



SINCLAIR-COCKBURN
FINANCIAL SERVICES, INC.

Client Statement of Disclosure

Updated as March 28, 2018

Sinclair-Cockburn Financial Services Inc. and our Relationship with You

Sinclair-Cockburn Financial Services Inc. (hereinafter called SCFS) is both a Mutual Fund Dealer (MFD) and an Exempt Market Dealer (EMD). That means we sell Mutual Funds provided by various issuers as well as other permitted products such as Guaranteed Investment Certificates. We also sell units of the Sinclair-Cockburn Mortgage Investment Corporation (MIC) to Accredited Investors, through our EMD. As the name suggests, units of the MIC are issued by a company related to SCFS. Securities laws of certain jurisdictions in Canada require that a registered firm deliver to clients all information that a reasonable investor would consider important about the client's relationship with the registered firm. That is the purpose of providing this Client Statement of Disclosure document to you.

At SCFS, we pride ourselves on providing excellent service and offering products that suit your needs. That's why we work hard to build strong relationships with our clients. But relationship building is a two way street: in order to provide you with the best service and the most suitable investments we need you to do your part. Therefore, at SCFS, we ask all clients to remember the following:

- **Investment Decisions** – You are responsible for making investment decisions but you can rely on the advice given by your SCFS representative. They are responsible for providing advice that is suitable to you based on your investment needs and objectives.
- **Keep us up to date** – When we first enter the relationship we ask that you provide us with full and accurate information. We also ask that you inform us whenever there has been a change to your information that could affect, in particular, your income, investment objectives, risk tolerance or net worth.
- **Be informed** – Our representatives have been trained to deliver the information you need to make your investment decision prior to the time of sale. However, we expect that our clients will carefully review sales literature and legal documents provided by the firm so as to fully understand the investments. Where appropriate, we expect that you will seek additional advice from other professionals such as lawyers or accountants as we cannot provide legal or tax advice.
- **Ask questions** - We encourage you to ask questions and request information from the firm or its representative to resolve questions about your account, transactions or investments, or your relationship with the firm or representative.
- **Stay on top of your investments** – At SCFS, we expect that clients will review all account documentation provided by the firm and report any inaccuracies or issues to the firm.

Things you should know

Your Account

The mutual fund products we distribute are registered in client name with the issuing Mutual Fund Company.

The Sinclair-Cockburn Mortgage Investment Corporation Preferred Shares we distribute are also held in your name. If you have opted to hold your investment in a registered plan, we have arrangements with Canadian Western Trust and/or Computershare to administer the plan.

For all investments, we offer you the following types of accounts or plans:

- RRSPs
- OPEN
- RESP
- Locked – In accounts, LIRAs/LRSPs
- RRIFs
- TFSAs

For details on the full array of plan types available and their features, please speak to your representative.

Products and Services Offered by Sinclair-Cockburn Financial Services Inc.

SCFS is a dealer that facilitates the purchase and sale of Mutual funds, Guaranteed Investment Certificates, and the Sinclair-Cockburn MIC in the Canadian marketplace. We do not hold cash, assets or investments for you. We do not accept cash for the purchase of securities. All cheques for the purchase of securities should be made payable to the product manufacturer or Sinclair-Cockburn Financial Services Inc. In-Trust as directed by your representative. No cheques should ever be made out to your representative.

We gather information, track and report on any investments you have with providers of mutual funds and exempt products. Therefore, your investments are never housed with us. We merely track what you buy and sell based on our relationship with you and the information we receive from product providers.

The descriptions, features and legal information relating to the structure of the products we distribute are contained in their offering documents. Your rights and duties are also contained in the offering documents and subscription agreement (if applicable). Please read them carefully.

Certain SCFS representatives may also offer insurance, financial planning or other services. It is important that you know that these are not SCFS services but are offered as outside business activities by your representative. That means we do not supervise them and they are not offered by the firm. For full details on what this means to you, please speak to your representative or to the Compliance Department at SCFS.

Risks you Should Know About

No securities regulatory authority has assessed the merits of any of the securities sold by SCFS or its representatives. The securities you are buying are not listed on any stock exchange, and they may never be listed. Particularly in the case of exempt products, (MICs), you may never be able to sell these securities.

The MIC is a non-reporting issuer. A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

Additional risks associated with the investment you are purchasing are set out in the Prospectus, Offering Memorandum and/or Subscription Agreement provided with your purchase. The MIC is considered a high risk investment. We ask and expect that you will read these carefully before purchasing your securities.

