

TD Wealth  
Financial Planning  
Relationship Disclosure



Thank you for choosing TD Wealth Financial Planning as your wealth management provider. We are committed to providing investment advice and recommendations to help you meet your financial goals. TD Wealth Financial Planning is a division of TD Waterhouse Canada Inc., a subsidiary of The Toronto-Dominion Bank.

It all begins with your relationship with your planner, and an understanding of the role of your planner and the services we offer.

This Relationship Disclosure document is subject to change. Should there be a significant change, we will inform you.

If you have any questions related to the content of this document, please contact your planner.

## **Our Relationship with You**

### **We will**

- Go through a discovery process and complete the New Account Application Form with you, also referred to as the “Know Your Client” (KYC) form, to understand your investment goals and circumstances
- Help you clarify and define your specific financial goals
- Work with you to develop a tailored investment and wealth plan to align with your priorities, and set out timeframes for marking progress towards your goals
- Access the full spectrum of capabilities at TD, to help you reach the goals set out in your investment plan

### **Our ask of you**

Your input as we go through the discovery process and complete the New Account Application, or the KYC form, is essential to help us meet your expectations. Our advice to you will be based on the information you provide. Having accurate information helps us tailor our advice to your needs to help you achieve your investment goals.

For this reason, it is very important that you:

- Provide complete and accurate information on the KYC form and supporting documents
- Provide us with updates when there are material changes in your information
- Inform us in a timely manner of any other changes that could impact your financial situation or your investment needs and objectives

## **The Services and Products Offered**

### **Services**

Your planner will provide a written Financial Planning analysis with recommendations specific to your investment needs. The Investment Strategies portion of your plan may recommend the use of one or more types of Accounts offered by us. We offer the following Account types:

- Commission-Based Advisory Accounts
- Fee-Based Advisory Accounts
- Discretionary Managed Accounts (Managed Accounts)

### **Available Investment Products**

TD Wealth Financial Planning only offers the following TD Bank Group investment products and solutions for your investment:

- Cash equivalents such as TD money market instruments and high interest savings accounts
- TD Bank Group Term Deposits and Guaranteed Investment Certificates (GICs)
- TD Mutual Funds
- Managed solutions such as the TD Managed Assets Program
- TD Strategic Managed Portfolios Program
- TD Exchange-Traded Funds (TD ETFs) [available for fee-based accounts only]

All available investment products are issued or managed by TD. TD Wealth Financial Planning does not offer any non-TD products or services.

In addition, our planners who are licensed to sell life insurance products with TD Waterhouse Insurance Services Inc. can offer you life and health insurance products.

Your planner can provide you with more information about the available investment products in each type of TD Wealth Financial Planning Account. Your planner can also explain these investment products to you, as well as their risks and possible returns, to determine the right mix for you. Information about investments can be found in the investment explanations in the Investments at a Glance booklet prepared by the Canadian Securities Administrators (CSA) for financial consumers. This booklet, along with other educational information, is available on the CSA website at [securities-administrators.ca](http://securities-administrators.ca). (see investor tools).

Generally, the investment products that we recommend to you or cause your account to invest in will be able to be readily liquidated or resold. Any exceptions will be noted in your account statement.

### **Transferring Investment Products into your Account**

In most circumstances, you will be able to transfer-in and hold investment products that are not offered by TD Wealth Financial Planning. However, you will not be able to make new investments in those products. There may also be restrictions against the transfer-in of certain types of investments and limits on the amount of certain products that can be held in your account. Your planner will discuss this with you and whether those products should continue to be held or sold to invest in TD Bank Group investment products.

### **New services and products**

As additional services and products are developed, you can find out about them by reading the information included with your statements and other communications from us. You can also speak with your planner at any time to discuss these products and whether they are appropriate investment options for you.

### **Account Closure or Transfer**

If you move outside of Canada, or appoint a legal representative outside of Canada (including a Power of Attorney or Trading Authority), we will no longer be able to service your account. Your planner will be required to facilitate the closure of your account or transfer to another financial institution.

## **Account Types and How They Operate**

### **Advisory Account(s) – Commission-Based or Fee-Based**

Advisory Accounts may be Commission-Based or Fee-Based Accounts. Your planner is responsible for helping you decide which kind of account is appropriate for you, as well as providing suitable investment recommendations to you. The account type and investment recommendations will be based on the KYC information that you have provided. You can use the investment recommendations we provide to determine the trading activity in your Advisory Account. All trading activity in an Advisory Account must be approved by you or your authorized representative prior to execution.

