

Kite Financial Solutions Ltd.

Relationship Disclosure Information



Table of Contents

WELCOME TO KITE FINANCIAL SOLUTIONS LTD.	2
GENERAL	2
REGISTRATION	3
BUSINESS ACTIVITIES	3
CONFLICT OF INTEREST	3
OUR DEALER REPRESENTATIVES	4
INVESTMENT RISKS	4
SUITABILITY OF INVESTMENTS	5
USE OF BORROWED FUNDS	5
FEES AND COMPENSATION	5
GATHERING INFORMATION, PRIVACY, COMMUNICATIONS, CASL, TRADE CONFIRMATIONS AND CLIENT STATEMENTS ...	5
REPORTING	6
BENCHMARKS	6
CLIENT COMPLAINTS	6
CLIENT ASSETS	6
DISPUTE RESOLUTION	7
RELATIONSHIP DISCLOSURE ACKNOWLEDGMENT	8
CLIENT COMPLAINT	9
PRIVACY POLICY: CONFIDENTIALITY OF CLIENT INFORMATION	10

WELCOME TO KITE FINANCIAL SOLUTIONS LTD.

This Relationship Disclosure Information ("RDI") sets out important relationship information for you, our client, concerning your accounts maintained with us at Kite. This RDI includes information about the products and services we offer, the nature of your account(s), the way these accounts will be operated and communicated with you, and our responsibilities to you. This document reflects the Client Focused Reforms ("CFR") which will come into effect June 30, 2021.

Kite is comprised of an ownership group of shareholders, some of whom may also be involved as Issuers from time to time that maybe presented to you for investment. The protection of your investment and diversification is paramount to Kite and thus all Dealing Representatives have in their possession a list of those Issuers and:

- if you are investing into one of those Issuers, it is named here:
_____;
- further, if any of the CCO or management of Kite also is a part owner of that Issuer, the evaluation of your proposed investment may be independently assessed beyond the CCO; and
- in such circumstances, Kite will provide details, or ensure details are provided, of how the securities are held and cash is managed, including details of the specific Issuer's bank account and signatories/authorizations for cash outflows.

INITIAL

This RDI also describes how we deal with conflicts of interest which may arise between you and us or our investment advisors and their role with you. Included is important information about the charges you may be required to pay us and how we determine them, how we assess the suitability of your investments based on the information you provide to us by way of our "Know Your Client Form", our privacy obligations to you and how we report to you. We will update this RDI when there are material changes to it and provide you with a copy of the revised version at that time.

Your signature on this RDI confirms you have received, read, understood and consent to the contents of this RDI. Before you sign your Know Your Client Form, please direct any questions about the contents of this RDI to your dealing representative. Please also consult with your dealing representative if you have questions about the information included in this RDI after your account is opened.

GENERAL

We are governed by National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations. This requires securities dealers like us to disclose information that a reasonable investor would expect to know about the client's relationship with us your dealer, including any material conflicts the dealer or its representatives may have with a client. These regulations require dealers to provide this disclosure to clients prior to making any trades.

REGISTRATION

Kite is registered in British Columbia as an exempt market dealer and may be registered under similar legislation in other provinces in such categories from time to time. The BCSC is the principal regulator for Kite.

BUSINESS ACTIVITIES

Kite is an exempt market dealer, and may be the underwriter, for securities which are prospectus exempt for parties seeking investment (called an "Issuer"). We facilitate client investments in any of these securities for individuals who qualify for purchase of exempt securities. As an exempt market dealer, we do not hold or have access to client funds or to any securities in safekeeping on behalf of clients.

At times, we at Kite being staff, directors, officers and Dealing Representatives may trade or acquire trades in the securities that are promoted by Kite and/or may purchase a majority or minority position of the issuer of securities. If senior management or your dealing representative has a stake in a product that is noteworthy, you will be apprised of it prior to investing into a product.

CONFLICT OF INTEREST

We have a duty to deal fairly, honestly and in good faith with our clients. We recognize that conflicts may arise between our clients, Dealing Representatives and Kite. We are providing information to help you better understand the conflicts that may arise in your dealing with us.

A conflict of interest is any circumstance where the interests of different parties are inconsistent, competing, or divergent. We will manage conflicts by either controlling, avoiding, or disclosing them.

Avoidance: This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed.

Controls: We manage acceptable conflicts through means such as physically separating different business functions and limiting the internal exchange of information.

Disclosure: By providing you with information about conflicts, so that you are able to assess independently their significance.

Following is the list of related/connected companies:

Canguard Mortgage Investment Corporation (the "MIC") a company carrying on a business of a Mortgage Investment Corporation as defined in the Income Tax Act. The MIC is related to Kite by two common directors, three common officers, and management personnel. The MIC offers shares of the MIC to Qualified Investors by way of an Offering Memorandum and Subscription Agreement.

Quantum Pacific Management Ltd. (the "Manager") the Manager is solely responsible for managing the MIC's day to day operations. The Manager is related to Kite by two common directors, three common officers and management personnel.

The Offering Memorandum for the MIC contains additional disclosure of the related/connected companies and their controlling individuals.

