



Information on client relationships

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 and principal protected notes. 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:

- a. **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.

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 risks we can identify: the risk that the market value of your investments may fluctuate due to microeconomic and macroeconomic conditions; unavoidable compromises between the risk level incurred and expected returns; concentration risk; credit risk; interest and exchange rate risk; liquidity risk (how quickly you can sell a security without unduly affecting its price); risk related to structured financial products and derivatives; regulatory risk.

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.

Choosing not to invest or to keep your savings in a deposit account also involves a risk. Over time, depending on applicable interest rates, your financial assets may grow at a slower pace than inflation, and you may lose purchasing power.

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 Simplified Prospectus or Fund Facts for more information on applicable fees and to discuss this with your representative. Following are the various fees:

- 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 representation. 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, 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.
- 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.

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 market value of each security held in the account; the total market value of all securities held in the account; and the total 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.

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. 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.

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

Summary of procedures at PEAK Investment Services for the handling of complaints

PEAK Investment Services ("PEAK") has instituted procedures for handling written or oral complaints from clients, equitably and promptly. Here is a summary of the procedures we provide to new clients and to clients who have already filed a complaint. This document is also available on our website: www.peakgroup.com.

Document concerning the process for filing and handling client complaints ("DCPFHCC")

PEAK provides to new clients who are opening accounts, as well as to clients who wish to submit a complaint, the *Document concerning the process for filing and handling client complaints* (see the next page), which provides general information regarding options for filing a complaint.

How to file a complaint

Clients who wish to file a complaint may do so with PEAK head office by sending an e-mail to compliance@peakgroup.com, or with their financial advisor. All complaints are sent to qualified compliance staff or to a supervisor. We encourage clients to deliver their complaints in writing or by secure e-mail. Clients seeking assistance in producing a written complaint may contact PEAK at any time. For reasons of confidentiality, we deal with this only with the client or with any other person authorized in writing by the client concerned.

Complaint handling procedures

PEAK will acknowledge receipt of complaints promptly, usually within five business days. We examine all complaints equitably, taking into account all relevant documents, our own files and any statements from the client and the financial advisor, as well as looking at any other relevant source. Once the review is completed, we provide our clients with a written response. Our response may be an offer to settle the complaint, a rejection of the complaint with explanations, or any other appropriate response. When a complaint involves serious allegations, the initial acknowledgement of receipt will include a copy of this document and of the *DCPFHCC*. Our response will consist of a summary of the client's complaint and of our conclusions and will contain a reminder of the client's other options for settling complaints.

PEAK usually provides a response within 90 days, unless we are expecting additional information from the client or if the case is highly complex.

PEAK will continue to respond to communications from the client after sending its response if it is necessary for implementing the settlement of the complaint and/or to respond to any other issue and/or if the client has new information to provide.

Settlement

If a financial settlement is offered to the client, PEAK may ask the client to sign a release and discharge for legal reasons.

Contacting PEAK

Clients may contact PEAK at any time to provide more detailed information or to check on the status of their complaint by contacting the person in charge of handling their complaint or by writing to compliance@peakgroup.com.

Document concerning the process for filing and handling client complaints (DCPFHCC)

Contact the PEAK compliance department

To oversee the actions of its representatives and ensure that they comply with administrative regulations, PEAK has rules and policies governing their activities. PEAK will examine any complaint you submit and will inform you of the results of its investigation within the time prescribed for a broker acting diligently under the circumstances, in most cases within three months of the complaint being received. It is preferable for your complaint to be set out in writing.

Clients may contact PEAK at any time to provide more detailed information or to check on the status of their complaint by contacting the person in charge of handling their complaint or by writing to compliance@peakgroup.com

Other options for the handling of client complaints

Autorité des Marchés Financiers (AMF)

If you are a client living in the province of Quebec, you may send your complaint to the AMF. The AMF will review your complaint and will make the appropriate decision. You should also note that the AMF is authorized to pay indemnities to victims of fraud, deceit or embezzlement when those responsible are individuals or companies licensed to practise pursuant to the laws governing the provision of financial services in Quebec. It also rules on the eligibility of claims and sets the amount of indemnities to be paid to victims. Clients may also receive indemnities of up to \$200,000 per claim, drawn from amounts accumulated in a financial services indemnity fund.

