



Relationship Disclosure

For PEAK Investment Services Inc. ("PEAK") and your representative, keeping you informed is a priority. This makes it important for us to provide you with a solid understanding of:

1. our firm and how it is regulated;
2. our policies regarding cheques and cash;
3. the services our firm offers you;
4. the types of accounts provided and how they operate;
5. investment-related risks;
6. conflicts of interest and how they are managed;
7. the fees you will have to pay and how they are calculated;
8. the reports that will be made available to you to help you monitor your financial assets, the content of the reports, as well as the payments you have to make to our firm or to third parties through us;
9. the evaluation factors that will be considered to ensure that our recommendations meet your needs;
10. the PEAK "know your client" form that you sign.

1. PEAK AND HOW IT IS REGULATED

PEAK is a wholly owned subsidiary of PEAK Financial Group Inc., headquartered in Montreal, Quebec. PEAK is registered as a Level 4 mutual funds dealer in every Canadian province and territory **except Nunavut**. PEAK is regulated by each provincial securities commission, the Mutual Fund Dealers Association of Canada ("MFDA") and the Autorité des Marchés Financiers ("AMF").

2. CHEQUES AND CASH

Do not issue cheques for your account payable to your representative. All cheques must be made payable to the issuer of the product purchased or to "PEAK Investment Services Inc. in trust," as appropriate. Also, PEAK does not allow your representative to accept payment in cash for your account.

3. SERVICES PROVIDED BY PEAK

PEAK, through your representative, offers you **investment accounts with advice**. In addition to mutual funds, PEAK can offer you guaranteed investment certificates, principal protected notes, exchange traded funds, and segregated funds (if your representative holds the license to sell such products). It is your representative's duty to recommend investments that are appropriate for you after he or she has analyzed your situation, in line with the information you have provided and with the permits held by your representative.

Caution: Even if your representative were to discuss or offer you other types of products and services as part of your business relationship, investments other than those outlined above do not fall under PEAK's responsibility.

4. ACCOUNTS AND HOW THEY OPERATE

Accounts provided by PEAK may be held **In the Client's Name** (directly with the issuer) or **Self-Directed** (in trust, in a single large account containing all your assorted investments), and are as follows:

- Registered accounts:** *In this type of account, PEAK or the issuer must disclose to the Canada Revenue Agency (CRA) all deposits and withdrawals that are made. These are subject to limits (minimum and maximum), but they provide you with tax advantages.*
 - **RRSP:** A Registered Retirement Savings Plan lets you defer income tax on the contribution (deducted from income, subject to a maximum) and on the return on investment (tax-exempt) up to the time of withdrawal (generally at retirement).
 - **RRIF:** A Registered Retirement Income Fund is the form that an RRSP takes at the time regular withdrawals become a requirement (subject to an annual minimum).
 - **LIRA:** A Locked-In Retirement Account lets you bring in amounts accumulated with a pension fund when you leave your job. Funds may not be withdrawn before retirement, but a LIRA is otherwise identical to an RRSP.
 - **LIF:** A Life Income Fund is the form that a LIRA takes upon retirement, when regular withdrawals are required (subject to an annual minimum and maximum).
 - **TSFA:** A Tax-Free Savings Account allows you to invest funds (within maximum limits and with no deduction from income), with the return and capital not subject to taxation.
 - **RESP:** A Registered Education Savings Plan provides access to government grants invested for children's studies. Contributions are not deductible, but taxation of returns and grants is deferred until withdrawal (generally at the time of post-secondary studies) and split with the child.
 - **RDSP:** A Registered Disability Savings Plan provides access to government grants that are invested to meet a disabled person's long-term needs. Contributions are not deductible, but taxation of returns and grants is deferred until withdrawal (usually when caregivers can no longer play this role) and split with the disabled person.

