

RELATIONSHIP DISCLOSURE

Beacon Securities Limited (“Beacon”) believes the best way to help you meet your financial goals, and for us to keep serving you as a valued client, is to provide you with the account type(s) and access to investments in a way that best suits your needs. We want to help you save and invest in the way you are most comfortable with in the changing environment in which we live. We think we can do this most successfully if we both know what to expect from each other. For this reason, we would like you to have a good understanding of the products and services we offer; the features of your account(s) and how it/they operate(s); and our responsibilities to you.

We also want you to understand how your input through the “Know Your Client” (KYC) form you complete is critical to our meeting your expectations. For a mutually successful relationship, we promote active client participation by asking you to:

- **Keep us up to date.** “Clients should provide full and accurate information to the firm and the registered individuals acting for the firm. Clients should promptly inform the firm of any change to information that could reasonably result in a change to the types of investments appropriate for them, such as a change to their income, investment objectives, risk tolerance, time horizon or net worth.”
- **Remain informed.** “Clients should understand the potential risks and returns on investments. They should carefully review sales literature provided by the firm. Where appropriate, clients should consult professionals, such as a lawyer or an accountant, for legal or tax advice.”
- **Ask us questions.** “Clients should ask questions and request information from the firm to resolve questions about their account, transactions or investments, or their relationship with the firm or a registered individual acting for the firm.”
- **Stay on top of your investments.** “Clients should pay for securities purchases by the settlement date. They should review all account documentation provided by the firm and regularly review portfolio holdings and performance.”

The following is neither an exhaustive nor comprehensive discussion and is not intended to be such. It is intended to provide disclosure so that each of our clients are aware of issues that may be of interest to them and inquire further on how each of these issues may impact them.

[1] Services and Products

Our Product Offering

We offer a variety of products, including:

- Equities (stocks) including warrants
- Investment funds such as mutual funds, exchange traded funds (ETFs) and Limited Partnerships
- Income trusts and new issues (IPO’s and secondary offerings)
- Cash and cash equivalents
- Fixed income or debt securities

Fees for administration are disclosed to you on the Beacon Fee Schedule which you receive at the time of account opening. These fees are generally related to expenses charged by third parties for services delivered to Beacon clients. Should our administrative Fee Schedule change, a new Fee Schedule will be mailed to you at least 60 days prior to any change in the fees taking effect.

Neither Beacon, nor any employee of Beacon, make representation or warranty in respect of the tax treatment of fees and commissions. We strongly recommend that each client seek independent tax advice regarding how respective fees may impact their individual tax situation.

Our Services

Beacon offers cash and margin accounts along with a full range of trust accounts, such as RRSPs, Locked In Registered Plans (LRSPs, LIRAs, and LRIFs), RRIFs, RESPs, and TFSAAs.

We strive to be fully transparent by disclosing to you the various ways in which we are compensated for the products or services we provide to you. We offer a variety of account types and compensation options (outlined below) to choose from including (i) transaction based commission, (ii) advisory fee based, (iii) advisory fee and commission based combination. All commissions are fully disclosed on your trade confirmation and all fees are fully disclosed on your Beacon account statement. We suggest that you work with your Beacon Investment Advisor (“IA”) to choose the account type and compensation method that best suits you.

- **Transaction Based Commission:** Allows you the option of paying commissions calculated based on a traditional commission schedule or based on a percentage of the transaction gross. In either case, the commission charge is fully disclosed on your trade confirmation. For clients choosing to pay commission based on a percentage of the transaction gross, the percentage rate will be negotiated between you and your IA at the time of account opening.
- **Advisory Fee Based:** Your account fees are calculated and charged based on the terms agreed to and specified in your “Beacon Securities Fee Based Agreement”.
- **Advisory Fee and Commission Based:** Your account fees are calculated and charged based on the terms agreed to and specified in your “Beacon Securities Fee Based Agreement”.

NOTE: Not all IAs offer all types of accounts or compensation structures so be sure to speak to your IA about his/her offerings prior to opening an account.

