

Conflicts of Interest Disclosure

Overview

Actual / existing or potential conflicts of interest exist in almost all human economic interactions.

The relationship between you and PI Financial Corp. ("PI" / "we" / "us") is no different.

In general, conflicts of interest include any circumstance where:

- your interests as a client and our interests, or the interests of our representatives, are inconsistent or divergent;
- we, or our representatives, may be influenced to put our interests ahead of your interests or create bias in our advice; and
- monetary or non-monetary benefits available to us, or our representatives, or a potential detriment we may suffer, may compromise the trust that you have in us.

PI is sometimes referred to as an "integrated" investment firm since we provide a broad range of products and services, including retail client products and services, corporate finance, research and institutional sales. We recognize we may be more susceptible to conflicts of interests since we may regularly represent both sides of a transaction.

This brochure is intended to advise you of existing or potential conflicts of interest we do have, or may have, with our clients. Existing conflicts of interest are those ones which we have with every client (the most obvious is that we earn compensation from you by selling you products and services). Potential conflicts are those which may arise, depending on the type of account you have or depending on other factors such as the nature of the transaction.

We have a responsibility to maximize the returns of our shareholders but we believe that the best way to achieve that goal is to provide you with trusted advice and personalized financial solutions. By helping you achieve your financial goals, and ensuring that we properly address conflicts of interest we may have with you, we hope to retain your continued patronage and encourage you to recommend us to others.

Management of Conflicts of Interest

We are required to address all *material* existing and potential conflicts of interest between a client and ourselves, including each individual who acts on our behalf, *in the best interest of the client*.

In cases where we identify a material conflict of interest between ourselves and a client, we will endeavour to address that conflict in the client's best interest. Providing disclosure, however, is insufficient to address a material conflict of interest.

In general, we manage and address relevant conflicts of interest between clients and our firm, including each individual who acts on our behalf, through one or more of the following:

- **Disclosure:** By providing you with information about conflicts, you are able to independently assess their significance when evaluating our recommendations and when evaluating the services that we provide to you.
- **Control:** We manage acceptable conflicts through means such as separating business functions, and restricting the internal exchange of information, as well as through the effective application of our written policies, procedures, and internal controls.
- **Avoidance:** This includes avoiding conflicts that are prohibited by law or securities regulation as well as avoiding material conflicts that cannot be effectively addressed in the client's best interest through other means.

The following information is intended to assist you in understanding and assessing potential or actual conflicts of interest - including how we manage or address them. Despite that, we believe that the simplest control is the most effective - your continued satisfaction and patronage.

If you have any questions or concerns, whether they involve conflicts of interest or any other matter, please do not hesitate to raise those matters with us and ask your Investment Advisor for an explanation or for more information.

Existing or Potential Conflicts and How They Are Managed

Conflict of Interest	Address By	How Conflicts Will Be Addressed
Ongoing Conflict of Interest		
We earn compensation by selling products and services to you for which you pay us.	Disclose	We will inform you of fees, commissions, and other compensation in advance so that you know what you will be paying. When charges are made to our Client Fee Schedule, we provide advance notice in writing of same prior to the new fees becoming effective. For accounts opened for a full calendar year, we disclose the aggregate amounts of Operating and Transactional charges that you have paid in the annual Charges and Compensation Report sent to clients after each calendar year-end.
	Control	Commissions or account management fees are negotiated between you and your advisor but other types of fees are generally fixed. Please see our Client Fee Schedule brochure for more details on fixed fees. We offer a variety of pricing options to choose from.
We earn compensation by selling products and services to you for which you pay us.	Control	We attempt to ensure that the compensation structures within our firm do not incentivize our investment advisors to direct you to types of products and services that may not be in your best interests.
	Disclose	Our compensation is disclosed to you and we offer pricing alternatives intended to reduce the conflicts associated with commission-based pricing. We are required by industry regulations and firm policy only to make "suitable" investment recommendations.
Different products and services have differing levels of compensation.	Avoid	We may choose not to offer a complex product that carries a high commission.
	Control	Management has put in place compliance programs to monitor investment advisors to help identify and address concerns.
We would like you to use more of our services and buy more of our products.	Control	We have policies and procedures prohibiting recommendations solely for the purpose of generating revenue for us without any benefit to you.
	Avoid	We do not engage in "tied selling" , where purchase of one service is conditional on buying another as well, a practice that is prohibited by regulation in any event.

