

LEEDE FINANCIAL INC.

Relationship Disclosure

The purpose of this Relationship Disclosure is to help you better understand the nature of the services that Leede Financial Inc. provides and what you can do to help ensure a satisfactory ongoing relationship with us.¹

1. The services and types of accounts we offer.

We offer two basic account types, an **advisory account**, and a **managed account**.

In an **advisory account** you approve all investment decisions, whether you have relied on the advice of your investment advisor or not. Advisory accounts may be either commission or fee-based accounts.

In a **managed account** a portfolio manager has the discretion to make and implement investment decisions for you on a continuing basis in accordance with your written investment objectives. Managed accounts are strictly **fee-based accounts**.

A **commission-based account** is an account you pay a commission for each transaction made for your account (buy or sell). Sometimes investments purchased on your behalf may also pay us fees, such as trailer fees in the case of mutual funds and agent's fees in respect of new issue business. In such cases, it is uncommon that you would incur any other additional charges in connection with the purchase of these investments or, in the case of a mutual fund or similar products, their sale.

A fee-based account is an account in which you will be charged a monthly fee (plus any applicable taxes like GST) based on a percentage of the value of the securities held in the account. This fee may be a flat fee based on the aggregate value of your account assets; a tiered fee based on the aggregate value of your assets; or different percentages depending on the type of investments held in your account (cash, bonds, stocks).

Managed account and advisory account rates are established by you and your investment advisor in accordance with industry standards and our firm's policies. For non-discretionary advisory accounts, we require our investment advisors to inform you of the charges (or reasonable estimate of the charges) you will incur prior to executing any trade for your account. All accounts are subject to administration fees and service charges in accordance with our published rates. You will receive 60 days' notice prior to a change in these rates becoming effective.

Depending on which of the above accounts is right for you, you may open one or more of the following accounts:

- Cash Account (CDN or USD)
- Margin Account (CDN or USD)
- Registered Retirement Savings Plan Account (including Locked-In and Spousal)
- Registered Retirement Income Fund Account (including Locked-In and Spousal)
- Registered Education Savings Plan Account
- Registered Disability Savings Plan Account
- Tax Free Savings Account

All accounts, except cash accounts, may also be approved to trade options.

Please consult your investment advisor about how each of these accounts operate and which one(s) best meet your investment objectives.

¹ We will notify you of any update to this Relationship Disclosure and will post the updated Relationship Disclosure in the **Client Agreement and Disclosures** section located in the Private Clients section of our website www.leede.ca.

2. The type of products we offer.

We offer a wide range of investment products, including stocks, bonds, money market and mutual funds. We also offer, when available, new issue and securities sold on an exempt basis to qualified clients, to the extent we have access to these investment opportunities. We offer new issue and exempt market investments in accordance with our client priority and allocation of investment opportunities policies and practices. Your investment advisor can explain these investment products to you, how they work, their risks, potential liquidity, resale restrictions and returns, and whether they are suitable for you.

We also offer, through our subsidiary Leede Insurance Agency Inc., a variety of insurance products and solutions as well as financial, retirement and estate planning services. Your investment advisor would be happy to make a referral for you. If you purchase an insurance product through Leede Insurance Agency Inc., Leede Financial Inc. may receive initial and or trailing compensation through Leede Insurance Agency Inc. who is paid by the insurance company.

3. How we determine what investments are suitable for you.

Before we provide you with an investment recommendation we will first determine if our recommendation is suitable for you according to our understanding of the information you have given us when you completed or last updated your account documentation. This information is commonly referred to in the securities industry as ‘know your client information’ or ‘KYC Information’. That is why keeping your KYC Information up to date and accurate is very important. Without current and accurate KYC Information, we cannot give you suitable recommendations or reliable investment advice.

We also undertake a suitability assessment in respect of any trading instructions you give to us to buy or sell an investment that we did not recommend to you. Our suitability assessment may be affected by the urgency of your trading instructions or our ability to (timely) access reliable information about your proposed investment. If we determine that your trading instructions are not suitable for you, we will advise you against proceeding with the order and either execute the order with a formal notation of our cautionary advice (and, if necessary, a request for you to update your account documentation) or refuse to execute your trading instructions.

It is very unusual that we refuse to execute our client’s trading instructions, but we will exercise our contractual and regulatory prerogative to do so in the case of a wholly unsuitable trade.

