TAX-FREE SAVINGS ACCOUNT

Investment Application

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PLANNING INVESTING LENDING

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Investment Application

FOR OFFICE USE ONLY

☐ NEW CLIENT
☐ EXISTING CLIENT

REP. NUMBER

ACCOUNT NUMBER

Holder Information

☐ MR. ☐ MRS. ☐ MISS ☐ MS. ☐ DR.

LAST NAME: _____ FIRST NAME: _____ MIDDLE NAME: _____

ADDRESS: _____

CITY: _____ PROVINCE: _____ POSTAL CODE: _____

TELEPHONE: PRIMARY ( ) _____ BUS. ( ) _____ EMAIL: _____

SOCIAL INSURANCE NUMBER: M A N D A T O R Y DATE OF BIRTH: Y Y Y Y M M D D

NAME OF EMPLOYER: (*SCHOOL NAME/OTHER*) _____ TYPE OF BUSINESS: _____

ADDRESS: _____

OCCUPATION: ☐ TEACHER ☐ EDUCATIONAL EMPLOYEE ☐ SCHOOL ADMINISTRATION ☐ OTHER _____

SCHOOL BOARD: _____

AFFILIATIONS: ☐ OSSTF ☐ ETFO ☐ OECTA ☐ AEFO ☐ COLLEGE
☐ UNIVERSITY ☐ PRIVATE SCHOOL ☐ OPC ☐ CPCO ☐ OTHER

WORKING STATUS: ☐ EMPLOYED FULL-TIME ☐ EMPLOYED PART-TIME ☐ RETIRED ☐ OTHER

Know Your Client Information – Mandatory

Applicable securities laws require us to determine the general investment needs and objectives of potential purchasers before executing purchase orders. This information will be held in strict confidence:

Investment Knowledge

☐ SOPHISTICATED
☐ GOOD
☐ FAIR
☐ POOR

Investment Objective*

☐ INCOME _____ %
☐ MEDIUM TERM *(Balanced)* _____ %
☐ LONG TERM GROWTH _____ %
☐ SPECULATIVE _____ %

(Values above must add up to 100%)

Investment Risk Tolerance*

☐ HIGH
☐ MEDIUM
☐ LOW

Marital Status

☐ MARRIED
☐ SINGLE
☐ OTHER

Investment Time Horizon*

☐ 1-2 YEARS
☐ 3-5 YEARS
☐ 6-9 YEARS
☐ OVER 10 YEARS

Gross Annual Income

$ _____

Net Worth*

LIQUID ASSETS $ _____
FIXED ASSETS + $ _____
LIABILITIES - $ _____
NET WORTH = $ _____

DID YOU BORROW MONEY FOR INVESTING IN THIS ACCOUNT? ☐ YES ☐ NO

SPOUSE'S NAME: _____ SPOUSE'S OCCUPATION: _____

NUMBER OF DEPENDANTS: _____ *(* Please refer to Appendix A for more information.)*

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Investment Instructions

FUND CODE	FUND NAME	AMOUNT $ OR %	PRE-AUTHORIZED CONTRIBUTION AMOUNT $ OR %
	TOTALS		

Pre-Authorized Contribution Plan *(PAC)*

FREQUENCY: ☐ WEEKLY ☐ BI-WEEKLY ☐ SEMI-MONTHLY ☐ MONTHLY START DATE: Y Y Y Y M M D D

PRE-AUTHORIZED CONTRIBUTION AMOUNT $_____

Where my application is for Pre-Authorized Contributions, I hereby authorize and request Educators Financial Group to draw on my account, whether the account continues to be maintained at the named branch or is transferred to another branch of the financial institution.

A VOID CHEQUE IS REQUIRED TO ESTABLISH A PRE-AUTHORIZED CONTRIBUTION PLAN

For the terms and conditions related to your PAC please refer to the attached Pre-Authorized Chequing Agreement.

_____ Y Y Y Y M M D D
ACCOUNT HOLDER'S SIGNATURE — DATE

_____ Y Y Y Y M M D D
JOINT ACCOUNT HOLDER'S SIGNATURE *(IF APPLICABLE)* — DATE

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Beneficiary Designation

Note to Holders Domiciled in Quebec: Beneficiary Designations are not accepted in Quebec.

If I have not designated my Spouse as successor holder, or if I have but he or she has not survived me, and where permitted by law, I hereby designate the person named below as the beneficiary of the Account entitled to receive all amounts payable under the account in accordance with the terms of the Trust Agreement in the event of my death, before termination of the Account, if he or she survives me. I reserve the right to change or revoke this designation as permitted by law, in accordance with the terms of the Trust Agreement.

This beneficiary designation forms part of the Application and the Trust Agreement for the Account and will apply to all property held under the Account on my death.

In certain provinces and territories, a disposition of the Account in the event of my death can only be made by Will. This beneficiary designation will not automatically change as a result of a future relationship or relationship breakdown and it may be necessary to complete a new designation for this purpose.

I am responsible for ensuring that this beneficiary designation is valid under the laws of Canada, its provinces or territories and that it is changed when appropriate. If I am domiciled in Canada when I die, the beneficiary designation will be governed by the laws of the province or territory of my domicile at the time of my death.

If I am not domiciled in Canada when I die, the laws of the province or territory where I was domiciled at the time of my execution of this form, provided that was in Canada, will apply. Otherwise, the laws of Ontario will apply.

DATE OF BIRTH: Y Y Y Y M M D D SOCIAL INSURANCE NUMBER: M A N D A T O R Y

LAST NAME FIRST NAME RELATIONSHIP TO HOLDER

Successor Holder Designation

Note to Holders Domiciled in Quebec: Successor Holder Designations are not accepted in Quebec.

Where permitted by law, I hereby elect that my spouse or common-law partner ("*Spouse*"), named below, to become the Holder and acquire all of my rights as the holder of the Account in accordance with the terms of the Trust Agreement in the event of my death before termination of the Account, if he or she survives me. I reserve the right to change or revoke this designation as permitted by law, in accordance with the terms of the trust Agreement.

DATE OF BIRTH: Y Y Y Y M M D D SOCIAL INSURANCE NUMBER: M A N D A T O R Y

LAST NAME FIRST NAME RELATIONSHIP TO HOLDER

Use of Accounts by a Third Party

A) WILL ANOTHER PERSON(S) HAVE A FINANCIAL INTEREST IN THIS ACCOUNT? ☐ YES ☐ NO

B) WILL ANY PERSON OTHER THAN THE ACCOUNT HOLDER OR AUTHORIZED REPRESENTATIVE OF THE ACCOUNT HOLDER DIRECT THE ACTIVITY IN THIS ACCOUNT? ☐ YES ☐ NO

(If you answered "yes" to either of these questions, please provide the following information about that third party.)

