

FRIEDBERG
MERCANTILE
GROUP LTD.

*Friedberg
Mercantile
Group Ltd*

**Relationship Disclosure
Information Document**



Relationship Disclosure Information Document

Updated: August 2022

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Section 1. General

1.1 Introduction

Friedberg Mercantile Group Ltd. (FMGL or Friedberg) believes the best way to help you meet your financial goals, and for us to keep serving you as a valued client, is to provide you with the account type(s), information, and access to investments in a way that best suits your needs. We want to help you save and invest in the way you are most comfortable and informed with the changing environment in which we live. We think we can do this most successfully if we both know what to expect from each other.

We also want you to understand how your input through the account application process (sometimes referred to as the “Know Your Client” or “KYC” form you complete) is critical to our meeting your expectations. In National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, securities regulators have recommended that investment dealers promote active client participation for a mutually successful relationship.

This Relationship Disclosure Information (RDI) is designed to help retail investors of FMGL clearly understand the nature of the services that can be provided by their advisor, and the necessary elements to ensure a satisfactory ongoing relationship. This RDI reflects the Client Focused Reforms (CFR) which have come into effect in 2021.

Friedberg uses its website (at www.friedberg.ca) as its repository for its RDI. All new and existing customers of FMGL who have accepted electronic delivery of materials, including RDI, can rely on its delivery via our website, as per Section 14.2 of National Instrument 31-103.

1.2 What You Should Do

Whichever kind of account you have with FMGL, we can only provide you with our best possible service if you provide us with the information and feedback we need. Please remember to do the following:

1. Review all of your account documentation to ensure it is accurate.
2. Review all disclosure to ensure you understand how your account will be operated, the risks involved and other matters pertinent to the operation of your account.
3. Inform FMGL immediately of any material change in your circumstances, financial position, investment objectives or risk tolerance. A material change is one that might affect the kind of advice FMGL will give you, such as (by way of a few examples) a change in employment, income, or dependents. If you are unsure whether a change is material, it would be best to inform us.
4. Review the trade confirmations and account statements sent to you to ensure they are correct. Report any errors to your FMGL Advisor immediately.
5. Ask questions about any recommendations made to you or anything that occurs in your account that you do not understand. If you do not receive a satisfactory answer from your FMGL Advisor, ask to speak to his or her supervisor.
6. Direct any complaints immediately to FMGL's Complaints Officer, via email to complaints@friedberg.ca. If possible, a complaint should be in writing.

1.3 FMGL's Services To You

This document is divided into four sections relating to the different kinds of accounts we offer. You need read only the general section and the section relevant to the type of services you have requested:

Section 2: Advisory Accounts (which are not managed accounts), through which you can buy and sell securities (including equities, bonds, options, and investment funds), futures contracts and futures contract options. Whether or not the trades result from a recommendation of your FMGL Advisor, FMGL will determine whether a transaction is suitable for you based on your investment means and needs.

Section 3: Managed Accounts, through which securities (including equities, bonds, options and investment funds), future contract and future contract options can be purchased and sold for your account on a discretionary basis, which means that no authorization need be obtained from you or person(s) authorized to provide instructions on the account prior to the execution of transactions. In a Managed Account, the cost of service and advice, traditionally linked to a transaction or bundled in the product price, is featured as a flexible and transparent asset-based fee.

Section 4: Foreign exchange contracts and contracts for difference through Friedberg Direct (FMGL's execution only division), through which you can buy and sell foreign exchange contracts or contracts for difference without advice from an FMGL Advisor and without FMGL determining the suitability of such trades to your investment means and needs.

Each section will explain:

1. **Documentation** – The documents and agreements you will be required to sign or will receive, and which you should keep for your records.
2. **Suitability** – Whether FMGL will make recommendations to you or make determinations of the suitability of the trading activity in your account. Where we do make suitability judgments, this document will explain how and when that is done.
3. **Transaction Reporting** – When and how you will receive reports on the transactions and positions in your account, both immediately after a transaction and on a cumulative basis.
4. **Performance Reporting** – What kind of reporting you will receive with regard to your account.
5. **Conflicts of Interest** – Any conflicts of interest of FMGL or its representatives that you should be aware of in making investment decisions.
6. **Costs** – The costs you will incur in operating your account.

1.4 Introducing/Carrying Broker Arrangement and Trustee Disclosure

FMGL has entered into an introducing/carrying broker agreement with National Bank Independent Network (NBIN) for trading in securities to provide back-office trade execution, settlement, and client reporting services to you.

1.5 The Role of FMGL

FMGL is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF). We are your investment dealer and are an introducing broker on the account. FMGL, as the introducing broker, is responsible for (among other things) supervisory oversight, obtaining know-your-client information and (other than for Friedberg Direct accounts) determining the suitability of trades. Through our advisors, we provide investment advice and services to retail clients.

1.6 The Role of National Bank Independent Network

Most client securities positions are held in custody by NBIN. All investments shown on your statement are held by NBIN in segregation from all other brokerage firms that they clear for. All trades executed on your behalf are settled by NBIN. All money is deposited and withdrawn through the NBIN banking and back-office systems at the direction of FMGL. NBIN reports all your account's trade activity to you and FMGL daily. NBIN is also responsible for tax reporting (except for tax forms relating to mutual fund distributions on non-registered accounts, which will be issued to you directly by the mutual fund companies where applicable). NBIN does not give investment advice, determine the suitability of your investments and is not responsible to, and does not, supervise any investment advice given to you by FMGL. Also, NBIN is under no duty to evaluate the appropriateness, accuracy or quality of any instructions received from you or FMGL. If, under any circumstance, any transaction for your account is not reported to you on a trade confirmation and on your monthly statement, it should be reported to your advisor and/or FMGL compliance. As an investment dealer, we are a financial intermediary. It is common practice in the investment industry that at times we may be the party on the other side of your transaction in acting for ourselves (principal trading) or another of our clients. However, our business model is to act primarily as an agent for clients such as you. We simply facilitate transactions between you and a third party on the other side of the transaction mostly through the facilities of the various exchanges we trade on. Through this agency relationship, we have no ownership interest in the security traded unless specifically noted.

1.7 Trade Confirmations and Account Statements

You are provided with printed confirmation, by post mailed no later than two days after any transaction has been completed, with the details of every purchase or sale. Please look for and review your confirmation as soon as you receive it. Confirmations should be retained to assist with income tax filing. Should you have any questions regarding the transaction, call your advisor immediately.

You will receive your brokerage statements directly from our carrying broker (National Bank Independent Network) monthly if there has been activity in your account. Otherwise, statements will be delivered on a calendar quarterly basis.

Every statement sent provides an independent confirmation of your holdings. Your account statement confirms all account activity, including purchases and sales of securities, contributions and withdrawals, dividends, interest paid, transfers, and any other transactions that occurred in your account over the previous period.

These statements are deemed to have been acknowledged as correct and as having been approved by the client unless we have received a written notice to the contrary within fifteen days after it was sent to the client.

Note: These statements also list your current holdings and the net value of your portfolio as if you had closed all positions as of the date on the statement. The value of most securities you hold is calculated and collected by NBIN from sources believed to be accurate; FMGL takes no responsibility regarding the accuracy of these valuations, but the firm does quarterly random checks of security pricing. In the case of securities that have ceased trading, where the company is bankrupt, in the instance of thinly traded securities and of Canadian Controlled Private Corporations (CCPC), where external valuations are usually required at the owner's cost, and the costs can be significant, we may use N/A or the previously posted value.

With respect to Friedberg Direct accounts, clients are provided with materials by email.

1.8 Report on Client Positions Held Outside of FMGL

FMGL must send a quarterly report to retail customers on client positions held for them outside of FMGL (referred to as "outside holdings"), either in book-based client name or physical client name:

- In securities issued by a scholarship plan, a mutual fund or an investment fund that is a labour-sponsored investment fund corporation, or labour-sponsored venture capital corporation, under legislation of a jurisdiction in Canada and FMGL is the dealer or adviser of record for the client on the records of the issuer of the security or the records of the issuer's investment fund manager; and
- In any other security on which FMGL receives continuing compensation payments related to the client's ownership of the security from the issuer of the security, the investment fund manager of the issuer or any other party.

The report must include all the following information about the client's outside holdings at the end of the period for which the report is made:

(a) The name and quantity of each security position, and for each security position where the market value is determinable:

- The market value;
- The total market value; and
- If applicable, the notification required pursuant to IIROC Rule 200.1(c)(ii).

Where the market value is not determinable, the notification required pursuant to IIROC Rule 200.1(c) (iii).

The report must also include, for each security position:

- Where the cost is determinable, either the cost or the total cost; and
 - Where the cost is not determinable, the notification required pursuant to IIROC Rule 200.1(iii), together with a notation setting out the definitions of the calculation methodologies used to calculate the individual position cost information included in the statement; provided that where the individual position cost information included in the statement is calculated using:
 - The “book cost” calculation methodology, the definition language set out in IIROC Rule 200.1(a) or language that is substantially similar must be used as the notation; and
 - The “original cost” calculation methodology, the definition language set out in IIROC Rule 200.1(e) or language that is substantially similar must be used as the notation.
- (b) The total market value of all security positions, the total cost of all security positions and the name of the party that holds or controls each security position and a description of the way it is held.
- (c) In the case of clients with any outside holdings which might be subject to a deferred sales charge if they are sold, the report must include (i) a notation identifying each security position that might be subject to a deferred sales charge and indicate that the client’s outside holdings are not covered by the Canadian Investor Protection Fund and (ii) whether the securities are covered under any other investor protection fund approved or recognized by a Canadian securities regulatory authority and, if they are, the name of the fund.

1.9 Fees and Charges Report

Fees and charges are reflected on your statements, and you have been advised of our fees schedule. You received a copy of our fee schedule when you opened your account with FMGL. We will send a fee/charge report to each retail client at the end of the year. The report will include a discussion of the operating charges which might be applicable to the client’s account, the total amount of each type of operating charge related to the client’s account paid by the client during the period covered by the report, the aggregate total amount of all operating charges related to the client’s account paid by the client during the period covered by the report, the total amount of each type of transaction charge related to the purchase or sale of securities paid by the client during the period covered by the report, and the aggregate total amount of all transaction charges related to the client’s account paid by the client during the period covered by the report.

If we purchased or sold debt securities for the client during the period of the report, either of the following:

- The total amount of any mark-ups, mark-downs, commissions or other fees or charges we applied on the purchases or sales of debt securities; and
- The total amount of any commissions charged to the client by us on purchases or sales of debt securities and, if we applied mark-ups, mark-downs or other fees or charges other than commissions on the purchases or sales of debt securities, the following notification or a notification that is substantially similar:

“For debt securities purchased or sold for you during the period covered by this report, FMGL remuneration was added to the price you paid (in the case of a purchase) or deducted from the price you received (in the case of a sale). This amount was in addition to any commissions you were charged.”
- The total amount of each type of payment, other than trailing commissions, that is made to FMGL or any of its registered individuals by a securities issuer or another registrant in relation to services provided to the client during the period covered by the report, accompanied by an explanation of each type of payment, and if we received trailing commissions related to securities owned by the client during the period covered by the report, the following notification or a notification that is substantially similar:

“We received \$[amount] in trailing commissions in respect of securities you owned during the period covered by this report.

Investment funds pay investment fund managers a fee for managing their funds. The managers pay us ongoing trailing commissions for the services and advice we provide you. The amount of the trailing commission depends on the sales charge option you chose when you purchased the fund. You are not directly charged the trailing commission or the management fee but, these fees affect you because they reduce the amount of the fund’s return to you. Information about management fees and other charges to your investment funds is included in the prospectus or fund facts document for each fund.”

The information in respect of securities of a client required to be reported under IIROC Rule 200.2(e) [Report on client positions held outside of the Dealer Member] must be included in the report for each of the client’s accounts through which securities were transacted.

1.10 Performance Report

FMGL, through its carrying broker, will send an annual performance report to each retail client as part of the annual reporting. This report will include the total combined market value of all cash and security positions, the total combined market value of all deposits and transfers in of cash and security positions, the total combined market value of all withdrawals and transfers out of cash and security positions, and the total combined change in market value of all cash and security positions. The report will also include the annualized total percentage return calculated net of charges using the money-weighted rate of return methodology for the period of 12 months, 3 years, 5 years and 10 years as the statistics become available. The required information will be provided using text, tables and charts and be accompanied by notes explaining the content of the report and how a client can use the information to assess the performance of the client’s investments and the changing value of the client’s investment as reflected in the information in the report. This report will be a separate document from the monthly statement.