Conflicts of Interest

SCFS does not engage in referral arrangements. If it did however, details of the arrangement including the amount and calculation method of the fee along with other particulars of the arrangement would be disclosed.

Units of the Sinclair-Cockburn MIC are issued by a company that's related to SCFS. The issuer is connected or related to SCFS because certain of its directors, officers and employees together have the power to direct the voting of voting securities and are engaged in the management of both entities.

SCFS has adopted strict policies and procedures to either manage or avoid conflicts of interest with integrity and in a way that complies with Canadian Securities laws. Further, it treats each investor as unique and conducts a thorough suitability and exemption qualification analysis before recommending the purchase of a product built by a company related to it.

Borrowing to Invest

Leverage Disclosure for Registered Accounts

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 its terms remains the same even if the value of the securities purchased declines.

Leverage Disclosure for Open Accounts

Risk of Borrowing to Invest

Here are some risks and factors that you should consider before borrowing to invest:

Is it Right for You?

Borrowing money to invest is risky. You should only consider borrowing to invest if:

- a) You are comfortable with taking risk.
- b) You are comfortable taking on debt to buy investments that may fluctuate in value.
- c) You are investing for the long-term.
- d) You have a stable income.

You should not borrow to invest if:

- a) You have a low tolerance for risk;
- b) You are investing for a short period of time;
- c) You intend to rely on income from the investments to pay living expenses;
- d) You intend to rely on income from the investments to repay the loan. If this income stops or decreases, you may not be able to pay back the loan.

You Can End Up Losing Money

If the investments go down in value and you have borrowed money, your losses would be larger than had you invested using your own money. Whether your investments make money or not, you will still have to pay back the loan plus interest. You may have to sell other assets or use money you had set aside for other purposes to pay back the loan. If you used your home as security for the loan, you may lose your home. If the investments go up in value, you may still not make enough money to cover the costs of borrowing.

Tax Considerations

You should not borrow to invest just to receive a tax deduction. Interest costs are not always tax deductible. You may not be entitled to a tax deduction and may be reassessed for past deductions. You may want to consult a tax professional to determine whether your interest costs will be deductible before borrowing to invest. Your advisor should discuss with you the risks of borrowing to invest.

Costs of Operating Your Account and Costs of Making, Holding and Selling Investments

SCFS does not charge you for operating your account nor does it charge you, beyond the compensation details set out below, for making, holding or selling your investment. Cash held in your account by us will be held in trust for you. You will not earn interest on those funds.

If your investment is held in a registered account, a tax-free savings account or other such account pursuant to a trust agreement, the Trustee (e.g. B2B Bank or Canadian Western Trust or Computershare) charges annual fees for each account and then (usually lower) additional fees for each additional account. There are also fees charged for such services as:

- Purchases
- Swaps
- Partial or full deregistration
- Estate settlement
- TFSA full or partial transfer out
- Returned items etc.

These fees are also subject to GST or HST and are taken automatically from your account. Please refer to your trust agreement for precise details.

The product manufacturer may impose other costs relating to the making, holding and selling of your investment. Please refer to the prospectus or your subscription agreement and offering documents for details on any additional costs relating to your particular investment.

Compensation Paid to Sinclair-Cockburn Financial Services Inc. and its Representatives

When a SCFS representative sells you an investment, SCFS as dealer is paid a commission calculated as a percentage of your total investment. A portion of that commission is then paid to your representative, depending on what has been negotiated between SCFS and the representative. Some products also have trailing commissions, annual fees that are additionally paid to SCFS which again, receives payment and pays a portion to your representative.

SCFS offers a variety of products and the compensation structure for each is different. Please speak to your representative or SCFS Compliance for details on the compensation structure relating to your particular investment.

Reporting to You

1. Confirmations

When you buy or sell an investment and the transaction closes with the product manufacturer, SCFS or the product manufacturer will deliver to you a trade confirmation that sets out all the necessary information relating to the transaction. It will contain:

- (a) the quantity and description of the security purchased or sold;
- (b) the price per security paid or received by the client;
- (c) the amount of each transaction charge, deferred sales charge or other charge in respect of the transaction and the total amount of all charges in respect of the transaction;
- (d) the name of SCFS;
- (e) whether or not SCFS is acting as principal or agent;
- (f) If acting as agent, the name of the person or company from or to or through whom the security was bought or sold;
- (g) the type of account through which the trade was effected;
- (h) the name of the Approved Person, if any, involved in the transaction;
- (i) the date of the trade; and
- (j) the settlement date of the transaction.

