



## **Firm Brochure**

### **Cougar Global Investments Limited**

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This brochure provides information about the qualifications and business practices of Cougar Global Investments Limited. If you have any questions about the contents of this brochure, please contact us at 1-800-387-3779 or [info@cougarglobal.com](mailto:info@cougarglobal.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cougar Global Investments Limited is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Material Disclosure**

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**The following is a list of material changes since the previous annual brochure filings, dated February 11, 2015.**

### **Firm Description**

Cougar Global Investments Limited (Cougar Global) is an investment manager that utilizes tactical asset allocation to construct globally diversified portfolios. Effective 4/30/15 Cougar Global was acquired by Raymond James Financial, Inc. Prior to 4/30/15 Cougar Global was an independent investment management firm not affiliated with any parent organization. Cougar Global is registered with the Ontario Securities Commission and as a non-resident registered investment adviser with the United States Securities and Exchange Commission. Prior to 01/02/2013, the firm was named Cougar Global Investments LP.

### **Ownership**

Cougar Global is registered and regulated by the Ontario Securities Commission and is registered as a non-resident advisor with the United States Securities and Exchange Commission. Cougar Global is a subsidiary of Raymond James Financial, Inc. (NYSE-RJF), a publicly owned company. RJF is a diversified financial services holding company whose subsidiaries engage primarily in securities brokerage, investment banking, asset management and banking services. Its three principal wholly owned broker-dealer subsidiaries are Raymond James & Associates, Inc. (RJA), Raymond James Financial Services, Inc. (RJFS), Raymond James Limited.

### **Activities and Affiliations**

Cougar Global affiliates RJA and RJFS (and its affiliate Raymond James Financial Services Advisors, Inc.) are registered with the SEC as broker-dealers and investment advisers and are FINRA members. RJA is a member of the New York, American, Chicago, Philadelphia, and Boston stock exchanges and the Chicago Board Options Exchange. Cougar Global serves as a sub-advisor for RJA sponsored Wrap Program - Raymond James Consulting Services. RJA engages in investment banking activities and may work with companies that issue securities Cougar Global may be trading. Since Cougar and RJA are affiliates, this may appear to be a conflict of interest. The potential conflict of interest is mitigated by RJA's "Chinese Wall" policies and procedures, which prevent information from being disseminated to parties outside the Investment Banking division. In addition to RJA's Chinese Wall procedures, Cougar Global has insider trading policies and procedures which are designed to prevent and detect any misuse of non-public information.



Cougar Global is affiliated with Eagle Asset Management, Inc. (“Eagle”). Eagle is an investment adviser registered with the SEC and acts as investment adviser to individuals, corporations, foundations, pension and profit sharing plans, state and municipal government entities. Eagle also acts as sub-advisor to various investment companies and wrap programs with unaffiliated broker dealers. Eagle provides certain administrative, marketing and compliance services to affiliated investment advisers for a monthly fee. In addition, some Eagle employees performing functions such as portfolio trading and trading operations are also employees of Eagle Boston Investment Management, Inc. (“Eagle Boston”). Eagle Boston is Eagle’s wholly owned subsidiary of Eagle Asset Management, Inc.. Eagle Boston is an investment adviser registered with the SEC. Eagle Boston acts as investment adviser to individuals, corporations, foundations, pension and profit sharing plans, state and municipal government entities. Eagle Boston also acts as sub-advisor to various investment companies and wrap programs with unaffiliated broker dealers. Eagle Fund Distributors, Inc. (“EFD”) is Eagle’s wholly owned subsidiary. EFD is the Eagle Funds’ principal underwriter and distributor. In addition to selling Eagle Fund shares to its clients, EFD enters into selling agreements with affiliated and unaffiliated broker-dealers and other financial intermediaries to distribute and provide other services relative to the purchase of these shares. Eagle Fund Services, Inc. (“EFS”) is Eagle’s wholly owned subsidiary. EFS provides certain shareholder services for the Eagle Funds in conjunction with U.S. Bancorp Fund Services, LLC, the transfer and dividend disbursing agent for the Eagle Funds.

Cougar Global is affiliated with EB Management I, LLC, an investment adviser which acts as General Partner to Growth Partners I, LP & II LP (“Partnerships”), which were formed for investment purposes. Eagle holds an ownership interest in EB Management I, LLC and provides administrative and investment research services for the Partnership.

