

▼ Conflicts of Interest Disclosure

General Background

Actual, potential and perceived conflicts of interest exist in almost all human interactions. Our relationship with you is no different. New securities laws require that we provide enhanced disclosures relating to the existing and reasonably foreseeable material conflicts of interest that may affect our clients, and how Monarch Wealth Corporation ("MWC") and its financial advisors ("advisors") address these conflicts in the best interest of our clients.

Conflicts of Interest

What is a conflict of interest?

A conflict of interest includes any circumstance where:

- The interest of different parties, such as the interests of a client and those of the firm or its advisors, are inconsistent or divergent;
- The firm or its advisors may be influenced to put their interests ahead of their clients' interests; or
- Monetary or non-monetary benefits or disadvantages to the firm or its advisors might compromise a reasonable client's trust.

In general, the types of conflicts of interest which can arise while doing business with MWC are:

- Conflicts of interest between you and MWC and/or your advisor;
- Conflicts of interest between you and our other clients; and
- Conflicts of interest between MWC and any other related/associated companies.
- Conflicts of interest relating to your leveraging account that was recommended by your advisor.

Material Conflict of Interest

At MWC, we will take reasonable steps to identify existing material conflicts of interest and material conflicts that the Firm reasonably expects to arise between the firm and a client. As part of identifying these conflicts, our Firm will collect information from the individual acting on its behalf regarding the conflicts expected to arise with our clients. As such, our Firm considers a conflict of interest to be any circumstance where the interest of different parties, such as the interest of a client and those of a registrant, are inconsistent or divergent. At all times, our Firm's policy is to put the interest of our clients first ahead of our interest. In addressing conflict of interests, our Firm and our advisors including our staff will endeavour to:

- Identify conflicts of interest that should be avoided;
- Determine the level of risk that a conflict of interest may entail; and
- Respond appropriately to a conflict of interest.

Advisors are prohibited from engaging in personal financial dealings with clients. Borrowing from or lending to clients for any reason is not permitted, directly or indirectly, either short or long term, with or without interest on the borrowed or lent money, including but not limited to the extension of credit either as a borrowed or lent money to facilitate convenience for either party.

Management of Conflicts of Interest

At MWC, we are committed to a compliance culture that ensures we are dealing fairly, honestly and in good faith with our clients. MWC and its Registrants will respond to any conflict of interest by considering the standard of care for dealing with clients and apply consistent criteria to similar types of conflicts of interest.

MWC and its Registrants will not allow a serious conflict of interest to continue and if there is a high risk of harm to the clients or the market, the conflict will have to be avoided.

In cases when our Registrant does not avoid a conflict of interest, the Registrant must take steps to control or disclose the conflict to the client or to both the client and MWC. We as a Firm will consider what internal structures or policies and procedures we have in place in reasonably responding to the identified conflict of interest.

Conflicts of interest are avoided when:

- Advisors abstain from certain activities, transactions, occurrences and other similar activities which have been prohibited by law;

Where a conflict of interest is not prohibited by law, our Registrants will avoid the conflict if it is sufficiently contrary to the interests of a client. Example: In some cases, certain acts may not be prohibited by law but are contrary to another person's or company's interest and our Registrant cannot use controls or disclosures to respond to them. In such cases, our Registrants should avoid the conflict, stop providing the service or stop dealing with the client.

Controlling Conflicts of Interest

Our Firm has an organizational structure, reporting lines, and physical

locations to control conflicts of interest effectively. To ensure that our business structure has effective control of conflicts of interest:

- Our Registrants/advisors do not report to our marketing channel;
- Our Compliance and internal audit staff work autonomously and do not report to a business unit;
- Our branch offices have designated Supervising Officers to supervise and monitor their respective assigned advisor's/Registrant's business in their branch with respect to, but not limited to trading activities and reportable business activity or outside business activities;
- Advisors/Registrants will only offer products for which they possess the appropriate proficiency and are registered in the Provincial Securities Commission in the applicable jurisdiction; and
- Any or all holding out materials to promote the sale of mutual funds are reviewed and approved by the proper channels of our Firm.

Fee-Based Accounts

Conflicts arising from fee-based accounts with ongoing account fees and with trailing commission-paying mutual funds or investment products are managed through ensuring that clients holding both fee-based mutual funds and non-fee-based mutual funds are charged only the corresponding advisory fee, and not on paying mutual funds or investment products with trailing commissions. While non-fee-based mutual funds or investments receive the normal regular scheduled trailing commission, MWC monitors fee-based accounts through the VieFund system. VieFund monitors all Nominee accounts for presence of underlying funds, whenever the plan has NSC ("No Sales Charge"), the expectation is that there would be a Fee-Based agreement for that client and the system will flag that plan, and if that plan also holds other funds such as A Class or F Class, the system will only calculate the fee based on the NSC fund holding daily average value and the system is programmed to ignore or bypass the A and F class funds.

Referral Arrangements

Advisors may receive compensation in the form of referral fees arising from a referral arrangement with a third party with whom MWC has a referral arrangement. These referral arrangements are for products and services which cannot be offered through MWC. The conflict of interest is managed through allowing only permitted referral arrangements with third parties and providing the client with a referral disclosure that includes information about the referral fees. MWC has policies and procedures to conduct appropriate due diligence on the third party to ensure that products and services offered are in the client's best interest, irrespective of referral fees or any form of compensation or non-monetary benefit.

Full or Partial Authority over the Financial Affairs of a Client

MWC has policies and procedures in place to ensure that advisors do not have full or partial control or authority over the financial affairs of a client to whom they are providing advice and receiving compensation. This includes acting as a Power of Attorney, Trustee or Executor on behalf of clients.

Personal Financial Dealings with Clients

This conflict of interest is managed through policies and procedures that clearly state that advisors are prohibited from borrowing money from clients, lending money to clients or entering into private investment schemes or clubs with clients. In certain instances (e.g., DSC fee rebates) these are permitted by securities legislation; however, all such cases flow through MWC and disclosure is made to clients. In addition, there may be other monetary or non-monetary benefits provided directly or indirectly to or from clients which must flow through MWC (e.g., small gifts from fund companies/MWC). MWC must be notified of any such arrangements, so that the Firm can determine the significance of the benefit and monitor the activity. In general, monetary and non-monetary benefits provided to or from clients that are of nominal value do not present concerns regarding conflicts of interest.

Outside Activities

Your financial advisor may engage in outside business activities which are defined as any activity conducted:

- a. For which direct or indirect payment, compensation, consideration or other benefit is received or expected;
- b. Involving any officer or director position and any other equivalent position (volunteer positions included); and
- c. Involving any position of influence.

MWC has policies and procedures in place to ensure that no conflicts of interest arise as a result of outside activities of the advisor and if they do arise, that they are properly managed, or the outside activity will not be approved. Client disclosure of your advisor's approved outside activity, if any, is provided on the New Account Application Form.