

## RELATIONSHIP DISCLOSURE STATEMENT

Representatives associated with Bayfield Investment Services Ltd. ('we', and 'our') are committed to act in the best interests of clients ('you and your') with the highest level of integrity, to always place clients' interest above their own and to treat all individuals with fairness, dignity, and respect. Bayfield Investment Services Ltd. is registered as an Exempt Market Dealer in the province of British Columbia.

### 1.1 ADVISORY RELATIONSHIP

You are responsible for making investment decisions but can rely on the advice given by Bayfield Representatives. The Representative is responsible for the advice and ensuring that it is suitable based on your investment needs and objectives. We must collect personal information to help us do so. The information we must collect includes your identity, whether you are an insider of a reporting company, your personal and financial circumstances, your investment needs and objectives, your risk profile (risk tolerance and risk capacity), and your creditworthiness.

Bayfield Investment Services will have on-going relationships with its clients which includes yearly KYC updates. Bayfield Investment Services will solely offer securities of the related party issuer "Bayfield Mortgage Investment Corp." (the MIC). The MIC will send newsletters to shareholders and will send quarterly statements on our behalf.

Bayfield Mortgage Professionals manages the MIC and performs all administrative functions for the MIC.

### 1.2 BAYFIELD PRODUCTS AND SERVICES

As a registered Exempt Market Dealer, Bayfield Investment Services Ltd. offers Investments in RRSP's, RRIF's, TFSA, RESP, and personal accounts. Bayfield will offer securities only exclusive to the related party issuer "Bayfield Mortgage Investment Corp." The investment is pooled together in the MIC that lends on first and second mortgages, lines of credit up to 75% only.

### Custody of your assets

Since your funds will be placed in our trust account before we send them to the MIC after the two-day cooling period, we must inform you that:

- We will pay the funds to the MIC, at the end of the cooling-off period. If the MIC accepts the subscription, Bayfield Mortgage Professionals will send the share certificate to you or to the trust company if the investment is to be held in a registered account.

If you wish to redeem any part of your investment, you should make the request directly to the MIC. The MIC will pay the redemption proceeds directly to you and cancel any share certificate(s) you may hold. Please note that there may be restrictions on redemptions. Please read the offering memorandum carefully. For example the issuer may charge a \$75.00 fee for redemption requests and/or additional fees if the investment is redeemed before a maturity date.

• We do not hold the share register, the register is held by the MIC and/or Bayfield Mortgage Professionals. Therefore, our employees may have access to the share register.

• The benefits of the share register being held at the MIC include that it can be updated in a timely manner when re-investments or redemptions are made.

- The risks of the share register being held at the lawyers' office include those of any assets held in safe custody anywhere: fire, theft, fraud, misplacement, damage or destruction, and cyber-attacks.
- Our records are kept separately from those of the MIC and Bayfield Mortgage Professionals, and are only accessible by our employees.

### 1.3 RECEIPT OF CASH AND CHEQUES

Only make cheques payable to either the trustee for registered accounts, or "Bayfield Investment Services Ltd. In Trust". The funds are held for 48 hours until they are moved into the MIC. NEVER make cheques payable to its representatives, or any other party. Bayfield does not accept cash. Please notify Bayfield immediately if you are ever requested to do otherwise.

### 1.4 ACCOUNTABILITY OF RECOMMENDATIONS

Bayfield Representatives are committed to recommending options in keeping with your interests. To that effect, advisors will use Know Your Client (KYC) forms to learn the essential facts relative to each client in order to ensure that any trade is in keeping with your investment objectives, risk profile and other personal circumstances. Our obligation to make a suitability determination applies to trades you propose, whether or not a recommendation is made. Bayfield will assess suitability of your investments:

- When you transfer assets into an account at BIS
- When you become aware of a material change in your information; or
- When you change Representatives within BIS