Embedded Commissions and Fees

These fees and commissions do not appear on your trade confirmation resulting in these being the least transparent method of payment.

The most common of these are Deferred Sales Commissions (“DSC”) and Annual Service Fees on mutual funds. These fees are fully disclosed to you in each mutual fund prospectus and are further disclosed as part of each fund’s Management Expense Ratio (“MER”). If you need assistance in determining this amount, your IA will be pleased to assist you.

- **FE or Front-End Load:** Pays an ongoing Annual Service Fee or “trailer” to the advisor of up to 1.25% per year. The advisor has the ability to charge an additional front end sales charge between 0% and 5% which gets deducted from your investment. These are most used when there is no specific “no-load” version of the same fund available.
- **DSC or Back-End Load:** Most commonly known as DSC funds, Deferred Sales Charge funds and Declining Sales Charge funds. DSC funds pay an up-front commission to the dealer, typically 5%, a portion of which is paid to the advisor. This is not subtracted from your initial investment. The ongoing trailer to the dealer/advisor is lower than in a Front-End or No-Load structure in exchange for the lump sum, up-front commission. **NOTE:** You are subject to a redemption fee for the first seven (7) years (plus or minus depending on the fund company). The redemption fee normally starts at 5%, although in some cases it may be higher in the first year and gradually decline to zero. After seven (7) years there would be no fees to sell out of these funds. Normally, a redemption of 10% of the assets can be redeemed annually without incurring DSC charges.
- **Low Load:** Similar to Back-End, or DSC, in structure, a Low-Load fund has a deferred, declining sales charge when the fund is redeemed. However, both the upfront commission to the advisor and the redemption fees are lower. The redemption fees apply to a shorter period, as well.
- **NL or No-Load:** No initial upfront fees or DSC fees. There is an ongoing trailer to the dealer/advisor of up to 1.25% per year.

SAMPLE FUND – The sample fund is a Canadian Equity fund that has a management fee of 1.25% and other fees and expenses of 0.25%. Therefore the manufacturer’s fee to operate this fund is 1.50%. The manufacturer also adds a “service fee”. It is this service fee from which commissions are generated. The typical “service fee” is 1.00%. The MER of this fund would be 2.50% which is made up of management fees and other operating expenses of 1.50% plus service fees of 1.00%.

[2] Suitability

How we will assess the suitability of an investment when making recommendations to you:

Before we provide you with recommendations as to which investments to purchase, or if you ask us to buy or sell a security, we will first see if we believe that investment is suitable for you according to our understanding of the information you have given us when you completed the KYC form. That is why keeping this up to date and accurate is very important. We know many people are concerned about sharing some of this information, however, without all the necessary information, we may determine that the order you provided to us is not suitable for you in the context of your overall portfolio. In that case, we may advise against proceeding with the order and we reserve the right to request that you provide a letter to recognize that we advised against it.

The suitability factors that guide us in our decision as to an investment’s suitability include what we understand to be your current:

1. **Financial situation:** What financial assets (deposits, investments) and liabilities (debt, mortgage) you have and the sources and amount of your income – we will consider the size of any transaction compared to the overall value of your net financial assets (assets minus liabilities).
2. **Investment knowledge:** Whether you consider yourself, or we understand you, to be a novice at investing, have some knowledge or feel you understand some of the new more complex financial products.
3. **Investment objectives:** What you tell us are your specific financial goals; this will help us determine how to balance the desire to keep your money safe (not lose principal), earn income, and increase your capital through growth in the market value of your holdings/account.
4. **Time horizon:** When you expect to need your financial assets, for example, to buy a house, pay for education or enter retirement.
5. **Risk tolerance:** Whether, even if you have many years to earn and save, you feel comfortable with the possibility of losing money in some years.
6. **Investment portfolio composition and risk level:** How the purchase or sale of particular securities affects holdings in your overall account(s) in terms of allocation of holdings between debt, equity and other classes, and the riskiness of the assets held.

