

## **About This Document**

This Relationship Disclosure Document (“RDD”) provides important information concerning the relationship between Nelson Portfolio Management Corp. (NPMC) and you, our client. This RDD will be provided to you at the time you open your account with us. If there is a significant change to the information contained in this RDD, we will provide you with updated information in writing as soon as reasonably possible. This RDD forms part of your Portfolio Management Agreement (“PMA”) with Nelson Portfolio Management Corp. and by signing the PMA, you acknowledge that you have received this document and understand its contents. The most current version of this document can be obtained on our website at <https://nelsonfinancial.ca/>.

To clarify, the terms “Us”, “We”, “Our” or “NPMC” mean Nelson Portfolio Management Corp., a privately-owned company incorporated under the laws of Manitoba, or its assignee. NPMC is a wholly owned subsidiary of BCV Asset Management Inc. “BCV”. When we refer to “You” or “Your” we are referring to the person or persons, corporation, partnership, or unincorporated association in whose name(s) the account is held and includes anyone you appoint as your agent or attorney.

## **About Nelson Portfolio Management Corp.**

**Our Clientele:** NPMC offers discretionary investment management services to individuals, families, corporations, trusts, endowments, foundations, not-for-profit organizations, pensions, and other like structures. Our typical client is a higher income professional or business owner, with a minimum of \$1 million to invest (across their family of accounts). Our minimum required investment is \$500,000.

**Our History:** Founded in 2013 by Douglas Nelson, NPMC provides custom portfolio design and discretionary portfolio management for the clients of Nelson Financial Consultants, a financial services boutique located in Winnipeg, Canada. During that time NPMC grew from \$50 million to \$100 million in assets under management. To strengthen the portfolio management expertise and breadth of NPMC, in December 2020, NPMC became a wholly owned subsidiary of BCV. In this way, the clients of NPMC could benefit from the expanded expertise of the BCV team. Today the NPMC team directly manages over \$160 million of client assets (as at April 2023).

The goal of this relationship is to create the next iteration of Nelson Financial Consultants, soon to be known as the BCV Private Client Group., where day to day portfolio management will continue to be managed by Doug Nelson and his team through BCV Asset Management Inc. once the amalgamation of NPMC into BCV Asset Management Inc. is complete.

## The BCV Private Client Group and the Corporate Structure

- The BCV Private Client Group is an operating unit within the overall BCV framework.
- Nelson Portfolio Management Corp. is a wholly owned subsidiary of BCV Asset Management Inc.
- Nelson Portfolio Management Corp. acts as a sub-advisor to BCV Asset Management Inc. when managing portfolios of the direct clients of BCV that are also clients of the BCV Private Client Group.

## Our Investment Approach and Process

NPMC is a discretionary portfolio management firm dedicated to building and protecting client wealth, seeking to maximize long-term investment returns while minimizing risk. We offer an alternative to mass-market investment products, creating customized investment portfolios within Separately Managed Accounts. We provide a high level of personalized and professional service and ensure that clients have a direct relationship with the Portfolio Manager entrusted with managing their wealth. We are able to provide this discretionary portfolio management service to investors whose household has approximately \$1 million of investable assets and are seeking a more customized, risk adjusted, tax-efficient approach, that is fully integrated into their overall financial plan.

We provide two approaches to portfolio construction and risk management: The Strategic Approach and The Tactical Approach.

### The Strategic vs. Tactical Approach To Investing:

- **The Strategic Approach:** In some instances, for some clients, it makes sense to build a fully invested, concentrated portfolio that is focused on longer term investment growth, with a 5 to 7-year time frame, where short term market fluctuations are of little concern. We call this the Strategic Approach to investing. The portfolio will typically fluctuate more in value (than the Tactical Approach) but can also generate higher, longer-term returns. This approach is more suitable for those investors with a longer-term time horizon and who is not reliant on the portfolio for a large amount of regular income.
- **The Tactical Approach:** In other instances, for some clients, managing shorter term market risk is more important. These clients may be drawing a regular income from their portfolio and may simply wish to have a more moderate, but consistent return over time. We call this the Tactical Approach, where more emphasis is focused on managing shorter term volatility with the goal of generating a more moderate longer-term return.

Within each approach is a combination of different investment strategies:

- **Public Markets vs. Private Markets:** NPMC invests in both the Public Markets (the Toronto Stock Exchange and the New York Stock Exchange) and the Private Markets (private pools of capital that provide loans, mortgages, real estate ownership, private company ownership and infrastructure ownership). The public markets provide greater liquidity (investments can be sold at virtually any time) and potentially greater short term upside growth potential, but this comes with also greater short term downside risk potential. By comparison, private market investments provide less liquidity (investments can typically be sold within 60 to 180 days) and can provide a more consistent return year over year (far less short-term changes in value). A thoughtful blend of the two strategies helps to gain the best of both worlds. Private securities may be held directly in the client account, or they may be held within one or more of the proprietary funds or pools managed by BCV or NPMC.

- **The Value Investing Approach:** NPMC follows the BCV approach to investing: a value investment style, seeking to purchase undervalued or fairly valued companies that have long-term earnings and dividend growth potential.

BCV, as the parent company of NPMC, is a research-driven firm, performing original and exhaustive fundamental security analysis on the companies in which they invest and considers the research of outside firms in order to gain a broader perspective on these companies. They perform economic forecasting of the key macroeconomic indicators in the countries and regions in which we invest. They continuously research and evaluate the companies in which they invest to ensure that the reasons for making the original investment remain valid and to ensure that the companies have not become overvalued. BCV applies the same level of detail in the research of governments and corporations that issue the bonds in which we invest to ensure that these issuers will be able to pay the periodic interest payments and return the principal at the maturity of the bond.

NPMC follows the BCV approach by investing in shares of companies with a view to the total return provided by the capital appreciation and dividend income from these shares. We follow a long-term buy and hold investment approach and we prefer to remain fully invested at all times (the degree to which depends on the Strategic vs. Tactical approaches described above). We seek to maximize long-term returns while minimizing risk and we typically construct equally weighted portfolios concentrated in a small number of companies. We believe that by focusing on the 40 to 50 companies in which we invest, we are making only the most compelling investments and we are sufficiently diversified at the same time. We also invest in the bonds of companies and governments with a view to the total return provided by the return of the principal amount of the bond and the interest income earned. We create well-diversified portfolios of bonds, diversifying by both issuer and term to maturity. We use a laddered approach in creating these portfolios to minimize reinvestment risk and we generally hold bonds to maturity.

