

## **Huxton Black Ltd.**

### **Relationship Disclosure Information**

#### **Who We Are**

Huxton Black Ltd. (Huxton Black) is a privately-owned Portfolio Manager and Exempt Market Dealer, registered with the Ontario Securities Commission. The Portfolio Manager Registration allows us to manage client accounts on a discretionary basis and the Exempt Market Dealer category allows us to promote prospectus-exempt products to qualified investors.

#### **Our Relationship with You**

As a securities registrant, we are obligated to make certain disclosures to you, so you may understand the nature of your relationship with Huxton Black, and are advised of significant matters regarding the discretionary authority that Huxton Black will exercise over the operation of your managed account(s). Huxton Black's business activities include portfolio management and the trading of exempt market securities.

#### **Delivery of Document**

This relationship disclosure information ("RDI") document will be delivered to you at the time you begin discussions with us. If there are any significant changes to our RDI, we will provide you with an updated version on a timely basis.

#### **Products and Services**

Huxton Black acts as a portfolio manager for clients, we typically allocate client portfolios into investment products such as ETFs, mutual funds, and exempt market securities, held in separately managed accounts at our custodian. We charge a fee to create the correct portfolio for our clients and to monitor its results and ensure the portfolio suits our clients over time. We do not create any investment products at this time. All products we allocate are managed by third parties. We also occasionally assist funds and corporations to raise investment funds in the prospectus exempt market.

**Operating Charges, Fees and Potential Impact on Investment Returns**

Investment returns are negatively impacted by the portfolio management fees we charge. On a monthly basis these fees are deducted from your investment account consistent with your portfolio management agreement. The details of these fees can be found there.

#### **Trusted Contact Person**

As part of our commitment to safeguarding your interests and in accordance with securities regulations, we are required to ask you to name a Trusted Contact Person (TCP). This is particularly important given the discretionary nature of your account, where you have authorized us to make investment decisions on your behalf.

The TCP is someone you authorize us to contact in specific circumstances if we have concerns about your well-being or the integrity of your account.

#### When We May Contact or Disclose Information to a Trusted Contact Person

We may contact your TCP and, if necessary, disclose limited information about you or your account, but only under specific circumstances, such as:

- If we are concerned that you are being financially exploited or that you are vulnerable to such exploitation.
- If we suspect a decline in your mental capacity that may affect your ability to make financial decisions or understand discretionary trading activity.
- To confirm or obtain your current contact information when we are unable to reach you.
- To verify the identity or legitimacy of a person claiming to act on your behalf, such as under a power of attorney or as a legal representative.
- Any disclosure to your Trusted Contact Person will be limited to information necessary to address the concern and will not include ongoing access to your account or financial details unless warranted by the situation.

#### Your Consent and Right to Update

Providing a Trusted Contact Person is voluntary, but strongly encouraged, particularly for clients with discretionary accounts or clients transacting in exempt market securities where liquidity and suitability considerations may require additional oversight.

You may update or remove your Trusted Contact Person at any time by contacting us in writing.

If you have any questions about this section or wish to discuss whether you should name a Trusted Contact Person, please speak with your registered representative.

#### Working with our Custodian

**We arrange for your account to be opened with a custodian named CI Investment Services. This custodian is part of a large financial institution that currently manages \$180 billion in assets, it is a member of the CISO self regulatory organization and a member of the Canadian Investor Protection Fund (CIPF). CIPF protection covers you in the event of a bankruptcy at the custodian, your accounts always remain in your name and are not impacted by the financial results of Huxton Black Ltd. For example if Huxton Black were to go bankrupt your accounts would not be affected at the custodian.**

#### Temporary Holds on Transactions or Withdrawals

Securities regulations permit us to place a **temporary hold** on transactions or withdrawals from your account in certain situations where we believe it is necessary to protect you or your assets.

#### When We May Place a Temporary Hold

A temporary hold may be placed if:

- We reasonably believe that you are being financially exploited; or
- We reasonably believe that you do not have the mental capacity to make financial decisions.

