

## Relationship Disclosure

### **Purpose of this Document**

This document contains important information about our relationship with you, our client. It contains information about us, the services we offer, the nature of your account and responsibilities we have to you. This client relationship disclosure is required by Canadian securities regulations under National Instrument 31-103.

This disclosure provides other meaningful information such as investment considerations, conflicts of interest and fairness practices of Lee, Turner & Associates Inc. (LTA). It also discusses some of our responsibilities, and yours, with regards to the suitability of investment selection, our services, costs and other relevant information. It is meant to supplement the information you received in our Account Opening forms and Investment Management Agreement. Other important information you need to know will be found in your account statements, on our website and through other updates we provide from time to time.

### **Delivery of this Document**

This document will be provided to you at the time of account opening. If there are significant changes to the information in this document, we will make every effort to provide you with updated information in a timely manner.

### **Our Services and Your Account**

LTA is registered as a Portfolio Manager with the British Columbia Securities Commission. The individuals who advise and manage the accounts of our clients are registered as Advising Representatives with the British Columbia Securities Commission. Those registrations enable us to accept authority from our clients to manage their investment assets on a full “discretionary” basis. This means we can make investment decisions and execute trades on your behalf within the context of your specific client information, investment objectives and risk tolerance.

The primary service, and only account type, offered by LTA is the Separately Managed Account. With these accounts you give us authority to make and implement investment decisions for you within agreed parameters. Decisions made on your behalf will be made by our advising representatives, who are portfolio managers trained in investment analysis and portfolio construction and who will strive to construct and maintain a portfolio of investments that is consistent with your financial circumstances, investment objectives, capacity for risk, and tolerance for risk. Put another way, our advising representatives will strive to construct a portfolio that is suitable for you, based on the information that you have provided to them. For them to be successful, it is important that you ensure they have an accurate and up-to-date understanding of your financial circumstances, investment needs and objectives and risk tolerance.

In formulating investment decisions for our clients our advising representatives monitor market and economic conditions and incorporate relevant information into their forecasts about future developments and expected returns. Forecasting is not an exact science in any area, but our advising representatives apply a disciplined and pro-active management style in an effort to make the best decisions they can. They will conduct regular reviews of our clients’ portfolios and will adjust the composition of those portfolios when they believe that it would be in our clients’ best interests to do so.

LTA offers portfolio management services to its clients. It does not create investment products and it does not trade for clients in securities of connected or related parties.

### **Account Documentation**

You will receive various documents in connection with your account. At the time of account opening, you will be asked to provide detailed information about yourself, your financial circumstances and your investment goals. This information is an essential part of our obligation to know our client, and it will be recorded in our Client Information Form. We will give you a copy of that form after it has been completed and ask that you assist us in keeping the information in it up to date.

You can also expect to receive:

- An Account (Investment Management) Agreement
- This client Relationship Disclosure
- A Portfolio Objective and Profile document
- A Fee Schedule showing fees and how they are calculated

### **Investment Risks**

There are risks that investors should consider in relation to every investment and every investment program. Among the most significant risks for investors to consider are:

- **Selection of Advisers:** It is important for investors to be diligent in selecting advisers with the knowledge, skill, integrity and registration to provide the services required.
- **Security Selection:** Individual investments can fluctuate in value, sometimes very significantly, as a result of decisions made by management, new competition, changing economic, legal or taxation environments, changing interest rates, changing commodity prices, changing consumer behavior, and many other factors.
- **Concentration Risk:** Portfolios that are concentrated in a small number of investments are generally more volatile than portfolios that are diversified across a number of different securities, asset classes, industries and geographic regions.
- **Credit Risk:** The risk of default by a debtor, and also the risk of a downgrade in the debtor’s credit rating, can significantly impact the value of the issuer’s securities.
- **Default Risk:** The risk that the issuer of a security will be unable to pay dividends, interest or principal that it has promised to investors.
- **Exchange Rate Risks:** The value of investments made in foreign countries, or denominated in foreign currencies, will be affected by changes in the value of the foreign currency in relation to the Canadian dollar.
- **Liquidity Risk:** Some investments can be more easily and quickly sold at a fair price than others. In some cases, there may be legal impediments to the resale of a security, or the market for the security may be very thin, making it difficult to sell the investment quickly and at a fair price. For some investments it can be difficult to predict if there will be a liquid market when the investor wants to sell.

### **Use of Leverage (Borrowed Money)**

The act of borrowing money to invest is known as ‘leveraging’. 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. In addition, lenders are more likely to demand that borrowed funds be

repaid when the value of the securities purchased (and the value of the lender's collateral) has declined.