The main factors that guide us in determining whether an investment is suitable for you are:

- **Your Financial Situation:** We learn about your fixed and financial assets, current and long term and your liabilities and the sources and amount of your income.
- **Your Investment Knowledge:** We assess the level of your investment knowledge.
- **Your Investment Needs and Objectives:** We learn about your financial goals to help us determine your need to keep your money safe, earn income or increase your capital through growth in the market value of your investments.
- **Your Time Horizon:** We learn about when you expect to need your financial assets (for example, to buy a house, pay for education or enter retirement) how important it is for you to have the ability to quickly and easily convert to cash all or a portion of your investments without experiencing a significant loss in their value.
- **Your Risk Tolerance:** We assess your ability to tolerate fluctuations in the value of your account and the potential for the temporary and permanent loss of your principal.
- **Your Risk Capacity:** We assess your ability to sustain temporary and permanent losses of capital. A person’s risk capacity will depend on their overall level of savings, their ability to generate income in the future, and their future expected expenses. The higher a person’s risk capacity, the better they can sustain temporary and permanent losses of their invested capital.
- **Your Investment Portfolio Composition and Risk Level:** We assess how a change in your holdings affects your overall account risk level in terms of it investment classes, the risk of the assets held, and overall diversification. On a case-by-case scenario, it may be more appropriate to analyze risk level based on a multiple account portfolio basis.

We use the above factors to establish your investment profile. Our understanding of your profile is critical because it will help us suggest the allocation of your financial assets and their risk level. Your investment profile will also enable us to determine (for each account you wish to open with us) whether you have a low risk, medium risk, medium-high risk, or high to very high-risk tolerance. We will then recommend an appropriate risk rating for your account that best corresponds with your profile and the type of investing you want to undertake (A = Income/Low Risk; B = Balance/Medium Risk; C = Growth/Medium-High Risk; D = Aggressive Growth/High to Very High Risk).

The risk associated with each account (A to D) is the overall investment risk of the account portfolio and not its specific holdings. We rate investments from low risk to high risk. For example, a GIC is low risk whereas borrowing to invest in stock in a junior exploration company is very high risk. We consider all stocks to be at least a medium risk investment.

We will conduct a suitability determination when accepting each of your orders or series of orders; recommending a security or strategy to you; securities are deposited or transferred to or out of your account(s); your investment advisor or portfolio manager changes; when we become aware that there has been a material change in your personal or financial circumstances or objectives, and in the absence of any of the above triggering events, at least once every 36 months or in the case of managed accounts once every 12 months. If during our suitability determination we identify any concerns, we will discuss them with you.

Any investment action we take, recommend, or decide on, will be made on the basis it is suitable for your investment profile, puts your interest first, assesses the potential and actual costs of the investment or strategy, and includes a consideration of a reasonable range of alternative actions available at the time the investment action is recommended or taken. If we become aware of a change in a security in your account that could result in your account no longer meeting your investment profile, we will take or recommend, within a reasonable time, an investment action to address the impact of the change of security on your account.

Given the long-term nature of investing for most clients, we do not automatically review the suitability of the investments in your account(s) when there are market fluctuations, even large fluctuations. Your investment advisor is ready to discuss the effect of market fluctuations on your portfolio with you when you request. We encourage you to speak with your investment advisor, especially if you anticipate the need to convert your assets to cash in the near future or if there has been any other material change in your financial or personal information which may affect your investment objectives or risk tolerance. If during our suitability determination we identify any concerns, we will discuss them with you and, as required by our regulators or good business practice, document our discussions and specific cautionary advice.

If you have a managed account, ongoing suitability is provided as part of the managed account services and in accordance with the six factors described above.

4. The ways we will avoid, manage or disclose conflicts of interest which may arise as we serve your interests and those of others.

In the course of our usual activities, we assume a responsibility to act fairly, honestly and in good faith with our clients. Given the nature of our business, conflicts of interests may arise between you and our firm, its employees, or our other clients.

We have policies and procedures in place to address the handling of conflicts of interests. Under these policies and procedures, we avoid all conflicts prohibited by law as well as material conflicts which we cannot address in the best interest of our clients.

In all other situations when our interests may compete or conflict with yours, your interest is always given priority by our acting in one of two ways:

- We control or manage acceptable conflicts by taking such actions or instituting procedures that will adequately control or manage the conflict of interest.
- 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.

A more detailed explanation of our Conflicts of Interest policy may be found in the **Client Agreement and Disclosures** section located in the Private Clients section at leede.ca. Leede Financial Inc. has minority ownership interests in both the Canadian Securities Exchange and the Aequis NEO Exchange.

5. The reports we will provide to help you monitor your financial assets and their performance, as well as the fees and charges you pay us or to third parties through us.

Confirmation of transactions. We will provide you with written confirmation of the details of every purchase and sale for your account(s) either electronically or by mail in the manner you elect when you open your account(s).