These holds are **temporary** and are intended to give us time to assess the situation and determine the appropriate next steps to protect your interests.

### **Notice of a Temporary Hold**

If we place a temporary hold on your account:

- We will provide you with a written notice of the hold as soon as possible, including the reason for the hold.
- We will also notify your Trusted Contact Person (if one is named), if appropriate and permitted.
- If the hold is continued beyond the initial assessment, we will provide you with updates and any additional required notices, including reasons for continuing the hold.

We are committed to using temporary holds only when absolutely necessary and in accordance with applicable laws and regulatory guidance.

It is important to be aware of the potential for risk inherent in investing in the capital markets. Generally, investments are not guaranteed. Factors that may affect the value of your investments include general economic factors; market and business conditions; fluctuations in securities prices, interest rates, and foreign currency exchange rates; changes in government regulations; and catastrophic events. On a personal level, investment decisions should be based on what is appropriate for your circumstances. Huxton Black makes an investment decision on your behalf by examining your financial circumstances, risk profile and your investment needs and objectives. Following this detailed analysis, Huxton Black closely monitors your portfolio to ensure that your investment needs are being met.

### **Leverage and the Use of Borrowed Funds**

Clients may or may not borrow to invest in their Investment Account. There are certain risks involved in using borrowed money to finance the purchase of a security. 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. Generally, one should only borrow to invest if:

- a) You are comfortable with taking risk.
- b) You are comfortable taking on debt to buy investments that may fluctuate in value.
- c) You are investing for the long-term.
- d) You have a stable income.

### **Exempt Market Activities**

The exempt market refers to securities that are distributed under an exemption from a prospectus requirement. Securities that are offered for sale under an exemption from prospectus requirements are often called private placements. The market in which exempt securities are traded is known as the exempt market or private market. Huxton Black is in the business of trading and advising on exempt

securities for its clients. Consequently, Huxton Black is required to be registered as an exempt market dealer (“EMD”).

As an EMD, Huxton Black has demonstrated that the Firm, and any registered individuals within the Firm, have met the proficiency requirements in their respective categories.

An EMD must adhere to certain regulatory requirements when dealing with its investor clients, such as "know-your-product" (“KYP”), "know-your-client" (“KYC”) and suitability requirements. Huxton Black will determine whether any investment action taken, recommends or decides on, for the client is suitable for the client and puts the client’s interest first.

### **Risks of Exempt Market Securities**

Because securities distributed in the exempt market are not subject to prospectus disclosure requirements, exempt securities are considered higher risk investments. Some of the risks associated with exempt market securities are:

- Liquidity risk
  - There is no properly organized secondary market for exempt securities;
  - Most exempt securities have resale restrictions; and
  - Liquidity may only be available through the issuer and on the issuer’s terms, or it may not be available at all.
- Transparency risk
  - Exempt security issuers are typically not subject to the more demanding information disclosure requirements of prospectus issuers; and
  - Less information is typically disclosed to investors, dealers and the regulators.
- Valuation risk
  - The accuracy of valuations and the incentive to mislead because of conflicts of interest are inherently higher for exempt securities.
- Investment risk
  - Typically, exempt securities are issued by smaller companies, especially start- up companies;
  - There is typically higher “key person” risk than with more widely held securities; and
  - There is a higher probability of losing your entire investment.
- Investor Right risk
  - There are fewer legal rights available for exempt security purchasers such as right of rescission, right of withdrawal, and secondary market civil liability.

### **Conflicts of Interest**

Canadian securities regulations require us to take reasonable steps to identify, address, avoid and disclose material conflicts of interest that may affect our clients in a timely manner, upon identification of a conflict that must be disclosed that has not previously been disclosed to our clients. This means recognizing both current and reasonably foreseeable conflicts and responding to them in a manner that

prioritizes our clients' best interests. The following disclosure outlines material conflicts that may arise in our capacity as a portfolio manager for managed accounts and as an exempt market dealer for clients investing in alternative market products.

