Monarch Wealth Securities Inc

Relationship Disclosure

The purpose of this Relationship Disclosure is to help you better understand the nature of the advisory account services that Monarch Wealth Securities Inc. provides and what you can do to help ensure a satisfactory ongoing relationship with us.[1]

1. The services and types of accounts we offer.

In an **advisory account** you approve all investment decisions, whether or not you have relied on the advice of your investment advisor.

Advisory accounts may be either **commission** or **fee-based accounts**.

A **commission based account** is an account in which you will be charged a commission for each transaction made for your account (buy or sell). Sometimes investments purchased on your behalf may also pay us fees, such as trailer fees in the case of mutual funds and agent's fees in respect of new issue business. In such cases, it is uncommon that you would incur any other additional charges in connection with the purchase or sale of these investments or similar products.

A **fee-based account** is an account in which you will be charged an annual fee, billed monthly or quarterly, based on a percentage of the value of the securities held in the account. Commissions may also be charged in a fee-based account if agreed upon by you and your investment advisor.

Commission and **fee-based account** rates are established by you and your investment advisor in accordance with industry standards and our firm's policies.

With your advisory account, you may open one or more of the following accounts:

- Cash Account
- Margin Account
- Registered Retirement Savings Plan Account (including Locked-In and Spousal)
- Registered Retirement Income Fund Account (including Locked-In and Spousal)
- Registered Education Savings Plan Account
- Tax Free Savings Account

All accounts except Registered Education Savings Plan Accounts may be denominated in Canadian or US currency.

Please consult your investment advisor about how each of these accounts operate and which one(s) best meet your investment objectives.

2. The type of products we offer.

We offer a wide range of investment products, including stocks, bonds, money market and mutual funds. Your investment advisor can explain these investment products to you, as well as how they work, their risks and potential returns, and whether they are appropriate for you.

3. How we determine what investments are suitable for you.

Before we will provide you with an investment recommendation, we will first determine if our recommendation is suitable for you according to our understanding of the information you have given us when you completed or last updated your account documentation. This information is commonly referred to in the securities industry as "know your client information" or KYC Information. That is why keeping your KYC Information up-to-date and accurate is very important. Without current and accurate KYC Information we cannot give you suitable recommendations or reliable investment advice.

We also undertake a suitability assessment in respect of any trading instructions you give to us to buy or sell an investment that we did not recommend to you. Our suitability assessment may be affected by the urgency of your trading instructions or our ability to (timely) access reliable information about your proposed investment. If we determine that your trading instructions are not suitable for you we will advise you against proceeding with the order and either execute the order with a formal notation of our cautionary advice (and, if necessary a request for you to update your account documentation) or refuse to execute your trading instructions.

[1] We will notify you of any update to this Relationship Disclosure and will post the updated Relationship Disclosure in the **Client Agreement and Notices** menu located on the home page of our website **monarchsecurities.ca**.

It is very unusual that we refuse to execute our client's trading instructions but we will exercise our contractual and regulatory prerogative to do so in the case of a wholly unsuitable trade.

The main factors that guide us in determining whether an investment is suitable for you are:

- **Your Financial Situation**: We learn about your fixed and financial assets and liabilities, both current and long term, and the sources and amount of your income.

- **Your Investment Knowledge**: We assess the level of your investment knowledge.

- **Your Investment Objectives**: We learn about your financial goals to help us determine your need to keep your money safe, earn income or increase your capital through growth in the market value of your investments.

- **Your Time Horizon**: We learn about when you expect to need your financial assets (for example, to buy a house, pay for education or enter retirement) and how important it is for you to have the ability to quickly and easily convert to cash all or a portion of your investments without experiencing a significant loss in their value.

- **Your Risk Profile**: We assess your risk tolerance (your willingness to accept risk) and your ability to endure financial loss (risk capacity) to determine whether the products and services you have access within your account are appropriate. We further assess your ability to tolerate fluctuations in the value of your account and the potential for the temporary and permanent loss of your principal.

- **Your Investment Composition and Risk Level**: We assess how the purchase or sale of particular securities affects the composition of your account(s) in terms of allocation of holdings between debt, equity and other investment classes, the risk of the assets held, and the overall diversification of your investments.

We use these six factors to establish your investment profile. Our understanding of your profile is critical because it will help us suggest the allocation of your financial assets. For higher risk investors it will specifically enable us to determine the degree of concentration in one or more securities or sectors your account can be invested in.

We will conduct a suitability determination when: accepting each of your orders or series of orders; recommending a security or strategy to you; securities are deposited or transferred to your account(s); your investment advisor changes; and we become aware that there has been a material change in your personal or financial circumstances or objectives. If during our suitability determination we identify any concerns, we will discuss them with you and, as required by our regulators and good business practice.

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 investment 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 investment advisor, especially if you expect to need to convert your assets to cash in the near future or there has been any other material change in your financial or personal information that may affect your investment objectives or risk tolerance.

4. What is a Trusted Contact Person and why we ask when opening your account

A trusted contact person is an individual (age 18 or older) identified by you, whom Monarch Wealth could contact and disclose personal information about you and your account(s) for any of the following purposes:

- To address concerns that you are being financially exploited
- To address concerns about your mental health or diminished capacity
- To confirm current contact information if Monarch Wealth is unable to locate you after repeated attempts
- To confirm any specifics about your health status, whether physical, mental, or emotional
- To confirm any concerns about a sudden or significant change in your decision-making style or your overall awareness
- of investing concepts if these are significantly different from past interactions and a sudden change is noticed
- To help identify any legal guardian, executor, trustee, or holder of a Power of Attorney (POA)

Who Should I Name as my Trusted Contact Person? The person(s) you name as your TCP should be:

- An adult (typically a family member, close friend, or caregiver) who is over the age of majority
- A person that you trust with your personal and financial information
- A person who does not have an interest in your accounts or assets (such as a beneficiary) and would not be involved in making financial decisions with respect to your accounts (such as a POA)

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

In the course of our usual activities, we assume a responsibility to act fairly, honestly and in good faith with our clients. Given the nature of our business, conflicts of interests between you and our firm, its employees or our other clients may arise.