- **Equity Investment Philosophy:** NPMC typically invests in conservative, large capitalization, blue chip companies that are consistent with the value investment style. These companies are characterized by their strong balance sheet, presence in attractive and growing industries, leadership amongst the companies in their industries, strong national and global business franchises, and above average profitability. At the time of investment, these companies are typically trading at a below-average multiple of earnings and possess an above-average dividend yield. The strength of these companies creates the potential for long-term earnings and dividend growth, which in turn would be expected to drive long-term share price appreciation. These securities may be held directly in the client account or they may be held within one or more of the proprietary funds or pools managed by BCV or NPMC.
- **Fixed Income Investment Philosophy:** NPMC. invests almost exclusively in investment grade bonds issued by federal and provincial governments and by corporations. These bonds have terms to maturity of up to ten years, which strikes a balance between the extra yield that can be earned by extending the term to maturity and the increased price volatility of longer-term bonds from changing interest rates. If we invest in provincial government or corporate bonds instead of federal government bonds, we carefully evaluate whether the extra yield is appropriate for the extra credit risk that we are taking. Also, if we invest in bonds of a longer term, we carefully evaluate whether the extra yield that is earned is appropriate for the extra term. Although the risk of default is very minor for investment grade bonds, we are careful to ensure that we are rewarded with extra yield for adding even small amounts of risk. We may invest in non- investment grade bonds, when suitable for specific portfolios, but only after careful consideration of the additional risk taken.

NPMC. focuses on long-term ownership of growing businesses with growing dividends. After an initial investment decision is made, we continuously monitor the companies in which we invest. If we do decide to sell a position in a company in which we invest, we do so because the investment thesis no longer holds, the company is hindered by unfavorable regulatory or management changes, or the current market price is significantly higher than our estimate of the true value of the company. Occasionally, we sell a position because another compelling investment opportunity presents itself and we need to raise cash to take advantage of that opportunity.

## **Licensing & Regulatory**

NPMC is registered as a Portfolio Manager in the provinces of Ontario, Manitoba, Alberta and British Columbia; and as an Investment Fund Manager in Manitoba and Ontario (this registration category is not required for Alberta or British Columbia).

The Manitoba Securities Commission – The Manitoba Securities Commission (“MSC”) is NPMC’s principal regulator responsible for oversight of NPMC with regard to applicable rules, regulations, and instruments. The primary regulation that applies to NPMC is known as National Instrument 31-103 (“NI 31-103”). NI 31-103 outlines all the principles that NPMC must follow to remain licensed as a Portfolio Manager. Of particular interest to you would be Sections 13 and 14 which outline our requirements when dealing with you and how we handle your accounts. This document and other related documents are available on the MSC website at [www.mbsecurities.ca](http://www.mbsecurities.ca).

**NPMC as Portfolio Manager:** As a portfolio manager (“PM”), NPMC provides discretionary portfolio management to you pursuant to our Portfolio Management Agreement (“PMA”) and in accordance with your Investment Policy Statement (“IPS”). We make investment decisions and trade accordingly on your behalf within the parameters agreed upon for the operation of your account.

**What Is a Portfolio Manager?** A PM is an investment professional who manages investment portfolios on behalf of individuals, corporations, or institutions. A PM provides discretionary management services, entrusted with the responsibility for the investment decisions for each client’s portfolio. These services include security selection, purchase and sale transaction execution, continuous portfolio review, and income reinvestment and distribution. A PM exercises this discretionary authority only after formulating an Investment Policy Statement with the client.

A PM can be used to refer to an individual or can refer to a firm that offers Portfolio Management services. There are two key reasons why we believe that working with a PM is advantageous for clients.

- **Fiduciary Duty to Clients:** A PM is bound by a fiduciary duty to act with care, honesty, and good faith, always in the best interest of their clients. This fiduciary duty creates a higher standard for PMs because investment decisions must be independent and free of bias, unlike other types of Financial Advisors, who are held only to a standard of suitability. The standard of suitability requires only that these advisors recommend investment products that are appropriate for a client, and which place the client’s interest first.
- **Professional Qualifications:** A PM is subject to the highest levels of education and professional experience requirements in the Canadian investment industry. An Advising Representative is required to have earned the Chartered Financial Analyst designation and have 12 months of investment experience in the 36-month period before applying for registration or have earned the Canadian Investment Manager designation and have 48 months of investment management experience including 12 months of investment experience in the 36-month period before applying for registration.

An Associate Advising Representative is required to have completed Level 1 of the Chartered Financial Analyst program and have 24 months of investment experience or have earned the Canadian Investment Manager designation and have 24 months of investment management experience.

**NPMC as Investment Fund Manager:** As an investment fund manager (“IFM”), NPMC provides management services to its in-house, proprietary investment funds. Such services include the oversight for fund accounting, the safe custody of client assets within the fund, recordkeeping, striking of the net asset value of the fund, and meeting all related regulatory requirements and reporting obligations for the Funds.

**Investment Policy Statement (“IPS”):** The IPS contains the guidelines within which a Portfolio Manager exercises their discretionary authority in managing a client’s investment portfolio. The IPS is created after a thorough assessment of each client’s investment objectives, income requirements, risk tolerance and tax position and is unique to each client. It is followed by the creation and implementation of an investment strategy that is consistent with the policy. The IPS is reviewed at least once each year to determine whether its objectives are still consistent with the client’s needs, and it can be reviewed at any time if a client determines their circumstances have changed.

**Separately Managed Accounts (“SMA”):** A Separately Managed Account is the cornerstone of the service that NPMC provides to Clients. It is exactly what the name suggests- your investment portfolio is held in an account in your name, separate from all other investors. Your investment portfolio is managed to meet your unique investment requirements.

Separately Managed Accounts have long been used by corporations, trusts, endowments, pension plans and high net worth investors.

**Related and Connected Issuers & Entities:** NPMC’s related and connected issuers and entities are as follows:

Investment Funds managed by NPMC: NFC Tactical Asset Allocation Pool

Investment Funds managed by related entities:

- BCV Asset Management Inc.
  - BCV North American Equity Fund
  - BCV Fixed Income Fund
  - BCV Multi-Strategy Alternatives Fund
  - Antares Value Pool
  - Antares Total Equity Pool
  - Antares Balanced Pool

Related registrant entities:

- BCV Asset Management Inc.

**Contact Information:**

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E: [info@nelsonfinancial.ca](mailto:info@nelsonfinancial.ca)  
W: [www.nelsonfinancial.ca](http://www.nelsonfinancial.ca)

## **Our Custodian: National Bank Independent Network (NBIN; [www.nbin.ca](http://www.nbin.ca))**

Our client accounts are required to be held by an independent third-party custodian. National Bank Independent Network (“NBIN”) is the custodian of your assets. NPMC does not have access to your money held at NBIN. Rather, the agreements you sign give us the authority to undertake certain risks, such as buying and selling securities in your accounts, moving money between accounts, and voting (or abstaining) proxies for securities held in your accounts.