### **Understanding Conflicts of Interest**

Conflicts of interest can occur when our interests, or those of our representatives, diverge from those of our clients. This may include situations where we or our personnel could be influenced to act in our own favor, or where monetary or other benefits (or potential adverse consequences) could impair the judgment or objectivity expected in a trusted advisory relationship.

### **Our Approach to Managing Conflicts**

We are committed to addressing all material conflicts in the best interest of our clients. When a conflict cannot be managed effectively, we take steps to avoid it entirely. To support this commitment, we have implemented policies and internal procedures to help identify, assess, and manage potential conflicts across all areas of our business.

The sections that follow outline the material conflicts we have identified, how they might affect clients, and the measures we use to mitigate or eliminate them.

### **Referral Arrangements**

We may enter into referral arrangements under which we either pay or receive a fee or other form of compensation for referring clients to or from third parties. These arrangements may involve both registered and non-registered individuals or firms. Referral fees can introduce a potential or material conflict of interest because they may give the referring party a financial incentive to direct clients to a particular firm or service provider, regardless of whether that referral is truly in the client's best interest. This is especially relevant if the referring and receiving parties have a close relationship, which could influence the advice or recommendations made to the client, leading to biased or less objective outcomes.

To manage these conflicts, all referral arrangements are documented in formal agreements established before any client referrals take place. The agreement requires Huxton Black to establish the eligibility of prospective clients and ensure they are a suitable fit for Huxton Black's products and services. Each client affected by a referral will receive a written disclosure outlining key details of the arrangement at the time of account opening. This includes the names of the involved parties, the purpose and significant terms of the agreement, how referral fees are calculated (and, where possible, the specific amounts), as well as any potential conflicts arising from the relationship or the arrangement itself. This information is provided to ensure clients understand any factors that may influence a referral.

We maintain internal records of all referral fees and have adopted policies and procedures to ensure that any referral arrangement aligns with the client's best interests. Regular reviews and ongoing oversight are conducted to monitor these relationships. Importantly, clients do not pay additional fees as a result of being referred, and there is no obligation to purchase any specific product or service as a condition of a referral.

### **Third Party Compensation**

For the distribution of prospectus exempt products, Huxton Black is generally compensated based on commission, which ranges between 4% - 10% of the value invested. In a few cases, the products also offer a trailing fee. The percentage commission received by Huxton Black from investments in the Exempt Market Dealer (EMD) Products is higher than the discretionary portfolio management fee charged to clients. Also, Huxton Black receives a higher commission on certain EMD Products relative to other EMD Products. Therefore, Huxton Black and its registrants may be motivated to invest a higher percentage of discretionary client's assets in EMD Products than would be in the best interest of the clients. Alternatively, Huxton Black and its registrants may recommend certain EMD Products over others on its product shelf due to the higher commissions rather than suitability and clients' best interests.

To manage this conflict, Huxton Black will purchase Class F units which are designed to be compatible with the fee structure of fee-based accounts, where the advisor's compensation comes from the account fee, rather than a commission on the purchase of units.

If Class F units are unattainable, Huxton Black will purchase EMD Products to complement the investment strategy used in the managed account portfolios with strict limits around the percentage of the managed account portfolio that can be invested in EMD Products. Notwithstanding the limits, Huxton Black adheres to a Know-Your-Product due diligence process that requires review and approval by Huxton Black's Compliance Department.

### **Outside Activities**

Employees and registered representatives may be involved in business activities outside of their role with the firm, such as serving on boards of directors, operating businesses, or holding other professional positions. These activities could potentially interfere with their responsibilities to clients or create competing obligations. To manage this, all outside activities must be disclosed to and approved by our compliance department. Activities are only approved where they do not impair the individual's ability to act in clients' best interests or conflict with the firm's obligations. Affected clients will be provided with a written disclosure at account opening or upon identification of a conflict that has not previously been disclosed to our clients.