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Our compensation, organizationally and individually, may involve commissions based on sales volume.	Disclose	We offer fee-based and managed accounts, as well as similar products such as no-load mutual funds, which have pricing structures designed to reduce commission incentives.
If the firm sells investment products that are created by the firm ("proprietary products") it could create a disincentive to offer other competing products that may be better suited to the client.	Avoid	We do not create or sell proprietary products.
We may receive compensation from third parties based on their products we sell to you such as "trailer fees" and/or commissions paid to us on mutual funds, segregated funds, or insurance policies.	Disclose	We disclose to you the situations, type, and amount of third party compensation we may receive. We disclose the aggregate amounts of these fees actually received in the annual Charges and Compensation Report sent to clients after each calendar year-end.
	Avoid	Fee-based and managed accounts are generally not permitted to purchase or hold products containing a "trailer fee". Under some circumstances fee-based and managed accounts will be permitted to hold products containing a "trailer fee" if it is in the best interest of the client to do so. In these cases, the firm will reimburse the client for any such fees, or will exclude those products in the calculations of any fees charged to the account for services provided to us.
We may receive compensation from securities issuers on new issues of securities and private placements.	Disclose	We disclose to you the situations and type of third party compensation we may receive. Securities regulations require issuers to provide specific disclosure in the offering document (e.g. prospectus) of compensation arrangements. We disclose the aggregate amounts of fees received in the annual Charges and Compensation Report sent to clients after each calendar year-end.
	Control	In commission-based accounts, no additional commission is charged over and above the compensation we receive from the issuer.

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For fee-based and managed accounts, the firm may earn fees on new issues in addition to the standard fee generated on the asset value of the account.	Disclose	We disclose to you the situations and type of third party compensation we may receive. Securities regulations require issuers to provide specific disclosure in the offering document (e.g. prospectus) of compensation arrangements. We disclose the aggregate amounts of fees such as this in the annual Charges and Compensation Report sent to clients after each calendar year-end.
	Control	We monitor fee-based and managed accounts to ensure that the amount of new issue business is appropriate. Our Portfolio Managers are not permitted to share in the compensation earned on new issues in managed accounts. For managed accounts, you must provide us with written consent in order to participate in any new issue in which PI acts as underwriter.
We are compensated in other ways as a result of the business you may do with us, including interest spreads on uninvested cash deposits with us and foreign exchange spreads when you convert currencies.	Disclose	Various forms of other compensation we may receive are disclosed to you. Please refer to our disclosures to you on your client account statement in that regard.
We may sell you securities which are owned by PI (called principal trades) and profit by doing so.	Disclose	We will tell you whether we acted as principal or agent for each transaction on the trade confirmation. In the case of fixed-income securities (which we usually sell as principal) we provide you with a stated yield to maturity so you can assess the competitiveness of our pricing.

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Our investment advisors, or PI may purchase from you or sell to you securities, in an open market transaction. In some cases, these transactions will be with your advisor's knowledge, in other cases, they will be coincidental transactions between others who do not have knowledge of your order.	Disclose	We will inform you if any PI advisor, or PI, is on the opposite side of a transaction on the trade confirmation slip.
	Control	If your advisor obtains your approval to be on the opposite side of the market, you will obtain price improvement over the price offered by the prevailing market as required by regulation.
We may sell you securities of issuers that are related to, or connected to, us.	Avoid	Your investment advisor must obtain your approval in advance of the transaction, if he or she wishes to be on the opposite side of your trade.
	Disclose	All of our related or connected parties are disclosed in the PI Statement of Policies. Please ask your advisor for the most current version. We inform you whether a transaction involved a related or connected issuer on the trade confirmation slip.
We may need to select which clients will be offered certain securities if availability is limited.	Control	When we have discretionary power to manage your account for you, regulations require that we obtain your specific consent to buy securities of related or connected issuers. Our advisors receive the same commission compensation payout (as a percentage of gross revenue) regardless of the product originator.
	Control	We have a "fair allocation" policy for managed accounts and pooled investment funds. For non-discretionary accounts, individual advisors make the determination based on individual client relationships.

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We are paid by issuers of securities when we advise on or underwrite a new issue which we may recommend to you.	Disclose	The offering documents provide full disclosure of all relationships we may have with the issuer.
	Control	We have structurally segregated our institutional corporate finance and retail advisory businesses, which prevents the sharing of non-public information by our institutional corporate finance business (with the relationship with the issuer) with our retail advisory businesses (with the relationship with clients like you).
When we advise on or underwrite a new issue, we act for the issuer that wishes to obtain the highest price, while recommending the investment to clients who wish to obtain the lowest price.	Control	We operate our corporate finance and retail advisory businesses separately and all relationships and other material facts about our relationship with the issuer are described in the offering documents.
Investment advisors at PI may, from time-to-time, be related, or associated with, an insider of an issuer he or she recommends to you.	Disclose	If your advisor is related to, or associated with an insider of an issuer, we will advise you of that on your trade confirmation slips.
Investment advisors at PI may, from time-to-time, hold securities of an issuer, which may be recommended to you.	Disclose	If you participate in a PI underwriting, the offering documents will disclose the holdings held by professionals at PI. If your advisor holds in excess of 3% of the issued and outstanding securities of an issuer, we will advise you on trade confirmation slips that your advisor holds a position in the issuer.