Your assets are held in Canada in a fully disclosed, segregated account at National Bank Financial (“NBF”) acting through its National Bank Independent Network division (“NBIN”), which is an indirect, wholly owned subsidiary of National Bank of Canada (“NBC”). NBIN’s offices are located at Suite 3000, 130 King Street West, Toronto, Ontario. NBC is a federally regulated Schedule A bank and a public company listed on the TSX. NBF is a member of and regulated by the Canadian Investment Regulatory Organization (“CIRO”). NBF is a qualified Canadian Custodian under applicable securities laws. NBF is independent of NPMC. The assets in your NBIN account are never co-mingled with other clients’ assets. NBF is a member Canadian Investor Protection Fund (“CIPF”). CIPF, subject to condition 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 NBF becomes bankrupt or insolvent and CIPF coverage is insufficient to safeguard all your assets held by NBF; (ii) if there is a prolonged and/or unrecoverable breakdown in NBF’s information technology systems; and (iii) due to the fraud, willful or reckless misconduct, negligence, or error of NBF. NPMC has reviewed NBF’s reputation, financial stability, relevant internal controls, and ability to deliver custodial services and has concluded that NBF’s system of controls and supervision is sufficient to manage risks of loss to your assets in accordance with prudent business practice.

## **Products & Services**

### **Services Offered**

**Discretionary Portfolio Management Services:** NPMC offers discretionary portfolio management utilizing a portfolio of investments held in a separately managed account. Discretionary portfolio management means that the investment decisions are made on an ongoing basis by a duly authorized portfolio manager, who makes and executes investment decisions on your behalf according to your IPS. These investment decisions include the authority to vote on the securities held in your accounts and to take other actions, such as responding to corporate reorganizations and tender offers, on your behalf. To facilitate these services, our Investment Committee defines model portfolios for use in individual accounts or across a group of accounts. The model portfolio recommended to you is based upon your individual requirements, which is discussed in more detail later.

NPMC does not provide financial planning services. These services are provided by other affiliated organizations: Nelson Financial Planning Corp. and Nelson Insurance Services Corp.

### **Products Used in Our Portfolios**

**Individual Investments/Securities:** We believe that risk management through diversification is a key aspect of portfolio management and as such, we primarily use individual equity (ie: stocks) and fixed-income securities (ie: bonds). We may use other investment vehicles such as exchange-traded funds (ETFs), real estate investment trusts (REITs), preferred shares, money market instruments and private investment offerings. We do not use mutual funds in our client accounts as a strategy; however, will house these types of investment vehicles when a new account is transferred in with an intention to liquidate the position when it is optimal to do so.

**Proprietary Investment Pooled Funds:** NPMC manages the proprietary NFC Tactical Asset Allocation Pool with the goal of providing clients with a steady return with minimal risk. In addition to this, BCV has three proprietary investment pooled funds: the BCV North American Equity Fund, the BCV Fixed Income Fund and the BCV Multi-Strategy Alternatives Fund, which may also be used as part of your portfolio construction. These investment vehicles are used as an investment strategy in connection with individual investments/securities within client investment account or on their own. Other pooled funds may also be used from time to time from our related entities and sub-advisor relationships. For more information on these pooled funds please see our Related Party Disclosures within this document or contact us to get a copy of the Offering Memorandums.

Prices for the underlying investments in the Funds are provided by independent data providers wherever possible. Some of the underlying investments in the BCV Multi-Strategy Alternatives Fund do not have the same valuation frequency as the fund, or the pricing from the underlying manager is not yet available when the NAV for the BCV Multi-Strategy Alternatives Fund is struck each month. In these cases, we have used the NAV from the immediately preceding valuation period for those underlying investments for the current NAV for the BCV Multi-Strategy Alternatives Fund.

## **Opening & Maintaining Your Accounts**

This section pertains to clients who wish to utilize our Discretionary Portfolio Management Services, described previously. Opening and maintaining your accounts at NPMC is made up of three main steps, as follows:

1. Gathering information,
2. Setting up your accounts & selecting investments, and
3. Ongoing account maintenance.

### **Gathering Information**

Our priority is to get to know who you are so that we can properly advise you as to which investments are appropriate. We also have a duty to comply with securities regulations and anti-money laundering laws. If you would like more information on these regulations, please refer to the contact links at the end of this document.

**Getting to Know You:** In order to get to know you and provide you with suitable investment recommendations, we require detailed information so that we can assess your needs and comply with our regulatory requirements, particularly those outlined in Section 13.2 of National Instrument 31-103. To meet these needs, we will require information about you, including:

- Identifying information. Name, birth date, social insurance number
- Contact information. Address, phone numbers, email address
- Employment information. Employer, position
- Personal and family information. Spouse and their information, children
- Financial information. Income, expenses, assets, liabilities
- Objectives & constraints. Investment & financial needs, investment time horizon, investment knowledge, risk profile
- Other information. Determining whether you are an insider of a reporting issuer or any other issuer whose securities are publicly traded, determining your creditworthiness if you wish to use a margin or similar account

**Verifying Your Identity and Citizenship/Residency:** The Proceeds of Crime (Money Laundering) and Terrorist Financing Act, securities regulations, and recent changes to the Income Tax Act require that we take certain steps to verify your identity before we can execute any transactions on your behalf. The various laws require that we physically see you and your approved photo identification, and to take a copy of the identification. As well, we require a personalized cheque from a Canadian financial institution as secondary verification. We are also required to identify U.S. citizens and U.S. residents so that NPMC complies with the U.S.' Foreign Account Tax Compliance Act ("FATCA").

**Proceeds of Crime (Money Laundering) and Terrorist Financing Act:** The Proceeds of Crime (Money Laundering) and Terrorist Financing Act ("PCMLTFA") is the federal law that outlines the requirements that NPMC must comply with in order to operate in Canada. PCMLTFA empowers the Financial Transactions and Reports Analysis Centre of Canada ("FINTRAC") to administer the law. FINTRAC has prescribed the procedures by which we must ascertain your identity, which we follow when we first bring you on as a client. On a monthly basis, NPMC is also required to check whether a list of terrorists and terrorist organizations have an account with NPMC. If you would like more information, please visit the FINTRAC website. Website: <https://fintrac-canafe.canada.ca/intro-eng>

**FATCA:** On February 5, 2014, Canada and the U.S. signed the Canada-United States Enhanced Tax Information Exchange Agreement so that Canadian financial firms could comply with the U.S.'s Foreign Account Tax Compliance Act ("FATCA"). The provisions of this agreement have been incorporated in the Income Tax Act of Canada, which now requires Canadian financial institutions to identify U.S. citizens & U.S. residents and to provide certain information on reportable accounts to the Canada Revenue Agency ("CRA") who will in turn pass it along to the Internal Revenue Service ("IRS") in the U.S.

If an account is being opened for a corporation, we would require further documentation to verify the corporation's existence as well as those who control or are beneficial owners of more than 10% of the corporation. In the case of a partnership or trust, we would be required to verify the identity of all trustees. We are also required to verify the identity of the beneficiaries and settlor of a trust.