### 1.5 DEFINING YOUR KNOW YOUR CLIENT (KYC) TERMS

1. Investment knowledge:
  - i) Extensive: Minimum 5 years Investment experience, sophisticated knowledge by virtue of background and broad range of investment experience
  - ii) Moderate: Minimum 3 years investment experience, understands different risk levels of asset classes like bonds and stocks.
  - iii) Limited: little to no experience with investments and minimal understanding
2. Total Net Worth: the total household net worth for each individual involved with the account; it is the sum of the clients' household assets minus their total liabilities.
3. Purpose: the specific goal for why you are investing. E.g. generate retirement income, inflation protection, saving for a house, etc.
4. Leverage: used to indicate if borrowed money was used to purchase funds
5. Politically Exposed Person: A politically exposed person is an individual or member of their family or any other person closely associated with a politically exposed person, that currently holds or has held within the last 5 years any of the following positions: (member of family which includes parents, children, siblings (including half-siblings), spouses or common-law partners (including exes), and the parents of their spouses or common-law partners

## RELATIONSHIP DISCLOSURE STATEMENT

- Governor General, lieutenant-governor or head of federal or provincial government
  - member of the Senate or House of Commons or member of a provincial legislature
  - deputy minister of federal or provincial government or equivalent rank
  - ambassador, or attache or counsellor of an ambassador
  - military officer with a rank of general or above
  - president of a corporation that is wholly owned directly by the Crown in right of Canada or a province
  - head of a federal or provincial government agency
  - judge of an appellate court in a province, the Federal court of Appeal or the Supreme Court of Canada
  - leader or president of a political party represented in legislature
  - mayor
  - holder of other office or position that may be specified in the regulations
6. Insider of a reporting issuer: An insider includes the CEO, CFO, COO, director, significant shareholder or major subsidiary of a reporting issuer, or who has access to non-public material information about, or exercises significant influence over, a reporting issuer. A reporting issuer includes an issuer that has received a receipt for a prospectus or has had its securities listed or posted on an exchange at any time in British Columbia or has exchanged securities with another issuer that is or was a reporting issuer.

### 1.5 OBJECTIVES

A plan may have multiple objectives

- Safety: your objective is to protect principal
- Income: you wish to generate current income from your investments and are less concerned with capital appreciation
- Growth of capital: your objective is capital appreciation.

7. Time Horizon: the estimated time to when you will access a significant portion of the money invested.
8. Risk Profiles:
- Lower: desire for greater safety of capital in exchange for lower returns. Appropriate funds- those rated 'very low' or 'low'.
  - Average: desire for medium volatility in exchange for moderate growth over a longer period of time. Appropriate funds - those rated 'below average' or 'average' and may include bond, balanced, Canadian equity, U.S. equity and certain international equity funds.
  - Higher: desire for growth, and willing to accept significant short-term fluctuations in portfolio value in exchange for potentially higher long term returns that invest in smaller 'high' and may include funds that invest in smaller companies, specific market sectors, geographic areas or funds that engage in speculative trading strategies.

Notify your Representative on any material change in your information so that they can continue to provide suitable advice.

### 1.6 ACCOUNT REPORTING

Each Client shall receive, at minimum, a quarterly account statement (every 3 months). Trade confirmations will be delivered to you upon completion of a transaction and contain details of the transaction.

### 1.7 DEALER COMPENSATION

We receive a monthly fee from the MIC, which is 0.1% of the MIC's total assets. Please refer to the Offering Memorandum for further details about the management fees and contracts between the Mortgage Investment Entity and the management company. The MIC may charge an administration fee of 75.00 for any share cancellations. BIS may also, at its discretion, charge a fee up to 1.15% of the investment. The impact of this fee will be to reduce the amount available for investment in the MIC, and therefore the return will be based on the actual amount invested. For example if your total investment is \$10,000, the actual amount sent to the MIC for the investment may be \$9985 and the distributions calculated on \$9885.00. You will have the choice to pay it from the investment or to pay it separately to keep the investment amount whole.

BIS does not impose on any client or deduct from the account of any client any service fee or transaction or operating charge relating to services BIS provides in connection with the client's account, except for the discretionary fee mentioned above.

