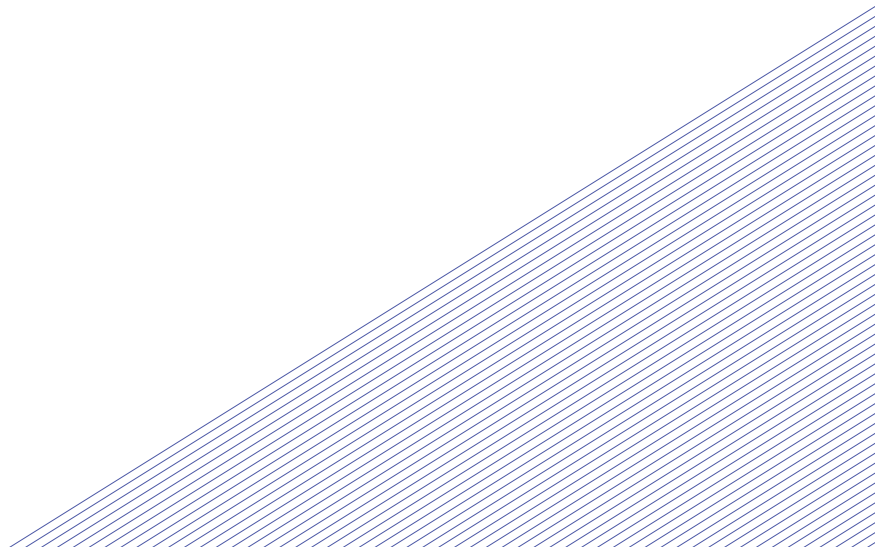


# CLIENT RELATIONSHIP DISCLOSURE INFORMATION

**Cidel**



## GENERAL

Cidel Asset Management Inc. ('Cidel') is registered as a portfolio manager, exempt market dealer, and investment fund manager in Ontario, Québec, and Newfoundland and Labrador, and as a portfolio manager and exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Saskatchewan. Our head office is located at 60 Bloor St. West, 9th Floor, Toronto, Ontario, M4W 3B8.

Securities laws require us to deliver all information that a reasonable investor would consider important about your relationship with us. While we have addressed the most pertinent aspects of our relationship with you in this document, some information may be provided to you in separate documents or additional documents from time to time. For all intents and purposes, these other documents are incorporated by reference to this document.

We ask that you take careful note of the disclosures contained herein, and raise any questions or concerns that you may have. You can contact our Toronto office by telephone at 416-925-5504, by facsimile to 416-925-8192 or by e-mail to [invest@cidel.com](mailto:invest@cidel.com). In the event that any material changes are made to these disclosures, we will make these available on [www.cidel.com](http://www.cidel.com), and similarly bring them to your attention in a timely manner.

## DESCRIPTION OF PRODUCTS AND SERVICES OFFERED TO CLIENTS

Cidel provides both private clients and institutional investors discretionary investment management services for managed accounts, as well as investment administration services for non-discretionary accounts. Cidel also manages certain funds which are marketed to investment dealers or mutual fund dealers under our exempt market dealer registration.

The terms of our relationship with you are set out in the account agreement. It is under this agreement that we ask you to provide us with information about you, your financial position, risk profile, and investment objectives and time horizon. We encourage you to keep us apprised of any changes to this information, to engage with us on any questions or concerns you may have, and to stay abreast of your portfolio with us.

If you have opened a discretionary investment management account with us, we will actively manage the investments in your account for you. We will work with you to develop an investment policy statement that integrates your investment goals and financial situation with key investment principles and themes to provide a framework for your investment portfolio. Once you have approved the investment management statement, we will decide what investments to purchase or sell for your account based on this statement and on model portfolios that are actively managed by

Cidel's portfolio management team. As a fiduciary, we owe you a duty to act fairly, honestly, in good faith and in your best interests at all times. This requires us to exercise the degree of care, skill and diligence of a reasonably prudent person in the circumstances.

If you have opened a non-discretionary investment management account with us, we will only act on the specific instructions you provide us with, as you are the ultimate decision-maker on what investments will be bought or sold for your account. While our relationship with you will not be fiduciary in nature, we are required to take reasonable steps to ensure that the sale or purchase of an investment is suitable for you before we act on the instruction.

The cash and securities in your account are held under custody by Cidel Trust Company (the "Custodian"), or where appropriate by a sub-custodian in the Custodian's name. By virtue of the authority you provide us under the account agreement, we will issue all instructions for the purchase, sale and delivery of securities and cash in your account to the Custodian on your behalf.

As a result of these arrangements, we are required under the applicable securities laws to adhere to certain additional requirements, of which include:

**Protecting your privacy** - We are required to keep your information private and confidential, and may not disclose it to anyone except as required by law, or as you otherwise permit.

**Conflicting interests** - We must ensure potential or existing material conflicts of interest are properly handled under the policies and procedures we have adopted for doing so.

**Limits on access to investment solutions** - For liquidity and concentration purposes, there may be a limit on access to certain of our investment solutions. Please speak to your Cidel representative for more information.

**Fair allocation** - We are required to ensure that we allocate investment opportunities fairly amongst our clients, and do not intentionally favour clients over each other. Please see the section on 'Fair Allocation of Investment Opportunities' below for further details.

**Best execution** - There may be instances where Cidel will use a broker or dealer to place an order for a client's account where it is of the opinion that it is necessary to do so in order to achieve best execution for the client.