## Setting Up Your Accounts & Selecting Investments

Setting up your accounts and selecting investments is the most demanding stage. Quite simply, there are numerous forms to fill out and sign. More importantly, the information provided to us in the first step needs to be combined with the information we collect through conversations with you so that we can create an investment policy that works for you and for us and, ultimately, to select an investment portfolio that meets your needs.

**Assessing Your Risk Tolerance & Return Requirements:** One of the key documents is the Investment Policy Statement ("IPS"). Through a discussion with one of our Portfolio Managers, your answers will provide us with a starting point with respect to how you view risk. With respect to your return requirements, we will undertake discussions with you to determine this information. If your return expectations are compatible with your risk profile, then creating a portfolio that meets your needs is a straightforward process. If, on the other hand, your return expectations are not compatible with your risk profile, further discussions would be required so that these issues can be resolved before we move to the next step. It is possible that you and NPMC may not be able to agree upon the compatibility of your return requirements with your risk tolerance and, in this situation, we may recommend that you seek out the services of another portfolio manager.

**Select the Appropriate Investment Mandate:** After assessing your risk tolerance, return requirements, time horizon, financial situation, and other factors, an appropriate investment mandate will be selected and recommended to you. This mandate will be applicable to a single account, or it may be applicable to a group of accounts. If the investment mandate is applicable to a group of accounts, investments ultimately used in each individual account may not appear to reflect your investment mandate; however, when the group of accounts are viewed, the investments would reflect the appropriate investment mandate. For example, this may occur in order to improve the overall tax efficiency of a portfolio; if one had an RRSP and a cash account, it is generally considered best practice to place the income-generating investments in the RRSP and those that generate capital gains in the cash account.

**Setting Up Your Accounts:** Once an appropriate investment mandate has been selected, all the required forms can be generated and signed so that the selected custodian can start the process of setting up your accounts. N P M C will also finalize your Investment Policy Statement and Portfolio Management Agreement for you to sign. This document contains all the information specific to managing your account.

**Make the Initial Transactions:** NPMC manages your portfolio by using either the Strategic or Tactical Approach to portfolio design, using a combination of individual stocks, bonds and proprietary investment pools. In order to achieve the allocation of the portfolio plan, various securities will need to be bought and sold. Under securities law, NPMC has an obligation to assess whether the purchase or sale of an investment is suitable for you prior to executing the transaction. We do this by assessing the investment relative to your objectives, your risk tolerance, the composition of your portfolio plan, and other factors. Occasionally we may retain, at a client's request, certain investments in order to properly manage taxes or redemption fees.

## Ongoing Account Maintenance

Maintaining your accounts so that they meet your needs requires that both you and NPMC work together. You need to let us know if your personal situation changes in any way that may affect your investment objectives or risk tolerance. Similarly, we need to regularly monitor the asset classes and investments used in your portfolio to ensure that they continue to meet your needs. Together, these actions will help ensure that a successful investment relationship endures.

**If Your Situation Changes:** If something important changes in your life, you need to let us know so that we can continue to manage your assets in a manner that is appropriate and suitable for your particular circumstances. In addition, Canadian securities laws require us to obtain this information from you and to update it from time to time to ensure that our knowledge of your circumstances remains current. Changes you should notify us about include:

- A change in your marital status,
- A change of address,
- A change in your financial goals or personal obligations,
- An event that has had a significant impact on your financial, professional, or personal situation, and
- A change in your status as an insider or as a significant shareholder of a company whose shares are traded on an exchange or on the over-the-counter market.

If the changes are determined to be significant, your IPS, or other documents, may need to be updated to ensure it remains current. As well, changes may need to be made to your portfolio to ensure that it meets your new requirements.

**Managing Your Portfolio:** After your portfolio has been selected and implemented, it will be monitored regularly, and adjusted, if necessary, to ensure that it continues to meet your needs. This process is as follows:

- NPMC's Investment Committee will meet regularly to analyze asset classes and investments to determine the appropriate mix that, in the view of the Committee, best meets your objectives.
- If our Investment Committee makes changes to our preferred list of investments, these changes will be applied to the individual client SMA accounts as required. These changes would appear as transactions in your account.
- Changes may also be made to your account as your income, income tax and portfolio value fluctuates over time. The value of your investments may change such that the percentage allocation to an investment may drift away from its target weighting over time. In this situation, your portfolio may be rebalanced to bring the allocations back in line with your portfolio plan. We do allow the percentage allocation of an asset class or investment to deviate within a range around the target allocation so that rebalancing transactions do not occur frequently. We may also perform rebalancing at other times simply to ensure that it stays as close to its portfolio plan as possible.

**Trusted Contact Person:** By choosing to provide information about a trusted contact person, you authorize NPMC to contact the trusted contact person and disclose information about your accounts to that person in the following circumstances:

- i. possible financial exploitation of yourself;
- ii. concerns about your mental capacity as it relates to your financial decision making or lack of decision making;
- iii. the name and contact information of any of the following:
  - a. a legal guardian of yourself,
  - b. an executor of an estate under which you are a beneficiary;
  - c. a trustee of a trust under which you are a beneficiary, or
  - d. any other personal or legal representative of yourself; or
- iv. your current contact information.

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

NPMC will only place a temporary hold on your accounts if we have reasonable belief that:

- a) You are a vulnerable client; and
- b) You have been financial exploited, financial exploitation is occurring, has or will be attempted; or
- c) We reasonably believe that 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 with 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 to determine if continuing the temporary hold is appropriate. Within 30-days of placing the temporary hold, and until the hold is revoked, we will update you on a monthly basis to keep you informed of our decision to continue the temporary hold and the rationale for that decision.

**Liquidity of Investment Holdings:** The securities held in your account are generally highly liquid and trade on recognized exchanges. These securities can usually be purchased and sold on the day an order is entered; with settlement of the trade occurring in two business days. Private investments may take as long as 90 to 180 days to sell.

**Reporting:** NPMC provides our ongoing documentation via mail (or electronically – as applicable and available). NPMC will deliver the following documents on an ongoing basis:

- Quarterly - Performance Reports and Statements,
- Annually - Performance Reports and Statements,
- Annually – Fees, Charges and Compensation Reports,
- Annually - Tax slips,
- As Required - Other reports or notifications.

Our custodians have similar reporting requirements to NPMC. As such, they will provide the following documents on an ongoing basis:

- Monthly - Statements if a transaction occurred within the month,
- Quarterly - Statements,
- Annually - Tax slips,
- As Required - Other reports or notifications.

Clients may also elect to receive these documents in electronic format. If electronic delivery is your preferred method of delivery, NPMC will have you sign an electronic delivery consent form in order to do so.

## **Compensation, Fees and Charges**

### **Compensation Received by NPMC**

NPMC may receive compensation from one or more of the following sources:

**Investment Management Fees for Your Accounts:** Investment management fees for your account will be charged in arrears directly to your account on a monthly basis. A description of the investment management fees applicable to your account will be contained in your Account Opening Documents.