### **Managed Account(s)**

Managed Accounts invest in an actively managed mutual fund asset allocation program known as the TD Strategic Managed Portfolios Program. The TD Strategic Managed Portfolios Program offers discretionary managed portfolios for various investment goals and risk tolerances and invests exclusively in TD Mutual Funds. Asset allocation for each portfolio is determined by our affiliate, TD Asset Management Inc. (TDAM), which is registered as an Exempt Market Dealer and a Portfolio Manager in all provinces and

territories of Canada, based upon the investment objective of each portfolio and upon the long-term outlook for various asset classes and may be adjusted tactically to reflect a shorter-term outlook for the financial markets.

Your planner is responsible for recommending a suitable portfolio within the TD Strategic Managed Portfolios Program to you. This recommendation will be based on your KYC information. From this recommendation, you can select your TD Strategic Managed Portfolio. Your selection must be made in writing by you or your authorized representative.

## **Fees and How They Are Calculated**

The fees paid by you, either directly or indirectly, will vary depending on whether you have a Commission-Based a Fee-Based Account or a Managed Account. When considering the fees charged to your account, you should note that diversity of portfolio is a value add and that a fee charged to your investment account will have a compounding effect over time in reducing the overall value of your account. Every dollar taken out of your account to cover fees is one less dollar left to invest in the portfolio to compound and grow over time.

### **Commission-Based Account(s):**

Commission-Based Accounts do not pay a fee to us based on the value of the assets in the account. Instead, we receive compensation from the commissions we charge on trades made by you or indirectly from the trailing commissions on securities held in your Account. The following provides more detail on how we receive these fees:

#### **TD Debt securities**

When TD debt securities are purchased or sold for your Account, our remuneration is added to the price you pay (in the case of a purchase) or deducted from the price you receive (in the case of a sale). This amount is called a spread. The trade confirmation we provide to you will disclose the spread we receive.

#### **TD Mutual Funds and TD Managed Assets Program**

TDAM, our affiliate, acts as the investment fund manager of the TD Mutual Funds and the TD Managed Assets Program that we offer. TDAM receives a management fee equal to a specified percentage of the net assets of each fund and program. These management fees, as well as operating costs payable by the funds are set out in the prospectus documents, including the Fund Facts for each fund. Management fees and operating costs for funds are described as being the “management expense ratio” or MER of the fund. The MER of a fund is important because the fees and expenses affect the return on your investments.

TDAM pays us a portion of their management fee (called a trailing commission) for the ongoing services we provide to you in your commission-based account. As an example, if you have invested \$10,000 in a fund, a trailing commission of 0.50% would pay us \$50.00 annually. In addition, when you purchase certain funds, you may be charged a fee that is a percentage of your investment. This is known as a front-end load or initial sales charge. This fee is paid to TDAM by you, who then pays it to us.

In some circumstances you may also be charged other fees in connection with mutual fund transactions such as early redemption fees, switch fees, etc. As mutual fund fees and costs vary by fund type, you should speak with your planner to understand the charges related to a particular transaction and refer to the *TD Wealth Financial Planning Commission Schedule and Statement of Disclosure of Rates and Fees* document and the prospectus documents for each fund.

## **TD Bank Group Term Deposits and GICs**

When you invest in a TD Bank Group Term Deposit or GIC, our affiliate will pay us a commission fee. You do not pay this commission fee. The price you pay or rate you receive is net of any commissions received by us.

### **Fee-Based Account(s):**

Fee-Based Accounts can be Advisory, where you make investment decisions based on our investment advice, or they can be managed on a discretionary basis, where we make investment decisions on your behalf.

Fee-Based Accounts calculate fees as a percentage of the value of the assets in those Accounts. Those fees are deducted from your Fee-Based Account(s).

### **Fee-Based Advisory Account(s)**

Fee-Based Advisory Accounts are designed to hold investment products, including TD Mutual Funds, TD ETFs and TD Managed Assets Program, which do not pay a trailing commission and for which you do not pay any sales charges, such as a front-end load.

Where mutual fund securities that pay a trailing commission or sales charge to us are transferred in and held in Fee-Based Advisory Accounts, we will not include the value of those mutual fund securities in determining the asset total of your Account for the purpose of calculating your Account fee. This means that you will not pay a direct fee to us on mutual fund securities which pay a trailing commission or sales charge to us and they will not be included in determining the fee tiers which are applicable to the calculation of your Account fee.

