

STATEMENT OF DISCLOSURE

(Important Information You Need to Know)



WHO IS FUNDEX?

FundEX Investments Inc. (FundEX) is a national mutual fund dealership dedicated to providing the support and services our mutual fund representatives (Representative) need to best serve clients like you. Headquartered in Markham, Ontario, FundEX currently services over 650 Mutual Fund Representatives across Canada and has in excess of \$9 billion in assets under management.

FundEX is a member of the Investment Funds Institute of Canada (IFIC) and is regulated by the Mutual Fund Dealers Association of Canada (MFDA) and applicable provincial securities commissions. FundEX endorses and adheres to the IFIC Code of Ethics and the IFIC Privacy Code. We meet or exceed the provincial securities regulator's requirements for bonding and insurance, protecting those investments administered by our firm. In addition, each Representative maintains a minimum of \$1 million of individual Errors and Omissions liability insurance coverage.

DISCLOSURE OF RELATED REGISTRANTS

Industrial Alliance Insurance and Financial Services Inc. (IA-LIFE) is the controlling shareholder of FundEX Investments Inc. (FUNDEX). IA-LIFE is a public company whose stock, IAG, is listed on the Toronto Stock Exchange and consequently IA-LIFE is an issuer of securities. FUNDEX is a mutual fund dealer registered with the securities authorities of certain Canadian jurisdictions. Moreover, IA-LIFE, the controlling shareholder of FUNDEX, is the sole shareholder of the following companies:

- Investia Financial Services Inc., a financial services firm;
- IA Clarington Investments Inc., a manager of mutual funds and a portfolio manager;
- Industrial Alliance Securities Inc., a securities dealer;
- Industrial Alliance Investment Management Inc., a portfolio manager.

Consequently, FUNDEX is related to the above-mentioned companies. The policy of FUNDEX is to fully comply on all points with applicable securities laws and to make all necessary disclosures. To this end, FUNDEX is making the current disclosure and informing its clientele that it has also adopted the following Protocol for minimizing potential conflicts of interest: The relationships that unite FUNDEX Investments Inc. (FUNDEX) with Industrial Alliance Insurance and Financial Services Inc. (IA-LIFE) and its subsidiaries make it necessary to implement the policies described below, in order to avoid any potential conflicts of interest and ensure that the advice, services and products offered by FUNDEX are provided in the best interests of the clients of FUNDEX.

- All advice, products and services that will be provided to clients by representatives who act on behalf of FUNDEX shall be made in the normal course of business, without IA-LIFE or one of the entities currently connected or affiliated with IA-LIFE being involved. FUNDEX shall maintain its decision-making and operational autonomy with respect to the advice, products and services that it offers to clients.
- The advice, products or services shall be given in good faith by FUNDEX representatives, without being influenced by any motives other than the best interests of the client.
- Neither IA-LIFE nor any other entity affiliated with FUNDEX, nor their directors, officers or employees, shall participate in or influence, directly or indirectly, the formulation of any investment recommendation that FUNDEX representatives may give its clients. However, certain of these affiliated entities shall be able to provide to FUNDEX, upon request, investment research services and from time to time, these entities can collaborate in view of offering products and services in the interests of their clients. However, it is understood that in this case, no information about the client can be exchanged without having first obtained the express written consent of the client.

FundEX is an Introducing Dealer and Multiple Retirement Services Inc. ("MRS") and B2B Trust are Carrying Dealers. When applicable, with respect to any transactions an investor may enter into, MRS and B2B Trust will be responsible for trade execution and settlement, custody of cash and securities and the preparation of confirmations and statements. FundEX will be responsible for determining the suitability of, and ensuring appropriate supervision is performed for, all trading activity in a MRS and B2B Trust account. MRS or B2B Trust may pay a portion of its fees to FundEX and FundEX may pay MRS or B2B Trust for trade execution services on a client's behalf.

YOUR MUTUAL FUND REPRESENTATIVES TRADE NAME

_____(Trade Name) is a registered trade name used under license by FundEX, a registered mutual fund dealer and a member firm of the Mutual Fund Dealers Association of Canada.

PRIVACY AND CONFIDENTIALITY

Your information and the business you do with us is kept in strict confidence. Only authorized personnel have access to your information. We collect, use and disclose personal information that a reasonable person would consider appropriate for the circumstances. Our procedures and systems are designed to protect your information from error, loss and unauthorized access. We keep your information for only as long as it is needed and/or required by regulation. We monitor our compliance with applicable privacy legislation.

