

Relationship Disclosure Document

Introduction

Lightyear Capital Inc. would like to welcome you as a client of our firm. We very much hope to build a relationship with you that you will find highly satisfactory.

The purpose of this Relationship Disclosure is to help you better understand the nature of the services that Lightyear Capital Inc. (“Lightyear”, the “Firm”, “we”, “us” or “our”) provides and what you can do to help ensure a satisfactory ongoing relationship with us. We are also required by investment industry regulations to request certain information from you and we will explain why and when we need that information.

The *Relationship Disclosure Document* will be provided to you at the time you open your account(s) with Lightyear. If there are significant changes to the information contained in this *Relationship Disclosure Document*, we will provide you with an updated version by referring you to our website at www.lightyearcapital.com, or in hardcopy upon your request. If you have any questions related to the contents of this *Relationship Disclosure Document*, please contact your Investment Advisor.

This *Relationship Disclosure Document* covers the following topics:

- About us;
- The services and types of accounts we offer;
- The type of products we offer;
- Our relationship and responsibilities;
- How we assess suitability;
- How we address conflicts;
- How we respond to complaints;
- Account reporting that we will provide;
- Fees and charges;
- Other important information; and
- A checklist of documents to be provided to you.

1. About us

Lightyear is an independent investment boutique focusing on small-mid cap companies. The Firm offers investment services to institutional investors and private clients and is an active underwriter for, and financial advisor to, small cap companies seeking private and/or public equity.

Lightyear is what is referred to as an “introducing broker” investment firm. Our client accounts are held in a custody arrangement with our “carrying broker” (“CB”), Haywood Securities Inc. The CB executes, settles and reports all your trade activity to you and provides Lightyear, (and consequently to you) an indemnity assuring you that the investments shown on your statements are held by them as custodian. If under any circumstance, any trade activity for your account is not reported on a trade confirmation and your monthly statement, immediately report such omission to Lightyear Compliance.

Lightyear is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund (“CIPF”). The Firm is a participating member of the TSX Venture Exchange and is registered in Alberta, Ontario, British Columbia, Saskatchewan and Manitoba.

2. The services and types of accounts we offer.

Brokerage firms may be approved to provide varying levels of service to their clients based on the types of accounts available. This can include *managed accounts*, where a portfolio manager independently exercises authority to make investment decisions within the framework of the agreed upon objectives of the account, *order-execution only*

accounts, where you receive no advice from an advisor at all and are entirely responsible for your own investment decisions, or *advisory accounts*, where an investment advisor makes recommendations to you on investment ideas, upon which you may or may not decide to act.

Lightyear offers advisory account services only.

Your Investment Advisor is responsible for providing suitable and unbiased investment recommendations to you based on the “know your client” (“KYC”) information you provide to us (see the “Our relationship and responsibilities” section of this *Relationship Disclosure Document* for details on KYC information), and you may choose to act upon these recommendations or not. In an advisory account, you are ultimately responsible for your investment decisions, although you may rely on the advice provided by your Investment Advisor. The Investment Advisor is responsible for the advice provided, and must meet an appropriate standard of care in providing that advice.

We may offer additional products and services over time and as they are developed. We will inform you of such new offerings through communications in your statements or with your Investment Advisor, and by keeping the most current version of this *Relationship Disclosure Document* posted on our website at www.lightyearcapital.com.

Advisory accounts are **commission based accounts**.

A **commission based account** is an account in which you will be charged a commission for each transaction made for your account (buy or sell). Sometimes investments purchased on your behalf may also pay us fees, such as trailer fees in the case of mutual funds and agent’s fees in respect of new issue business. In such cases, it is uncommon that you would incur any other additional charges in connection with the purchase or sale of these investments or similar products.

Commission rates are established by you and your Investment Advisor in accordance with industry standards and the Firm’s policies.