Account statements. For your account(s), a statement will be provided for each month there is any account activity and, in any event, on a quarterly basis. Your account statement confirms all account activity, including purchases and sales of securities, contributions and withdrawals, dividends, interest earned and paid, transfers, and any other transactions that occurred in your account over the previous period. Account statements also list your current holdings. The value of most securities you hold is calculated with reference to the closing price of the last day of the month in the reporting period of the statement. In the case of securities that have ceased trading, where the company is bankrupt, or in other circumstances where a reliable market value cannot be ascertained, no valuation is given.

Performance Reporting: Quarterly, yearly and/or monthly annualized performance summaries will be available on request and provided without charge. At a minimum, we are obliged to send you a performance report on your account every 12 months. This annual performance report will include your annualized returns over one-, three-, five- and ten-year periods from January 1, 2016. We are always looking for ways to improve the manner in which we can report to you, and we will keep you informed on the timing of these changes and how to understand any new reporting formats we may utilize.

Performance Benchmarks and How to Use Them: You may assess the performance of your investments by comparing them to an investment performance benchmark. Benchmarks show the performance over time of a select group of securities. There are many different benchmarks. When choosing a benchmark, pick one that reflects your investments. For example, the S&P/TSX Composite Index follows the share prices of the largest companies listed on the Toronto Stock Exchange. This index would be a good benchmark for assessing performance of a Canadian equity fund that invests only in large Canadian companies. It would be a poor benchmark if your investments are diversified in other products, sectors or geographic areas.

We do not provide benchmark comparisons in our monthly account reporting, however comparisons to the major North American composite indices are available upon request and may be periodically provided to you by your Investment Advisor. Please speak to your investment advisor if you have questions about the performance of your portfolio.

Fees and charges paid. Our commission charges for the purchase and sale of securities for your account are recorded on the trade confirmation transaction records that are issued for each purchase and sale. Securities not traded on a public marketplace, such as treasury bills, banker's acceptance and corporate bonds are purchased or sold for you net of any applicable commission or fee. For fee-based accounts, including managed accounts, our fees are recorded on your monthly account statement in accordance with rates you established with your investment advisor or portfolio manager.

Securities with embedded fees are not included as billable assets in fee-based and managed accounts. Annually, we will provide you with a report of the fees and compensation associated with your account(s).

Please speak to your investment advisor if you have any questions about the fees and charges you paid.

If your transaction involves a mutual fund, you will incur management fees and expenses for the period the mutual fund is held for your account. You may also incur costs for the purchase or sale of the mutual fund. Your investment advisor will explain these fees, expenses, and costs to you before accepting an order from you to purchase or sell a mutual fund for your account.

Every time you purchase a new mutual fund, you will receive the Fund Facts that go along with it. Fund Facts summarizes key information about the fund you purchased, including its performance history, investments, risk rating and the costs associated with owning it. Prior to an initial mutual fund purchase in a non-managed account, we provide you with Fund Facts. For managed accounts, we provide Fund Facts after purchase.

For all advisory accounts, exchange-traded funds (ETFs) we will send you ETF Facts no later than midnight on the second business day following the purchase of ETF securities. You can also consult the ETF Facts on the website of the company offering the fund, or simply ask your investment advisor for a copy.

If you make a trade involving a security which denominated in a currency other than the currency of the account in which the trade is to settle, a conversion of currency is required. In such instance, we will act as principal and convert the currency at rates established by us. We may earn revenue in addition to the commission applicable to such a trade based on the difference between the applicable bid and ask rates for the currency and the rate at which it is offset in the market. Conversion of currency if required will take place at the trade date unless otherwise agreed.

If you purchase a security using margin or in the event you do not timely settle a trade for your account, we will charge you interest until the trade is paid in full. In such instance, we will charge your account interest at rates established by us in accordance with industry standards as provided in your account agreement.

Most of our fees are charged directly, however some costs are charged indirectly such as mutual fund and ETF Management Expense Ratios (MERs). MER details are set out in the mutual fund prospectus. Or, where we connect you with another provider of related services, we may receive a referral fee. This arrangement will be disclosed to you in writing, in advance.

We may also receive compensation from third parties such as commissions paid directly to us by the issuer of the securities when we act as an underwriter or agent of the securities. These commissions are typically described in the prospectus or other securities documents prepared by the issuer. In the case of restructurings or reorganizations, certain issuers may pay us a solicitation fee to compensate us for getting investors to vote their proxies.

The fees we charge directly for our services are published in the **Administration and Service Fee Schedule** which can be found through eDocs login or in the account opening package that is mailed.

