

## Q2 Statement Messaging

Further to the information we provided in your March 31, 2021 statement, we are providing you more detailed information relating to conflicts of interest. Please review it as it tells you about material, actual, or reasonably foreseeable conflicts of interest that will arise, or may arise, when you do business with Quadrus Investment Services Ltd. (Quadrus) and how we address them. This information is critical to your ability to make an informed decision about how to manage and evaluate your relationship with Quadrus and your investment representative. We encourage you to review this important information and, should you have any questions, please feel free to contact your investment representative or call us at 1-888-532-3322 or email us at [contact@quadrusinvestmentservices.com](mailto:contact@quadrusinvestmentservices.com).

Effective June 30, 2021, changes to securities laws relating to conflicts of interest came into force. These changes require Quadrus and its investment representatives to take reasonable steps to identify material conflicts of interest and respond to them in your best interest. Also, we are required to tell you about conflicts, including how they might impact you and how we address them in your best interest.

### **What is a conflict of interest?**

A conflict of interest includes any circumstance where:

- the interests of different parties, such as your interests, and those of an investment representative or Quadrus, are inconsistent or different,
- an investment representative may be influenced to put their interests ahead of your interests, or
- monetary or non-monetary benefits available to an investment representative or Quadrus, or potential detriments to which an investment representative or Quadrus may be subject, and how these may compromise the trust that you have in your investment representative or Quadrus.

Some conflicts of interest will arise when you do business with Quadrus. Some other conflicts of interest will only arise in certain circumstances. For all conflicts, it is both Quadrus' and your investment representative's responsibility to identify and address material conflicts of interest in your best interest. Quadrus and your investment representative must avoid material conflicts of interest that are not resolved in your best interest. Your investment representative cannot engage in activity that results in a material conflict of interest, unless that conflict is resolved in your best interest, and is approved by Quadrus.

Conflicts of interest that arise by doing business with Quadrus are disclosed and explained below in the 'Business conflicts' section. Some other conflicts may only arise in certain circumstances, and those are explained in the 'Specific conflicts' section. In the event that a specific conflict of interest or a new conflict arises that is not discussed below, Quadrus will disclose that specific or new conflict to you in writing before the opening of an account or, in the case of a single transaction, before the transaction takes place. The specific or new disclosure will specify the nature and extent of the conflict, identify the potential impact and risk that it may pose to you, and indicate how the conflict has been or will be addressed.

### **Material conflicts arising from being a member of the PFC Group**

Quadrus is a majority owned indirect subsidiary of Power Financial Corporation (PFC), a public company with common shares listed on the Toronto Stock Exchange. Our relationship to PFC and its other financial services subsidiaries (collectively, the PFC Group) creates conflicts of interest when we provide products and services to you that are sourced from or provided by other members of the PFC Group.

PFC and its various financial services subsidiaries, including Quadrus, are commercial businesses and seek to maximize profits while providing fair, honest, and appropriate services to clients. This means that we may

encourage you to do more business with us and the other members of the PFC Group, and we may engage affiliates to provide us with products and services for your account, but will always do so in a way that we consider in your best interests. We will only enter into transactions or arrangements where we are permitted under applicable securities laws and where we believe they are in your best interests.

Although Quadrus is under common ownership with the other members of the PFC Group and may from time to time have directors and officers in common with these other firms, Quadrus is a separate and distinct corporate entity. Any relationships that a Quadrus director or officer might have with another PFC Group entity do not raise material conflicts as none of the individuals is in a position to personally influence clients of Quadrus to invest in any of the investment products of the PFC Group, nor are they compensated by any of the PFC Group entities on a commission or other basis that could result in decisions being made or influence being exerted, against the interests of any of our customers.

In addition to applicable regulatory provisions and contractual provisions respecting any business arrangements that may exist between Quadrus and the other PFC Group entities, the directors, officers and employees of each of the firms are subject to a code of conduct governing their actions. These codes of conduct are supplemented by our internal compliance policies and procedures. Quadrus generally carries on its activities independently from the other firms that form part of the PFC Group. However, from time to time there may be certain cooperative business arrangements between it and other firms, such as arrangements relating to introduction of clients, distribution of products, advisory relationships or administrative support.

The conflicts described in this section may raise perceptions that Quadrus will favour the business interests of the various members of the PFC Group rather than your interests. These conflicts and how Quadrus manages them to ensure that it acts in your best interests are described below.

#### **Related service providers to Quadrus**

The following PFC Group entities may provide services to you and/or Quadrus.