To help serve you better, we may review and analyze your use of products and services, including transactions in your account(s), to help protect you from unauthorized use of your account(s). Self-regulatory organizations (SRO) and other regulatory authorities require access to your personal information. Regulatory authorities collect, use or disclose such personal information obtained from regulated persons for regulatory purposes. You understand that in signing this document you are giving permission to your Representative, to obtain and keep on file personal information that you have provided to him/her. You understand that this personal information, not publicly published about you, may include but is not limited to: income tax information; account statements from other firms, including banks, trust companies or fund companies; pension plan information; legal documents including wills, trusts, and power of attorney.

You understand that your FundEX Representative may use and disclose this information in order to: communicate with you in a timely and efficient manner; assess your application for investment, insurance and other services available to you by his/her firm; assess your financial situation and contact you with any other suitable products that he/she is authorized to sell; evaluate claims and underwriting risks when required; detect and prevent fraud; analyze business results; and act as required or authorized by law.

You understand that you have the following rights concerning your privacy: You have the right to know why an organization collects, uses or discloses your personal information; you have the right to expect an organization to handle your information reasonably and to not use it for any purpose other than the one to which you consented; you have the right to know who in an organization is responsible for protecting your information; you have the right to expect an organization to protect your information from unauthorized disclosure; you have the right to inspect the information an organization holds about you and make sure it is accurate, complete and current; you have the right to expect an organization to destroy your information when requested or when no longer required for the intended original purpose; you have the right to confidentially complain to an organization about how it handles your information and may escalate your complaint to the Privacy Commissioner of Canada if need be; and you have the right to remove your consent at any time by contacting your Representative in writing.

You understand that your Representative will NOT: sell your information to anyone; or share your information with organizations outside of our relationship that would use it to contact you about their own products or services.

Your representative must also decline to accept or administer an account in respect of which an individual does not consent to such intended collection, use or disclosure of personal information to SROs and the use and disclosure of that information by SROs.

WHAT YOUR FUNDEX REPRESENTATIVE IS LICENSED TO SELL

If your Representative is registered for the sale of mutual funds and licensed for the sale of life insurance your Representative is registered through separate organizations for each purpose and as such, you may be dealing with more than one entity depending on the products purchased. Your Representative will provide the name of the entity that the Representative represents when insurance business is conducted. The sale of insurance products is not the business of or under the supervision of FundEX and FundEX will not be liable or responsible for such activities.

Client ID:

ACKNOWLEDGMENT FOR FINANCIAL PLANNING, GICs, STRUCTURED NOTES OR TAX RETURN PREPARATION & DISCLOSURE OF OTHER BUSINESS RELATIONSHIPS

Your FundEX representative may be involved in a Dual, other Outside Occupation, or other Business Activity and/or Fee For Services Activities.

All non-mutual fund related business conducted by my Representative is not in his/her capacity as an employee or agent of FundEX Investments Inc. Non-mutual fund related business includes, without limitation, advising in or selling any type of insurance product, advising in or selling any type of mortgage service, estate and tax planning or tax return preparation. Accordingly, you hereby agree that FundEX is not liable and/or responsible for any non-mutual fund related business conducted by your Representative and acknowledge that such non-mutual fund related business is the responsibility of your Representative alone.

- I have received a "Dual Occupation" disclosure _____ Initial
 N/A

DEALER DECLARATION (British Columbia)

FundEX is registered in the Province of British Columbia as a Mutual Fund Dealer and is restricted to trading in mutual fund securities. Clients in British Columbia are entitled to certain additional information about us, including information regarding commissions and fees that we charge, and any administrative proceedings that may relate to our firm or staff. To obtain additional information about FundEX and/or further information with regards to this Statement of Disclosure, please contact our Head Office in Markham, Ontario at 1-800-324-6048.

MUTUAL FUND INFORMATION -- FEES

Mutual fund products are offered through different mutual fund companies. Compensation for each product may differ depending on the products purchased. The following information summarizes the various forms of compensation available to people who sell mutual funds:

Front End Fees: These are one-time purchase fees representing a percentage of the gross investment that is deducted by the mutual fund company, part of which will be paid to your Representative.

Deferred Sales Fees: Funds that are sold under the deferred option require no deduction from your investment at the time of purchase. The mutual fund company pays these fees, part of which will be paid to your Representative. If the funds are redeemed within a specified period of time, the mutual fund company may charge a redemption fee. A redemption fee schedule is found in the fund's prospectus.

