



**LP FINANCIAL**  
PLANNING SERVICES LTD.

**LP Financial Planning Services Ltd.**

**Disclosures and Agreements  
Our Accountability to You**

**Version 14.0**

**Effective Jan 01, 2022**



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## **PART 1- INTRODUCTION**

We believe it is essential you have a complete understanding of our relationship to ensure full and plain disclosure regarding our policies, fees, compensation, how we address any conflicts of interest in your best interests, and our business associations. This document outlines the advisory services available from LP Financial Planning Services Ltd. (**LP Financial or we**) and important facts pertaining to those services. This document will be provided to you at your first meeting with your advisor before we open an account or begin providing advice. If there is a significant change to the information contained in this document, we will provide you with updated information as soon as possible.

Your relationship with LP Financial Planning Services Ltd. is about more than investing money. It's about sharing your aspirations and building a relationship with your advisor. Your primary contact with us is through your advisor, Michael Robinson. We will put the resources of our firm behind your advisor to help you pursue your goals.

Your advisor is committed to understanding you, your personal and financial circumstances, your investment needs and objectives, your risk profile (including your risk tolerance and risk capacity), your time horizon and any other factors that may affect our recommendations. We will help you understand your investment choices. Your advisor will help you set realistic expectations about the long-term performance and associated risks of those choices. We will always put your interests first, ahead of our own, in helping you decide what kind of account to open with us, and what investments to make in your account.

Your advisor will be available for regular conversations with you about the status of your investments with us and changes in your personal profile. We will provide timely account and transaction information that accurately reflects the investment positions you hold with our firm. We will disclose information related to the way we are paid by you as a client, including commissions and fees associated with your account. We will answer questions you have about how your advisor is paid. We will disclose information regarding payments we receive from third parties for the products and/or services in your account.

We will share our policies and practices relating to the privacy of the information you provide us. We will make it our priority to address your concerns. We will do our best to build and justify your trust in us.

Working together to reach your goals requires a commitment from you as well. You should provide your advisor with all relevant information about your personal and financial situation, your investment goals and objectives, your risk tolerance and when you expect to access the investments in your account. You should always let your advisor know if and when this information about you changes.

You will be asked to confirm the information we collect about you before we take any action for you and provide us with updates when there are changes to your information. You should meet with your advisor regularly to review your financial situation and investment positions and approve or decline your advisor's recommendations on a timely basis. You should personally review and understand your investments, investment strategy, and materials provided to you. We urge you to keep in mind that all investments have some degree of risk and you may lose money on any investment. You should ask questions if you are uncertain about any aspect of your strategy and provide us with frank, timely feedback on how we are doing and how we can improve our service to you.

We encourage you to provide your advisor with the name and contact information of a trusted contact person, who should be an individual with whom you are comfortable allowing your advisor to discuss your financial or personal circumstances, in specific circumstances. We may contact your trusted contact person and/or disclose information about you or your account to your trusted contact person: (i) if we are concerned that you are being exploited financially (ii) if we are concerned about your mental capacity as it relates to your ability to make decisions involving financial matters (iii) to obtain the name and contact information of your legal representative, if any; and (iv) to obtain your contact information if we cannot get in touch with you. When you provide us with a name of a trusted contact person, you confirm to us that you have the consent of that person to provide us with their name and contact information and that the person knows you are naming them as your trusted contact.

## **PART 2– LP FINANCIAL AND OUR SERVICES**



## 1. WHO WE ARE AND OUR RELATIONSHIPS WITH OTHER FINANCIAL SERVICES FIRMS

Your advisor is an agent of LP Financial Planning Services Ltd., which is a registered mutual fund dealer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia. LP Financial is our trade name. LP Financial is a member of the Mutual Fund Dealers Association of Canada (**MFDA**).

LP Financial is a wholly owned subsidiary of Value Partners Group Inc. (**VPGI**). We are affiliated with Value Partners Investments Inc. (**VPI**), a Canadian mutual fund manager, managing a family of public mutual funds, known as the Value Partners Pools. VPI is also a portfolio manager and operates a separate discretionary managed accounts division - Value Partners Investment Counsel (**VPIC**). VPI is also wholly-owned by VPGI.

LP Financial is the principal distributor of the Value Partners Pools through our Value Partners Private Wealth Division. If your advisor is associated with our Value Partners Private Wealth division, your advisor will generally recommend that you invest your account in securities of the Value Partners Pools only. Before you open an account with us, you will be informed of whether or not your advisor is associated with the Value Partners Private Wealth division. If your advisor is not associated with the Value Partners Private Wealth division, your advisor may recommend your invest in Value Partners Pools, as well as a range of other unrelated mutual funds available in Canada.

LP Financial is also associated with another financial services firm Lawton Partners Insurance & Estate Planning Ltd., which provides financial planning services, tax services, actuarial services, referral services to other financial institutions and the sale of life, disability or related insurance products, including segregated funds. Your advisor may be licensed with this firm and provide one or more of these services to you through this firm or, in the case of insurance, with another licensed third party insurance agent. When these services are provided to you through these firms, LP Financial does not itself provide these services and you will deal with LP Financial only for your mutual fund investments. However, LP Financial advisors may provide you with financial planning services as part of their overall service to you by LP Financial.

LP Financial does not accept cash for any mutual fund investments or services it provides to you. When investing in mutual fund investments and services LP Financial accepts cheques made payable to "LP Financial Planning Services Ltd. in trust." At no time should any cheque be made payable to your LP Financial advisor. LP Financial trust accounts earn a nominal amount of interest calculated as the Canadian prime rate - 3%. LP Financial does not pay clients any interest on cash balances in our trust account.

