

**TD Wealth**

# Private Investment Advice Relationship Disclosure



Thank you for choosing TD Wealth Private Investment Advice as your wealth management provider. At TD Wealth we are committed to helping our clients meet their financial goals and we believe that it all begins with a strong relationship between the client and their Investment Advisor. We believe we can do this most successfully if we both know what to expect from each other. For this reason, we would like you to have a good understanding of our responsibilities to you, and the features and operation of the products, services and accounts we offer.

The Relationship Disclosure document contains important information for several different account types offered by TD Wealth Private Investment Advice. Please review the "Your Account Type and How It Will Operate" section on page 3 for details. Should you need assistance determining what types of accounts you currently hold please contact your Investment Advisor. Your Investment Advisor will also review the content of the Relationship Disclosure document with you.

We will update this relationship disclosure document when there are material changes to it and provide you with an update at that time.

## **Nature of Our Relationship With You**

### **What we do**

- We go through a discovery process to get an understanding of you, your investment goals, and your overall vision.
- We work with you to uncover and clarify your goals regarding your family, career, well-being, lifestyle, legacy, and home.
- We will help define your specific goals, establish priorities, and set time frames for marking our progress towards your goals.
- We will work with you to develop a tailored investment and wealth plan.
- With access to the full spectrum of TD's capabilities, we bring in the expertise you need to reach other goals that are interrelated with your investment plan.

### **What we ask you to do**

Your input as we go through the discovery process and complete the New Account Application, also referred to as the "Know Your Client" (KYC) form is essential to helping us meet your expectations. If we do not have accurate information available to us, our advice to you may be based on incorrect information. As a result, your investments may not align with your tolerance for risk and may not achieve your investment goals. For this reason it is very important that you:

- Provide complete and accurate client information as requested on the application form and supporting documents.
- Keep your personal financial information on file with us up to date.
- Inform us of any changes that could impact your financial situation or your investment needs and objectives.

## **The Services and Products Offered by TD Wealth Private Investment Advice**

### **Services**

TD Wealth Private Investment Advice provides four types of accounts discussed further in the next section. The accounts are:

- Advised: Fee-Based Accounts
- Advised: Transactional Accounts
- Managed Accounts
- Externally Managed Accounts

In addition we offer tailored investment and wealth plans to our clients and access to other professionals within TD Wealth who can provide expertise in areas such as estate planning, philanthropic giving, and business succession planning.

## Products

We offer clients access to the following investment products:

- Cash and cash equivalents such as T-Bills and money market instruments
- Fixed income or debt securities such as bonds and debentures
- Equities including warrants
- Investment funds including mutual funds and exchange traded funds
- Insurance products (Life and Health products only)\*
- Alternative investments such as Principal Protected Notes, Principal at Risk Notes, Hedge funds, Options, etc.

\*Insurance products are offered only by Advisors who are licensed to sell life insurance products with TD Waterhouse Insurance Services Inc.

Your Investment Advisor can explain these investment products to you, as well as how they work, their risks and possible returns, and whether they are appropriate for you. Individual Investment Advisors may choose not to incorporate all of these products into their recommended portfolios. For more information, you can also read the investment explanations in *Investments at a Glance*, a booklet prepared by the Canadian Securities Administrators (CSA) for financial consumers. This booklet is available on the CSA website at [www.csa-acvm.ca](http://www.csa-acvm.ca)

## New services and products

We may offer additional services and products as they are developed. You can find out about new offerings and whether they are appropriate for you by speaking with your Investment Advisor or reading information included with your statements or in other communications.

## Your Account Type and How It Will Operate

(Please select all that apply)

### Advised account(s)

Advised accounts may be transactional or fee-based. In advised accounts, your Investment Advisor is responsible for providing suitable and unbiased investment recommendations to you that meet the standard of care expected of a trained investment professional and are based on the Know Your Client information that you provide to them. You or your authorized representative must approve all trading activity prior to execution and are responsible for all investment decisions in your account.

### Managed account(s)

In managed accounts, your Investment Advisor is licensed with the Investment Industry Regulatory Organization of Canada (IIROC) as a Portfolio Manager and

manages your investments on a discretionary basis. In consultation with you, your Portfolio Manager will prepare an Investment Policy Statement that will govern and guide all investment activity in the account. Your Portfolio Manager is responsible for making all trading decisions in the account (you do not make any trading decisions) and ensuring that all holdings and activity are consistent with the details of your Investment Policy Statement. You can expect to meet with your Portfolio Manager at least annually to review and update your Investment Policy Statement.

### **☐ Externally Managed Account(s)**

In externally managed accounts, your investments are managed on a discretionary basis by the firm in accordance with one or more investment strategies or mandates under the direction of duly-licensed Portfolio Manager(s) or Portfolio Management firm(s). Your Investment Advisor is responsible for providing suitable and unbiased investment mandate recommendations to you that meet the standard of care expected of a trained investment professional and are based on the Know Your Client information that you provide to them. These recommendations will include a description of the mandates' investment strategy, the identity of the Portfolio Manager(s) making the investment decisions in it and a description of the types of products that will be held in it including cash, fixed income, equities, mutual funds and exchange traded funds. You or your authorized representative must approve all mandate selection decisions in writing prior to their execution but as in a managed account, you will not be required to approve the day to day trading decisions occurring within the mandate(s).

