



## Relationship Disclosure

### Who We Are

Morgan Stanley Wealth Management Canada (“MSWC”) is an investment dealer providing a wide range of investment products and solutions. MSWC is regulated by the Investment Industry Regulatory Organization of Canada (“IIROC”) and is a member of the Canadian Investor Protection Fund (“CIPF”).

MSWC is a wholly owned subsidiary of Solium Capital ULC which in turn is a wholly owned subsidiary of Morgan Stanley, a publicly traded company listed on the New York Stock Exchange with its global headquarters located in New York City.

There are two channels that MSWC uses to deliver advice to clients. Morgan Stanley Virtual Advisors (“MSVA”) is a division of MSWC that provides team-based advice to clients through a call centre environment. Morgan Stanley Financial Advisors (“MS Financial Advisors”) is a division of MSWC that provides clients advice through the services of a dedicated Financial Advisor.

It is important to provide to you an easy-to-understand description of:

- Our products and services
- The nature of your account(s) with us and the way they operate
- Your responsibilities to us, and
- Our responsibilities to you

This Relationship Disclosure document will be provided to you at the time you open an account with us and before we begin providing you with trading services. We will provide periodic updates to this Relationship Disclosure whenever there is a significant change to the information contained in this document.

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### Introducing Broker

MSWC is an Introducing Broker and Canaccord Genuity Corp. (CG) is our Carrying Broker. With respect to any transactions you may enter into with MSWC, CG, in its capacity as Carrying Broker, will be responsible for trade execution and settlement, custody of cash and securities, the preparation of trade confirmations and account statements. MSWC is responsible for ensuring appropriate supervision is performed for account opening and trading activity in client accounts.

### Your Responsibilities to MSWC

MSWC is required by legislation to collect certain “know-your-client” (“KYC”) information provided by you at the time of account opening. Such KYC information includes your personal information such as your address, age, occupation, relevant life circumstances, annual income and net worth.

The KYC information you provide to us must be accurate. As such, you must provide us with up-to-date and complete information, and you must notify us immediately if there is a material change to the information that we have collected.

You must also ensure the KYC information you have provided is accurately recorded on your account opening documentation and on any subsequent updated documentation, and promptly inform us of any inaccuracies or changes to that information.

You are responsible for carefully and promptly reviewing all communications you receive from MSWC, including trade confirmations and account statements, and promptly informing us of any inaccuracies or errors.

You are responsible for reviewing all product disclosure documents, including prospectuses, mutual fund facts and offering memoranda, provided to you in connection with investments made in your accounts. In so doing, you are responsible for understanding the potential risks of certain holdings and, where appropriate, are responsible for seeking counsel from qualified professionals for legal and tax advice.

You agree not to disclose your Password to any person. You are solely responsible for maintaining the security of your Password, ensuring that it is used for yourself only and changing it on a regular basis. You acknowledge that your Password is unique to you and that we do not have access to your Password.

You are responsible for paying all administrative fees, service charges, commissions and transaction charges for operating your account and placing trades. Your obligation to pay these charges is disclosed to you in the Client Account Agreement. The Client Account Agreement also specifies the circumstances in which MSWC may sell a portion of your holdings to reduce or eliminate the

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indebtedness in your account if you are unable to pay for these charges by other means.

### [The Services and Products Offered by MSVA](#)

An “Advisory account” is an account where the client is responsible for investment decisions but can rely on advice given by an Advisor. The Advisor is responsible for the advice given. In providing this advice, the Advisor must meet an appropriate standard of care, provide suitable investment recommendations and provide unbiased investment advice. You can use the investment recommendation we provide to determine the trading activity in your Advised account. All trading activity in an Advised account must be approved by you, or your authorized representative, prior to execution.

Your Virtual Advisor will provide you with recommendations specific to your investment needs. The accounts utilized in the MSVA channel are Fee-Based Advisory Accounts.

### **Available Investment Products**

We primarily offer the ability to invest in the following investment products:

- Cash equivalents such as money market instruments
- Guaranteed Investment Certificates (GICs)
- Mutual funds
- Exchange Traded Funds (ETFs)

Your Virtual Advisor can 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 “Investments at a Glance” booklet prepared by the Canadian Securities Administrators (CSA) for financial consumers. This booklet is available on the CSA website at [CSA Investments At a Glance](#). Generally, there are no restrictions on liquidating products in your account. Any restrictions will be explained by your Virtual Advisor.