LP Financial and our advisors are required under applicable securities regulations to ensure each recommendation that is made is suitable for your situation in relation to your investment objectives, risk profile and other personal and financial circumstances. We are required to put your interests first, ahead of our own interests and any other competing considerations, when making any recommendations or taking any investment action in your account. Furthermore, any proposed investment request you might make to your advisor must also be assessed for suitability in relation to your stated objectives, risk profile, and other personal and financial circumstances, whether or not a recommendation is actually made. LP Financial will also determine appropriate concentration and liquidity thresholds for you, assess the potential and actual impact of costs on your returns, and consider a reasonable range of alternatives when making a recommendation to you. Finally, our supervisory staff provide a suitability review of all new accounts, initial mutual fund transactions, as well as a sample of mutual fund transactions on a daily basis.

We will review your account for suitability in the following circumstances:

- when you transfer assets into your account
- when we become aware of a change in an investment in your account that could result in the investment or account not being suitable for you



- when we become aware of a material change in your personal and financial information
- if there is a change in your advisor responsible for your account
- at least every 36 months, we will review your information and the investments in your account to ensure they remain suitable for you.

In order to make suitability assessments for your account, it is very important that you keep us up to date on your personal and financial information. Your advisor will contact you to ask you about this on a periodic basis. Your advisor is ready to discuss the effect of market fluctuations on your account at any time. However, given the long-term nature of investing for most clients, market fluctuations will not trigger a suitability assessment. We encourage you to speak with your advisor, especially if you think you will need to convert your assets to cash in the near future (for example, for a major purchase such as a house), if you want to change your time of retirement, or if there are other major changes to your information.

We may place a temporary hold on the purchase or sale of a security on your behalf or on the withdrawal or transfer of cash or securities from your account, where we reasonably believe that you might have an illness, impairment, disability or aging-process limitation that places you at risk of financial exploitation, and we believe that you are, or may be exploited financially, or if we believe you do not have the mental capacity to make decisions involving financial matters. If we place a temporary hold on your account in either of these situations, a notice of the temporary hold and the reasons for the temporary hold will be provided to you as soon as possible after placing the temporary hold. Unless the hold is revoked, a notice of the decision to continue the hold and the reasons for that decision will be provided to you within 30 days of placing the temporary hold, and within every subsequent 30-day period. We may also contact your trusted contact person or your legal representative in these circumstances.

You will receive account statements every quarter.

- This applies if at the end of the quarter, the account has a credit or debit balance (i.e., it is not at zero).
- You will also receive a statement for any month in which there was activity in your account. In other words, if you have made a transaction or we have changed the balance of securities or cash in your account, unless the entries refer to dividends or interest.

Your statement shows all account activity, including purchases and sales of securities, contributions and withdrawals, dividends, interest earned and paid, transfers, and any other transactions that occurred over the previous period. These statements also list your current holdings and the net value of your portfolio as of the date on the statement.

We also will send you an annual report, which will set out the following:

- the fees and charges related to the operation of your account;
- the amount of any trailing commission received by us in relation to securities held in your account; and
- any compensation, other than trailing commissions, received by us.
- We provide you with account percentage return on your investments over various periods. Please note that you may earn more or less than others have earned on the same investments or that you may have read about in market commentaries; this is due to differences in when you buy and sell securities.

We are compensated through direct fees for services and through commissions, servicing fees or referral fees as a result of the placement of investment, insurance and other financial products. We may also provide investment



services to you on an agreed upon asset-based fee, which is a calculated percentage of the assets under administration.

## **2. YOUR ADVISOR**

Your advisor is registered as a dealing representative with LP Financial in the province where you live and may be registered in the other provinces where we are registered. Your advisor may also be licensed or associated with Lawton Partners Insurance & Estate Planning Ltd. or other third party insurance agency firms.

## **3. FINANCIAL ADVISORY SERVICES**

### **A. Financial Planning**

You may agree with your advisor on the development of a financial plan, which will be provided to you as part of their overall services to you.

Financial planning is a process to assist you in achieving your goals through the proper management of your finances. It is a process involving the following 6 steps:

- Step 1 - Establish the client-planner engagement
- Step 2 - Gather client data and determine the client's objectives
- Step 3 - Clarify the client's present financial status and identify any problem areas and opportunities
- Step 4 - Develop strategies and present the plan with recommendations
- Step 5 - Implement the plan
- Step 6 - Monitor the plan

Financial planning is not a one-time event. Regular reviews should be done to ensure the plan is still effective as circumstances change and the years advance. Financial plans may be comprehensive or focus on specific areas such as retirement, investment, tax, risk management, estate, business sale or succession, structural, education, cash flow and debt. Your engagement letter will outline the scope of services appropriate for the relationship.

### **B. Investment Planning**

Investment planning is the advisory service most requested by our clients. We are committed to understanding you before we invest any of your money. We will learn about your family situation, annual income and net worth and will determine your financial needs and objectives, your risk profile, your time horizon, income needs, liquidity needs and any other factors that may have an impact on our recommendations and your financial future. Before making specific recommendations, we will ensure the products are suited to your needs and advise you of the risk factors involved.

We offer the most efficient way to access institutional, investment counsel, and mutual fund managers.

## **4. COMPENSATION**

We are compensated through direct fees for services and through commissions, servicing fees or referral fees as a result of the placement of investment, insurance and other financial products. Most of our compensation is derived from servicing fees received from product supplier; these are asset-based fees, which are a specified percentage of the assets under administration that are paid to us for so long as you hold the products.

### **A. Financial Planning Fee for Service**

Your advisor may be compensated in several different ways for the preparation of a financial plan. Financial plans may be either comprehensive, covering all your financial affairs or they may be specific to areas such as retirement,



investment, education, tax, estate or risk management. Once the type of plan is agreed upon, a letter outlining the terms of the engagement, including compensation, will be signed by you and your advisor.

