



RELATIONSHIP DISCLOSURE

PRODUCTS AND SERVICES

Hampton Securities Limited (“Hampton”) offers the following products and services to our clients:

Investment Products:

- a) Cash and cash equivalents, including treasury bills and money-market mutual funds;
- b) Fixed Income: these securities pay interest, are generally redeemed at maturity by the issuer of the security, and include commercial paper, government bonds (Federal, Provincial and Municipal), strip bonds, corporate bonds and debentures, and exchange-traded fixed income funds;
- c) Equities: these are securities listed on a recognized stock exchange or traded in an over-the-counter market, including common and preferred shares, units in income trusts, and exchange-traded equity funds;
- d) Mutual Funds: these types of securities are comprised of a basket of other securities (e.g. Equities and Fixed Income) and include pooled managed funds;
- e) Derivatives: these securities provide investors with an option to buy or sell other investment products and usually include options, warrants and rights; and
- f) Structured Products: these are more complex investment products that may use combinations of Equities, Fixed Income and Derivatives, and include Principal Protected Notes.

Services:

- a) New debt and equity issues provide clients access to securities that are being issued to finance corporations, trusts or governments and may include Equities, Fixed Income and/or Derivatives. New debt or equity issues may be distributed to investors under a prospectus (public offering) or through a private offering to certain investors;
- b) Managed and discretionary accounts; and
- c) Fee-based account arrangements.

RISKS

All investment products Hampton offers are valued based on market prices for the security itself or on the underlying securities on which the investment product is based (e.g. mutual funds, derivatives or structured products). Market prices always fluctuate, sometimes substantially, thus the value of your accounts can go up and down and your investment return can never be guaranteed. Even when a security is described as ‘Low Risk’ or ‘Moderate Risk’ this does not mean ‘no risk’. All securities have an element of risk, and even ‘blue chip’ stocks can fluctuate in price significantly. If the possibility of losing on an investment is something you are not prepared to accept, or you need a specific amount of money in the future (e.g. for a house down-payment or living expenses), you should only invest in the ‘Low Risk’ income category or keep your money in cash.

Even ‘Low Risk’ income types of securities are only as good as the institution guaranteeing payment. Securities where the principal is guaranteed at maturity, like a Canadian government bond, will fluctuate



in price until maturity, sometimes a lot. If selling a bond you own before maturity is necessary, you may incur a loss. In addition, all securities held in your accounts are subject to the following Risks:

Liquidity Risk – you may not be able to sell your securities if there are not enough buyers in the market when you want to sell. This can happen even if the company or institution whose securities you own is still profitable and viable.

Credit and Default Risk – the company or institution whose securities you own may reduce or stop dividend or interest payments. The market price of your security may also fall significantly as a result of this action. The government or company whose fixed income security you own may not be able to repay your principal at maturity.

Foreign Currency Risk – if you hold securities that are traded in a foreign currency, you will be paid in that currency when you sell. If the foreign currency has declined in value relative to the Canadian dollar, you may suffer a loss when you exchange that currency to Canadian dollars. If Hampton cannot hold an account in the applicable foreign currency you will be required to convert your investment to Canadian dollars at the time of the sale.

ACCOUNT RELATIONSHIP

There are two kinds of account relationships you may have with Hampton and your Investment Advisor (IA).

1. **Advisory** - you are responsible for investment decisions made with regard to your account but may rely on advice given by a Hampton IA.

Advisory accounts are either traditional commission-based, or fee-based. All transactions in the account (i.e. buys and sales of securities) require your approval or agreement before they can be executed. You have entered into this type of relationship with us unless you have chosen to have a Managed relationship (see below).

2. **Managed** - you authorize a Portfolio Manager to manage your account and they buy or sell securities without consulting you prior to each transaction. If you have completed a Managed Account Agreement, you have entered into this type of relationship and thus have a managed account.

Please note the above noted relationships would be on a per account basis, therefore resulting in only one type of relationship per account.