## KNOW YOUR CLIENT AND SUITABILITY

### Know Your Client Information

Subject to certain exceptions, Cidel has an obligation under securities laws to ensure that investments purchased or sold under your account are suitable for you. This is an on-going obligation,

and thus requires us to gather certain 'Know-Your-Client' ('KYC') information from you during the account opening process, and from time to time thereafter. In order to appropriately determine whether an investment is suitable for your account, we will require the following personal information:

- age;
- annual income;
- net assets/financial position;
- investment knowledge;
- investment time horizon;
- investment objectives;
- risk profile; and
- any other information that is relevant and necessary.

The KYC information you provide is very important, as it informs our assessment of suitability. As a result, it is essential that the information we hold is up-to-date and reflective of your current circumstances so that we can provide you with the best possible service and advice. We ask that you notify us of any significant changes to this information as soon as possible.

#### Insider Status

Cidel is required under the applicable securities laws to gather information for determining whether you are an insider of a reporting issuer. Therefore, from time to time, we will ask you to provide us with this information.

#### Verification of Your Identity

Canada's anti-money laundering laws require us to verify your identity before we can execute any transactions on your behalf, including accepting deposits of cash or securities into your account. The methods of identity verification are prescribed in the regulations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

## FEES AND EXPENSES PAYABLE BY YOU

### Fees Charged by Cidel

Fees and charges levied on your account are set out in the Account Agreement, and are directly deducted from your account.

Management fees are billed quarterly in arrears at the end of each calendar quarter, and are calculated as a percentage of the net asset value of your account.

Clients will be provided with written notice of at least 60 (Sixty) days before fees are increased, or if a new fee is to be charged.

### Compensation Received by Cidel

We may receive periodic trailing fees or other forms of compensation from mutual fund sponsors/investment managers.

Cidel does not receive commission from the sale of units of funds directly managed by it.

### Expenses That May Be Charged to You

Custody fees charged by the Custodian are included in the management fee, and commission and other charges paid to third party brokers are included in the price of individual securities.

Where any expenses are incurred on your behalf by Cidel, pursuant to the Account Agreement, these expenses may be added to your account.

### The Custodian

The Custodian is entitled to retain revenue generated on cash balances held by it under the custody arrangement, or as a result of foreign exchange services that are required from time to time.

### Other Investment Dealers

From time-to-time Cidel may determine that using an outside investment dealer is the best option, either to get access to a particular investment or to obtain a better price for you. In these cases, you may be charged additional fees.

Cidel maintains full discretion in selecting investment dealers, as well as the Custodian, to execute trades for your account. Trading commissions charged by investment dealers for transacting equity and fixed income securities or international trades will vary.

Please contact your Cidel representative for further information.

## ACCOUNT STATEMENTS AND OTHER REPORTING

Canadian securities laws require us to provide a report on the activity and status of your account at least quarterly, unless you otherwise request a report on a more frequent basis.

The Custodian will directly provide you with an account statement on a quarterly basis.

Cidel will provide you with additional reports as and when required by securities legislation, including trade confirmations for non-discretionary investment management accounts and distributions under our exempt market dealer license.

### Use of Investment Performance Benchmarks

Benchmark information is a useful way for you to assess the performance of your portfolio relative to the performance of the overall market or to certain market sectors in which your portfolio invests. We select benchmarks that are reasonably reflective of the composition of each client's portfolio (asset class, geographic and currency allocations) so that a relevant comparison of performance is presented. The benchmarks that we use are broad-based securities market indices that are widely recognized as performance benchmarks by Canadian and global mutual funds,

hedge funds and the asset management industry. Benchmarks are presented for the same reporting periods as your account's annualized total percentage returns.

In addition to securities market indices, we may provide certain clients with disclosure of month-end, quarter-end and/or year-end changes in certain economic or financial data that may also be relevant in assessing the performance of their investment portfolios.

It should be noted, however, that performance benchmarks do have some limitations for performance comparison purposes as generally benchmarks do not factor in the costs of investing such as operating charges, transaction charges and other expenses that may reduce the returns of a client's portfolio.

Additional information concerning a specific performance benchmark used to assess a client's portfolio will be provided upon request.

## CONFIDENTIALITY AND PRIVACY

We know you value your privacy, and protecting our clients' personal information is an integral part of our values. We are committed to safeguarding this information in an appropriate and professional manner.

As the nature of our service offering requires us to hold certain personal information, Cidel has adopted a privacy policy in accordance with Canada's Personal Information Protection and Electronic Documents Act (PIPEDA). At all times, we will ensure that the personal information we hold is only used for the purpose for which it was obtained, and with your consent. Our core privacy principles are as follows:

- All employees are accountable for protecting personal information that we hold or alternatively transfer to a third party for processing.
- We will never sell your personal information.
- We limit the collection of personal information to only that which is required for the purposes identified.
- We use or disclose personal information only for the purpose for which it was collected, unless the individual consents, or the use or disclosure is authorized by law.
- Personal information is kept as accurate, complete, and up to date as necessary, considering its intended use and your interests.
- When requested, we will give individuals access to their information. We will correct or amend any personal information if it is inaccurate or incomplete.