**Fee Plus Commission:** Your advisor may be compensated through fees based on the time and complexity of your planning needs and will also receive compensation through commissions and referral fees. These additional revenues will be received as a result of the placement of investments, insurance, and other financial products as part of the implementation of the action plan.

**Fee Only:** Your advisor may be compensated through fees as determined based on the time and complexity of your financial planning needs. Implementation of any recommendations may be facilitated through the advisor but will be completed through third parties who are duly licensed for the products being acquired and to whom your advisor makes a referral. The advisor will not be compensated over and above the fees as identified in this agreement for the placement of any such financial products.

**Fee Offset:** Your advisor is compensated through a fee-offset arrangement. The fees will be determined based on the time and complexity of your financial planning needs. These fees will be reduced to reflect any commissions or referral fees received for transactions undertaken as a part of the implementation of the action plan. More specifically, your advisor will calculate how much annual fee revenue is required to carry out the engagement and ongoing continuous service and deduct from this the estimated annual compensation expected in the form of commissions or referral fees, in order to arrive at a net amount payable annually. The fee-offset calculation only includes fees earned on investment assets that are not insurance products.

**Commission Only:** Your advisor is compensated through commissions, referral fees and servicing fees. These revenues will be received as a result of the placement of investment, insurance, and other financial products as part of the implementation of the action plan.

## B. Referral Arrangements

LP Financial has referral arrangements with a number of investment firms. Your advisor may refer you to one or more of these other firms and if you open an account with that other firm, the other firm will pay LP Financial a referral fee. A portion of the referral fee will be paid to your advisor who referred you to the other firm. The current referral arrangements are as follows:

**Antares Investment Management Inc.** - a referral fee equal to 50% of the investment management fee you pay to Antares Investment Management Inc. will be paid to LP Financial on an ongoing basis by Antares Investment Management Inc.

**BCV Asset Management Inc.** - A referral fee will be paid on an ongoing basis to LP Financial based on the management fee charged to your account by BCV Asset Management Inc. The maximum referral fee is 1% per annum and will be fully disclosed to you prior to investment with BCV Asset Management Inc.

**Cardinal Capital Management Inc.** - a referral fee equal to 50% of the investment management fee you pay to Cardinal Capital Management Inc. will be paid to LP Financial on an ongoing basis by Cardinal Capital Management Inc.

**Connor, Clark & Lunn Private Capital Ltd. (CC&LPC)** - A referral fee will be paid on an ongoing basis to LP Financial based on the management fee charged to your account by CC&LPC. The maximum referral fee is 1% per annum and will be fully disclosed to you prior to investment with CC&LPC.

**Dixon Mitchell Investment Counsel** - a referral fee equal to 50% of the investment management fee you pay to Dixon Mitchell Investment Counsel will be paid to LP Financial on an ongoing basis by Dixon Mitchell Investment Counsel.



**Fiduciary Trust Company of Canada (FTCC)** - A referral fee will be paid on an ongoing basis to LP Financial based on the management fee charged to your account by FTCC. The referral fee will be fully disclosed to you prior to investment with FTCC.

**Hemisphere Capital Management Inc.** - a referral fee equal to 47% of the investment management fee you pay to Hemisphere Capital Management Inc., will be paid to LP Financial on an ongoing basis by Hemisphere Capital Management Inc.

**Manulife Bank of Canada** – advisors, in their capacity as insurance agents for third party insurance firms may refer you to Manulife Bank of Canada for banking products, including mortgages. The referral fee paid to your advisor varies based on the type of product purchased. The fee will be explained to you in writing prior to the referral.

**National Bank Financial** - a referral fee of up to 40% of the commissions or fees generated on a per trade basis will be paid to LP Financial. Commission rates vary depending on the type of security.

**Value Partners Investment Counsel** - a referral fee equal to 50% of the investment management fee you pay to VPIC will be paid to LP Financial on an ongoing basis by VPIC.

Should your advisor refer you to any other firm or service provider and receive a fee for this referral, this fee will be disclosed to you prior to the referral and any transaction taking place.

### C. Mutual Funds

You may pay a fee when you buy shares or units of mutual funds. You and your advisor determine the amount of the fee and when you pay it. The fees may be paid up front and may be from 0% to 5% of the amount being invested (see each mutual fund company Fund Facts document for maximum %). No sales charge option is called FEL 0%. Except in rare circumstances, all LP Financial clients investing in mutual funds will have their funds placed on a Sales Charge Option basis of FEL 0%.

When you invest in mutual funds, you do not pay us anything directly in respect of that investment. Rather you indirectly pay the fund manager of the fund, since the fund manager charges a management fee to the funds. These management fees, together with the operating costs of the fund are referred to as the management expense ratio (MER) of the funds. The management fees and operating costs, and the MER of each fund in which you invest are described in the Fund Facts and prospectus documents for each fund.

Our affiliate, VPI, in its capacity as investment fund manager of the Value Partners Pools, receives a management fee that is calculated based on the weighted net asset value of a series of each Value Partners Pool. These management fees, as well as operating costs payable by the Value Partners Pools are set out in the prospectus and Fund Facts document for each Value Partners Pool.

When you invest in mutual funds, you do not pay any of these fees directly; however, they do affect you because they reduce your fund's return and the overall performance of your account.

You should note that every dollar taken out to cover fees is one dollar less to invest in your account. The impact of these fees compound over time as a deduction to the overall value of your account and over larger periods of time, this impact increases. Your advisor can answer any questions you may have about the fees and expenses payable by each mutual fund in which you invest. We encourage you to review the Fund Facts document about any mutual fund in which you will invest prior to investing.

#### *Servicing Fees/Trailing Commissions*

Servicing fees are paid from the management fee by the mutual fund companies (including VPI with respect to the





Value Partners Pools) to LP Financial, which then pays your advisor, to provide ongoing service to you. The fees range from 0% to 1% and are paid monthly or quarterly to LP Financial based on all assets held by your advisor from each company.