We have policies and procedures in place to address the handling of conflicts of interests. Under these policies and procedures we avoid material 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 taking such actions or instituting procedures that are necessary to adequately control or manage the conflict of interest.

- **We disclose information about any remaining conflicts in order that** you can assess independently the materiality of the disclosed conflict(s) when you evaluate our recommendations and actions.

A more detailed explanation of our Conflicts of Interest policy may be found on the **monarchsecurities.ca** website.

6. 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.

Confirmation of transactions: We will provide you with written confirmation of the details of every purchase and sale made for your account(s) by mail.

Account statements: For your accounts, a statement will be provided for each month there is any account activity and in any event, on a quarterly basis. 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. Account statements also list your current holdings and the value of your portfolio. The value of most securities you hold is calculated with reference to the closing price of the last day of the month in the reporting period of the statement. In the case of securities that have ceased trading, where the company is bankrupt, or in other circumstances where a reliable market value cannot be ascertained, no valuation is given.

We do not provide benchmarks in your account statement or annual investment performance report. This is because 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. 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.

Fees and charges paid. Our commission charges for the purchase and sale of securities for your account are recorded on the trade confirmation transaction records that are issued for each purchase and sale. Securities not traded on a public marketplace, such as treasury bills, banker's acceptance and bonds are sometimes purchased or sold net of any applicable commission or fee. For fee-based accounts, our fees are recorded on your monthly account statement in accordance with rates you established with your investment advisor.

If you make a trade involving a security which is denominated in a currency other than the currency of the account in which the trade is to settle, a conversion of currency will be required. In such instances, we may act as principal with you in converting the currency at rates established by us. We may earn revenue in addition to the commission applicable to such a trade based on the difference between the applicable bid and ask rates for the currency and the rate at which the rate is offset in the market.

If you purchase a security using margin, or in the event you do not timely settle a trade for your account, you will be charged interest until the trade is fully paid for. In such instances your account will be charged interest at rates established by us in accordance with industry standards.

All other fees for our services are published on the **monarchsecurities.ca** website.

7. What you can do and other helpful information.

Provide Complete Information: We cannot emphasize enough how important it is for you to provide us with complete and accurate KYC Information.

Keep us up to date: You should promptly inform us of any change to the information you have provided that could reasonably result in a change to the types of investments appropriate for you. Such information includes a material change in your income, investment objectives, risk tolerance, time horizon or net worth.

Remain informed: Keep current of any material we provide or make available to you.

Ask us questions: Ask questions and request information from us to resolve any questions you have about your account(s), transactions or investments, or your relationship with us.

Stay on top of your investments: Timely review of all account documentation and other information we provide you.

If you have a complaint: We are committed to providing you with the level of service our clients have come to expect of us, including the prompt and fair resolution of any concern or complaint. If you are unable to satisfactorily resolve with your investment advisor any complaint or other concern you may have about the handling of your account, we would ask you to direct them to the attention of our **Chief Compliance Officer.** We encourage you to take the additional time to put any complaint or other concern you have in writing as it is our experience that client complaints and concerns are typically resolved faster, if not more satisfactorily when submitted in writing.

Our **Chief Compliance Officer** will promptly undertake an initial review of your concern or complaint and will either attempt to deal with or resolve it directly with you or refer it to our **Designated Complaints Officer** for investigation and resolution in accordance with our Complaints Handling Policy, a summary of which is located on the **monarchsecurities.ca** website.

8. A checklist of documents to be provided to you.

In connection with your new (updated) account(s) the following documents are available on the **monarchsecurities.ca** home

page: **For All Accounts**
- ✓ Client Agreement
- ✓ Relationship Disclosure
- ✓ Conflict of Interest Statement
- ✓ Electronic Funds Transfers - Terms & Conditions
- ✓ Administration Fee Schedule
- ✓ Strip Bonds and Strip Bond Packages Information Statement
- ✓ Introducing/Carrying Broker Disclosure
- ✓ Shared Premises Disclosure
- ✓ Advisor as Agent Disclosure
- ✓ Leverage Disclosure

For Managed Accounts
- ✓ Allocation of Investment Opportunities for Managed Accounts

Keeping You Informed (Regulatory Disclosure)
- ✓ Privacy and Protection of Personal Information Policy
- ✓ Communication with Beneficial Owners of Securities
- ✓ Institutional Trade Matching Statement
- ✓ Business Continuity Plan

Handling Complaints
- ✓ Complaint Handling Policy
- ✓ IIROC Guide - An Investor's Guide to Making a Complaint
- ✓ Ombudsman for Banking Services and Investments - Investor Brochure

We will provide you with a copy of your completed Client Account Application in our "Welcome Letter" that will be mailed to you after your Client Account Application has been formally approved and processed. Please carefully review the completed Client Account Application to ensure the accuracy of the KYC Information and that your investment objectives and risk tolerance are properly reflected.

Thank you for choosing Monarch Wealth Securities Inc.