With your advisory account, you may open one or more of the following accounts:

- **Cash accounts:** involve standard cash settlement of transactions, three days after the day your trades are executed;
- **Margin accounts:** offer some level of borrowing capacity, secured by the value of the securities held in your account and based on both regulatory loan value rates and our more stringent internal credit policies (See the *Leverage Risk Disclosure Statement* in the “Other important information” section of this *Relationship Disclosure Document*);
- **Cash-on-delivery (“COD”) accounts:** the settlement of your trades takes place between us and your designated custodian on a delivery vs. payment basis;
- **Registered retirement savings plans and income fund accounts (“RRSP” and “RRIF”):** these are accounts intended to hold your eligible retirement savings investments and assets, in accordance with the regulations and restrictions on their operation, as prescribed in the Canadian Income Tax Act;
- **Registered education savings plan accounts:** these accounts are intended to hold funds for your child’s post-secondary education, in accordance with the regulations and restrictions on their operation, as prescribed in the Canadian Income Tax Act; and
- **Tax free savings accounts (“TFSA”):** these are accounts which allow you to hold eligible savings investments and assets where the related income and capital gains are earned on a tax-free basis, in accordance with the regulations and restrictions on their operation, as prescribed in the Canadian Income Tax Act.

All accounts may be denominated in Canadian or US currency.

Please consult your Investment Advisor about how each of these accounts operate and which one(s) best meet your investment objectives.

The fees and charges related to the various account types are addressed in the “Fees and charges” section of this *Relationship Disclosure Document*.

3. The type of products we offer.

We offer the following investment products:

- Cash and cash-type instruments;
- Equity investments, including stocks, warrants, flow-through shares and trust units;
- Fixed income and debt securities;
- Investment funds, such as mutual funds and exchange-traded funds; and
- Money market and high-yield savings investments.

Your investment advisor can explain these investment products to you, as well as how they work, their risks and potential returns, and whether they are appropriate for you. For more information, you can also read the plain-language investment explanations in *Investments at a Glance*, a booklet prepared by the Canadian Securities Administrators for financial consumers like you, which can be found on their website at www.securities-administrators.ca.

4. Our relationship and responsibilities

Clearly understanding our respective responsibilities is vital to the success of our relationship. In this section, we will document those responsibilities, help you understand what KYC information is and why we require it, and provide you with some guidelines on how to establish and define your overall objectives.

Responsibilities

- **Your Investment Advisor’s responsibilities:** Your Investment Advisor is responsible for the advice provided to you and for ensuring that it is unbiased, meets an appropriate standard of care, and is suitable based on your investment needs and objectives.
- **The Firm’s responsibilities:** Lightyear is responsible for, among other things, providing you with this *Relationship Disclosure Document* and related information, assessing the suitability of the investments in your account(s), reporting your account activity to you through trade confirmations and account statements and various other disclosures and requirements, many of which are referred to elsewhere in this document. We are responsible for providing you with information about the investments that you make, including prospectuses, offering documents and other product information, where applicable. Lightyear is responsible for the supervision of its Investment Advisors and for handling any complaints regarding its services in a fair and reasonable manner.
- **Your responsibilities:** You are ultimately responsible for making all investment decisions in respect of your account(s). As such, you are required to be an active participant in the relationship by keeping informed and keeping us informed. In order to achieve this, you are responsible for:
 - Providing us with full and accurate KYC information including your financial situation, investment objectives and risk tolerance, time horizon and any other information relevant to assisting you in meeting your investment goals.
 - Promptly informing your Investment Advisor of any material changes in life circumstances which may result in changes to the KYC information previously provided. This may include such things as a change of address, significant changes in financial situation, employment changes, marital status, retirement plans, etc.
 - Carefully and promptly reviewing copies of all KYC information we will provide you at the time of account opening and any time that information is updated, to ensure that we have recorded an accurate understanding of your circumstances.
 - Ensuring that you understand the information contained in this *Relationship Disclosure Document* and asking questions of your Investment Advisor where you require further clarification.

- Carefully and promptly reviewing all documentation provided to you including trade confirmations and account statements. You must report any errors or inaccuracies within the time limits prescribed on the documents.
- Being informed by reviewing your portfolio regularly, understanding the potential risks and returns related to the investments in your account(s), reviewing all sales literature and product related information provided, being proactive by asking questions about specific transactions, investments and the relationship in general whenever such questions may arise, and by consulting the appropriate professionals as necessary, including accountants or lawyers for tax and/or legal advice.
- Ensuring that payment for transactions is made by the settlement date.
- Contacting the Firm if you are dissatisfied with the handling of the affairs in your account(s).

“Know Your Client”-What is it and why do we need it?