NAME OF THE THIRD PARTY ADDRESS OF THE THIRD PARTY

DATE OF BIRTH OF THE THIRD PARTY *(if he or she is an individual)* THE RELATIONSHIP THAT EXISTS BETWEEN THE ACCOUNT HOLDER AND THE THIRD PARTY

THE PRINCIPAL BUSINESS OR THE OCCUPATION OF THE THIRD PARTY

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Investment Application

Authorization

I am applying to open an Educators Financial Group Inc. Tax-Free Savings Account (*"the Account"*), and request The Royal Trust Company (*"Royal Trust"*) to file an election with the Minister of National Revenue to register this qualifying arrangement as a Tax-Free Savings Account under section 146.2 of the *Income Tax Act (Canada)*.

I will notify the Agent, in a form acceptable to the Agent and Royal Trust, should I no longer be resident in Canada. I understand that I may be liable for certain tax consequences arising in connection with a non-compliant qualifying arrangement.

I acknowledge that I must and will notify the Agent should I wish to use my interest or right in the Account as security for a loan or other indebtedness.

I acknowledge and agree to be bound by the terms and conditions of this Account as set out in the application, the Trust Agreement, and any relevant addendum to the Account.

It is my wish that all documents relating to the Account have been and shall be drawn up in the English language only. C'est mon désir que tout document de rapportant au régime soient rédigés en anglais seulement.

By signing here I verify that all the information provided is true, and you further confirm that you have read, understand and acknowledge receipt of Apprendix A, the Privacy Protection Notice, the Pre-Authorized Chequing Agreement, the Client Complaint Information Form, the Complaint Handling Procedures, the Relationship Disclosure Notice and the Risk Disclosure Document.

DO YOU WANT THE AVAILABILITY TO VIEW YOUR ACCOUNT ONLINE? ☐ YES ☐ NO

DO YOU WANT TO RECEIVE ELECTRONIC STATEMENTS TO YOUR EMAIL *(vs. paper statements)?* ☐ YES ☐ NO

DO YOU WANT TO RECEIVE EDUCATORS ENEWS *(exclusive offers/financial information to your email)?* ☐ YES ☐ NO

If you opted in for electronic statements and/or Educators eNews, please remember to include your email address within the ANNUITANT INFORMATION section.

_____ Y Y Y Y M M D D
HOLDER SIGNATURE DATE

_____ Y Y Y Y M M D D
SALES REPRESENTATIVE'S SIGNATURE DATE

_____ Y Y Y Y M M D D
COMPLIANCE OFFICER'S APPROVAL DATE OF APPROVAL

(Accepted by Educators Financial Group Inc. as Agent for The Royal Trust Company)

(14/08)

EDUCATORS FINANCIAL GROUP INC.
TAX-FREE SAVINGS ACCOUNT
TRUST AGREEMENT

1. **Definitions.** Whenever used in this Trust Agreement or the Application, any capitalized terms shall have the meanings given to them below:

   "Account" means the tax free savings account established for the Holder;

   "Agent" means **Educators Financial Group Inc.** and its successors and assigns;

   "Applicable Laws" means the Tax Act and such other laws of Canada and of the provinces and territories applicable hereto;

   "Application" means the Holder's application to the Agent to establish the Account;

   "Contribution" means a contribution of cash or any Qualified Investment;

   "Distribution" means a payment out of or under the Account in satisfaction of all or part of the Holder's interest therein;

   "Estate Documents" means proof of the Holder's death and such other documents including Letters Probate of the Holder's will as may be required by the Trustee in its sole discretion in connection with the transmission of the Property on the Holder's death;

   "Estate Representative" means an executor, an administrator, an administrator with the will annexed, a liquidator, or an estate trustee with a will or without a will, whether one or more than one is so appointed;

   "Expenses" means all (i) costs, (ii) charges, (iii) commissions, (iv) investment management fees, brokerage fees and other fees, (v) legal expenses and (vi) out-of-pocket expenses incurred from time to time in relation to the Account;

   "Former Spouse" means the individual who is considered by the Applicable Laws to be the Holder's former Spouse;

   "Holder" means the individual of a "qualifying arrangement" to be in accordance with subsection 146.2(1) of the Tax Act;

   "Proceeds" means the Property, less any applicable Expenses and Taxes;

   "Prohibited Investment" means Property (other than prescribed excluded Property as that term is defined in the Tax Act) that is:

   (a) a debt of the Holder;

   (b) a share of the capital stock of, an interest in or a debt of:

      (i) a corporation, partnership or trust in which the Holder has a significant interest;

      (ii) a person or partnership that does not deal at arm's length with the Holder or with a person or partnership described in subparagraph (i);

   (c) an interest in, or right to acquire, a share, interest or debt described in paragraph (a) or (b); or

   (d) prescribed property (as that term is defined in the Tax Act);

   "Property" means any property, including the income on it, the proceeds from it and any cash, held in the Account from time to time;

   "Qualified Investment" means any investment which is a qualified investment for a TFSA according to the Tax Act;

   "Spouse" means an individual who is considered by the Tax Act to be the Holder's spouse or common-law partner;

   "Survivor" of the Holder means an individual who is, immediately before the Holder's death, a Spouse of the Holder;

   "Tax Act" means the Income Tax Act (Canada);

   "Taxes" means any and all applicable taxes and assessments, including any penalties and interest, as may be required under Applicable Laws;

   "TFSA" means a tax free savings account, which is a "qualifying arrangement" (as that term is defined in the Tax Act) the issuer of which has elected, in the form and manner prescribed by the Tax Act, to register as a TFSA; and

   "Trustee" means The Royal Trust Company in its capacity as trustee and issuer of the arrangement governed by this Trust Agreement, and its successors and assigns.

2. **Acceptance of Trust.** The Trustee agrees to act as trustee of the Account, which is to be maintained for the exclusive benefit of the Holder, and to administer the Property in accordance with the terms of this Trust Agreement.

   Appointment of Agent. The Trustee has appointed **Educators Financial Group Inc.** (the "Agent") as its agent to perform certain duties relating to the operation of the Account. The Trustee acknowledges and confirms that ultimate responsibility for the administration of the Account remains with the Trustee.

3. **Registration.** Subject to the Holder having attained at least 18 years of age, the Trustee agrees to elect, in the manner and form prescribed by the Tax Act, to register the arrangement governed by this Trust Agreement as a TFSA under the social insurance number of the Holder. For greater certainty, unless the Holder has attained at least 18 years of age at the time that this arrangement is entered into, it shall not constitute a qualifying arrangement, as that term is defined in subsection 146.2(1) of the Tax Act, susceptible of being registered as a tax free savings account.

4. **Account.** The Agent shall maintain an account for the Holder which will record particulars of all Contributions, investments, Distributions and transactions under the Account, and shall mail to the Holder, at least annually, a statement of account.