## **The Fees You Will Be Paying and How They Will Be Calculated**

The fees you will pay for these services will vary depending on whether you have a transactional or a fee-based account and encompass the following:

### ***Transactional account(s):***

#### **For equities and other securities trading on a recognized exchange**

We will charge you commissions on every trade we make for you. Commissions applied to trades on your Advised account(s) will be established between you and your Investment Advisor at or before the time of trade. Your advisor will obtain your consent to these charges at the time of trade and they will be included on the transaction confirmation we send to you.

#### **For debt securities that trade "over-the-counter"**

We obtain our remuneration on a spread basis. Where a spread has been charged on a transaction the trade confirmation we provide to you will include the following

disclosure as appropriate: “The investment dealer’s remuneration on this transaction has been added to the price in the case of a purchase or deducted from the price in the case of a sale”.

**For mutual funds**

Mutual fund managers usually charge a percentage fee called a Management Expense Ratio (MER) and transaction costs by deducting charges from fund performance. From the MER, fund managers pay us trailing fees for ongoing services we provide to you. In some circumstances you may also be charged other fees on mutual fund transactions such as early redemption fees, switch fees etc. As mutual fund fees vary by fund manager and product type you should speak to your Investment Advisor to understand the charges related to any particular transaction or you can refer to the *Private Investment Advice – Statement of Disclosure of Rates and Fees* document provided to you at the time of account opening.

***Fee-based account(s):***

Fees for fee-based accounts (which TD Wealth Private Investment Advice calls Cornerstone accounts) are calculated as a percentage of the assets in these accounts and will be charged against your Private Investment Advice account(s). Clients will complete the *TD Wealth Private Investment Advice – Cornerstone Account Agreement* (the agreement) with their Investment Advisor, which will set out this fee and the manner of payment. In addition to this fee, any mutual funds held in the account are F-Series and have a reduced Management Expense Ratio (MER) embedded. F-Series funds are designed for fee-based accounts and do not include any payments to us. There are no additional fees or revenue generated from these accounts except as described in the agreement and the New Issue Consent Form, if applicable.

***Managed accounts:***

Fees for managed accounts are calculated as a percentage of the assets in the Privately Managed Portfolios program and will be charged against your Private Investment Advice account(s). Clients entering into this program will complete the *TD Wealth Private Investment Advice – Managed Portfolios Addendum* (the addendum), with their Portfolio Manager, which will set out this fee and manner of payment. In addition to this fee, any mutual funds held in the account are F-Series and have a reduced Management Expense Ratio (MER) embedded. F-Series funds are designed for fee-based accounts and do not include any advisor/dealer compensation. There are no additional fees or revenue generated from these accounts except as described in the addendum and the New Issue Consent Form (if applicable).

**Externally managed accounts:**

Fees for externally managed accounts are calculated as a percentage of the assets held in the externally managed account(s) and will be charged against your Private Investment Advice account(s). Clients entering into this program will complete the *TD Wealth Private Investment Advice – Managed Portfolios Addendum* (the addendum) with their Investment Advisor, which will set out this fee and manner of payment. In addition to this fee, any mutual funds held in the account are F-Series and have a reduced Management Expense Ratio (MER) embedded. F-Series funds are designed for fee-based accounts and do not include any payments to us. There are no additional fees or revenue generated from these accounts except as described in the addendum.

**Other fees and charges**

At TD Wealth Private Investment Advice we may also charge fees related to the operation of your account. For complete details of these fees and charges please refer to the *Private Investment Advice – Statement of Disclosure of Rates and Fees* document provided to you at the time of account opening.

**How and When We Will Assess the Suitability of Your Portfolio**

We will assess the suitability of your accounts at various points in time as described further in this section. The suitability factors that guide us in our decision as to an investment's suitability include what we understand to be your current:

1. Financial situation: What financial assets (liquid, fixed) and liabilities (debt, mortgage) you have and the sources and amount of your income – we will consider the size of any transaction compared to the overall value of your net financial assets (assets minus liabilities).
2. Investment knowledge: Whether you consider yourself, or we understand you, to be a novice investor, an investor with some knowledge of financial products or an investor that understands complex financial products.
3. Investment objectives: What you tell us are your specific financial goals will help us determine how to balance the desire to, protect your principal, generate income, and/or generate capital growth from your holdings/account.
4. Time horizon: The time horizon of a portfolio is the period of time that you expect to keep the majority of your assets invested. You should consider when you are likely to need a substantial portion of the capital in your portfolio. This

factor is important in determining the investment strategy for your account and the types of assets that are appropriate.

5. Risk tolerance: In any investment there is a risk of loss of capital. That risk is greater with some investments than others.