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

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

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

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

Suitability process:

We use a three-step approach to determine if an investment is suitable for you.

1. Based on discussion with you and your answers on the KYC form, we determine whether you are a risk-averse client, somewhat risk-tolerant or can accept higher losses in the search for higher gains.
2. We rate investments as low, medium or high risk. For example, a GIC is low risk whereas borrowing to invest in stock from companies in developing countries is very high risk.
3. We consider other relevant factors, for example:

Advised accounts: If you are risk-averse, but have a reasonable amount of financial assets and you want to invest a small amount of your overall account in a new issue of a start-up company run by someone you know and whose business acumen you respect, we would tell you that while the specific investment is not suitable for you, it might be acceptable if you can “afford” to lose some money, even that entire investment. An investment that is small in proportion to the total portfolio is not unsuitable.

If, when you place an order, what you would like to invest in is not consistent with what your profile suggests to us, we will advise against proceeding with the order. If the amount is sufficient to warrant an adjustment to KYC you will be asked to update your KYC.

Suitability review timing

We will also conduct a suitability review in context of the order or strategy and the six KYC suitability factors *when*:

1. Accepting each of your orders or
2. Recommending a security or strategy to you,
3. Securities are deposited or transferred to your account(s); and/or
4. The advisor responsible for the account changes; and/or
5. There has been a material change in your personal or financial circumstances or objectives.

If during the suitability determination we identify any concerns, we will discuss them with you. If we are strongly concerned, may result in us terminating the relationship.

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

1. Annually; and
2. When required due to one of the reasons described above;

Given the long-term nature of investing for most clients, we do not automatically review the suitability of the investments in your account(s) when there are market fluctuations, even large fluctuations. Your advisor is ready to discuss the effect of market fluctuations on your portfolio with you when you request. We encourage you to speak with your advisor, especially if you expect to need to convert your assets to cash in the near future (for example, for a major purchase such as a house), if you want to change when you retire and in the case of other major changes to your KYC profile.

[3] The ways we will avoid, manage or disclose conflicts of interest that may arise as we serve your, and others', interests

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

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

The types of conflicts of interest that may exist can differ between account types:

- **Advised accounts:** For example, Beacon will earn compensation by selling products and services to you for which you pay us. When Beacon is part of underwriting a new issue that you purchase; the issuer wants to receive the highest price, while the purchaser wants to receive the lowest price.

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

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

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

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

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

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

Confirmations: We provide you with written confirmation by post *mailed no more than two days following the transaction*, of the details of every purchase, sale, transfer or other relevant transaction details. Please look for and review your confirmation as soon as you receive it or when it is available online.

Note: We do our utmost to avoid errors, however, misunderstandings and mistakes can happen. Please let us know within 10 days if you see any transactions that you do not recall or identify any errors.

Account statements: You will receive brokerage statements directly from our introducing carrier, National Bank Independent Network ("NBIN") on a monthly basis, if there has been trading activity or on a quarterly basis *if there has been no trading activity or only income generated by, for example, interest or dividends*. NBIN provides an independent confirmation of your holdings. Your account statement confirms all account activity, including purchases and sales of securities, contributions and withdrawals, dividends, interest earned and paid, transfers, and any other transactions that occurred in your account over the previous period. **Note:** These statements also list your current holdings and the net value of your portfolio as if you had closed all positions as of the date on the statement. The value of most securities you hold is calculated based on the closing bid price of the security if long, and offer price if short. A non-determinable notation may be made if the current market value for a particular security was not available at the time the statement was produced. For valuation purposes, a price of zero is applied. In the case of securities that have ceased trading, where the company is bankrupt, or in the instance of thinly traded securities or Canadian Controlled Private Corporations (CCPCs), where external valuations are usually required at the owner's cost, and the cost can be significant, we use N/A (not available).

Performance: As part of the industry mandated Client Relationship Model (CRM), we provide you with an annual report on your account performance and a summary of fees and charges.