Friedberg Direct does not provide performance reporting.

The information in respect of securities of a client required to be reported under IIROC Rule 200.2(e) [Report on client positions held outside of the Dealer Member] must be included in the report for each of the client's accounts through which securities were transacted.

1.11 Compensation Arrangements

FMGL pays NBIN for its carrying broker services and pays for the trustee services that NBIN arranges to be provided by its Trustee, National Trust. Then under the Declaration of Trust, the Trustee is entitled to earn excess interest and profit over the published interest rate paid to you, if any, on any daily un-invested cash deposits in your registered plan. The Trustee may compensate NBIN, and NBIN may in turn compensate FMGL in respect of such cash deposits. For example, the Trustee may pay NBIN an amount equal to the Trustee's prime rate, less a certain percentage, multiplied by such cash deposits and NBIN may share a portion of this payment with FMGL on a similar basis.

1.12 Products and Services We Offer

Here is a summary of the services and products we offer you:

Services FMGL provides managed and advisory accounts such as cash, margin, options, futures, contracts for difference in registered plan accounts (RRSP, RRIF, LIRA TFSA) for its retail clients.

Products We offer the following investment products:

Cash like investments, Guaranteed Investment Certificates (GIC) and treasury bills fixed income debt and debentures, including Federal, Provincial, and corporate debt securities and preferred shares, equities/stocks including warrants and rights, investment funds such as mutual funds and exchange traded funds (ETF), pooled funds and currency exchange. We also offer alternative investment products, such as options, futures, commodities, income trusts, hedge funds and private placements.

Your advisor can explain these investment products to you, as well as how they work, their risks and possible returns, and whether they are appropriate for you. For more information, you can also read plain-language investment explanations in Investments at a Glance, a booklet prepared by the Canadian Securities Administrators (www.securities-administrators.ca) on the Investors Tool Page for financial consumers such as yourself.

1.13 Benchmarks

A benchmark is a point of reference that is commonly used to compare and assess the performance of an investment. It is usually an index of securities of the same or similar asset class and geography. For example, if a fund invests mainly in Canadian stocks, the benchmark might be the S&P/TSX Composite Index, which tracks companies trading on the Toronto Stock Exchange. A benchmark's performance represents the returns over time of the select group of securities that forms its index. Benchmark indices are typically owned by specialized firms (for example, Standard & Poor's) that receive real-time and historical data from the source exchange. By comparing a fund to an appropriate benchmark, you can see how the investments held by the fund performed compared to the market or sector in general.

1.14 Your Personal Information

FMGL understands that trust is an important factor in our relationship, and we take this very seriously. Protecting your privacy and the confidentiality of your personal information is a fundamental part of our responsibility to you. Clients of FMGL are entitled to a high degree of care in the handling of their confidential information. Through our policies and procedures, as well as state-of-the-art equipment and computer security measures, we ensure that your privacy and the confidentiality of your information are protected. The personal information you provide to FMGL (or which the firm collects with your consent) with respect to your account application will be protected and maintained in a client investment file with us. The key components of the firm's policy are as follows:

- The client's knowledge and consent are required before an Employee/Agent may collect, use, or disclose a client's personal information.
- If any of the personal information collected is sensitive, such as health information, we must obtain additional written or oral consent from the client before using or disclosing the information.
- FMGL must use care when storing or destroying client personal information to prevent unauthorized access.

Our privacy policy, that includes important definitions and details how we use your information, is provided on our website at www.friedberg.ca

1.15 Summary of Privacy Principles (Set out in Schedule 1 of PIPEDA)

Accountability: FMGL is responsible for personal information under its control and the Chief Privacy Officer is accountable for FMGL's compliance with the principles described in this Privacy Policy.

Identifying Purpose: The purposes for which personal information is collected will be identified by FMGL at or before the time the information is collected. We will also document the purposes for which personal information is collected at or before the time the information is collected.

Consent: The knowledge and consent of the individual, express or implied, are required for the collection, use or disclosure of personal information by FMGL, except where inappropriate.

Limiting Collection: FMGL will limit the amount and type of personal information collected to that which is necessary for the purposes identified by FMGL. The personal information will be collected by fair and lawful means.

Limiting Use, Disclosure and Retention: FMGL will not use or disclose personal information for purposes other than those for which it was collected, except with the consent of the individual or as required or permitted by law. Personal information will be retained as long as necessary for the fulfillment of those purposes.

Accuracy: FMGL will keep personal information as accurate, complete, and up to date as is necessary for the purposes for which it is to be used. We will minimize the possibility that inappropriate information is used.

Safeguards: FMGL will protect personal information with security safeguards appropriate to the sensitivity of the information.

Openness: FMGL will be open about its policies and procedures with respect to the management of personal information. We will ensure that individuals are able to acquire information about the firm's policies and procedures without unreasonable effort. FMGL will make this information available in a form that is generally understandable.

Individual Access: Upon a request in writing, FMGL will inform the individual of the existence, use and disclosure of his or her personal information and the individual will be given access to that information, except where the law requires or permits us to deny access.

Questions and Concerns: An individual will be able to direct a challenge concerning compliance with the above principles to FMGL's Chief Privacy Officer. Updated versions, when produced, of this Personal Information Policy can be obtained from your account advisor, the compliance department or you can direct any queries about this policy to our Privacy Officer at the telephone number, e-mail address, or mailing address listed below. If you have a complaint related to this Personal Information Policy or any of our procedures, contact our Privacy Officer. If your complaint is justified, we will take the steps necessary to resolve the issue, including amending our policy and practices, if necessary. If we are not able to resolve your concern, or if you have any other concerns about our personal information policy and procedures, you may contact the office of the Provincial Privacy Commissioner. FMGL's Privacy Officer will provide you with this contact information upon request. For more information, to file a privacy complaint, to make enquiries, or to opt out of all or parts of this policy, please contact us at:

Friedberg Mercantile Group Ltd., Attention: Privacy Officer, 220 Bay Street, Suite 600, Toronto, Ontario M5J 2W4
Email: privacy@friedberg.ca Telephone: 416-364-2700 Facsimile: 416-364-0572

1.16 The Account(s) You Have and How They Operate

FMGL currently offers our retail clients (i) advisory accounts and (ii) managed futures and foreign exchange accounts. Your advisor is responsible for providing suitable and unbiased investment recommendations to you that meet the standard of care expected of a trained investment professional based on the Know Your Client (KYC) account opening information that you provide to us when your account is open. It is especially important that any changes to your personal circumstances be communicated to your representative.

1.17 The Fees You Pay and How They Are Calculated

FMGL is compensated for the distribution of investment products and services. All fees are disclosed as required by regulation and vary depending on the accounts and services you use. We currently offer commission-based and fee-based accounts. Advisory accounts at FMGL are non-discretionary, which means your authorization is required on all orders. For these types of accounts, your advisor may be compensated in one or more of the following ways depending on the product type.

For a commission-based account:

We charge a commission for every trade we make for you based on a flat dollar amount, a percentage of the value of the securities purchased or sold or another negotiated amount. Debt securities are sometimes subject to a mark-up when purchasing and a mark-down when selling, which are typically imbedded within the purchase price. If your transaction is subject to imbedded commissions, the total dollar amount will be identified on your trade confirmation along with the following statement "the investment dealer's remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of sale." If this method is not used, a commission will be charged and recorded on the contract in the commission box. Every bond or debenture transaction will also state the yield to maturity on the contract.

For equity securities including options:

The commission is based on the flat dollar amount, a percentage of the value of the securities purchased or sold or another negotiated amount. A \$100 minimum commission will apply for the purchase and sale of individually listed equities and options. Trades on foreign markets may also be charged Transaction Fees, SEC fees and any applicable Exchange Fees relating to each trade.

For a Fee Based Account (Managed Investment Account):

In a Managed Investment Account, the cost of service and advice, traditionally linked to a transaction or bundled in the product price, is featured as a flexible and transparent asset-based fee. These accounts are discretionary accounts, which means that no authorization need be obtained from the client or person(s) authorized to provide instructions on the account prior to the execution of transactions. A client's authorization is obtained in the investment management agreement. The Managed Investment accounts will be charged a fee plus applicable taxes for trading, investment advice, account administration and service, and ancillary services provided by the advisor. The program fee is based on the positive cash balance and market value of eligible investments in the Managed Investment Program account(s). The fee rate and billing frequency applicable to the account(s) are detailed on the Investment Management account application form that a client signs on account opening.

For investment funds:

There are different types of investment fund products available. Deferred Sales Charge (DSC) and low load (LL) funds which the mutual fund company pays to us and can be as high as 6% in the DSC case. There is a redemption schedule that outlines how long a client's money must remain with that particular fund company. If a client redeems/sells out from that fund company before the redemption schedule has ended the mutual fund company will charge back a fee to the client. For each year of ownership, the fee declines, and mutual fund companies usually offer 15% annual redemptions free of any charge. An annual trailing commission is also paid to FMGL, usually monthly by the investment fund company.

In front end mutual funds (FE) and low load (LL) funds, the client pays the commission up front to FMGL. A trailing commission may also be paid to the firm, usually monthly, by the investment fund company. There are no redemption fees charged by the fund company on these types of mutual funds.

No-load Investment Funds: FMGL receives a trailing commission, payable monthly, based on the value of certain assets of the clients we service that are invested in investment funds purchased under the no-load option.

F series investment funds tend to have no commission or annual service fee or trailers and are usually held in fee-based accounts.

Fees and commission for investment funds are fully disclosed to clients in each investment fund prospectus and fund fact document and are further disclosed as part of each investment fund's management expense ratio. A comparison of an F series and a DSC of the same investment fund quantify the embedded amount of the fees and commissions.

1.18 Embedded Commissions and Fees

These are commissions and fees that do not appear on a trade confirmation, and are the least transparent charges. The most common of these are Deferred Sales Charges and trailer fees, which are described above. FMGL may receive compensation by way of a commission, from the buying or selling of investment fund units or shares, limited partnership units, tax sheltered securities, securities offered through private placements or public offerings, Canada and Provincial saving bonds and Guaranteed Investment certificates. FMGL may also receive trailer fees for the period during which you hold investment fund securities.

Please ensure that you read the offering document of the securities you are buying for all charges, commissions, fees, trailer fees, investment fund management fees, and early redemption fees. If you require assistance in understanding these fees or in determining this amount, your Advisor will be pleased to assist you.

FMGL does not conduct Principal Trading as part of our business model, other than for trading in certain bonds and trading through Friedberg Direct's order execution only division trading platforms. When a client trade is the other side of an employee trade, you will be notified on you trade confirmation with the message or a variation of "sold to principal/bought from principal."

We also may charge other account operation fees (which can include account maintenance fees, fees for failing to maintain a minimum balance, account transfer fees, account inactivity fees, wire transfer fees, "finder's fees," referral fees, third-party custodian fees, costs of account closing, SDRSP administration fees, attestations of assets; etc.). A list of these fees is sent to all clients when they open their account. Ask your advisor if you wish another copy.

1.19 Interest Charges

If any account you have with FMGL is in a debt position, we will deduct an interest charge from the account. Interest rates charged are available upon request. The firm and our carrying broker (National Bank Independent Network) share in these charges. Interest is calculated on a Settlement Date basis based on the cash credit or debit balance in the account. The interest period is from the 16th to the 15th of each calendar month. Interest is paid or charged on or around the 23rd of each calendar month. All rates are calculated based on the conventionally reported Canadian or U.S. prime rate + OR - a percentage.

1.20 Other Fees and Changes

You also may be subject to other costs relating to services that you use that are not our service offerings. For example, there may be charges levied by third parties for services that help you save more quickly and securely such as for pre-authorized transfers. There may be penalties related to the early withdrawal from certain instruments. Also, if you own shares of small emerging companies, you may be required to pay for valuations of these holdings to satisfy Canada Revenue Agency requirements. Knowing about and planning for these costs are your responsibility.

Notice of price changes:

We will provide you with at least 60 days' written notice of any new fee or changes in charges. Note: Interest charged on accounts and commissions for executing trades are excluded from this notice requirement. Interest charges are typically charged on the 15th day of the month and will show on your monthly statement.

Reminder: For a full list of products and services, and the relevant commissions and fees, please ask your advisor.

1.21 Leverage Disclosure

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by the loan's terms remains the same even if the value of the securities purchased declines. Before borrowing to invest, you should consider (among other things) your level of comfort in respect of taking risk, whether you are investing for the long term or short term. The use of a borrowing-to-invest strategy could result in far greater losses than an investment strategy that does not involve the use of borrowed money. Consider the cost of borrowing (i.e., interest payments) and whether you will be able to repay the loan.