Your personal information may be delivered to the Ontario

Securities Commission for the administration and enforcement of the securities laws of the Province of Ontario. You can direct any questions you may have about the indirect collection of personal information by the Ontario Securities Commission to the Administrative Assistant of the Director of Corporate Finance by mail to the Ontario Securities Commission at 20th Floor, 20 Queen Street West, Toronto, Ontario, M5H 3S8, by telephone at (416) 593-8314 or by e-mailing [inquiries@osc.gov.on.ca](mailto:inquiries@osc.gov.on.ca).

Please refer to Cidel's External Privacy Policy for more information.

## CONFLICTS OF INTEREST

Situations can arise where the interests of a client and Cidel, or one of its employees, may diverge or conflict. To ensure fairness, and maintain the confidence of our clients, Cidel has adopted policies and procedures that allow us to –

- Identify conflicts of interest that should be avoided;
- Determine the level of risk associated with identified conflicts; and
- Respond appropriately to conflicts of interest

In general, we deal with and manage conflicts of interests as follows:

- **Avoidance:** This includes avoiding conflicts which are prohibited by law, as well as conflicts which cannot be effectively managed.
- **Control:** We manage acceptable conflicts through internal controls and processes designed to restrict the risk of the conflict.
- **Disclosure:** By providing you with information about conflicts, you are able to independently assess their significance when evaluating our recommendations and the actions that we take

The principal business activity of Cidel is to act as a portfolio manager for separately managed investment accounts of its clients (a "Cidel Managed Account") and for funds that it manages. Cidel's activities as an exempt market dealer are primarily the marketing of the funds to clients of Cidel or to investment dealers or mutual fund dealers. In providing trading or advisory services to our clients, it is important that our clients understand our interests in the service or transaction.

We must make certain disclosures where we (a) act as your exempt market dealer; (b) advise you; or (c) exercise discretion on your behalf, with respect to securities issued by us, by a related issuer or, in the course of a distribution, by a connected issuer (collectively, "Related Securities").

Situations in which a material conflict of interest may arise may include the following:

### Arrangement for TwinRiver Global Impact Fund

Pursuant to a Master Services Agreement (the “TwinRiver Agreement”) between the Cidel, on the one hand, and TwinRiver Capital Group Inc., TwinRiver Capital Inc. and TwinRiver Advisory Inc. (all of which collectively, “TwinRiver”), on the other hand, TwinRiver provides Cidel with research, training and other services related to impact investing (the “Services”). The Services are used, in part, by Cidel in its management of the Cidel-TwinRiver Global Impact Fund (the “TwinRiver Global Impact Fund”). In consideration of providing the Services, TwinRiver receives a fee from the Manager (and not, for certainty, from the TwinRiver Global Impact Fund). The fee that is payable to TwinRiver is relatable to the value of assets held in the TwinRiver Global Impact Fund.

A conflict of interest exists because Cidel owns a 33% equity interest in TwinRiver Capital Group Inc, which is the parent company of TwinRiver Capital Inc. and TwinRiver Advisory Inc. Except as set out in the following sentences, none of Cidel’s directors, officers or employees is a director, officer or employee of TwinRiver. Cidel has an employment agreement with certain TwinRiver staff whereby they provide services to the Manager in support of the TwinRiver Global Impact Fund. In addition, Mr. Henry Perren, the Chairman, a director and a registered dealing representative of Cidel is also a director of TwinRiver Capital Group Inc. Mr. Perren is not involved in the investment decision making process for any Cidel Pooled Fund nor is he involved in the provision of Services.

By virtue of its equity interest in TwinRiver, Cidel will receive a financial benefit from the fees that TwinRiver earns pursuant to the TwinRiver Agreement. This financial benefit will increase as the net asset value of the Fund increases. This conflict of interest creates a potential risk because Cidel could act in a manner that exposes the Fund to additional risk in order to increase fees payable to TwinRiver.

In the view of Cidel, the conflict of interest has been addressed and does not create any risk to the Fund or its Unitholders. None of the TwinRiver entities, nor any of their officers or employees, is registered under applicable securities laws, and accordingly none of the TwinRiver entities nor any of their officers or employees is authorized or permitted to carry out any activity in relation to the TwinRiver Global Impact Fund that requires such registration. All registerable activities in relation to the TwinRiver Global Impact Fund are carried out by Cidel and its duly registered personnel in compliance with applicable securities laws and Cidel’s internal compliance policies and procedures. All investment decisions in relation to the TwinRiver Global Impact Fund are made by Cidel’s duly authorized and registered portfolio managers in accordance with Cidel’s fiduciary duty and its policies and procedures related to investment decision making applicable to all Cidel Pooled Funds.

### Referral Arrangements

Referral arrangements may occur from time to time within the Cidel group of companies or with external third parties. Referral arrangements are arrangements in which an existing or prospective client is referred to or from a registrant within Cidel, and compensation is provided to or by a registrant for the referral. The purpose of a referral is to introduce you to a company within the group, or to an external third party, who may be better suited to provide you with a service or product.

A referral fee may be paid or received, directly or indirectly, by a registrant member of Cidel or by a referring employee of the registrant firm. The payment of any referral fee will not increase the fees you pay us for our services. Particulars of the referral arrangement and the fees paid or received by Cidel for the referral will be provided to you in writing before the referral takes place.

Policies and procedures have been adopted by Cidel to identify and address any conflicts of interest that may arise from its participation in a referral arrangement.

