

Dear SCMC Client Community,

**As you know, the interests of the SCMC Client Community come first.**

**To that end, SCMC does NOT engage in activities that could result in conflicts of interests with the SCMC Client Community.**

That said, the Investment Industry Regulatory Organization of Canada (IIROC), the self-regulatory body that governs the Investment Industry's participants, has delivered a new legislative mandate called the Client Focused Reforms that requires all participating Industry members to address this matter with their clients by way of written communication.

To satisfy this end, the following summarizes SCMC's conflicts of interest policies to meet the obligations defined in those reforms. Please note, this does not change the manner in which SCMC has always dealt with, and deals with, potential conflicts of interest:

Understanding conflicts of interest

*In the investment industry, conflicts of interest or potential conflicts of interest can arise when the interests of a client differ from those of a financial advisor or the advisory firm. Conflicts of interest represent potential risks to clients because conflicts may influence the advisory firm or the individual financial advisor to put their own interests ahead of clients' interests.*

*The general types of conflicts of interest which can arise are:*

- *Conflicts of interest between you, the client, and SCMC/advisor,*
- *Conflicts of interest between you and other clients of SCMC/Advisor, and*
- *Conflicts of interest between an advisory firm and related and associated companies of the firm.*

*In general, we deal with and manage relevant conflicts in one of the following manners:*

- *Avoidance: This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be managed to ensure your best interests are served.*
- *Control: We manage acceptable conflicts through means such as physically separating different business functions and restricting the internal exchange of information.*
- *Disclosure: By providing you with information about conflicts, you can assess independently their significance when evaluating our recommendations and any actions we take.*

*At SCMC, our clients' interests come first. Accordingly, we address all conflicts of interest in the best interest of the client. Where we cannot address a conflict of interest in the best interest of the client, we avoid the conflict entirely.*

*The following information is intended to assist you in understanding and assessing potential material and actual conflicts of interest, and how we address them. A material conflict is one that would reasonably affect your decisions or, alternatively, our decisions or recommendations to you. In all instances where we can do so lawfully, we will disclose a material conflict of interest to you so that you may be fully informed of it and make your decisions accordingly.*

*Disclosure alone is not always sufficient to resolve a conflict in your best interest. In addition to disclosing the conflict to you, we will take proactive measures to ensure that the conflict is resolved in your best interests.*

*This is an overview of a complex subject. Despite that, we believe the simplest most direct and transparent control is the most effective. If you ever have any questions or concerns, whether they involve conflicts of interest or anything else, you should never hesitate to say so and ask your advisor for an explanation and more information.*

*Our written policies and procedure manual documents our core values, standards, and methods to ensure that SCMC and all its employees and service providers adhere to them. They include the general standards and procedures for how we deal with conflicts of interest that are summarized in the table below.*

<i>Existing or Potential Material Conflict of Interest that could arise at an advisory firm and the Potential Impact</i>	<i>Address by</i>	<i>How Conflicts will be addressed</i>
<i>An advisory firm will earn compensation by selling products and services to you for which you pay.  An investment advisor may be perceived to be motivated to make recommendations that provide them with better compensation.</i>	<i>Disclose / Control</i>	<i>SCMC will inform you of fees, commissions, and other compensation in advance so that you know what you are paying.  SCMC sends you annual summaries of performance and fees paid so you know how much you are paying and the quality of the advice you are paying for.  Most of our clients pay a fee based on a percentage of the asset value of their accounts. In a fee-based account, there is no incentive to do transactions just to earn commissions. Sometimes the best decision is to do nothing. SCMC benefits from the long-term success of your investments.  We review the suitability of the securities held in your account when we make a recommendation or process a transaction on your behalf taking into consideration your stated investment needs and objectives. In addition, all trades are reviewed by our Chief Compliance Officer for suitability, fairness, reasonableness and account appropriateness, considering your stated investment needs and objectives.  We have daily trading reviews designed to detect, among other things, conflicts of interest between your investment advisor and your trading activity, and unsuitable trading.</i>