Your advisor should discuss with you the risks of borrowing to invest.

1.22 Foreign Currency Exchange

For transactions denominated in currencies other than that of the currency of your account, a conversion of currency may be required and will be conducted by the firm. FMGL maintains a foreign exchange market spread. In performing foreign currency transactions, we may act as agent or principal. We may make a profit on providing foreign exchange transaction. Rates depend on the size, currency, and timing of the transaction. If you are initiating a transaction that will require an accompanying foreign exchange component, ask your advisor about the available rates. Unless otherwise specified or agreed to, the currency conversion will take place at our applicable bid and ask spread, based on the prevailing currency rates. FMGL currently only permits U.S. Dollar foreign currency holdings in registered plans (e.g., RRSP, RRIF). Thus, any transactions in such accounts involving any other foreign currency will be automatically converted by us into Canadian currency as described above.

1.23 Fair Allocation Procedures

For any company attempting to raise funds via a small private placement transaction, FMGL has a policy that any client of the firm will be considered solely responsible for reflecting their interest to their advisor. All such interest reflected by any client will be dealt with on a best-efforts basis only.

We are required to have policies and procedures that provide reasonable assurance that we will ensure fairness in the allocation of investment opportunities among our clients. Trade allocation must be determined on a basis that is fair, reasonable, and equitable for all clients. All client orders received before the books are closed will participate in any new issue on a pro-rata allocation basis.

1.24 Referral Arrangements

Securities legislation requires FMGL to inform clients of any referral arrangements where we pay or receive fees for client referrals. To provide products and services suitable to meet financial planning needs of our clients, FMGL may enter into referral arrangements for certain products and services. Referral fees paid to the firm under a referral arrangement will vary depending on the product or service purchased by the client. The referral fee may change at any time depending on the products and services being offered by us. Generally, a referral fee will be either a percentage of account balances, a percentage of revenue generated or a fixed fee. FMGL is registered as an investment dealer under securities legislation. Securities legislation requires that a written referral arrangement must be entered into prior to paying or receiving a referral fee for client referrals. FMGL Advisors may also be compensated for client referrals. A written disclosure, including information about the calculation of the referral fees and any identified conflict of interest, will be provided to you if any service is provided to you by the person or company receiving the referral.

1.25 Accounts with No Representative

Having a representative ensures that you are receiving the proper advice when required and that your objectives are being met. If the representative responsible for your account leaves the firm, your account must be updated and assigned to a new representative. The Compliance Department will assist you in finding a new representative. FMGL reserves the right to prohibit new purchases until a new representative has been arranged.

1.26 Conflicts of Interest

This section describes the ways we will avoid, manage, or disclose conflicts of interest that may arise as we serve your and others' interests. Actual, potential, and perceived conflicts of interest arise where an action or decision by someone has the effect of benefiting others at that person's expense. Such conflicts exist in almost all human interactions and, as we are an intermediary, acting for both buyers and sellers, conflicts will arise from time to time:

- Between you and our firm, as well as between you and your advisor
- Between you and our other clients. We act for many clients and must allocate investment opportunities among all of them fairly, so as not to favour intentionally one client over another
- Between us and our related or associated companies.

We have policies and procedures in place to address the handling of conflicts of interest.

We avoid conflicts prohibited by law as well as conflicts that we cannot effectively control.

In situations that we cannot avoid, where our interests may compete with yours, your interest is always given priority by our acting in one of two ways:

- We control or manage acceptable conflicts by attempting to physically separate different business functions, restricting the internal exchange of information in person or through systems, reducing the possibility of one part of our organization unsuitably influencing another, removing the financial incentive of an employee to favour a particular product or service over another that may be more suitable, and setting up and testing our operational review and approval processes; and
- We disclose information about any remaining conflicts to you so that, when you evaluate our recommendations and actions, you can assess independently if conflicts are significant for you.

To help you understand and assess material potential and actual conflicts of interest, we have prepared a more detailed explanation of typical conflicts, with examples of what we do in the case of any material ones. It can be found at www.friedberg.ca. If you ever have any questions or concerns, whether they involve conflicts of interest or anything else, please ask your advisor for an explanation and more information.

1.27 Principal /Agent Arrangement

Your advisor may be an employee or an agent of FMGL. In either case, we will be responsible for the acts and omissions of your investment advisor relating to FMGL business.

1.28 Outside Business Activities

Your representative may be involved in a business activity or offer products and services that are unrelated to FMGL. These are referred to as outside business activities and include any activities conducted outside of FMGL for which the individual receives or expects direct or indirect payment, compensation, consideration, or other benefit.

Outside business activities also include any position of influence or an office or directorship or other equivalent position held by a registrant. The most common outside business activities for advisors are the sale of life insurance products and segregated funds. Your advisor may only engage in outside business activities that have been pre-approved by FMGL compliance. We also provide annual reviews of all outside business activities to ensure compliance with securities regulations. In addition to his/her IIROC registration, your advisor may also hold a license with, and be regulated by, a regulator other than IIROC, or involved in an unregulated outside business activity. It is important that you understand:

- Your advisor's outside business activities are not the business of FMGL;
- FMGL makes no representations or warranties and assumes no liability with respect to your advisor's outside business activities;
- The remuneration earned by your advisor may vary depending on the products and services purchased; and
- Your personal information cannot be shared without your prior written consent or as required by regulation.

The pre-approval of outside business activities is based on conditions. These conditions are that:

- The activity follows any condition set out by the applicable securities commission;
- FMGL has approved the outside business activity and reported it to our regulator;
- The advisor follows the policies and procedures in place at FMGL to ensure continuous service and that potential conflicts of interest have been identified and addressed; and
- The occupation is not one which would bring the securities industry into disrepute.

The recent amendments to IIROC Dealer Member Rules which prohibit any personal financial dealing with clients, stipulate that receiving any compensation directly from anyone other than the Dealer Member for activities conducted on behalf of a client is prohibited. It should be noted, however, that an exception is provided in the case of any compensation received from a client that is in exchange for services provided through an approved outside business activity.

To manage conflicts of interest, FMGL has policies and procedures in place to protect the interest of our clients, and to fulfil our obligations to our clients. We consider issues relating to existing or potential conflicts of interest prior to approving outside business activities of our advisors. Any potential material conflict of interest relating to your advisor's outside business activities (including conflict of interest that may affect your relationship with your advisor or FMGL) which cannot be resolved will be disclosed to you when it arises.

1.29 Business Continuity Plan - Firm Policy

Our firm's policy is to respond to a significant business disruption (SBD) by safeguarding employees' lives and firm property, making a financial and operational assessment, quickly recovering, and resuming operations, protecting all the firm's books and records, and allowing our customers to transact business. In accordance with IIROC Rules 4710 through 4714, in the event of an SBD, FMGL is required to provide all clients' access to their assets within 48 hours following the event. Access to assets means the ability of our clients' to buy, sell or redeem securities and have assets, including cash, delivered out based on the client's instructions. If we determine we are unable to continue our business, we will assure customers prompt access to their funds and securities.

1.30 Best Execution and Trade Disclosure Document

The Canadian Securities Administrators have introduced securities laws that allow for alternative marketplaces to compete with the traditional stock exchanges such as the Toronto Stock Exchange (TSX). Securities which trade on the TSX or the TSX Venture Exchange (TSX-V), currently the primary markets in Canada, may now also trade on an alternative marketplace. With the introduction of alternative marketplaces in Canada, FMGL wishes to advise you of some of the conditions that could affect the execution of your orders.

The firm's trading is done directly on the exchanges. We are a participating organization on the TSX and the TSX-V. FMGL's carrying broker, National Bank Independent Network, is a member of all required exchanges and alternative marketplaces. All trades are entered through the NBIN trading infrastructure and the ISM order entry system. All orders entered through this system utilize a smart order router system, and therefore cover all required marketplaces.

FMGL is committed to using all reasonable efforts to ensure that clients achieve "best execution" of their orders in respect to Canadian listed securities that are quoted or traded on Canadian marketplaces.

Definition

Best Execution represents the obligation on marketplace participants to diligently pursue the execution of each client order on the most advantageous execution terms reasonably available under prevailing market conditions at the time of execution. Best Execution includes, but is not limited to, the best price available at the time of execution. It also includes optimizing liquidity, minimizing order signalling effects, speed, and certainty of execution.

Best Execution criteria considerations include:

- Price at which the trade would occur
- Speed of execution
- Certainty of execution (% fill criteria)
- Overall cost of execution
- Market disclosure/signalling
- Execution quality over the order duration, which determines the price at which the order was executed relative to the time of entry and average execution price over the time in which the order was actively traded in the market.

The NBIN trading infrastructure and the ISM order entry system allow FMGL to meet its best execution obligations to client orders through:

- **Use of Smart Order Routing technology:** NBIN endeavours to employ the most technological advanced smart order routing (SOR) technology available relevant to the trading application and execution venue.
- **Provision of client liquidity:** To minimize price, certainty of execution
- and adverse market signalling impacts of large client order types, NBIN may at its discretion enhance visible market liquidity through the provision of proprietary liquidity facilitation.
- **Access dark liquidity:** NBIN may access dark liquidity facilities when market factors indicate a reasonable likelihood of material liquidity for a security in these trading venues.
- **Access foreign markets:** NBIN will sometimes access foreign market liquidity in a security when market factors indicate this can be accomplished on terms advantageous to the client in the context of both price and other execution considerations.
- **Monitoring order execution quality:** NBIN performs periodic systemic reviews of order routing criteria to ensure optimum routing for client orders and by order execution performance against relevant quantitative metrics.
- **Personnel:** NBIN is committed to employing professional, experienced trading personnel capable of evaluating market characteristics and suitable execution strategies in the context of market conditions.

Order Routing Criteria

NBIN evaluates order routing criteria on objective criteria. It is FMGL's philosophy that marketplace liquidity, primarily defined by traded volume, represents the single best indicator of the potential for superior client order execution. However, we believe technology considerations and innovation as well as other factors are an important consideration in determining the most appropriate default order routing criteria. Marketplace liquidity combined with subjective evaluation of factors noted below is used to determine the appropriate order routing destination for individual securities.

Volume

Markets are ranked for preference by volume traded. Average daily volume and recent market share are evaluated. Recent liquidity events which may have impacted traded volume, or which are expected to impact future traded volume are also taken into consideration.

Order to trade ratios

Order to trade ratios indicate the prevalence of high frequency trading (HFT) traffic on a venue. HFT traffic and predatory HFT trading strategies can crowd out the passive side of the trade on a venue and thus result in inferior fills as the order must cross the spread more frequently to be executed. Higher order to trade ratios increase the likelihood of interacting with HFT flow and thus venues with lower order/trade ratios should be preferred to reduce interaction with HFT orders.

Technology and Support

The technology in place at various execution venues is an important consideration to ensure the marketplace can facilitate the trading needs of its participants. Marketplace reliability is a key factor in determining where to send orders. Venues that have a history of outages or events resulting in higher incidences of "self-help" or "technical help" declarations will result in a lower ranking. In addition, the support and service history of the marketplace should be a consideration, with higher priority placed on venues that provide comprehensive testing facilities, have well defined business recovery plans, and respond to critical emergency situations in a timely manner.

Innovation

Marketplaces that provide innovative new products and solutions, including new order types or features or improvement in existing functionality etc., should be rewarded and have this reflected in routing preferences.

Market making and Primary Markets

NBIN participation as represented by market making activities or percentage of volume will affect routing criteria on a per symbol basis. In addition, all else being equal, the order will be routed to the primary marketplace for the stock.

Costs

Costs (and rebate models) are taken into consideration to ensure trading costs are kept in check. This includes trading, market data and infrastructure costs. An often-overlooked cost is the infrastructure and data management cost associated with a marketplace. Venues that charge a disproportionate number of fees relative to their market share and/or size should get lower rankings.

FMGL and NBIN's Best Execution policy dictates the diligent pursuit of the execution of client orders on the most advantageous terms reasonably available. Part of this policy necessitates the execution of client orders at the best price available at the time of execution and based on the client instructions.

Consistent with our Best Execution obligations, through NBIN, FMGL endeavours under all circumstances to access visible liquidity on all protected marketplaces at the best price available at the time of execution. NBIN's management may invoke "Technical Help" in the event there are reasonable grounds to believe client executions may be adversely affected by system malfunctions or excessive latency originating from either a marketplace system malfunction, vendor infrastructure, or proprietary systems problem.