In an advisory account, while you are ultimately responsible for your investment decisions, you may rely on the advice provided by your Investment Advisor. Your Investment Advisor is required to ensure that the advice provided and investments made in your account(s) are suitable for you. In order to assess suitability, we consider factors such as your investment objectives and time horizon, risk tolerances and your personal and financial circumstances, including your age, annual income, net worth and investment knowledge. This “Know Your Client” information is what we refer to as “KYC”, and is collected when you complete your *New Client Application Form* (“NCAF”). We must match your needs and desires with your investments and trading activities. Without this understanding, it is not possible to make suitable recommendations.

We know that you may be concerned about sharing some of this information. However, **without all the necessary information to know your fundamental circumstances, securities legislation prohibits us from proceeding with opening your account.** Please also refer to our Privacy Policy, included on our website at www.lightyearcapital.com, regarding our commitment to the confidentiality and privacy of your information.

Again, as described above, you are also responsible for ensuring the KYC information is up-to-date and informing us of changes in your life circumstances which may result in changes to the KYC information that we have in our records.

Further information on the various KYC factors is provided below:

- **Personal situation:** The personal information we gather not only ensures that we are in compliance with anti-money laundering/anti-terrorist financing regulations mandating verification of identification but is also important in our understanding of your personal circumstances and how they may affect the recommendations we make to you. This includes basic name, residence address and other contact information, date of birth, social insurance number, marital status, employment information, etc.
- **Financial situation:** We need to understand your net worth, which includes your financial assets (deposits, investments) and capital assets, net of your liabilities (debts, mortgage). We need to understand the sources of your income and the amount of your income from all sources. We will consider the size of any transaction relative to your net worth as part of our suitability assessments.
- **Investment knowledge:** This reflects your level of understanding of investing, investment products and their associated risks. We will document your level of investment knowledge as being sophisticated, good, limited, or poor/nil. Further information on determining your level of investment knowledge is provided below.
- **Investment objectives:** Your investment objectives are your specific financial goals. This information will help us determine how to balance the desire to keep your money safe (not lose principal), earn income, and increase your capital through growth in the market value of your holdings/account(s). The investment that we recommend should be consistent with your investment objectives. Further information on the types of objectives you may have is in the following section.

- **Time horizon:** This is the period from the time you provide us with this information to the time when you expect to need your financial assets, or a significant portion thereof, for such things as purchasing a home, paying for your education or your children's education or retiring. In retirement, this may also include consideration of tax requirements to withdraw minimum amounts.
- **Risk tolerance:** The level of risk tolerance is intended to document your willingness to accept risk and your ability to withstand declines in the value of your portfolio, whether from the perspective of comfort level or actual financial ability. Your risk tolerance should reflect the relative weighting of the various levels of risk of the investments that you wish to hold in your account(s). Further information on how to define the various levels of risk is in the following section.

When you are considering these KYC factors and your own personal circumstances, you must do so on an account-by-account basis, rather than for all of your accounts or for you as an investor overall, as each account or type of account may have different investment objectives, risk tolerance levels, etc. For example, you may wish to keep your retirement savings in lower risk investments with longer term return objectives, but hold more speculative investments in a cash account. Clearly the risks and objectives are different in those two cases. For this reason, we will review suitability on an account-by-account basis.

Guidance for considering investment knowledge

To assist you in describing your level of investment knowledge, the following guidelines are set out. It is expected that over a period of time, with increasing exposure to various investment products, your level of experience could increase.

- **Sophisticated** experience would include those individuals who have traded in most types of investment securities. This would include knowledge of options, commodities, speculative and short selling strategies and an appreciation of the risks and rewards involved in trading these securities.
- **Good** experience would include those individuals who have either traded in or have some knowledge of the basic characteristics of both fixed income securities and common shares, as well as basic understanding of the degree of risk and reward inherent in these types of securities.
- **Limited** experience would include those individuals who have had some investment experience but may not have a full understanding of the basic characteristics of the various types of securities and the degree of risk associated with some securities.
- **Poor/Nil** experience would include those individuals who have very limited or no knowledge of the basic attributes of securities or the workings of the markets.