Cougar Global is affiliated with ClariVest Asset Management, LLC (“ClariVest”). ClariVest is an investment adviser registered with the SEC and acts as investment adviser to individuals, corporations, foundations, registered investment companies, pension and profit sharing plans, state and municipal government. Eagle owns 45 percent of ClariVest.

Cougar Global is affiliated with Raymond James Trust N.A. (“RJ Trust”) which is a wholly-owned subsidiary of RJF. RJ Trust offers trust services to high net worth clients of Raymond James.

Cougar Global is affiliated with Raymond James Bank, FSB (“RJ Bank”), which is also a wholly-owned subsidiary of RJF. RJ Bank offers a full range of banking services.



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## **Advisory Business**

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### **Firm Description**

Cougar Global Investments Limited (Cougar Global) is an investment manager that utilizes tactical asset allocation to construct globally diversified portfolios. Effective 4/30/15 Cougar Global was acquired by Raymond James Financial, Inc. Prior to 4/30/15 Cougar Global was an independent investment management firm not affiliated with any parent organization. Cougar Global is registered with the Ontario Securities Commission and as a non-resident registered investment adviser with the United States Securities and Exchange Commission. Prior to 01/02/2013, the firm was named Cougar Global Investments LP

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### **Types of Services**

Cougar Global provides advisory services and manages client assets on a discretionary basis in accordance with the client's investment objectives. Cougar Global offers integrated financial planning with investment management.

Cougar Global also provides asset allocation models on a non-discretionary basis to broker-dealers who use these models to manage portfolios for their own clients. Cougar Global's models are available on various platforms including LPL Financial, Envestnet and Placemark.

### **Asset Management Style**

Since its founding in 1993, Cougar Global has specialized in global asset allocation and adheres to a strict discipline of downside risk management (Postmodern Portfolio Theory). A key concept in Postmodern Portfolio Theory is that only returns that fall below one's target rate of return are risky. Losing money inflicts the greatest harm on the compound growth of wealth. Therefore, the goal is to continuously generate compound growth for clients by participating in bull markets and avoiding bear markets. This exercise establishes us as global tactical asset allocators.



Since each investor has specific investment objectives, the asset mix must be customized to fit the particular situation. The discipline of downside risk management enables us to customize mandates to suit specific needs of individual investors, including risk and return objectives, income requirements, and time horizon.

Four mandates are available, each in Canadian Dollars and US Dollars. MAR 6, MAR 8, MAR 10, and MAR 12 in US Dollars and MAR 6 CDN, MAR 8 CDN, MAR 10 CDN, and MAR 12 CDN in Canadian Dollars. The “MAR” stands for “Minimum Acceptable Return,” a concept that is in keeping with the investment discipline of “downside risk management.” Since the founding, Cougar Global gained considerable experience in advising clients on a suitable mandate.

### Assets Under Management

As of December 31, 2014, Cougar Global’s assets under management are \$149,076,000 and assets under advisory are \$1,277,000,000.

The following represents assets under management for each of Cougar Global’s mandates as of December 31, 2014:

Canadian Dollar Composites		US Dollar Composites	
Product	Product AUM	Product	Product AUM
MAR 6 CDN	3,974,105	MAR 6	69,932
MAR 8 CDN	37,750,512	MAR 8	3,357,083
MAR 10 CDN	66,615,322	MAR 10	24,619,363
MAR 12 CDN	7,689,035	MAR 12	68,510
<b>Total</b>	<b>116,028,974</b>	<b>Total</b>	<b>28,114,887</b>

All amounts for Canadian and US Dollar composites are reflected in US Dollars.  
Composites represent 97% of the firm’s assets under management.

## Fees and Compensation

### Management Fees

The compensation payable by the Investor to Cougar Global for services rendered is defined by the following non-negotiable schedule:

Portfolio Assets	Management Fee
\$250,000 - \$500,000	1.50%
Next \$1,500,000	1.20%
Next \$3,000,000	1.00%
Next \$5,000,000	0.80%
Over \$10,000,000	0.60%



The above annual fees are calculated and billed in the currency in which the account is managed. Fees are calculated quarterly based on the Average Month End Market Values of the assets in the account. Fees are charged on a quarterly basis, with an option to deduct directly from the client's account or from the client's personal bank account. Exceptions are made for Individual Pension Plans (IPPs), as they can only pay fees by cheque.