Trailing Commissions/Service Fees: Mutual fund companies pay these fees to FundEX, provided that FundEX clients remain invested in their funds. These fees are included in the annual management fees and expenses, which are charged against the mutual fund on an ongoing basis.

How the fees are calculated and charged to you is outlined in greater detail in the prospectus. The prospectus is a document from the mutual fund company that explains the important features of the mutual fund(s) that you are buying. It is recommended that you read the prospectus carefully and retain it for future reference, together with all other information pertaining to your investment(s), which has been provided to you. _____ **Initial.**

Should these investment funds be used in a RRSP, RRIF, LIF or other registered tax deferral plan, the trustee of the plan may annually or semi-annually deduct a "Trustee fee" from the plan. This trustee fee is usually calculated as a percentage of the market value of the RRSP or RRIF with a stated minimum and maximum amount.

Group Retirement Savings Plans GRSPs are individual RRSPs that use payroll deductions for contributions. Investments in Group Retirement Savings Plans (GRSPs) are selected by the contributing employee. The employer may or may not wish to select the investment for any employer contributions.

You understand that for Systematic Withdrawal Plans, if cash withdrawals are in excess of net income and capital appreciation of the fund, such withdrawals will result in the encroachment on or possible exhaustion of your original capital invested.

You understand your rights of rescission and withdrawal as outlined in your Mutual Fund Prospectus.

Your Representative has discussed with you and you understand the terms and conditions of the Limited Authorization Form (if applicable), and you understand that you must provide your Representative with investment instructions either in writing, by telephone, fax or e-mail in order for your Representative to trade using the Limited Authorization form. _____ **Initial.**

N/A

NOT GUARANTEED

Mutual Funds, although redeemable on any business day, are not guaranteed and are subject to daily fluctuations in market value. The historical performance of mutual funds is not an indication or guarantee of future performance and past performance may not be repeated. Although cashable on any business day, professionally managed investment funds are considered to be long-term investments, as their market value(s) may fluctuate over short periods of time. _____ **Initial.**

ACCOUNT STATEMENTS

Every statement or other communication sent by FundEX to you shall be deemed to have been acknowledged as correct, approved and consented to by you unless FundEX receives written notice to the contrary within thirty (30) days after it is sent to you.

REFERRAL AGREEMENTS

You understand that in certain circumstances your FundEX Representative may choose to refer you to a different financial services organization.

You understand that your FundEX Representative plays no part whatsoever in that relationship, and you should receive a disclosure statement with respect to your other account(s). _____ Initial.

INFORMATION ABOUT YOU

In recommending a mutual fund to you, it is our responsibility to ensure that the fund selected is suitable for your specific investment objectives, your financial position and the level of risk you are willing to assume, regardless of the nature or source of compensation that we will receive from the transaction. In order for us to do that, we need accurate and complete details of your financial situation, and if there are changes to your circumstances, you should bring these to our attention. We also collect certain information about you in order to comply with regulatory and legal requirements.

FundEX has adopted the fund ranking system of the Canadian Investment Funds Standards Committee that categorizes the volatility measurement of certain mutual fund classifications for the purpose of assessing the suitability of mutual funds in client portfolios.

This ranking system is based on the *Recommendations for Fund Volatility Risk Classification* published by the Investment Funds Institute of Canada. This system classifies fund volatility risk by the 34 fund types as determined by the Canadian Investment Funds Standards Committee.

The following table provides a summary classification for typical fund types:

Volatility Classification and Typical Fund Types*

Very Low:

Canadian Money Market (must have fixed unit price), U.S. Money Market (must have fixed unit price)

Low:

Canadian Mortgage, Canadian Short Term Bond, Canadian Bond

Low to Moderate:

Foreign Bond, High Yield Bond, Canadian Balanced, Canadian Tactical Asset Allocation, Global Balanced and Asset Allocation

Moderate:

Canadian Dividend, Canadian Equity (Pure), Canadian Equity, Canadian Income Trust, Global Equity, U.S. Equity, International Equity, European Equity

Moderate to High:

Canadian Small Cap, Healthcare, Asia/Pacific Rim Equity, Japanese Equity, Financial Services, U.S. Small and Mid Cap Equity, Natural Resources, Precious Metals

High:

Emerging Markets Equity, Asia ex-Japan Equity, Latin America Equity, Science & Technology, Real Estate Capital, Alternative Strategies, Specialty/Miscellaneous, Labour-Sponsored Venture Capital

*These categories come from the Canadian Investment Funds Standards Committee and are used as a guide to determine fund type risk. Please refer to the specific prospectus to determine the fund's specific stated risk tolerance.