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As a result of business relationships with issuers of securities, we may become aware of confidential information that we cannot disclose to you when we recommend the securities to you, even if that information might lead us not to recommend buying the securities.	Control	We operate our corporate finance and retail advisory business separately so that such information is tightly controlled and not shared by corporate finance with our retail advisory businesses. Our internal information barriers are designed to ensure regulatory requirements are complied with and retail advisory employees do not have access to any non-public information that may be available to our corporate finance businesses.
PI may have access to commercially sensitive or inside information	Control	We have specific procedures for responding to conflicts of interests that involve inside information and for complying with insider trading provisions.
	Avoid	We may decline to provide a service to avoid insider trading provisions in securities legislation.
Our other relationships with issuers of a security may mean we directly benefit from you buying the issuer's securities, such as when the issuer is using the funds to repay or secure a loan to us.	Control	Confidential information that cannot be publicly disclosed is protected through internal information barriers so that it is not shared and does not influence any retail advisory activities.
PI distributes investment research that is produced by third parties. We provide investment research on securities of companies that may have other business relationships with us.	Control	We have and follow written procedures under IIROC regulations that govern the distribution of third-party research. Our research and recommendations are subject to extensive and detailed regulatory requirements and internal standards.
We engage in trading of securities for our own account (called proprietary trading).	Control	We maintain information barriers between our corporate trading activities and retail advisory business. Firm and employee trades are identified as such and client trades are given priority to firm and employee trades in accordance with industry "client priority" regulations.

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Your advisor or representative may make permitted personal investments in private companies or private placements of securities.	Control	Your advisor or representative must declare and have approved by us any such private investments before they are made.
We may receive compensation by trading destinations, including electronic communication networks, market makers and exchanges in connection with trades on markets we direct to such destinations through affiliates or directly.	Disclose	We disclose to you our procedures for order routing and best execution.
	Control	Industry regulations dictate our best price and best execution obligations to you.
Individuals registered with us may also be registered with another affiliated registered firm and provide services to that firm.	Disclose	We will advise you when your advisor is dually registered.
	Control	These relationships are subject to regulatory requirements that impose restrictions on dealings between affiliated registered firms and/or individuals that are dually registered. Such restrictions are intended to minimize the potential for conflicts of interest resulting from these relationships.
We may permit certain individuals who are registered with us to be employed by, or accept compensation from other persons or firms outside of the scope of his/her relationship with us.	Control	Regulatory rules exist for the disclosure of outside business activities which require us to review such activities for the potential for conflict of interest.
	Avoid	In some cases, the outside business activity may create an actual or potential material conflict of interest, and will be prohibited by us.

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Individuals may serve on a board of directors or take on other activities that could take time or attention away from your account.	Control	When an advisor or representative sits on a board of directors of a charity or undertakes other community activities in any substantive way, they are subject to regulatory guidance on the disclosure and approval of outside business activities.
	Avoid	Securities legislation prohibits an individual from serving as a director of another registered firm that is not an affiliate of our firm.
We, and individuals registered with us, may receive referral fees for business of yours which has been referred to third-party firms or affiliated firms.	Disclose	We will monitor referral arrangements in order to determine the reasonableness of the referral fees and to determine whether referrals to any particular party are appropriate and in our clients' best interests.
	Control	We will advise you when we receive a referral fee.
In some cases, issuers may wish to compensate us for soliciting your consent to particular proxy results (otherwise called a "soliciting dealer arrangement").	Avoid	Our goal is to provide you with unbiased advice. In many cases, arrangements that contemplate one-sided or success-based fees give rise to a material conflict between the interests of an issuer and your interests that cannot be adequately addressed. These arrangements will be prohibited.
We may publish research on issuers, and recommend the securities of those issuers to you, in which the research analyst holds a position or has a financial interest in the securities of the issuer.	Disclose	Research reports include various disclosures, including a disclosure of whether the analyst has a financial interest etc. in the covered issuer.
	Control	Research analysts are subject to various written procedural controls, which the firm monitors. These procedures include restrictions on trading issuers that are on the analyst's coverage list.

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We may publish research on issuers, and recommend the securities of those issuers to you, in cases where we have received fees or revenue or expect to earn future fees or revenue from the issuer for investment banking transactions (such as advisory work or underwriting work).	Disclose	Research reports include various disclosures, including a disclosure of having received past compensation from the covered issuer.
	Control	Research analysts and other research staff are not directly compensated for specific investment banking transactions.