and security of your personal information that we collect, use, retain and disclose in the course of providing you with superior products and services. 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. Knowing you helps us to understand your wealth management needs, communicate effectively, and provide you with suitable services and products.

**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

***What We Will NOT Do With Your Information***

We will not sell client information to anyone, nor will 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 have 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 head office. 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 in order to receive information via email or facsimile. 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.

### **Risk Disclosure**

You understand that fax and email are not secure means of communication and that Candor does not use encryption or digital signatures for incoming or outgoing email. If you do not revoke your consent you assume full responsibility for the risks of doing so which includes but are not limited to:

- Someone other than the intended recipient could receive, intercept, read, retransmit or alter your messages;
- Messages could be lost, delivered late, or not received;
- Someone could send unauthorized messages under your name or your identity;
- Computer viruses could be spread by e-mail causing damage to computers, software or data. Candor therefore recommends that all clients use up-to-date virus-checking software.

Please note that your Candor Agent will never ask you to email transfer money as a form of settlement.

### **Dealer Compensation Disclosure**

Candor Financial Group Inc. is an independent dealer authorized to solicit and place 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 will 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.

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”) may require the deduction of a sales commission from the amount of your purchase order. This amount is agreed upon with you agent and may range from 0% - 5% of the total purchase. 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 the 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.

### ***Fee Based Account***

In a Fee Based account you pay a fee based on a percentage of the value of the money you have invested in the account. If you are in a Fee Based account, your dealer will not receive a trailer commission and you will not be charged any sales commissions. Since no trailer fee is paid by the fund, the MER of funds held in a fee based account should be lower than the same mutual fund held in a non-fee based account.

### ***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 provided for reimbursement of advertising or promotional expenses incurred in the solicitation of fund sales; sales conferences and education seminar programs held at locations in Canada or the United States; and merchandise prize and gift programs. If you have any questions concerning this disclosure statement, please speak with your agent.

You are encouraged to speak with your agent about how you are charged fees and which fee option is best for you given the value of your account and the services you receive.

**I HEREBY ACKNOWLEDGE THAT CANDOR FINANCIAL GROUP INC. IN ITS CAPACITY AS A LICENSED MUTUAL FUND DEALER HAS PROVIDED ME THE FOLLOWING DOCUMENTS, AND I UNDERSTAND AND AGREE WITH THE CONTENTS:**

CLIENT INITIALS: \_\_\_\_\_ JOINT CLIENT INITIALS: \_\_\_\_\_

A SIGNED COPY OF THIS APPLICATION AND DEALER DISCLOSURE DOCUMENT