Best Execution Monitoring

FMGL monitors client order execution quality on an ongoing basis. In accordance with UMIR 7.1, the methodology used to ensure client best execution selects a random sample of orders representing each of the client order execution applications currently deployed. The samples are evaluated for order execution with respect to price, volume, and speed of execution to determine if remedial action is required with respect to order execution infrastructure, strategy, or procedures.

Trading in Listed Canadian Securities – Hours of Operation

FMGL staff will generally be available for order execution between the hours of 9:00 a.m. and 5:00 pm EST, Monday through Friday, excluding statutory holidays. While staff may be further available before and after these hours, FMGL will not guarantee any order taken and/or trade execution outside of the hours noted above.

Principal Marketplaces

For securities listed on the TSX and the TSX-V, FMGL will generally treat the TSX and TSX-V as the principal marketplace. Orders received prior to 9:30 a.m. will be booked on the principal marketplace. Orders received after 4:00 p.m. will generally be booked on the principal marketplace the following business day. Orders received between the hours of 9:30 a.m. and 4:00 p.m. will be routed to the market with the best available price. If the order is priced away from the market, the order will be booked on the principal marketplace.

Day Orders

A day order is an order that is valid on and for the day it is received. Day orders, unless otherwise arranged with an FMGL Advisor, will only be valid between the hours of 9:30 a.m. and 4:00 p.m. EST. A day order received prior to 9:30 a.m. will be booked to the principal marketplace and will not be routed to an alternative marketplace. Instead, the order will be routed into the opening sequence of the principal marketplace. If received after the opening of the principal marketplace, the order will be routed to the market with the best available price at the time of entry.

Good till Cancelled Orders

A good till cancelled order ("GTC") is an order that remains open until a specified date of expiry. These orders will be entered in the principal marketplace if they are not immediately executable on an alternative marketplace at the time of entry (on or after 9:30 a.m. EST). The order will remain in the principal marketplace until executed or expiry, whichever comes first. It is the client's responsibility to ensure they know what the date of expiry will be and to contact their advisor on the expiry date should they wish the order to be re-instated.

Market Orders

A market order is an order to execute a trade immediately at the best price available at the time the order is received. Market orders will be filled in whichever marketplace has the best bid or offer at the time the order is received. However, if the order is received prior to 9:30 a.m., FMGL will direct the order to the principal marketplace for execution.

Limit Orders

A limit order is an order with a set maximum or minimum purchase or sale price. A limit order received prior to 9:30 a.m. will be booked into the principal marketplace. After 9:30 a.m., the order will be routed to the market with the best visible market in that security and with the highest likelihood of being executed. On a best-efforts basis, the order may be moved to the most active marketplace in the hopes of a successful execution.

Market on Close Orders

A market on close ("MOC") order is a special order that only trades on the close of the market at the calculated closing price. Currently, the TSX is the only marketplace with a MOC facility. All MOC orders will be directed to the TSX by the NBIN Trade Desk.

Marketplace Disclosure

An order executed on more than one marketplace will be disclosed on your trade confirmation as "Executed on Multiple Markets – Details on Request." If you wish to know what quantities were executed on what marketplaces, please contact your advisor, who can provide you with this information promptly and without charge.

If your trade was executed on a single exchange, that exchange will be noted on your trade confirmation with either an abbreviation (with details on the back of the confirmation) or noted in the trailer field.

Execution on Foreign Marketplaces

All orders for Canadian and non Canadian listed equities to be traded on marketplaces outside of Canada may be executed by third party broker dealers ("Third Parties"). Third Parties may execute such orders as either agent or principal. The fees or commissions charged to us by Third Parties for such orders may be reported as a net price. FMGL and/or NBIN may earn a fee or premium on foreign exchange transactions resulting from or required by such orders.

If you have any questions regarding this notification, please contact your account advisor.

1.31 Shared Office Facilities

The shared office of a number of limited partnerships under common control with FMGL and in which one or more of FMGL's directors or officers acts as director(s) and/or officer(s) of the general partners (the "**Trading LPs**") are located in FMGL's office facilities. Although the Trading LPs (and their general partners) are under common control with FMGL, there are ownership interests in each held by, and certain directors and officers of the general partners are, individuals that are not FMGL personnel (the "**Trading LP Outside Personnel**"). None of the Trading LPs and none of their general partners is registered with Canadian securities regulators in any category (in particular, none of them is a dealer or a member of the Canadian Investor Protection Fund).

FMGL does not provide customer information to the Trading LP Outside Personnel and has established policies, procedures, and physical restrictions to ensure that the Trading LP Outside Personnel have no access to FMGL customer records or information.

Disclosure Regarding Shared Office Premises

FMGL is a member of the Investment Industry Regulatory Organization of Canada (IIROC) our primary regulator, and a member the Canadian Investor Protection Fund (CIPF) which ensure client assets are protected within defined limits if a member becomes insolvent. A CIPF brochure was provided to you when you opened your account with us. It is important to note that only the client accounts held by FMGL are covered by Canadian Investor Protection Fund (CIPF).

FMGL shares office space with certain affiliated and related companies. These companies are not members of IIROC or CIPF. Please understand that all orders for your investment accounts must be placed with an FMGL registered investment advisor. It is important that all dealings regarding your investment products must be conducted with an IIROC licensed advisor registered with FMGL.

1.32 Commission and Fee Schedule

Service charges and fees can have a significant effect on investment returns and decision. That's why it's our policy to minimize service charges and fees. In many cases, they represent only the cost we incur from other financial institutions. In all instances, they are competitive with industry standards.

Standard Administration Fee Schedule

Use of Courier	\$25
Account Transfer Out	
Full	\$100
Partial (PER SECURITY)	\$25
Inactive/Unclaimed Accounts	\$25 /QUARTER
Search for Records (PER REQUEST)	\$35 + \$3 /PAGE

Other Service Charges

Partial Account Transfer-out (PER SECURITY)	\$25
Full Account Transfer-out	\$100
Certificate Registration (PER CERT.)	\$95
Certificate Registration (PER U.S. CERT.)	\$50 USD
Rush Certificate Registration (PER CERT.)	\$200
Rush Certificate Registration (PER U.S. CERT.)	\$200 USD
Wire Transfer	\$25
Certified Cheque	\$15
Cheque - Not Sufficient Funds	\$50
Cheque Stop Payment	\$25
Bank Wire-In Fee	\$10
DAP Charge (PER TRANSACTION)	\$45
Ineligible Mutual Fund (PER MONTH)	\$10
Drip Enrollment (INITIAL FEE PER SECURITY)	\$10

Stock Fee Schedule

Shares: \$90 per transaction + per share fee (SEE BELOW)

Price Range (Shares)	Fee
Under \$1.00	0.5¢ per share
\$1.01 - \$5.00	1¢ per share
\$5.01 - \$10	2¢ per share
\$10.01 over	3¢ per share
\$50.01 over	4¢ per share

Options: \$90 + \$2 per option on first 20,
\$1.50 on each additional option

Administration fees are priced in US Dollars or Equivalent. Stock fees are billed in currency of the underlying stock or option. Commissions are per contract, per side for futures and options. Delivery charges will vary with commodity concerned. The maximum Charge is eight times the overnight commission for any commodity. Registration charges and miscellaneous fees do not include any charges by other financial institutions and/or third party and will be charged through at cost.

Friedberg Mercantile Group Ltd. provides its private clients a full range of investment products, services and options.

This fee schedule outlines our current services and administration fees, some of which are for special situations which may not apply to you. All fees are subject to applicable taxes.

Any and all charges made to your account will be clearly indicated on your month-end statement.

FOR FURTHER INFORMATION, PLEASE CONTACT YOUR REGISTERED REPRESENTATIVE.

Futures and Forwards Commission Schedule

	Day	Overnight
Most US Futures	\$23.00	\$33.00
Grains, Meats, All Minis ASIDE FROM MINI GRAIN FUTURES	\$18.00	\$25.50
Mini Grain Futures	\$11.50	\$16.50
Foreign Futures Markets	\$42.50	\$42.50
Foreign Exchange Forwards	.05% OF USD VALUE PER SIDE	
Bonds	UP TO .05% OF THE DOLLAR VALUE	

Stocks and Registered Plans

Registered Plans

Partial Plan Transfer	\$50
Full Plan Transfer	\$75
Partial Plan Deregistration	\$50
Full Plan Deregistration (including estates)	\$100
Unscheduled RRIF Withdrawal	\$25

Registered Plan Annual Administration Fees

The Administration fee for your registered plans is billed annually. The trustee for your Registered Plan is Natcan Trust Company.

Annual fees for Registered Savings Plan	\$50
Annual fees for Registered Income Fund	\$50
Annual fees for Registered Education Savings Plan	\$50
Annual fees for QSSP	\$50
Annual fees for TFSA	\$20

Investment Fund Fees - Proprietary

Friedberg Asset Allocation Fund

Management: 1/12 of 1% (being monthly fees of 0.083%)
of its net assets

Incentive: 15% of net new profits*

Friedberg Global-Macro Hedge Fund

Management: 1/12 of 2% (being monthly fees of 0.167%)
of its net assets

Incentive: 20% of net new profits*

* IF, SINCE THE LAST PERIOD FOR WHICH INCENTIVE FEES WERE PAID, THE TOTAL RETURN EXCEEDS THE CUMULATIVE ANNUAL RETURN OF THE 2 YEAR U.S. TREASURY NOTE.

Section 2. Advisory Accounts

When you have an advisory account at FMGL, your Advisor may recommend specific securities or futures transactions that the Advisor determines are suitable to your investment means, investment objectives, risk tolerance and time horizon.

If you make your own investment decisions without advice from your FMGL Advisor, your FMGL Advisor will inform you if in his or her opinion an order that you enter is not suitable to your investment means, investment objectives, risk tolerance or time horizon. In such a case, your FMGL Advisor may refuse to accept the order.

2.1 Documents

When you open an advisory account at FMGL, you and your FMGL Advisor will complete a Client Application Form. It includes information about you, your financial position, your investment objectives in opening the account and your tolerance for risk. The information you provide will be used by your FMGL Advisor to formulate suitable recommendations and determine whether unsolicited transactions are suitable. It will also be used by FMGL's management to ensure that your account is handled appropriately. You should therefore review the form carefully before signing it as it is critical that the information is accurate.

In order to open an account, you are required to sign one of two forms of the Customer Agreement that sets out the terms for opening your account: one, if you plan to trade in commodities as well as securities and/or options; the other if you do not plan to trade in commodities. The Customer Agreements also serve as margin agreements. However, if you wish to use margin in a securities account, you must also sign a request for margin on the Client Application Form.

Regular securities accounts may be opened as cash accounts, in which all transactions must be paid in full, or as margin accounts, in which you may borrow from FMGL to help pay for securities transactions. All registered accounts such as Registered Retirement Savings Plans and Tax-Free Savings Accounts must be cash accounts. Any securities account selling short either securities or options must be a margin account. All futures accounts are opened as margin accounts.

You will be given a copy of your Client Application Form and Customer Agreement for your records. That booklet will contain copies of all of the agreements you have signed along with various disclosure statements. You will also be given a copy of the Investment Industry Regulatory Organization of Canada complaint handling process brochure.

Other disclosure documents are available upon request, including the Canadian Investor Protection Fund brochure, a list of officers and directors of FMGL and summary financial information about FMGL.

You may be required to sign additional documents, such as those related to registered accounts or guarantees of other accounts. In each case, you will receive and should retain a copy of the documents.

If you purchase securities of a prospectus offered investment fund, you will receive either the current prospectus of the fund or a Fund Facts document that summarizes the important information about the fund.

2.2 Suitability

Generally

Your FMGL Advisor will make a determination before making a recommendation to you or accepting an order from you that the recommendation or order is suitable. A recommendation or order is suitable if its execution results in your total portfolio being consistent with your investment objectives, risk tolerance and time horizon as disclosed on your Client Application Form.

If you attempt to enter an unsolicited order that the FMGL Advisor believes would result in your total portfolio being unsuitable, the Advisor will caution you about the order. The FMGL Advisor may also require that your Client Application Form be amended so that the recorded investment objectives and risk tolerance are consistent with the portfolio after the execution of the order. The FMGL Advisor also has the right to refuse an unsuitable order if he or she believes that it will put FMGL at risk.

When accepting each of your orders or recommending a security or strategy to you, your advisor will review each order or strategy in the context of the KYC suitability factors described below.