There are two primary factors that affect your risk tolerance:

- Your financial capacity to tolerate volatility in your portfolio
- Your willingness to tolerate volatility in your rate of return

Both your financial capacity and your willingness to tolerate volatility and accept the potential of a capital loss are taken into consideration when determining your overall risk tolerance.

6. Investment portfolio composition and risk level: How the purchase or sale of particular securities affects holdings in your overall account(s) in terms of allocation of holdings between debt, equity and other classes, and the riskiness of the assets held.

We will provide you with a copy of your Know Your Client (KYC) document at the time of account opening and anytime material changes are communicated to us.

### **Managed accounts:**

Discussion with you about the suitability for you of individual investments is not required as your account will be managed according to your KYC and the terms of your Investment Policy Statement (IPS). Your account holdings will be rebalanced from time to time in accordance with your KYC to ensure ongoing suitability.

### **Advised accounts:**

Before we provide you with recommendations for your account, or if you ask us to buy or sell a security on your behalf, we will first determine whether the investment is suitable for you according to our understanding of the information you have provided to us. That is why keeping your KYC information up to date and accurate is very important.

### **Suitability Review Timing**

In the context of the six suitability factors listed above we will assess the suitability of the investments in your account when:

1. Accepting each of your orders
2. Recommending purchasing, selling, or holding a security or mandate



3. You deposit or transfer securities into your account on an “in-kind” basis
4. You advise us of a material change in your personal or financial circumstances or your investment objectives or risk tolerance. In that case we will update your KYC information and ask you sign a KYC Update Form, or an updated New Account Application Form as confirmation of our understanding
5. There is a change in the Investment Advisor responsible for the account.

Given the long-term nature of investing for most clients, we do not automatically review the suitability of the investments in your account(s) when there are market fluctuations. Your Investment Advisor is ready to discuss the effect of market fluctuations on your portfolio with you at your request. We encourage you to speak with your Investment Advisor, especially if you anticipate the need to convert your assets to cash in the near future (for example, for a major purchase such as a house), if you are considering changing when you would like to retire, or in the case of other major changes to your KYC information.

## **Content and Frequency of Our Reporting To You**

### **Trade Confirmations (not applicable to managed or externally managed accounts)**

When you buy or sell securities, a trade confirmation will be sent to you via your preferred communication method (electronic or by mail) within one business day of the trade date. It will contain the following information:

- The name of the security that was traded and the total amount paid by you for a purchase or paid to you on a sale
- Any commissions or fees charged for the trade or disclosure that the transaction has been completed on a spread basis

### **Account Statements**

In months where there is activity in your account (exclusive of interest or dividend payments) you will receive a statement of account shortly after the end of that month. Regardless of whether any transactions have occurred, statements of account will be provided to you, shortly after the end of each calendar quarter, or as applicable at the end of TD Waterhouse Canada Inc.’s fiscal year (October 31).

Each statement will contain the following details:

- Your name, address and account number
- The type of account
- Period covered by the statement

- Name, address and telephone number of the Investment Advisor and branch where the account is maintained
- Details of each trade during the period including the date of the trade, the name of the security and the dollar value of the trade
- Details of all non-trade transactions such as contributions and withdrawals, dividends, interest earned and paid, transfers and any other transactions that occurred in your account over the previous period
- Total holdings, including name, number of units and representative market value of all securities held at the end of each reporting period

Performance: We do not currently provide you with the return on your investments on your account statements.

## **Avoiding, Managing, or Disclosing Conflicts of Interest That May Arise As We Serve Your and Others' Interests**

We have adopted policies and procedures to assist us in identifying and minimizing any conflicts of interest that we may face. We have structured our businesses so that where possible, conflicts of interest are avoided. Where that is not possible, we inform our clients of the potential conflicts of interest. In all respects, we aim to operate our businesses to ensure that the best interests of our clients are paramount.

For full details on our conflict of interest policies please see the **Statement of Policies** section of the *TD Waterhouse Canada Inc. Account and Services Agreements and Disclosure Documents* booklet provided to you at the time of account opening.

## **Other Helpful Information**

We hope to enjoy a long successful relationship with you and look forward to serving you.

We believe that open communication is the best way to build a strong relationship, however, misunderstandings can arise and mistakes may occur. If you have a complaint, please let us know or refer to the **Client Problem Resolution Process** section of the *TD Waterhouse Canada Inc. Account and Services Agreements and Disclosure Documents* booklet provided to you at the time of account opening, for further guidance.

## **Checklist of Documents To Be Provided To You**

We will provide you with copies of the following documents pertaining to your account:

1. A copy of the New Account Application Form containing your completed Know Your Client (KYC) information
2. TD Waterhouse Canada Inc. Account and Services Agreements and Disclosure Documents
3. Relationship Disclosure Document
4. Private Investment Advice – Statement of Disclosure of Rates and Fees
5. Strip Bond Disclosure Document
6. Canadian Investor Protection Fund (CIPF) Brochure
7. An Investor's guide to making a complaint