MSVA does not currently offer for sale any proprietary products manufactured by MSWC or its affiliates. If MSVA offers proprietary products of MSWC or an affiliate in the future, we will manage any conflict of interest by:

- Obtaining client instructions for transactions on investments, including proprietary products of MSWC or affiliates.
- Disclosing to clients related and connected issuer relationships on trade confirmations.
- Vetting all new products through a product review process that considers various factors in assessing whether proprietary products should be included on the MSVA platform.
- Prohibiting specific financial incentives to MSVA staff to sell proprietary products over non-

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proprietary 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 Virtual Advisor at any time to discuss these products and whether they are appropriate investment options for you.

### Your MSVA Account and How it Operates

Your MSVA accounts will be a Fee-Based Account. The Virtual Advisor team is responsible for providing suitable investment recommendations to you. The 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 account. All trading activity in your account must be approved by you or your authorized representative prior to execution.

### Fees and How They are Calculated

Fee-Based Accounts calculate fees as a percentage of the assets in those Accounts. Those fees are deducted from your Fee-Based Account(s). Fee-Based Advisory Accounts are designed to hold mutual funds which do not pay a trailing commission. You will complete the appropriate Fee Based Advice agreement with your Virtual Advisor, which will set out this fee and the manner of payment. We will only make recommendations in mutual funds that do not pay a trailing commission. We will not accept a transfer of a mutual fund security that pays a trailing commission unless you provide instructions to switch that mutual fund to an equivalent mutual fund series that does not pay a trailing commission.

When considering fees, you should be aware that a fee charged to your account will have a negative effect on returns and this will compound over time resulting in a lower overall value of your account.

### Other Fees and Charges

MSWC 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 MSWC Statement of Disclosure of Rates and Fees document.

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### [The Services and Products offered by MS Financial Advisors](#)

MS Financial Advisors offers two types of accounts, each of which is discussed in more detail in the next section. The accounts are:

- Advised: Fee-Based Accounts
- Advised: Commission-Based Accounts

### **Available Investment Products**

We offer the following investment products:

- Cash equivalents such as T-Bills and other money market instruments
- Guaranteed Investment Certificates (GICs)
- Fixed income or debt securities such as bonds and debentures
- Equities
- Investment funds including mutual funds and exchange traded funds

MS Financial Advisors offer a comprehensive range of products and services. Your Financial Advisor may choose to incorporate some or all of these products into a recommended portfolio. For more information, please refer to the investment explanations in the “Investments at a Glance”, a booklet prepared by the Canadian Securities Administrators (CSA) for financial consumers. This booklet is available on the CSA website at [CSA Investments At a Glance](#). Generally, there are no restrictions on liquidating products in your account. Any restrictions will be explained by your Financial Advisor.

MS Financial Advisors do not currently offer for sale any proprietary products manufactured by MSWC or its affiliates. If MS Financial Advisors offer proprietary products of MSWC or an affiliate in the future, we will manage any conflict of interest by:

- Obtaining client instructions for transactions on investments, including proprietary products of MSWC or affiliates.
- Disclosing to clients related and connected issuer relationships on trade confirmations.
- Vetting all new products through a product review process that considers various factors in assessing whether proprietary products should be included on the MS Financial Advisors platform.
- Prohibiting specific financial incentives to MS Financial Advisors staff to sell proprietary products over non-proprietary products.

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### [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 Financial Advisor at any time to discuss these products and whether they are appropriate investment options for you.

### [Account Types and How They Operate](#)

#### [Advised Account\(s\)](#)

Advised accounts may be commission-based or fee-based accounts. In both types of accounts, your Financial Advisor is responsible for providing suitable and investment recommendations to you. The investment recommendations will be based on the KYC information that you have provided. You can use the investment recommendation we provide to determine the trading activity in your Advised account. All trading activity in an Advised account must be approved by you, or your authorized representative, prior to execution.

#### [Fees and How They Are Calculated](#)

The fees you will pay, either directly or indirectly, will vary depending on whether you have a commission-based account or fee-based account.

When considering fees, you should be aware that a fee charged to your account will have a negative effect on returns and this will compound over time resulting in a lower overall value of your account.

#### [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:

#### [Equities and Other Securities Trading on a Recognized Exchange](#)

We charge a commission on every trade we make for you. Commissions applied to trades on your Advised account(s) will be established between you and your Financial Advisor and be confirmed at the time of trade and they will be included on the transaction confirmations we send to you.