### **Personal Trading**

Our personnel may hold or trade securities for their own accounts. If they trade in the same securities as clients, this could give rise to actual or perceived advantages, such as trading ahead of clients (front-running) or acting on non-public information. To manage this, we maintain a personal trading policy requiring pre-clearance of certain trades, post-trade reviews, and blackout periods when individuals may have access to sensitive information. All trading must comply with internal policies and applicable laws.

### **Gifts and Entertainment**

From time to time, our personnel may receive or offer gifts, hospitality, or entertainment in the course of business relationships. This may give rise to a perception that such benefits influence business decisions or recommendations.

We have established policies that set monetary limits on gifts and entertainment and require disclosure and approval when those limits are exceeded. We review these practices regularly to ensure that they do not compromise objectivity or client interests.

### **Pricing and Trade Errors**

Mistakes in pricing or executing client trades may occur and could result in losses or gains. There is a risk that the firm may delay or avoid correcting errors to its own benefit. We maintain a defined error-handling process to promptly identify, disclose, and correct trade errors in a manner that prioritizes fairness to clients. Corrections are reviewed by compliance, and affected clients are made whole where appropriate.

### **Trading and Broker Commissions**

There is a potential conflict that could arise in relation to the decision made by Huxton's service provider with respect to the execution of transactions for Client Accounts, including the selection of execution venues, the broker-dealer and the negotiation, where applicable, of commissions or spreads. This conflict creates a risk that the service providers execute trades with broker-dealers for relationship or other reasons and pay higher commissions or other fees than those that may be charged by other broker-dealers or otherwise do not obtain best execution for clients or the funds.

To mitigate this risk, Huxton requires that all service providers adhere to a best execution policy that prioritizes the client's interest in achieving optimal trade results. This includes regular monitoring of execution quality, independent evaluation of broker performance, and documentation supporting the rationale behind broker selection. Where soft dollar arrangements or bundled services are involved, we ensure that they provide demonstrable value to the client and are consistent with regulatory expectations and firm policies.

### **Conflicts Between Clients**

Situations may arise where actions taken on behalf of one client could disadvantage another. For example, the timing of trades may be adjusted—intentionally or unintentionally—to benefit one client over another, such as realizing tax losses for one client while delaying similar action for another. Conflicts can also occur during trade allocation, where limited investment opportunities might be distributed in a way that unfairly favors certain clients. These scenarios present a risk of unequal treatment and must be managed with fairness and transparency.

To manage potential conflicts that arise between clients—such as the timing of trades or the allocation of investment opportunities—Huxton Black has implemented policies designed to ensure fair and equitable treatment across all accounts. Trade allocation is governed by a written policy that requires allocations to be made on a pro-rata basis using predefined criteria that reflect each client's investment mandate and objectives. All trading activity is subject to post-trade review and oversight by compliance personnel to detect and correct any deviations from these standards. Additionally, portfolio managers are prohibited from favoring one client over another and are trained to recognize and avoid situations that may result in preferential treatment.

As governed by our Investment Management Agreement with clients, Huxton Black is entitled to a management fee for managing your Investment Account. Referral fees can be charged over and above these portfolio management fees as well the custodial fees and trading charges can apply for certain

types of accounts. These fees are specifically highlighted in the Investment Management Agreement and acknowledged in writing by all clients.

## Reporting to You

Investment Account clients are also responsible for the payment of their custodian's fees. A summary of custodian fees can be found below:

#	ITEM	FEES
1	Account Transfer-In	FREE
2	RRSP, Spousal RRSP, LIRA, RIF & LIF	FREE
3	TFSA	FREE
4	Deposit-Bill Payment (CAD Only)	FREE*
5	Deposit-Wire Transfer (CAD/USD)	FREE* <sup>†</sup>
6	Withdrawal-Electronic Fund Transfer (EFT)	FREE* <sup>††</sup>
7	Partial Transfer Out	\$50 per account
8	Account Transfer Out	\$150 per account
9	Withdrawal-Wire Transfer (CAD/USD) – Canada	\$50* <sup>†</sup>
10	Withdrawal-Wire Transfer (USD) – International	\$100*
11	DAP (C.O.D) Transfer In/Out	\$50 per name
12	Courier (Canada)	\$45
13	Courier (US)	\$75
14	Courier (International)	\$100
15	Registered Mail	\$20
16	US RRSP, US Spousal RRSP & US LIRA	US \$15 per quarter
17	US TFSA	US \$15 per quarter
18	RESP	\$25 per year
19	US RESP	US \$15 per quarter
20	Account Administration Fee	\$24.95 per quarter <sup>†††</sup>
21	Partial Deregistration Fee	\$25 <sup>††††</sup>
22	Full Deregistration Fee	\$50 <sup>††††</sup>
23	Lifelong Learning Plan (LLP)	\$25
24	Home Buyer's Plan (HBP) partial deregistration	\$25
25	First Home Savings Account (FSHA) partial deregistration	\$25
26	Position Journal	\$25*



#	ITEM	FEES
27	DRS (Direct Registration System)	\$200 USD per name
28	Certificate Deposit / Withdrawal	\$200 per Certificate / Name
29	Certificate Deposit / Withdrawal Rush	\$450 per Certificate / Name
30	Safekeeping of Certificate	\$50 per certificate / Month
32	Electronic Trade Confirmation (e-Confirmation)	FREE
33	Cheque Cancellation Fee	\$50
34	Electronic Monthly Statement (e-Statement)	FREE
35	Paper Trade Confirmation	\$3
36	Paper Monthly Account Statement	\$5
37	Copy of Tax Statement	\$35 per account per year
38	Copy of Monthly Statement	\$20 per account per month
39	Option exercise / assignment	\$40
40	NSF Cheque / Returned Items	\$50
41	Stop Payment	\$25
42	Unclaimed property	\$29.95 per quarter
43	Estate transfer	\$250 per account
44	Legend Removal Rule 144/33	\$300 per name
45	Settlement of non-DTC eligible securities	\$450

Additional brokerage fees for the execution of trades for the Investment Account are also a cost to the account once it exceeds one million dollars in value: Exchange Traded Funds and stocks \$0.01/share (\$5.00 Min) and mutual funds \$0.01/unit (\$8.00 Min).

Huxton Black delivers a client statement to all clients at a minimum of once every three months.

The statement contains the following:

- a) the date of the transaction;
- b) whether the transaction was a purchase, sale or transfer;
- c) the name and quantity of each security in the account;
- d) c) the total market value of each security position in the account;
- e) d) any cash balance in the account;
- f) the total market value of all cash and securities in the account.
- g) the number of securities purchased, sold or transferred;
- h) the price per security if the transaction was a purchase or sale;
- i) the total value of the transaction if it was a purchase or sale.

We also provide return and compensation summary reports on an annual basis.

Reporting to EMD only clients is arranged through the issuer of securities and provided directly to clients as per their own internal policies.

### **Suitability Determination**

Huxton Black has an obligation to assess whether a purchase or sale of a security is suitable for all of its clients, prior to executing a transaction or at any other time. This suitability determination is based on our knowledge of you (KYC process) and our knowledge of the proposed investment (KYP process). We will also make a suitability determination whenever you propose an investment. If we determine that your proposal will be an unsuitable investment, we will initiate discussions with you to explain our concerns. In these situations, we will document our discussions with you. In some cases, we may refuse to execute the transaction.

A suitability determination / assessment is required each time a new Huxton Black securities offering is being considered by the client or after any of these trigger events:

- A recommendation to trade in securities (purchase, redemption, subscription etc.)
- Change in Firm representative
- When we become aware of a material change to a client's KYC information such as:
  - Name
  - Address
  - Marital status
  - Financial status
  - Dependents
- KYC on file has become outdated

### **Know Your Client ("KYC")**

The cornerstone of our relationship with you is our Investment Application Form (KYC Form) and Investment Management Agreement.