- b. Unregistered accounts:** *In this type of account, deposits and withdrawals are not subject to any limit, but investment earnings are reported annually to the various tax authorities.*
- **Open:** An Open Account is used only for cash deposits (not to be confused with physical cash, which is never accepted by PEAK).
 - **Leverage:** A Leverage Account is used for investing amounts that come, in whole or in part, from a financial institution that loaned them to you, with interest. The institution may hold a mortgage on the investments and demand capital if the value of the investments serving as collateral falls below a certain ratio. Leverage has the effect of magnifying all returns, whether positive or negative.
- c. Scholarship plans:** These are plans offered to Quebec residents only and are designed to help clients save for a child's post-secondary education. The plans have specific rules and restrictions attached to them. More specifically, if you or your child does not respect the terms of the plan, you or your child could lose some or all of your investment. **The following items could result in a loss:** You leave the plan prior to your child's eligibility to receive payments under the plan; you or your child misses a deadline specified in the plan; your child does not attend a qualifying school or program under the plan; your child does not complete the applicable educational program. For more details on the above and for a list of options that may allow you to retain certain earnings in the event that you do not maintain prescribed payments under the plan and any fees associated with those options, please consult the terms and conditions of your plan or speak with your PEAK representative.

Although this list includes all types of accounts provided, their definitions and characteristics appear here in summary form. Your representative will give you further details on each account that is suited to your situation.

5. INVESTMENT RISKS

Following are the main risks we can identify:

- **Market risk:** The market value of your investments may fluctuate due to micro-economic and macro-economic conditions;
- **Concentration risk:** The relatively high concentration of securities of a single issuer or a large exposure to a few issuers voids the benefits of diversification and may increase the volatility of a portfolio's market value. Such concentration may also affect the portfolio's liquidity as there could be only a limited number of potential buyers for a large amount of any given security.
- **Credit risk:** an issuer of bonds or other fixed income securities, including mortgage backed securities, may not be able to pay the interests on the investment or might not even repay the principal at maturity;
- **Interest rate risk:** Interest rates affect the cost of borrowing for governments, companies and individuals, which in turn impacts the general economic activity. Interest rates may increase during the term of a fixed-income investment. Generally, if rates go up, the value of a fixed-income investment drops. On the contrary, if interest rates fall, the market value of a fixed-income investment will increase;
- **Currency Risk:** Foreign securities are generally bought using foreign currencies and the value of said foreign currencies may vary compared to the Canadian dollar. If the Canadian dollar gains value against that other currency while the value of the foreign investment remains stable, the value of that investment in Canadian dollars will decline. Similarly, if the Canadian dollar loses value instead, the value of that same investment in Canadian dollars will increase;
- **Liquidity risk:** The term liquidity refers to the time required for the disposal of an investment. Illiquid securities can lead to transactional delays, unfavorable transaction prices or an outright inability to sell a particular security. If an Investment Fund has trouble selling a security, the value of such a security may decrease before it is sold. The Fund could also incur additional trading costs. The value of an illiquid security may be difficult to properly evaluate and the market value of such an investment may be subject to steeper fluctuations.
- **Risk related to derivatives:** the following risks associated with the use of derivatives may lead to a decline in the value of your investments.
 - the use of derivatives for hedging may not be effective
 - an Investment Fund may not be able to obtain a given derivative when required
 - an Investment Fund may not be able to liquidate a derivative when required
 - the other party to the derivative may not be able to fulfill its obligations
 - the price of the derivative could increase
 - the price of a derivative may not accurately reflect the value of the underlying security or index
 - the costs associated to the settlement of certain derivative contracts may impact the value and performance of a Fund
- **Regulatory Risk:** The securities regulators, tax authorities or other regulatory bodies may bring changes to legislations, regulations and administrative practices. These changes may adversely impact the market value of an Investment Fund's assets.

For a complete description of all the risks associated with the investments you hold, please see the prospectus or overview of the relevant fund.

The value of your portfolio is bound to fluctuate, whether upwards or downwards. Therefore, the amount you obtain when selling an investment may be higher or lower than the amount initially invested. Mutual funds are not guaranteed or insured by the Canada Deposit Insurance Corporation (CDIC) or by any other public deposit insurance fund. There is nothing to guarantee that a fund can maintain its value at a constant level or that it will be possible to recover the full amount of your initial investment. Past returns will not necessarily be repeated. You should learn more about securities or tax laws that are likely to affect you directly.