Client ID:

LEVERAGING, BORROWING MONEY TO BUY INVESTMENT FUNDS

We may not know if you are investing with borrowed money. This may take the form of a specific investment loan, a RRSP loan or use of your personal line of credit from time-to-time. As a result, we believe it is important to provide this disclosure, which is also a regulatory requirement.

Mutual fund units and other securities may be purchased using available cash or a combination of cash and borrowed money. If cash is used to pay for the purchase in full, the percentage gain or loss will equal the percentage increase or decrease in the value of the securities. The purchase of securities using borrowed money magnifies the gain or loss on the cash invested. This effect is called leveraging.

For example, if \$100,000 of mutual fund units are purchased and paid for with \$25,000 from available cash and \$75,000 from borrowings, and the value of the fund units declines by 10% to \$90,000, your equity interest (the difference between the value of the securities and the amount borrowed) has declined by 40% (i.e. from \$25,000 to \$15,000). It is important that an investor proposing to borrow for the purchase of securities, be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only. To what extent a purchase using borrowed monies involves undue risk is a determination to be made by each purchaser and will vary depending on the circumstances and the securities purchased.

It is also important that the investor be aware of the terms of a loan secured by securities. The lender may require that the amount outstanding on the loan not rise above an agreed percentage of the market value of the securities. Should this occur, the borrower must pay down the loan or sell the securities so as to return the loan to the agreed percentage relationship. In our example in the foregoing, the lender may require that the loan not exceed 75% of the market value of the mutual fund units. On a decline of value of the units to \$90,000, the borrower must reduce the loan to \$67,500 (75% of \$90,000). If the borrower does not have cash available, the borrower must sell units at a loss to provide money to reduce the loan.

Money is, of course, also required to pay interest on the loan. Under these circumstances, investors using borrowed funds to purchase their investment are advised to have adequate financial resources available both to pay the interest and also to reduce the loan if the borrowing arrangements require such a payment.

ACKNOWLEDGMENT OF DISCLOSURE

By signing below, I (We) acknowledge that I (We) have read and understand this Statement of Disclosure and have received a copy of this document.

Please Print Client Name

Client Signature Date (dd/mm/yy)

Please Print Client Name

Client Signature Date (dd/mm/yy)

FundEX Associate Name (print)

CLIENT COMPLAINT INFORMATION

Clients of FundEX who are not satisfied with a financial product or service have a right to make a complaint and to seek resolution of the problem. If you have a complaint, these are some of the steps you can take:

Your complaint should first be explained to your Representative. The person who sold you the product or service will solve most problems quickly.

Contact FundEX. FundEX is responsible to you, the investor, for monitoring the actions of our Representatives to ensure that they are in compliance with the legislation, rules and guidelines governing their activities. You may contact FundEX at 1-800-324-6048. Some problems are easily solved by a phone call. Some matters can be resolved through the Branch Manager. FundEX's Compliance Department will investigate any complaint that you initiate in writing and respond back to you with the results of their investigation.

Contact the Mutual Fund Dealers Association of Canada (MFDA), which is the self-regulatory organization in Canada to which FundEX belongs. The MFDA investigates complaints about mutual fund dealers and their Representatives, and takes enforcement action where appropriate. There is no cost to clients for referring a complaint to the MFDA. The MFDA may be contacted:

By telephone in Toronto at 416-361-6332, or toll-free at 1-888-466-6332

By e-mail at complaints@mfd.ca; or

In writing, using the complaint form which is available on the MFDA web site at www.mfda.ca

Contact the Ombudsman for Banking Services and Investments (OBSI), an organization independent of the MFDA, government, and the financial services industry. The OBSI provides an independent and impartial process for the investigation and resolution of complaints about the provision of financial services to clients. The OBSI will investigate your complaint only if you have first exhausted your firm's internal complaint-handling processes. The OBSI can make a non-binding recommendation that your representative or dealer compensate you (up to \$350,000) if it determines that you have been treated unfairly, taking into account the criteria of good financial services and business practice, relevant codes of practice or conduct, industry regulation and the law. The OBSI process is free of charge and is confidential. The OBSI may be contacted:

By telephone in Toronto at 416-287-2877, or toll-free at 1-888-451-4519;

By email at ombudsman@obsi.ca

Retain a lawyer to assist with the complaint