BIS does not receive any other benefits from any other party in connection with your purchase or ownership of a security of the MIC, whether in the form of money or soft benefits.

### 1.8 CONFLICTS OF INTEREST

#### Proprietary Products

We are connected to the MIC and Bayfield Mortgage Professionals because we share a common mind and management

Our close connection means we are related and therefore there is an inherent conflict of interest. In other words, we are in a situation where a reasonable person might wonder whether we would put the interests of the MIC before yours. We guard against this by having a robust conflict of interest management protocol, and we have an obligation to address material conflicts in your best interest. Our policies and procedures are designed to minimize the risk that we may prefer the MIC's interest or our own above yours. For example:

- We have independent advisors who review the MIC's securities and our conflicts management system.
- Our independent advisors review our policies and procedures at least annually to ensure they appropriately address conflicts of interest, whether the investments are suitable for clients, and the duty to deal fairly with clients.
- Our Chief Compliance officer trains our dealing representative on how to discuss conflicts of interest with you.
- Our dealing representatives do not receive special compensation or incentives for offering you the securities of our related MIC

Although your personal information may be stored centrally within the Bayfield Group's offices, we keep our records separately from those of the MIC and/or Bayfield Mortgage Professionals and we have procedures to prevent unauthorized access.

Our staff are allowed to invest in the same securities as you, because we believe in the products and have faith in the Bayfield Group's policies and philosophies.

#### COMMON MIND AND MANAGEMENT

Our directors and employees are involved with Bayfield Mortgage Professionals (the manager of the MIC) in the following ways, in addition to being shareholders in the MIC:

**Gordon Wintrup, President and Ultimate Designated Person:** President, Director, and Portfolio Manager of Bayfield Mortgage Professionals, a mortgage brokerage firm that has agents in BC, Alberta and Manitoba.

**Inderjit Matharu, Vice President and Chief Compliance Officer:** Vice-President and Partner of Bayfield Mortgage Professionals

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**Monique Tirshman**, Branch Manager and Dealing Representative: Administration, Bayfield Mortgage Professionals

Bayfield Mortgage Investment Corp. is registered with the BC Financial Services Authority as a lender of a mortgage investment corporation and Gordon Wintrup is the Designated Individual. Bayfield Mortgage Professionals is registered with the BC Financial Services Authority as a mortgage brokerage. Inderjit Matharu and Monique Tirshman are sub-mortgage brokers.

### 2 GENERAL DISCLOSURES

#### 2.1 REGISTRATION INFORMATION

Registration information for BIS and our Representatives as well as any conditions of registration or, past current administrative proceedings by a securities or self-regulatory organization is available upon request. A list of BIS' partners, directors, and senior officers, prepared and certified will be provided not more than 30 days following the request from the client or prospective client. Information regarding the commission and fee charged, and education including completed courses and examinations is also available.

#### 2.2 RISK FACTORS

The value of exempt market securities funds will fluctuate over time with changes in the market value of the MIC's investments. It is possible that at some time in the future the value of your investment could be less than the amount you originally invested. Refer to the prospectus provided for further reference or speak to your mutual fund representative. Bayfield Investment Services Ltd. will provide the Offering Memorandum for the related issuer which highlights the risks specific to the investment and the financial position for the company.

Some of the risks include:

- The investment is not guaranteed
- The value of the mortgages in the portfolio will fluctuate
- The value of your investment may decline
- The MIC may be unable to redeem your shares when requested.
- Borrowers may default on their mortgage obligations.
- The economy may stagnate or interest rates may fluctuate
- You have no voting rights
- You cannot sell your shares
- The Manager may not perform its duties adequately or may resign
- You may not receive full information about the MIC's affairs

#### 2.3 PERFORMANCE BENCHMARKS

We do not use performance benchmarks as it is difficult to find public information comparable with private investments and there is no determinable market value for the MIC's securities

#### 2.4 REFERRAL ARRANGEMENTS

We do not have referral arrangement at present. If we do enter a referral arrangement that involves your purchase of the MIC's, we will notify you by giving you our Referral Arrangement Disclosure Notice.