In the event that an account comes under management during a calendar quarter, the percentages set out in the above fee schedule will be based on the average month-end portfolio value for the months the account was open, pro-rated for the number of days the account was open.

The Fees are subject to applicable taxes and fees levied by any applicable government or regulatory authority or agency, including, without limitation, goods and services taxes and fees levied by the securities regulatory authorities in the applicable province or territory.

#### **Other Fees**

An annual custody fee of 0.16% is charged quarterly by RBC Investor Services, provider of custodial services. These fees are absorbed by Cougar Global for accounts over \$5 million. In the case of an individual, the minimum of \$5 million applies to the family of accounts.

Cougar Global does not charge any additional termination fees.

### **Performance-based Fees**

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#### **Performance-based Fees**

Cougar Global does not have on staff any supervised persons who accept performance based fees. There are no other fees charged to client accounts other than the ones described under **Fees and Compensation**.

### **Types of Clients**

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#### **Description**

Cougar Global's client base consists of high-net-worth individuals and families, foundations, endowments, trusts, corporations and Individual Pension Plans (IPPs).





## **Minimum Requirements**

The published minimum account size requirement is \$250,000 for Canadian Dollar denominated accounts and \$500,000 for US Dollar denominated accounts.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Investment Strategy**

The goal of investing is to generate the compound annualized growth rate that achieves the client's investment objectives. The primary means of achieving adequate compound growth rates is to avoid losing money.

Cougar Global's approach to dealing with uncertainty is based on important empirical research on both capital market behaviour and on the true nature of risk. The behaviour of capital markets over the forecast horizon of one year will be determined by the beliefs of investors is what Cougar Global believes. The true risk faced by investors is the risk of failing to achieve their investment objectives. Consequently, Cougar Global is averse to downside risk, but quite willing to accept volatility to the upside. When seeking the optimal combination of asset classes for each portfolio, Cougar Global looks for the highest possible returns while constraining the mix to a pre-determined probability of downside risk given the Multiple Economic Scenario analysis.

Cougar Global has developed a proprietary global macroeconomic scenario forecasting process to deal with the challenge of investing in an uncertain future. Every month the global multiple economic scenarios are updated using a one-year forecast horizon. Probabilities are developed for five macroeconomic scenarios (MES) that could happen over the next year—growth, stagnation, recession, inflation, and chaos ("black swans"). Research, analysis, and modeling of the probabilities are conducted such that the consensus attaches to each scenario (the "rational beliefs" in the market). Then, using independent macroeconomic and capital market research such as, RGE Monitor, BCA Research, SED, Capital Economics, Economap, and STRATFOR, Cougar Global's probabilities for each scenario (Cougar Global's MES) is developed.

### **Quantitative Step**

Cougar Global's uses an advanced historical statistical sampling technique to estimate what could happen in the future to the capital markets. Currently, over twenty global asset classes are modeled, but fewer than ten typically enter the portfolios. On a monthly basis, Cougar Global will:

- Store the historical monthly return data and the correlations for each asset class according to the five macroeconomic scenarios.

- Weight the historical return data using the current forward-looking MES.
- Generate probability distributions for the historic returns of each asset class by bootstrapping 5000 times.
- Probability weight correlations for each asset class using the current forward-looking MES.
- Enter the probability distributions and correlations into the portfolio optimizer.

### Optimization

- Constrain each mandate to have exposure to a specific level of downside risk.
- Relax constraint on downside risk to position each mandate to achieve a higher return.
- Run the optimizer for each portfolio to generate asset allocations that provide the highest expected return with the given downside risk limit.
- Use ETFs to implement each mandate's asset mix in a globally diversified portfolio.

