

# RELATIONSHIP DISCLOSURE

**Global Maxfin Capital Inc. (“GMCI”) believes in building a long-lasting and successful relationship with each client.**

One of the keys to having a long lasting and successful relationship is for everyone involved to clearly understand their roles and responsibilities.

As a first step toward achieving your investing goals, we ask that you read this Relationship Disclosure. This Relationship

Disclosure explains the products and services that you may receive when you open an account with GMCI. Achieving your investing goals is a shared responsibility so this Relationship Disclosure also explains our responsibilities to you as well as your responsibilities to us.

## PRODUCTS AND SERVICES

GMCI is a full-service investment firm that offers many different types of accounts, including cash accounts, margin accounts, accounts with foreign currency components, and Registered Plan accounts. The specific types of accounts may vary from time to time.

Through these accounts, GMCI offers access to a variety of securities, including equities, bonds, treasury bills, mutual funds, options, and structured products. When you buy or sell securities, GMCI will act as either your agent or as a principal. If we act as an agent, we are the broker between you and the buyer or seller. If we act as principal, we hold a position in our inventory account and you buy from or sell to this inventory account. GMCI also distributes new issues of securities. When we distribute new issues, we are paid a commission by the issuer but do not charge a commission to you.

We will tell you whether we act as agent or principal on a trade

confirmation.

GMCI is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund (“CIPF”).

## TYPE OF RELATIONSHIP

You are applying for an advisory account. Your advisory account relationship with us is a non-fiduciary relationship. An advisory account is an account where you may rely on the advice given by your Investment Advisor but you are responsible for the investment decisions. The Investment Advisor is responsible for the advice given.

In providing this advice, your Investment Advisor will provide you with unbiased investment recommendations that he/she believes are suitable and meet the standard of care that is expected of any professional in the investment industry with similar knowledge and skill.

## OUR INTRODUCING-CARRYING BROKER ARRANGEMENT

GMCI has a contractual agreement with Fidelity Clearing Canada ULC (“FCC”) referred to as an Introducing/Carrying Broker agreement. All client accounts are held in custody by FCC. All investments shown on your statement are held by FCC in segregation from all other brokerage firms where FCC acts as the Carrying Broker. All trades executed on your behalf are settled by FCC. All money deposited and withdrawn on your behalf is done so through FCC at the direction of GMCI. FCC reports all account activity to GMCI on a daily basis. Please ask your Investment Advisor or read the Introducing/Carrying Broker Disclosure that accompanies your New Client Application Form for more information on our agreement with FCC.

## MARGIN ACCOUNTS

You may request that your account be approved as a “margin account.” Margin accounts are established to allow you access to credit against the value of assets in your account. Certain types of accounts (such as short selling accounts or options trading accounts) must be margin accounts because the nature of the activity in the accounts requires you to take on financial obligations. Most investment activities do not require you to borrow funds to invest.

The leverage available to you with a margin account can magnify potential gains or losses and therefore, the use of leverage in investing increases your exposure to market price fluctuations. If you wish to open a margin account, you will be required to sign a Margin Agreement that will describe your obligations and the risks associated with using margin.

The use of margin will be factored into the suitability assessment of your investments, which is described below. It is very important that you inform your Investment Advisor when you borrow funds from sources other than through your margin account for the purpose of making investments so that he/she can consider this information in performing a suitability assessment.

## ASSESSING SUITABILITY

Your Investment Advisor will assess your financial situation, investment objectives and time horizon, risk tolerance and investment knowledge using the information that you provide to us in the New Client Application Form at the time of opening your account and subsequently, when there are material changes to that information.

A copy of this New Client

Application Form will be provided to you. You will also receive a copy of this New Client

Application Form whenever there is a material change to the information contained in it.

At a minimum, your Investment Advisor will assess the suitability of investments in your account whenever:

- a trade is accepted for your account;
- an investment recommendation is made to you;
- securities are transferred or deposited into your account, other than immaterial changes such as mutual fund reinvestments or stock dividends;
- there is a change in the Investment Advisor responsible for your account; or
- there is a material change to the “know your client” information contained in your New Client Application Form.

Your Investment Advisor will not necessarily review the suitability of investments held in your account for reasons other than those listed above. For example, significant market fluctuations may not trigger a review of the suitability of your investments. It is important for you to contact your Investment Advisor when you have questions or concerns about your account.

## ACCOUNT REPORTING

### Trade Confirmations

Trade confirmations for all purchases and sales of securities for your account will be promptly sent to you by mail. You must examine every trade confirmation sent to you and advise us of any errors within 10 business days of the settlement date shown on the trade confirmation.