### ***Other Compensation***

If you previously acquired funds sold on a deferred sales charge basis and you wish to change your investment while the redemption fee schedule is still in effect, we note that you can switch 10% of your units into the sales charge (FEL 0%) version of the same fund on an annual basis, without having to pay any deferred sales charge. Some fund companies also allow matured units to be switched to the FEL version. These switches will result in the servicing fees paid to LP Financial by the fund companies to generally increase up to 1.0% from 0.5% annually on equity or balanced funds, and to generally increase up to 0.50% on fixed income funds. There will be no transaction or ongoing incremental costs associated with these switches and the MER of the applicable funds will not change as a result of the switches. These switches will not be a taxable event.

Your advisor is permitted to receive promotional items of a nominal value and/or reimbursement for mutual fund related conferences and educational seminars. The amount of the registration fee or the value of the promotional items is regulated across Canada by the Canadian Securities Administrator's National Instrument 81-105 and is referenced in the mutual fund company's prospectus. You may request that your advisor disclose to you any such promotional items or reimbursed fees.

### ***Pre-Trade Disclosure of Charges***

Before we accept an instruction from you to purchase or sell a mutual fund we will disclose to you, either verbally or in writing, information about any charges that may apply in connection with the transaction and also whether we will receive trailing commissions in respect of the mutual fund. When purchasing a fund or setting up a new systematic purchase plan you will receive a copy of the Fund Facts document pertaining to the specific fund which outlines the various charges.

### ***Conflicts of Interest***

Our conflicts of interest disclosure provides further information about the conflicts of interest inherent in our compensation practices and how we address those conflicts of interest in your best interest.

## **D. Insurance and Segregated Funds**

Your advisor may or may not be licensed for the sale of insurance products. See Section 2 Your Advisor for details.

Your advisor is paid a commission at the time of sale for any insurance products, other than segregated funds that you choose to purchase. Commissions may range from 10% to 60% of your first-year insurance premium depending on the type of policy purchased and the insurance company. Your advisor may also be eligible for an overhead allowance, which can range from 0% to 200% of the first-year commissions earned on the policy. This allowance may be provided to help defray some of the costs of carrying on business, as independent advisors are responsible for the full cost of their business operations. The rates for these commissions and allowances are established by the insurance companies. Your advisor may also receive a renewal (or service commission) for each year that you keep the policy in force. The renewal commissions range from 2% to 10% of the insurance premium. Your advisor will be paid by the company that offers the product.

In some cases, where you invest in segregated funds, Lawton Partners Insurance & Estate Planning Limited will be paid.

You may pay a fee when you buy units of segregated funds. You and your advisor determine the amount of the fee and when you pay it. As described in the Information Folder for the segregated funds, you generally acquire the



segregated funds on a sales charge (FEL) basis. You and your advisor negotiate the fee, which will be paid up front and may be from 0% to 5% of the amount being invested (see each insurance company Information Folder for maximum %). No sales charge option is called FEL 0%. Except in rare circumstances, all LP Financial clients investing in segregated funds will have their funds placed on a Sales Charge Option basis of FEL 0%.

### ***Additional Compensation***

In addition to the aforementioned compensation, your advisor may be eligible to receive a company sponsored educational conference or other promotional offering. Your advisor will inform you when a product recommendation is made which could ultimately result in a promotional offering to your advisor or could enhance conference eligibility.

### **E. Fixed Income**

If you choose to purchase a fixed income product such as a GIC or bond, the issuer of the product will pay a commission to your advisor. These commissions are built into the interest rate you will earn on the specific investment. GICs will pay a commission of 0.25%/year of term and bonds will pay a commission ranging from 0.10% to 0.50% at the time of transaction.

## **5. CONFLICTS OF INTEREST DISCLOSURE**

Securities legislation in Canada requires LP Financial Planning Services Ltd. (**LP Financial** or **we**) to make certain disclosures regarding conflicts of interest. This statement is to inform you of the nature and extent of the conflicts of interest that might be expected to arise between LP Financial and/or our advisors and our clients.

It is important for you to be informed about how we identify and respond to conflicts of interest in order to minimize their impact. We consider a conflict of interest to be any situation where the interests of a client and those of LP Financial and/or our advisors do not align or may be perceived not to align. We recommend that you review the updated conflicts of interest disclosure carefully, and we encourage you to reach out to your advisor if you have any questions.

The non-proprietary division of LP Financial offers a range of mutual funds available in Canada to meet the financial needs of our clients. We are also the principal securities distributor of the mutual funds (the **Value Partners Pools**) of our affiliated investment fund manager, Value Partners Investments Inc. (**VPI**). We have a proprietary division through which our advisors primarily recommend securities of the Value Partners Pools.

We are committed to ensuring that the interests of our clients always have precedence. As a mutual fund dealer and member of the Mutual Fund Dealers Association of Canada, we must ensure effective management of any situation that could give rise to a conflict of interest. We seek to manage conflicts of interest in the best interests of our clients.

A conflict of interest arises when the interests of different persons, particularly your interests and those of LP Financial or one of our advisors, are incompatible or divergent. As a result, situations may arise that may influence, or be perceived to influence, LP Financial or one of our advisors to act in their own interests and not in your best interests.

Accordingly, conflicts of interest may occasionally arise between you and:

- LP Financial or your advisor
- other clients of LP Financial
- a person or company with whom we have a relationship, including our affiliate VPI and our parent company,



Value Partners Group Inc. (VPGI).

Canadian securities laws require us to take reasonable steps to identify and respond to material conflicts of interest in your best interests. We have done so by adopting policies and internal procedures to meet those requirements effectively. We also are required to tell you about them, including how the conflicts might impact you and how we address them in your best interests.