2. Statements

SCFS will deliver an account statement to you at least once every 3 months. If you request more frequent statements or there are transactions in your account in a particular month you may receive a statement more frequently.

The statement will contain all of the following information about each transaction during the period covered by the statement:

- (a) the date of the transaction;
- (b) whether the transaction was a purchase, sale or transfer;
- (c) the name of the security purchased or sold;
- (d) the number of securities purchased or sold;
- (e) the price per security paid or received by you;
- (f) the total value of the transaction.

It will also contain all of the following information about your account as at the end of the period covered by the statement:

- (a) the name and quantity of each security in the account;
- (b) the market value of each security in the account;
- (c) the total market value of each security position in the account;
- (d) the total market value of all securities in the account.

Our Suitability Obligation and the Information we must collect

SCFS and its representatives have an obligation to assess whether an investment or leveraging strategy is suitable for you before it processes them for you, whether they were recommended to you by us or not. This requires that we know all relevant information about you, your financial circumstances, investment objectives, risk tolerance and your general knowledge of investing. It also requires that we understand the products we offer to determine whether they fit with your needs and objectives.

We are required to assess or re-assess your Know your Client (KYC) information in the following circumstances:

- When you transfer assets into an account at SCFS;
- When we or our representative become aware of a material change in your KYC information; or
- When there is a change in the representative responsible for your account at SCFS.

When we are assessing your risk tolerance, the following terms on the KYC form have the following meanings:

Low - *The low risk rating applies to investors who are willing to accept lower returns in order to preserve their principal. Investments under the low risk rating include investments with low volatility including money market mutual funds or equivalents.*

Medium - *the medium risk rating applies to investors who are seeking moderate growth over a longer period of time. Investments under the medium risk rating include investments with medium volatility and may include bond or balanced mutual funds, and blue chip and mid cap equity funds such as Canadian dividend, Canadian equity, U.S. equity, and certain international equity mutual funds.*

High - *The high risk rating applies to investors who are growth oriented and are willing to accept significant short-term fluctuations in portfolio value in exchange for potentially higher long-term returns. Investments under the high risk rating include investments with high volatility and may include:*

- *Funds that invest in smaller companies, specific market sectors or geographic areas such as small cap equity funds, emerging markets, science and technology, and precious metals;*
- *Labour-sponsored venture capital funds;*
- *Funds that engage in speculative trading strategies including hedge funds that invest in derivatives, short sell or use leverage.*
- *SCMIC preferred shares.*

When we are recording your investment objectives on the KYC form, the following terms, have the following meanings:

Safety- *Investors seeking safety have an objective to preserve their principal investment and are less concerned with capital appreciation. Investors seeking safety of principle should be invested in securities that provide a guaranteed investment/par value at maturity such as cash, GICs, and money market and government debt instruments.*

Income- *Investors seeking income have an objective to generate current income from their investments and are less concerned with capital appreciation. Investors seeking income should be invested in securities that will generate a regular stream of income such as funds that invest in bond or money market instruments.*

Growth – *Investors seeking growth have an objective to achieve capital appreciation from their investments and are less concerned with generating current income or preserving the safety of their principle. Investments in equities including Canadian dividend, Canadian equity, U.S. equity, certain international equity and Canadian small cap equity funds are generally appropriate for investors seeking growth and capital appreciation.*

Speculation – *Investors seeking to speculate have an objective to achieve maximum short-term or long-term gain and are willing to take on a high level of risk in exchange for the return they hope to achieve. Large weightings in sector and specialized funds such as emerging markets, science and technology, precious metals, exempt market products such as SCMIC Preferred Shares series B and investments that engage in venture capital and speculative trading strategies such as labour-sponsored venture capital funds and hedge funds are generally appropriate for investors seeking to speculate.*

Each of the risk tolerances and investment objectives will be assigned a percentage and products we recommend will be designed to match those tolerances, objectives and percentages. When market conditions or account activity cause a significant shift in those (10% or more) SCFS will review your portfolio with you to determine whether it continues to be suitable for you.