Investment management fees are based on the prior month's average portfolio value in eligible investments in your account. For the month when your account is opened or closed, the investment management fee will be charged on a pro rata basis for the proportion of days in the month the account was open. Other portfolio management fees may be collected within the management of one or more of the proprietary investment funds or pools.

For the purpose of determining the rate payable, total household eligible investments may be used to take advantage of declining rates for larger aggregate eligible investment sizes. Accounts that can be combined together include the following:

- your accounts,
- the accounts of your spouse,
- the accounts of any children living with you or your spouse,
- corporate accounts where you or your spouse are the beneficial owners,
- trust accounts where you, your spouse or your dependent children are the beneficial owners, or
- as you and NPMC may agree.

Monthly portfolio management fees will be charged to one or two accounts within the household.

All investment management fees are subject to applicable taxes.

**Impact of Fees on Investment Returns:** Ongoing fees can reduce the value of your investment portfolio. This is particularly true over time as not only is your investment balance reduced by the fee, but you also lose on 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 investment portfolio. This can include the management fees charged at the account level along with any embedded fees within investment vehicles such as third-party mutual funds, exchange traded funds, or pooled funds.

### **Account & Transaction Charges**

**Transaction Charges:** Being invested in an SMA, transaction charges for the purchase and sales of securities may be charged to your account. These charges are included in the purchase and sale price of the security when bought or sold (as part of the book cost). A description of the transaction charges (if any) applicable to your account will be contained in your Account Opening Documents.

**Mutual Fund Trailer Fees/Commissions:** Some mutual funds and third-party pooled funds pay the advisor trailing fees/commissions. If your investment account holds mutual funds or third-party pooled funds that pay a trailing fee/commission, those fees are collected and returned to you.

**Fair Allocation of Orders:** Transactions for each client account generally will be affected independently, unless NPMC decides to purchase or sell the same securities for several clients at approximately the same time. NPMC may combine or “block” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably, among NPMC’s clients, differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. NPMC will treat all its clients fairly with respect to investment opportunities presented. Depending on the nature of security and the client’s specific investment policy statement, all clients will be given equal opportunity to participate in investment purchases or sales. Generally, NPMC will not participate in Initial Public Offerings, in such cases that NPMC does, allocations will be based upon asset size and target weighting.

**Execution of Brokerage Transactions:** NPMC will arrange for the execution of securities brokerage transactions for the Assets through broker-dealers that NPMC reasonably believes will provide “best execution”. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates and responsiveness. NPMC does not enter into “soft dollar” arrangements with investment dealers or brokers.

**Soft Dollars:** NPMC receives research from the dealers with whom we place trades for client accounts. This research may be a factor used in determining dealers through whom NPMC will place trades. NPMC reviews each trade to determine, among other things, whether NPMC’s clients received reasonable benefit considering the applicable research, if any is received, and the amount of brokerage commissions paid.

Typically, there are 3 factors in the decision to trade with a specific dealer and is determined on the basis of:

- i. best execution;
- ii. did the research assist in decision making of the investment; and
- iii. has NPMC traded with the dealer yet in the calendar year.

NPMC will make initial disclosures to its clients as contained in client account opening documents, and then will provide annual disclosure. Included in these disclosures are:

- i. description of the process in selecting a dealer for security transactions, including whether receiving
- ii. goods and services as a factor;
- iii. description of the nature of arrangements under which order execution and research goods and
- iv. services might be provided;
- v. list of each type of good or service that might be provided; and
- vi. a description of the method by which the good faith determination is made of the reasonable benefit.

**Gifts & Entertainment:** Gifts and services received by NPMC from brokers or other service providers, or vendors shall be kept within reasonable limits and shall never influence any type of decision making in respect of portfolio management or trading. Gifts with value in excess of \$350.00, singly or cumulatively, in any one year from any one supplier shall be disclosed to the Chief Compliance Officer (“CCO”) and may be returned to the supplier. This section does not prohibit ordinary and usual business entertainment provided that it is not so frequent or excessive so as to raise any questions as to propriety. Approval of such entertainment shall be obtained in advance from the CCO, unless the CCO has issued standing instructions regarding business entertainment.

## Investment Risks

### Introduction

Before making any investment decision, you should assess its risks and rewards and how this relates to your investment goals, your level of risk tolerance, your level of knowledge, and any other relevant factors. As your portfolio manager, we make investment decisions on your behalf in accordance with your Investment Policy Statement. These investment decisions are subject to a variety of risks which we endeavor to minimize. Also keep in mind that not all risks are of equal importance and may not even be applicable to you or your investments.

The most important thing to understand is that your portfolio is not guaranteed and that you could lose all or part of your investment. Your portfolio is not covered by the Canada Deposit Insurance Corporation ("CDIC") or any other government deposit insurer. However, some investments in your portfolio (ie: GICs) may be covered by such insurance programs. Investment risk varies depending on the type of investment. There is usually a direct relationship between the amount of risk associated with an investment and its expected return. Generally speaking, if an investment or investment strategy appears that it will earn a high return, it is probably a good idea to assume that it comes with a high degree of risk. You could end up losing your money, so it is always prudent to be cautious, do your research, and ask a lot of questions before making any investment decision.

As mentioned earlier, not all risks are of equal importance and may not even be applicable to you or your investments. The following is simply a list of investment risks that are often encountered by all investors. NPMC strives to minimize or mitigate risks when managing your portfolio. If you have any concerns about any of the risks listed, please contact your advisor.

### General Investment Risks

The following is a list of main risks which affect all investors as well as the investment strategies which may be used by NPMC.

- **Borrowing Money to Buy Securities (Leveraging):** Securities may be purchased using available cash, or a combination of cash and borrowed money. If cash is used to pay for the purchase in full, the percentage gain or loss will equal the percentage increase or decrease in the value of the securities. The purchase of securities using borrowed money magnifies the gain or loss on the cash invested. This effect is called leveraging.

For example, if \$100,000 of individual securities are purchased and paid for with \$25,000 from available cash and \$75,000 from borrowings, and the value of the portfolio declines by 10% to \$90,000, your equity interest (the difference between the value of the securities and the amount borrowed) has declined by 40%, for example from \$25,000 to \$15,000.

It is important that an investor proposing to borrow for the purchase of securities be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only.

To what extent a purchase using borrowed monies involves undue risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the securities purchased.

It is also important that the investor be aware of the terms of a loan secured by securities. The lender may require that the amount outstanding on the loan not rise above an agreed percentage of the market value of the securities. Should this occur, the borrower must pay down the loan or sell the securities so as to return the loan to the agreed percentage relationship. In our example above, the lender may require that the loan not exceed 75% of the market value of the individual securities in the portfolio.

