

**TD Waterhouse  
Private Investment Counsel Inc.  
Conflicts of Interest Statement,  
including  
TD Waterhouse Canada Inc.  
conflicts of interest, as custodian  
Effective June 30, 2021**



The words “we”, “us” and “our” refer to TD Waterhouse Private Investment Counsel Inc. TD Waterhouse Private Investment Counsel Inc. is a wholly owned subsidiary of TD Asset Management Inc., which is a subsidiary of the Toronto-Dominion Bank. The words “you”, “your” and “yours” means the client and any other individuals with authority over the client’s account.

TD Waterhouse Private Investment Counsel Inc. (**Private Investment Counsel**) and its portfolio managers may have interests that are inconsistent with your interests. This may give rise to an actual or perceived risk that we favour our interests over yours as our client.

We act fairly, honestly and in good faith with you and our other clients. To this end, we avoid material conflicts of interest that we cannot effectively address and conflicts that are prohibited by law.

We have adopted policies and procedures to identify and address all remaining material conflicts in your best interests, including:

- Conflicts from our being a member of TD Bank Group (**TD**), including revenue that TD earns in addition to the fees you pay us
- Conflicts arising out of competing interests among our clients
- Conflicts caused by compensation practices and incentive programs
- Conflicts due to our portfolio managers’ personal interests
- Conflicts related to referral arrangements with TD

Further details on each of the conflicts summarized above are set out below. Individuals are also subject to TD Code of Conduct and Ethics and Private Investment Counsel policies and procedures.

TD Waterhouse Canada Inc. acts as custodian for most of our Private Investment Counsel clients and similarly identifies and addresses material conflicts of interest in your best interests. These are described at the end of this document.

### **Conflicts arising from our being a member of TD, including revenue that our affiliates earn in addition to the fees you pay us**

Private Investment Counsel is a wholly-owned subsidiary of TD Asset Management Inc. (**TDAM**). Our relationship to TDAM and TD creates conflicts of interest when we provide products and services to you that are sourced from or provided by

other members of TD. We may also invite you to do more business with us and the other members of TD, but will do so in a manner that is fair, honest and appropriate for you.

### *Discretionary Accounts and Investment in TD Funds, Products and Models*

Private Investment Counsel is registered as a portfolio manager offering portfolio management and advisory services for individuals, families, estates and trusts, charitable organizations and corporations within Canada through discretionary investment management accounts.

Based on your Investment Policy Statement, your portfolio manager may cause your account to invest in investment funds, other fixed income and equity securities, and deposit products or a combination of these.

Private Investment Counsel also offers, recommends and takes investment actions for your account in securities of related or connected issuers. We describe and explain our related and connected issuers, including how we address those conflicts, on our website at: <https://www.td.com/to-our-customers/>

In particular,

- Investment funds in your portfolio will typically be managed by TDAM, including TD Mutual Funds, TD ETFs, TD Emerald Funds and TD Greystone fund families (**TD Funds**). Your portfolio manager may invest your account in non-TD funds where Private Investment Counsel makes a non-TD fund available because there is no similar or appropriate TD Fund that provides the desired investment features or exposures.
- Deposit products in your portfolio will be issued by TD (**TD Products**).

To address the conflicts in investing your account in TD Funds and TD Products:

- Private Investment Counsel and your portfolio manager will only cause your account to invest in funds and products that are suitable for your account and in your best interest.
- Where we only offer TD Funds and TD Products for certain types of investments, Private Investment Counsel regularly assesses the available TD Funds and TD Products to make sure our offerings remain appropriate and meet your financial needs.
- We evaluate TD Funds and TD Products using the same due diligence processes and ongoing monitoring as Private Investment Counsel uses to evaluate non-TD funds and products.
- We provide our portfolio managers with access to tools, resources and training to support their investments for you.

## **Service Arrangements with Affiliates and TD revenue sources, in addition to the fees you pay us:**

We enter arrangements with affiliates for portfolio management, advisory, banking, custody, brokerage, derivatives and foreign exchange, and registered plan administration and trusteeship services. Private Investment Counsel conducts business with TD, including TDAM, TD Waterhouse Canada Inc., and TD Securities Inc. at market rates or better. Our material service arrangements are as follows:

*TDAM portfolio management and advisory services:* Private Investment Counsel has engaged TDAM to provide our clients with investment models, TD Funds and other advisory services. TDAM earns revenues from the investments made by Private Investment Counsel for your account in TD Funds, including advisory and management fees.

*TDAM Trade Routing:* We send client orders to TDAM for trade routing as part of our service arrangements with them. We monitor and oversee TDAM to ensure that you receive best execution and fair pricing of orders.

*DAM Proxy Voting:* TDAM conducts all proxy-voting on behalf of our clients as part of our service arrangements with them. There may be a material conflict of interest related to voting at shareholder meetings held by certain issuers of securities within your investment account. TDAM maintains proxy voting policies and procedures under which TDAM generally votes in accordance with automated voting recommendations provided by an independent proxy voting service provider. TDAM overrides those recommendations, in its discretion, where the automated voting recommendation would not be in the best interests of clients. TDAM abstains entirely from voting on matters relating to TD and affiliated issuers.