[5] Other helpful information

We hope to enjoy a long successful relationship with you and look forward to serving you, your family and any people you may refer to us.

We feel you should be aware of general risks when investing. In any investment account you have, there are investment risks that will affect your account(s). The value of individual securities (unless specified) is not guaranteed; nor is the value of your portfolio guaranteed and you could lose part of, even all, of your investments. Unlike bank accounts or guaranteed investment certificates, the value of stocks, bonds, money market securities and funds is not covered by the Canada Deposit Insurance Corporation (CDIC) or the government deposit insurer. However, if Beacon should ever become insolvent, the Canadian Investor Protection Fund (CIPF) provides the following coverage:

- \$1 million for all general accounts combined (such as cash accounts, margin accounts and TFSAs), plus
- \$1 million for all registered retirement accounts combined (such as RRSPs, RRIFs and LIFs), plus
- \$1 million for all registered education savings plans (RESPs) combined where the client is the subscriber of the plan.

Please visit www.cipf.ca or review the CIPF Brochure online.

Risks that the value of your investments face include fluctuations in the market value due to micro and macro-economic conditions; risk-return trade-offs; risk relating to concentration; credit; interest and exchange rates; liquidity; structured products and derivatives; and regulatory risk. As the net equity of your portfolio will rise and fall, the value you receive when redeeming a security(ies) or your portfolio may be more or less than its(their) value when you bought it (them). There is also a risk of not investing and of holding savings in a deposit account. Over time, low interest rates will not allow financial assets to grow, on average, as much as inflation and may reduce the purchasing power of your holdings.

We think that open communication is important in a successful relationship. However, misunderstandings can arise and mistakes can occur. If you have complaints (or compliments), please let us know. Beacon Securities takes all complaints seriously. We will deal with every complaint fully, objectively and professionally. For more information, please visit us at www.beaconsecurities.ca

We will be providing the following documents to you (online or via mail) at account opening:

- A full copy of your completed Know Your Client Form and related Account Application
- Forms (e.g.: Registered Plan Applications, Electronic Funds Transfer Form, etc.)
- [Statement of Policies \(Complaints and Privacy\)](#)
- [Canadian Investor Protection Fund \(CIPF\) website link](#)
- [How IIROC Protects Investors](#)
- [Making a complaint to IIROC](#)
- [How Can I Get My Money Back \(IIROC\)](#)
- [Arbitration for Clients of IIROC Member firms](#)
- Beacon Securities Limited Fee Schedule (NBIN)
- [NBIN Relationship Disclosure Statement](#)
- [Strip Bond Disclosure \(retail\)](#)
- [Opening your Retail Account \(IIROC Brochure\)](#)

Please find a copy of the relationship disclosure and conflicts of interest posted on our website www.beaconsecurities.ca

CONFLICTS OF INTEREST

General Description

Actual, potential and perceived conflicts of interest exist in almost all human interactions. Our relationship with you is no different. For instance, Beacon Securities Limited (Beacon) is a “for profit” firm and as such, has a responsibility to maximize economic returns for our shareholders. We believe the best way to achieve our goal is to provide you with trusted advice and personalized financial solutions that help you achieve your financial goals in order to retain your continued patronage and encourage you to recommend our services and products to others.

Description of Member Firm

Beacon is a “full service” investment firm; providing a broad range of retail client service, corporate finance, institutional trading and research. As a retail client your investments are held by our “carrying broker”- which generally executes, settles, and reports your trade activity to you – and provides to us (and effectively, you) with a contractual indemnity assuring that the investments on their statements are as shown on your statements. The “full service” nature of our business, does, however, make us susceptible to conflicts of interest as we may represent both sides of the transaction, namely the buyer and the seller. An example of this would be if Beacon were a part of a syndicate to raise money for a company and was offering those shares to you.