We have policies and procedures in place to address how we will manage material conflicts of interest in your best interests, which are described below.

- We avoid conflicts prohibited by law and material conflicts that we cannot effectively manage in your best interests. Some conflicts cannot be avoided. In situations where we do not or cannot avoid conflicts and where our interests may compete with yours, we will always act in your best interest.
- We control or manage acceptable conflicts in a number of ways:
  - by physically separating different business functions,
  - by restricting the internal exchange of information in person or through systems,
  - by reducing the possibility of one part of our organization unsuitably influencing another,
  - by removing the financial incentive of an advisor to favour a particular product or service over another that may be more suitable, and
  - by setting up and testing our operational review and approval processes.

***Focus on Value Partners Pools by the Proprietary Division of LP Financial***

If your advisor is associated with the proprietary division of LP Financial, your advisor will generally recommend that you invest your account in securities of the Value Partners Pools, which are publicly offered mutual funds managed and promoted by our affiliate, VPI. Given our affiliation with VPI, recommending primarily only Value Partners Pools is a conflict of interest, and you may be concerned about the restricted range of investments. To mitigate the associated conflicts of interest and address them in your best interest, we have adopted several controls, including:

- We are the principal distributor of the Value Partners Pools, which means we review and are responsible for the disclosure in the prospectus documents of the Value Partners Pools to the best of our knowledge, information, and belief.
- Robust oversight process to ensure the recommendations are suitable for you.
- Robust due diligence on the Value Partners Pools, including their performance, the securities they hold, their concentration, and determining which client profiles will be best suited to invest in them. We conduct periodic due diligence on comparable non-proprietary products and evaluate whether the Value Partners Pools are competitive with available alternatives.
- We have established an Investment Product Committee (the **Investment Product Committee**) consisting of our advisors who do not have a material interest in our parent company, **VPGI**. The Investment Product Committee will monitor the Value Partners Pools and the other mutual funds available through the non-proprietary division of LP Financial.
- We compensate our proprietary division advisors and non-proprietary division advisors in the same



manner. In other words, your advisor has no incentive by way of compensation to recommend the Value Partners Pools.

### ***Recommendations to Invest in Value Partners Pools within Our Non-Proprietary Division***

If your advisor is associated with our non-proprietary division, they may recommend that you invest in the Value Partners Pools when they could recommend other non-proprietary mutual funds. Given our affiliation with VPI, recommending a Value Partners Pool is a conflict of interest, and you may be concerned about whether this recommendation puts your interest first. To mitigate the associated conflicts of interest and address them in your best interests, we have adopted several controls, including those outlined above and a robust evaluation of all mutual funds that we allow our advisors to recommend to you. We also compensate our advisors in ways that will not bias recommendations towards Value Partners Pools over non-proprietary mutual funds. In other words, your advisor has no incentive by the form of compensation to recommend the Value Partners Pools over any other mutual fund.

### ***Advisors with Ownership Interests in our Parent Company, VPGI***

Advisors may hold shares in our parent company, VPGI. Three advisors, who were the founders of VPGI, own less than a combined 17.00% of the outstanding shares of VPGI. All other advisors who own shares in VPGI own less than a combined 15.00% of the outstanding shares of VPGI, with no one advisor owning more than 1.50%.

Advisors who hold shares in VPGI stand to benefit from the inflow of client money to the Value Partners Pools, albeit to varying degrees, and in many instances not in a material way in relation to the advisor's other income or net worth. This means that these advisors have a conflict of interest when they recommend that you invest in the Value Partners Pools. However, being a shareholder provides advisors with some influence by way of director appointments over the management of VPI and the Value Partners Pools. In addition, shareholdings in VPGI by advisors provide a means of supervision and control over how investors, such as yourself, are treated and how your money is managed. This has led to positive outcomes for investors, including competitive fees and full transparency of holdings and investment decisions.

Nonetheless, this is a conflict of interest that we control in the best interests of our clients. We disclose your advisor's ownership in VPGI when they recommend any Value Partners Pool and have you confirm being informed of this before you invest. We also ask our advisors to attest annually whether their ownership of shares in VPGI is material to them. The controls described above around recommendations to invest in Value Partners Pools will address this conflict of interest as well. In all cases, your advisor, if a shareholder in VPGI, will only recommend that you invest in the Value Partners Pools if they have determined that such an investment is suitable for you based on a number of factors, including your personal and financial circumstances and risk profile. A recommendation to invest in the Value Partners Pools will be made only if your advisor considers such an investment is in your best interests.

### ***Compensation to LP Financial – Mutual Fund Investments***

When you purchase or hold a mutual fund through LP Financial, LP Financial may receive a commission at the time of the sale and may also earn an ongoing commission (also known as trailer fee or service fee) for as long as you hold the fund. These sales commissions and ongoing commissions are paid to LP Financial by the manager of the funds. For mutual funds that are distributed publicly under a prospectus, there is full disclosure of these payments in the Fund Facts documents and prospectus documents of the funds. VPI pays compensation to LP Financial described in the Value Partners Pools' prospectus in respect of investments recommended through its non-proprietary division in the same way as it pays any other Dealer. VPI may provide marketing, educational, and operational support to LP Financial in respect of its proprietary division, which is consistent with our role as a principal distributor of the Value Partners Pools and our proprietary divisions' focus on the Value Partners Pools.

LP Financial offers a range of mutual funds offered by different fund managers and carries out due diligence on



these funds to ensure that there is a reasonable range of alternatives to offer its clients. LP Financial also ensures that you receive the services from our advisors that are commensurate with the service fees we receive from fund managers. Our advisors recommend the mutual funds that they consider suitable for you based on your investment objectives and financial circumstances and not based on compensation payable to LP Financial or themselves.