### Related Registrants

Cidel may receive or provide administrative, management, advisory or other services to its parent company, or other subsidiaries thereof, in connection with its ongoing business. As a result, clients that are registered with Cidel may also be registered with another registered company related to Cidel which provides services to Cidel. These relationships are governed by requirements set by the industry regulators and in legislation, and impose restrictions on dealings between the related registrants in order to minimize the potential for conflicts of interests.

You may find a list of registrants that are related to Cidel in Appendix B, and if there is any significant change in Cidel’s relationship to these registrants, we will disclose this in writing to our clients in a timely manner.

It should also be noted that related registrants may receive management fees, performance or other fees as a result of the dealings between them.

### Related and Connected Issuers

Cidel holds licenses and registrations which allow us to advise on investments and issue our own securities. As a result of these activities there is potential for conflicts of interests, and so Cidel will only engage in activities as an adviser and as an exempt market dealer with respect to securities of a related or connected issuer in compliance with the applicable securities laws.

Securities laws require registered firms that trade in or advise with respect to their own securities, or securities of issuers to which they, or certain other parties related to them, are related or connected to only do so after making certain disclosures and

conforming to a particular set of rules.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Requirements requires Cidel to disclose whether any securities it recommends to investors to buy, sell or hold are securities issued by Cidel or a related issuer or connected issuer. An issuer is related to Cidel if, through the ownership of or control over voting securities or otherwise, the issuer is an influential security holder of Cidel, Cidel is an influential security holder of the issuer, or if each of them is a related issuer of the same third party. An issuer is connected to Cidel if it has a business relationship with Cidel that, in connection with a distribution of securities of that issuer, may cause a reasonable prospective purchaser to question whether the issuer and Cidel are independent of each other.

Cidel is further required to disclose the names of any related issuers that are reporting issuers in Ontario, or that have distributed securities outside Ontario on the basis that if it had done so in Ontario it would have made such issuer a reporting issuer.

Clients should refer to the relevant securities laws for the full particulars of these rules or otherwise consult with a legal advisor.

The list of issuers that are related or connected to Cidel may be found at Appendix C.

It should be noted that such related or connected issuers may receive management fees and/ or performance fees from, or in relation to, such issuers and may pay trailing commissions or other fees to Cidel in respect of client investments.

#### Inter-Fund Trading and In Specie Transactions

Under Canadian securities laws, Cidel is subject to certain rules that prohibit the trading of securities between a client's managed account and a Pooled Fund, or between two Pooled Funds. In addition, Cidel is prohibited from entering into in specie transactions (i.e. transferring securities "In kind" in order to effect the purchase or redemption of units of the Pooled Funds).

In the absence of exemptive relief from the securities regulatory authorities, Cidel may not knowingly cause an investment portfolio managed by it (including a Pooled Fund) to purchase or sell securities from or to: Cidel, a partner, director, officer, employee or agent of Cidel; an affiliate of Cidel or a partner, director, officer, employee or agent of an affiliate; an associate of any of these persons or an investment fund for which any of them acts as an adviser (including any of the Pooled Funds).

Cidel has obtained an exemption from the securities regulatory authorities to permit it to engage in in specie transactions. Cidel may transfer securities from a client's account to purchase units of a Pooled Fund, or transfer securities from a Cidel Fund to a client's account in order to redeem the Client's investment in a

Pooled Fund. Cidel will only do so where the Client's investment management agreement contains the authorization of the client to engage in such transactions and where the security being transferred meets the investment criteria either of the Client Portfolio or the Pooled Fund that intends to receive the security.

#### Pricing and Account Errors

In circumstances where a pricing, or other type of unit holder account, error occurs, a conflict of interest could potentially arise between Cidel and its clients due to time, processing, and reimbursements costs. Cidel has adopted an Error Policy, which establishes standards and procedures for correcting discrepancies in accordance with industry guidelines to deal with this potential conflict. A copy of Cidel's Error Policy will be made available upon request.

#### Proxy Voting and Other Corporate Actions

Cidel has adopted policies and procedures for proxy voting on behalf of our client which ensure that proxies are voted in our client's best interests. Cidel does not invest in securities of issuers for the purpose of exercising control over, or participating in, the management of issuers.

A copy of Cidel's Proxy Voting and Corporate Governance Guideline will be made available upon request.

#### Outside Business Activities

Industry regulator requirements generally do not permit employees registered with Cidel to be employed by, participate in, or accept compensation from persons outside the scope of their relationship with Cidel, without the prior approval of Cidel.

Cidel has adopted policies and procedures that govern employees' outside business activities, and has implemented a notification and pre-approval process to restrict any outside business activity which may interfere, or otherwise appear to interfere, with an employee's ability to act in the best interests of, or perform work for, Cidel and its clients.

#### Personal Trading

When individual portfolio managers and other Cidel employees invest in the same securities as clients, there is a perceived or potential conflict of interest that the portfolio manager or other employees may benefit from the opportunity at the expense of Cidel's clients.

The Personal Investing Policies and Procedures protocol adopted by Cidel ensures that the interests of our clients are always prioritized ahead of those of our employees. The personal trading activities of employees are monitored and restricted through a pre-approval process that ensures all securities transactions that could represent a potential conflict of interest are avoided.



## Gifts and Business Entertainment

Cidel abides by a Code of Ethics that sets forth standards of business conduct intended to prevent possible conflicts of interest, diversions of corporate opportunity or appearances of impropriety.