The AMF also provides dispute settlement services to clients involved in certain types of complaints. For details, please go to <http://www.lautorite.qc.ca/en/contact-fill-complaint-conso.html>.

AMF contact information:

800 Square-Victoria, 22nd floor
P.O. Box 246, Tour de la Bourse
Montreal, Québec H4Z 1G3
Telephone 514 395-0337 **Toll-free number:** 1 877 525-0337
Fax: 514 873-300

Mutual Fund Dealers Association of Canada (MFDA)

If you are a client living outside Quebec and you have a complaint to submit, you may contact the MFDA, the Canadian regulatory body of which your mutual fund dealer is a member. The MFDA investigates complaints concerning mutual fund dealers and their representatives and may apply sanctions, where warranted.

You may file a complaint with the MFDA at any time, regardless of whether or not you have complained to your mutual fund dealer. The MFDA may be reached:

- By filling out the online 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.ca¹
- By post at 121 King Street West, Suite 1000, Toronto, ON M5H 3T9 or by fax at 416 361-9073

¹ You must take security into account when sending sensitive information by e-mail.

Ombudsman for Banking Services and Investments (OBSI)

If you are a client living outside Quebec, after the PEAK compliance department has responded to your complaint, you may contact the OBSI. You may also contact the OBSI if your dealer's compliance department has not responded within 90 days of your filing of a complaint. The OBSI provides an independent and impartial complaint examination and resolution process in connection with the provision of financial services to clients. The OBSI's service is free and confidential. The OBSI may be reached:

- 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 hiring a lawyer to advise you on your complaint. You must be aware that there is a legal response time involved in taking court action. A lawyer may advise you on your options and remedies. Once the applicable statute of limitations period expires, you may lose the right to exercise certain recourses.

Manitoba, New Brunswick and Saskatchewan

The securities authorities in these provinces have the power, in certain situations, to order a person or company who violated securities laws in the relevant province to pay an indemnity to an applicant. The applicant is then in a position to execute this order as if it were a ruling from the Superior Court of that province. For further information, please go to:

- Manitoba: www.msc.gov.mb.ca
- New Brunswick: www.nbsc-cvmnb.ca
- Saskatchewan: www.sfsc.gov.sk.ca

Risks involved in borrowing to invest

The purchase of securities using borrowed funds is riskier than making a full cash purchase. If you borrow funds to purchase securities, you are required to repay your loan and to pay interest under the terms of the loan even when the value of the securities you purchased has declined.

Some of the risks and factors you should take into account before borrowing funds to invest are outlined below.

Is this strategy suitable for you?

- Borrowing funds to invest involves risks. You should consider borrowing to invest only if:
 - ✓ you are at ease with risk;
 - ✓ you are not afraid of the idea of taking out a loan to purchase securities that may rise or fall 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 risk tolerance;
 - ✓ you are investing for the short term;
 - ✓ you plan to use your investment income to pay for your basic living costs;
 - ✓ you plan to use your investment income to repay your loan.

You may lose money

- If you have borrowed to invest and your investments fall in value, your losses will be greater than if you had invested your own funds.
- Regardless of whether or not your investments are profitable, you must nevertheless repay your loan, plus interest. To repay your loan, you may have to sell other assets or use money you had set aside for other purposes.
- If you pledge your home as collateral for a loan, you may lose it.
- Even if your investments climb in value, you still may not gain enough to be able to repay your loan.

Tax effects

- You should not borrow to invest with the sole aim of benefiting from a tax deduction.
- Interest is not always deductible. You may not necessarily be entitled to a tax deduction, and your deductions may be subject to reassessment. Before borrowing to invest, you would be well advised to consult a tax specialist.

Your representative must discuss with you the risks of borrowing to invest.