If you elect to keep your savings in a deposit account, in a fixed income product or if you choose not to invest it at all, you run the risk of seeing your purchasing power decline over time as the interest rate paid on your funds might not suffice to keep up with the inflation rate.

6. CONFLICTS OF INTEREST

A conflict of interest occurs when the personal interests of PEAK or of your representative compete with your own interests, at your expense. A conflict of interest may be real or potential. It may also only appear to be so, without any real conflict, regardless of how it is perceived. Such conflicts exist in nearly every business situation and could occur in connection with the business relationship that PEAK (or a related or affiliated company) and/or your representative maintains with you.

PEAK has instituted policies and procedures for effective management of conflicts of interest. When this type of situation arises, your interests remain the top priority. Under these conditions, we are committed to providing you with information concerning disputes that remain unresolved. This makes it possible for you to consider the recommendations made by our firm and the actions it intends to take to correct the situation. This puts you in a position to determine independently whether there truly exists a conflict and, if so, to what extent it affects you.

7. INVESTMENT FEES

You must pay certain fees when you choose to invest. Not all fees may apply in your particular case. We urge you to read the prospectus or Fund Facts for more information on applicable fees and to discuss this with your representative. Following are the various fees applicable to mutual fund products:

- a. **Commissions:** A commission is the compensation you pay to PEAK so that we can compensate your representative for his or her advice and expertise in the initial stage. This may take several forms:
 - i. **Front-End Load or Entry Fees:** An amount paid upon the initial purchase of your investment, between 0% and 5% (negotiated with your representative). These fees are paid by you and are taken from the amount of your initial investment.
 - ii. **Deferred Sales Charge (DSC):** Under this system, the purchase commission is paid by the issuer rather than by you. You may regard this as a form of advance. In exchange for this advance, the Maintenance Fee will be reduced for PEAK and your representative, and a penalty will be imposed for early redemption of your investment. This penalty declines over time, falling from 5% to 6% at the beginning to zero after six to eight years.
 - iii. **Low-load (LL):** Identical to DSC but with a lower penalty (between 2% and 4%) and declining over a shorter period (reaching zero after two to four years).
- b. **Redemption fees:** See above for DSC and LL funds.
- c. **Management Fees and Management Expense Ratio (MER):** These fees, usually ranging from 1.5% to 3.5%, include compensation for the professional manager and the mutual fund company's administrative costs. In particular, these include legal and accounting fees, brokerage fees, interest expenses and applicable taxes. The MER may include the Trailer Fee (see below) that covers the costs related to the financial advice you get from your representative. No Trailer Fee is included or charged in Series F funds, which are intended for fee-based accounts (see below) and therefore have a lower MER, usually between 0.5% and 2.0%.
- d. **Service fee:** Beyond the advice initially provided by your representative, he or she continues to serve you on a regular basis. The service fee may take various forms. It is received or collected by PEAK, usually every month, and partly redistributed to your representative.
 - i. **Trailer Fees:** This compensation, ranging from 0% to 1.5% of the amount in the accounts on a yearly basis, is paid by the issuer of the product (and not by you). It is included in the Management Fees and is not in addition to them, although they will therefore be higher.
 - ii. **Advice Fees:** In a Prospera account, generally no investment involving a Trailer Fee is allowable. The Management Fee on your investments is therefore much lower. The product issuer will not be paying compensation for service. Instead, under a special agreement negotiated with your representative, Advice Fees will be taken from your account. This form of compensation for service provides for greater transparency and reduces the chance of conflicts of interest. However, if the Prospera account allows non fee-based investments to be held, then regular trailer fees and commissions, rather than Advice fees will be applied on those investments.
- e. **Short-term transaction fees:** A redemption or transfer too soon after a purchase may result in a special penalty, ranging between 1% and 2%. This will occur if a transaction is requested within 90 days (or within seven to 30 days in some cases: check the relevant fund prospectus or fund facts). These fees do not usually apply to cash equivalent funds (money market, savings account, etc.).
- f. **Substitution fees:** A fund may be switched for another one, subject to a substitution fee. This may range between 0% and 2% and is negotiable with your representative.
- g. **Administrative fees:** These are fees that PEAK charges you and that are tied to its administration of your account. A description of these fees can be found in PEAK's fee schedule.