### ***Compensation of advisors***

We compensate our advisors by paying them a percentage of the sales commissions and trailer fees or service fees received. Our advisors may also receive compensation or benefits based on referrals to other firms or individuals. We address the conflicts inherent in the compensation and incentives received by our advisors by ensuring that the compensation they receive properly rewards them for putting your interests ahead of their own.

Different products may have differing levels of compensation, and different account types (fee-based and transactional) may have differing fees. We attempt to provide compensation structures that don't provide an incentive to recommend one product over another, and if, through our regular review of advisor recommendations, we find an advisor is consistently using products that pay a higher amount, we will investigate the reasons and rectify the situation if warranted.

***Advisors - financial planning, tax planning, and insurance services:*** Your advisor may also provide you with other services such as (insurance services, tax planning or financial planning) and may represent separate groups of companies for each purpose. As such, you may be dealing with more than one company depending on the products purchased or services rendered. The remuneration you pay to your advisor may also vary depending on the particular products or services purchased. We require our advisors to provide you with the name of the entity they represent while conducting related business and/or other business activity. Some of these entities will be corporations owned in whole or in part by our advisors.

Any activities completed by your advisor outside of LP Financial are not the responsibility of LP Financial.

***Other Outside Activities:*** At times, our employees and advisors may participate in outside activities such as participating in community events, pursuing personal outside business interests, or serving on a board of directors of a charity. Before engaging in any outside activity, our policies require these individuals to disclose situations where a conflict of interest may arise and to determine how such conflicts may be addressed. Our advisors may only engage in such outside activities if approved by LP Financial. The approval may be subject to terms and conditions that help address perceived or actual conflicts of interest. Our employees are also required to annually confirm their outside activity to their supervisors to ensure accuracy and completeness.

LP Financial does not allow any of its employees or advisors to engage in activities outside the scope of their duties, including serving as a director of a company or other entity, without first ensuring that such activities are reported to and approved by LP Financial and by our regulators and do not compromise the interests of our clients.

***Gifts and Entertainment:*** Our employees and advisors are not permitted to accept gifts or entertainment beyond what we consider consistent with reasonable business practice and applicable laws. We set maximum value thresholds for permitted gifts and entertainment to avoid any perception that the gifts or entertainment will influence decisions made by the individuals.

***Personal Trading:*** Our policies and code of ethics require our advisors to act in accordance with applicable laws that prohibit insider trading, front running, and similar conduct. Individuals may be required to obtain prior approval before making trades in their personal securities accounts. In addition, our employees are prohibited from accessing non-public information for their direct or indirect personal benefit.

***Personal Dealings with Clients:*** Our employees and advisors may have additional relationships or dealings with our clients from time to time. Conflicts of interest can arise where such an individual has personal financial dealings



with you, such as acquiring assets outside of your investing relationship, borrowing money from or lending money to you, or exercising control over your financial affairs. LP Financial has policies and procedures that prohibit personal financial dealings with clients who are not family members to address these conflicts.

**Referral Arrangements:** Referral arrangements may exist between LP Financial and affiliated companies, such as VPI or other regulated entities. A referral arrangement happens when a prospective client is referred from LP Financial by a party, and that party or LP Financial may receive a referral fee. The purpose of referrals is to introduce our clients or potential clients to qualified persons who are best suited to help them achieve their financial objectives.

If a referral arrangement is in place, a written disclosure will be provided to you with the specific details of the arrangement, including:

- the name of each party to the referral arrangement,
- the purpose and material terms of the referral arrangement, including the nature of the services to be provided by each party,
- any conflicts of interest resulting from the relationship between the parties to the referral arrangement and from any other element of the referral arrangement,
- the method of calculating the referral fee and, to the extent possible, the amount of the fee,
- the category of registration of each registrant that is a party to the agreement, with a description of the activities that the registrant is authorized to engage in under that category and, giving consideration to the nature of the referral, the activities that the registrant is not permitted to engage in under that category.

LP Financial has entered into a written referral arrangement with VPI regarding its portfolio management business, known as Value Partners Investment Counsel (VPIC). Our advisors may refer clients who may best be suited to open a discretionary managed account with VPIC. VPI pays us a referral fee equal to 50% of the management fees any referred client agrees to pay VPI for their services. This fee is paid to us for so long as the referred client maintains an account with VPI.

Other referral arrangements are disclosed under Section 4 of this Relationship Disclosure Statement.

## 6. BORROWING TO INVEST

Here are some risks and factors you should consider before borrowing to invest. Borrowing money to invest is risky. You should only consider borrowing to invest if:

- (i) You are comfortable with taking risk.
- (ii) You are comfortable taking on debt to buy investments that may go up or down in value.
- (iii) You are investing for the long-term.
- (iv) You have a stable income.

You should not borrow to invest if:

- (v) You have a low tolerance for risk.
- (vi) You are investing for a short period of time.
- (vii) You intend to rely on income from the investments to pay living expenses.
- (viii) 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 will discuss with you the risks of borrowing to invest.

## **7. PRIVACY POLICY**

We are committed to preserving and safeguarding your right to privacy. We collect personal information including your name, address, phone number, email address and other related contact information, date of birth, Social Insurance Number, copies of your driver's license or passport information for identification, marital status, dependents, income, occupation and employer, account holdings and the location of your bank account and bank number.

The personal information you provide to us is used for identification purposes, to provide financial planning, to establish investment accounts, to discuss or change an existing investment, and/or for you to receive information or a report related to an investment product or service.

We may disclose your personal information to third parties such as mutual fund companies, insurance companies, contracted software providers or other service companies to provide you with the appropriate products and services. We may also disclose personal information to third parties such as account statement preparation and mailing companies, Canada Post, courier, imaging and document storage companies or where required by law.