		<p>SCMC does not manufacture our own proprietary products, nor do we have any securities that are related or connected to us. This makes our recommendations free from any outside interest in the decision.</p> <p>Our compensation structure does not incentivize one product or service over another</p> <p>We have policies and procedures prohibiting recommendations solely for the purpose of generating revenues for us without any benefit to you.</p> <p>The compensation of our compliance and supervisory staff is not tied to sales or revenue.</p> <p>The pricing for other services is documented in a fee schedule provided to you at the time of account opening.</p>
<p>An advisory firm may receive compensation from securities issuers and other third parties based on their products sold to you, such as "trailer fees" on mutual funds and commissions on securities offerings.</p> <p>The trailer fees are not charged to you directly, but these fees affect you as they reduce the amount of the fund's return to you.</p>	Disclose / Control	<p>The products and services that we provide are evaluated through a "know-your-product" process that does not consider potential compensation.</p> <p>We disclose to you the situations and type of third-party compensation that we may receive prior to placing any order on your behalf. In addition, securities regulations require issuers to provide specific disclosure of such arrangements and the compensation we will receive. These disclosures are generally found in the Fund Facts of Mutual Funds offered.</p> <p>Recommendations of such investments are based on the quality of the security without influence from any third-party compensation associated with the security.</p> <p>In cases where SCMC receives a trailing commission from a mutual fund, SCMC excludes the security from the fee-based account calculation.</p> <p>All transactions are reviewed by the Chief Compliance Officer for suitability, pre-trade disclosure of fees to you, and to ensure fees are reasonable.</p>
<p>An advisory firm may sell you securities which they own or may buy securities from you (called principal trades) and may profit by doing so.</p> <p>The advisory firm would have an incentive to buy or sell at a price better than the current market price.</p>	Avoid	<p>SCMC does not trade for itself or carry inventories.</p>
<p>An advisor may trade for his or her own account in the same securities as you.</p> <p>The advisor would have an incentive to trade ahead of you or give himself or herself the best trades.</p>	Control	<p>The Chief Compliance Officer reviews all daily trading including trading by employees to ensure that employee orders are entered separately from and after client orders.</p>
<p>An advisory firm may have access to commercially sensitive or inside information.</p>	Avoid / Control	<p>SCMC does not engage in investment banking, underwriting or mergers and acquisitions, which are the normal sources for such information.</p> <p>SCMC has policies and procedures requiring all its employees to report on any commercially sensitive or inside information they receive from any source and monitors any activity in the security involved until the information is publicly disclosed.</p>
<p>An advisory firm may permit certain individuals who are registered with the Firm to be employed by other persons or firms, outside the scope of his/her relationship with the firm.</p> <p>Conflicts may arise when an investment advisor is involved in outside business activities either because of the compensation they receive for these activities or because of the nature of the relationship between the investment advisor and the outside entity.</p>	Disclose / Control / Avoid	<p>No business activities outside of the scope of our business are permitted for any retail advisors where a conflict or perceived conflict may exist, where there is any risk of disruption to client services or any confusion as to who is providing a client service, or any such business that is viewed as disreputable or inappropriate.</p> <p>All employees must disclose to us and obtain our approval of all outside business activities prior to the activities commencing.</p> <p>Approval may be granted after a review of these activities confirms they would not impair the employee's ability to provide adequate client service. Any existing and reasonably foreseeable material conflicts of interest would be identified, and appropriate steps taken to address such conflicts in the best interest of our clients.</p>

<p><i>Outside business activities could cause the investment advisor to put such interests ahead of yours.</i></p>		<p><i>Approval will be granted only if these activities do not involve activities that are inconsistent with securities legislation or IIROC requirements, and do not interfere with the investment advisor's ability to remain current on securities law and product knowledge.</i></p> <p><i>All outside activities must be consistent with the investment advisor's duty to deal fairly, honestly and in good faith with their clients.</i></p> <p><i>All outside business activities of our registered employees are disclosed to IIROC and provincial securities regulators, who must be satisfied they do not create a material conflict of interest.</i></p>
<p><i>Conflicts of interest can arise at an advisory firm where an investment advisor has personal financial dealings with you, including where they are appointed as a trustee or granted a power of attorney and have control or authority over your financial affairs, or where the investment advisor acquires assets from you outside of our investing relationship.</i></p> <p><i>These dealings could cause the investment advisor to put their interest ahead of yours in taking any investment action.</i></p>	<p><i>Avoid / Control</i></p>	<p><i>SCMC strictly prohibits personal financial dealings between investment advisors and clients.</i></p> <p><i>We prohibit investment advisors from being a power of attorney, trading authority, executor or trustee for a client, except where the client is an immediate family member.</i></p> <p><i>We generally do not permit investment advisors to be beneficiaries on client accounts except where the client is an immediate family member.</i></p>
<p><i>An advisory firm may allow individuals to serve on a board of directors or take on other activities that could take time or attention away from your account.</i></p> <p><i>This may result in conflicting duties owed to the outside company and the advisory firm or to you, possible receipt of inside information, and conflicting demands on the employee's time, as well as inherent conflicts where the company is an issuer of securities that an advisory firm may recommend to you.</i></p>	<p><i>Avoid / Disclose / Control</i></p>	<p><i>Securities legislation prohibits a registered individual from serving as a director of another registered firm that is not an affiliated to the firm. SCMC has no affiliated securities firms.</i></p> <p><i>SCMC's employees are prohibited from engaging in activities that would interfere or create conflict with their duties. We have policies in place to detect and, where applicable, supervise, disclose, or prohibit any conflicts of interest.</i></p> <p><i>An employee wishing to act as a director or officer of a public or private company must receive prior approval from us and, if approved, will be reported as an outside business activity to our regulator. Except in unusual circumstances SCMC will not permit an employee to accept a position with an outside firm that is likely to result in regular conflicts of interest situations.</i></p> <p><i>When an employee sits on a board of directors in any substantive way, they are subject to regulatory requirements on the disclosure and approval of outside business activities as described above.</i></p> <p><i>SCMC has adopted internal policies and procedures that supplement the regulatory requirements.</i></p>
<p><i>Individuals may receive or give gifts, gratuities or entertainment opportunities as a result of their relationships with clients.</i></p> <p><i>Such actions may compromise an advisor's independence and/or put the advisor's own interests ahead of yours.</i></p>	<p><i>Avoid / Control</i></p>	<p><i>SCMC's policies prohibit employees from accepting or giving any gift or entertainment opportunity which is intended to improperly influence a business decision. We have strict guidelines and limits on what are appropriate and acceptable gift and entertainment practices, including a prior review and approval process.</i></p>
<p><i>An advisory firm may allow referral arrangements in which fees are paid to or by it for referring potential clients.</i></p> <p><i>A referral may be given or received solely for monetary gain, and not because of any benefit to the client.</i></p>	<p><i>Avoid</i></p>	<p><i>SCMC does not enter into or permit referral arrangements.</i></p>

Respectfully,

Secutor Capital Management Corporation