In addition, there are specific fees which apply to other types of products, notably bonds and guaranteed investment certificates. For further information on these products and their fees, please contact your representative.

8. CONTENT AND FREQUENCY OF REPORTS

After you buy or sell a security, you receive a **trading confirmation** that contains the following information: the quantity and description of the security bought or sold; the unit price paid or obtained for the security; the transaction fees; the representative's name; and the settlement date of the trade. The mutual fund company is responsible for sending you the trading confirmation.

A **statement of account** will be sent to you at least once per quarter or each month when there is trading.

- This document contains the following information for each trade conducted during the period: the transaction date; whether it was a purchase, sale or exchange; the name of the security and the number of units bought or sold; the unit price paid or obtained by you for each security traded; and the total value of each trade.
- The statement of account also contains certain information concerning your account at the end of the period covered: the name and number of units of each security held in the account; the book value and the market value of each security held in the account; the total book value and market value of all securities held in the account; and the total book value and market value of the cash and securities held in the account.
- Please note that information on segregated funds usually does not appear in the statement of account, unless the segregated funds transactions were processed by PEAK.

A Charges and Compensation Report will be sent to you once per year.

- This document shows the charges and compensation paid by you over the 12-month period covered by the report, such as general administrations charges and specific transaction fees and compensation received from other institutions for ongoing services such as trailing commissions from DSC/LL investments.

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 the largest companies listed on the Toronto Stock Exchange. This index would be a good benchmark for assessing performance of a Canadian equity fund that invests only in large Canadian companies. It would be a poor benchmark if your investments are diversified in other products, sectors or geographic areas. PEAK does not provide benchmark comparisons in its client account statements. Please speak with your PEAK representative should you have questions about the performance of your portfolio or what benchmark(s) might be appropriate for you.

9. SUITABILITY OF TRADES ACCEPTED AND RECOMMENDATIONS ISSUED

PEAK is required to ensure that the recommendations submitted to you truly suit your needs, in keeping with your investment goals, your risk tolerance level and your personal situation. This obligation to evaluate suitability also applies to trades that you propose, regardless of whether or not they result from recommendations issued by your representative. Evaluation of suitability is also required when:

- you transfer assets into your PEAK account;
- PEAK or your representative becomes aware of or is informed of significant changes concerning your personal information;
- responsibility for your PEAK account is transferred to a new representative or in any other circumstance set out in the applicable regulations.

10. DEFINITION OF TERMS ESSENTIAL TO APPLICATION OF THE "KNOW YOUR CLIENT" ("KYC") RULE

The KYC form is used to gather personal information concerning you, including any relevant information related to your investment needs and your financial situation. The information collected is essential both to your PEAK representative and to the firm in evaluating whether the trades you plan to conduct through PEAK are suitable. For a better understanding of the contents of the KYC form, the following definitions are provided:

Investment knowledge: Your level of knowledge in investment matters proves useful in determining the degree of confidence you feel when called upon to invest in various types of products.

Investment goal: This essentially involves the result expected from a particular investment. For example, if your goal is to generate current income, fixed-income products such as bond funds or money market funds may be appropriate. If instead your goal is capital appreciation, equity growth funds may be suitable. Finally, if you are looking for both income and capital growth, balanced funds may be the best solution.

Risk: This refers to the factors likely to have an adverse effect on a particular investment or a range of investments. The risks presented by an investment have varied origins. The nature of an investment, its source, its scope and the region it targets are among the factors that come to mind.

Risk tolerance: This refers essentially to how you react to the possibility of suffering a loss on your investment. An individual whose risk tolerance level is high would be more inclined to turn to riskier investments. In contrast, an investor with a low risk tolerance level will turn to safer investments that reduce the likelihood of incurring capital losses.

Time horizon: This relates to the answer provided by an investor to the question: "When will I need my money?" For the investor, the time horizon changes over time, based on the immediate context.