On a decline of value of the portfolio to \$90,000 the borrower must reduce the loan to \$67,500 (75% of \$90,000). If the borrower does not have cash available, the borrower must sell securities at a loss to provide money to reduce the loan. Money is, of course, also required to pay interest on the loan. Under these circumstances, investors who use borrowed funds to purchase their investment are advised to have adequate financial resources available both to pay interest and also to reduce the loan if the borrowing arrangements require such a payment.

- **Liquidity:** Liquidity refers to the speed and ease with which an investment may be sold and converted into cash. The sale of an investment may be subject to delays and additional costs and may be possible only at substantial discounts that could materially and adversely affect the amount of gain or loss you may realize.
- **Lack of Diversification:** A portfolio is said to lack diversification if it invests a large proportion of its assets in a single issuer, in a single asset class, in a single sector, or in a single geographic area. When a portfolio is not diversified, it could experience greater volatility and will more likely be affected by changes in the market value of these securities.
- **Market Risk:** General market risk is the risk that investments, particularly equity investments, may go up or down in value and in some cases, abruptly. All investments are subject to general market risk which in turn is driven by market sentiment, corporate developments, economic factors, changes in interest rates, changes in the level of inflation, political/governmental influence, natural disasters, and other shocks that may affect the securities marketplace in general.
- **Interest Rate:** The values of fixed income securities, such as bonds, debentures, or mortgages, are affected by changes in interest rates. Generally, the value of these securities increases if interest rates fall and decreases if interest rates rise.
- **Credit Risk:** Investments in bonds, mortgages, or other fixed income securities bear the risk that the borrower may not be able to pay interest or principal when due. This is known as credit risk. The value of fixed income and debt securities depends, in part, on the perceived ability of the government, company or individual that issued the securities to pay the interest and to repay the original investments. Securities issued by those governments, companies, or individuals that have low credit ratings are considered to have a higher credit risk than securities issued by those that have high credit ratings.
- **Smaller Capitalization Companies:** The earnings and share prices of smaller and less well-established companies tend to be more volatile and the markets for the shares tend to be less liquid, with resulting higher risk of loss, when compared to investments in larger and more established companies.
- **Portfolio Turnover:** Accounts may be subject to a high annual portfolio turnover rate as a result of ongoing portfolio management. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate and, everything else being equal, would lower returns.

- **Currency Risk:** The value of investments denominated in a currency other than Canadian dollars is affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the investment is denominated. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rises. When the value of the Canadian dollar rises, the value of foreign investments falls.
- **Foreign Investments:** The risk of loss on foreign investments may be greater than risks associated with Canadian investments as there is often less information available about foreign companies than about domestic companies due to the fact that many foreign companies are not subject to the uniform and extensive accounting, auditing and financial reporting standards and practices, government supervision and regulation and other disclosure requirements which apply to companies in Canada. Additionally, foreign investments may be subject to foreign investment and exchange control laws, foreign withholding taxes, or the risk of possible expropriation or imposition of confiscatory taxation. In addition, foreign stock markets may be less liquid and more volatile than the Canadian stock markets, trade and settlement practices are often not as developed and corporate actions are often not as controlled. Any foreign investments will have risks associated with changes in foreign exchange rates, possible restrictions on the repatriation of funds or dividends, and there may be difficulty in enforcing any legal rights against such foreign investments.
- **Counterparty Risk:** Some investments may enter into customized financial instrument transactions which would be subject to the risk of credit failure or the inability of or refusal by the counterparty to perform with respect to such customized financial instrument transactions, which could subject the investment to substantial losses.

## **Conflicts of Interest & Other Relationships**

In the course of providing products and services to you, there may be situations where a conflict of interest arises between our interests and yours. We believe it is important that you are fully informed regarding these conflicts. As well, Canadian securities laws require us to take reasonable steps to identify and respond to existing and potential material conflicts of interest, and in certain circumstances, to provide you with certain information regarding these conflicts. We may also be required to obtain your prior consent before we engage in certain types of transactions. This link below contains important information regarding certain conflicts of interest that we have identified and clarifies other relationships. Please read it carefully.

## **Concerns or Complaints**

We hope that you never have a concern or complaint about the services you have received from NPMC, however there may be times when such a situation may arise. The following is a summary of the process we have designed so that any concern or complaint is addressed quickly and effectively.

**Step 1: Talk to your Portfolio Manager:** Most concerns or complaints can be resolved simply by talking to your Portfolio Manager and obtaining more information.

**Step 2: Contact the Chief Compliance Officer:** If your concern or complaint cannot be resolved to your satisfaction, please contact NPMC's Chief Compliance Officer and outline what went wrong, when it happened, and what you expect (ie: your money back, an apology, account correction). All complaints must be made in writing and sent to the following address:

Nelson Portfolio Management Corp.  
 1-220 Newmarket Blvd. Winnipeg, Manitoba, Canada. R3T 6G7  
 Attention: Chief Compliance Officer Or via email at [info@nelsonfinancial.ca](mailto:info@nelsonfinancial.ca)

We will acknowledge your complaint in writing within five business days of receiving it, and we may ask you to provide clarification or more information to help us resolve your complaint and will advise you as to the availability of OBSI (below). Normally we will provide our decision in writing within 90 days of receiving your complaint. The decision will include a summary of the complaint, the results of our investigation, our decision to make an offer to resolve the complaint or deny it, and an explanation of our decision. If we cannot provide you with our decision within 90 days, we will inform you of the delay, explain why our decision is delayed, and give you a new date for our decision.

**Step 3: Utilize the Ombudsman for Banking Services and Investments (“OBSI”):** If we have been unable to reach a satisfactory resolution to your issue or if we do not provide you with our decision within 90 days after you made your complaint, you may be eligible for the OBSI’s free and independent dispute resolution service. The OBSI’s service is available to clients of NPMC, and they can recommend compensation of up to \$350,000. Using the OBSI’s service does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action.

You have the right to use the OBSI’s service if your complaint relates to a trading or advising activity of our firm or by one of our representatives, if you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint, and if you file your complaint with the OBSI within their prescribed time limits. These time limits are as follows: if we do not provide you with our decision within 90 days, you can take your complaint to the OBSI any time after the 90-day period has ended, or if you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to the OBSI.

Should you wish to file a complaint with the OBSI, you can do so by calling them at 1-888-451-4519 or by emailing them at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca). Once the process has been started, the OBSI will investigate and provide its recommendations. The OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer. During its investigation, the OBSI may interview you and representatives of NPMC, and we are required to cooperate in the OBSI’s investigations. Once the OBSI has completed its investigation, it will provide its non-binding recommendations to you and to us. The OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint. For more information about the OBSI, please visit their website at [www.obsi.ca](http://www.obsi.ca).

**Help us resolve your complaint sooner:** To resolve your complaint quickly, make your complaint as soon as possible, reply promptly if we ask you for more information, and Keep copies of all relevant documents, such as letters, emails, and notes of conversations with us.

**Are you a resident of Québec?:** The services of the OBSI are not available to residents of Québec, but you may consider the free mediation service offered by the Autorité des marchés financiers.

