

# SERVICE AGREEMENT

## THE RUDNICK WEALTH MANAGEMENT GROUP

Thank you for choosing RBC Dominion Securities for professional wealth management. This service agreement is designed to help you understand what to expect from us – and what we can expect from you – as our client.

### Impartiality

We will act with impartiality and in your interests at all times. This is a cornerstone of our business, which is primarily built through referrals.



### Fact Finding

We have a professional obligation to “know our clients”, and will undertake to learn as much as we can about your financial situation. With a good understanding of your family situation and goals, we can provide more meaningful planning and investment advice.



To this end, it is essential that you are as open as possible in providing full and complete financial information to us. If significant changes occur in your life or financial situation, please notify us, so we can help you adjust your investment strategy accordingly.

### Creation of an Investment Policy Statement

Together, we will discuss the policies that should govern your investment portfolio, including time horizon, credit quality of fixed-income investments, allocation of investments among different asset classes, and risk, among other factors. We will then create an Investment Policy Statement, which is a document that outlines these mutually agreed-on policies.



#### Discussion of Risk

We will discuss investment risk with you, in order to give you as clear as possible an understanding of how much risk you are taking in your portfolio. We will endeavour to ensure you are taking as little risk as you need to, in order to achieve your objectives.

#### Limitation of Control over Risk

While we can understand risk from a historical perspective, we can never have a perfect understanding of how risky an investment is, nor can we predict future market movements. After recommending investments based on the best information available to us, we cannot be held accountable for losses that occur as a result of market forces.

## Creation of an Investment Portfolio

We will create a recommended portfolio that we believe will be best suited to meet your objectives. There are many ways to create an effective portfolio, and to manage a portfolio on an ongoing basis. We will explain our preferred strategies for managing cash, fixed-income, and if necessary, equity or alternative investments.

At RBC Dominion Securities, we are fortunate to be able to choose from the widest possible selection of GICs, bonds, stocks, mutual funds, managed accounts, preferred shares, options, index units, and insurance products. We are able to shop the marketplace for you, and are not restricted to RBC proprietary products.



## Creation of a Written Financial Plan

Preparation of a financial plan is an important exercise that allows you to gain a better understanding of your own goals, and how they can be met through sound financial management. Not all clients choose to create a plan, as it does require some work on the part of the client. If you choose, we will prepare a written plan to help you address the questions that are important to you.

Many assumptions are used in the creation of a financial plan, and these assumptions can have a significant impact on the results of the plan. Your financial plan should be updated from time to time, especially when your financial priorities change.



## Analysis of Tax and Estate Planning Opportunities

We will perform an initial analysis of which tax or estate planning opportunities may exist for you. We will assess over 50 tax and estate planning strategies, including income-splitting strategies, trust strategies, tax-deferred insurance strategies, and charitable-giving vehicles. If you are a business owner, there are many more planning opportunities that will be examined, such as Individual Pension Plans, or succession planning strategies.



We will discuss these opportunities with you, and help you implement them if we can. In some cases we will involve specialist members of our team for more detailed advice, such as our Insurance Specialist, or our Will and Estate Consultant. In some cases it may be necessary to involve another financial professional, such as an accountant or lawyer, to help implement. We only examine investment-related tax planning opportunities.

## Portfolio Monitoring

We will make recommendations to buy or sell securities when our investment discipline indicates that we should do so. We will require verbal consent from you at these times in order to proceed, so it's important that we are able to contact you within a reasonable period of time. If you are invested in one of our discretionary programs such as, Parameters or Access, these trades are done automatically with the convenience of not having to contact you.



We take a portfolio approach to investing. That means that we are primarily concerned with the performance of your portfolio as a whole. Securities are often sold at a loss, in order to allow us to take advantage of better opportunities elsewhere. This is not a sign of failure, but a normal part of the portfolio management process.

We will also monitor the securities in your portfolio for corporate events, such as special dividends, takeover offers, and shareholder votes. We will recommend a course of action when those events occur.

## Portfolio Reviews

On a schedule that suits you, we will meet with you in person or over the telephone to review your portfolio, discuss changes that are occurring in your life, consider tax or estate planning opportunities, and identify timely actions that need to be taken, such as year-end capital gain/loss planning.



Regular reviews are important as they help ensure that your portfolio remains appropriate and that we are taking advantage of new opportunities that may arise. They also give you an opportunity to ask questions.

## Education & Information

Financial markets can be confusing. As a client, you will receive educational emails that allow us to provide in-depth information to those that are interested. RBC Dominion Securities also has a library of over 400 articles and brochures on various wealth management topics. If there is a topic you are interested in or would like us to investigate for you, our team will be happy to access this helpful library for you.



You will also receive our firms' quarterly publication, the *Wealth Management Review*.

As our client, you also have access to investment research from several sources, including RBC Capital Markets, Veritas, JP Morgan, Standard & Poors, and Valueline.

In addition, we maintain a website that is full of information that our clients can access at any time. Occasionally we will issue a special report if there is a newsworthy item we feel you should be aware of.

## Reporting

You will receive one account statement for each of your accounts at least quarterly, and if your account has had any activity in it, monthly. You can choose to receive your statement in the mail, or online through our RBC DS Online service (our preferred method to save paper).

Using RBC DS Online, you can also access your account information at any time, get market information and quotes, and access research.



We are also able to custom-tailor a portfolio review for your family, which allows you to see all your accounts on a consolidated basis, and understand your account performance. We generate reports like this during our reviews, or upon request.

In the spring, all clients receive a consolidated tax package, and we have a dedicated website to help you during tax-season. We are also able to communicate information to your accountant with your permission.

## Funds Transfer and Administrative Services

One of the benefits of dealing with our team is that you always have someone to speak to who can help you get an administrative matter taken care of. My Associate and I try to ensure that one or both of us are on hand to help you during regular office hours. If we are not available, our Branch Administrator, or Branch Manager are also here to help if need be.



Your account can be enabled for wire-transfers to your bank account at any institution, either on a set schedule or on-demand. We also provide pre-authorized RSP or mutual fund contributions, which can be funded directly from your bank account.

In terms of cash management, we can hold any major currency in your non-RSP account, and can perform foreign exchange transactions for you.

## Fees

We prefer to provide all of these services to you for a quarterly fee, which is calculated as a percentage of your portfolio size. This method of payment has some tax advantages. It also takes away the appearance that buy or sell recommendations may be made to generate commissions, or sell a proprietary product, rather than follow a prudent course of financial management.



There are also some other fees that are possible for additional services, like issuing a share certificate, or researching a defunct company. The full list of possible fees is inside your Client Account Agreement and Disclosure booklet.

The Rudnick Wealth Management Group  
Gerry & Chris Rudnick