5. **Contributions.** Only the Holder may make Contributions to the Account, in such amounts as are permitted under the Tax Act, in cash or such other property as may be permitted in the sole discretion of the Trustee. It shall be the sole responsibility of the Holder to ensure that the amount of Contributions are within the limits permitted under Tax Act.

6. **Distributions to Reduce Tax.** Notwithstanding any limit on the frequency of Distributions or any minimum Distribution requirement identified in the Application or other notice given under the terms of this Trust Agreement, any Distributions may be made at any time to reduce the amount of Taxes otherwise payable by the Holder as a result of excess Contributions made contrary to the Tax Act.

7. **Tax Information.** The Trustee shall provide the Holder with appropriate information slips for income tax purposes and such other information as may be required under the Applicable Laws.

8. **Delegation by Trustee.** The Holder expressly authorizes the Trustee to delegate to the Agent the performance of the following duties of the Trustee:

   (a) receiving Contributions;

   (b) receiving transfers of Property;

   (c) investing and reinvesting the Property as directed by the Holder;

   (d) registering and holding the Property in the Trustee's name, the Agent's name, in the name of their respective nominees or in bearer form as determined by the Agent from time to time;

   (e) maintaining records, including information concerning the Survivor and the designation of beneficiaries, where applicable;

   (f) providing to the Holder statements of account at least annually;

   (g) preparing all government filings and forms;

   (h) making Distributions pursuant to the provisions hereof; and

   (i) such other duties and obligations of the Trustee as the Trustee in its sole discretion may from time to time determine.

   The Holder acknowledges that, to the extent the Trustee delegates any such duties, the Trustee shall thereby be discharged from performing such duties, subject to paragraph 3.

9. **Investment of the Property.** The Property shall be invested and reinvested on the directions of the Holder (or the Holder's agent) without being limited to investments authorized by law for trustees. The Trustee, in its sole discretion, may require the Holder to provide such documentation in respect of any investment or proposed investment as the Trustee deems necessary in the circumstances. The Trustee reserves the right to decline to make any particular investment if the proposed investment and related documentation do not comply with the Trustee's requirements at that time. Subject to the appointment of an agent as contemplated in paragraph 12, no one other than the Holder and the Trustee shall have rights under the Account relating to the investment and reinvestment of the Property.

10. **Segregated Funds.** Segregated funds forming part of the Property will be held in nominee name. The Holder agrees to designate the Trustee as the beneficiary under any segregated fund held in the Account. Upon the death of the Holder, the proceeds of the segregated funds paid shall form part of the Property to be dealt with according to the terms of this Trust Agreement.

11. **Choice of Investments.** The Holder shall be responsible for selecting the investments of the Account, ensuring that an investment is and continues to be a Qualified Investment, and determining whether any such investment is not and continues not to be a Prohibited Investment. The Trustee shall exercise the care, diligence and skill of a reasonably prudent person to minimize the possibility that the Account holds a non Qualified Investment. The Holder shall have the right to appoint the Agent as his or her agent for the purpose of giving investment directions as provided in this paragraph and paragraph 10.

12. **Uninvested Cash.** Uninvested cash will be placed on deposit with the Trustee or an affiliate of the Trustee. The interest on such cash balances payable to the Account will be determined by the Agent from time to time in its sole discretion with no obligation to pay a minimum amount or rate. The Trustee will pay interest to the Agent for distribution to the Account and the Agent shall credit the Account with appropriate interest. The Trustee shall have no liability for such payment of interest once it is paid to the Agent for distribution.

13. **Right of Offset.** The Trustee and the Agent shall have no right of offset with respect to the Property in connection with any obligation or debt owed by the Holder to the Trustee or the Agent, other than the Expenses payable by the terms of this Trust Agreement.

14. **Pledging.** Where the Holder wishes to use his or her interest or right in the Account as security for a loan or other indebtedness, he or she must first advise the Trustee. Where the Holder uses his or her interest or right in the Account as security for a loan or indebtedness, it shall be the sole responsibility of the Holder to ensure:

   (a) that the terms and conditions of the loan or other indebtedness are terms and conditions that persons dealing at arm's length with each other would have entered into; and

   (b) that it can be reasonably be concluded that none of the main purposes for that use is to enable a person (other than the Holder) or a partnership to benefit from the exemption from Taxes of any amount of the Account.

   The Trustee shall be entitled to rely on the information provided by the Holder, liquidate Property as it deems appropriate with respect to the pledge, and fully recover any legal costs it incurs in this regard as Expenses, and shall be fully discharged with respect to any such liquidation and payment to the creditor of the loan or other indebtedness.

15. **Debit Balances.** If the Account has a cash deficit, the Holder authorizes the Trustee or the Agent to determine which Property to select and to sell such Property to cover such cash deficit. The Trustee is prohibited from borrowing money or other property for the purposes of the Account.

16. **Distributions.** Subject to any limit on the frequency of Distributions or to any minimum Distribution requirement identified in the Application or other notice given under the terms of this Trust Agreement, and to the deduction of all Expenses and Taxes, the Holder may, at any time and upon 60 days' notice or such shorter period as the Agent in its sole discretion permits, request that the Agent liquidate part or all of the Property and pay to the Holder an amount from the Property not exceeding the value held under the Account immediately before the time of payment. No one other than the Holder and the Trustee shall have rights under the Account relating to the amount and timing of Distributions.

17. **Designation of Beneficiary.** Subject to Applicable Laws and where the Holder has not designated the Survivor or there is no Survivor, the Holder may designate a beneficiary to receive the Proceeds on the Holder's death. A beneficiary designation may only be made, changed or revoked for the purposes of the Account by the Holder in a format required by the Agent for this purpose. Such designation must adequately identify the Account and be delivered to the Agent prior to any payment by the Agent. The Holder acknowledges that it is his or her sole responsibility to ensure the designation or revocation is valid under the Applicable Laws.

18. **Death of Holder (Where There Is a Survivor).** Subject to Applicable Laws, upon the death of the Holder where there is a Survivor and where the Survivor has been designated as successor holder for purposes of the Account, and upon the receipt of Estate Documents by the Agent which are satisfactory to the Trustee, the Survivor shall become the Holder, subject to any pledging under paragraph 15.

19. **Death of Holder (All Other Cases).** Upon the death of the Holder, where there is no Survivor or the Survivor has not been designated as successor holder for purposes of the Account, and upon the receipt of Estate Documents by the Agent which are satisfactory to the Trustee, and subject to paragraph 15:

(a) if the Holder has designated a beneficiary in accordance with paragraph 18, the Proceeds will be paid to the designated beneficiary, subject to the Applicable Laws. The Trustee and the Agent will be fully discharged by such payment, even though any beneficiary designation made by the Holder may be invalid as a testamentary instrument; and

(b) if the Holder's designated beneficiary had died before the Holder or if the Holder has not designated a beneficiary, the Trustee will pay the Proceeds to the Holder's estate.