From time to time some or all the Kite management team may become a minority shareholder in an Issuer or actively involved with an Issuer. Kite may provide hands-on management and therefore will have insider information of the Issuer. If this is the case, Kite or its dealer representative will advise you of this conflict. Furthermore, if an Issuer is related or connected issuer to Kite, with common and similar mind and management, Kite may be deemed by the regulator to have access to, and custody of, client assets.

In addition, it maybe that your adviser has or conducts an additional business activity outside of Kite (such as selling life insurance) which Kite does not do. In cases where Kite is aware of this we monitor and supervise this by having all advisors disclose of their outside business activity (which is reviewed, monitored and records maintained by our Chief Compliance Officer), to have appropriate policies and procedures to deal with their outside business activity so that it does not involve activity that is inconsistent with securities legislation or regulation; interferes with the advisor's ability to remain current on securities law and product knowledge for you or impair the ability of your adviser to provide adequate client service. Ultimately any outside business activity of your adviser must not impair your advisor's duty to deal fairly, honestly and in good faith with you.

If you have concerns, please contact us and we will be able to refer you to an alternate advisor.

OUR DEALER REPRESENTATIVES

Some of our Dealer Representatives have more than one occupation or source of income (such as a licensed life insurance agent) who at times market those activities while dealing with you. When being approached with these products, those outside business activities or products are not being conducted or represented as being approved by Kite. As such, should you buy any of those products they are not acquired through Kite and thus their success or failure is not the responsibility of Kite.

INVESTMENT RISKS

As an exempt market dealer, we at Kite can trade and underwrite exempt market securities. There are risks associated with exempt market securities. Exempt market securities may not be listed on any stock exchange which could restrict your ability to resell them. There may be a lockup period that applies to the security which restricts you from trading, selling or transferring the security.

Issuers of exempt market securities generally do not have to file a prospectus. A prospectus describes the investment in detail and gives you some legal protections. There is a risk that the Issuer will be unable to meet interest and principal payments on its obligations on a timely basis. Furthermore, the securities could be from a non-reporting Issuer. This type of Issuer does not have to publish financial information or notify the public of changes in its business.

SUITABILITY OF INVESTMENTS

These exempt market securities as a type of investment may not be suitable for all clients. Kite is obligated under section 13.3 of National Instrument 31-103 to undertake a process to make a determination to ensure the proposed investment is suitable for you. To assess the suitability of proposed investments, we at Kite will seek to obtain from you information relating to your investment objectives, risk tolerance, investment knowledge, financial position and other relevant information situation. In addition, section 13.2 of NI 31-103 requires us to verify your identity. All this information is collected through the Know Your Client Form provided. If Kite determines that an investment is not suitable for you, we will advise you thereof and if thereafter you still wish to make that investment (called a trade), you will have to so instruct us in writing to do so.

USE OF BORROWED FUNDS

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.

FEES AND COMPENSATION

Kite Financial Solutions Ltd does not charge any fees to our clients. There are no fees paid by you for Kite to open, transfer or close your account.

Kite does receive a quarterly dealer service fee from Canguard Mortgage Investment Corporation, to compensate us for our activities as a dealer. This is not a “commission” as it does not apply to one purchase. It is a fee to provide reasonable operating revenue to Kite Financial Solutions Ltd. to provide dealer services to CMIC.

CMIC may pay commissions and trailer fees to third party exempt market dealerships, under the terms of their dealer agreements.

There are other fees that may be associated with your investment. Should you have a registered plan, RRSP or TFSA, the Trust Company will have their own fee schedule. Your Kite Financial Solutions Ltd. Dealer Representative will provide you with a copy of the Trustee’s Fee schedule.

GATHERING INFORMATION, PRIVACY, COMMUNICATIONS, CASL, TRADE CONFIRMATIONS AND CLIENT STATEMENTS

The contractual agreement regarding the investment is between you and the Issuer. The Issuer or its agent provides you with a subscription agreement or other documentation to demonstrate ownership of an investment.

As an exempt market dealer, we do obtain information from you our client and value that information. To that end we have instituted our Privacy Policy attached to this RDI with respect to your information as well as a protocol for sending out information to you. In turn, by signing this RDI, you consent to how

we handle your information and also consent to us communicating by way of Commercial Electronic Messaging (CASL) to you from time to time. You understand that this consent includes general electronic communications, newsletters, research reports and trade confirmations. We request this as we are well required to promptly send out information to confirm a trade conducted by you as well as a client statement to you at the end of the quarter in which the trade closed. We may confirm a trade either by providing clients with a separate trade confirmation document or through a combination of the offering documents, subscription agreement, and all other required documentation related to the trade by physical, mail or electronic delivery.

We confirm that your consent to any electronic communication may be revoked or changed at any time by notifying us in writing or selecting by selecting the unsubscribe feature attached to any electronic communication sent from us.

REPORTING

Your investment and financial objectives require information. Our goal is to give you timely information and as an exempt market registered dealer, we are also required to advise you from time to time. As such, when you choose an investment and it closes, we report over to you on which date that investment product and the quantity/price you chose closed and if you have questions, which dealing rep to contact. In addition, we also follow-up with client statements at the end of each 3-month period.