### Statements

Statements will be sent to you at least quarterly when you have

any debit or credit balance or when you hold any security at the end of the quarter. Statements will also be sent to you monthly when you have a transaction in your account, unless the transaction is the result of a dividend or interest. Your statements will show all activity in your account for the statement period. You will receive these statements by mail. You must examine every statement sent to you and advise us of any errors within 45 business days of the end of the statement period.

#### **Performance Reports**

Each January, GMCI will send you both an Annual Account Performance Report and an Annual Account Fee Report about the previous calendar year. The Annual Account Performance Report will include information that will help you understand the performance of your account, such as the value of your account at the start of the year and at the end of the year, the average annual percentage return on your account, position costs and account activity information. The Annual Account Fee Report will include information that will help you understand the costs associated with the investments in your account.

#### **Benchmarking**

You may assess the performance of your investment or group of investments (i.e. “portfolio”) by comparing the portfolio to a benchmark or to various benchmarks. A benchmark is a measure that can be used as a standard against which the performance of a portfolio may be evaluated. In selecting a benchmark, the financial product used should be representative of the securities and asset allocation of the portfolio to be evaluated. In calculating the performance of a portfolio, a number of factors should be

considered including the returns of the portfolio, the risk incurred, the fees paid as well as other considerations. Some financial indices are not directly investable and do not include fees, taxes, or other expenses that would otherwise reduce the performance of the benchmark. Please speak to your

Investment Advisor about which benchmark(s) might be appropriate for you.

#### **CONFLICTS OF INTEREST**

It is possible for conflicts of interest to exist in any interaction you have with an individual or an organization. GMCI and your Investment Advisor will take all reasonable steps to identify any existing and potential material conflict of interest situations that are applicable to our relationship or to specific transactions with you and, unless avoided, we will manage and disclose them to you as they arise.

Please read the Conflicts of Interest section of the GMCI Client Account Agreements and Disclosures document for more information about conflicts of interest. More information about conflicts of interest may also be found on our website at [www.globalmci.com](http://www.globalmci.com).

#### **FEES AND CHARGES**

GMCI offers you 2 ways of paying for the advisory account services you will receive. You may choose a fee-based advisory account where you pay an inclusive monthly or quarterly fee. This fee is agreed to in the Fee-Based Application that will accompany your New Client Application Form. Or you may choose a commission-based advisory account where you pay on a transactional basis.

You may also incur other fees and charges relating to the general operation of the account.

Please read the “Commission, Fees and Charges” section of the GMCI Client Account Agreements and Disclosures document as well as our Fee Schedule, which is available to you immediately through your Investment Advisor and will be provided to you in your account welcome package. They contain information about the fees and charges you may incur.

#### **COMPLAINTS**

When you open your GMCI account you will receive a brochure that has been approved by the Investment Industry Regulatory Organization of Canada about the complaint handling process. Please read the “An Investor’s Guide to Making a Complaint” which will be provided to you in your account welcome package. Please also read the Client Complaints section of the GMCI Agreements and Client Disclosures document for more information about our complaint handling procedures.

#### **HELPING US MAINTAIN A SUCCESSFUL RELATIONSHIP**

While the performance of your investments cannot be guaranteed, GMCI asks you to take the following steps to help achieve your investing goals and to maintain a successful relationship with us:

1. Carefully and promptly review all documentation that we provide to you.
2. Promptly inform your Investment Advisor of changes to your circumstances or objectives, including your personal information, financial information, risk tolerance, investment objectives, time horizon or your insider status.
3. Promptly inform us of any trade confirmation or account statement errors.
4. Immediately contact your

Investment Advisor or his/her Branch Manager if you are unsatisfied with the handling of your account.

5. Ask questions and request information about your account.

#### **DOCUMENTS PROVIDED TO YOU AT ACCOUNT OPENING**

When you open your GMCI account your Investment Advisor will provide you with several account documents, including:

- Your New Client Application Form;
- GMCI Client Account Agreements and Disclosures (which accompanies your New Client Application Form);
- “An Investor’s Guide to Making a Complaint” brochure;
- Canadian Investor Protection Fund brochure;
- Fee Schedule;
- Privacy Policy
- Strip Bonds and Strip Bond Packages Information Statement;
- Trade Disclosure Document; and
- “How IIROC Protects Investors” brochure.

In addition to being provided with a copy of your New Client Application Form at the time of account-opening, you will also be provided with a copy of your New Client Application Form when there are material changes to the information.

GMCI will update the Relationship Disclosure when there is significant change to the information on it and refer you to our website [www.globalmci.com](http://www.globalmci.com). **If you have any questions related to the contents of this document or if there is a change to the information you provide on your New Client Application Form, please contact your Investment Advisor.**