Where multiple beneficiaries have been designated and the Holder has not indicated how the Proceeds are to be shared among them, or if there is such an indication but the shares do not add up to 100%, then the Proceeds shall be divided equally among the beneficiaries designated. If any designated beneficiary predeceases the Holder or dies at the same time as the Holder or in circumstances rendering it impossible to determine which of the Holder or beneficiary died first, then the remaining beneficiary(ies) is(are) entitled to receive the Proceeds in accordance with the Holder's wishes. If the Holder has not indicated how the Proceeds are to be shared among the designated beneficiaries, or if there is such an indication but the shares do not add up to 100% of the Proceeds, then the Proceeds allocated to the deceased person(s) will be divided equally among the surviving designated beneficiary(ies). For greater certainty, the share of a deceased person will go in equal portions to the surviving designated beneficiary(ies).

20. **Release of Information.** The Trustee and the Agent each are authorized to release any information about the Account and the Proceeds, after the Holder's death, if the Holder has pledged his or her interest or right in the Account as security for a loan or other indebtedness or where there is to be a transfer to the Spouse's TFSA pursuant to paragraph 29, to either the Holder's Estate Representative, the creditor or the Spouse, as the Trustee deems advisable.

21. **Payment into Court.** If there is a dispute about:

(a) a payout from the Account or equalization of Property or other dispute arising from a breakdown of the Holder's marriage or common law partnership;

(b) the validity or enforceability of any legal demand or claim against the Property; or

(c) the authority of a person or personal representative to apply for and accept receipt of the Proceeds on death of the Holder;

the Trustee and the Agent are entitled to either apply to the court for directions or pay the Proceeds into court and, in either case, fully recover any legal costs it incurs in this regard as Expenses from the Account.

22. **Limitation of Liability.** The Trustee shall not be liable for any loss suffered by the Account, by the Holder or by any Survivor or beneficiary designated for purposes of the Account as a result of the purchase, sale or retention of any investment including any loss resulting from the Trustee acting on the direction of the agent appointed by the Holder to provide investment direction.

23. **Indemnity.** The Holder agrees to indemnify the Trustee for all compensation, Expenses and Taxes, other than those Taxes for which the Trustee is liable in accordance with the Tax Act and that cannot be charged against or deducted from the Property in accordance with the Tax Act, incurred or owing in connection with the Account to the extent that such compensation, Expenses and Taxes cannot be paid out of the Property.

24. **Self-Dealing.** The Trustee's services are not exclusive and, subject to the limitations otherwise provided in this Trust Agreement on the powers of the Trustee, the Trustee may, for any purpose, and is hereby expressly authorized from time to time in its sole discretion to, appoint, employ, invest in, contract or deal with any individual, firm, partnership, association, trust or body corporate, with which it may be directly or indirectly interested or affiliated with, whether on its own account or on the account of another (in a fiduciary capacity or otherwise), and to profit therefrom, without being liable to account therefore and without being in breach of this Trust Agreement.

25. **Compensation, Expenses and Taxes.** The Trustee and Agent will be entitled to such reasonable fees as each may establish from time to time for services rendered in connection with the Account. All such fees will, unless first paid directly to the Agent, be charged against and deducted from the Property in such manner as the Agent or Trustee determines.

All Expenses incurred shall be paid from the Account, including Expenses with respect to the execution of third party demands or claims against the Account.

All Taxes, other than those Taxes for which the Trustee is liable and that cannot be charged against or deducted from the Property in accordance with the Tax Act, will be charged against and deducted from the Property in such manner as the Agent determines.

26. **Sale of Property.** The Trustee and Agent may sell Property in their respective sole discretion for the purposes of paying compensation, Expenses and Taxes, other than those Taxes for which the Trustee is liable in accordance with the Tax Act and that cannot be charged against or deducted from the Property in accordance with the Tax Act.

27. **Transfers to the Account.** Amounts may be transferred to the Account from another TFSA of the Holder, or of the Spouse or Former Spouse where:

(a) the Holder and the Spouse or Former Spouse are living separate and apart and the transfer is made under a decree, order or judgment of a competent tribunal or under a written separation agreement, relating to the division of property between the Holder and the Spouse or Former Spouse in settlement of rights, arising out of, or on the breakdown of, their marriage or common-law partnership; or

(b) the Holder is the Spouse's survivor and the transfer occurs as a result of an exempt contribution (as that term is defined in the Tax Act).

28. **Transfers out of the Account.** Upon delivery to the Agent of a direction from the Holder in a form satisfactory to the Trustee, the Trustee shall transfer all or a portion of the Property as is specified in the direction:

(a) to another TFSA of the Holder; or

(b) to a TFSA of the Spouse or Former Spouse where the Holder and the Spouse or Former Spouse are living separate and apart and the transfer is made under a decree, order or judgment of a competent tribunal or under a written separation agreement, relating to the division of property between the Holder and the Spouse or Former Spouse in settlement of rights, arising out of, or on the breakdown of, their marriage or common-law partnership.

29. **Changes to Trust Agreement.** The Trustee may change this Trust Agreement periodically. The Holder will be notified on how to obtain an amended copy of the Trust Agreement reflecting any such change and will be deemed to have accepted such changes. No change to this Trust Agreement (including a change calling for the Trustee's resignation as trustee or the termination of the trust created by this Trust Agreement) will be retroactive or result in the Account not being acceptable as a TFSA under the Applicable Laws.

30. **Replacement of Trustee.**

(a) The Trustee may resign by giving such written notice to the Agent as may be required from time to time under the terms of an agreement entered into between the Agent and the Trustee. The Holder will be given at least 30 days prior notice of such resignation. On the effective date of such resignation, the Trustee will be discharged from all further duties, responsibilities, and liabilities under this Trust Agreement, except those incurred before the effective date. The Trustee will transfer all Property, together with all information required to continue the administration of the Property as a tax free savings account under the Applicable Laws, to a successor trustee.

(b) The Trustee has agreed to resign upon it being provided with notice in writing by the Agent if the Trustee is satisfied that the successor trustee nominated by the Agent will properly assume and fulfill the Trustee's duties and liabilities hereunder in respect of the administration of the Account.

(c) In either event, the Agent shall forthwith nominate a person to replace the Trustee and the resignation of the Trustee shall not take effect until its replacement has been so nominated by the Agent and appointed as successor by the Trustee and approved by Canada Revenue Agency or its successor. Failing the nomination of a replacement by the Agent within 30 days after receipt by it of a notice of resignation, the Trustee shall be entitled to appoint a person as its own replacement.