Guidance for considering investment objectives

The investments in your account(s) should be consistent with your investment objectives. Your objectives are classified and documented as being income related, long-term capital appreciation, or short-term capital appreciation/ speculative trading, and may be any combination of these. These categories are general guidelines only, intended to assist us in meeting your overall investment objectives. It is recognized that your objectives may change from time to time, and what you provide at the time of account opening represent your basic objectives at that time. In the event that changes to your personal circumstances result in changes to your overall investment objectives, you are responsible for discussing and updating that information with your Investment Advisor.

To assist you in determining your objectives, we offer the following guidelines as to the nature of the investments and activities intended by each of the four categories. Please remember that the list of securities in each category is not intended to be exhaustive and your own situation may require further clarification. It is also important to recognize that the selection of investment objectives may not be synonymous with the selection of account risk factors as described in the section below.

- **Income:** This category includes securities whose primary characteristics are regular income with little potential for capital gain. For example, this category would usually include money market securities, investment grade bonds and high quality preferred shares, but could also include "high-yield" bonds,

royalty trust units and lower quality preferred shares, where there is a greater risk of cessation of income flow and capital loss, depending on the account risk factors. High yielding, stable, dividend-paying common shares could, but would not normally, be included in this category.

- **Long-term capital appreciation:** This category includes securities, such as common shares, whose primary characteristics are to provide the investor with the potential for long-term capital gain, while assuming some risk of capital loss. This category would normally include the common shares of established companies which have experienced some reasonable period of operating history, including a record of past profitability.
- **Short-term capital appreciation:** This category includes the common shares or other equity related securities of more junior companies or securities which are generally of higher risk than those securities which would be captured under the long-term growth category. Trading activity in warrants or stock options would be included in this category. This category would also encompass securities normally included under the income or long-term capital appreciation categories if:
 - The investment horizon was more short-term oriented and the intended trading activity was, therefore, of more frequent nature, or
 - A significant percentage of margin was regularly utilized in the account.
- **Speculative trading:** This category includes high-risk venture type of investments that are generally less liquid. Often, these may be investments through private placements or some other form of investment in start-up or emerging entities.

Guidance for considering risk tolerance

Investing in securities is inherently risky, as the value of individual securities is not guaranteed and can fluctuate significantly. The risks your investments may face include, among other things, issuer specific risks (type of product, business, sector or industry risk), general market risk, macroeconomic conditions, interest and exchange rate risk and liquidity. You could lose a portion of, or even all of, your original investment.

The investments in your account(s) should be consistent with the level of risk you are willing to accept in your account(s). Your risk tolerance may be affected by such factors as your age, your family situation (marital status, dependents), your net worth and your income expectations. You should approximate your risk tolerance on a percentage basis between high, medium and low risk. There will likely be some correlation between your risk tolerance and your investment objectives. For example, there should be a high correlation between the degree of high-risk tolerance, and the portion of the objectives that represent short-term capital appreciation and/or speculative trading. An account in the 100% low-risk category would be very limited in the investment opportunities available to it, whereas one that has some allocation to the medium-risk or high-risk categories would have a much greater degree of flexibility in choosing investments.

- **Low risk investments** experience low volatility, and generally offer lower returns in exchange for greater protection of capital. This category would include investments such as government issued securities and money market mutual funds.
- **Medium risk investments** experience a medium level of volatility, and are more likely to offer moderate growth over a longer period of time. These investments can certainly fluctuate in value, but are generally higher quality. This category would include most publicly-traded securities, particularly those upon which the Firm would be willing to extend margin.
- **High risk investments** can exhibit significant volatility, and are best suited to investors who are willing to accept the risk of short-term fluctuations in exchange for the potential for higher long-term returns. Accepting this level of risk is accepting the risk that the entire investment could be lost. This category would include volatile, start-up or lower value publicly traded securities, speculative investments and emerging company type investments with low liquidity. These are securities upon which the Firm is not willing or able to extend margin.

5. How we assess suitability.

Before we will provide you with an investment recommendation we will first determine if our recommendation is suitable for you according to our understanding of the KYC information you have given us when you completed or

last updated your account documentation. That is why keeping your KYC Information up-to-date and accurate is very important. Without current and accurate KYC Information we cannot give you suitable recommendations or reliable investment advice.

Your Investment Advisor will conduct a suitability assessment, on an account-by-account basis, as follows:

- Each time a recommendation is made to you;
- Each time a trade is accepted from you (including those proposed by you);
- When securities are deposited or transferred into your account(s);
- When the Investment Advisor responsible for the account changes; and/or
- When there has been a material change in your personal or financial circumstances or objectives.