Dispute Resolution

Sinclair-Cockburn Financial Services Inc. has procedures in place to handle any written or verbal complaints received from clients in a fair and prompt manner. For more information on our procedures please see **Appendix “A”** “Sinclair-Cockburn Financial Services Complaint Handling Procedures”.

Clients of a mutual fund dealer who are not satisfied with a financial product or service have a right to make a complaint and to seek resolution of the problem. MFDA Member dealers like SCFS have a responsibility to their clients to ensure that all complaints are dealt with fairly and promptly. For more information on the MFDA client compliant process, please see **Appendix “B”** “MFDA- Client Complaint Information Form”.

Use of Benchmarks

Comparing your portfolio’s performance to that of an appropriate benchmark is a useful exercise for monitoring purposes. Benchmark comparisons can help you determine if your investment approach is delivering the desired results, or whether changes might be called for. Investment benchmarks are also helpful for developing realistic expectations about returns your portfolio can generate over the long term.

Investment benchmarks usually provide a broad measure of the return generated by specific asset classes over a given period. They are often referred to as reference indices since the most common form of an investment benchmark is an index – such as a stock or bond index. A benchmark must replicate the security or portfolio you are monitoring as closely as possible for the comparison to be meaningful. Examples of benchmarks would include the S&P/TSX 60 for Canadian stocks, the DEX Universe for Canadian bonds and the S&P 500 for U.S. stocks. For a portfolio composed of securities from several different asset classes, the appropriate benchmark would be a blend of indices weighted according to the portfolio’s asset mix.

For more information about comparing your portfolio’s return to a benchmark, please contact us.

Privacy and Collection of Personal Information

Sinclair- Cockburn Financial Services Inc., its affiliates and funds managed by it, are committed to controlling the collection, use and disclosure of personal information. Controlling and safeguarding the collection, use and disclosure of personal information is an ongoing process. We continually review and update our personal information management practices and our Privacy Policy, attached as **Appendix “C”**. For more information on our Privacy Policy please see Appendix “C”.

CASL Consent to Use of Email Address

In accordance with Canada’s Anti-Spam Legislation (CASL), Sinclair-Cockburn Financial Services Inc. must obtain your consent to use your email address to communicate with you. Please check one of the boxes below (mandatory):

Name (please print)

Email Address

By providing my email address, I consent to Sinclair-Cockburn Financial Services Inc. sending me news, updates and other marketing related communications via email. I understand that I can withdraw my consent at any time.

-OR-

I do not consent to Sinclair-Cockburn Financial Services Inc. using my email address to send me news, updates and other marketing related communications via email. I understand however that I will continue to receive notifications consisting of factual and transactional information about my account with Sinclair-Cockburn Financial Services Inc.

If you have any questions relating to your investments, your account, your relationship with SCFS or any other matter of concern to you in your investment relationship, you may contact your dealing representative or SCFS Compliance at financial@scmic.ca or by phone at 905-762-3383

Client

Date

Representative

Date

Appendix “A”

Sinclair-Cockburn Financial Services Inc. Complaint Handling Procedures

Appendix “B”
MFDA- Client Complaint Information Form

Appendix “C”

Sinclair-Cockburn Financial Services Inc. Privacy Policy

Updated as of January 30, 2017

Sinclair–Cockburn Financial Services Inc., its affiliates and funds managed by it (“SCFS”) are committed to controlling the collection, use and disclosure of personal information. Controlling and safeguarding the collection, use and disclosure of personal information is an ongoing process. SCFS will continue to review and update its personal information management practices and this privacy policy on an ongoing basis and when necessary in order to better protect the privacy of individuals and ensure compliance with applicable privacy laws.

Collection of Personal Information

SCFS collects various types of personal information about you in carrying out our business and providing services to you, including information such as your name, address, telephone, email address, birthdate, social insurance number (“SIN”) and financial information, such as investment history, account information and credit information.

SCFS may also collect personal information about you from outside sources such as credit bureaus, financial institutions or references for identity verification purposes, or to determine creditworthiness or eligibility for certain products.

SCFS collects your personal information in order to establish a relationship with you and provide you with products and services that you request. SCFS requires your personal information in order to not only provide services and products to you but also to allow it to meet regulatory and/ or contractual obligations and requirements relating to the products and services we provide to you.

