



WOOD GUNDY

# UPDATED CONFLICTS OF INTEREST DISCLOSURE STATEMENT

June 2021

A conflict of interest can occur where CIBC Wood Gundy's interests or the interests of the person managing your account (including your Portfolio Manager and your Investment Advisor) and your interests are inconsistent. Your Investment Advisor or Portfolio Manager will take reasonable steps to identify existing material conflicts of interest and those that may reasonably be expected to arise between you and CIBC Wood Gundy or your Investment Advisor or Portfolio Manager, and will follow CIBC Wood Gundy's internal processes to report conflicts where required. We will address material conflicts in one or more of the following ways:

- **Avoid:** We avoid any conflicts which are prohibited by law or which cannot effectively be managed in your best interest.
- **Disclose:** Material conflicts will be disclosed to you, allowing you to consider and determine their significance in connection with your relationship with us or any particular transaction or recommendation.
- **Control:** Certain conflicts can be effectively managed in your best interests by implementing physical or procedural control measures. Examples include physical separation of different persons or business functions, or restricting the internal exchange of certain information.

Below is a list of potential material conflicts, and the primary methods we use to manage them. Please reach out to your Investment Advisor or Portfolio Manager with any questions or if you would like additional information.

## Proprietary products

CIBC Wood Gundy offers securities and products issued or offered by our parent company CIBC or its affiliates ("proprietary products") as well as those issued or offered by third parties. We manage this inherent material conflict of interest by:

- providing equal access to approved non-proprietary products for our clients,
- regularly comparing our proprietary products to alternatives available in the market,
- making a full suite of investment options available, with competitive rates and investment performance,
- leveraging affiliates' advice and services to reduce client costs, and
- having a straightforward selection of available products for your Investment Advisor or Portfolio Manager to assess, understand and monitor.

## Compensation

For advisory accounts, CIBC Wood Gundy earns compensation by selling products and services to you that you pay us for. For fee-based accounts, CIBC Wood Gundy earns compensation by receiving an annual fee based on the assets in your account, instead of commissions on certain transactions. In both cases, your Investment Advisor or Portfolio Manager's compensation is calculated as a percentage of what you pay CIBC Wood Gundy. This can be considered a conflict of interest that is inherent in your relationship with us. In managing this conflict, we provide you with transparent disclosure on fees and commissions in advance so that you know what you will be paying. We also offer a variety of account and transaction pricing options for you to choose from.

There are supervisory and oversight controls in place to identify a breach of our internal policies and procedures. We reserve the right to withhold or reverse compensation where an Investment Advisor or Portfolio Manager is found to have breached our policies or procedures.

There are additional features of how CIBC Wood Gundy and your Investment Advisor or Portfolio Manager are compensated that give rise to additional conflicts beyond the inherent conflict that we get paid to provide you with account services. These are described in more detail below and we manage them through policies, procedures and other control measures we have put in place to ensure that your Investment Advisor and Portfolio Manager continue to act in your best interest. These measures include supervision by departments that do not report directly to any business area, in order to be impartial and avoid compensation conflicts. We also disclose at the time of purchase or sale, and on an annual basis, the fees you pay to us, as well as fees paid to us by others in connection with your account.

CIBC Wood Gundy may be compensated for the services it provides you through transaction commissions and other fees and charges directly charged to your account. In addition to the fees and commissions that you pay CIBC Wood Gundy (as described in *1.7 Commissions, fees and other charges*), CIBC Wood Gundy or its affiliates may earn compensation in other, more indirect ways, which may give rise to a perceived or actual conflict of interest.

For example, CIBC Wood Gundy or its affiliates will earn compensation in connection with the provision of investment or other services to certain issuers whose securities can be purchased by you or by your Investment Advisor or Portfolio Manager on your behalf.

CIBC Wood Gundy will also receive compensation directly from certain issuers based on the amount of your investment in their products.

CIBC Wood Gundy and your Investment Advisor or Portfolio Manager will receive ongoing compensation on some investment products for as long as you continue to hold the products in your account. Portfolio Managers may also receive fees, such as trailing commissions, in certain circumstances, but in these situations, we adjust the fee you pay for your managed account.

If you purchase an investment (or your Portfolio Manager purchases one on your behalf) that CIBC Wood Gundy or its affiliates have structured, or that one of its affiliates manages, there may be fees embedded in that product which will be paid to CIBC Wood Gundy or its affiliate.

It's important to note that if you have a managed account, your Investment Manager or Portfolio Manager (the designated person responsible for managing your account) will not receive any transaction-based fees or commissions.

Your Investment Advisor's compensation may be affected by the types of products you purchase or transfer into your account. As different products have different compensation structures, your Investment Advisor may be paid more or less depending on the product or service you choose, or the sales option you select. For example, different classes of mutual funds could lead to different levels of compensation being paid to your Investment Advisor.

Your Investment Advisor or Portfolio Manager may also receive a fee for referring you to another company for other products or services. Referral fees are only paid or received in compliance with securities regulations and in any event will always be disclosed to you and you will not be referred without your consent.