To ensure that the positions held in your account(s) remain suitable for you as time passes, our goal is to review the suitability of the investments in your account(s), and your holdings as a whole, at least every other year in conjunction with an update of your KYC information.

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, even large fluctuations. Your Investment Advisor is ready to discuss the effect of market fluctuations on your portfolio with you when you request.

A suitability assessment involves a comparison of the overall composition of your account(s) at a point in time to the weighting of the various levels of risk and investment objectives as set out in your KYC information. When considering the suitability of a transaction, we consider how that transaction affects those weightings in your account(s).

During an assessment, if an investment is considered to be unsuitable, your Investment Advisor will discuss the situation with you and may advise against the purchase, or suggest that you sell any unsuitable investments already in your account. Your Investment Advisor may also recommend that you make changes to the other investments in your account to ensure the overall suitability of your holdings relative to your stated investment objectives and risk tolerance.

If during our suitability determination we identify any concerns, we will discuss them with you and document our discussions. If we are strongly concerned about any transaction you request of us which differs from what we determine to be a suitable transaction, we may choose to refuse to execute a transaction or even terminate our account relationship.

6. How we address conflicts of interest.

In the course of our usual activities, we assume a responsibility to act fairly, honestly and in good faith with our clients. Given the nature of our business, conflicts of interests may arise between you and our firm, its employees or our other clients.

We have policies and procedures in place to address the handling of conflicts of interests. Under these policies and procedures we avoid material conflicts prohibited by law as well as conflicts that we cannot effectively control.

In all other situations where our interests may compete with yours, your interest is always given priority by our acting in one of two ways:

- We control or manage acceptable conflicts by taking such actions or instituting procedures that will adequately control or manage the conflict of interest.
- We disclose information about any remaining conflicts in order that you can assess independently the materiality of the disclosed conflict(s) when you evaluate our recommendations and actions.

A more detailed explanation of our *Conflicts of Interest Statement* may be found in the Client Agreement and Notices menu on the home page of our website at www.lightyearcapital.com.

7. How we respond to complaints

The fair and timely handling of client complaints is vital to the overall integrity of the investment industry. Lightyear regards the handling of any client complaint as an essential element of servicing our client accounts and we have established written policies and procedures to ensure they are dealt with promptly and fairly.

A more detailed explanation of our *Client Complaint Process* may be found in the Client Agreement and Notices menu on the home page of our website at www.lightyearcapital.com.

8. Account reporting we will provide

Lightyear will provide you with reporting to help you monitor your financial assets and performance. This reporting will come in the form of trade confirmations and account statements. While we do our utmost to avoid errors, misunderstandings and mistakes can happen. Accordingly, it is important that you review each trade confirmation and account statement promptly upon receipt and advise Lightyear within the time limits disclosed on the documents if you believe there has been an error.

- **Confirmation of transactions:** We will provide you with written confirmation of the details of every purchase and sale made for your account(s) and forward to you by mail.
- **Account statements:** For your account(s), a statement will be provided for each month there is any account activity and in any event, on a quarterly basis, as long as there are cash and/or securities in the account. Your account statement confirms all account activity, including purchases and sales of securities, contributions and withdrawals, dividends, interest earned and paid, transfers, and any other transactions that have occurred in your account(s) over the previous period. Account statements also list your current holdings and the value of your portfolio. The value of most securities you hold is calculated with reference to the closing price of the last day of the month in the reporting period of the statement. In the case of securities that have ceased trading, where the company is bankrupt, or in other circumstances where a reliable market value cannot be ascertained, no valuation is given.
- **Performance and other reporting:** Lightyear does not currently provide any formal performance reporting, percentage return information or separate fees and charges reporting. We intend to closely monitor the development of new rules and requirements in this area and will be prepared to comply with those at such time as they come into effect. To remain up to date on any changes we make in our reporting to you, please watch your statements for updates, ask your Investment Advisor or review the updated version of this *Relationship Disclosure Document* as posted on our website at www.lightyearcapital.com.
- **Tax reporting:** We will provide you with any required tax reporting, based on the type of account(s) and/or transactions within your account(s) each year. The most common of these are as follows:
 - RRSP contributions;
 - T4RSP-Statement of RRSP Income and/or T4RIF-Statement of Income from a RRIF;
 - T5-Statement of Investment Income;
 - T3-Statement of Trust Income Allocations and Designations;
 - T5013/T5013A-Statement of Partnership Income; and/or
 - Summary of Investment Income.