(d) Upon any such appointment and resignation of the Trustee, the person so appointed as replacement trustee shall, without further act or formality, be and become the Trustee hereunder. Such replacement trustee shall, without any conveyance or transfer, be vested with the same power, rights, duties and responsibilities as the Trustee and with the assets of the Account as if the replacement trustee had been the original Trustee. The Trustee shall execute and deliver to the replacement trustee all such conveyances, transfers and further assurances as may be necessary or advisable to give effect to the appointment of the replacement trustee.

(e) Any person appointed as a replacement trustee shall be a corporation resident in Canada that is licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada the business of offering to the public its services as trustee.

Any trust company resulting from the merger or amalgamation of the Trustee with one or more trust companies and any trust company that succeeds to substantially all of the trust business of the Trustee shall thereupon become the successor to the Trustee without further act or formality. In all such cases, Canada Revenue Agency or its successor shall be notified.

31. **Assignment by Agent.** The Agent may assign its rights and obligations hereunder to any other corporation resident in Canada authorized to assume and discharge the obligations of the Agent hereunder and under the Applicable Laws.

32. **Notice.** Any notice given by the Holder to the Agent shall be sufficiently given if delivered electronically to the Agent upon the Holder's receipt of an acknowledgement and response to same or personally to the office of the Agent where the Account is administered, or if mailed, postage prepaid and addressed to the Agent at such office, and shall be considered to have been given on the day that the notice is actually delivered or received by the Agent.

Any notice, statement, receipt or other communication given by the Trustee or the Agent to the Holder shall be sufficiently given if delivered electronically or personally to the Holder, or if mailed, postage prepaid and addressed to the Holder at the address shown on the Application or at the Holder's last address given to the Trustee or the Agent, and any such notice, statement, receipt or other communication shall be considered to have been given at the time of delivery to the Holder electronically or personally or, if mailed, on the fifth day after mailing to the Holder.

33. **Date of Birth.** The Holder's statement of his or her date of birth in the Application shall be deemed to be a certification as to the Holder's age, on which the Trustee and the Agent may rely, and an undertaking to provide any further evidence of proof of age as may be required by the Agent.

34. **Contribution While Holder is a Minor.** Where the Holder makes a Contribution to the Account prior to the Holder having attained the age of majority in accordance with the Applicable Laws, the Holder will execute a ratification of the Application and all transactions made by the Holder in respect of the Account prior to reaching the age of majority.

35. **SIN and Address of Holder.** The Trustee shall be entitled to rely upon the Agent's records as to the social insurance number, and to the current address of the Holder as establishing his or her residency and domicile for the operation of the Account and its devolution on the death of the Holder subject to any notice to the contrary respecting the Holder's domicile on death.

36. **Heirs, Representatives and Assigns.** The terms of this Trust Agreement shall be binding upon the heirs, Estate Representatives, attorneys, committees, guardians of property, other legal and personal representatives, and assigns of the Holder and upon the respective successors and assigns of the Trustee and the Agent and their directors, officers, employees, and agents, as well as their respective estates, Estate Representatives, heirs, attorneys, committees, guardians of property, other legal and personal representatives, and assigns.

37. **Language.** The Holder has expressly requested that this Trust Agreement and all related documents, including notices, be in the English language. Le titulaire a expressément demandé que cette Convention de fiducie et tous documents y afférents, y compris tout avis, soient rédigés en langue anglaise. (Quebec only/Québec seulement)

38. **Interpretation.** Unless the context requires otherwise, any terms or provisions importing the plural shall include the singular and vice versa.

39. **Governing Law.** This Trust Agreement and the Account shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

The Holder expressly agrees that any action arising out of or relating to this Trust Agreement or the Account shall be filed only in a court located in Canada and the Holder irrevocably consents and submits to the personal jurisdiction of such court for the purposes of litigating of any such action.

Educators FINANCIAL GROUP

One focus, many solutions.

APPENDIX A

Risk Tolerance

Risk tolerance can be defined by how comfortable you are with fluctuations in the value of your investments. Please refer to the risk categories below to assist you in determining your own acceptable level of risk.

- **Low:** Demonstrate a low volatility and are for investors who are willing to accept lower returns for greater safety of capital and may include money market funds as well as some fixed income funds.
- **Medium:** Demonstrate a medium volatility and are for investors looking for moderate growth over a longer period of time and may include balanced funds as well as certain Canadian and U.S. Equity funds.
- **High:** Demonstrate a high volatility and are for investors who are growth oriented and are willing to accept significant short-term fluctuations in portfolio value in exchange for potentially higher long-term returns. Examples may include labour-sponsored venture capital funds or funds that invest in specific market sectors or geographic areas such as emerging markets and science and technology funds.

Investment Objectives

- **Income:** Your objective is to generate current income from your investments and you are less concerned with capital appreciation. Investments that will satisfy this objective include fixed income investments such as funds that invest in bond or money market instruments.
- **Medium term:** You are seeking a combination of income and growth by investing in fixed income securities and equity funds. An account with growth and income objectives will typically hold at least 40% in fixed income investments and 60% in equity mutual funds.
- **Long-term growth:** You are seeking capital appreciation over the long term and current income is not a requirement. This may lead you to hold a relatively high proportion of funds that invest in equities if you also have a higher risk tolerance and long-term time horizon.
- **Speculative:** You are seeking capital appreciation over the long term and current income is not a requirement. Your long term perspective, coupled with your stated capacity for portfolio volatility means you will be comfortable holding up to 100% equity mutual funds such as specific market sectors or geographic areas such as emerging markets and science and technology funds.

Time Horizon

Time Horizon is the period between now and the point when you will need to access a significant portion of the money you have accumulated.

Net Worth

Your Net Worth is calculated as estimated liquid assets *(i.e. investments, cash)* plus fixed assets *(i.e. real estate, registered plan assets)* less estimated liabilities *(i.e. mortgage, car loan)*.

Politically Exposed Foreign Persons

The following individuals including their spouses or common-law partners, mothers or fathers, children, brothers, sisters, half-brothers or half-sisters; and spouses, or common-law partners' mothers or fathers, are considered to be "Politically Exposed Persons" for the purposes of the new regulation:

- Head of state or government
- Member of the executive council of government or member of a legislature
- Deputy minister *(or equivalent)*
- Ambassador or ambassador's attaché or counselor
- Military general *(or higher rank)*
- President of a state-owned company or bank
- Head of a government agency
- Judge
- Leader, or president of a political party in a legislature

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PRIVACY PROTECTION Notice

Educators Financial Group ("Educators") is committed to protecting the privacy of personal information that we collect and maintain in the course of carrying on our business. This Privacy Protection Notice describes how we collect, hold, use and disclose your personal information. You understand that in signing this application that you consent to your personal information being collected, held, used and disclosed by Educators Financial Group as Agent for the Royal Trust Company.