### Risk of Loss

The following table lists the four available mandates in both Canadian and US Dollar denominations and the downside risk tolerance constraint applied to each:

Mandate <sup>1</sup>	Investment Objective	Downside Risk Constraint	Inception Date
MAR 6	Income with Moderate Growth	Max 5% probability of negative returns	Dec 31, 1999
MAR 8	Growth with Income	Max 10% probability of negative returns	Oct 31, 2001
MAR 10	Growth	Max 15% probability of negative returns	Dec 31, 1999
MAR 12	Aggressive Growth	Max 20% probability of negative returns	Dec 31, 2011
MAR 6 CDN	Income with Moderate Growth	Max 5% probability of negative returns	Aug 31, 1997
MAR 8 CDN	Growth with Income	Max 10% probability of negative returns	Dec 31, 1999
MAR 10 CDN	Growth	Max 15% probability of negative returns	Dec 31, 1999
MAR 12 CDN	Aggressive Growth	Max 20% probability of negative returns	Dec 31, 1999

<sup>1</sup>MAR 6, MAR 8, MAR 10 and MAR 12 are denominated in US Dollars.

MAR 6 CDN, MAR 8 CDN, MAR 10 CDN and MAR 12 CDN are denominated in Canadian Dollars.

## Disciplinary Information

### Disciplinary Information

Cougar Global was not involved in any criminal or civil action, administrative proceeding before the SEC or any other federal regulatory agency or a self-regulatory organization (SRO) proceeding over the last ten years.



## Other Financial Industry activities and Affiliations

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### Activities and Affiliations

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## **Code of Ethics and Personal Trading**

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### **Code of Ethics**

Cougar Global maintains a Code of Ethics, which establishes rules of conduct for employees, officers and directors of Cougar Global. The Code of Ethics governs conduct with respect to conflicts of interest, and employee personal trading. The Code of Ethics is available for review by clients and prospective clients upon request.

### **Personal Trading**

Every employee and director of Cougar Global is considered an Access Person, someone who has access to non-public information concerning portfolio holdings, trading activity or ongoing investment programs managed by Cougar Global. Consequently, all employees must request approval from the Chief Compliance Officer (CCO) before trading in a security on a personal account. The CCO maintains a Restricted List of securities which are restricted from being traded on a personal account. All personal trade requests are crosschecked with the Restricted List and any approval provided is valid for one week.

On a quarterly basis, a Quarterly Personal Trading Report must be submitted by all access persons regardless of whether there has been any personal trading in the quarter.

However, because Cougar Global only purchases broad-index ETFs for their mandates and not single company stock, there is very low risk of a restricted personal trade.

## **Brokerage Practices**

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### **Trading Policy**

The Cougar Global Trading Policy and Procedures covers trading activities conducted on behalf of the Investment Products advised by Cougar Global. In particular, this policy





addresses procedures for trade order entry, allocations among investment products, other trading related issues, and the reporting and settlement process.

The Chief Investment Officer and Chief Compliance Officer of Cougar Global are responsible for ensuring that all regulatory requirements are adhered to on a company-wide level. This may be accomplished through the direct or indirect oversight of all compliance-related business activities. Where appropriate, implementation of specific compliance controls may be delegated. Delegation of these duties will only take place when it is determined that such individuals have the necessary expertise and authority to properly supervise and employ the required controls. The delegation is subject to approval by the Chief Investment Officer and Chief Compliance Officer.

### **Broker Selection**

The criteria used by Cougar Global for selecting a broker in order of importance are:

- Commission Rate
- Execution
- Market Intelligence
- Operational Efficiency
- Client Service
- Research

The brokerage industry is highly competitive, particularly for the liquid ETFs traded by Cougar Global, and commission rates are low. Some brokers are willing to trade for little or no commission, but the price that could be obtained by Cougar Global for the securities it trades on behalf of clients might be less than optimal if using those brokers. A combination of best price and lowest commission from a reputable broker is the best gauge for assessing a broker.

Market intelligence is another factor to consider. When executing a trade in volatile markets, the broker should provide details on the market in terms of bid/offer spread and volumes appearing on both sides of the market. Operational efficiency and responsiveness to resolve settlement issues are critical criteria when assessing a broker.

Trade confirmations should be forwarded within 30 minutes of a trade occurring. In the event the custodian informs the portfolio manager of a failed trade on settlement date, the broker should begin to take corrective action immediately upon being informed. A final consideration is the availability and quality of the research provided by the broker.

### **Broker Review**

On a monthly basis, the portfolio manager will record any deficiencies experienced with the broker. Deficiencies may include failure to execute an order within a specified time period, trading prices that deviate materially from the market price, failure to provide





trade confirmations on a timely basis or lack of responsiveness when resolving a failed trade.