We are required to establish the following information before we open an account for you:

- a) Your identity
- b) Whether you are an insider of a publicly traded company
- c) Your investment needs and objectives
- d) Your personal circumstances
- e) Your financial circumstances;
- f) Your investment knowledge;
- g) Your risk profile; and
- h) Your time horizon

Therefore, if there are any changes to your circumstances, please inform us.

### **Know Your Product ("KYP")**

The Know Your Product requirement is an integral part of our suitability assessment for you. It is important because we cannot align suitable investments for your investment needs and objectives unless we fully understand the features of the product. To make suitable recommendations for you, it is essential and a regulatory requirement that we understand the structure, features, and risks of each investment product recommended to you. Consequently, we are required to make a diligent and business-like effort to learn the essential facts about each security to determine (a) the risk level of the security and (b) the investment mandate/objective of the security.

### **Investment Performance Benchmarks**

Huxton Black does not make use of benchmarks in the management of client portfolios.

### **What to do if you have a complaint**

#### **Our complaint process**

#### **Filing a complaint with us**

If you have a complaint about our services or a product, contact us at:

Huxton Black Ltd.  
286 Sanford Ave N  
Unit 301  
Hamilton ON  
L8L 6A1  
Attn: Daniel Speirs, Chief Compliance Officer

You may want to consider using a method other than email for sensitive information.

#### **Tell us:**

- what went wrong
- when it happened
- what you expect, for example, money back, an apology, account correction

#### **We will acknowledge your complaint**

We will acknowledge your complaint in writing, as soon as possible, typically within 5 business days of receiving your complaint.

We may ask you to provide clarification or more information to help us resolve your complaint.

#### **Help us resolve your complaint sooner**

- Make your complaint as soon as possible.
- Reply promptly if we ask you for more information.
- Keep copies of all relevant documents, such as letters, emails and notes of conversations with us.

#### **We will provide our decision**

We normally provide our decision in writing, within 90 days of receiving a complaint.

It will include:

- a summary of the complaint
- the results of our investigation
- our decision to make an offer to resolve the complaint or deny it, and an explanation of our decision

**If our decision is delayed**

If we cannot provide you with our decision within 90 days, we will:

- inform you of the delay
- explain why our decision is delayed, and
- give you a new date for our decision

You may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI).

**If you are not satisfied with our decision**

You may be eligible for OBSI's dispute resolution service.

**If you are a Québec resident**

You may consider the free mediation service offered by the Autorité des marchés financiers.

**A word about legal advice**

You always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your options. There are time limits for taking legal action. Delays could limit your options and legal rights later on.

**Taking your complaint to OBSI**

You may be eligible for OBSI's free and independent dispute resolution service if:

- we do not provide our decision within 90 days after you made your complaint, or
- you are not satisfied with our decision

OBSI can recommend compensation of up to \$350,000.

OBSI's service is available to clients of our firm. This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action.

**Who can use OBSI**

You have the right to use OBSI's service if:

- your complaint relates to a trading or advising activity of our firm or by one of our representatives
- you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint, and
- you file your complaint with OBSI according to its time limits below

**Time limits apply**

- If we do not provide you with our decision within 90 days, you can take your complaint to OBSI any time after the 90-day period has ended.
- If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI.

**Filing a complaint with OBSI****Contact OBSI**

Email: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

Telephone: 1-888-451-4519 or 416-287-2877 in Toronto

**OBSI will investigate**

OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer.

During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations.

**Information OBSI needs to help you**

OBSI can help you best if you promptly provide all relevant information, including:

- your name and contact information
- our firm's name and contact information
- the names and contact information of any of our representatives who have been involved in your complaint
- details of your complaint
- all relevant documents, including any correspondence and notes of discussions with us

**OBSI will provide its recommendations**

Once OBSI has completed its investigation, it will provide its recommendations to you and us. OBSI's recommendations are not binding on you or us.

OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint.

**For more information about OBSI, visit [www.obsi.ca](http://www.obsi.ca)**

If you have any questions about the information provided, please do not hesitate to contact us.