



Client Relationship Model

The Client Relationship Model or CRM was a multi-year initiative by the Canadian Securities Administrators to bring about greater consistency and transparency in client treatment by all forms of regulated financial advisors and the companies for whom they work.

CRM involved us generally communicating our best practices in our *Relationship Disclosure and Supplementary Information* brochure where we explain key information about your relationship with your Portfolio Manager, our firm and our key service providers. We provide information on how we manage conflicts of interest and how we determine the suitability of your portfolio investments, amongst other important information. Decisions made for your discretionary managed account at KJ Harrison have always been made with the highest standard of care to ensure that your investment needs and objectives are being met.

The final implementation phase introduced two annual account-level reports that reflect regulatory content, format and explanatory disclosures. You will receive directly from National Bank Independent Network (“NBIN” formerly National Bank Correspondent Network or NBCN) the Annual Fees and Compensation Report and the Investment Performance Report with your December statement. While you have been receiving much of this information from us already in various formats, such as your Quarterly Portfolio Report, we would like to highlight some key points.

Annual Fees and Compensation Report

This report shows amounts paid directly by you to NBIN or to us and amounts we received from third parties. It includes:

- Annual fees paid directly to NBIN such as trustee fees and wire fees;
- Annual management fees paid to us on your segregated holdings, if any; and
- Annual trailing commissions, if any, we earned on prior existing mutual funds received by us upon transfer to your KJH account and that have not been liquidated.

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Investment Performance Report

This report shows the performance of your account over the past year and since inception using the mandated money-weighted performance methodology.

- You will continue to receive your Quarterly Portfolio Report issued by KJ Harrison calculated using time-weighted performance (see explanation below);
- For this new regulatory report your 'Since Inception' start date is your opening balance on January 1, 2016 or subsequent date of your first transaction if you opened your account after that date; and
- As a reminder, there may be a difference between performance returns and market values on your NBIN reports and your KJH Quarterly Portfolio Report due to the timing difference between when the KJH Fund valuations calculations are performed and when the reports are generated.

Time-Weighted (TWRR) Performance Return vs. Money-Weighted (MWRR)

- Both methodologies are acceptable and widely used;
- Regulators mandated the use of MWRR but allow both methods to be communicated to clients;
- TWRR is the methodology used for market indices, such as the S&P/TSX, benchmarks and for the KJH Funds and your KJH Quarterly Portfolio Report;
- TWRR represents the effect of the portfolio manager's investment decisions;
- MWRR adds the effect of when a client puts money in and takes money out of an account; and
- MWRR is often called your Personal Rate of Return.

Please contact your KJH Portfolio Manager should you have any questions.