FMGL will also conduct a suitability determination when:

1. Securities are deposited or transferred to your account/(s); and/or
2. The advisor responsible for the account changes; and/or
3. There has been a material change in your personal or financial circumstances or objectives and a change notice or account KYC update has been received.

If during the suitability determination we identify any concerns, we will discuss them with your advisor, and they will discuss the situation with you. We may be required by our regulators or good business practice to document our discussions and, if we are strongly concerned with your decision to maintain unsuitable investments or proceed with unsuitable strategies, we may refuse to execute the transaction and/or terminate our relationship by restricting your account to liquidating transaction only and requesting you transfer your account to another dealer.

To ensure that the position(s) held in your account or accounts is/are suitable for you as time passes, we will review the suitability of the investments in your account(s) and your holdings altogether:

- When required due to one of the reasons described above.
- On a selective post trade basis by Compliance.

Given the long-term nature of investing for most clients, we do not automatically review the suitability of the investments held in your account(s) when there are market fluctuations, even large fluctuations. Also, changes in individual investments caused by market or management fluctuations may result in changes to the suitability determination. Your advisor is ready to discuss the effect of market fluctuation as well as any impact or change with your investments with you at your request. We encourage you to speak with your advisor, especially if you expect to need to convert your assets to cash in the near future (for example, for a major purchase such as a house), or if you want to change your objectives when you retire and in the case of other major changes to your KYC account profile.

Although FMGL uses its best efforts to ensure that all its customer portfolios always remain suitable, FMGL is not required by industry regulations and standards to determine or inform you if changes in the marketplace, in the fortunes of companies whose securities you hold or impacting the underlying interests of the futures or futures options you hold make your portfolio inconsistent with your investment objectives and risk tolerance.

FMGL will reassess the suitability of your portfolio if one of the following events occurs:

1. You inform FMGL of a material change in your financial position, investment objectives or risk tolerance.
2. You deposit or withdraw funds or securities, either directly or by transfer from another financial institution.
3. The FMGL Advisor responsible for handling your account changes.

General Suitability Considerations

Financial Position

This includes your net worth and expenses such as the financial assets (deposits, investments) and liabilities (debt, mortgage) you have, and the sources and amount of your income. We will consider the size of any transaction compared to the overall value of your net financial assets (assets minus liabilities).

Investment Knowledge (Experience)

Whether you consider yourself, or we understand you, to be a novice at investing, have some knowledge or feel you understand some of the new more complex financial products, we have provided the following guidelines to consider:

- **Sophisticated:** You have traded in most types of investment vehicles. This would include option, futures, commodities, short selling strategies, private companies and restricted securities and have an appreciation of the risks and rewards inherent in these types of securities. You likely qualify as an accredited investor.
- **Good:** This would include trading experience and knowledge of the basic characteristics of fixed income securities (both debt and preferred shares), equity securities, common stocks, options, rights and warrants and have an understanding of the various risks involved with the different type of securities.
- **Limited:** You have some experience, likely with investment funds or other managed products. You might have done a small amount of trading in common shares but may not have a full understanding of basic characteristics of the various investments or the risk associated with them.
- **Poor:** You have little or no investment experience or knowledge of the basic characteristics of investment or the risks associated with them.

Investment Objectives

We assess the general nature and goals of your investments. These generally include what is important to you: safety of capital, regular income from dividends or interest or capital gains, along with some characterization of time elements (short-term or long-term) and risk. Your investment objectives can include different objectives in different proportions, which can change over time.

Time horizon

It is important that we know when you expect to need or want to withdraw funds from your investments for other uses, for example, to buy a house, pay for education or enter retirement. This may also include consideration of tax requirements to withdraw minimum amounts. Time horizon plays a significant role in setting return objectives and defining liquidity constraints. When do you need these funds for another objective?

Risk tolerance

Another important consideration is your ability to sustain risk of loss, both financially and psychologically. Generally, investments that provide the opportunity for higher returns entail higher risks.

A general overview of customer risk profiles is set out below.

Low Risk

The client wants to preserve his or her initial principal and is uncomfortable if they are losing money. They are not willing to take on much risk. They understand that there is some inherent risk in all investments, and their desire to have low risk means that they are willing to accept situations where their account may not generate much income or returns, and may not keep pace with inflation. Appropriate assets may include cash, Treasury bills, GIC's, Government bonds with short maturities, Bankers' Acceptance, and money market mutual funds.

Medium Risk

The client is willing to accept some risk to their initial principal and tolerate some volatility to achieve higher income and/or returns. They understand that they may lose part of their invested capital and are aware that good companies in bad markets go down. They understand that if they require their funds quickly losses may be incurred based on current market conditions. Some general examples of medium risk investments would include medium and longer-term fixed income debt and preferred securities. Common shares trading above \$5.00, some securities between \$3 and \$5 may qualify, issuers that qualify for reduced margin rates or have a good record of paying dividends and most preferred and convertible securities. They understand that risks, markets, economies, and corporate situations change, and they should stay informed regarding their investment and keep in contact with their investment advisor.

High Risk

The client is willing to accept increased risk with their invested capital, including high volatility to seek higher returns either over time or in the short term. They understand that they could lose large portions or possibly all of their money invested. Some examples include most stock trading under \$5, junior mining, resources, and technology securities. Any private equity or exempt security offered with prospectus exemption via limited partnership or offering memorandum, any individual flow-through securities or non-brokered offering, most TSX-V listed companies, all pink sheet and OTCBB traded equities and structured products with options or futures imbedded.

NB: In addition, any investment fund that holds securities that individually represent a particular risk category would be placed in that risk category. The above lists are not to be considered comprehensive.

Investment Portfolio Composition and Risk Level

This relates to how the purchase or sale of a security affects your holdings in or balance of your overall account(s) in terms of allocation of holdings between debt, equity and other classes, and the riskiness of the assets held.

Our understanding of your profile is critical. Some of the above factors are relatively easily answered with a "yes" or "no" or a number; however, some are more complex, particularly your risk tolerance.

The combination of these factors that make up your profile will help us suggest the allocation of your holdings between, for example:

- registered (tax-advantaged) and non-registered accounts;
- debt, equity, investment fund, and other instruments;
- Canadian and foreign investments;
- whether to borrow to invest (margin) rather than paying in cash only;
- terms of specific instruments; and
- the riskiness of both individual securities and the combination of securities in your portfolio.

Additional Suitability Considerations for Trading in Futures

Futures trading is generally considered to be high risk because of high leverage (the margin requirements are small in relation to the value of a contract), the volatility of many futures and the potential for limit moves which prevent liquidation of a position.

There are hedging strategies using spreads or options that can reduce the risk, but futures accounts are nonetheless considered high risk.

A significant factor in determining the suitability of futures trading is the available risk capital of the customer, which you disclose when opening a futures account. If you suffer total losses amounting to the disclosed risk capital, FMGL will generally prohibit further commodity futures trading in your account. However, because of the nature of the futures markets, FMGL may not be able to prevent losses on open positions when you have reached your risk capital limit, resulting in total losses that exceed your limit.

Below we provide a summary of the procedures we use to help you understand how we bring all the information you provide to us into decisions as to what investments to recommend to you.

Common Risks

Generally, risks can be classified as market-related or security-specific. Risk factors to which every investor is subject irrespective of their specific investment holdings are market-related risks.

Market-related risks include (among others):

- **Market risk:** Investments are subject to the risk of a general market decline in response to changing conditions in the domestic or global economy. These market-wide changes can be unpredictable and beyond anyone's ability to forecast.
- **Inflation risk:** Inflation reduces an individual's future purchasing power and his or her real investment returns.
- **Interest rate risk:** Interest rate changes affect the value of fixed income securities. An increase in interest rates will result in a drop in the market value of a fixed income security.

Security-specific risks include (among others):

- **Product risk:** Stocks generally carry a higher level of risk than bonds. Short-term government debt securities are very low risk, with the degree of risk increasing with longer-term government bonds, investment grade corporate bonds and other corporate bonds.
- **Business risk:** Business specific risk factors can affect a company's profitability. The failure of a new product, labour difficulties, high debt levels and the performance of competing firms are some of the specific risk factors that may contribute to a particular company's level of business risk.

- **Foreign exchange risk:** Foreign exchange rate changes affect the value of investments in companies that buy and sell products/ services in foreign countries and are denominated in a foreign currency.

Holding a well-diversified portfolio of investments will reduce your security specific risk, for example investing part of the equity portion of a portfolio in shares of companies in different business sectors or based in different countries.

Leverage: the use of margin to buy securities increases both the potential gain and loss. In addition, interest on the margin loan reduces gains and increases losses.

2.3 Transaction Reporting

Whenever there is a transaction in securities, futures, or futures options in your account, you will receive a confirmation showing the details of the transaction. The confirmation is provided the day of the transaction. You have the choice whether to receive confirmations by regular post or by e-mail.

When you close an open futures or futures option position you will receive a Statement of Purchase and Sale showing the transactions, the commission and the profit or loss on the purchase and sale after commission. The statement will also show any open futures or futures options positions in your account and the unrealized profit or loss before commissions on those positions.

You will receive monthly statements for any month in which a transaction occurs other than receipt of dividends or interest on securities holdings or interest on the account balance. You will receive separate statements for securities, futures accounts and accounts opened specially to hold investment funds managed by FMGL and its affiliates.

If there are no transactions other than dividends and interest in a calendar quarter, you will receive a statement at the end of the quarter showing any interest or dividend payments.

For a securities account, the statement will show the opening and closing cash balance, all transactions, including deposits, withdrawals or transfers of funds or securities, and the original cost and period-end market value of securities positions held in the account.

For a futures account, the monthly statement will show the opening and closing cash balance, all transactions, including deposits, withdrawals or transfers of funds, the profit or loss on all offsetting purchases and sales after commission, the open positions in the account at period-end and the unrealized profit or loss on those open positions.

For an account opened to purchase and hold FMGL-affiliated investment funds, the monthly statement will show the opening and closing cash balance, all transactions, including cash deposits and withdrawals, distributions by the fund(s) and the closing net asset values per unit/share of the funds held.

You will also receive annual statements for tax purposes showing all capital gains or loss, interest and dividends received, and interest paid.

2.4 Performance Reporting

FMGL provides customers with (i) an annual account performance report, (ii) an annual account fee/change report, and (iii) any other reports required by Canadian Regulators.

2.5 Conflicts of Interest

Related and connected issuers

FMGL and its affiliates provide investment, management and portfolio brokerage services to the following funds which are offered to the public by way of prospectus:

Friedberg Global-Macro Hedge Fund

Friedberg Asset Allocation Fund

Officers or directors of FMGL may from time to time have management positions, directorships or controlling shareholdings in publicly traded issuers. We will refer to such issuers as "related issuers."

FMGL and its officers and employees will not provide advice or make recommendations with respect to FMGL controlled or related issuers without first providing you with appropriate disclosure.

FMGL requires its officers and employees, before accepting an order from a customer (other than a fully registered dealer or an FMGL controlled issuer acting as principal) to purchase or sell securities of an FMGL controlled or related issuer, to inform the customer, orally or in writing, of FMGL's relationship with the issuer. If you purchase securities of an FMGL controlled or related issuer, the confirmation will state that the securities were issued by a controlled or related issuer of FMGL.

Any report to you concerning an FMGL controlled or related issuer other than a confirmation will state that the securities were issued by a controlled or related issuer.

Further details regarding FMGL controlled and related issuers, including the names of related issuers at the time you open your account, are included in your disclosure document package on the document entitled "List of Related/Connected Issuers." The current version of that document, including the list of current related issuers, is maintained on our website at <http://www.friedberg.ca>.

Acting as Principal

In certain instances where FMGLs acts as your broker, securities purchased or sold for you may be bought from or sold to FMGL, a party associated with FMGL or, in the course of distribution, a connected party.

When FMGL or an affiliated or connected party is the seller or buyer in a trade from or to you, the trade confirmation will disclose that the trade was done "as principal."

FMGL has review procedures in place to ensure that it does not buy from or sell to you if there is a better price available to you from a trade with an arms-length party.

2.6 Costs

Commissions

Whenever FMGL conducts a transaction as your agent, you will be charged for FMGL's services in effecting the transaction.

For most equities and futures transactions, the charge is a commission added to the purchase price or deducted from the sale proceeds. The amount of the commission is disclosed on the confirmation of the transaction.

