

# RELATIONSHIP DISCLOSURE BROCHURE

September 8, 2023

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## HEAD OFFICE

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Value Partners Investment Counsel or VPIC is an operating division of Value Partners Investments Inc.



# 1. INTRODUCTION

In this document, we provide important information regarding the relationship between Value Partners Investment Counsel and our clients. Any phrase using the terms “we”, “us”, or “our” refer to Value Partners Investment Counsel (VPIC), an operating division of Value Partners Investments Inc. (VPII). When we refer to “you” or “your”, we are referring to you as the holder or joint holder of an account managed by us on a discretionary basis and, when applicable, anyone authorized to give instructions with respect to an account.

## 2. NATURE OF YOUR ACCOUNT WITH VPIC

We will provide portfolio management services in respect of your securities and/or cash under our management (the “Portfolio”) on the following basis:

1. VPII is registered as a Portfolio Manager, Exempt Market Dealer, and Investment Fund Manager in various provinces of Canada with the Manitoba Securities Commission as its principal regulator. VPIC, through its registered advising representatives, client relationship managers and associate advising representatives, provides its services to clients resident in all provinces of Canada (not the territories) in its capacity as a Portfolio Manager. We have an obligation at all times to assess whether a purchase or sale of a security in your Portfolio is suitable for you, and puts your interests first, prior to executing a transaction on your behalf. Advising representatives, client relationship managers and associate advising representatives are permitted to carry out the following activities on behalf of us:
  - Advising representatives are registered individuals who are permitted to design asset mixes best suited to you as well as analyze and select individual securities for your Portfolio on a discretionary basis.
  - Client relationship managers are registered individuals who are permitted to design asset mixes best suited to you but are not permitted to analyze and select individual securities for your Portfolio on a discretionary basis. These individuals meet directly with you and can create Portfolios of investment pools and model portfolios that are available to you at VPIC.
  - Associate advising representatives are registered individuals who are permitted to design asset mixes best suited to you as well as analyze and select individual securities for your Portfolio on a discretionary basis. Associate advising representatives provide advice under the supervision of an advising representative or a client relationship manager based on the permitted activities noted above.
2. We will review your personal and financial circumstances, your investment needs and objectives, your investment knowledge, risk tolerance and your risk capacity, and your investment time horizon. Based upon the information provided by you (the “Client Information”), we will gain an understanding of your investment profile and your objectives in respect of your Portfolio. Pending our review of the Client Information, assets deposited into your Portfolio may be invested in short term investments, provided that we may cause such assets to be invested in such other investments as we may determine to be appropriate, in our discretion. Upon completion of our review of your Client Information, we will proceed to implement your investment plan unless you have otherwise instructed us. The specific risks relative to you will be outlined in your Investment Policy Statement;
3. You will enter into a Portfolio Management Agreement (“PMA”) with us which will allow us to provide discretionary advice as to the investments in your Portfolio on the basis of your individual needs, which advice shall be given at such time and with such frequency as we may consider appropriate, is suitable for you and places your interests first;
4. We will arrange for the effecting of trades of securities for your Portfolio, on your behalf, on the basis of the advice provided by us;
5. We will exercise the care and skill expected of a prudent portfolio manager and shall exercise our powers and duties in good faith and in accordance with our best judgment and place your interests first.

In addition, we will review your Portfolio 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 Portfolio that could result in the investment or Portfolio not being suitable for you
- when we become aware of a material change in your personal and financial information (your Client Information)
- annually, we will review your Client Information and the investments in your Portfolio 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 Client Information.

Your representative will contact you to ask you about this on a periodic basis. Your representative 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 representative, 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 Client Information.

### 3. OUR RELATIONSHIP WITH OTHER FINANCIAL SERVICE FIRMS

VPII is a wholly owned subsidiary of Value Partners Group Inc. (VPGI), which in turn, as of September 8, 2023, is a wholly owned indirect subsidiary of The Canada Life Assurance Company, which is a majority owned indirect subsidiary of Power Financial Corporation (PFC) a public company with common shares listed on the Toronto Stock Exchange.

Given our corporate ownership, we are affiliated with other financial services firms, including:

- Canada Life Investment Management Ltd. (Canada Life), a Canadian investment fund manager managing the Canada Life Mutual Funds.
- Mackenzie Financial Corporation (MFC), a Canadian investment fund manager managing various families of investment funds, including exchange-traded funds, known collectively as the Mackenzie Funds.
- Counsel Portfolio Services Inc. (Counsel), a Canadian investment fund manager managing mutual funds known as the Counsel Group of Funds and the IPC Portfolios
- LP Financial Planning Services Ltd (LP Financial) which is a registered mutual fund dealer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and the Northwest Territories. LP Financial is a member of the Canadian Investment Industry Organization (CIRO).
- Quadrus Investment Services Ltd. (Quadrus) which is a registered mutual fund dealer in all provinces of Canada. Quadrus is a member of CIRO.