A Summary of securities transactions is available upon request.

There may be additional tax reporting as circumstances warrant. If you have any questions about tax reporting you receive from Lightyear, you should contact your Investment Advisor.

9. Fees and charges

You may incur various fees and charges in relation to the operation of your account(s) at Lightyear. Most of these will be charged directly by Lightyear, however, some of them may be charged elsewhere and by other parties. The different types of fees and charges are described below.

- **Commissions:** Lightyear will charge you commissions on all securities transactions in your account(s). These commissions represent the compensation you pay Lightyear for the services we provide you in the execution and completion of your trades. For equity securities, these commissions are either added to your total purchase price or deducted from your sales proceeds, and are disclosed to you on your trade confirmation. The amount of commission that you pay will vary depending on, among other things, the security being traded, where it trades and the value of the trade. The amount of commission is negotiated between you and your Investment Advisor at the time you place your order, subject to some general guidelines to which he or she must adhere. Commissions are most commonly based on a percentage of the trade value. For debt and other fixed income securities, the commission is generally built into the price you pay or receive for the security in your transaction. Our CB retains a portion of the price you pay or receive, and this is the commission or “spread” that is earned on these transactions. Lightyear does not share in the spread earned by the CB on debt or fixed income securities.
- **Mutual funds:** In the case of mutual funds, the related fees are generally charged to you through the mutual fund manager or product manufacturer. Mutual fund managers typically charge a percentage fee called a management expense ratio (“MER”), as well as other transaction costs, by deducting these charges from the value of the fund. From the MER, the Firm is paid ongoing commissions, commonly referred to as trailer fees, for the services we provide. Product manufacturers may also charge you a commission at the time of purchase, which is deducted from the amount delivered for investment in the fund. Product manufacturers may also charge you a deferred sales charge (“DSC”) in the event that you redeem your fund investment prior to the expiry of a set schedule. As all of these amount (MERs, trailer fees, commissions and DSC’s) can vary from fund to fund, we encourage you to review the information you are provided regarding the fund in which you are investing (such as the prospectus offering document or fund fact sheet) and discuss any questions you may have with your Investment Advisor.
- **Interest and foreign exchange:** To the extent that you maintain a debit balance in your account, you will be charged debit interest. The CB may charge a higher rate to you than it pays to borrow funds itself, thus earning the spread between the two rates. To the extent that you maintain a credit balance in your account, you will be paid credit interest. The CB may credit your account at a lower rate that it earns on its own cash balances, thus earning the spread on the two rates. Lightyear and the CB share the spread equally. The current interest rates are as follows:
 - Canadian dollar debit balances: you pay the Canadian prime rate plus 3.0%
 - US dollar debit balances: you pay the US prime rate plus 3.25%
 - Canadian dollar credit balances: you earn the Canadian prime rate less 3.0%
 - US dollar credit balances: you earn the US prime rate less 3.25%

When we are required to buy or sell US dollars on your behalf, the CB earns a commission as well. This commission is built into the exchange rate that you are quoted. The CB retains a portion of the rate you pay or receive for your US dollars, thus earning the exchange rate spread on these transactions. Lightyear does not share the foreign exchange spread with the CB.

- **Account operation fees and charges:** You may also be subject to various other fees and charges in connection with the operation and maintenance of your account(s). These may include, among other things:

account transfer; deregistration and withdrawal fees; physical certificates and re-registration fees; wire transfer; fees related to private company and other restricted securities; administration fees and more.

- **Other charges:** There may be other costs you incur that are not part of our service offerings, but which are levied by third parties and are required to ensure proper operation of your account(s) with us. For example, you may be required to pay for valuations and legal opinions as to the eligibility of certain private investments that you wish to hold in a registered account. Knowing about and planning for these costs is your responsibility.