Mark-ups

For transactions in fixed income securities such as bonds or trades in other unlisted securities, you may be charged a mark-up instead of commission. A mark-up may be:

- the difference in price between what FMGL pays for the security in filling your order and what it charges you, or
- if FMGL sold the security to you from its inventory, the difference between the price at which it was carrying the security on its books and the price it charges you. The price at which FMGL carries inventory securities changes with the market price of those or similar securities.

The confirmations for such trades will show that FMGL acted as principal. The amount of the mark-up is not disclosed on the confirmation. FMGL's mark-ups are approximately the same as a commission charge for the same transaction and are consistent with industry norms.

2.7 Investment Fund Charges

Investment fund purchases may have the following costs:

1. **Front load:** you are charged a commission when you purchase the fund shares/units.
2. **Deferred sales charge:** you are charged on the sale of the fund shares/units. The percentage amount of the charge declines the longer you hold the shares/units, until there is no charge after a specified holding period.
3. **No load:** there are no charges on purchase or sale. There may also be no charge or a reduced charge if you transfer between funds of the same family.

Managers of an investment fund charge costs, including management fees, that reduce the net asset value of the fund shares/units.

FMGL and its advisors are compensated by investment fund managers through receipt of a percentage of service charges or by trailer fees paid on the shares/units held by FMGL customers. Those annual fees are one component of the mutual fund costs noted above.

All of these costs and fees are disclosed in the mutual fund prospectus or Fund Facts document of the specific fund. Front loads and deferred service charges are also disclosed on your FMGL confirmations.

2.8 Account Administration Fees

FMGL charges administration fees for specific types of accounts or transactions such as registered account administration and account transfers. Please review the fee disclosure list included in your account opening documents.

You will receive notification 90 days prior to any changes in account administration fees.

2.9 Complaints

If you have any complaints about your account, please direct them to our Complaints Officer, by email to complaints@friedberg.ca or by calling FMGL's head office at 1-800-461-2700.

If your complaint concerns an administrative matter such as failure to receive a confirmation, statement, or other document you were expecting, or an error in a transaction, please contact the Complaints Officer by telephone.

If your complaint is about your investments or the handling of your account, please make your complaint in writing. It will be helpful to have as much detail as possible about the complaint. If you feel unable to explain the complaint in writing or determine what information is relevant, please call the Complaints Officer, who will assist you in doing so.

The Complaints Officer will attempt to resolve your complaint immediately. If he or she cannot do so within five business days of receipt, he or she will write to you advising you of how the complaint is being dealt with, who to contact if you require further information and when you may expect a response. The investigation of your complaint will normally be handled internally, although FMGL may seek outside assistance, if needed, to properly investigate your complaint or because of a conflict of interest.

Under normal circumstances, you will receive a written response as soon as possible and, in all cases, no more than 90 days after your complaint is received. If the investigation of your complaint is complex and lengthy so that more than 90 days is required, we will inform you and let you know when to expect our response.

More detailed information on our complaint handling procedures can be found on our website at <http://www.friedberg.ca>. Click on "Contact Us" on the first page to find a link to our complaint's procedures.

FMGL is a Member of the Investment Industry Regulatory Organization of Canada (IIROC), which has processes for receiving and investigating client complaints and providing for arbitration, and is a participating member in the Canadian Investor Protection Fund (CIPF). The IIROC brochure explaining its complaint processes and the CIPF brochure explaining its coverage are available at the following sites:

IIROC – <http://www.iiroc.ca>. Click on the Investors menu on the first page and select "Making a Complaint" from the menu for links to a video about making a complaint and the brochure "An Investor's Guide to Making a Complaint."

CIPF – <http://www.cipf.ca>. Click on "CIPF Coverage" on the first page for a menu of answers to common questions regarding CIPF coverage.

Section 3. Managed Accounts

When you open a managed account at FMGL, your FMGL Portfolio Manager will make the trading decisions for your account and execute trades without prior consultation with you. FMGL offers managed futures and futures options accounts only.

Before executing a trade for your account, the Portfolio Manager will ensure that it is suitable based on the information you have provided FMGL and the status of your FMGL managed account at the time.

FMGL is a Member of the Investment Industry Regulatory Organization of Canada (IIROC), which establishes educational and experience requirements for employees of its members dealing with the public. The education and experience requirements to conduct discretionary management of customer accounts are more extensive than those to provide advice and take non-discretionary orders. Only an FMGL Portfolio Manager who has met those requirements is permitted to handle a managed account.

3.1 Documents

Prior to opening your managed account at FMGL, your FMGL Portfolio Manager will interview you to obtain or verify information about you, your financial position, your investment objectives in opening the account, your tolerance for risk and your time horizon. If you are opening a new account at FMGL, the Portfolio Manager will complete a Client Application Form including the information obtained. If you already have an account at FMGL, the Portfolio Manager will confirm what is already on file and any changes will be entered on the Managed Account Agreement, as described below.

The information you provide will be used by your FMGL Portfolio Manager to determine whether futures trading is suitable for you and, if it is, to formulate suitable trading strategies for your account. It will also be used by FMGL's management to ensure that your account is managed appropriately. You should therefore review the form carefully before signing it as it is critical that the information is accurate.

In order to open a managed account, you are required to sign a Managed Account Agreement which:

- Sets out the terms and conditions of the account including termination of the agreement
- Confirms the information FMGL has about you in your last completed Client Application Form or states any changes since the last such form
- Sets out your account objectives and risk tolerance with respect to the managed account, which may differ from other accounts you hold at FMGL
- Grants FMGL authority to
 - (a) effect transactions in futures for your managed account without your prior approval of each transaction
 - (b) hold managed account funds in cash or other term accounts as deemed advisable
 - (c) use margin facilities you have established with FMGL
- Grants your permission for FMGL to charge a performance fee based on trading profits in your managed account
- Sets out the fees you will pay including commissions, management fees and performance fees, as described below
- Describes FMGL's policy to ensure that trades are allocated fairly when several managed accounts trade in the same futures at the same time.

If you have not already done so, you will also be required to sign a Futures Trading Agreement and, because all futures accounts are margin accounts, a Margin Agreement.

You will be given copies of your Client Application Form, the Managed Account Agreement, and all other agreements you have signed. You will also be given disclosure statements regarding futures and futures options and a copy of the Investment Industry Regulatory Organization of Canada complaint handling process brochure.

Other disclosure documents are available upon request, including the Canadian Investor Protection Fund brochure, a list of officers and directors of FMGL and summary financial information about FMGL.

You may be required to sign additional documents, such as those related to registered accounts or guarantees of other accounts. In each case, you will receive and should retain a copy of the documents.

3.2 Suitability

Generally

Futures trading is generally considered to be high risk because of high leverage (the margin requirements are small in relation to the value of a contract), the volatility of many futures and the potential for limit moves which prevent liquidation of a position. There are hedging strategies using spreads or options that can reduce the risk, but futures accounts are nonetheless considered high risk.

A significant factor in determining the suitability of futures trading is the available risk capital of the customer, which you disclose in opening a futures account. If you suffer total losses amounting to the disclosed risk capital, FMGL will generally prohibit further futures trading in your account. However, because of the nature of the futures markets, FMGL may not be able to prevent losses on open positions when you have reached your risk capital limit, resulting in total losses that exceed your limit.

Your FMGL Portfolio Manager will monitor your managed account to ensure it remains suitable. A supervisor at FMGL will also review your account quarterly to ensure that your investment objectives are being diligently pursued.

FMGL will reassess the suitability of your portfolio and whether you should continue to maintain a managed account if one of the following events occurs:

1. You inform FMGL of a material change in your financial position, investment objectives or risk tolerance.
2. You deposit or withdraw funds or securities, either directly or by transfer from another financial institution.
3. Your managed account suffers losses equal to or greater than your available risk capital.

Relevant General Suitability Considerations

Financial Position

This includes your net worth and expenses such as the financial assets (deposits, investments) and liabilities (debt, mortgage) you have, and the sources and amount of your income. We will consider the size of any transaction compared to the overall value of your net financial assets (assets minus liabilities).

Investment Objectives

We assess the general nature and goals of your investments. These generally include what is important to you: safety of capital, regular income from dividends or interest or capital gains, along with some characterization of time elements (short-term or long-term) and risk. Your investment objectives can include different objectives in different proportions, which can change over time.

Time horizon

It is important that we know when you expect to need or want to withdraw funds from your investments for other uses, for example, to buy a house, pay for education or enter retirement. This may also include consideration of tax requirements to withdraw minimum amounts. Time horizon plays a significant role in setting return objectives and defining liquidity constraints. When do you need these funds for another objective?

Risk tolerance

Another important consideration is your ability to sustain risk of loss, both financially and psychologically. Generally, investments that provide the opportunity for higher returns entail higher risks.

A general overview of customer risk profiles is set out below.

Low Risk

The client wants to preserve his or her initial principal and is uncomfortable if they are losing money. They are not willing to take on much risk. They understand that there is some inherent risk in all investments, and their desire to have low risk means that they are willing to accept situations where their account may not generate much income or returns, and may not keep pace with inflation. Appropriate assets may include cash, Treasury bills, GIC's, Government bonds with short maturities, Bankers' Acceptance, and money market mutual funds.

Medium Risk

The client is willing to accept some risk to their initial principal and tolerate some volatility to achieve higher income and/or returns. They understand that they may lose part of their invested capital and are aware that good companies in bad markets go down. They understand that if they require their funds quickly losses may be incurred based on current market conditions. Some general examples of medium risk investments would include medium and longer-term fixed income debt and preferred securities. Common shares trading above \$5.00, some securities between \$3 and \$5 may qualify, issuers that qualify for reduced margin rates or have a good record of paying dividends and most preferred and convertible securities. They understand that risks, markets, economies, and corporate situations change, and they should stay informed regarding their investment and keep in contact with their investment advisor.

High Risk

The client is willing to accept increased risk with their invested capital, including high volatility to seek higher returns either over time or in the short term. They understand that they could lose large portions or possibly all of their money invested. Some examples include most stock trading under \$5, junior mining, resources, and technology securities. Any private equity or exempt security offered with prospectus exemption via limited partnership or offering memorandum, any individual flow-through securities or non-brokered offering, most TSX-V listed companies, all pink sheet and OTCBB traded equities and structured products with options or futures imbedded.

NB: In addition, any investment fund that holds securities that individually represent a particular risk category would be placed in that risk category. The above lists are not to be considered comprehensive.

Investment Portfolio Composition and Risk Level

This relates to how the purchase or sale of a security affects your holdings in or balance of your overall account(s) in terms of allocation of holdings between debt, equity and other classes, and the riskiness of the assets held.

Our understanding of your profile is critical. Some of the above factors are relatively easily answered with a "yes" or "no" or a number; however, some are more complex, particularly your risk tolerance.

The combination of these factors that make up your profile will help us suggest the allocation of your holdings between, for example:

- registered (tax-advantaged) and non-registered accounts;
- debt, equity, investment fund, and other instruments;
- Canadian and foreign investments;
- whether to borrow to invest (margin) rather than paying in cash only;
- terms of specific instruments; and
- the riskiness of both individual securities and the combination of securities in your portfolio.

Common Risks

Generally, risks can be classified as market-related or security-specific. Risk factors to which every investor is subject irrespective of their specific investment holdings are market-related risks.

Market-related risks include (among others):

- **Market risk:** Investments are subject to the risk of a general market decline in response to changing conditions in the domestic or global economy. These market-wide changes can be unpredictable and beyond anyone's ability to forecast.
- **Inflation risk:** Inflation reduces an individual's future purchasing power and his or her real investment returns.
- **Interest rate risk:** Interest rate changes affect the value of fixed income securities. An increase in interest rates will result in a drop in the market value of a fixed income security.

Security-specific risks include (among others):

- **Product risk:** Stocks generally carry a higher level of risk than bonds. Short-term government debt securities are very low risk, with the degree of risk increasing with longer-term government bonds, investment grade corporate bonds and other corporate bonds.
- **Business risk:** Business specific risk factors can affect a company's profitability. The failure of a new product, labour difficulties, high debt levels and the performance of competing firms are some of the specific risk factors that may contribute to a particular company's level of business risk.
- **Foreign exchange risk:** Foreign exchange rate changes affect the value of investments in companies that buy and sell products / services in foreign countries and are denominated in a foreign currency.

Holding a well-diversified portfolio of investments will reduce your security specific risk, for example investing part of the equity portion of a portfolio in shares of companies in different business sectors or based in different countries.

Leverage: The use of margin to buy securities increases both the potential gain and loss. In addition, interest on the margin loan reduces gains and increases losses.