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### Debt Securities

We receive remuneration on a spread basis for debt securities that trade “over-the-counter”. Where a spread has been charged on a transaction, the trade confirmation we provide to you will disclose the spread we receive.

### Mutual Funds

Mutual fund managers usually receive a management fee equal to a specified percentage of the net assets of the fund. Fund managers pay us a portion of their management fee called a trailing commission for the ongoing services we provide to you. As an example, if you have invested \$10,000 in a fund, a trailing commission of 0.50% would pay us \$50 annually. 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 vary by fund manager and product type, you should speak with your Financial Advisor to understand the charges related to any particular transaction.

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

Advised Fee-based accounts are advisory where you make the investment decisions based on the investment recommendations we provide to you. Fees for fee-based accounts are calculated as a percentage of the assets in these accounts and will be charged against your MSWC account(s). You will complete the appropriate Fee Based Account agreement with your Financial Advisor, which will set out this fee and the manner of payment. Any mutual funds that do not pay a trailing commission to us are designed for fee-based accounts and have a lower management fee. We will only make recommendations in mutual funds within Fee-Based Accounts that do not pay a trailing commission. We will not accept a transfer of a mutual fund security that pays a trailing commission unless you provide instructions to switch that mutual fund to an equivalent mutual fund series that does not pay a trailing

### Other Fees and Charges

MSWC 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 MSWC Statement of Disclosure of Rates and Fees document.

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### [Disclosure Applicable to MSVA and MS Financial Advisors](#)

#### 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 tolerance for risk. These suitability factors are informed by:

- Your current financial situation: We will review your financial assets (liquid, fixed) and liabilities (debt, mortgage) including the sources and amount of your income – we will consider the size of any transaction compared to the overall value of your net financial assets (assets minus liabilities)
- Your current investment knowledge: Whether you consider yourself, or we understand you to be, a novice investor, an investor with some knowledge of financial products or an investor that understands complex financial products
- 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
- 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
- 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; and
  - Your willingness to tolerate volatility in your rate of returnBoth factors are taken into consideration in determining your overall risk profile
- 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 document at the time of Account opening and any time material changes are made to it.
- The potential and actual impact of costs on the returns from your account.
- The reasonable range of alternative actions available to us to make for your account at the time of determining suitability.
- Whether the actions taken for your account put your interests first, ahead of our own.

The suitability assessment we conduct will determine that any investment action taken, recommended or decided on, for your account, is suitable for you and puts your interests first. The suitability assessment will not consider investments in accounts with other MSWC business lines or outside of MSWC.

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### Advisory Account(s)

Before your Advisor takes any investment action, or acts on your trading instructions, they will first determine whether the investment action is suitable for you according to your most recent KYC information and in your best interests. It's important to keep that information up to date and accurate to help us assess the suitability of an investment for your Account.

### Suitability Review Timing

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

1. Accepting each of your orders
2. Recommending the purchase, sale, exchange or holding of any security
3. You deposit or transfer securities into your Account on an "in-kind" basis
4. We become aware of a material change in your personal or financial circumstances, your investment objectives or risk tolerance. In that case we will update your KYC information and ask you sign a KYC Update Form, or an updated New Client Application Form as confirmation of our understanding
5. We become aware of a change in a security in your account that could result in the account no longer remaining suitable
6. There is a change in the Advisor responsible for your Account

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 Advisor is happy to discuss the effect of market fluctuations on your portfolio with you at your request.

### Our Reporting to You

#### Trade Confirmations (not applicable for 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 one business day of the trade date. 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

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### 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 Advisor and branch where the Account is maintained
- Book value and market value of all holdings in the Account
- Activity that occurred in the Account for the reporting period

### Annual Report on Account Performance and Charges and Other Compensation

#### Account Performance

Each year, you will receive a report, for the 12 months ended December 31st. which will set out account performance and personal rates of return since inception or January 1st, 2012 and for 1, 3, 5- and 10-year periods, as applicable.

#### 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 advisor

#### 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

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benchmarks include the S&P/ TSX Composite Index, FTSE TMX Canada Universe Bond, and the S&P 500 Index.

### Conflicts of Interest

A conflict of interest is any circumstance in which the interests of different parties, such as your interests and those of MSWC, are inconsistent or divergent. MSWC has a responsibility and regulatory obligation to identify and manage these conflicts in a fair, impartial and transparent manner and consistent with the best interests of the client.