You can learn more about our firm at www.beaconsecurities.ca

The general types of conflicts of interest which can arise are:

- Conflicts of interest between you and us, and
- Conflicts of interest between you and our other clients

Description of Role of an Investment Dealer

As an investment dealer, we are a financial intermediary. As is the common practice in the brokerage industry, sometimes we may be the party on the other side of the transaction (referred to as a “principal” trade) where we own the security we sell to you. On other occasions, we simply facilitate a transaction between you as our client and a third party on the other side of the transaction through an “agency” trade where we have no ownership interest in the security traded. In still other cases, we advise an issuer of securities on how to best raise funds by selling securities, while contemporaneously recommending that our clients buy those same securities.

Management of Conflicts of Interest

In general, we deal with and manage relevant conflicts as follows:

- **Avoidance:** This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed.
- **Control:** We manage acceptable conflicts through means such as physically separating different business functions and restricting the internal exchange of information.
- **Disclosure:** By providing you with information about conflicts, you are able to assess independently their significance when evaluating our recommendations and any actions we take.

The following information is intended to assist you in understanding and assessing material potential and actual conflicts of interest, including how we address them. This is an overview of a complex subject. Despite that, we believe the simplest control is the most effective – your continued satisfaction and patronage. **If you ever have any questions or concerns, whether they involve conflicts of interest or anything else, you should never hesitate to say so and ask your advisor for an explanation and more information.**

More Information

Canada has comprehensive and extensive securities regulatory rules and regulations, many of which are directed at protecting client and investor interests, including dealing with conflicts of interest. We suggest that you refer to the websites and publications of the provincial securities commissions through the Canadian Securities Administrators (CSA) and Investment Industry Regulatory Organization of Canada (IIROC) for more information on how Canadian securities regulations address conflicts of interest in order to safeguard the investing public.

We document our core values and standards, including general standards for how we deal with conflicts of interest in our internal policies and procedures.

Possible Conflicts and How They Are Managed

Conflict of Interest	Addressed By	How Conflicts Will Be Addressed
Ongoing Conflicts of Interest		
1. Beacon will earn compensation by selling products and services to you for which you pay us.	Disclose	Beacon will inform you of fees, commissions and other compensation in advance so that you know what you will be paying.
	Control	Depending on the product or account type you choose, Beacon will offer a variety of pricing options to choose from.
2. Different products and services have differing levels of compensation.	Disclose	Our compensation is disclosed to you and Beacon will offer pricing alternatives intended to reduce the conflicts associated with commission-based pricing.
	Control	Beacon is required by industry regulations and firm policy only to make suitable investment recommendations.
	Avoid	Beacon may choose not to offer a complex product that carries a high commission.
Conflict Of Interest May Occur		
3. Beacon may receive compensation from securities issuers and other third parties based on their products we sell to you. For example, trailer fees on mutual funds or finders fees on private placements.	Disclose	Beacon will disclose to you the situations and type of third party compensation Beacon may receive. Securities regulations require issuers to provide specific disclosure in the offering document (ie. prospectus) of such arrangements and the compensation Beacon will receive.
4. Beacon is compensated in other ways as a result of the business you may do with us, including interest spreads on uninvested cash deposits with us and foreign exchange spreads when you convert currencies.	Disclose	Beacon will disclose to you the situations and various forms of compensation Beacon may receive.
5. Beacon may sell you securities which we own (called principal trades) and profit by doing so.	Disclose	Beacon will tell you whether Beacon acted as principal or agent for each transaction on the trade confirmation.
6. Beacon may need to select which clients will be offered certain securities if availability is limited.	Control	Beacon currently does not have managed accounts. Should we develop them we will have a fair allocation policy.
	Control	For non-discretionary accounts, individual advisors make the determination based on individual client relationships.
7. Beacon provides investment research on securities of companies that may have other business relationships with us.	Control	Beacon provides full disclosure of any conflicts of interest in all research reports disseminated.
	Control	Our research and recommendations are subject to extensive and detailed regulatory requirements and internal standards.
8. Beacon engages in trading of securities for our own account (called proprietary trading).	Control	Beacon maintains information barriers between our corporate trading activities and retail advisory business.
	Control	Beacon and employee trades are identified as such and client trades are given priority to firm and employee trades in accordance with industry client priority regulations.
9. We are paid by issuers of securities when we advise on, underwrite or syndicate on a new issue basis which we may recommend to you.	Disclose	For any issuer we may advise on, the offering documents provide full disclosure of all relationships we may have with the issuer.
10. When we advise on or syndicate a new issue, we are acting for the issuer that wants to obtain the highest price while recommending the investment to purchases who are interested in obtaining the lowest price.	Control	We operate our corporate finance and retail advisory businesses separately and all relationships and other material facts about our relationship with the issuer are described in the offering documents.