- < Companies including Counsel Portfolio Services Inc., Mackenzie Financial Corporation, and Canada Life Investment Management Ltd. may manage investment funds which Quadrus representatives may recommend as investment options for your accounts with Quadrus
- < Companies including Canada Life Asset Management Limited, Irish Life Investment Managers Limited, Mackenzie Investments Corporation, Mackenzie Financial Corporation, Setanta Asset Management Limited, The Putnam Advisory Company LLC may be the portfolio manager of certain investment funds, which Quadrus representatives may recommend.
- < Quadrus investment representatives may be licenced as insurance agents with The Canada Life Assurance Company (Canada Life) and may recommend you acquire insurance and insurance products, such as segregated funds, provided by Canada Life.

In all cases, Quadrus monitors the securities services and products provided and ensures that that the services and products, as applicable, are provided to you at market rates and are suitable for your account and appropriate for you.

Please note that if you are a client of the Financial Solutions Centre (FSC), some conflicts and how they are addressed may be different for you. If a conflict and how it is addressed is different for you, only the language in italics in that section is applicable to you.

Business conflicts that apply to you	
Conflict of Interest (COI) and its potential impact on you	How the conflict is addressed in your best interest
<p><b>Compensation (non-FSC investment representatives)</b></p> <p>When you do business with Quadrus, Quadrus and your investment representative receive compensation from the company that manages the products you have invested in. Different types of accounts and products provide different types and amounts of compensation. Your investment representative may also receive bonuses and/or non-monetary benefits from Quadrus related to the sale of products. Sometimes compensation rates increase as sales increase. Both investment representatives and supervisors may have sales targets. Investment representatives may also receive non-monetary benefits from third parties.</p>	<p>Quadrus has a robust compliance program to ensure it knows relevant information about its clients and that all client recommendations are suitable. Investment representatives put your interests first when making recommendations.</p> <p>Quadrus does not provide incentives to your investment representative to promote the sale of one mutual fund over another. The commissions paid directly to Quadrus may vary; however, commission rate percentages paid to your investment representative will be constant regardless of the individual mutual fund or product sold. Only Quadrus can pay commissions to your investment representative and they can only accept commissions directly from Quadrus.</p> <p>Prior to you making any investment, your investment representative discloses and explains information on account types, fee amounts, and choices available to you. Prior to entering into transactions, your investment representative discloses any commission or other compensation they will receive in respect of the transaction.</p> <p>Quadrus has policies and procedures in place that monitor client accounts to prevent a fee-based account from holding products with embedded compensation.</p> <p>Your investment representative evaluates on an ongoing basis whether a fee-based client account is in the client's best interest. Quadrus has controls in place to confirm clients are receiving services consistent with the terms of client accounts or agreements.</p> <p>Your investment representative must not accept gifts, gratuities, or favours of any kind from any person or business where these would, or might reasonably appear to, improperly influence them in the fulfillment of their obligations. These types of non-monetary benefits are limited in type and amount.</p>
<p><b>Compensation (FSC investment representatives)</b></p> <p>When you do business with Quadrus, Quadrus receives compensation from the company that manages the products you have invested in. Different types of accounts and products provide different types and amounts of compensation. Supervisors may have sales targets. Investment representatives who work for the FSC are</p>	<p>Quadrus has a robust compliance program to ensure it knows relevant information about its client and that all client recommendations are suitable. Investment representatives put your interests first when making recommendations.</p>