*TD Waterhouse Canada Inc. Custody Services:* Our clients generally open a custody account with Private Investment Counsel's affiliate, TD Waterhouse Canada Inc., as custodian. Private Investment Counsel has a services agreement with TD Waterhouse Canada Inc., which sets out the responsibilities that each business has to the client. Private Investment Counsel monitors how custodial services are provided to its clients as required by the services agreement. As your custodian, TD Waterhouse Canada Inc. has material conflicts of interest which are disclosed at the end of this document.

In addition to our material service arrangements, TD earns revenue when you invest in TD Products:

- TD earns commissions and revenue on the sale of insurance policies that you purchase.
- TD may earn interest or revenue on cash balances held in TD Funds that are transferred into TD bank accounts for the funds' interest earning purposes.
- TD earns income and/or spreads on foreign exchange transactions.
- TD earns revenue on the sale of fixed income securities that TD owns (principal trading). TD may earn fees, spreads and trading commissions in connection with various other services and transactions with affiliates for your account.

All fees and charges earned by Private Investment Counsel and TD on products and services we provide clients are calculated with reference to market terms and conditions.

*TD Securities Inc. Distribution Activities:* We may invest your account in securities that are underwritten, distributed or researched by, or purchased from our securities dealer affiliate, TD Securities Inc. We address this conflict by separating our business from the corporate finance and research activities of TD Securities Inc.; our portfolio managers are not incented to invest you in securities underwritten or distributed by TD Securities Inc. instead of other securities. Portfolio managers have access to tools, resources and training to support investments for you. Policies and procedures are in place to restrict the transfer of material non-public and other confidential client information between Private Investment Counsel and TD Securities Inc.

*Mind and management:* Directors and officers of Private Investment Counsel may also be directors and officers of another member of TD. Our directors and officers are typically not directors or officers of our affiliates that manufacture investment products distributed through Private Investment Counsel. Further, we do not compensate our directors or officers in a way that might cause them to prefer one TD entity over another.

**Conflicts arising out of competing interests among our clients:**

*Side by Side Management of Different Accounts:* Private Investment Counsel and its portfolio managers service accounts with different investment strategies that may have differing views of expected market performance. A potential conflict also exists where Private Investment Counsel and

TDAM, acting as portfolio manager, could hold the same security short in one portfolio and long in another portfolio. These conflicts are addressed by making investment decisions for an account that are based solely on the investment objectives, strategy, guidelines and other relevant factors for that individual account, without reference to any other accounts.

## **Conflicts caused by compensation practices and incentive programs**

*Revenue Earned by Portfolio Managers:* We may compensate our representatives by a combination of one or more of the following:

- base salary
- compensation based on revenue associated with assets under administration
- bonus based on various performance criteria
- insurance commissions

Portfolio managers do not earn any commissions, including trailing commissions, on any investment funds in your account. Further, investment funds with embedded commissions that you transfer into your account will be excluded from your total assets under administration, for the purpose of calculating fees, if those funds are not reinvested in non-trail paying funds within 90 days of transfer.

Representatives may also receive compensation or benefits based on referrals to other members of TD (see Conflicts related to referral arrangements with our affiliates, below). When assessing the overall performance of our representatives, we may consider referrals and/or include referrals when calculating a representative's overall sales/revenues.

We address the conflict inherent in the compensation and incentives received by our representatives through a comprehensive approach to compensation design that incentivizes our representatives to put your interests ahead of their own.

## **Conflicts due to our portfolio managers' personal interests**

*Outside Business Activities:* At times, our executives and portfolio managers may participate in outside business activities such as participating in community events, pursuing personal outside business interests or serving on a board of directors of a charity. Before engaging in any outside business activity, our policies require these individuals to

disclose situations where a conflict of interest may arise and to determine how such conflicts may be addressed. Our employees may only engage in such outside business activities if approved by an applicable supervisor pursuant to our policies. The approval may be subject to terms and conditions that help address perceived or actual conflicts of interest. Employees are also required to annually review their outside business activity submission for accuracy and completeness.

*Gifts and Entertainment:* Our executives and portfolio managers are not permitted to accept gifts or entertainment beyond what we consider consistent with reasonable business practice and applicable laws. We set maximum thresholds for such permitted gifts and entertainment to avoid any perception that the gifts or entertainment will influence decision-making.

*Personal Trading:* Our policies and code of conduct require our portfolio managers to act in accordance with applicable laws that prohibit front-running. Individuals may require prior approval before making trades in their personal securities accounts. Employees are prohibited from accessing non-public information of clients for their direct or indirect personal benefit. We place securities on a “restricted list” to avoid trading when we have non-public information.

*Personal Dealings with Clients:* From time to time, our executives and representatives may have additional relationships or dealings with our clients. Conflicts of interest can arise where an employee has personal financial dealings with you, such as acquiring assets outside of your investing relationship, borrowing money from or lending money to you, or exercising control over your financial affairs. To address these conflicts, we have policies and procedures in place which prohibit personal financial dealings with clients who are not family members.