3.3 Transaction Reporting

Whenever there is a transaction in your account, you will receive a confirmation showing the details of the transaction. The confirmation is provided the day of the transaction. You have the choice whether to receive confirmations by regular post or by e-mail.

When an open futures or futures option position is closed, you will receive a Statement of Purchase and Sale showing the transactions, the commission and the profit or loss on the purchase and sale after commission. The statement will also show any open futures or futures options positions in your account and the unrealized profit or loss before commissions on those positions.

You will receive a month-end statement for any month in which you hold an open futures or futures options position at month-end or a transaction occurs other than interest on the account balance.

If there are no transactions other than interest in a calendar quarter, you will receive a statement at the end of the quarter showing any interest payments and management fees on the balance.

The month-end statement will show the opening and closing cash balance, all transactions, including deposits, withdrawals or transfers of funds, the profit or loss on all offsetting purchases and sales, the open positions in the account at period-end, the unrealized profit or loss on those open positions and management fees.

The confirmations and month-end statements will contain a notification that the account is a managed account. You will also receive annual statements for tax purposes showing all capital gains or losses and interest paid or received.

3.4 Performance Reporting

FMGL provides customers with: (i) an annual account performance report, (ii) an annual account fee/change report, and (iii) any other reports required by the Canadian regulators.

3.5 Conflicts of Interest

All futures transactions for your managed account will be executed on the relevant commodities exchange. FMGL has no conflicts of interest with respect to such trading.

3.6 Costs and Fees

You will be charged a commission on each trade for your managed account at FMGL's normal rates. Commissions charged are not used in determining your FMGL Portfolio Manager's compensation for the management of your account.

You will be charged a fee for the management of you FMGL managed account comprised of two elements:

1. A management fee of 2% annualized, calculated and paid monthly by taking 0.167% (2% divided by twelve) of the net value of the account at month-end, that is the cash position plus any unrealized capital gains minus any unrealized capital losses on open positions in the account
2. A quarterly performance fee equal to 20% of:
 - the increase in the net value of the account
 - minus any cash deposits
 - plus, any cash withdrawals since the last day of the last quarter in which a performance fee was charged. The quarter-end value of any quarter in which a performance fee is charged is therefore a "high water mark." You will not be charged a performance fee until the net value (adjusted for deposits and withdrawals) at the end of a quarter exceeds that value. For example:
 - A performance fee is charged in Q1
 - There is a loss in Q2
 - There is a profit in Q3 less than the loss in Q2
 - No performance fee will be charged in Q3 because the net value at the end of Q3 is less than the net value at the end of Q1.

3.7 Complaints

If you have any complaints about your account, please direct them to our Complaints Officer, via email to complaints@friedberg.ca or by calling FMGL's head office at 1-800-461-2700.

If your complaint concerns an administrative matter such as failure to receive a confirmation, statement, or other document you were expecting, please contact the Complaints Officer by telephone.

If your complaint is about the management of your account, please make your complaint in writing. It will be helpful to have as much detail as possible about the complaint. If you feel unable to explain the complaint in writing or determine what information is relevant, please call the Complaints Officer, who will assist you in doing so.

The Complaints Officer will attempt to resolve your complaint immediately. If he or she cannot do so within five business days of receipt, he or she will write to you advising you of how the complaint is being dealt with, who to contact if you require further information and when you may expect a response. The investigation of your complaint will normally be handled internally, although FMGL may seek outside assistance, if needed, to properly investigate your complaint or because of a conflict of interest.

Under normal circumstances, you will receive a written response as soon as possible and, in all cases, no more than 90 days after your complaint is received. If the investigation of your complaint is complex and lengthy so that more than 90 days is required, we will inform you and let you know when to expect our response.

More detailed information on FMGL's complaint handling procedures can be found on our website at <http://www.friedberg.ca>. Click on "Contact Us" on the first page to find a link to our complaint's procedures.

FMGL is a Member of the Investment Industry Regulatory Organization of Canada (IIROC), which has processes for receiving and investigating client complaints and providing for arbitration, and is a participating member in the Canadian Investor Protection Fund (CIPF). The IIROC brochure explaining its complaint processes and the CIPF brochure explaining its coverage are available at the following sites:

IIROC – <http://www.iiroc.ca>. Click on the Investors menu on the first page and select “Making a Complaint” from the menu for links to a video about making a complaint and the brochure “An Investor’s Guide to Making a Complaint.”

CIPF – <http://www.cipf.ca>. Click on “CIPF Coverage” on the first page for a menu of answers to common questions regarding CIPF coverage.

Friedberg Direct is a division of Friedberg Mercantile Group Ltd., a Member of the Investment Industry Regulatory Organization of Canada (IIROC), which has processes for receiving and investigating client complaints and providing for arbitration, and a participating member in the Canadian Investor Protection Fund (CIPF). The IIROC brochure explaining its complaint processes and the CIPF brochure explaining its coverage are available at the following sites:

IIROC: <http://www.iiroc.ca/investors/makingacomplaint/Pages/default.aspx>

CIPF: <https://www.cipf.ca/Public/CIPFCoverage/WhatAretheCoverageLimits.aspx>

Section 4. Foreign Exchange Contracts and Contracts for Difference Through Friedberg Direct

Friedberg Direct provides on-line trading systems for foreign exchange contracts (“Forex Contracts”) and contracts for difference (“CFDs”). Derivatives offered to Quebec residents are authorized by the Quebec AMF (Autorite Des Marches Financiers).

When you trade Forex Contracts or CFDs through Friedberg Direct, the firm acts as an order execution only broker. Friedberg Direct will not provide you with any advice on what transactions may be advisable or whether any transactions you enter are advisable. You are solely responsible for making investment decisions and for the consequences of those decisions.

Friedberg Direct offers trading in Forex Contract and CFD trading and the use of the Friedberg Direct trading platforms. It also provides news and market information that may be of use in such trading. However, none of these services constitutes recommendations to Friedberg Direct customers of any specific trades or strategies.

Prospective clients (and clients) of Friedberg Direct are able to access Friedberg Direct account opening and other documentation, and to complete any required account opening and trading instructions, online. Prospective clients (and clients) can, however, choose to do so with physical documents if they so wish. References to documents in this Section 4 are intended to apply whether you choose to access and complete documentation electronically, or with physical documents.

References to signing therefore includes electronic signatures where permitted, and references to us “giving” a document to you includes sending the document to you electronically or (where you are completing documentation electronically) allowing you to access the document electronically.

4.1 Documents

In order to open an account to trade Forex Contracts or CFDs, you must complete a Client Application Form. It includes information about you, your financial position, your investment objectives in opening the account and your tolerance for risk. The information you provide will be used solely for credit control purposes, to meet regulatory requirements and to determine whether Forex Contract/CFD trading generally is suitable for you. It will not be used to determine whether any specific trades are suitable for you - that is your decision. You should review the form carefully before signing it as it is critical that the information is accurate.

In order to open an account, you are required to sign a Customer Agreement that sets out the terms for opening your account. That agreement contains a number of important disclosures that you should read and understand before opening a Forex Contract/CFD account, including:

- The Friedberg Direct Risk Disclosure Statement. Forex Contract/CFD trading is high risk. The disclosure statement outlines various sources of that risk.
- A Notice to Traders setting out the terms of the agreement. It describes other risks and disclaimers that Friedberg Direct is not responsible for, and the consequences of some events that are beyond its control and may affect your account, such as internet failures and price feed errors. It also contains acknowledgements that you understand that Forex Contract/CFD trading is high risk and that you are opening an order-execution only account.
- A consent to receive confirmations and account statements electronically.

You should read all sections of the Customer Agreement carefully and ask questions if there is anything in it that you do not understand.

You will be given a copy of your Client Application Form and the Customer Agreement for your records. That booklet will contain copies of all of the agreements you have signed along with various disclosure statements. You will also be given a copy of the Investment Industry Regulatory Organization of Canada complaint handling process brochure.

Other disclosure documents are available upon request, including the Canadian Investor Protection Fund brochure, a list of officers and directors of FMGL and summary financial information about FMGL.

You may be required to sign additional documents, such as those related to corporate, trust or registered accounts or guarantees of other accounts. In each case, you will receive and should retain a copy of the documents.

4.2 Transaction Reporting

All Forex Contract/CFD transactions are entered through the Friedberg Direct Trading Platforms.

Whenever there is a transaction in a Forex Contract/CFD in your account, the transaction is shown in your open positions on the Friedberg Direct Trading Station, which also shows your current margin position.

You will also receive an electronic confirmation showing the details of the transaction. The confirmation is provided the day of the transaction.

When you close a Forex Contract or CFD position, you will receive a Statement of Purchase and Sale showing the transactions and the profit or loss on the purchase and sale. You will receive monthly statements for any month in which a transaction occurs, other than receipt of interest on the account balance.

The monthly statement will show the opening and closing cash balance, all transactions, including deposits, withdrawals or transfers of funds, the profit or loss on all offsetting purchases and sales, the open positions in the account at period-end and the unrealized profit or loss on those open positions.

4.3 Performance Reporting

Friedberg Direct does not currently offer any account performance reporting other than total year to date profits or losses.

4.4 Conflicts of Interest

Acting as Principal

When you execute a transaction through Friedberg Direct, Friedberg Direct is generally the counterparty to the trade, i.e., you are selling to and buying from Friedberg Direct. Friedberg Direct in turn offsets its risk by conducting offsetting transactions through other Forex Contract/CFD dealers, called its liquidity providers.

There is a spread between the amount at which Friedberg Direct will enter into a Forex Contract/CFD with you and market bid/ask prices, based on the pair of currencies or underlying CFD interest involved in the transaction. Friedberg Direct establishes this spread based on the spreads available from its liquidity providers.

There is no organized central market for Forex Contracts or CFDs and therefore no direct control on the spreads offered by Friedberg Direct; however, Friedberg Direct endeavours to keep its spreads as narrow as possible in order to be competitive with other dealers offering such trading.

4.5 Costs

Friedberg Direct offers a transparent pricing model, made up of low, competitive commissions and tight spreads. You trade on the direct quotes we receive from our liquidity providers and our transparent commissions.

Four components make up your total transaction costs when trading with Friedberg Direct: our low commissions, tight spreads, and if applicable, nightly rollover/swaps and commodity CFD contract expiry rollovers. Details of these costs are available on the Friedberg Direct website.

4.6 Commissions

Friedberg Direct charges a low, competitive commission to trade forex. Unlike many other forex providers, we do not markup the spreads, so there are no hidden charges or hidden fees when trading with Friedberg Direct. Commissions are based on instrument and trade size.

4.7 Spreads

Our spreads are extremely low due to healthy competition in our vast network of global banks, financial institutions and other market makers. You trade on the exact bid/ask quotes that stream from our liquidity providers.

Typical spreads are shown on the Friedberg Direct website.

Market conditions may cause spreads to widen beyond their typical levels.

Friedberg Direct is compensated through the bid-ask spread or through charging a commission depending on your trading platform, account settings and product traded.

4.8 Complaints

If you have any complaints about your account, please direct them to our Complaints Officer via email to complaints@friedberg.ca or by calling FMGL's head office at 1-800-461-2700.

If your complaint concerns an administrative matter such as failure to receive a confirmation, statement, or other document you were expecting, or an error in a transaction, please contact the Complaints Officer by telephone.

If your complaint is about your investments or the handling of your account, please make your complaint in writing. It will be helpful to have as much detail as possible about the complaint. If you feel unable to explain the complaint in writing or determine what information is relevant, please call the Complaints Officer, who will assist you in doing so.

The Complaints Officer will attempt to resolve your complaint immediately. If he or she cannot do so within five business days of receipt, he or she will write to you advising you of how the complaint is being dealt with, who to contact if you require further information and when you may expect a response. The investigation of your complaint will normally be handled internally, although FMGL may seek outside assistance, if needed, to properly investigate your complaint or because of a conflict of interest.

Under normal circumstances, you will receive a written response as soon as possible and, in all cases, no more than 90 days after your complaint is received. If the investigation of your complaint is complex and lengthy so that more than 90 days is required, we will inform you and let you know when to expect our response.

More detailed information on our complaint handling procedures can be found on our website at <http://www.friedberg.ca>. Click on "Contact Us" on the first page to find a link to our complaint's procedures.

Friedberg Direct is a division of Friedberg Mercantile Group Ltd., a Member of the Investment Industry Regulatory Organization of Canada (IIROC), which has processes for receiving and investigating client complaints and providing for arbitration, and a participating member in the Canadian Investor Protection Fund (CIPF). The IIROC brochure explaining its complaint processes and the CIPF brochure explaining its coverage are available at the following sites:

IIROC - <http://www.iiroc.ca>. Click on the Investors menu on the first page and select "Making a Complaint" from the menu for links to a video about making a complaint and the brochure "An Investor's Guide to Making a Complaint."