Conflict of Interest	Addressed By	How Conflicts Will Be Addressed
11. If you hold an applicable security, we may be paid by issuers, offerors or others to solicit your proxy or vote in their favour with respect to takeover bids, corporate reorganizations, solicitation of proxies and other corporate actions.	Disclose	Securities regulations require specific disclosure of such arrangements and the compensation we will receive in documents such as information circulars, takeover bid circulars and issuer bid circulars.
12. As a result of business relationships with issuers of securities, we may know confidential information that we cannot disclose to you when we recommend the securities to you, even if that information might lead us not to recommend buying the securities.	Control	We operate our corporate finance and retail advisory businesses separately so that such information is tightly controlled and not shared by corporate finance with our retail advisory businesses.
	Control	Our internal information barriers are designed to ensure regulatory requirements are complied with and retail advisory employees do not have access to any non-public information that may be available to our corporate finance businesses.
13. We may have access to commercially sensitive or inside information.	Avoid	We may decline to provide a service to avoid insider trading provision in securities legislation.
	Control	We have specific procedures for responding to conflicts of interest that involve inside information and for complying with insider trading provisions.
14. Our other relationships with issuers of a security may mean we directly benefit from you buying the issuer's securities, such as when Beacon executes market transactions on behalf of the issuer based on the purchase you have made.	Control	Confidential information that cannot be publicly disclosed is protected through internal information barriers so that it is not shared and does not influence any retail advisory activities.
	Disclose	We will disclose to you where we execute transactions on behalf of an issuer whose securities you intend to purchase or we are recommending that you purchase prior to the execution of the transaction.
15. Your advisor or representative may make personal investments in the same issuers that they recommend to you or purchase on your behalf.	Disclose	If you have an advisory account, your advisor or representative is required to disclose the existence of such investment to you prior to executing any transaction on your behalf.
16. Beacon <u>does not</u> receive compensation by trading destinations. Regardless, Beacon observes industry requirements.	Avoid	Industry regulations dictate our best price and best execution obligations to you.
	Disclose	We will disclose to you our ownership interests in marketplaces and maintain policies and procedures for order routing should such ownership arise.
17. Beacon may permit certain individuals who are registered with us (including your investment advisor) to be employed by, participate in, or accept compensation from other persons or firms, outside the scope of his/her relationship with Beacon.	Avoid & Control	Beacon has adopted internal policies and procedures that supplement the regulatory requirements. Such arrangements are closely monitored.
18. Individuals may serve on a board of directors or take on other activities that could take time or attention away from your account.	Avoid	Securities legislation prohibits an individual from serving as a director of another registered firm that is not an affiliate of our firm.
	Control	When an advisor or representative sits on a board of directors of a charity or undertakes other community activities in any substantive way, they are subject to regulatory guidance on the disclosure and approval of outside business activities.
19. Individuals may serve as a director of a publicly traded company.	Disclose	When Beacon is involved in research of a publicly traded company where an individual sits on the board, it will be disclosed. When Beacon is involved in investment banking of a publicly traded company where an individual sits on the board it will be disclosed.
	Control	Beacon has internal policies and procedures to mentor and supervise any potential conflicts of interest where an individual is a member of a board of directors of a publicly traded company.