We deal with and manage relevant conflicts as follows:

**Avoidance:** Conflicts prohibited by law or are otherwise unmanageable must be avoided.

**Control:** Certain conflicts must be controlled; for example, the physical separation of business units and/or departments to restrict the flow of highly sensitive information.

**Disclosure:** A majority of conflicts can be managed by way of full disclosure to you thereby enabling you to independently assess their significance.

While providing you with services there may be times when a conflict emerges between you and MSWC. It is important you understand these conflicts and how MSWC will oversee them.

To that end, we strongly encourage you to read the MSWC Conflicts of Interest disclosure provided to you at account opening. It highlights the most common conflicts of interest encountered by MSWC in delivering our products and services to you and will assist you in understanding how these common conflicts will be managed. Any conflicts of interest not already disclosed to you or that emerge during your relationship with MSWC will be disclosed to you as they arise.

### Complaint Handling

We are responsible for responding to your feedback effectively and efficiently, and for resolving any complaint you may have regarding your MSWC account. In most cases, a complaint can be resolved by contacting your Advisor or their Supervisor. Their numbers are located on your monthly statements. However, should you feel your complaint cannot be resolved through that method you may contact our Designated Complaints Officer (“DCO”) directly at:

Morgan Stanley Wealth Management Canada  
Designated Complaints Officer  
181 Bay St. Suite 3700 | P.O. Box 776  
Toronto, ON M5J 2T3

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The DCO is responsible for acknowledging your complaint within 5 days of its receipt. The acknowledgement letter will include the contact information of the person handling your complaint, a summary of our complaint handling procedures, the timeframe in which you can expect to receive a substantive response to your complaint, and the escalation steps available to you should you remain dissatisfied with our complaint examination findings. Submitted with the letter will also be a copy of IIROC's "An Investor's Guide to Making a Complaint" pamphlet.

The substantive response letter we send to you will include a summary of your complaint, an explanation of our investigation, our final decision, and your available options should you be dissatisfied with that decision.

### Trusted Contact

We have a regulatory obligation to take reasonable steps to obtain from you the name and contact information of a trusted contact person. A trusted contact person is an individual provided by a client who we may contact in accordance with the client's written consent. You are not required to provide a trusted contact.

We may contact your trusted contact to confirm or make inquiries about any of the following:

- Our concerns about possible financial exploitation of you
- Our concerns about your mental capacity as it relates to your ability to make decisions involving financial matters
- The name and contact information of your legal representative, if any, and
- Your contact information

### Temporary Hold

A temporary hold is a process where we prevent you from conducting any transactions in your account, including withdrawing funds.

We must not place a temporary hold based on financial exploitation of a vulnerable client unless we believe all of the following:

- You are a vulnerable client as defined by a client who might have an illness,
- impairment, disability or aging-process limitation that places the client at risk of financial exploitation
- Financial exploitation of the client has occurred, is occurring, has been attempted or will be attempted

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- We must not place a temporary hold on the basis of your lack of mental capacity unless we reasonably believe that you do not have the mental capacity to make decisions involving financial matters.

If we place a temporary hold on your account, we must do all of the following:

- Document the facts and reasons that caused us to place, and if applicable, to continue the temporary hold
- Provide notice of the temporary hold and the reasons for the temporary hold to you as soon as possible after placing the temporary hold
- Review the relevant facts as soon as possible after placing the temporary hold, and on a reasonably frequent basis, to determine if continuing the hold is appropriate
- Within 30 days of placing the temporary hold and, until the hold is revoked, within every subsequent 30-day period, do either of the following:
  - Revoke the temporary hold
  - Provide you with notice of our decision to continue the hold and the reasons for that decision

## Checklist of Documents

We have provided you with copies of the following documents for your account:

- MSWC New Client Application Form
- MSWC Client Account Agreement
- MSWC Introducing/Carrying Broker Arrangements
- MSWC National Instrument 54-101 Explanation to Clients
- MSWC Conflicts of Interest Disclosure Document
- MSWC Statement of Policies Concerning Conflicts of Interest with Related and Connected Issuers
- MSWC Definitions of Politically Exposed Persons and Heads of International Organizations
- This Relationship Disclosure Document
- Commission Schedule and Statement of Disclosure of Rates and Fees
- Canadian Investor Protection Fund (CIPF) Brochure
- An Investor's Guide to Making a Complaint
- Part 1 of 2: Making a Complaint: A Guide for Investors
- Part 2 of 2: How Can I Get My Money Back: A Guide for Investors
- How IIROC Protects Investors

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