When employees of Cidel give or accept gifts or business entertainment of more than minimal value in connection with services provided to clients, there is a perceived or potential conflict of interest.

Cidel's Code of Ethics sets out what is accepted as appropriate conduct in so far as it relates to the provision of gifts and business entertainment. Cidel personnel are required to file reports or otherwise obtain pre-approval for gifts and business entertainment in order to circumvent the opportunity for, or appearance of, impropriety or the risk of a conflict of interest.

## PROHIBITION OF TIED SELLING DISCLOSURE

Practices constituting coercive tied selling are illegal and prohibited under securities, and other laws that govern the financial services industry. This means that it is against the law to impose undue pressure, or coerce, a person to obtain a product or service of a particular institution, including any of their affiliates, as a condition for obtaining another product or service from the institution.

Sales practices, such as preferential pricing and bundling of products and services, offer potential and existing clients better prices or more favourable terms and should not be confused with coercive tied selling, as defined by the various pieces of legislation.

You can expect all Cidel employees and personnel to comply with the applicable laws and not engage in coercive tied selling practices. Should you have any concerns regarding our practices, please speak to your Cidel representative.

## FAIR ALLOCATION OF INVESTMENT OPPORTUNITIES

Cidel directors, officers and employees recognize the principle of fair treatment as being a priority, and we ensure that our clients are treated fairly by adhering to the highest standards of ethical business conduct. We believe that our clients have the right to be assured that their interests will be prioritized in a manner that is both transparent and equitable.

The allocation of investment opportunities among Cidel's clients is determined on a basis that is fair to all clients, based on their investment objectives and time horizons. Cidel will always seek to obtain the best order execution for each client and to minimize transaction costs.

Cidel may, but is not obligated to, aggregate orders for various client accounts for the purchase or sale of a particular security.

A potential conflict of interest can arise when deciding which client accounts will participate in the allocation, and the extent of each client's participation. Cidel has adopted policies which are designed to ensure that, in the opinion of Cidel, all accounts are treated equitably and fairly. Where an aggregate order is executed in a series of transactions at various prices on a given day, each participating client's (including pooled accounts) proportionate share of the order will typically reflect the average price paid or received, and commission rate paid with respect to the total order placed on that day. In circumstances where Cidel is unable to fulfill an aggregated order on the same day, those shares that have been purchased or sold by the end of the day will generally be allocated amongst client accounts pro rata, based on each account's order size as determined by the portfolio manager at the time of order entry. However, if this approach would result in an inappropriately small allocation to a client account, the allotment may - with Compliance approval - be reallocated to another client account, based on a rotational allocation methodology.

A copy of Cidel's Fair Allocation Policy will be made available upon request.

## INVESTMENT RISKS

### General Risks of Investing

All investments carry a level of risk, and the greatest risk posed to you as an investor is that you could lose all, or part, of your investment. Unlike bank accounts or guaranteed investment certificates (GICs), stocks, bonds, money market securities and funds are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer. Therefore, it is important for you to think about and understand, what your own personal risk tolerance is so that this can be matched to the level of risk posed by your investment portfolio.

Accounts hold different kinds of investments depending on the relevant investment mandate. The value of investments in any account will fluctuate on a daily basis, reflecting changes in interest rates, economic conditions, and markets as well as company news. The consequence of this fluctuation is that the value of your investment when you sell it may be more or less than when you originally bought it.

The following is a list of general risks that may impact your account. The list has been ranked in order of priority and relevance. Securities regulators require us to provide you with a comprehensive list of all types of investment risk, and so we have included certain risks below which are not relevant to how we manage your account for the sake of full disclosure. The risks that are specific to your account's investment mandate may additionally be outlined in the account agreement. Please do not hesitate to

contact us should you wish to review the specific risks that are relevant to your account.

#### Risk-Return Trade Off

Risk and return are closely related. This means that to obtain a higher return, you may have to accept a higher level of risk. A higher-risk portfolio is generally less stable and fluctuates more. "Fluctuation" occurs over a period of time and means that the security may both suffer losses, and realize gains. High-risk investments generally offer higher long-term returns than safer ones. Since they fluctuate more, high risk investments may post more negative short-term returns, compared to lower-risk investments.

#### Risks Relating to Concentration

If an account invests a large portion of its assets in securities issued by one issuer, in a single asset class or in a single sector, the account will be impacted more heavily by a given fluctuation, and could experience greater volatility. A lack of investment diversification leads to risks related to concentration, and the account will be significantly impacted by changes in the market value of these securities.

#### Risks Relating to Credit

An account can suffer a loss if the issuer of a bond or other fixed income security cannot pay interest or repay the principal amount when it becomes due. This risk is higher if the fixed income security has a low credit rating or no rating at all. Fixed income securities with a low credit rating usually offer a higher yield than securities with a high credit rating, but they also have the potential for substantial loss. These are known as "high yield securities".

#### Risks Relating to Companies Listed on Stock Markets

The value of an account will increase or decrease with the market value of the securities in it. Where an account holds stock, the market value of the stocks will fluctuate with the performance of the company issuing the stock, economic conditions, interest rates, stock market tendencies and other factors. Historically, equity securities are more volatile than fixed income securities. Securities of small market capitalization companies can be more volatile than securities of large market capitalization companies.