Fees, especially ongoing fees, reduce the value of your investment portfolio. This is particularly true over time because not only is your investment balance reduced by the fee, but you will also lose any return you would earn on that fee.

6. What you can do and other helpful information.

Provide Complete Information. We cannot emphasize enough how important it is for you to provide us with complete and accurate KYC Information.

Keep us up to date. Promptly inform us of any change to the information you have provided us that could reasonably result in a change to the types of investments appropriate for you. Such information includes a material change in your income, investment needs and objectives, risk tolerance, risk capacity, time horizon or net worth.

Remain informed. Keep current of the sales literature and research material we provide or make available to you.

Ask us questions. Ask questions and request information from us to resolve any questions you have about your account(s), transactions or investments, or your relationship with us.

Stay on top of your investments. Timely review all account documentation and other information we provide you.

If you have a complaint. We are committed to providing you with the level of service our clients have come to expect of us, including the prompt and fair resolution of any concern or complaint. If you are unable to satisfactorily resolve with your investment advisor any complaint or other concern you may have about the handling of your account, we would ask you to direct them to the Branch Manager of the branch where your investment advisor is located or to the attention of our Chief Compliance Officer. We encourage you to take the additional time to put any complaint or other concern you have in writing as it will form an accurate record and expedite a resolution.

Our Branch Manager or Chief Compliance Officer will promptly undertake an initial review of your concern or complaint and will either attempt to deal with or resolve it directly with you or refer for investigation and resolution in accordance with our Complaints Handling Policy, a summary of which is located on the leede.ca website by clicking on the link located at the bottom of each page. A copy of the CIRO Brochure, "How to Make A Complaint" is provided to you at the time of account opening. See section 8 below,

7. Trusted Contact Person and Temporary Holds

If you are an individual client, Canadian securities regulations require us to ask you to provide us with the name and contact information of a person you trust (“Trusted Contact Person” or “TCP”) so that we may contact your TCP to assist us in protecting your financial interests in certain circumstances. You are not obliged to provide us with a TCP. If you do, you are authorizing us to contact the TCP if we notice signs of financial exploitation or if you exhibit signs of diminished mental capacity which we believe may affect your ability to make financial decisions relating to your account(s). We may also contact your TCP to confirm your contact information if we are unsuccessful in contacting you after repeated attempts, particularly if our failure to contact you is unusual. We may also ask your TCP to confirm the name and contact information of a legal guardian, executor, trustee or any other personal or legal representative such as an attorney under a power of attorney. In providing us with the name and contact information of your TCP, you confirm to us that you have your TCP’s permission to give us this information and your TCP has agreed to act in this capacity. Ideally, your TCP has no financial authority over your account(s) or other involvement in making financial decisions for you.

If we have a reasonable belief that you are being financially exploited or that you are experiencing diminished mental capacity which may affect your ability to make financial decisions relating to your account(s), Canadian securities regulation permits us to place a temporary hold on your account or a particular transaction. In such event, we will provide you with a verbal or written notice explaining our actions, in addition to contacting your TCP as described above provided we do not suspect your TCP being the cause of your possible financial exploitation.

8. A checklist of documents to be provided to you.

In connection with your new (updated) account(s) the following documents are available in the **Client Resources** section, within Disclosure Documents at the bottom of the leede.ca home page¹:

For All Accounts

- ✓ Client Agreement
- ✓ Relationship Disclosure
- ✓ Conflict of Interest Disclosure
- ✓ Electronic Funds Transfers – Terms and Conditions
- ✓ Leverage Disclosure
- ✓ Privacy and the Protection of Personal Information
- ✓ NI-54-101 Explanation to Clients
- ✓ Strip Bonds and Strip Bond Packages Information Statement
- ✓ Best Execution Policies and Procedures
- ✓ Treaty Statement Disclosure
- ✓ Managed Accounts – Allocation of Investment Opportunities
- ✓ Risk Disclosure Statement (Exchange Contracts)
- ✓ CIRO Brochure – How CIRO protects investors
- ✓ CIRO Brochure – How to Make A Complaint

We will provide you with a copy of your completed Client Account Application with our “Welcome Letter” that will be mailed to you after your Client Account Application has been formally approved and processed.²

Please carefully review the completed Client Account Application to ensure the accuracy of the KYC Information and that your account selection (A to D) accurately reflects your investment objectives and risk tolerance.

Thank you for choosing Leede Financial Inc.

¹ Please do not hesitate to contact your investment advisor for a printed version of any of these documents.

² If you have opened a Tax-Free Savings Account, RRSP or Registered Education Savings Plan Account, copies of the application and Declaration of Trust will be included in the Welcome Letter.