### 4. CUSTODIAN INFORMATION

Your assets are held in Canada in a fully disclosed, segregated account at Credential Qtrade Securities Inc. ("CQSI" or "the Custodian"), operating as CQ Correspondent Partners ("CQCP"), which is a wholly owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is a wholly owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by five Provincial Credit Union Centrals and The CUMIS Group Limited. CQSI's offices are located at 700 1111 West Georgia Street, Vancouver, British Columbia, V6E 4T6. CQSI is a member of and regulated by the Canadian Investment Regulatory Organization ("CIRO"). CQSI is a qualified Canadian Custodian under applicable securities laws. CQSI and Aviso are independent of us. The assets in your CQCP account are never co-mingled with other clients' assets. CQSI is a member of the Canadian Investor Protection Fund ("CIPF"). CIPF, subject to conditions and limits, safeguards your assets from the insolvency or bankruptcy of a CIRO member firm. You can find more information regarding CIPF at <https://www.cipf.ca/>.

Your assets are subject to a risk of loss: (i) if CQSI becomes bankrupt or insolvent and CIPF coverage is insufficient to safeguard all your assets held by CQSI; (ii) if there is a prolonged and/or unrecoverable breakdown in CQSI's information technology systems; and, (iii) due to the fraud, willful or reckless misconduct, negligence or error of CQSI. We have reviewed CQSI's reputation, financial stability, relevant internal controls and ability to deliver custodial services and have concluded that CQSI's system of controls and supervision is sufficient to manage risks of loss to your assets in accordance with prudent business practice.

We will request that the Custodian send regular statements of the account holdings and transactions to you. Transactions detailed in these statements will be deemed to have been approved by you unless notification is given within sixty days of the statement date, pursuant to CQSI's standard statement language.

### 5. INVESTING IN SECURITIES OF RELATED FUNDS

Assets in your account may be invested from time to time in investment pools which are managed by VPPI (the "Pools"), and which are related and/or connected issuers to VPPI. The Pools may not be transferable. Should your agreement with us be terminated, the Pools may have to be sold as they may not be transferable to another financial institution. Should this occur, you may incur losses or have to pay tax on capital gains that would otherwise not be incurred.

We may also invest your Portfolio in mutual funds managed by our related fund managers, in circumstances where a related fund is suitable for you and there is no Pool that is appropriate for you.

## 6. FAIRNESS IN ALLOCATION

We confirm that in the event that securities are purchased for the accounts of more than one client (a 'block trade') and an insufficient number of securities are available to satisfy the purchase order, the securities available will be allocated to the extent possible pro rata to the size of the clients' accounts taking into consideration each client's information.

## 7. COMMISSIONS AND SOFT DOLLARS

We decide which dealers are allocated brokerage business based on the quality of research received, competitive commission costs and their ability to execute trades. We pay select dealers a gross commission to affect a transaction with the understanding that the dealer will pay themselves a commission and may apply the balance (i.e., soft dollars) towards research and order execution goods and services provided by the dealer or a third party. The research and order execution services include analyses and reports regarding various subject matter relating to investments (including portfolio strategy, economic analysis, and statistical data about capital markets and securities), trading software, market data as well as databases and software that support these goods and services. Dealers and other third parties may provide the same or similar goods and services in the future. The names of such dealers and other third parties are available upon request.

## 8. NON-EXCLUSIVITY OF SERVICES

Our services are not exclusive. You agree that we may give advice and take action with respect to any of our other clients which may differ from advice given to you or the timing or nature of action taken with respect to your account.

## 9. CONFLICTS OF INTEREST

From time to time we may be involved in matters where our interests are conflicted with your interests. We have developed policies and procedures in order to identify conflict and potential material conflict of interest matters. Once a conflict has been identified we have developed guidelines that involve taking steps to remove the conflict, or, if not possible, to take steps to minimize the impact of the conflict and provide appropriate disclosure to all affected parties. Our Conflicts of Interest Disclosure Statement can be accessed here: <https://vpinvestmentcounsel.ca/client-disclosures>

## 10. CONSIDERATION OF RISK IN YOUR PORTFOLIO

We are required to establish your risk profile. Your risk profile involves understanding your willingness to accept risk (your risk tolerance) and your ability to withstand potential financial loss (your risk capacity). Through the creation of VPIC's Investment Policy Statement for you, we gather information concerning your risk tolerance and we assess your risk capacity by gaining an understanding of your personal and financial circumstances, investment needs and objectives and investment time horizon. Combined together, your risk tolerance and risk capacity make up your overall risk profile that is then established for you.

## 11. USE OF BENCHMARKS

Benchmarks provide you with a means of measuring the relative performance of your portfolio against a standardized or "benchmark" portfolio over a prescribed period of time. Although a singular benchmark may be used (i.e., a broad stock market or bond index), a blend of benchmarks may be appropriate for portfolios which include different asset classes and/or investments. You are reminded that

past performance is not necessarily an indicator of future performance. We do not currently provide benchmark comparisons in our account reporting.