CIPF - <http://www.cipf.ca>. Click on "CIPF Coverage" on the first page for a menu of answers to common questions regarding CIPF coverage.

Section 5.

Statement of Policies

RELATED AND CONNECTED ISSUER AND CONFLICT OF INTEREST DISCLOSURE STATEMENT

Introduction

We have structured our business so that where possible conflicts of interest are avoided. Where that is not possible, we endeavour to inform our clients of the potential conflicts of interest (including through providing you with this document). In all respects, we operate our businesses on the basis that our clients' best interests are our priority.

The purposes of this Related and Connected Issuer and Conflict of Interest Disclosure Statement (this "Statement") are to describe the types of relationships that may exist between an issuer of securities which clients of Friedberg Mercantile Group Ltd. ("FMGL") may trade and any of the following entities or individuals:

- FMGL or any entity which controls or is controlled by FMGL (a "Friedberg Entity"),
- Any partner, director, or officer of a Friedberg Entity (a "Friedberg P/D/O"),
- Any employee of a Friedberg Entity (other than a Friedberg P/D/O) (a "Friedberg Employee"),
- Any Associated Party of a Friedberg Entity, a Friedberg P/D/O, or a Friedberg Employee (an "Associated Party" is a relative of such a person living in the same home, or a trust, estate, or issuer in which such a person has a substantial beneficial interest), to advise you as to how you can obtain a current list of the issuers in respect of which such a relationship exists, and to describe potential conflicts of interest and our policies and procedures to assist us in identifying and minimizing any conflicts of interest we may face. When we refer to the "Friedberg Professional Group" in this Statement we include each Friedberg Entity, each Friedberg P/D/O, each Friedberg Employee, and their respective Associated Parties. Key Concepts Connected Issuers A "Connected Issuer" of FMGL means an issuer or a seller of securities of an issuer if such issuer or seller, or a Related Issuer of such issuer or seller, is indebted to, or has another relationship with any of the following that may lead a reasonable prospective purchaser of the securities of such issuer to question if FMGL and such issuer or seller are independent of each other: - a Friedberg Entity, - a Related Issuer of a Friedberg Entity, - a Friedberg P/D/O, or - a partner, director, or officer of a Related Issuer of a Friedberg Entity.

Related Issuers

A "Related Issuer" of FMGL means an issuer (i) in which FMGL is an influential securityholder, (ii) which is an influential securityholder of FMGL, or (iii) which has a common influential securityholder with FMGL.

Where to find Information

Where FMGL acts for you in transactions involving a Related Issuer or a Connected Issuer, the potential conflict will be disclosed to you in the following places:

- Where FMGL acts as underwriter for an issuance of securities of a Related Issuer or Connected Issuer, the prospectus, offering memorandum or other document prepared in connection with the distribution will contain a description of the nature of our relationship with the issuer.

- Where FMGL buys or sells securities of a Related Issuer or Connected Issuer for your account, the confirmation of the trade and your monthly statement will indicate that the issuer is a Related Issuer and/or Connected Issuer.
- Where FMGL advises you with respect to the purchase or sale of securities of a Related Issuer and/or Connected Issuer we will notify you of our relationship with the issuer when giving you the advice.
- Where FMGL exercises discretion, under your authority, in the purchase or sale of securities for your account, we will obtain your prior specific and informed written consent before exercising that discretion for transactions involving Related Issuers and Connected Issuers.

List of Related/Connected Issuers

You can obtain the current list of the Related Issuers and Connected Issuers of FMGL by request sent to 220 Bay Street, Suite 600, Toronto, Ontario M5J 2W4 – Attention: Compliance Officer or by email to dscheiner@friedberg.ca. The current list of the Related Issuers and Connected Issuers of FMGL is posted on our website at www.friedberg.ca.

Related Issuers

As reflected above, a Related Issuer relationship with FMGL exists only when there is an influential securityholder relationship between the issuer and FMGL. Accordingly, Related Issuers of FMGL are listed on the list of related and connected issuers maintained by FMGL without further explanation.

Connected Issuers

A Connected Issuer relationship will exist in circumstances where there is some relationship such that the issuer may not be independent of a Friedberg Entity, a Friedberg P/D/O, a Related Issuer of a Friedberg Entity or a director, officer, or partner of such a Related Issuer. Such a relationship will exist for one of the following reasons:

- Service Provider to Investment Fund. The issuer is an investment fund for which a Friedberg Entity provides services. In such circumstances, the fund will be included on the list of related and connected issuers maintained by FMGL and will be noted with “Administrator” if a Friedberg Entity provides administrative management and “Advisor” if a Friedberg Entity provides portfolio management.
- Ownership of Equity. There is Friedberg Professional Group ownership of equity securities constituting more than 5% of the subject class but the issuer is not a related issuer of FMGL. In such circumstances, the issuer will be included on the list of related and connected issuers maintained by FMGL and will be noted with “Equity.”
- Ownership of Debt. There is Friedberg Professional Group ownership of debt of the issuer (including such instruments as notes, bonds, debentures, and preferred shares) with a material aggregate face payment entitlement. In such circumstances, the issuer will be included on the list of related and connected issuers maintained by FMGL and will be noted with “Debt.”
- Partner, Director or Officer. A Friedberg P/D/O is a partner, officer or director of the issuer or a Related Issuer of such issuer. In such circumstances, the issuer will be included on the list of related and connected issuers maintained by FMGL and will be noted with “P/D/O.”
- Other. There is a relationship other than those described above such that the issuer is considered a Connected Issuer of FMGL. In such circumstances, the issuer will be included on the list of related and connected issuers maintained by FMGL and the nature of the relationship will be described.

Potential Conflicts of Interest in Respect of Related/Connected Issuers

As reflected above, there are various types of circumstances as a result of which an issuer could be a Related Issuer or a Connected Issuer of FMGL (whether as a result of ownership of equity, debt or another relationship), but in each case the circumstances result in a potential conflict of interest because your proposed trade in securities of the issuer could benefit a member of the Friedberg Professional Group (other than simply the commission that you may pay for the proposed trade). For example, if you are purchasing shares of an issuer, or loaning money to an issuer, in which a member of the Friedberg Professional Group has an ownership interest or is owed money, your investment or loan could increase the value of the ownership interest of the Friedberg Professional Group member or allow the owed amount to be paid.

Similarly, your investment in shares of the issuer through an exchange could provide liquidity and/or could positively impact on the market price of the shares of the issuer (which would benefit all shareholders of the issuer, including the member of the Friedberg Professional Group).

Our disclosure to you of the nature of the relationship is intended to assist you in making a fully informed decision as to whether to make the proposed trade.

Other Conflicts of Interest

Related Canadian Registrants

Toronto Trust Management Ltd. (“TTML”) is registered as an Investment Fund Manager. It provides administrative management services to certain investment funds for which FMGL, or its affiliate provides portfolio management and brokerage services. TTML is a subsidiary of FMGL.

Friedberg Advisors LP is a registered advisor who is the general partner of certain investment funds (and its duties include providing portfolio management to such funds). Its general partner and limited partner are each a subsidiary of FMGL.

Although TTML, Friedberg Advisors LP and FMGL are all obliged to provide their services on behalf of the investment funds in good faith and in the best interests of the investment funds and their securityholders, there is a potential conflict of interest that they may not

negotiate service provider terms or enforce the right of the investment funds against their affiliated companies on the same basis as would be the case if TTML, Friedberg Advisors LP and FMGL were arm's length parties.

In addition, each of these investment funds is a Connected Issuer of FMGL because FMGL and/or its affiliates will benefit (through earning additional servicing fees from the investment fund) from investments made by clients of FMGL in these funds.

Side by Side Management of Different Types of Accounts

Investment advice may be provided to a variety of different accounts including, but not limited to, accounts containing strategies that pay performance-based fees. There exists the potential conflict that where FMGL or an affiliate act as a portfolio manager, the portfolio manager could hold the same security short in one portfolio and long in another portfolio. Investment decisions are made, and securities traded based on the investment objectives, strategy, guidelines, and other relevant factors of each account. Certain of FMGL's or an affiliate's portfolio managers manage these performance-based fee accounts alongside accounts that do not pay performance-based fees. Due to the different fee structures of various accounts, there may be a perceived incentive to favour a performance-based fee account over a non-performance-based fee account.

Policies and procedures are designed to ensure that, over time, no client is favoured to the detriment of another. In particular, certain of FMGL's allocation policies are based on allocating to clients based on even vs. odd account numbers and taking into account the day of the month, such that certain clients may be favoured for a specific trade but over time it is intended that the benefit of allocations will even out.

Acting as Principal

In certain instances where we act as your broker or exercise discretion on your behalf, securities purchased for you may be bought from or sold to us, a party associated with us or, in the course of distribution, a Connected Party.

Fairness Policy

FMGL maintains standards directed to ensuring fairness for clients. The fairness policies of FMGL are set out below. Each director, officer, and employee of FMGL will:

- Ensure that orders for clients always have priority over orders for the Friedberg Professional Group,
- Ensure that he/she deals fairly with all accounts when making investment recommendations, or taking investment action and must not favour some accounts over others,
- Use his/her best efforts to mitigate any conflict of interest between himself/herself, FMGL and clients, and inform clients of any material conflict of interest relating to him/her that might impair his/her ability to render unbiased and objective advice with respect to investment opportunities,
- In advising clients, exercise diligence, independence (including in the case of securities of Connected Issuers and Related Issuers, where additional conflict controls are in place), and thoroughness in analyzing investments, making investment recommendations, and taking investment action, and
- Strive towards a high standard of ethical business and personal conduct and professionalism.

Related and Connected Issuers

Related Issuers¹

Vaccinex Inc. Equity

Connected Issuers²

Investment Funds

<u>Name</u>	<u>Notation</u>
Friedberg Asset Allocation Fund	Administrator, Advisor
Friedberg Global-Macro Hedge Fund	Administrator, Advisor

Other Issuers

Paramount Gold Nevada Corp. Equity
 Seabridge Gold Inc. Equity

1 A Related Issuer relationship with FMGL exists only when there is an influential securityholder relationship between the issuer and FMGL. Accordingly, Related Issuers of FMGL are listed on this list of related and connected issuers without further explanation.

2 Please see the Appendix to this list for an explanation of the notations for the Connected Issuers.

Appendix to List of Related and Connected Issuers

Capitalized terms used below are intended to have the meaning given to them in Friedberg Mercantile Group Ltd.'s Related and Connected Issuer and Conflict of Interest Disclosure Statement.

A Connected Issuer relationship will exist in circumstances where there is some relationship such that the issuer may not be independent of a Friedberg Entity, a Friedberg P/D/O, a Related Issuer of a Friedberg Entity or a director, officer, or partner of such a Related Issuer. Such a relationship will exist for one of the following reasons:

- **Service Provider to Investment Fund.** The issuer is an investment fund for which a Friedberg Entity provides services. In such circumstances, the fund is included on this list and noted with "Administrator" if a Friedberg Entity provides administrative management and "Advisor" if a Friedberg Entity provides portfolio management.
- **Ownership of Equity.** There is Friedberg Professional Group ownership of equity securities constituting more than 5% of the subject class but the issuer is not a related issuer of FMGL. In such circumstances, the issuer is included on this list and noted with "Equity."
- **Ownership of Debt.** There is Friedberg Professional Group ownership of debt of the issuer (including such instruments as notes, bonds, debentures, and preferred shares) with a material aggregate face payment entitlement. In such circumstances, the issuer is included on this list and noted with "Debt."
- **Partner, Director or Officer.** A Friedberg P/D/O is a partner, officer or director of the issuer or a Related Issuer of such issuer. In such circumstances, the issuer is included on this list and noted with "P/D/O."
- **Other.** There is a relationship other than those described above such that the issuer is considered a Connected Issuer of FMGL. In such circumstances, the issuer is included on this list and the nature of the relationship is described.

Checklist of documents to be given to you at account opening:

- Canadian Investor Protection Fund Brochure and Coverage Policy
- This Relationship Disclosure Information Document
- Current fee schedule
- Conflict Disclosure Statement
- IIROC's An investor's guide to making a complaint brochure
- IIROC's How IIROC protects investors brochure
- IIROC's How can I get my money back brochure
- A copy of your new client application form and new client agreement documentation

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