Use of Personal Information

SCFS will only use your personal information for legitimate business purposes that may include the following:

- To identify you;
- To ensure SCFS’ records are accurate;
- To establish and administer your account;
- To determine eligibility for products and services;
- To execute your transactions;
- To maintain, store, record and determine your account holdings and transaction records;
- To verify previously given information when necessary;
- To provide you and your representatives with account statements, reports or other information;

- To provide you with financial statements, tax receipts, proxy mailings, transaction confirmations and other information that may be requested or needed to service your account;
- To provide you with quality customer service and support on your investment needs;
- To respond to any special needs or inquiries that you may have; and
- To satisfy legal or regulatory requirements.

Disclosure of Personal Information

To carry out its legitimate business purposes, SCFS may from time to time disclose your personal information to regulatory agencies (e.g., the Canada Revenue Agency), companies affiliated with SCFS, and other third parties to perform services on behalf of SCFS for the purposes explained in this Privacy Policy and as permitted or required by law.

For regulatory purposes, securities regulators may require access to personal information of our current and former clients, employees, agents, directors, officers, partners and other individuals that has been collected and/or used by SCFS. Securities regulators may collect, use or disclose such personal information obtained from or about the above individuals for regulatory purposes, which may include:

- For surveillance of trading-related activity;
- For investigative purposes relating to sales, financial compliance, trade desk review and other regulatory audits;
- To update regulatory databases; and
- For purposes of enforcement or disciplinary proceedings.

SCFS transfers personal information to third parties for reasons such as transaction clearing, regulatory reporting, credit checks, data processing, data warehousing or administrative services such as providing monthly statements and asset custody. These third parties provide services to SCFS and do not make any independent use of the personal information provided by SCFS. SCFS uses contractual or other means to ensure that any third parties it engages in the manner stated herein adhere to SCFS' Privacy Policy and related procedures.

In the event of a sale, amalgamation, re-organization, transfer or financing of parts of some or all of our business, your personal information may be disclosed to an acquiring organization, either as part of due diligence and/or on completion of the transaction. If your personal information is ever disclosed to an unaffiliated third party in this context, SCFS will require that third party to agree to protect your personal information in accordance with this Privacy Policy.

Consent

SCFS will seek consent for the collection, use and disclosure of your personal information prior to or at the time of account opening and at any other time further personal information is collected from you.

In some instances, legal or security reasons may make it impossible or impractical for SCFS to seek consent. For example, when information is being collected for the detection and prevention of fraud or for law enforcement, seeking the consent of the individual might defeat the purpose of collecting the information. Seeking consent may be impossible or inappropriate when the individual is a minor, seriously ill or mentally incapacitated, in which case consent must be

obtained from guardians or legal representatives of such individuals.

You may withdraw consent to the use and disclosure of your personal information at any time, subject to legal or contractual restrictions. SCFS must be provided with reasonable notice in writing if you wish to withdraw consent. The period of reasonable notice will vary depending on the nature of the information and the uses to which it is being put by SCFS. If you withdraw your consent, it is very likely that SCFS will no longer be able to provide you with some or may be even all of its products and services.

Retention of Personal Information

SCFS is subject to legislative requirements with respect to information retention periods. Following expiry of legal retention periods, SCFS will destroy, erase or make anonymous personal information that is no longer required to fulfill the identified purposes. SCFS has developed guidelines to govern the destruction of personal information.

Safeguarding Personal Information

SCFS has developed security safeguards to try to protect personal information against loss or theft, as well as unauthorized access, disclosure, copying, use or modification of personal information, regardless of the format in which the information is held. These methods of protection include:

- physical measures (e.g., locked filing cabinets and restricted access to offices);
- organizational measures (e.g., security clearances and limiting access on a “need-to-know” basis); and
- technological measures (e.g., the use of passwords and encryption).

Responding to Privacy Concerns

SCFS has implemented policies and practices that give effect to the principles and procedures in this Privacy Policy, including:

- implementing procedures to protect personal information;
- establishing procedures to receive and respond to complaints and inquiries;
- training staff and communicating to staff information about SCFS’ policies and practices; and
- developing information to explain SCFS’ policies and procedures.

If you have any questions or concerns about this Privacy Policy or about your personal information that has been collected by SCFS or if you wish to request access to your personal information, please contact SCFS Privacy Compliance Officer using the following information:

Privacy Compliance Officer
Sinclair-Cockburn Financial Services Inc.
9140 Leslie Street, Suite 405, Richmond Hill, ON L4B 0A9
(905) 762-3399 or to financial@scmic.ca

SCFS monitors compliance with this Privacy Policy on an ongoing basis.