### 3. LEVERAGING DISCLOSURES

Using borrowed money to finance the purchase of securities involves greater risk than a purchase 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.

### 4. TRUSTED CONTACT PERSON

The law requires us to ask you for the name and contact information of a trusted contact person. We would like to contact the trusted contact person only in the following circumstances:

1. We are concerned you are being or have been at risk of being financially exploited
2. We are concerned about your mental capacity to make financial decisions
3. We need the name and contact information of your legal representative
4. We need your contact information

If we have reason to believe there may be financial exploitation, we can put a temporary hold on any purchase, sale, withdrawal, or transfer into or out of your account. If we do so, we will notify you as soon as possible. All holds will be for 30 days but the 30 days can be extended from time to time. If we extend the hold period, we will notify you each time.

### 5. PRIVACY POLICY

Bayfield Investment Services Ltd. is committed to protecting the privacy of the personal information we collect and maintain in the course of carrying on your business. The privacy policy is also available upon request.

#### 5.1 PURPOSEFUL COLLECTION

We have an obligation to assess whether taking, recommending, or deciding on an investment action is suitable for you and we must put your interests first. We collect, hold and use the personal information in your client record to administer your account to meet legal and regulatory requirements, including, but not limited to, identifying you, ensuring suitability of investments, executing transactions, and providing you account statements. This information may be collected directly from you, from earlier records, references you provide, or third parties who represent that they have a right to disclose the information in keeping with our service to you as a mutual client.

#### 5.2 USE, DISCLOSURE AND RETENTION

We will use and disclose your information only as permitted by law for the purposes of providing you excellent service, or when it is required by law. We retain your information only as it's necessary for the fulfillment of these purposes.

#### 5.3 KEEPING YOUR INFORMATION ACCURATE

In keeping with good business practice and as required by regulators, we keep up-to-date client information. Clients are required to update the KYC Forms annually. Please inform us promptly of any change in your personal information including address, employment, marital status risk tolerance, investment objectives, income level, and any other information important for us to serve you well.

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### 5.4 YOUR CONSENT AND RIGHT TO ACCESS

We provide you with our Privacy Policy when you open an account with us, and in the separate communication when the policy is materially altered. By signing the opening document, and/or by continuing to do business with us, you consent to the of your information. You can withdraw your context to use your information by contacting our Privacy Compliance Officer in writing. Except in limited circumstances, we can provide you with the information we have about you within 20 days of receipt of your request. We may not be able to provide you with your information: if it contains references to other persons or companies and the references are subject to legal privilege; if it related to an investigation of a breach of agreement or contravention of laws; or for other legal reasons. Your decision to withhold information may also limit the products or services we are able to provide to you.

### 5.5 STRONG PERSONAL INFORMATION

Your client record, in paper format, is kept in the BIS Head Office, the branch office where you do business, and if applicable the insurance business where you do business. In electronic format it is held in our back-office system. We protect your information with appropriate security measures.

### 5.6 REGULATORY ORGANIZATIONS

Regulatory organizations including the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), and Provincial Securities Commissions require access to personal information of current and former clients, employees, agents, directors, officers, and partners.

### 5.7 RESOLVING ANY CONCERNS

If you have any questions or complaints about the treatment of your information, please follow these steps:

1. In most cases, a concern is resolved by discussing it directly with your representative, or if preferred, with one of our staff by contacting us directly.
2. If your concerns are not resolved to your satisfaction please contact our Chief Compliance Officer Inderjit Matharu, Chief Compliance., 101-19909 64th Ave, Langley, BC V2Y 1G9, Ph: 604.533.4478, Tf: 888.918.3388, Fax: 604.533.8909.
3. If after contacting us your concerns remain unresolved, you may contact the self-regulatory body to which we belong. Ombudsman for Banking Services and Investments (OBSI) Dispute Resolution. 401 Bay Street, suite 1505 P.O Box 5, Toronto , Ontario, M5H 2Y4. Tf: 1.888.451.4519.
4. You may also contact the BC Securities Commissions. 701 West Georgia Street, P.O Box 101 42, Pacific Centre, Vancouver, BC V7Y 1L2. Ph: 604.599.6854 or Tf: 1.800.373.6393.