## Other activities

We carry out, among other activities, research, investment banking, brokerage, investment management and investment advisory services for other clients. At times, we and our affiliates may be privy to certain confidential or material non-public information that we may be prevented from using for your benefit. In carrying out activities other than investment management or investment advisory services, we may acquire material information in respect of a security that is not available in the Investment Advisor's or Portfolio Manager's ordinary course of business. In addition to the investments held in your account, CIBC Wood Gundy or its affiliates also hold and may manage the assets of other clients. CIBC Wood Gundy may give advice and take action in the performance of our duties for other clients that may differ from advice given, or in the timing and nature of action taken, with respect to you or your account. You agree that we will not be liable to you as a result of recommendations or decisions for your account that are made without taking into consideration information we receive through our or our affiliates' investment management, investment advisory or other services, including any material non-public information.

In the above cases, CIBC operates its different businesses separately so that information is limited to the specific business involved. We also implement internal information barriers that are designed to ensure that confidential or undisclosed material information is not shared outside certain areas.

## Managed accounts

Similar conflicts of interest as may exist between you and your Investment Advisor or Portfolio Manager may also exist between you and your Investment Manager and the Program Manager for your Investment Consulting Service (ICS) Account. Primarily, your Investment Manager's compensation may be higher or lower depending on the type of investment chosen for you. Your Investment Manager has the discretion to exercise rights associated with securities in your account and may receive fees for exercising these rights. As with CIBC Wood Gundy, your Investment Manager, the Program Manager and their affiliates carry out, among other activities, research, investment banking, brokerage, investment management and investment advisory services for other clients. At times, they may be privy to certain confidential or material non-public information which they may be prevented from using for your benefit. Finally, your Investment Manager and the Program Manager may give advice and take action in the performance of their duties for other clients that may differ from advice given to you, or in the timing and nature of action taken with respect to you or your account. You agree that they will not be liable to you as a result of recommendations or decisions for your account that are made without taking into consideration information they receive through services they provide other clients, including any material non-public information.

We, our officers, directors, employees or their family members, your Investment Manager and the Program Manager and their affiliates, may have an interest in securities held in your account. We have a written policy that sets out how registrants should disclose any material personal interest to their clients.

CIBC Wood Gundy has controls in place to manage these types of conflicts and you should ask your Investment Advisor or Portfolio Manager if you have any questions.

## Outside activities and other personal conflicts

The *CIBC Code of Conduct* applies to all employees, contingent workers and directors of Canadian Imperial Bank of Commerce and its wholly-owned subsidiaries, and it sets out how we identify and avoid certain conflicts of interest, including outside activities that may interfere with, or be perceived to interfere with our work at CIBC and our judgment about doing the right thing for our clients. CIBC has controls in place to identify and avoid situations in which our personal interest may conflict with, or be perceived to conflict with, the interests of CIBC, our employees, our clients, or suppliers.

This includes restrictions on giving or accepting gifts, entertainment or other advantages or benefits; borrowing, lending or pooling personal funds; being designated as a beneficiary, executor, power of attorney or other personal representative for the client; and requiring pre-approval before engaging in outside activities and certain investments.

## Trading activity

We trade for our own account and this may include block positions and arbitrage strategies. We may have a long or short position in the same security being traded in your account.

We'll act as your agent for buying, selling and generally dealing in securities for you. At times, we may also act as principal, which means we may buy securities from you, or sell them to you, from our own account.

We or our affiliates may also act as principal or market maker on the other side of a transaction, or in larger transactions for your account, including options trades or fixed income trades.

We or our affiliates may also earn revenue based on the difference between the bid and ask prices for the particular security. The revenue earned from this difference is called a spread. The spread will be affected by the nature and liquidity of the security sold and other factors.

We have written policies and procedures that are designed to achieve an aggregate price that is fair and reasonable, taking into consideration factors including the fair market value of the securities at the time of the transaction, the expense involved in effecting the transaction, and the total dollar amount of the transaction.

## Foreign currency transactions

We make arrangements with CIBC and its affiliates when you complete a foreign currency transaction, such as a spot transaction or forward contract, or trade a security denominated in a foreign currency. CIBC and its related parties use their discretion in setting foreign exchange rates and may earn money on the difference between the bid and ask prices of the cost of the currency. Market fluctuations and the amount, date and type of foreign currency transaction affect the conversion rate and the spread.

We have written policies and procedures that are designed to achieve an aggregate foreign exchange rate that is fair and reasonable, taking into consideration factors including the currency exchange rates available at the time of the transaction, the expense involved in effecting the transaction, and the total dollar amount of the transaction.

You'll find more information about foreign currency transactions in *1.3.4.4 Foreign currency transactions*.

"CIBC Private Wealth Management" consists of services provided by CIBC and certain of its subsidiaries through CIBC Private Banking; CIBC Private Investment Counsel, a division of CIBC Asset Management Inc. ("CAM"); CIBC Trust Corporation; and CIBC Wood Gundy, a division of CIBC World Markets Inc. ("WMI"). CIBC Private Banking provides solutions from CIBC Investor Services Inc. ("ISI"), CAM and credit products. CIBC Private Wealth Management services are available to qualified individuals. Insurance services are only available through CIBC Wood Gundy Financial Services Inc. In Quebec, insurance services are only available through CIBC Wood Gundy Financial Services (Quebec) Inc.

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