SUITABILITY

We assess your financial situation, investment objectives, investment time horizon, risk tolerance and investment knowledge by collecting your information on the New Client Application Form (NCAF). You must inform your advisor of any changes to this information, and complete an NCAF Update accordingly or periodically as required. You will receive a copy of these forms containing the “Know Your Client” information you have provided to Hampton when the forms have been processed or shortly thereafter. Hampton will assess the suitability of the investments in your account based on the “Know Your Client” information provided whenever:

- a) a trade is accepted,
- b) a recommendation is made,
- c) securities are transferred or deposited into your account,



- d) the Investment Advisor IA or portfolio manager responsible for your accounts changes, or
- e) there is a material change to your "Know Your Client" information based on the forms provided as described above.
- f) the suitability of investments held in your accounts will not be reviewed in the case of other triggering events not described above and, in particular, not in the event of significant market fluctuations. If you have a Managed Account, ongoing suitability is provided as part of the managed account services.

Unsolicited Transactions - If you ask your Hampton IA to execute a trade that is your idea and was not recommended by your Investment Advisor, Hampton is only responsible to advise you as to whether or not we think the transaction is suitable for you based on what your IA knows of you and the security you wish to trade. In this case, the decision to invest is yours, and Hampton retains no responsibility for the suitability of the transaction nor assumes any liability for any losses. We will normally, but not always, mark the trade confirmations as "Unsolicited".

Securities you deposit with us – In the event that you chose to deposit a certificate representing an investment product you already own into your Hampton account, we are responsible for assessing the suitability your investments when the certificate is deposited into your account. At that time, your Hampton IA may advise you to sell the security based on the Firm's opinion as to how suitable an investment is for you. You may choose to ignore your IA's recommendation to sell the security, however, this means you are going against your IAs recommendation and accepting sole responsibility for continuing to hold the security and any further investment decisions you might make for or about it.

ACCOUNT REPORTING

Trade Confirmations

When a buy or sell transaction is placed in your account, a trade confirmation will be sent to you electronically or by mail, based on your preference indicated.

Trade confirmations will be produced within one business day of the trade date. It will contain the details of the transaction including but not limited to:

- The security name
- Marketplace and dates
- Amount paid by you for a purchase including any commissions or fees charged.

Account Statements

We will send you statements for your account(s) with Hampton at least each calendar quarter (i.e. March, June, September and December). We will also send statements for any other month(s) in which a transaction (buy or sell) occurs in your Hampton account(s). Each statement for the reporting period will include but is not limited to:

- Your name, address, account type and account number
- Market value and account position cost of all holdings in the account
- Account activity that occurred in the account for the reporting period



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 (i.e. S&P/TSX Composite Index, Universe Bond Index, and the S&P 500 Index). Measuring the return of your portfolio against appropriate benchmarks can be an effective way of assessing the relative performance of your investments.

PERFORMANCE REPORTING

We will provide our clients with investment performance reporting on an annual basis for the 12 months ended December 31st. which will set out the following but is not limited to:

- 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.

FEES, CHARGES AND COMMISSIONS

Fees and service charges will be made according to the Service Charges and Fee schedule provided on account opening to all our clients; this may be updated from time to time. Advisory accounts will be charged either a percentage or fixed dollar commission on every purchase or sale of securities. In the case of Equities a commission will be charged, whereas Fixed Income, New Issues and Structured Products will usually have the commission included in the price you pay or receive. For Mutual Fund products we may charge a commission; the Fund will charge you a commission on the purchase or may defer the charge until you sell your units of the fund. The Fund Manager will normally charge you an annual management fee and may periodically pay Hampton a small 'Trailing Fee' (refer to the disclosure documents provided by the mutual fund for details or ask us for a copy - not all funds are the same). A Fee-Based Account will pay a combination of a fee (based on assets) and commissions on some purchases and sales, as described in the Fee-Based Account Agreement. Managed Accounts will be charged a management fee, which is based on your assets held at Hampton, and may be charged a minimum fee per trade as described in the Managed Account Agreement.

DOCUMENTS PROVIDED

Hampton is required to provide you with the following documents with respect to your account: (a) the NCAF (i.e. the current document, which also includes the Relationship Disclosure, Introducing and Carrying Broker Disclosure, Complaint Handling Summary, and the Leverage Risk Disclosure Statement), (b) the Service Charges and Fee schedule, (c) CIPF Brochure, and (d) "An Investor's Guide To Making a Complaint" and How Can I Get My Money Back: A Guide for Investors, brochures. When you apply to trade Options you will be provided a Risk Disclosure Statement for Options and Futures.