For each sale of a TD Bank Group Term Deposit or GIC, our affiliate will pay us a commission fee. In Fee-Based Advisory Accounts, TD Bank Group Term Deposits and GICs will not be included in determining the asset total of your Account for the purpose of calculating your Account fee.

### **Fee-Based Managed Account(s)**

The *TD Wealth Financial Planning Managed Portfolio Addendum* sets out the fee you pay to us for the investment management services we provide to your Managed Account and the manner of payment. The only Managed Account currently offered by TD Wealth Financial Planning is the TD Strategic Managed Portfolios Program, an actively managed mutual fund asset allocation program that invests exclusively in TD Mutual Funds. TD Wealth Financial Planning does not receive any trailing commissions from TDAM who is the manager of the TD Mutual Funds.

### **Account Grouping**

Clients in Fee-Based Account(s) and/or Managed Account(s) offered by TD Wealth Financial Planning have the option of grouping two or more of their accounts together or grouping their account(s) with another eligible account(s) (an "Account Group") for the purpose of establishing account fee rates.

Clients in an Account Group consent to information relating to fees charged on their account(s) being indirectly disclosed to other members of the Account Group.

### **Other fees and charges**

TD Wealth Financial Planning may also charge other fees related to the operation of your Account and the holdings of securities in the Account. For complete details of these fees and charges please refer to the *TD Wealth Financial Planning Commission Schedule and Statement of Disclosure of Rates and Fees* document.

## Assessing the Suitability of Your Portfolio

We will assess the suitability of investments held in your Accounts at various points in time to make sure they align with your objectives and risk profile. In assessing suitability according to the following factors, we will put your interests ahead of our own.

These suitability factors are informed by:

1. Your current financial situation: We will review your financial assets (liquid, fixed) and liabilities (debt, mortgage) including the sources and amount of your income, as well as its stability given your liquidity needs – we will consider the size of any transaction compared to the overall value of your net financial assets (assets minus liabilities).
2. Your current investment knowledge and experience: Whether you consider yourself, or we understand you to be, a novice investor, an investor with some knowledge of and experience in investing in financial products or an investor that understands complex financial products and has extensive experience in investing in different types of financial products.
3. Your current investment objectives: Your specific financial goals will help us determine how to structure a portfolio to help you meet your investment objectives, which could include protecting your principal, generating income, and/or generating capital growth from your assets.
4. Your expected time horizon: How long you expect to keep the majority of your assets invested will impact your investment strategy and the types of assets which are appropriate for you. It is important to consider when you may need a substantial portion of your capital.
5. Your risk profile: 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 profile:

- Your financial capacity to tolerate volatility in the value of your portfolio (your risk capacity); and
- Your willingness to tolerate volatility in your rate of return (your risk tolerance).

Both factors are taken into consideration in determining your overall risk profile.

6. Investment portfolio composition and risk level: How the mix of particular securities in your Account will affect the overall investment risk of your Account.

We will provide you with a copy of your KYC form at the time of Account opening and any time material changes are made to it.

It is important to note that TD Wealth Financial Planning does not distribute or provide advice regarding any investments in non-TD products. This means that your planner will not consider whether any non-TD products would be better, worse, or equal in meeting your investment needs and objectives when recommending suitable products for you.

We conduct suitability assessments for investments in your TD Wealth Financial Planning account. The suitability assessment will determine that any investment action taken, recommended or decided on, for your account, is suitable for you and puts your interests first, including when securities are received into or delivered out of your account by way of deposit, withdrawal or transfer. The suitability assessment will not consider investments in accounts with other TD lines of business or outside of TD.

## **Advisory Account(s)**

Before your planner provides you with recommendations for your Account, or acts on your trading instructions, they will first determine whether the investment is suitable for you according to your most recent KYC information and the above-noted suitability factors. It's important to keep KYC information up to date and accurate to help us assess the suitability of an investment for your Account.

## **Managed Account(s)**

As described above, Managed Accounts invest in the TD Strategic Managed Portfolios Program. The TD Strategic Managed Portfolios Program offers discretionary managed portfolios for various investment goals and risk tolerances. Your planner will recommend a suitable TD Strategic Managed Portfolio to you based on your KYC information and the above-noted suitability factors. Based on that recommendation, you will instruct TD Wealth Financial Planning on which TD Strategic Managed Portfolio you want to be invested in. Your planner will endeavor to review your KYC information with you on a regular basis, at least annually, to determine whether the TD Strategic Managed Portfolio continues to be suitable for you. Should your circumstances change, you should contact your planner to update your KYC information and conduct a review of the suitability of your selected portfolio.