## 12. FEES

### 12.1 FEES FOR MANAGEMENT SERVICES

In consideration of the services to be rendered by us, you will pay or cause to be paid to us a Management Fee, plus any applicable taxes, including GST or HST, calculated and payable monthly in arrears. The Management Fee will be calculated either:

1. In accordance with the attached Fee Schedule "A" to your PMA, which may be amended by us upon ninety (90) days written notice to you; or
2. In accordance with any applicable addendum, as you and we may agree.

You have directed and authorized the Management Fees payable to us to be withdrawn, when due, from the Account or from any other account in respect of which you and we have entered into a PMA.

If your Portfolio is invested in Pools, you will acquire a series of the Pools that do not have a Management Fee, since you pay us a Management Fee for our services. There are operating expenses and a portfolio management fee charged to the series of units you will acquire in the Pools, which are in addition to what you pay us. If your Portfolio is invested in other investment funds that are managed by firms related to us, such investments may be subject to management, performance or similar fees which are payable to those firms.

### 12.2 FEES FOR OTHER SERVICES

In consideration of services to be rendered by CQSI, you pay or cause to be paid to CQSI certain charges, which are disclosed to you with your PMA.

### 12.3 IMPACT OF FEES ON INVESTMENT RETURNS

Ongoing fees can reduce the value of your Portfolio. This is particularly true over time, because not only is your investment balance reduced by the fee, but you also lose any return you would have earned on that fee. Over time, even ongoing fees that are small can have an impact on the value of your Portfolio.

## 13. VPIC REPORTING

We will provide you with an account statement (the "Quarterly Statement") following each calendar quarter which will contain the name, quantity and total market value of each security held in your account(s), along with the total market value of all cash and securities held in your account(s). You may request to receive your statements monthly. We will also provide you with an annual statement regarding the amount of compensation we receive and the performance in your account (the "Annual Statement"). You have agreed to receive your Quarterly Statements and the Annual Statement, and any other documents, by electronic delivery. You have also agreed to the receipt of consolidated client statements, including on a household basis, to the extent permitted by securities requirements.

## 14. LEVERAGING/BORROWING TO INVEST

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you choose to borrow money to purchase securities, it is your responsibility to repay the loan with interest, as required by the terms of the loan, even if the value of the securities purchased declines.

## 15. DISPUTE RESOLUTION

If you have a complaint or concern regarding our services, you can forward these to our Chief Compliance Officer. We will provide an initial response within 5 days of receipt and will provide you with a final decision or proposed resolution within 90 days of receipt. If you are not satisfied with our decision or proposed resolution, we will advise you about your eligibility for the free independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI) and the steps that you must take in order for OBSI to be made available to you. OBSI may be contacted by email at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca) or by telephone at 1-888-451-4519. You

may also access this link to the Complaint Page on the OBSI website: <https://consumerportal.obsi.ca/public/inquiries/inquiry> . OBSI works confidentially, in an informal manner and a lawyer is not required. OBSI will investigate your matter and may interview you and representatives of us. We will cooperate with OBSI's investigations. OBSI will then provide its recommendation which is not binding on us. You should note that OBSI can only recommend compensation up to \$350,000 for a single complaint. For more information regarding OBSI, please view the OBSI website at [www.obsi.ca](http://www.obsi.ca).dispute resolution service offered by OBSI and the steps that you must take in order for OBSI to be made available to you. OBSI may be contacted by email at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca) or by telephone at 1-888-451-4519. OBSI works confidentially, in an informal manner and a lawyer is not required. OBSI will investigate your matter and may interview the Client and representatives of VPIC. VPIC will cooperate with OBSI's investigations. OBSI will then provide its recommendation which is not binding on VPIC. For more information regarding OBSI, please view the OBSI website at [www.obsi.ca](http://www.obsi.ca).

## 16. TRUSTED CONTACT PERSON AND TEMPORARY HOLDS

### 16.1 TRUSTED CONTACT PERSON

We encourage you to provide your representative with the name and contact information of a trusted contact person, who should be an individual with whom you are comfortable allowing your representative 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.

### 16.2 TEMPORARY HOLDS

A temporary hold means a hold that is placed by us on the purchase or sale of a security on your behalf or on the withdrawal or transfer of cash or securities from your account.

We will not place a temporary hold on your accounts unless we reasonably believe that:

1. You are a vulnerable client;
2. You have been financially exploited, financial exploitation is occurring, has been attempted or will be attempted; or
3. You do not have the mental capacity to make decisions involving financial matters.

Should a temporary hold be placed on your accounts we will provide you notice of the temporary hold and the reasons for the temporary hold as soon as possible. We will continue to review the relevant facts on an ongoing basis in order to determine if continuing the hold is appropriate. Within 30 days of placing the temporary hold and, until the hold is revoked, we will update you.