#### Risks Relating to the Suspension of Trading

Should an exchange suspend trading generally, or halt or otherwise limit trading in a security on that exchange, it may not be possible to liquidate positions, and an account could suffer a loss.

#### Risks Relating to Interest Rate Fluctuations

Investments are affected by interest rate fluctuations. A drop in interest rates may cause a reduction in the return of money market securities, and an increase in interest rates may reduce the return

on debt or fixed income securities.

#### Risks Relating to Currency

Accounts buying assets in a currency other than the base currency (for Canadians this is generally Canadian Dollars), are exposed to foreign exchange risks. As the currency changes in value against other currencies, the value of the securities purchased in those other currencies will fluctuate.

Some accounts denominate the value of their securities in Canadian dollars, but invest in different currencies. As a result the value of their securities will fluctuate as foreign currencies change value in relation to the Canadian dollar.

#### Risks of Using Borrowed Money (Leveraging) to Finance the Purchase of a Security

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash. If you borrow money to purchase securities, your obligation to repay the capital amount borrowed, together with interest, will remain the same even if the value of the securities purchased declines.

Securities can be purchased using a combination of cash and borrowed money, and involves a process called leveraging. The money borrowed to purchase the security magnifies the gain or loss on the cash invested. For example, if \$100,000 worth of securities are purchased and paid for with \$25,000 of cash and \$75,000 of borrowed money, and the value of the securities declines by 10% to \$90,000, your equity interest (the difference between the value of the securities and the amount borrowed) has declined by 40% (i.e. from \$25,000 to \$15,000).

As leveraging magnifies gains or losses experienced, it is important that an investor proposing a leveraged transaction be aware of the higher risk associated with the transaction, as opposed to a transaction using cash only. The extent to which a leveraged transaction involves undue risk is a determination that must be made in the circumstances on a case-by-case basis.

Additionally, there may be terms attached to a loan agreement with the lender which require the securities securing the loan to not fall below an agreed percentage of the market value. Should this occur, the borrower must pay down the loan or sell some of the securities so as to return the loan to the agreed percentage ratio. In our example above, the lender may require that the loan not exceed 75% of the market value of the securities. On a decline of value of the securities to \$90,000 the borrower must reduce the loan to \$67,500 (75% of \$90,000). If the borrower does not have cash available, the borrower must sell securities to provide money to reduce the loan.



Investors who leverage their investment are advised to keep adequate financial resources available to satisfy both interest and loan repayments to reduce the extent of the loan under such arrangements.

#### Risks Relating to Small Companies

Investing in smaller companies can be riskier than investing in larger companies. This is especially true with newer companies that are not as established in the market and have fewer financial resources. Private companies and companies that have recently become public generally don't have as many shares trading in the market, and so it could be difficult to buy or sell small companies' stock as and when the investor wants to. The consequence of this is that the price of the shares can change significantly over a short period of time.

#### Risks Relating to Commodities

Adverse movements in commodity prices may negatively impact the value of investments held in an account. Investments that are concentrated in a particular issuer, commodity or sector will also be more susceptible to these changes in price. This may result in greater fluctuations in value than would be the case for a portfolio invested in a wider variety of companies across sectors or industries.

#### Risk Relating to Liquidity

Liquidity refers to the speed and ease with which an asset may be sold and converted into cash. Where the securities held in an account can be sold easily, and at a fair price, the investment is regarded as being relatively liquid. Conversely where the security cannot be sold quickly or easily, the security is regarded as being illiquid, which may result in the investor suffering a loss or a reduced return.

Some securities may not be liquid because of legal restrictions, the nature of the investment or certain characteristics of the security. The lack of purchasers interested in a given security or market could also explain why a security may be less liquid.

#### Risks Relating to Foreign Investments

Accounts that invest in foreign countries may face additional risk due to the fact that the standards or requirements for accounting, auditing and financial reporting in these countries may not be as stringent as in Canada or the U.S. These countries may also receive less complete information about the securities they buy.

Factors such as a change in government, economic policy, the imposition of exchange controls, or the devaluation of a currency can impact foreign markets and could make them less liquid or more volatile than North American markets. As a result, this would restrict the ability of a portfolio manager to withdraw investments.

#### Risks Relating to Fund-on-Fund Investing

When an account invests some or all of its assets in securities of a pooled fund or a mutual fund (each, an "underlying fund"), the underlying fund may have to dispose of its investments at unfavorable prices to meet the redemption requests of the portfolio. This could have a negative effect on the performance of the underlying fund that faces a large redemption. Furthermore, the performance of the portfolio is directly linked to the performance of the underlying fund, and is therefore subject to the risks of the underlying fund in proportion to the amount of its investment in the underlying fund.

#### Risks Relating to Specialization

Some clients prefer a mandate which invests in a particular industry or geographic area. When an account is specialized in this way, it can be more volatile. Specialization lets the portfolio manager focus on specific areas of the economy, which will affect the performance of the portfolio depending upon changes in the sector and the companies in the sector. Events or developments affecting that sector or part of the world may have a greater effect on the portfolio than if it had been more diversified.

#### Risks Relating to Securities Lending Transactions

Investors may, for a fixed period of time, lend securities in their portfolio in exchange for collateral. To minimize the extent of the risk posed by a securities lending transaction, the investor will negotiate the value of assets given as collateral, the type of collateral they are willing to accept, and the minimum level of percentage coverage of the loaned securities.