Disclaimer: The information and examples contained in this document have been compiled to the best of our ability and are not meant to be exhaustive of all possible conflicts of interest but rather a compilation of those conflicts that we have identified to date. Other potential conflicts may arise from (1) gifts and entertainment from third parties; (2) directorships with other firms or organization; (3) connections to outside political or charitable activities; and (4) other outside activities. Beacon actively seeks to identify such potential conflicts and, where required, will monitor, supervise, and disclose such situations to clients.

Further Commentary: Canada has comprehensive securities regulatory rules and regulations which are directed at protecting client and investor interest such as dealing with conflicts of interest. For further information on how Canadian securities regulations address conflict of interest in order to protect investors, Beacon recommends that interested parties refer to the publications and websites of the provincial securities commissions. These are available through the Investment Industry Regulatory Organization of Canada (IIROC) at www.iiroc.ca and the Canadian Securities Administrators (CSA) at www.securities-administrators.ca

Investment performance benchmarks

When properly selected, benchmarks are an effective way to assess the relative performance of your investment strategy and represent a good starting point when evaluating the overall success of your investment choices. They can also help you form realistic expectations about the returns your portfolio can generate over the long term. For example, an annual return of 5% on a diversified equity portfolio may seem weak; however, if the portfolio's benchmark return is 3% over the same holding period, the equity portfolio has actually outperformed.

Many investors choose a broad market index to serve as an investment performance benchmark. For example, the S&P 500 is an index of 500 leading companies in the large-cap segment of the U.S. equities market and would be an appropriate benchmark for a client invested in large-cap U.S. equities. Similarly, the FTSE TMX Canada Bond Universe Index would be an appropriate benchmark for a portfolio comprised of Canadian bonds since this index tracks the performance of investment grade fixed income in the Canada market. For a portfolio composed of securities from several different asset classes, the appropriate benchmark might be a combination of indices weighted according to the portfolio's asset mix.

Due to the vast number of benchmarks from which to choose, and because investment strategies will vary from one client to the next, benchmark comparisons are not provided as part of our standard account reporting. Please speak to your Advisor to discuss what benchmarks might be appropriate for you.

Explaining how benchmarks can be used to assess performance

You can judge how your investments are doing by comparing the rate of return on the securities you hold to an investment performance benchmark. Your rate of return is affected by, among other things, changes in the value of your securities, dividends and the interest you earn, as well as when you make deposits and withdrawals.

To compare your rate of return with a benchmark, find a benchmark made up of securities like the ones you have in your account. For example, the S&P/TSX Composite is a benchmark for a broad group of Canadian stocks that trade on the Toronto Stock Exchange. It's a good yardstick for assessing performance of a Canadian equity mutual fund with investments in Canadian corporations. It would not be a good benchmark if you hold foreign investments, bonds, shares of smaller companies, or ones limited to only one part of the economy. Instead, you would have to find a foreign equity, bond, small cap or industry sector benchmark. If you have an account made up half of stocks and half of bonds compare your rate or return to the average of a stock and a bond index.

Note:

- Keep in mind that benchmarks should be used as a guide only.
- Benchmarks do not factor in commissions or other costs to invest and often don't include low-earning assets that you hold to cash in fast for emergencies. This means benchmark returns will seem higher than what you would earn on your account if you otherwise held the same securities as the index.
- Benchmark rates of return are calculated using a specified method. For the best comparison, be sure this is how the rate of return on your account is calculated. For example, securities regulators require investment dealers to use a rate-of-return calculation which differs from the specified method that must be used, for example, for benchmarks and mutual funds.
- Remember that benchmarks are based on how a sample portfolio performs and that other factors, such as tax considerations, will affect your returns.

There are a vast number of benchmarks from which to choose, and because investment strategies will vary from one client to the next, benchmark comparisons are not provided as part of our standard account reporting. Please speak to your investment advisor if you have questions about the performance of your portfolio or what benchmark(s) might be appropriate for you.