**A word about legal advice:** You always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your options. There are time limits for taking legal action so delays could limit your options and legal rights later on.

**Information OBSI needs to help you:** The OBSI can help you best if you promptly provide all relevant information, including: your name and contact information, NPMC’s name and contact information, the names and contact information of any of our representatives who have been involved in your complaint, details of your complaint, and all relevant documents, including any correspondence and notes of discussions with us.

## **Privacy Policy**

NPMC is committed to protecting your privacy and maintaining the confidentiality of your personal, business, and financial information. This commitment is fundamental to the way we do business and is reflected in our privacy policies. NPMC is responsible for the personal information of its clients that it collects or that is under its control. NPMC has appointed a Privacy Officer who is responsible for overall privacy governance. The Privacy Officer may be contacted at the address set out at the end of this Privacy Policy. NPMC is committed to protecting your privacy and maintaining the confidentiality of your personal, business, and financial information. This commitment is fundamental to the way we do business and is reflected in our privacy policies. NPMC is responsible for the personal information of its clients that it collects or that is under its control. NPMC has appointed a Privacy Officer who is responsible for overall privacy governance. The Privacy Officer may be contacted at the address set out at the end of this Privacy Policy.

### **What is personal information?**

Personal information means any information about an identifiable individual, including information such as your home address, phone number, date of birth, age, marital status, religious affiliation, employment history, social insurance number and credit history.

### **What personal information do we collect?**

NPMC collects your personal information for the purpose of establishing and servicing your account(s). The majority of your personal information is collected directly from you at the time your account is opened at NPMC. NPMC shall only collect the personal information of its clients that is necessary for the purposes that have been previously identified to the client. Information essential for fulfilling most financial requests and applications includes:

- Information establishing your identity, such as your name, address, phone number, occupation, title, business phone number, email address, date of birth, social insurance number, citizenship, country of residence and account numbers. NPMC is required by law to verify your identity for purposes relating to the prevention of money laundering.
- Information related to transactions arising from your relationship with and through us, and from other financial institutions.
- Information you provide on an application for the provision of our products and services, such as your annual income, net worth, place of employment, marital status, number of dependents, investments, account balance, financial liabilities, transaction history, and banking information. NPMC is required by law to record your banking information for purposes relating to the prevention of money laundering.
- Information about financial behavior such as your payment history and credit worthiness. In the event that your credit history is obtained, NPMC may collect personal information directly from a credit reporting agency.
- Information about your health may be collected for insurance products and services.
- Information pertaining to business clients will include your business name, business number, address, phone number, email address, industry type, financial status and detail(s) on the owner(s), operator(s), and director(s).
- Additional information may be requested to help us determine your eligibility for products and services that we offer.
- Other information may occasionally be collected from a third party or relating to a third party, such as information from the executor of an estate or the name and address of your beneficiary.

Providing us with your information is always your choice. However, in dealings involving insurance and related financial services, your decision to withhold particular details may limit or prevent us from providing the products or services you have asked for. It may also make it difficult or impossible for us to advise you or suggest appropriate alternatives.

## How do we use your personal information?

We use your personal and financial information for the purposes communicated to you in your agreement(s) with us, for example to:

- Verify your identity.
- Understand your financial situation and determine the suitability of products and services we offer.
- Provide you with the financial products and services requested.
- Execute your transactions.
- Establish and administer your account(s), which involves determining, maintaining, recording, and storing account holdings and transaction information in your client record.
- Provide you with account statements, financial statements, tax receipts, proxy mailings, transaction confirmations and other information which may be requested or needed to service your account(s).
- Communicate to you any benefit, feature and other information about products and services you have with us.
- Ensuring the information in our records is accurate.
- Verifying previously given information when necessary.
- Respond to any special needs or inquiries you may have.
- Manage our risks and operations.
- Meet our regulatory and legal requirements.

NPMC will not sell your personal information. Sensitive information such as health records will never, under any circumstances, be shared or used for a purpose other than that of the original intent. We may use your information internally for general research in an effort to enhance our service and product offerings. We may communicate with you through various channels including telephone, computer or mail using the contact information you have provided. With your consent, we may use your information to promote our products and services and that of third parties we select, which we believe will be of interest to you. If for any reason your information is required to fulfill a different purpose than that of your original intent, we will ask for your consent before we proceed.

## Who is your personal information shared with?

**Our Employees:** All employees of NPMC are bound under the policies and procedures of NPMC to maintain the confidentiality of your personal information and are available to address any questions or concerns you may have. Access to your information is restricted to authorized employees who have a legitimate business purpose for accessing it. Unauthorized access to and/or disclosure of client information by an employee of NPMC is strictly prohibited. All employees are required to maintain the confidentiality of client information at all times.

**Outside Service Providers:** NPMC uses third-party service providers to perform services on our behalf such as custody of client accounts, client reporting and recordkeeping, and email and electronic document storage. Our service providers may at times be responsible for processing or handling personal information and are provided only the information necessary to perform the services. At times we may use third parties outside of Canada, including in the United States, to perform services for us involving some of your personal information. This may require the transfer of information to those third parties. This information is subject to both the laws of Canada and the laws of the third-party's jurisdiction, including laws with respect to disclosure of such information. NPMC ensures that all third-party service providers have a comparable level of protection for your personal information, and that the use of the personal information is limited to purposes set out in this policy.

**Other Related Firms:** When and where applicable, your personal and portfolio information with NPMC may be shared with your advisor, who also provides financial planning advice (through Nelson Financial Planning Corp.) and / or insurance advice (through Nelson Insurance Services Corp.).

**Other Third Parties:** We will only share your information with other third parties as indicated under your account agreement and under the following special circumstances:

- As required under the rules and regulations of any regulator of NPMC.
- Other financial institutions and securities dealers when necessary to carry out your instructions, such as transferring funds.
- To respond to valid and authorized information requests from domestic and international authorities.
- As permitted or required by law, to comply with laws, regulations, subpoena, or court order.
- To help prevent fraud.
- To identify, contact or bring legal action against someone who may be causing injury to or interference with (either intentionally or unintentionally) NPMC's rights or property or anyone else that could be harmed by such activities.
- To protect the personal safety of employees, clients or other third parties on NPMC property.

We may also disclose your information in connection with:

- A corporate re-organization of NPMC in which case the information would only be shared with employees of the organization who have a strict need to know the information to evaluate the re-organization.  
A potential merger or amalgamation between NPMC and another third party or a sale of all or a substantial portion of our assets to enable that third party to evaluate the transaction and, in that case, the information would only be shared with members of that organization who have a strict need to know the information to evaluate the transaction.
- An actual merger, amalgamation or sale of all or a substantial portion of NPMC's assets where you would then become a client of a different organization.

In all cases above, NPMC will only disclose the information if the third party has agreed to protect the information at least as well as we do under our Privacy Policy, only share it with members of their organization who have a strict need to know the information and use it only for the purpose of the transaction and for no other purpose.