1. Client Record and Personal Information:
We hold the personal information we collect about you (and your spouse and/or beneficiary as applicable) for the purposes identified in this Notice in your client record. Depending on the investment or service you request, you understand the personal information collected may include but is not limited to:

- Your name, address, telephone number, social insurance number, date of birth and account holdings;
- The name, address, social insurance number and date of birth of your spouse/partner and/or beneficiary;
- Your email address, school board and or affiliation; and
- Your banking information (i.e. void cheque for setting up a PAC (Pre-Authorized Contribution Plan).

2. Your Personal Information – Collecting, Holding, Using and Disclosing:
You understand that Educators may collect, hold, and use the personal information in your client record as well as collect personal information from and disclose personal to third parties identified in Section 3 for the following purposes:

- To verify your identity and to ensure the accuracy of information contained in your client record;
- To establish and maintain an investment account for you;
- To fully understand your investment needs, objectives and tolerance for risk so that Educators may determine appropriate investment strategies for you;
- To establish and maintain services that you may request such as a PAC (Pre-Authorized Contribution Plan) and/or a Group Payroll Deduction Plan;
- To execute transactions for you such as transferring funds by electronic or other means;
- To establish and maintain paper/electronic communications with you through mediums including newsletters, statements, eNews, special mailings, transaction confirmations, tax receipts and other information as needed to service your account;
- Verifying information previously given by you with any other organization when necessary for the purposes provided in this Notice;
- To occasionally conduct research to determine how better to serve our clients;
- To meet legal and regulatory requirements; and
- To provide me with information about Educators Financial Group products and services.

3. Third Parties:

- Educators may collect your personal information for the purposes identified in this Notice from third parties such as other financial institutions and mutual fund companies, and from third parties who represent that they have the right to disclose the information.
- Educators may transfer your personal information for the purposes identified in this Notice to our service providers, such as account statement preparation and mailing companies, courier companies and document storage companies. When Educators transfers personal information to our service providers, we ensure by contractual means that the transferred personal information is used only for the purposes for which the service provider is retained and is protected to the same degree as it is when in our procession.
- Educators may disclose your personal information to third parties when permitted or required by law, such as disclosure for tax purposes to the Canada Revenue Agency.

4. Your Rights:

- You have the right to expect that Educators will only use or disclose your personal information for the purpose for which it was collected, unless you give consent for it to be used for other reasons;
- You have the right to know who at Educators is responsible for protecting your personal information and that access to your information is restricted to and may only be accessed by employees of Educators whose professional duties require them to do so;
- You are entitled to access, through a written request, the personal information in your client record, subject to limited exceptions set out in law. You may verify this personal information and request in writing that any inaccurate information be corrected; and
- If your concerns about access to and/or the correction of your personal information have not been resolved to your satisfaction, or if you have questions or other concerns about the management of your personal information, you may contact the Privacy Officer at Educators. If after contacting Educators' Privacy Officer your question or concern has not been resolved, you have the right to file a formal complaint with the Privacy Commissioner of Ontario.

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PRE-AUTHORIZED Chequing Agreement

(not applicable for Locked-in RSP, LIRA, RIF, LIF, RLSP or RLIF account types)

By signing the Pre-Authorized Contribution Plan (PAC) section of the application form you agree to the following terms and conditions:

- You authorize Educators Financial Group to debit the bank account provided for the amount(s) and in the frequencies instructed.
- You acknowledge that your debt will be considered a Funds Transfer Pre-Authorized Debit (PAD) by Canadian Payments Association definition.
- You have certain recourse rights if a debit does not comply with this agreement. For example, you have the right to receive reimbursement for any debit that is not authorized or is not consistent with this pre-authorized debit agreement. To obtain more information on your recourse rights, you may visit our website at www.educatorsfinancialgroup.ca or contact us directly 416-752-6843 or 1-800-263-9541. Alternatively, you may visit the Canadian payments association website at www.cdnpay.ca.
- You confirm that all persons whose signatures are required to authorize transactions in the bank account provided have signed the Pre-Authorized Contribution Plan (PAC) section of the application form.
- You may change these instructions or cancel this plan at any time, provided that Educators Financial Group receives written notice at least 10 business days before your next scheduled PAD. To obtain a copy of a cancellation form or for more information regarding your right to cancel a preauthorized debit agreement, you may visit our website at www.educatorsfinancialgroup.ca or contact us directly 416-752-6843 or 1-800-263-9541. Alternatively, you may visit the Canadian payments association website at www.cdnpay.ca.
- You agree to release the financial institution of all liability if the revocation is not respected, except in the case of gross negligence by the financial institution.
- You agree that the information in this form will be shared with the financial institution, insofar as the disclosure of this information is directly related to and necessary for the proper application of the rules applicable for pre-authorized debits.
- You acknowledge and agree that you are fully liable for any charges incurred if the debits cannot be made due to insufficient funds or any other reason for which you may be held accountable.

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

Client Complaint Information Form

Clients of a mutual fund dealer who are not satisfied with a financial product or service have a right to make a complaint and to seek resolution of the problem. MFDA Member dealers have a responsibility to their clients to ensure that all complaints are dealt with fairly and promptly. If you have a complaint, these are some of the steps you can take:

- Contact your mutual fund dealer. Member firms are responsible to you, the investor, for monitoring the actions of their representatives to ensure that they are in compliance with by-laws, rules and policies governing their activities. The firm will investigate any complaint that you initiate and respond back to you with the results of their investigation within the time period expected of a Member acting diligently in the circumstances, in most cases within three months of receipt of the complaint. It is helpful if your complaint is in writing.

- Contact the Mutual Fund Dealers Association of Canada ("MFDA"), which is the self-regulatory organization in Canada to which your mutual fund dealer belongs. The MFDA investigates complaints about mutual fund dealers and their representatives, and takes enforcement action where appropriate. You may make a complaint to the MFDA at any time, whether or not you have complained to your mutual fund dealer. The MFDA can be contacted:

    - By completing the on-line complaint form at www.mfda.ca
    - By telephone in Toronto at (416) 361-6332, or toll free at 1-888-466-6332
    - By e-mail at complaints@mfda.ca[1]
    - In writing by mail to 121 King Street West, Suite 1000, Toronto, ON M5H 3T9 or by fax at (416) 361-9073

Compensation:

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

- Ombudsman for Banking Services and Investments ("OBSI"): You may make a complaint to OBSI after you have complained to the dealer, at either of the following times:
    - If the dealer's Compliance Department has not responded to your complaint within 90 days of the date you complained, or;
    - After the dealer's Compliance Department has responded to your complaint and you are not satisfied with the response. **Please note that you have 180 calendar days to bring your complaint to OBSI after receiving the dealer's response**.