## **Conflicts related to referral arrangements with TD**

We and our affiliates may refer you to another TD entity. The purpose of these internal TD referrals is to better align your financial goals with the TD entity that is best placed to provide the specific services or products that may benefit you. All registerable activities will be provided by the registrant receiving the referral.

We may pay a referral fee to the TD entity that refers you (a “**Referring Entity**”) and/or to an employee of the Referring Entity (a “**Referring Employee**”). Likewise, we or our Referring

Employees may receive referral fees when we refer you within TD. Private Investment Counsel may also pay its own portfolio managers for referring clients to another TD entity. A representative receiving a referral from another TD entity may earn a reduced amount on the business that is referred. These payments are designed primarily to address any financial disincentive associated with referring you to another TD entity so that we put your interests first.

**You do not pay any additional charges or fees in connection with these internal TD referrals and are not obligated to purchase any product or service in connection with a referral.**

Details of these referral arrangements are set out below:

### **Receiving Entity and nature of services:**

TD Waterhouse Private Investment Counsel Inc. (**PIC**) is registered as an Exempt Market Dealer and Portfolio Manager and provides discretionary portfolio management services

#### **Referral Fee Paid**

*Referrals from FP to PIC:* Referring Employee may receive from FP 0.3% of referred client's total assets under administration (AUA) after 3 months.

*Referrals from PIA to PIC:* Referring Employee may receive from PIA 0.36% of referred client's AUA after 3 months.

*Referrals from a Wealth Advisor to PIC:* Referring Employee may receive (a) a quarterly payment from 0% to 0.13% of total asset consolidation and/or (b) a year end payment from 0.015% to 0.03% based on new volume of asset consolidation over 24 months.

*Referrals from Toronto-Dominion Bank<sup>1</sup> to PIC:* Referring Entity will receive 0.55% of value of new relationship to a maximum fee of \$55,000.

### **Receiving Entity and nature of services:**

TD Waterhouse Canada Inc. is registered as an Investment Dealer and Derivatives Dealer (QC) and provides trading and/or advising through its divisions:

TD Direct Investing (**DI**), Self-directed/ discount brokerage services TD Wealth Financial Planning (**FP**) – advisory services – proprietary investment funds

TD Wealth Private Investment Advice (**PIA**) – advisory services and portfolio management services.



## **Referral Fee Paid**

*Referrals from PIC to DI:* Referring Employee may receive from PIC \$250 per referred client.

*Referrals from PIC to FP or PIA:* Referring Employee may receive from PIC 0.185% of referred client's AUA after 3 months.

## **Receiving Entity and nature of services:**

The Toronto-Dominion Bank provides the following financial products and services:

- Banking credit products and services
- Mortgage products
- GICs
- Credit insurance enrollment

## **Referral Fee Paid**

*Referrals from PIC to Toronto-Dominion Bank:* Referring Entity may receive 0.55% of value of new relationship to a maximum fee of \$55,000.

## **Receiving Entity and nature of services:**

TD Wealth Private Trust (**PT**), a division of The Canada Trust Company provides trust and estates services

## **Referral Fee Paid**

*Referrals from PIC to PT:* Referring Employees may receive 10% of fees generated by an estate for wealth advice or 5% of fees generated for power of attorney services. Referring Employees may receive \$250 for each wills and tax preparation client referred. Referring Employees may receive a one-time payment equal to 0.185% of referred client's AUA at the end of the third month after account opening.

## **Receiving Entity and nature of services:**

TD Waterhouse Insurance Services Inc. (**WISI**) provides insurance advisory services

## **Referral Fee Paid**

*Referrals from PIC to WISI:* Referring Employees that are licensed life insurance advisors will receive 70% of sales commission. Referring Employees that are non-life insurance licensed advisors will receive \$1,250 if sales commissions are at least \$3,000.

## **TD Waterhouse Canada Inc. conflicts of interest, as your custodian**

TD Waterhouse Canada Inc. has the following actual or perceived material conflicts of interests when acting as your custodian:

*Mind and management:* Certain directors and officers of TD Waterhouse Canada Inc. may also be directors and officers of Private Investment Counsel. However, TD Waterhouse Canada Inc. is functionally independent from Private Investment Counsel. We do not compensate our directors or officers in a way that might cause them to prefer one TD entity over another.

*Service arrangements with TD:* TD Waterhouse Canada Inc. has arrangements with affiliates for advisory, banking, custody, brokerage, derivatives and foreign exchange, and registered plan administration and trusteeship services. TD may earn commissions, fees and/or revenue in connection with providing these services. To address potential conflicts of interest, we review these service arrangements to confirm that the services are provided at market rates or better.

*Corporate revenue:* TD Waterhouse Canada Inc. and its affiliates are compensated for the custodial services it provides to our clients. These sources of revenue include:

- TD Waterhouse Canada Inc. or TD earns interest or revenue on the uninvested cash balances in your account and may retain excess amounts that we earn over the amount of interest we pay to you, if any.
- TD Waterhouse Canada Inc. or TD earns income and/or spreads on foreign exchange transactions.
- TD Waterhouse Canada Inc. or TD earns fees and spreads in connection with services provided to your account for registered plan administration and trusteeship.



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