We will not contact you by email or send your private client information via email or facsimile or other electronic means without your written or verbal consent. If a request is made for the information via electronic means you will be deemed to have consented to the use of electronic means to send you the information or to others as specified by you. If you specifically state that you do not want to have private information returned via electronic means your wishes will be honoured, and alternative methods will be used, such as Canada Post or courier.

We will maintain your information in electronic, microfilm or paper format at the offices of LP Financial or in offsite secure storage in Winnipeg and will safeguard it to keep it from unauthorized access, use or disclosure by the use of physical locks and password protection. Except in limited circumstances prescribed by the Protection of Personal Information and Electronic Documents Act (Canada) and similar provincial privacy protection legislation, you are entitled to access, through a written request, the personal information we have obtained. You may verify this personal information and request, in writing, that any inaccurate information be corrected. We can be contacted





through your advisor. If your concerns are not resolved to your satisfaction, you may send a written request to the Privacy Compliance Officer, LP Financial Planning Services Ltd., 1000-305 Broadway, Winnipeg, Manitoba, R3C 3J7. You may also send an email to [privacy@lpfinancial.ca](mailto:privacy@lpfinancial.ca).

## **8. ANTI-SPAM LEGISLATION**

Commercial emails cannot be sent without your prior consent. Commercial emails are those that contain information indirectly related to the products and services provided by your advisor (e.g. newsletters, fund company marketing materials, investment commentary). Emails containing information directly related to the products and services provided to you by your advisor (e.g. account statements, account opening documents, performance reports, meeting packages, etc.) or responses to your inquiries are not commercial emails. By opening an account with us, you are providing consent for the use of electronic means regardless of content unless we have been informed otherwise.

## **9. Do Not Call Legislation**

LP Financial follows the National Do Not Call protocols when contacting clients. Any call initiated by an advisor to a client will be for the purposes of responding to an inquiry, or to book an appointment to discuss financial affairs. In order to comply with the National Do Not Call legislation, your consent is required for your advisor to call or fax you at home. This requirement for consent also applies to all the companies in our group: LP Financial Planning Services Ltd, Lawton Partners Insurance & Estate Planning Ltd. and/or your advisor's personal corporation. By opening an account with us, you hereby provide all necessary consents.

## **10. TAX INFORMATION – COMMON REPORTING STANDARDS (CRS) & FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)**

Pursuant to parts XVIII and XIX of the Canadian Income Tax Act, respectively the U.S. Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard (CRS), we are required to collect and report certain information about an account holders' tax residence (excluding owners of registered plans such as RRSPs). This information is being collected for the mutual fund or insurance company where a client holds non-registered investments or certain insurance products with cash values. Under these rules, mutual fund and insurance companies are obligated to report the information to the Canada Revenue Agency (the "CRA"). The CRA will then exchange the information with the tax authority of which the client is considered a tax resident of. In order to comply with these requirements, we will collect certain information from you at the time you become a client, open an account, or at other times as needed.

## **11. PERFORMANCE BENCHMARKS**

An investment performance benchmark is a standard against which the performance of your investments is compared. We may use investment performance benchmarks to assess the performance of your investments and to allow you to assess their performance against an index of securities reasonably reflective of the composition of your investment portfolio. When comparing your investment returns to the return of an investment performance benchmark keep in mind:

- the composition of your investment portfolio reflects the investment strategy you have agreed upon; and
- investment performance benchmarks do not generally include charges and other expenses.

We do not provide benchmark comparisons in our account reporting. Please speak to your advisor if you have questions about the performance of your account.

## **12. PROBLEM RESOLUTION**





We are committed to providing you with an exceptional level of service and providing you with the appropriate financial products. Should a situation arise that you cannot resolve directly with your advisor there are steps you can take. For all complaints, you should contact your advisor first to make certain they have a clear understanding of your concerns and expectations. If a resolution through your advisor is not possible please contact our Chief Compliance Officer at 1-877-332-0575 or [Complaints@lpfinancial.ca](mailto:Complaints@lpfinancial.ca), who will investigate the matter and help you resolve the situation.

The following is LP Financial's complaint handling procedure:

- A complaint is received. If the complaint is a verbal one, the Compliance Branch Manager and the Chief Compliance Officer works with the parties involved to get the pertinent details in writing so the complaint can be addressed properly.
- LP Financial provides an initial written response within five business days of receiving the complaint.
- We review the client's file, make copies of the relevant documents, interview the advisor, and request a written summary of events from the advisor.
- A meeting is called with the compliance committee to review the documents and to request any additional information from the advisor.
- Following the meeting and review, a substantive response, complete with recommendations to address the complaint (if any) is prepared and sent out by mail to the complainant. This response is sent out normally within four to six weeks of receiving the initial response.
- If the actions of the advisor warrant internal sanctions, settlements, or other forms of disciplinary actions, they are applied, and the appropriate regulatory bodies are informed.

## **MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

### **Client Complaint Information Form**

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 have a responsibility to their clients to ensure that all complaints are dealt with fairly and promptly. If you have a complaint, these are some of the steps you can take:

- Contact your mutual fund dealer. Member firms are responsible to you, the investor, for monitoring the actions of their representatives to ensure that they are in compliance with by-laws, rules and policies governing their activities. The firm will investigate any complaint that you initiate and respond back to you with the results of their investigation within the time period expected of a Member acting diligently in the circumstances, in most cases within three months of receipt of the complaint. It is helpful if your complaint is in writing.
- Contact the Mutual Fund Dealers Association of Canada ("MFDA"), which is the self regulatory organization in Canada to which your mutual fund dealer belongs. The MFDA investigates complaints about mutual fund dealers and their representatives, and takes enforcement action where appropriate. You may make a complaint to the MFDA at any time, whether or not you have complained to your mutual fund dealer. The MFDA can be contacted:
  - By completing the on-line complaint form at [www.mfda.ca](http://www.mfda.ca)
  - By telephone in Toronto at (416) 361-6332, or toll free at 1-888-466-6332