Generally speaking, your Investment Advisor will make every effort to advise you of all possible fees and charges relating to a specific transaction in advance of accepting instructions from you. However, it is your responsibility to be familiar with our *Administration Fee Schedule* located in the Client Agreement and Notices menu on the home page of our website at www.lightyearcapital.com. We will provide you with a minimum of 60 days written notice of any changes to the *Administrative Fee Schedule*, generally communicated to you as a statement message directing you to the most current version of the *Relationship Disclosure Document*, as posted on our website.

10. Other important information.

Leverage Risk Disclosure Statement

The regulatory authorities require member firms to provide their clients with a *Leverage Risk Disclosure Statement*. This disclosure statement is intended to remind clients of the inherent greater risks involved in borrowing money to purchase securities, and is as follows:

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

Performance Benchmarks and How to Use Them

You may assess the performance of your investments by comparing them to an investment performance benchmark. Benchmarks show the performance over time of a select group of securities. There are many different benchmarks. When choosing a benchmark, pick one that reflects your investments. For example, the S&P/TSX Composite Index follows the share prices of the largest companies listed on the Toronto Stock Exchange. This index would be a good benchmark for assessing performance of a Canadian equity fund that invests only in large Canadian companies. It would be a poor benchmark if your investments are diversified in other products, sectors or geographic areas.

We do not provide benchmark comparisons in our monthly account reporting, however comparisons to the major North American composite indices are available upon request and may be periodically provided to you by your Investment Advisor. Please speak to your Investment Advisor if you have any questions about the performance of your portfolio.

Canadian Investor Protection Fund (“CIPF”)

The CIPF was created by the investment industry to ensure that client assets are protected, within defined limits, in the event of the insolvency of an investment dealer, who is a member of CIPF. All IIROC dealer members are required to be members of CIPF, and are subject to assessments for required contributions to CIPF. The coverage limit is \$1,000,000 for any combination of cash and securities within each separate account. Many investors will have two separate accounts, a general account and a retirement account, that are each eligible for the \$1,000,000 of coverage. If an investor has several general accounts (cash, margin, US \$ account, etc.) or several retirement accounts (RRSP, RRIF, etc.), these will be combined, respectively, into two separate accounts for purposes of CIPF coverage. The coverage amount applies to any shortfall in your account which may exist following the dealer insolvency, which, in most cases will be substantially less than the value of your account(s).

It is important to note that CIPF does NOT cover losses arising from market fluctuations.

For more information on CIPF coverage, please visit their website at www.cipf.ca or contact your Investment Advisor for an informational brochure.

Warning re: Electronically Delivered Orders

Although Lightyear does not specifically reject orders to buy or sell securities received from its clients via email or voicemail, it is important to be aware that such delivery of an order is at risk of not being received, and accordingly executed, in a timely fashion. Please consider systems problems, equipment malfunctions, internal mail systems, and other related issues which may delay receipt of such an order by the appropriate individual within a reasonable time frame. Accordingly, we recommend that in these cases, you make a follow up phone call to ensure the order was, in fact, received. We provide this general warning so that you are aware of the potential risks.

11. A checklist of documents to be provided to you.

In connection with your new (updated) account(s) the following documents are available to you on request and some are available on the home page of our website at www.lightyearcapital.com:

For All Accounts

- ✓ Client Agreement
- ✓ Relationship Disclosure Document
- ✓ Conflict of Interest Statement
- ✓ Administration Fee Schedule
- ✓ Multiple Marketplaces Trading Policy

Keeping You Informed (Regulatory Disclosure)

- ✓ Privacy and Protection of Personal Information Policy
- ✓ Communication with Beneficial Owners of Securities
- ✓ Multiple Marketplaces Trading Policy
- ✓ Institutional Trading Matching Statement
- ✓ Business Continuity Plan

Handling Complaints

- ✓ Client Complaint Process
- ✓ IIROC Guide - An Investor's Guide to Making a Complaint
- ✓ Ombudsman for Banking Services and Investments - Investor Brochure

After your *NCAF* has been formally approved and processed, a copy of your completed *NCAF* along with a Welcome Letter will be mailed to you.¹ Please carefully review the completed *NCAF* to ensure that the KYC Information accurately reflects your investment objectives and risk tolerance.

Thank you for choosing Lightyear Capital Inc.

¹If you have opened a Tax Free Savings Account, Registered Education Savings Plan Account or Self-Directed Disability Savings Plan, copies of the application and Declaration of Trust will be included in the Welcome Letter