It is important that clients of LTA inform their advising representative if any or all of the money they are contributing to their account is borrowed money.

### **Conflicts of Interest and Related Parties**

We have a fiduciary responsibility to you, our clients. We are bound legally and ethically to always act in your best interest. How we intend to fulfill our fiduciary responsibility to you is explained as follows: The compensation arrangement between you and us will be straightforward and transparent. You will pay us a fee, and one fee only, for our investment management services. Your fee will be calculated based on a percentage of your portfolio's month-end market values (averaged over 3 months) per our fee schedule. Your fee will rise or fall alongside your portfolio's value and therefore aligns both of our interests. The only financial incentive we have is to manage your portfolio to the best of our ability within your stated investment objectives.

Besides the above stated fee, we will have no further financial motives in providing our services to you. We do not sell investment products and thus will never be paid any commissions, or any other form of compensation related to your investments. We do not participate in the custodial fees that you pay to your custodial agent (Trust Company); these fees are separate and distinct from our fees. We do not pay referral fees to anyone as compensation for making client referrals to us nor will we accept referral fees from anyone as compensation for referring you to their services. We do not receive any rebates or monetary incentives from brokerage firms that we use to execute your securities transactions. We will not conduct securities transactions directly between you and ourselves. We will provide our services to you diligently, prudently, and always in good faith. We will make all reasonable efforts to identify material conflicts between you and us. If at any time we are in doubt as regards whether a conflict of interest arises from a contemplated action on your behalf, we will proceed only if there is an affirmative answer to the question: Will the result of the action be in your best interest?

If at any time we feel that we cannot resolve a conflict of interest between you and us, we will report it to you. If at any time you feel that a conflict of interest exists between you and us, you are to raise the issue of concern to us for resolution in your best interest.

LTA does not make investments for its clients in securities issued by entities that are 'related' or 'connected' to LTA, as those terms are defined in securities legislation. The related, associated or connected parties to LTA are currently:

- Portzolio Management Inc., a company 100% controlled by Harry Lee
- ETC.COM Management Inc., a company 100% controlled by Eva Turner

Neither LTA nor its advising representatives will, for their own accounts, buy securities from or sell securities to accounts that we manage for our clients. LTA and its advising representatives may from time-to-time trade for their own account in securities that are also held in client accounts but will not do so at times or at prices that will prejudice the interests of our clients.

### **Your Costs and the Compensation We Receive**

The compensation arrangement between you and us will be straightforward and transparent. You will pay us a fee, and one fee only, for our investment management services. We charge management fees that are based on the market value of the assets that we are managing for each client. These fees, expressed as a percentage of the value of assets under management, are set out in your Investment Management Agreement and will be charged to your account, in advance, on or about the first day of each calendar quarter (e.g. January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup> and October 1<sup>st</sup>) and will be based on an average of your portfolio's market value on the last day of each of the three preceding months.

Certain other indirect and incidental expenses may be charged to your account for additional, specific, and personal services or transactions performed by the custodian of your funds. We do not take part in any of these custodial fees.

Fees and charges on your account are normal course of a business relationship but does have the potential to reduce your investment returns. Generally speaking, high fees often lead to low returns. Additionally, given the effect of compounding, excessively high fees can significantly reduce investment returns over time. For you to determine what amount of fees is appropriate for you to pay, you should take into consideration the level of service you receive and the rates of return from your investments when making your assessment. LTA's fees are in keeping with industry norms. Please see our Fee Schedule regarding management charges, transaction charges and other charges.

### **Commissions**

LTA does not sell investment products and is not paid commissions, nor any other type of compensation related to our investment purchases on your behalf. We do not receive any rebates or monetary incentives from brokerage firms that we use to execute your securities transactions.

### **Outside Business Activities**

Members of LTA may participate in outside business activities such as volunteering work or for-pay work. Such activities must be disclosed, approved, and monitored by the firm to assess the potential for conflicts of interest with our clients.

### **Gifts or Inducements**

Members of the firm are permitted to 1) give or receive gifts if the estimated value of each gift is less than \$500 and 2) sponsor or attend sponsored events where food, beverages, or entertainment are dispensed if the estimated value of each attendance is less than \$500.

### **Statements of Account**

Statements of account are sent to LTA's clients by the account custodians either monthly or quarterly. The statements will include detailed information, including:

- the name, quantity and price of any securities purchased or sold for your account;
- the settlement date of any transactions made for your account;
- the amount and date of any deposits to or withdrawals from your account;
- the name, quantity and market value of the cash and securities held in your account as at the date of the statement.

