

Stephen Avenue Securities Inc.
Relationship Disclosure Statement

Products and Services

Stephen Avenue offers investment advice, trading, portfolio management and corporate finance services to our clients.

The investment products we offer include, but are not limited to, the following types of securities: Stephen Avenue offers a wide range of investment products including:

Equities	these are common shares, preferred shares and rights or warrants and mutual funds that trade on a stock exchange or alternate trading system.
Fixed income	such as treasury bills, money market or fixed income mutual funds, GIC's, commercial paper, government bonds and corporate debentures.
Mutual funds	these are comprised of a basket of securities and can be combinations of fixed income and equity securities and may make use of derivatives.
Derivatives	these include exchange traded options in Canada and the US (only by IIROC approved registered representatives)
New Issues	these securities are issued by way of a new issue prospectus disclosure or by the use of a private placement exemption and are not purchased in the secondary market (ie. on a stock exchange)

Account Relationship

Stephen Avenue offers two types of account relationships. An advisory account is where you are responsible for investment decisions and your advisor is responsible for the advice he/she gives you. It is your responsibility to monitor your account and advise us if you wish to sell any of the securities you hold. Prior to buying or selling a security in your account we must obtain your permission.

A managed account is where a portfolio manager oversees your account and has discretionary authority to make investment decisions for your account on a continuing basis based on your investments objectives and risk tolerance. In all cases, your advisor must meet an appropriate standard of care, provide suitable investment recommendations and unbiased investment advice.

Suitability of Investments

Stephen Avenue is responsible for assessing the suitability of investments whenever:

- i. A security transaction is requested by you;
- ii. An investment recommendation is made by your advisor;
- iii. Securities are transferred or deposited into your account;
- iv. There is a change in the advisor for your account; and/or
- v. There is a material change to information contained in your account opening documents including the New Client Application Form. In the event that the Stephen Avenue investment advisor determines that a transaction proposed by the client is unsuitable, they will advise the client of their assessment. Stephen Avenue reserves the right not to accept an order if it is not in keeping with the client's investment objectives, risk tolerance, time horizon and other circumstances; however, the investment advisor may also seek the

- approval of the Chief Compliance Officer of Stephen Avenue so that the order may be accepted and the client's "know-your-client" information is reviewed and updated to reflect the change in circumstances. A significant market fluctuation or other event(s) may not result in a review of the suitability of your investments; and
- vi. With respect to managed accounts ongoing suitability is provided as part of the managed account services offered.

We assess the suitability based on the information you provide on the New Client Application form and related documents. This includes your financial situation, investment objectives, time horizon (when provided), risk tolerance and investment knowledge.

When your account is opened or when there is a material change we will provide you with a copy of the "know your client" information we obtain from you.

Investment Performance Benchmarks:

Investment benchmarks provide a broad measure of the return generated by specific asset classes or "baskets" of securities over a given period. For a useful comparison, the benchmark chosen should closely match the characteristics of the portfolio being monitored. Some well known indexes are the S&P/TSX for Canadian stocks, the DEX Universe for Canadian bonds and the S&P 500 for U.S. stocks. Since our clients have many different portfolios and it is important to choose the right index as a comparison, Stephen Avenue will not provide investment performance benchmarks as part of our normal reporting to clients.

Account Reporting

Stephen Avenue will provide you with a trade Confirmation for every trade we execute in your account. We will also provide you with an account statement for each calendar quarter (March, June, Sept and December) as well as any month where there is a trade in your account. We will also provide on an annual basis, on or about January 15th each year, a Fees/Compensation Report which summarizes the amounts we received to service your investment portfolio over the past year; and a Performance Report (so long as the account has been opened for one calendar year).

Conflicts of Interest

During the course of our business, conflicts of interest may arise. Stephen Avenue makes every effort to avoid such conflicts; however, in such instances where a conflict cannot be avoided Stephen Avenue will disclose same in accordance with IIROC regulations by providing clients with a Disclosure document outlining any existing and potential conflict of interest situation(s) that exist for Stephen Avenue and/or for any employee of Stephen Avenue.

Complaint Handling Procedures

If you have a complaint regarding misconduct on the part of any employee of Stephen Avenue we ask that you make a written complaint to our Designated Complaints Officer ("DCO") at the address below. You may also make a verbal complaint. We will send you an acknowledgement within 5 days of receiving your complaint. Within 90 days we will send you a substantive response letter outlining Stephen Avenue's response to your complaint. In some circumstances we may take longer than 90 days to respond in which case we will advise you of the delay, the reasons why and a new expected response date.

You may contact the DCO at any time during this process to get an update on the status of your complaint. Contact the Chief Compliance Officer at: Stephen Avenue Securities Inc., Suite 402, 217 Queen Street West, Toronto, ON, M5V 0R2. Telephone: (416)479-4471.

Fees and Charges

An advisory account will be charged a commission or fee for each purchase or sale of a security. Stephen Avenue earns commission based on the execution of trading fixed income products held in your portfolio. Any commissions charged relating to fixed income products will be disclosed in the Trade Confirmation sent to clients. For mutual fund products we may charge a commission and the fund may charge you a commission on the purchase or may defer the charge until you sell your fund units. The fund will normally charge you an annual management fee and may periodically pay us a small “trailing fee” (refer to the disclosure documents the mutual fund provides for details or ask us for a copy – not all funds are the same). Fee based accounts and managed accounts will be charged a fee based on a percentage of the value of the assets held in your account on a monthly basis and may also include a transaction fee on a per trade basis, as outlined in the Fee Agreement made between you and Stephen Avenue.

A schedule of service fees and charges that you may incur in the operation of your account is provided after your account is opened.

Documents Provided

We will provide you with the following documents with respect to your account: New Client Application Form (which includes the Relationship Disclosure and Conflict of Interest Disclosure, Introducing/Carrying Broker Disclosure, Leverage Risk Disclosure and Privacy Statement), the Service Charges and Fees Schedule and the following brochures: Canadian Investor Protection Fund, the IIROC brochure “An Investor’s Guide to Making a Complaint”, How IIROC protects Investors, Making a Complaint: A Guide for Investors, How can I get my money back (IIROC), Opening your Retail Account (IIROC), IIROC Strip Bond Disclosure as well as any other Know your Client documents completed when opening or updating your account. When you apply to trade Options you will be provided with a Risk Disclosure Statement for Options.