One of the main risks posed by a securities lending transaction is the borrower's inability to pay the consideration required to maintain the collateral at the agreed percentage. The investor lending the security could additionally sustain a loss if the borrower does not return the security at the end of the agreed period, or if the market value of the securities loaned increases before they are bought back by the investor. It is possible that the collateral held by the investor will be insufficient to purchase the same securities on the market, and the investor will have to put in additional funds to do so, thereby suffering a loss.

These risks can potentially be mitigated by only engaging with borrowing parties that have established credentials, and have undergone a stringent credit evaluation.

#### Risks Relating to the Use of Derivatives

Derivatives are investment instruments such as options, forward contracts, futures, and swaps. Usually, derivatives grant the right or require the holder to buy or sell a specific asset during a certain period of time. There are several types of derivatives, each based on an underlying asset that is sold in a market or on a market index. A stock option is a derivative in which the underlying asset is the security of a major corporation. There are also derivatives based on

currencies, commodities, and market indexes.

In the asset management industry, portfolio managers seek to improve the rate of return of portfolios by using derivatives and accepting a lower, more predictable rate of return through hedging transactions, rather than a higher but less predictable potential rate of return. This is called hedging. Derivatives may not be used for speculation. Derivatives can be used to reduce the risk of currency fluctuations, stock market volatility and interest rate fluctuations, however there is no guarantee that the use of derivatives will prevent losses if the value of the underlying investments falls. In some cases, derivatives may be used instead of direct investments. This reduces transaction costs, and can improve liquidity and increase the flexibility of an account.

Derivatives may also be used for non-hedging purposes. Derivatives can help increase the speed and flexibility with which trades may be executed, however there is no guarantee that using derivatives will result in positive returns. Accounts that use derivatives also face a credit risk.

The following are examples of risk relating to the use of derivatives:

- The use of derivatives to reduce risk associated with foreign markets, currencies, or specific stocks, called hedging, is not always effective. There may be an imperfect correlation between changes in the market value of the investment being hedged and the hedging derivative.
- There is no assurance that portfolio managers will be able to sell the derivatives to protect a portfolio. An over-the counter market may not exist or may not be liquid. Derivatives traded in foreign markets may be less liquid and therefore have more risk than derivatives traded in North American markets.
- There may be a credit risk associated with those who trade in derivatives. The account or the fund may not be able to complete settlement because the other party cannot honor the terms of the contract.
- There may be credit risk from dealers who trade in derivatives, such as a dealer going bankrupt.
- A securities exchange could impose daily limits on the trading of certain derivative instruments, making it difficult to complete a derivative contract.
- If an account or a fund is unable to close out its position on a derivatives contract, this can affect its ability to hedge against losses.
- The price of derivatives based on a stock index could be distorted if trading in some or all of the stocks that make up the index is interrupted.
- If trading in certain derivative instruments is restricted by a

stock exchange, the account or the fund could experience substantial losses.

### Risks Relating to Investing in Mutual Funds, Hedge Funds and Specialty Products

The prospectus, offering memoranda or other offering documents for mutual funds, hedge funds and/or specialty products managed by Cidel or third-party managers detail the risk factors associated with such investments. The main risk factors that are described in those offering documents are hereby incorporated by reference into this document, however for a full list of risk factors for each fund, clients can request a copy of the document from their Cidel representative.

### COMPLAINTS AND DISPUTE RESOLUTION

If you have a complaint that relates to any advising or trading activity of Cidel or one of our representatives, we would like to hear from you. Complaints must be received within 6 (Six) years from the day when you first knew, or reasonably ought to have known, of an act or omission that is a cause of, or contributed to, the complaint. Complaints should be reported in writing to the attention of Compliance Department, by mail to Cidel Asset Management Inc., 60 Bloor Street, 9th Floor, Toronto, ON M4W 3B8 or by facsimile to 416-925-8192 or by e-mail to CANCompliance@cidel.com.

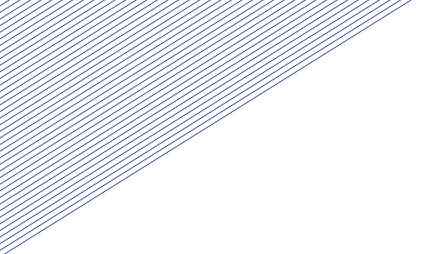
We will acknowledge your complaint in writing, investigate the matter and provide you with written notice of our decision to either resolve the complaint or deny it. As part of this process, we may ask you to provide further clarification or additional information to assist us in our investigation.

An independent dispute resolution or mediation service will be made available to you, at Cidel's expense, with respect to a complaint if either of the following circumstances apply:

- (a) after 90 (Ninety) days of the receipt of the complaint, Cidel has failed to notify you in writing of its decision to either resolve the complaint or deny it, and you wish to refer the complaint to an independent body for consideration; or
- (b) within 180 (One Hundred and Eighty) days of receiving Cidel's written notice informing you of its decision, you notify the independent dispute resolution or mediation service that you would like to have the complaint considered.

Provided, however, that you agree that any amount claimed by you for the service provided by the independent body will not be greater than \$350,000.

Except in Québec, the Ombudsman for Banking Services and Investments ("OBSI") is the independent dispute resolution or mediation service that is being made available to you at Cidel's expense for an eligible complaint.