- By e-mail at [complaints@mfd.ca](mailto:complaints@mfd.ca)
- In writing by mail to 121 King Street West, Suite 1000, Toronto, ON M5H 3T9 or by fax at (416) 361-9073

Compensation:

The MFDA does not order compensation or restitution to clients of Members. The MFDA exists to regulate the operations, standards of practice and business conduct of its Members and their representatives with a mandate to enhance investor protection and strengthen public confidence in the Canadian mutual fund industry. If you are seeking compensation, you may consider the following:

- Ombudsman for Banking Services and Investments (“OBSI”): You may make a complaint to OBSI after you have complained to the dealer, at either of the following times:
  - If the dealer’s Compliance Department has not responded to your complaint within 90 days of the date you complained, or;
  - After the dealer’s Compliance Department has responded to your complaint and you are not satisfied with the response. Please note that you have 180 calendar days to bring your complaint to OBSI after receiving the dealer’s response.
- OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients. OBSI can make a nonbinding recommendation that your firm compensate you (up to \$350,000) if it determines that you have been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes of practice or conduct, industry regulation and the law. The OBSI process is free of charge and is confidential. OBSI can be contacted:
  - By telephone in Toronto at (416) 287-2877, or toll free at 1-888-451-4519
  - By e-mail at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)
- Legal Assistance: You may consider retaining a lawyer to assist with the complaint. You should be aware that there are legal time limits for taking civil action. A lawyer can advise you of your options and recourses. Once the applicable limitation period expires, you may lose rights to pursue some claims.
- Manitoba, New Brunswick and Saskatchewan: Securities regulatory authorities in these provinces have the power to, in appropriate cases, order that a person or company that has contravened securities laws in their province pay compensation to a claimant. The claimant is then able to enforce such an order as if it were a judgment of the superior court in that province. For more information, please visit:

Manitoba:	<a href="http://www.msc.gov.mb.ca">www.msc.gov.mb.ca</a>
New Brunswick:	<a href="http://www.nbsc-cvmnb.ca">www.nbsc-cvmnb.ca</a>
Saskatchewan:	<a href="http://www.fcaa.gov.sk.ca">www.fcaa.gov.sk.ca</a>

- Québec:
  - If you are not satisfied with the outcome or with the examination of a complaint, the Autorité des marchés financiers (“AMF”) can examine your complaint and may provide dispute resolution services.
  - If you think you are a victim of fraud, fraudulent tactics or embezzlement, you can contact the AMF to see if you meet the eligibility to submit a claim to the Fonds d’indemnisation des services



financiers (“Financial Services Compensation Fund”). An indemnity up to \$200,000 can be payable through monies accumulated in the fund for an eligible claim.

- For more information:
  1. Contact the AMF by telephone at (418) 525-0337 (in Québec), or toll free at 1-877-525-0337
  2. Visit [www.lautorite.qc.ca](http://www.lautorite.qc.ca)



## PART 3- CLIENT AGREEMENT

### GENERAL AGREEMENT TO TERMS

This agreement replaces all prior agreements between you and us. This agreement applies to all your investment accounts with LP Financial. If you sign an investment application, insurance application, or make a transaction on any of these accounts it will mean that you have received and read this document. It further means that you have understood and expressly agreed to everything written here in and on the account applications.

### ACKNOWLEDGEMENT

I/We hereby acknowledge having received and reviewed the Disclosures and Agreement Our Accountability to You booklet dated **Jan 01, 2022** and further acknowledge the following:

1. I/We have read and understand the nature of the financial advisory services available from LP Financial, my/our commitments as clients to ensure a successful relationship, and I/we understand the specific nature of our engagement with our LP Financial advisor for services and fees.
2. I/We have read and understand the information statement about the relationships with Value Partners Group Inc. and if applicable agree to the terms.
3. I/We have read and understand the information statement about the relationships between my advisor and VPI and if applicable, consent to purchasing securities of the Value Partners Pools.
4. I/We have read and understand the information statement about the relationships between my advisor and other service suppliers and if applicable, consent to purchasing investment or other products provided by them.
5. I/We have provided the name and contact information of a trusted contact person, and consent to LP Financial contacting such trusted contact person to confirm or make inquiries about:
  - (i) LP Financial's concerns about my/our possible financial exploitation;
  - (ii) LP Financial's concerns about my/our mental capacity as it relates to my/our ability to make decisions involving financial matters;
  - (iii) the name and contact information of a legal representative of mine/ours, if any; and
  - (iv) my/our contact information.
6. I/We have discussed the mutual fund and segregated fund investment options available to me/us and where applicable, reviewed the Fund Facts document(s) outlining the fee structures associated with the products(s) selected and the impact of those costs.
7. I/We have read and understand the section entitled Borrowing to Invest in this document.
8. I/We consent to the collection, use and storage of my/our personal information.
9. I/We understand that the information contained in this document pertains to all of my/our personal and/or corporate, and/or any trust accounts we may have now or in the future.
10. I/We have read and understand the section on our Do Not Call policy and hereby grant consent for our advisor to call us as required to service our financial needs.



11. I/We understand that this booklet is current as of this date and that changes will most likely occur requiring it to be updated at future review meetings.

LP Financial Planning Services Ltd. has evolved from one of Canada’s oldest and most established financial counseling firms. The firm has a history of providing financial solutions to its clients and proven investment performance that spans more than four decades. Your decision to use our services is taken most seriously by all members of our professional advisory team and we pledge to do our best to assist you in achieving your financial and life goals with peace of mind.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Client Name

\_\_\_\_\_  
Client Name

\_\_\_\_\_  
[Advisor signature]

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