### 5. SUMMARY OF COMPLAINT HANDLING PROCEDURES

Bayfield Investment Services has procedures in place to handle any written or verbal complaints received from clients in a fair and prompt manner. This is a summary of those procedures, which we provide to new clients and clients who have files a complaint. This is a summary of those procedures, which we provide to new clients and clients who have files a complaint.

### 5.1 THE CLIENT COMPLAINT INFORMATION FORM

We provide new clients and complainants a copy of the Client Complaint Information Form ("CCIF"). That provides general information about options for making a complaint.

### 5.2 HOW TO FILE A COMPLAINT WITH BIS

Individuals may make their complaint by contacting our Chief Compliance officer, any branch manager, or any Representative. All complaints will be forwarded to compliance personnel to be handled. We encourage complaints to be submitted in writing or by email where possible. We will assist those who have difficulty putting their complaint in writing. For confidentiality reasons, we only deal with the complainant or another individual who has the complainants express written authorization to deal with us.

### 5.3 COMPLAINT HANDLING PROCEDURES

We will acknowledge receipt of complaints promptly, generally within five days, we review all complaints fairly, taking into account all relevant documents and statements obtained from the complainant, our records our representatives, other staff members, and any other relevant source. Upon completing of the review, we provide a response within 90 days, unless we are waiting for additional information from you, or the case is novel or complicated.

The response will include: a summary of your complaint; a decision, with reasons for the decision the CCO; and a reminder about your options with the Ombudsman for Banking Services and Investments.

We will respond to communications you send us after the date of our response to the extent necessary to implement a resolution or to address a new issue or information you provide.

### 5.4 SETTLEMENTS

If we offer you a financial settlement, we may ask you to sign a release and waiver for legal reasons.

### 5.5 CONTACTING BAYFIELD INVESTMENT SERVICES LTD.

Clients may contact us at any time to provide further information or to inquire as to the status of their complaint, by contacting the individual handling their complaint or by contracting the Chief Compliance Officer: Inderjit Matharu, CCO, Phone: 604.533.9438.

### 5.5 TAKING YOUR COMPLAINT TO THE OBSI

If you are not satisfied with our decision, you may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI). Please see Appendix A for what to do.

SIGNED AT \_\_\_\_\_ ON \_\_\_\_\_

NAME AND SIGNATURE OF CLIENT:

NAME: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

## APPENDIX A

### **Taking your complaint to OBSI**

You may be eligible for OBSI's free and independent dispute resolution service if:

- we do not provide our decision within 90 days after you made your complaint, or
- you are not satisfied with our decision

OBSI can recommend compensation of up to \$350,000. OBSI's service is available to clients of our firm. This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action.

### **Who can use OBSI**

You have the right to use OBSI's service if:

- your complaint relates to a trading or advising activity of our firm or by one of our representatives
- you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint, and
- you file your complaint with OBSI according to its time limits below

### **Time limits apply**

- If we do not provide you with our decision within 90 days, you can take your complaint to OBSI any time after the 90-day period has ended.
- If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI.

### **Filing a complaint with OBSI**

#### **Contact OBSI**

Email: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

Telephone: 1-888-451-4519 or 416-287-2877 in Toronto

#### **OBSI will investigate**

OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer. During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations.

#### **OBSI will provide its recommendations**

Once OBSI has completed its investigation, it will send its recommendations to you and us. OBSI's recommendations are not binding on you or us. OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint.

**For more information about OBSI, visit [www.obsi.ca](http://www.obsi.ca)**

#### **A word about legal advice**

You always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your options. There are time limits for taking legal action. Delays could limit your options and legal rights later on.