If you are a Québec resident and your concerns are related to your investments, you may consider the free mediation service offered by the Autorité des marchés financiers.

If you have any concerns about our compliance with federal banking consumer protection laws, you may contact in writing:

Financial Consumer Agency of Canada

6th Floor, Enterprise Building 427 Laurier Avenue West

Ottawa, Ontario, Canada

K1R 1B9

Tel: 1-866-461-3222

Website: [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)

Appendix A contains additional information about our internal complaint handling procedures and timelines and OBSI's dispute resolution or mediation services that will be made available to you.

While OBSI's services are available to you, you are in no way restricted from taking your complaint to a dispute resolution or mediation service of your choosing at your own expense, or to bring an action in court. Keep in mind that there are time limits for taking legal action.

## APPENDIX A

### WHAT TO DO IF YOU HAVE A COMPLAINT

#### Our Complaint Process

##### Filing a complaint with us

If you have a complaint about our services or a product, contact us at:

Cidel Asset Management Inc.  
60 Bloor St. West, 9th Floor  
Toronto, ON M4W 3B8  
Fax: 416-925-8192  
Attention: Compliance Department  
Email: CANCompliance@cidel.com

You may want to consider using a method other than email for sensitive information.

##### Tell us:

- what went wrong;
- when it happened; and
- what you expect, for example, money back, an apology, account correction.

##### We will acknowledge your complaint

We will acknowledge your complaint in writing, as soon as possible, typically within 5 business days of receiving your complaint.

We may ask you to provide clarification or more information to help us resolve your complaint.

##### Help us resolve your complaint sooner

- Make your complaint as soon as possible.
- Reply promptly if we ask you for more information.
- Keep copies of all relevant documents, such as letters, e-mails and notes of conversations with us.

##### We will provide our decision

We normally provide our decision in writing, within 90 days of receiving a complaint. It will include:

- a summary of the complaint;
- the results of our investigation;

- our decision to make an offer to resolve the complaint or deny it; and
- an explanation of our decision.

##### If our decision is delayed

If we cannot provide you with our decision within 90 days, we will:

- inform you of the delay;
- explain why our decision is delayed; and
- give you a new date for our decision.

You may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI).

##### If you are not satisfied with our decision

You may be eligible for OBSI's dispute resolution service.

##### If you are a Québec resident

You may consider the free mediation service offered by the Autorité des marchés financiers.

##### A word about legal advice

You always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your options. There are time limits for taking legal action. Delays could limit your options and legal rights later on.

##### Taking your complaint to OBSI

You may be eligible for OBSI's free and independent dispute resolution service if:

- we do not provide our decision within 90 days after you made your complaint; or
- you are not satisfied with our decision.

OBSI can recommend compensation of up to \$350,000.

OBSI's service is available to clients of our firm. This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action.

### Who can use OBSI

You have the right to use OBSI's service if:

- your complaint relates to a trading or advising activity of our firm or by one of our representatives;
- you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint; and
- you file your complaint with OBSI according to its time limits below.

### Time limits apply

- If we do not provide you with our decision within 90 days, you can take your complaint to OBSI any time after the 90-day period has ended.
- If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI.

### Filing a complaint with OBSI

#### Contact OBSI

Email: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

Telephone: 1-888-451-4519 or 416-287-2877 in Toronto

#### OBSI will investigate

OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer.

#### Information OBSI needs to help you

OBSI can help you best if you promptly provide all relevant information, including:

- your name and contact information
- our firm's name and contact information
- the names and contact information of any of our representatives who have been involved in your complaint
- details of your complaint
- all relevant documents, including any correspondence and notes of discussions with us

During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations.

### OBSI will provide its recommendations

Once OBSI has completed its investigation, it will provide its recommendations to you and us. OBSI's recommendations are not binding on you or us.

OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint.

For more information about OBSI, visit [www.obsi.ca](http://www.obsi.ca)



## APPENDIX B

Cidel Bank & Trust Inc.

Cidel Bank Canada

Cidel Trust Company

Cidel (Pty) Limited

Cidel Trust International Inc.

Cidel GP 1



## APPENDIX C

### RELATED & CONNECTED ISSUERS

#### Limited Partnership

Cidel Rouge LP

#### Pooled Funds

- Cidel Global Equity Fund
- Cidel Canadian Total Return Equity Fund
- Cidel Canadian Opportunities Fund
- Cidel Balanced Portfolio Fund
- Cidel Canadian Fixed Income Fund
- Cidel Canadian Corporate Fixed Income Fund
- Cidel Money Market Fund
- Cidel Russell RAFI Canada Index Fund
- Cidel Russell RAFI U.S. Large Company Index Fund
- Cidel Russell RAFI Developed ex-U.S. Large Company Index Fund
- Cidel Preferred Share Fund
- Cidel International Equity Fund
- Cidel Equity Income Fund
- Cidel Credit Opportunities Fund
- Cidel Relative Value Fund
- Cidel Long/Short Equity Fund

1. Cidel Fund Management Inc., an affiliated company of the Corporation, is the investment manager of British Virgin Islands Mutual Funds, Cidel Performance Strategies Fund Ltd., CFG Performance Strategies Ltd. and Cidel IDF I SPC, Inc. and of a registered Cayman Islands Mutual Fund, Cidel Alternative Strategies Fund, Ltd. (formerly named Ascent Relative Value Fund, Ltd.).