The custodians that LTA uses to hold the accounts of our clients are regulated trust companies. All securities held in your account at these custodians are segregated from the custodians' general assets and are registered in the custodian's name as a nominee, held on deposit at the Canadian Depository for Securities Ltd, with you as the beneficial owner. Given that your securities are held separate from the custodians' general assets, creditors to the custodians will have no access to your securities at any time. Your assets, however, are not covered by an investor protection fund.

LTA also conducts periodic verifications of the custodians' statements against our asset and transaction records.

Portfolio holding statements are sent by LTA to clients shortly after the end of each calendar quarter. These statements will confirm the quantity and value of the assets that are held in your account at the end of each quarter. As well, we will provide you with a record of all securities traded over the quarter.

LTA will provide an annual Performance Report and a Compensation Report (fee receipt) at year end to all clients.

## Client Complaints

LTA is committed to resolving any client complaint fairly and in a timely manner. Please review Appendix A to this Disclosure Statement for a full description of our complaint policy.

## Know Your Client (KYC) Information

LTA and its advising representatives are obliged to ensure that we have obtained adequate information about our clients to properly provide our advisory services. This is commonly referred to as Know-Your-Client (KYC) information, and it typically includes, among other things:

- Client name and address
- Contact information
- Birthdate
- Citizenship
- Social Insurance Number (for tax reporting purposes)
- Employment information
- Family status information
- Financial status, assets, and income
- Investment needs and objectives
- Investment knowledge
- Risk tolerance
- Risk capacity
- Investment horizon

The key source of this information is the Client Information Form. We ask our clients to carefully review the information in that form to ensure its accuracy, and to promptly inform us of any material changes in the information that has been provided to us. Aside from being required by various regulations, this information is important for developing and applying an investment strategy that is appropriate for you on an ongoing basis, known also as meeting your suitability criteria. We will check with you periodically to confirm that the KYC information we have on file is accurate, but we would ask that you promptly bring any significant changes in the KYC information to our attention.

If you do not understand any of the terms used in our Client Information Form, our Investment Management Agreement, or our other forms, you can ask your advising representative for clarification.

## Suitability of Investments

We have an obligation to ensure that all investment decisions we make for you is suitable for you. This obligation is part of our broader obligation to deal fairly, honestly and in good faith with each of our clients. We will always put your interests first and ahead of our own in assessing whether our actions in your portfolio are suitable for you. Our suitability analysis starts by using the KYC information that you have provided to us at the account opening stage, our Client Information Form, (as updated by you when required), we assess investment suitability by evaluating your: current financial situation (what are your assets, liabilities and sources of income), investment objectives (what are your financial goals and objectives — e.g. capital growth, generate income, capital preservation), time horizon (how long do you anticipate keeping your money invested), risk tolerance (what is the level of risk you are prepared to assume in order to achieve your investment objectives), risk capacity (how much risk can you comfortably take on given your financial circumstances), and your investment knowledge and experience (do you understand the characteristics of the various securities and investment products and the associated risks with holding such investments and do you have experience with investing in securities and different types of securities and investment products). We provide ongoing suitability assessment in your account as part of our services.

## Investment Benchmarks

An investment 'benchmark' is a point of reference against which the performance of a portfolio can be compared. For example, broad

stock market indexes like the S&P/TSX Composite Index or the Dow Jones Industrial Index might be used as benchmarks against which investors compare the performance of stock portfolios.

LTA does not generally use benchmarks, and will not do so unless we can identify a benchmark that is validly comparable to the asset mix and risk characteristics of our client's portfolios. We will, however, try to provide clients with a 'best-available' benchmark for comparison purposes upon request.

## Fairness of Allocation of Investment Opportunities

The principal criterion used by LTA in allocating investment opportunities amongst managed accounts is the suitability of proposed purchase and sale transactions as determined by the circumstances and needs of our clients as set out in each client's Portfolio Objectives and Profile. We do not afford priority in the allocation of investment opportunities on the basis of account size or the length of time our clients have been using our services.

When orders for more than one account are entered as a block, or aggregated, the resulting purchase or sale is allocated to participating accounts at the same price (or prices) and in proportion to the size of the initial order entered for their account, though in some circumstances we may take into consideration other relevant factors, including the proportion of the portfolio that the security represents, the weighting of the industry or security type in the portfolio and the cash reserve position in the portfolio.