The portfolio manager will record on the trade instruction form the nature of the issue and the actions taken by the broker to correct it. If the broker is concluded to be unresponsive or has failed to provide best price and execution, alternative broker relationships will be utilized in future trades.

### **Best Execution**

Best execution refers to a trader's obligation to execute securities in a manner most beneficial to Cougar Global's investors. A definition of best execution is difficult to quantify, qualitatively and quantitatively. Lowest available commission is not the only determining factor. Other factors include the ability of the broker to obtain a fair price in a volatile market, prompt and accurate execution, and a willingness to communicate with the portfolio manager to give information on market conditions that may affect trading. In view of principal amounts traded by Cougar Global, and that it trades exclusively in ETFs, which are securities that typically trade in large volumes and the trading of which does not affect the price of a single issuer, obtaining best execution in trading is relatively easy to monitor.

### **Research and Soft Dollars**

Cougar Global does not use any soft dollar benefits and all research is independent.

## **Review of Accounts**

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### **Account Reviews**

All positions are reconciled on a daily basis with the custodian. Cash and securities positions are reviewed separately by two Portfolio Administrators. In the event of a discrepancy, further investigation is conducted until the matter is resolved. All account asset allocations are reviewed regularly on a monthly basis and again at time of rebalancing.

### **Client Statements**

Statements are mailed to clients on a quarterly basis by Cougar Global. Statements include a Contribution and Withdrawal Schedule, Annual and Quarterly Account Reconciliation, Portfolio Appraisal, Asset Allocation, Performance Summary, Quarterly Statement of Fees and a Letter from the President. These documents are generated by portfolio management, reporting and accounting software.



## **Client Referrals and Other Compensation**

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### **Referrals**

A person, who is not an affiliate of Cougar Global, may enter into a Solicitation Agreement with Cougar Global. Upon entry, the solicitor may solicit US residents to become clients of Cougar Global. A referral contact must be an accredited investor. This arrangement entitles the solicitor to a referral fee for the referral of a client to Cougar Global.

The solicitor must disclose to the potential client as to the nature of the referral agreement with Cougar Global and any compensation that is received. The solicitor's activities shall be limited to:

- Delivery of Cougar Global approved brochures or other marketing materials to prospective clients.
- Bringing prospective clients to Cougar Global seminars or meetings.
- Introduction of prospective clients to the Cougar Global website.
- Providing Cougar Global with the names and contact information for prospective clients with 10 days of making initial contact.

A similar arrangement is in place in Canada, where entrants into the agreement, or Ambassadors, may refer Canadian residents to become clients of Cougar Global.

### **Compensation**

The referral fee is paid solely by Cougar Global and is not charged to the client's account. Cougar Global will pay a referral fee equal to an agreed upon percent of the net fee revenue received for each client referred by the solicitor. The referral fees will be paid quarterly for 5 years upon account opening date. The solicitor will receive a Summary Report of Referred Clients from Cougar Global each quarter that lists the net quarterly fees received by Cougar Global for each referred client, and the amount that constitutes the referral fee.

Referral Fees will stop accruing on the effective termination date of the investment management relationship with the referred client.

Cougar Global will not charge referred clients a higher fee or any additional amount as a result of Cougar Global's obligation to pay the solicitor.



## **Custody**

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### **Custody**

All client assets have been held in safekeeping by RBC Investor Services. Cougar Global and RBC Investor Services both provide clients with quarterly statements. Clients should expect that statements from Cougar Global and RBC Investor Services would be consistent.

## **Investment Discretion**

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### **Discretionary Management**

Cougar Global manages client assets on a discretionary basis. Upon signing of an agreement with Cougar Global, the account holder appoints Cougar Global as agent and attorney-in-fact with respect to the account. Once authorized, Cougar Global may, in its sole discretion and at the Investor's risk, purchase, sell, exchange, convert and otherwise trade the securities and other investments comprising the account, and act on behalf of the Investor in all other matters necessary or incidental to the handling of the account.

## **Voting Clients Securities**

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### **Voting**

Since Cougar Global participates exclusively in broad-index based Exchange-Traded Funds, voting on behalf of the client is not required.

## **Financial Information**

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### **Prepayment**

Cougar Global does not require or solicit any prepayments from clients in advance or maintain custody of client funds or securities.

### **Bankruptcy**

Cougar Global has not been the subject of a bankruptcy petition at any time since its founding.