[1]You may wish to consider issues of internet security when sending sensitive information by standard e-mail.

- OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients. OBSI can make a non-binding recommendation that your firm compensate you (up to $350,000) if it determines that you have been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes of practice or conduct, industry regulation and the law. The OBSI process is free of charge and is confidential. OBSI can be contacted:

    - By telephone in Toronto at (416) 287-2877, or toll free at 1-888-451-4519
    - By e-mail at ombudsman@obsi.ca

- Legal Assistance: You may consider retaining a lawyer to assist with the complaint. You should be aware that there are legal time limits for taking civil action. A lawyer can advise you of your options and recourses. Once the applicable limitation period expires, you may lose rights to pursue some claims.

- Manitoba, New Brunswick and Saskatchewan: Securities regulatory authorities in these provinces have the power to, in appropriate cases, order that a person or company that has contravened securities laws in their province pay compensation to a claimant. The claimant is then able to enforce such an order as if it were a judgment of the superior court in that province. For more information, please visit:

    Manitoba: www.msc.gov.mb.ca
    New Brunswick: www.nbsc-cvmnb.ca
    Saskatchewan: www.fcaa.gov.sk.ca

- In Québec:
    - If you are not satisfied with the outcome or with the examination of a complaint, the Autorité des marchés financiers ("AMF") can examine your complaint and may provide dispute resolution services.
    - If you think you are a victim of fraud, fraudulent tactics or embezzlement, you can contact the AMF to see if you meet the eligibility to submit a claim to the *Fonds d'indemnisation des services financiers* ("Financial Services Compensation Fund"). An indemnity up to $200,000 can be payable through monies accumulated in the fund for an eligible claim.
    - For more information:
        - Contact the AMF by telephone at (418) 525-0337 (in Québec), or toll free at 1-877-525-0337
        - Visit www.lautorite.qc.ca.

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Complaint Handling Procedures (CHP)

Educators Financial Group has procedures in place to handle complaints in a fair and prompt manner. This is a summary of those procedures, which we provide to new clients and to persons who have filed a complaint. This summary is posted on our website. New clients and those who submit a verbal or written complaint are provided with a copy of the Client Complaint Information Form (CCIF) which provides information for options that complainants have when making a complaint.

How Complaints Can Be Filed

All complaints may be directed to the Compliance Department by letter sent to our firm address below, by email; info@educatorsfinancialgroup.ca or by phone at 1.800.263.9541.

2225 Sheppard Avenue East
Suite 1105
Toronto, Ontario
M2J 5C2

How Complaints are Handled

We will send you an initial acknowledgement and response within (5) five business days of receiving your complaint. We will also send you a copy of our Client Complaint Information Form (CCIF), as well as a copy of our Complaint Handling Procedures (CHP).

We will investigate your complaint and look at all the information and documentation necessary. We may need to contact you for additional information and assistance is available if required for any reason. We will usually complete this process within 90 days or less and send you a written resolution response unless the case is very complicated and we are waiting for additional information.

If you are not satisfied with our response, a complaint can also be filed with:

I. Mutual Fund Dealers Association of Canada (MFDA): Investigates complaints about mutual fund dealers and their Advisors and takes enforcement action where appropriate. There is no cost to clients to submit a complaint to the MFDA.

   121 King Street West, Suite 1000
   Toronto, ON M5H 3T9
   Call: 416.361.6332
   Toll Free: 1.800.263.9541
   Fax: 416.361.9073
   Email: complaints@mfda.ca

II. Ombudsman for Banking Services & Investment (OBSI): Independent from the MFDA, government and the financial services industry. OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients.

   401 Bay Street, Suite 1505
   P.O. Box 5
   Toronto, ON M5H 2Y4
   Call: 1.888.451.4519
   Fax: 1.888.422.2865
   Email: ombudsman@obsi.ca

III. You may also wish to retain a lawyer to assist with your complaint.

Settlements

Complainants may be required to sign releases or waivers for financial settlements offered and please be advised that our Advisors cannot enter into a private settlement without written consent of the firm.

Clients and complainants may contact us at any time to provide additional information or for updates on their complaint, by contacting our Chief Compliance Officer.

Privacy

If you have a complaint about the treatment of your personal information, you may contact the Compliance or the Office of the Privacy Commissioner of Canada at 1.800.282.1376.

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RELATIONSHIP Disclosure Notice

As a member of the Mutual Fund Dealers Association of Canada (*MFDA*), Educators Financial Group ("*Educators*") is required to provide all clients (*new and existing*), core information about the nature of their relationship between Educators and its financial advisors. The objective of the relationship disclosure requirement is to ensure that clients understand their obligations upon opening an account, as well as the obligations of Educators in regards to informing clients about service levels and costs.

Nature of the Advisory Relationship

As a client of Educators, you are responsible for making your investment decisions. However, you may rely on the advice given by your designated financial advisor – as the financial advisor is always responsible for the advice given, and for ensuring that the advice is suitable based on the client's investment needs and objectives.

Nature of Products and Services Offered

Educators offers the ability to choose from thousands of mutual fund products, including its own family of mutual funds. Our services include free financial planning, webinars, workshops, and for clients looking to purchase securities other than mutual funds, we have partnered with third party service provider, Qtrade Investor. In addition, Educators is also a Mortgage Brokerage firm offering mortgages to clients, as well as lines of credit and loans through various lending partners.

For more detailed information on the specific products and services offered, clients can visit **educatorsfinancialgroup.ca**, or call **1.800.263.9541** and ask to speak to an Account Manager. Any cost of borrowing or other required disclosure under the *Mortgage Brokerages, Lenders and Administrators Act, 2006 (Ontario)* will be provided to you if you arrange a mortgage through us. If a referral is made to one of our lending partners for a line of credit or a loan, a separate disclosure document regarding our relationship with the lending partner will be provided to you.

Nature or Type of Client Accounts

Educators offers investment accounts such as Registered Retirement Savings Plans (*RRSPs*), Registered Retirement Income Funds (*RRIFs*), Registered Education Savings Plans (*RESPs*), Tax-Free Savings Accounts (*TFSAs*) and Non-Registered (*Cash*) accounts.

Procedures Regarding Handling of Cash and Cheques

Educators does not accept cash deposits. All payments must be provided by cheque (*personal or certified*) or electronically through the client's financial institution. All cheques must be made payable to Educators Financial Group, and should never be made payable to a financial advisor.