## **How do we keep your personal information safe?**

NPMC is committed to protecting the personal information of its clients and has implemented the necessary security safeguards that are appropriate to protect the sensitivity of such information. This commitment extends to our online services and any new technologies we employ.

The majority of your personal information is contained on your account documentation. Most account documentation is maintained at NPMC's head office or branch offices and is safeguarded by using several protective methods such as using locked, fire-resistant filing cabinets and restricting access to certain designated areas where your account documentation is stored. NPMC also stores account documentation offsite in a secure location.

Digital copies of your account documentation, along with other documents containing personal information, may be stored on employees' computers, NPMC's servers, or on cloud-based servers. Privacy, security, and confidentiality are as important online as with all our other business functionality. NPMC has implemented industry standard methods of protecting your personal information that is available electronically or online from unauthorized access, disclosure, copying, use or modification. This includes the use of firewalls, encrypted passwords, anti-virus software, intrusion detection systems, file encryption, authentication, and other appropriate means to protect your personal information.

NPMC may from time-to-time use cookies on its website to improve functionality and in some cases, to provide clients with customized access to our website. Cookies are not used to collect personal information that may reside on your personal computer and are not used to track the websites that you visited before or after you leave the NPMC site.

## **How long do we keep your personal information?**

In order to service your account and to meet regulatory and legal obligations, NPMC may be required to maintain information related to you and your account for a certain period of time. Personal information may be destroyed in a safe and secure manner once it is deemed that the information is no longer necessary for the above-mentioned purposes. How long we keep your information depends on the reasons for which it was collected. The type of product or service and the kind of information also affects the length of time we retain information. Your information may be kept even if you are no longer a client with us so long as it is legally necessary for us to have sufficient information to respond to any issues that may arise at a later date.

## **How do we keep your personal information accurate?**

NPMC is committed to keeping the personal information of its clients accurate, complete, and up to date at all times. In order to maintain the accuracy and completeness of your personal information, you will need to update your account documentation from time to time. If your personal information changes, please notify us so we can update our records.

## **How can you access your personal information?**

NPMC is committed to providing its clients with information relating to the existence, use and disclosure of their personal information and clients shall be given access to such information where appropriate. You can request access to your personal information by contacting the Privacy Officer in writing at the address indicated at the end of this Privacy Policy. A request to access your personal information will only be accepted if received directly from you; requests received from, received via, or directed by other persons, companies, or organizations will not be accepted.

NPMC may not be able to provide you with full access to your information if it contains references to other persons, if it would have to disclose proprietary information confidential to NPMC or its affiliates, if it has been destroyed, or if it cannot be disclosed for legal or regulatory reasons. If we are unable to provide you with access to your personal information, we will give you an explanation.

Personal information collected by a request to access your personal information will only be delivered to you; your personal information will not be delivered to other persons, companies, or organizations.

### **How do we obtain your consent?**

NPMC shall only collect, use, or disclose client information with your knowledge and consent except where inappropriate or as otherwise required or permitted by law. By completing our account forms, you are consenting to the collection, use, and disclosure of your personal information for the purposes set out in this Privacy Policy.

### **How can you withdraw your consent?**

You have the right to withdraw your consent to the use of your personal information that is not required for the purpose of establishing and servicing your account(s) and to fulfill our legal, regulatory, and self-regulatory obligations in Canada and in some cases, abroad, or as otherwise permitted by law.

Requests to withdraw consent will only be accepted if received directly from you; requests to withdraw consent received from, received via, or directed by other persons, companies, or organizations will not be accepted. Please be advised that the withdrawal of your consent is not a condition of doing business with NPMC and you are free to withdraw your consent at any time.

### **Further Consent May Be Required**

In the event that NPMC would like to use your personal information in a manner that has not been previously identified, NPMC will notify you in advance and obtain your consent unless otherwise required or permitted by law.

### **How can I make an inquiry or complaint?**

If you have a privacy inquiry or complaint, please direct it in writing to the attention of the Privacy Officer at the address noted below. Telephone calls, faxes, and emails will not be accepted. Please be sure to include your name, address, phone number and information relating to the nature of your inquiry or complaint. Inquiries and complaints will only be accepted if received directly from you; inquiries and complaints received from, received via, or directed by other persons, companies, or organizations will not be accepted. In most instances, the Privacy Officer will investigate and reply to inquiries within 30 days. If the Privacy Officer is unable to respond to your inquiry within 30 days, you will be notified in advance of the end of such 30-day period of when you should expect to receive a response.

The Privacy Officer can be reached in writing at the following address:

Nelson Portfolio Management Corp.  
1-220 Newmarket Blvd.  
Winnipeg, Manitoba, Canada  
R3T 6G7  
Attention: Privacy Officer

Or via email at [dnelson@nelsonfinancial.com](mailto:dnelson@nelsonfinancial.com).

## **Other Information**

### **Investment Performance Benchmarks**

NPMC does not manage your portfolio so as to out-perform a specific index. Instead, NPMC manages your portfolio so as to achieve specific outcomes related to your specific situation: return, volatility, tax-efficiency, income needs, stage of life and time frame. To put your portfolio return into perspective, we will provide a number of comparatives over time.

Investment performance benchmarks (market indices), when used, can be used to assess the historical performance of your portfolio, both in terms of risk and return.

It is our opinion that a performance benchmark should reflect the investment mix and risk profile of the portfolio to which it is being compared. For example, the S&P/TSX Composite Index indicates how the largest companies listed on the Toronto Stock Exchange have performed in aggregate and would be a good benchmark for assessing the performance of a portfolio made up of larger Canadian companies. Conversely, it would be a poor benchmark for assessing the performance of a diversified portfolio that included a number of different asset classes.

You cannot invest in market indices without incurring fees, expenses, and commissions, which are not reflected in the benchmark return. Past performance is not necessarily indicative of future performance and the risk associated with a particular investment can change over time. As well, other quantitative and qualitative factors not captured by investment performance benchmarks may also be important when assessing the performance of your portfolio.

NPMC may utilize the following performance benchmarks for client quarterly reporting:

S&P/TSX Composite Total Return Index – represents the largest companies traded on the Toronto Stock Exchange. This benchmark would be used for performance and risk comparisons against a Canadian Equity portfolio.

S&P 500 Composite Total Return Index – represents the largest companies traded on the New York Stock Exchange. This benchmark would be used for performance and risk comparison against a United States Equity portfolio.

FTSE TMX Canada Universe Bond Index – tracks the broad Canadian government and corporate bond market. This benchmark would be used for performance and risk comparison against a Canadian Fixed Income portfolio.

NPMC may, at times, utilize a blended benchmark depending on specific client requests and/or requirements.

All benchmarks noted above will appear within client quarterly reporting statements (regardless of portfolio composition/asset allocation) unless an explicit request is made by the client(s) for specific benchmarks to be used.