## Proxy Voting

LTA's policy regarding the voting of proxies for investments that we are held on behalf of clients is as follows:

- LTA will not vote proxies on routine or non-contested governance issues such as appointment of auditors, election of directors or executive compensation. Our reasoning is that in most circumstances these issues have little or no impact upon the value of the underlying investments.
- We will vote proxies on non-routine or contested issues such as corporate reorganizations, takeovers, mergers, spin-offs, capital restructurings or certain other issues that in our view are likely to have a material impact upon the value of our investment. In these situations, we will vote in favour of issues that we believe will result in the long-term maximization of the investment's value.

Clients that do not agree with this proxy voting policy are entitled to vote their proxies as they see fit. If you wish to exercise your right to vote proxies for the securities held in your portfolio please inform your advising representative in writing. On receipt of your instructions we will take steps to facilitate the future delivery of corporate communications and proxies to you directly.

## Privacy and Confidentiality of Client Information

LTA is required to comply with provincial and federal privacy legislation. LTA and its personnel are obliged to protect and safeguard the personal information gathered from our clients and will only disclose that information to third parties with the express prior consent of the clients or in circumstances in which the law allows us, or compels us, to disclose the information.

We collect only the personal information that we believe is reasonably necessary for the proper performance of the services we provide to our clients and we will not sell or otherwise allow that personal information to be used by any other party, other than in the necessary course of providing the services expected by our clients. Relevant personal information may be shared with, for example, the trustees and custodians that provide services to our clients on behalf of LTA, our auditors and appropriate regulatory agencies (subject to certain legal criteria). Inquiries about LTA's privacy policy can be directed to your advising representative.

## Referral Arrangements

LTA has not, and will not, enter into any client referral arrangements with any party where monetary compensations are considered. We do not pay referral fees to anyone as compensation for making client referrals to us nor will we accept referral fees from anyone as compensation for referring you to their services.

## Data Privacy

LTA backs up its computers on Microsoft's cloud-based storage service known as OneDrive. The physical location of the servers used to store your data may be outside of Canada. Unless you specifically request that your data be stored in Canada, we will continue to use OneDrive.

## National Day for Truth and Reconciliation

Every September 30<sup>th</sup> hereon has been designated a federal holiday. All custodian offices are closed for business on that day. All financial markets, however, remain open with regular trading sessions, unless that date falls on a weekend. The matter of pricing securities as at the close of business, at the last day of September, for statement reporting purposes, is subject to each custodian's discretion. Some choose the last business day prior to September 30<sup>th</sup> and some choose September 30<sup>th</sup>, if that day does not fall on a weekend. In the latter's instance, if September 30<sup>th</sup> falls on a weekend, then prices will be as of the last business day prior. We have chosen to use closing prices as of September 30<sup>th</sup>, with the weekend proviso, when we report to you.

## Appendix A - Complaint Resolution

Our complaint resolution process begins when you file a complaint with us. If you have a complaint about our services, please contact: Chief Compliance Officer  
Lee, Turner & Associates Inc.  
Suite 790 – 999 West Hastings Street  
Vancouver, B.C. V6C 2W2

Email address: [eva@lee-turner.com](mailto:eva@lee-turner.com) to the attention of: Chief Compliance Officer

Tell us:

- what went wrong
- when it happened and, to the extent you know, how it happened
- how you think the matter should be fairly resolved.

We will promptly acknowledge your complaint in writing, typically within five business days. We will inform you of steps that can be taken to engage an independent dispute resolution service, the Office of the Ombudsman for Banking Services and Investments (OBSI), in the resolution of your complaint. We may also ask you to provide additional information or additional documents that will assist us in fairly resolving your complaint.

We will conduct an appropriate review of your complaint and the facts leading up to it and will make every effort to inform you of the conclusions we reach, in writing, within 90 days. Our response will typically include:

- a summary of your complaint
- the outcome of our investigation
- the resolution that we think is appropriate based on the facts that we gather.

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

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

If you are not satisfied with our decision:

If our response to your complaint is delayed or unsatisfactory, you may be entitled to seek the assistance of the Ombudsman for Banking Services and Investments in resolving your complaint. This

dispute resolution service is free and independent of LTA. The OBSI can look into your complaint if:

- we do not provide our decision within 90 days after you made your complaint, or
- we have informed you our decision and you are still unsatisfied; in which case you have 180 calendar days to bring your complaint to the OBSI.

To file a complaint with OBSI, contact:

Email: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)  
Telephone: 1-888-451-4519

Once OBSI has completed its investigation, it will provide its recommendations to you and us. OBSI's recommendations are not legally binding on you or us. The limit on the amount of financial compensation that the OBSI can recommend is \$350,000.

OBSI's service is available to clients of our firm without charge. The availability of the OBSI does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court.

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