<p><i>employees of Quadrus and are paid an annual salary and potential annual bonus. They do not earn a commission or bonus on the sale of investment products or services or receive a portion of trailing commissions/fees.</i></p>	<p><i>Quadrus does not provide incentives to your investment representative in order to promote the sale of one mutual fund over another.</i></p> <p><i>Prior to making any investment, your investment representative discloses and explains information on account types, fee amounts, and choices available to clients. Prior to entering into transactions, your investment representative discloses any compensation they will receive in respect of the transaction.</i></p> <p><i>Your investment representative must not accept gifts, gratuities, or favours of any kind from any person or business where these would or might reasonably appear to improperly influence them in the fulfillment of his/her obligations. These types of non-monetary benefits are limited in type and amount.</i></p>
<p><b>Some of the mutual funds offered at Quadrus are exclusive to Quadrus, while some of the mutual funds are managed by companies connected to Quadrus.</b></p> <p>Some of the mutual funds that Quadrus offers are exclusive to Quadrus – these funds are managed by companies related to Quadrus and are only available for purchase at Quadrus.</p> <p>Additionally, some of the products Quadrus offers that are not exclusive to Quadrus are managed by companies that are related or connected to Quadrus. This relationship is the result of common ownership interests. Refer to the “Related and Connected Issuers” section of the “What you need to know about your relationship with Quadrus” document for more information.</p>	<p>Quadrus does not provide incentives to your investment representative in order to promote the sale of one mutual fund over another.</p> <p>All products that Quadrus offers, including Quadrus’ exclusive products, or products managed by related companies, are subject to the same review process, which includes review by Quadrus’ Product Review Committee. All products Quadrus offers are aligned with client interests by providing a broad range of asset classes and fund managers. All products Quadrus makes available to clients are easy to access by investment representatives and clients.</p> <p>If you invest in Quadrus’ exclusive funds or funds of related or connected issuers, your investment representative will disclose this to you.</p> <p>Quadrus has a robust compliance program to ensure it knows relevant information about its clients and that all client recommendations are suitable. Your investment representative puts your interests first when making recommendations.</p>
<p><b>Your investment representative is also a licensed insurance agent.</b></p> <p>Because your investment representative is licensed to sell both mutual funds (through Quadrus) and insurance products (through The Canada Life Assurance Company and potentially also through other insurance companies), various products with different compensation structures are available to you through your investment representative.</p>	<p>Quadrus approves and monitors this insurance activity as it relates to Quadrus’ business. Quadrus does not generally foresee any conflict of interest arising from your investment representative being licensed as a life insurance representative for insurance products and as a mutual fund representative for investment products.</p> <p>Securities and insurance products may provide different types and amounts of compensation. Quadrus has a robust program with respect to securities products to ensure it knows relevant information about its clients and that all client recommendations as to securities products are suitable. Your</p>

	investment representative puts your interests first when making these recommendations.
<b>Personal and financial dealings</b> Certain dealings may arise between you and Quadrus or your investment representative that may result in a conflict of interest, including your investment representative having control or authority over your financial affairs (for example, by acting as your power of attorney, executor or trustee), or lending or borrowing money from your investment representative or Quadrus, or your investment representative or Quadrus purchasing assets from you.	<p>Quadrus does not allow your investment representative to act as power of attorney, executor, or trustee for you, and does not allow your investment representative to borrow from or lend money to you.</p> <p>Quadrus also prohibits private investment schemes or clubs.</p> <p>The buying or selling of assets from, to or with a client can affect your investment representative's or Quadrus' dealings with you. If this situation arises, Quadrus approval is required and certain parameters may be imposed.</p>
<b>Other activities of your investment representative</b> Some investment representatives may engage in activities outside of Quadrus. Those activities can either be paid employment or business activities, or they may result in your investment representative being in a position of influence (e.g., member of board of directors, roles with charitable, social or religious organizations).	<p>Quadrus must approve any other activity before your investment representative may engage in the activity.</p> <p>If Quadrus determines that the other activity presents a material conflict of interest that cannot be resolved in your best interest, your investment representative will not be permitted to engage in the activity.</p> <p>If Quadrus determines that the other activity does not result in a conflict, or that the conflict can be resolved in your best interest, your investment representative will provide you with an Outside Activity Disclosure Document before the activity commences. This document will inform you of the details of the activity. Quadrus also has policies and procedures in place to continually supervise and monitor the activity.</p>
<b>Referral arrangements</b> Your investment representative may refer you to a person or company for products or services, or you may be referred to Quadrus for products or services. A referral fee may be paid or received for referrals.	<p>Quadrus must pre-approve all paid referral arrangements.</p> <p>Quadrus has entered into referral arrangements for certain products and services that Quadrus does not offer and has performed required diligence on the referral company prior to allowing any referrals to that company. This includes confirming the other party is appropriately registered, and an assessment of the qualifications of the other party, including determining if the party has been the subject of any civil actions, regulatory or professional disciplinary matters, or client complaints relating to the relevant professional activities.</p> <p>Quadrus continually monitors and supervises all referral arrangements.</p> <p>If you are referred to another company by your investment representative, you will be provided with a disclosure</p>

	document describing the important terms of that referral arrangement prior to any transaction taking place.
<b>Investment Representative Financial Interests</b> Your investment representative may have a financial interest in investments that you own.	<p>If your investment representative has a financial interest in investments that you own or that are recommended to you, you will receive and will sign a specific disclosure describing the relevant conflict of interest in advance of making any investment.</p> <p>Quadrus has a robust compliance program to ensure it knows relevant information about its clients and that all client recommendations are suitable. Your investment representative puts your interests first when making recommendations.</p>