



## **FEE TRANSPARENCY STATEMENT**

Fees paid by Burgeonvest Bick Securities Limited (“BBSL”) clients come in the form of: (i) fees and commissions for advice and service, (ii) commissions for order execution and (iii) fees for administration.

Fees for administration are disclosed on the BBSL “Fee Schedule” which is mailed to clients annually. These fees are generally related to expenses charged by third parties for services delivered to BBSL clients. BBSL rebills these expenses with an administration surcharge.

BBSL, and/or any employee of BBSL, make no representation and/or warranty in respect of the tax treatment of fees and commissions, however, this Fee Transparency Statement does highlight certain income tax issues and we strongly recommend each client seek independent tax advice regarding how respective fees may impact their tax situation. The following is neither an exhaustive nor comprehensive discussion, and is not intended to be such. It is intended to provide disclosure so that each client is able to isolate issues that may be of interest to them and seek specific independent professional counsel as to how each issue may impact them.

### **TYPES OF FEES FOR FULL SERVICE ACCOUNTS**

Fees for full service accounts fall into three categories: (i) transactional commissions, (ii) embedded fees and commissions, and (iii) fee based accounts fees. We restrict our tax consideration comments regarding fees to purchases made on a capital basis.

#### **Transactional Commissions**

These are the most transparent fees for advice, service and order execution. Clients receive trade confirmations for every transaction. These confirmations show the amount of commission charged. This commission is not directly tax deductible. Generally, the cost of commission is added to the cost base of the security purchased. An additional commission will be charged with the sale of a security. These commission outlays are considered expenses in determining the amount of capital gain or capital loss and are deducted for tax purposes at that time.

#### **Embedded Commissions and Fees**

These fees and commissions do not appear on trade confirmations and they are the least transparent method of payment. The most common of these are Deferred Sales Commissions (“DSC”) on mutual funds and Annual Service Fees on mutual funds. Generally speaking DSC and Service Fees are the most tax advantaged method of payment for advice and service.

These fees and commissions are fully disclosed to clients in each mutual fund prospectus and are further disclosed as part of each mutual fund's Management Expense Ratio ("MER"). A comparison of an F Series versus DSC Series for the same mutual fund quantifies the embedded amount of fees and commissions. If you need assistance in determining this amount, your Investment Advisor ("IA") will be pleased to assist you.

Since embedded commissions and fees form part of a mutual fund's MER, these costs are deducted against interest, dividends and capital gains generated by those mutual funds. To the extent that mutual funds generate income in excess of the DSC and Service Fees, the DSC and Service Fees are fully tax deductible by the mutual fund in the current year. You can measure the extent of tax deductibility by reviewing your T3 slips from each mutual fund you own. If you did not receive a T3 slip from the mutual fund then the DSC and Service Fees likely exceeded the income inside the mutual fund. This excess is generally carried forward by the mutual fund and may be available as a deduction against income of the mutual fund at a future time.

In addition to DSC and Service Fees, New Issues and Principal Trades have embedded commissions. BBSL does not conduct Principal Trading as part of its business model. In an extraordinary circumstance where such a trade might occur, you will be notified via your trade confirmation with the message "PRINCIPAL". If such an event occurs, please speak with your IA to determine the embedded cost. When you buy certain fixed income products, our Carrying Broker, NBCN Inc may act as principal. BBSL does not share in any price mark-up charged by NBCN Inc. Embedded New Issue commissions are disclosed in each new issue prospectus. If you are unable to determine the amount of commission disclosed in the prospectus, please speak with you IA.

In all cases New Issue and Principal Trade embedded commissions form part of your tax cost base for such security.

### **Fee Based Accounts Fees**

These fees are based on a percentage of the value of an account. Fees are generally charged monthly, but may also be charged quarterly or annually. The amount charged is highly transparent and appears on client monthly statements on a fully disclosed basis. Generally speaking, this is a relatively tax advantaged method of payment, however there maybe potential tax deduction ambiguity for clients to consider.

The tax deductibility of these fees is discussed in Canada Revenue Agency ("CRA") Interpretation Bulletin IT-238R2 (a copy is available from our offices, or on our website). CRA's position is that amounts attributed to order execution and trading commissions are specifically not deductible. The portion of the Fee Based Account charge that is tax deductible is the amount attributed to investment advice and ancillary services as detailed in IT-238R2. BBSL and/or its employees make no representation or warranty as to the position CRA may take in respect on tax deductibility of fees charged.

To provide greater consistency in respect of IT-238R2, BBSL provides an option to clients to segment trade execution commission per trade and pay a separate discounted Fee Based Account fee (which relates to investment advice and ancillary services).