## **Suitability Review Timing**

In the context of the suitability factors listed above we will assess the suitability of the investments in your Account(s) when:

1. Accepting each of your orders and on an on-going basis for your Managed Account(s)
2. Recommending the purchase, sale, exchange or holding of any 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, your investment objectives or risk profile. In that case, we will update your KYC information and ask you to sign a KYC Update Form, or an updated New Account Application Form as confirmation of our understanding
5. There is a change in the planner responsible for your Account

In addition to the instances mentioned above, Advisory Accounts will be reviewed for investment suitability at least every 36 months. For Managed Accounts, the suitability of investments to your investment strategy will be reviewed on an ongoing basis and the suitability of your investment strategy will be reviewed at least annually.

Given most clients invest for the long-term, we do not automatically review the suitability of the investments in your Account(s) when there are market fluctuations. Your planner is happy to discuss the effect of market fluctuations on your portfolio with you at your request. We encourage you to speak with your planner if you have any questions or concerns, especially if you anticipate that you will be:

- converting your invested assets to cash in the near future,
- considering major changes (for example, a major purchase such as a house),
- shifting your retirement timeline, or
- other important changes to your KYC information.

## Borrowing to Invest

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only.

You should note that if you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same, even if the value of the securities purchased declines.

An investment strategy that uses borrowed money could result in far greater losses than an investment strategy that does not use borrowed money. There may also be tax consequences to you if assets in your account must be sold in order to meet any obligations to repay the borrowed money or any interest owing.

## Our Reporting To You

### **Trade Confirmations (not applicable to Managed Accounts and purchases of mutual funds through a Systematic Investment Plan other than initial purchases)**

When you buy or sell securities, we will send a trade confirmation within two business days of the trade date by your choice of electronic or postal delivery.

It will contain the details of the transaction including, but not limited to:

- Security name, marketplace and dates
- Amount paid by you for your purchase or paid to you on a sale
- Amount of any commission, spread, charge or fee applied

### **Account Statements**

You will receive an Account statement:

- Monthly if activity occurs in your Account (excluding interest and dividend payments) in the preceding month or upon request
- Quarterly, whether or not there has been activity in your Account

Each statement for the reporting period will include but is not limited to:

- Your name, address, Account type and Account number
- Name, address and telephone number of the planner and branch where the Account is maintained
- Book cost and market value of all holdings in the Account
- Activity that occurred in the Account for the reporting period
- Account performance and personal rates of return since inception or January 1st, 2012 and for 1, 3, 5 and 10-year periods, as applicable

## Annual Report on Charges and Other Compensation

Each year, you will receive a report, for the 12 months ended December 31st which will set out the following:

- the fees and charges related to the operation of your account;
- the amount of any trailing commission received by us in relation to securities held in your account; and
- any compensation, other than trailing commission, received by us from an issuer of securities or another dealer or adviser such as referral fees.

## Investment Benchmarks

Investment benchmarks generally provide a broad measure of the return generated by specific asset classes over a given period. An investment benchmark can be used as a standard against which the performance of a security or investment portfolio can be measured. The most common form of investment benchmark is an index – such as a stock or bond index. Some common market benchmarks include the S&P/TSX Composite Index, FTSE Canada Universe Bond Index, and the S&P 500 Index.

We do not provide you with benchmarks in your performance report, but your planner will be able to discuss suitable benchmarks with you. Each TD Mutual Fund and TD ETF compares its performance against a suitable benchmark, which is available in the latest Management Report of Fund Performance for that fund.

## Investment Risks

Investing in securities involves some risks. Risk is often measured by the extent to which the value of the securities fluctuates. This is referred to as volatility.