Suitability of Orders Accepted/Recommendations Made

Educators is required under securities legislation, and MFDA rules to:

- Ensure each investment recommendation is suitable for the client in relation to the client's investment objectives, risk tolerance, and other personal circumstances; and
- To perform a suitability assessment of all trades proposed by you, regardless of whether or not a recommendation is made

In addition, when any of the conditions noted below occur, we are required to perform a suitability assessment of the investments held in your account(*s*):

- When you transfer assets into an account at Educators;
- When Educators or your financial advisor becomes aware of a material change in your personal information such as your stated risk tolerance, time horizon and investment objective; or
- When there is a change in the financial advisor responsible for your investment account(*s*)

Definition of KYC (*Know Your Client*) Terms

We are required under securities legislation to collect certain personal information about you and your financial condition, pursuant to our KYC obligations. We do this through the KYC form and account application that you complete in order to open an account. This information also helps us perform our required suitability review when securities are traded in your account. It is therefore very important that this information be kept up to date. Please contact your financial advisor if any of the personal information provided to us changes materially. Material changes would generally be any significant changes relating to your annual income, investment objectives, risk tolerances, time horizon or net worth. For a full description of KYC terms, including Risk Tolerance, Investment Objective and Time Horizon, please refer to your Educators KYC form and application.

Investment Risks

All investments have some level and type of risk. Simply stated, risk is the possibility you will lose money, or not make money on your investment. Each investor has a different tolerance for risk. Some investors are more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial circumstances and goals. The risks associated with investing in a mutual fund are similar to the risks associated with the securities in which the mutual fund invests. Generally, the higher an investment's anticipated return, the greater the risk you must be prepared to take.

When deciding how much risk is right for you, think about how much time you have until you need the money: If you are investing for less than a year, you should not take undue risk. There may not be enough time to recover the full amount of your investment if the mutual fund falls in value. A longer time horizon allows you to take on more risk. Although the value of your investments may drop in the short term, longer investment horizons may help to lessen the effects of short-term market volatility.

It is important that you understand the risks associated with the funds held in your account. All of our funds have been assessed by us for their relative level of risk, and are rated as either: low, low-medium, medium, medium-high, or high, as applicable. The risk rating of any particular fund is set out in the Fund Facts sheet for that fund. There is also a detailed discussion of the risks associated with investing in mutual funds generally, as well as the risks associated with each fund, and a description of the various risk rating categories in the funds' simplified prospectus. We encourage you to review this material, or speak to your financial advisor. For the specific risks associated with a particular fund, refer to the fund's simplified prospectus or speak to your financial advisor.

Risks associated with borrowing money to invest

Borrowing money, often referred to as leveraging, to invest is risky and should only be considered if you are:

- Comfortable with taking risk
- Are investing for the long-term
- Have a stable income and
- Are comfortable with taking on debt to purchase investments that may go up or down in value

If you use leveraging to invest, you may end up losing money:

- If the investments go down in value and you have borrowed money, your losses would be larger than had you used your own money
- Whether your investments make money or not you will still have to pay back the loan plus interest
- You may have to sell other assets or use money you had set aside for other purposes to pay back the loan
- If you used your home as security for the loan, you may lose your home
- If the investments go up in value you may still not make enough money to recover the costs of borrowing

Conflicts of Interest

As a registered investment fund manager, we are required to refer all conflict of interest matters between us and our funds to an independent review committee established under National Instrument 81-107 *Independent Review Committee for Investment Funds*, for either their recommendation or approval, as required by that Instrument.

Content and Frequency of Reporting

Educators sends out two types of reporting documentation; trade confirmations and quarterly statements. Trade confirmations are sent out whenever a new transaction is processed through your account and are mailed within four business days from the date of the transaction. The confirmations include: the name of the fund(*s*), the type of transaction (*i.e. purchase, redemption, switch*), the unit price, the quantity transacted and trade date, as well as other pertinent information.

Account statements are sent out on a quarterly basis and consist of: a detailed transaction history, an overall account summary showing the unit balance, unit price and market value for each fund, opening market value, and closing market value. Account rates of returns are also provided on statements of accounts. For more specific content, clients can refer to their respective trade confirmations and quarterly statements. We encourage you to review trade confirmations and quarterly statements carefully, so that you understand the transactions that have occurred in your account, your account holdings and performance. If you have any questions about these matters, please speak to your financial advisor.

Compensation and Reference to Other Sources of Information

Educators charges an aggregate management fee plus HST for its combined services as investment fund manager and principal distributor to our fund—a portion of that management fee is used by us to pay the third party portfolio advisers to our funds. We do not charge administration costs against our funds for regulatory filing fees, record keeping or accounting. Consistent with industry practice, the only additional costs charged to our funds in addition to our management fees are the fees and expenses of the Independent Review Committee and brokerage costs. If clients choose to close their account, Educators charges a $150 fee plus HST for the full transfer of holdings in a registered account (*excluding RESPs*), as well as a non-registered account to another financial institution.

Further information with respect to fees and costs in respect of our funds can be found in our simplified prospectus, Fund Fact sheets, Annual Information Form (*AIF*), online at **educatorsfinancialgroup.ca**, or clients can speak to their financial advisor.

In addition, if we as a mutual fund dealer sell a third party fund to you, we do not levy any sales charges for doing so. We may, however, receive trailer fees (*also known as service fees*) from that third party fund in accordance with its policies in this regard for so long as the fund in question remains in your account with us. If we receive revenue in respect of any referral fee arrangements with others, we will provide you with specific disclosure regarding that referral arrangement and the associated fees we receive in accordance with regulatory requirements.

Performance Benchmarks

We do not currently use benchmarks in order to assess the relative performance of your account. We have, however, for many of our funds, established a benchmark, or a blended benchmark, consistent with the types of securities that the fund may hold, that we use to assess the effectiveness of the portfolio adviser appointed for that fund and to decide when a change of portfolio adviser would be appropriate.

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LEVERAGE RISK Disclosure

RISK OF BORROWING TO INVEST

Here are some risks and factors that you should consider before borrowing to invest:

Is it Right for You?

Borrowing money to invest is risky. You should only consider borrowing to invest if:

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

You should not borrow to invest if:

- You have a low tolerance for risk.
- You are investing for a short period of time.
- You intend to rely on income from the investments to pay living expenses.
- You intend to rely on income from the investments to repay the loan. If this income stops or decreases you may not be able to pay back the loan.

You Can End Up Losing Money

- If the investments go down in value and you have borrowed money, your losses would be larger than had you invested using your own money.
- Whether your investments make money or not you will still have to pay back the loan plus interest. You may have to sell other assets or use money you had set aside for other purposes to pay back the loan.
- If you used your home as security for the loan, you may lose your home.
- If the investments go up in value, you may still not make enough money to cover the costs of borrowing.

Tax Considerations

- You should not borrow to invest just to receive a tax deduction.
- Interest costs are not always tax deductible. You may not be entitled to a tax deduction and may be reassessed for past deductions. You may want to consult a tax professional to determine whether your interest costs will be deductible before borrowing to invest. Your advisor should discuss with you the risks of borrowing to invest.

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