In trying to reduce our paper waste and respect the environment we request that you consent to us providing these statements, offering memorandum, marketing material, KYC forms and other documents in a PDF format electronically. These documents will be provided in PDF format unless otherwise notified. By signing this disclosure, you consent for us to deliver documents electronically. If you change your mind, contact us in writing at our address and will be happy to accommodate.

BENCHMARKS

Kite does not provide benchmarks for performance reporting. Exempt market securities may not be listed on any stock exchange or could be subject to a lockup period. As a result, we do not believe there are meaningful benchmarks for the securities it sells.

CLIENT COMPLAINTS

All complaints must be in writing and sent to the Chief Compliance Officer (called a CCO) at Kite. A complaint form is attached to this document for this use. The CCO will send an acknowledgement back to the complainant within 48 hours of receiving the complaint. The CCO will investigate the complaint and report on the findings to the complainant within 30 days with the firm's final decision.

CLIENT ASSETS

While Kite does not have custody of assets such as client cash or securities, in the view of provincial regulators, we have access to client assets due to our close relationship with the Issuer, Canguard

Mortgage Investment Corporation, and the Manager, Quantum Pacific Management Ltd. Some or all staff members employed by Kite are also employed by the Manger and/or Issuer.

All cash client funds received by Kite for Canguard Mortgage Investment Corporation will be deposited to a Canadian chartered bank account registered to Canguard Mortgage Investment Corporation. No cash client funds will be held in a Kite bank account. Canguard Mortgage Investment Corporation has appropriate safeguards in place with respect to its bank accounts, requiring dual signatures on any requests to its bank and a detailed process for approval and authorization of cash outflows. Canguard Mortgage Investment Corporation maintains its shareholder register.

Canguard Mortgage Investment Corporation does not issue physical share certificates; rather all information regarding share holdings is detailed in each client account.

DISPUTE RESOLUTION

If you feel that your complaint is not properly resolved, Kite offers independent dispute resolution or mediation service through OBSI, at its own expense, to clients to resolve client complaints if they are not satisfied with the firm's final decision delivered as outlined above. In accordance with section 13.16 of NI 31-103, the Firm will inform a client how to contact OBSI and use the dispute resolution service or mediation. Should you seek help, you can locate it here://www.obsi.ca/en/submit-a-complaint.

RELATIONSHIP DISCLOSURE ACKNOWLEDGMENT

I/we, _____ have received, reviewed, understand and consent to Kite Financial Solutions Inc.'s Relationship Disclosure and conflicts of interest and terms hereof.

Signature of Client

Email

Print Client Name

Date

Signature of Representative

Print Rep Name

Date

PRIVACY POLICY: CONFIDENTIALITY OF CLIENT INFORMATION

Kite Financial Solutions Inc. (Kite) is committed to maintaining the confidentiality of client information. The Personal Information Protection and Electronic Documents Act (PIPEDA) requires the Firm collect, use, and distribute client information only to meet its obligations to its clients and regulatory requirements under securities legislation and anti-money laundering legislation.

PIPEDA applies to the personal information collected, used or disclosed by organizations engaged in commercial activities, from banks and retail outlets to airlines, communications companies and investment firms. Many private enterprises operating outside of British Columbia are covered not by PIPEDA but by similar federal or provincial statutes.

Kite adheres to privacy principles in protecting your personal information. The term “personal information” refers to information that specifically identifies you as an individual and is provided to or collected by us. It includes, for example, your name and address, age and gender, personal information records, identification numbers such as your social insurance number (SIN), and your employment information. For corporate clients, this information also includes the names of officers, directors, owners, shareholders, jurisdiction of incorporation, financial information, and ownership structure.

A Client’s knowledge and consent is required prior to the collection of personal information. Clients are deemed to have provided consent when they personally (or through an authorized agent) and voluntarily provide information for completion of the Investor Information Form or other Know Your Client Information Form.

Collection and use of personal information

Kite is required under securities legislation and anti-money laundering legislation to collect information to verify the identity and reputation of clients. Kite is also obligated under securities legislation to make a determination to ensure a proposed investment is suitable for you. To assess the suitability of proposed investments, Kite will obtain information relating to your investment objectives, risk tolerance, investment knowledge, financial situation and circumstances. In providing services to clients, Kite may be required to use and share personal information with its employees, third party service providers and other financial institutions. When you open an account with us, you authorize us to collect this information during the course of our relationship.

Sharing personal information

Kite will not use or disclose personal information for purposes other than those for which it was collected except with the consent of the client or as required by law. Personal information will be retained only as long as necessary for these purposes or required by law.

Safeguarding personal information

Client personal information is protected by security safeguards that are appropriate to the sensitivity level of the information. Kite has appropriate controls in place over computer systems in compliance with its Privacy Policy. Kite will ensure appropriate security procedures and controls are maintained by third party service providers requiring the use of personal information of Kite’ clients.

Spam - We will not send you electronic communications until such time as we have your consent.