The more frequent and greater the fluctuations, the more volatile the security. Each investor has a different tolerance for risk. Some investors are significantly more conservative than others when making investment decisions. Risk can be reduced by diversifying investments across the three main asset classes: money market investments for security, bonds for income and equity investments for growth. The common types of investment risks that may be applicable to a portfolio of securities, including the portfolios of each fund in your account, include, but are not limited to:

- An issuer of a fixed income security may be unable to make interest payments or pay back the original investment.
- A high concentration of assets in a single or small number of issuers may reduce diversification and liquidity within a portfolio and increase its volatility.
- Equity securities are affected by stock market movements, and equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the overall stock market because of changes in the outlook for those individual companies or the particular industry.
- Some securities may be illiquid because of legal restrictions, the nature of the investment itself, settlement terms, a shortage of buyers or other reasons. Generally, investments with lower liquidity tend to have more dramatic price changes and may subject the investor to losses or additional costs.
- The value of securities denominated in a foreign currency will be affected by changes in foreign exchange rates or the imposition of foreign exchange controls.
- The value of a portfolio that invests in bonds, mortgages and other income producing securities is affected by changes in the general level of interest rates.
- Investments in foreign securities involves additional risks resulting from different reporting standards and regulatory requirements, the amount and reliability of publicly available information, and the volume and liquidity of some foreign stock and bond markets.

This brief description does not disclose all of the risks and other important aspects of investing in securities and the use of derivatives within a portfolio. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial circumstances and goals.

## Conflicts of Interest

TD Wealth Financial Planning and your planner must act fairly, honestly and in good faith with you and our other clients. We may have conflicts of interest in providing you with services. These conflicts may be actual conflicts of interest or you may perceive that we have a conflict of interest. Either way, we disclose the material conflicts of interest we have identified and cannot avoid, how they could impact you and how we work to address those conflicts in your best interests.

For more information, please see our Conflicts of Interest Statement. The most current version is available at our website [td.com/tdwcoi](http://td.com/tdwcoi).

### **Trusted Contact Person and Temporary Holds - *For Clients who are individuals***

Canadian securities laws require us to ask you for the name and contact information for a person that you trust and who is familiar with your personal circumstances ("Trusted Contact Person" or "TCP"), so that we may contact your TCP to assist us in protecting your financial interests and assets in certain circumstances. You must immediately let us know of any change in your TCP's contact information and you can change your TCP at any time by contacting us and completing our TCP change process. You are not required to provide us with the name and contact information of a TCP but if you do, you confirm to us that your TCP is aware that you will give us this information and your TCP has agreed to act in this capacity.

We may contact your TCP if we notice signs of financial exploitation or if you exhibit signs of diminished mental capacity which we believe may affect your ability to make financial decisions relating to your account(s). We may also contact your TCP to confirm your contact information if we are unsuccessful in contacting you after repeated attempts, particularly if our failure to contact you is unusual. We may also ask the TCP to confirm the name and contact information of a legal representative such as an attorney under a power of attorney. Unlike a legal representative, a Trusted Contact Person has no authority to make decisions about your account. We will not accept instructions on your account from the Trusted Contact Person unless they are also your legal representative.

We may stop or refuse transactions on your account or even place a hold on your account, including in the circumstances noted below, until we have taken the steps necessary to ensure that we have complied with our legal and regulatory obligations in respect of your account. We may share our concerns with our affiliates, including any actions we may take.

If we reasonably believe that you are vulnerable and are the subject or target of financial exploitation or that you are experiencing diminished mental capacity which may affect your ability to make financial decisions, we may place a temporary hold on your account or a particular transaction. We will provide you with a verbal or written notice of the temporary hold and the reasons for placing the hold. We will regularly review the facts around placing the temporary hold to assess whether the temporary hold should continue. We may contact your TCP to discuss our reasons for placing or lifting the temporary hold and seek the TCP's assistance to resolve the matter.

## Other Helpful Information

### Client Problem Resolution Process

We look forward to serving you. Our policy is to establish open communication in order to build and maintain a strong relationship between you and your planner.

However, misunderstandings and mistakes can occur. If you have a complaint, please do not hesitate to let us know. A summary of our **Client Problem Resolution Process** is included for your reference in the *TD Waterhouse Canada Inc. Account and Services Agreements and Disclosure Documents* booklet provided to you at the time of Account opening.

### Checklist of Documents

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 KYC information
2. TD Waterhouse Canada Inc. Account and Services Agreements and Disclosure Documents
3. TD Waterhouse Canada Inc. Conflicts of Interest Statement
4. This Relationship Disclosure Document
5. TD Wealth Financial Planning Commission Schedule and Statement of Disclosure of Rates and Fees
6. Canadian Investor Protection Fund (CIPF) Brochure
7. How to Make A Complaint
8. How CIRO Protects Investors

