

## **K.J. Harrison & Partners (USA) Inc.**

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**March 4, 2019**

### **FORM ADV PART 2A BROCHURE**

This disclosure brochure provides information about the qualifications and business practices of K.J. Harrison & Partners (USA) Inc. If you have any questions about the contents of this disclosure brochure, please contact us at 877.583.3320. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about K.J. Harrison & Partners (USA) Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD/IARD# 282353.

K.J. Harrison & Partners (USA) Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their disclosure brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated February 12, 2018 there are no material changes to report.

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## Item 4 Advisory Business

### Description of Firm

K.J. Harrison & Partners (USA) Inc. ("KJH-USA") is an independent investment advisory firm based in Toronto, Ontario that serves select individuals and families. KJH-USA is a wholly-owned subsidiary of Harrison & Partners Holdings Inc. and is affiliated with K.J. Harrison & Partners Inc., a Canadian investment dealer regulated by the Investment Industry Regulatory Organization of Canada ("IIROC"). KJH-USA was founded in 2015, however, K.J. Harrison & Partners Inc. was founded in 2001 by K. James Harrison.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to K.J. Harrison & Partners (USA) Inc. and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm. KJH-USA offers investment advice with the assistance of its Investment Adviser Representatives (IARs).

### Wealth Management Services

Our firm offers strategic wealth management services where we manage our clients' investments within the larger context of the client's overall wealth management and financial planning process.

Wealth management services consist of ongoing financial advice and discretionary investment management services where our investment advice is tailored to meet our clients' individual needs and investment objectives. These services include an initial consultation along with follow up consultations, as may be agreed, to discuss your unique investment objectives, time horizon, risk tolerance, tax circumstances, and various other financial factors. We will ask that you complete certain account opening documents to assist us in gathering information about your financial needs and circumstances.

Based on our evaluation of the foregoing factors, we will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and to make investments on your behalf. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and/or in your financial circumstances. Clients are required to notify our firm immediately if their financial circumstances and/or investment objectives change from what has already been disclosed to our firm.

In order to provide discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Please see Item 16 (Investment Discretion) of this Disclosure Brochure for more information on the management authority we offer under our wealth management services.

As part of our wealth management services, we generally provide clients with ongoing consulting and financial planning services. In some instances, our financial planning recommendations may be delivered to clients in the form of a written plan. The wealth management process varies for each client as it is based on the client's individual financial circumstances.

### **Types of Investments**

We primarily offer advice on equity securities, debt securities, mutual funds, and exchange traded funds (ETFs). Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

### **Assets Under Management**

As of December 31, 2018, we provide continuous management services for \$10,475,000 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Wealth Management Services**

The fee for Wealth Management Services is based on a percentage of your portfolio assets that we manage, which may range up to 2.00%. Our fee is billed and payable quarterly in arrears based on the value of your account on the last trading day of the calendar quarter. If the Managed Account Agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable depending on the nature of services to be provided, types of investments, portfolio makeup, and/or the complexity of the client's situation.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met: (1) You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian; and, (2) The qualified custodian agrees to send you a statement (at least quarterly) indicating all amounts dispersed from your account, including the amount of the advisory fee paid directly to our firm. You may terminate the Managed Account Agreement upon 30 days written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the Managed Account Agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. We encourage you to review the statement(s) you receive from the qualified custodian. If you find any inaccurate information within the statement(s), please call our main office number located on the cover page of this Disclosure Brochure.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may, depending on your type of brokerage account, incur transaction charges and/or brokerage fees when purchasing or selling securities or fees payable under a separate services agreement with the custodian. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

### **Compensation for the Sale of Securities Products**

KJH-USA is affiliated with K.J. Harrison & Partners Inc., a registered Dealer Member of the Investment Industry Regulatory Organization of Canada (IIROC) and is registered with most Canadian provincial securities commissions as an Investment Dealer and Investment Fund Manager, including the Ontario Securities Commission. Investment Adviser Representatives of our firm may be registered representatives with K.J. Harrison & Partners Inc. These outside business activities create a conflict of interest because such individuals may have a financial incentive to recommend security transactions on your behalf. In efforts to mitigate this conflict of interest it is our firm's strict policy that all employees of our firm must act in our client's best interest. Clients are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

## **Item 6 Performance-Based Fees and Side-By-Side Management**

We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We typically offer investment advisory services to individuals, trusts, estates, charitable organizations, and other business entities. In general, we require a minimum of \$1,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

### **Our Methods of Analysis and Investment Strategies**

Our commitment to our clients is to always be as careful and sensible with their money as we are with our own. One of our principal objectives is to achieve outstanding long-term, risk-adjusted returns over a full market cycle. In our experience, the single biggest risk to wealth creation is overestimating one's tolerance for volatility, which often results in selling during scary periods and thus locking in horrible results. We feel that one of our most important responsibilities as investors is to pay particular attention to reducing volatility and preserving our clients' capital during negative market years. This ensures that our clients maintain confidence in periods when markets are just about to become rewarding.

*Disciplined Investment Approach:* A key element of our investment philosophy is acquiring securities with a significant margin of safety by paying far less for a security than what it is worth. We are just as focused on asking 'how much will we lose if we are wrong?' as we are on asking 'how much will we make if we are right?'.

*Actively Managing the Asset Mix:* We assume full responsibility for actively managing the asset mix. We are not afraid to hold cash rather than take on exposure to higher-risk assets. Our clients provide us with a wide mandate and we use every tool available to meet their objectives.

*Dynamic Capital Allocation:* We believe that dependable and successful long-term investment results are the outcome of a disciplined and concentrated investment approach. In our view, investors that lack discipline are destined to under perform.

We allocate our capital to securities that have a significant margin of safety and specifically meet our investment framework ("CISSEMT"), which consists of the following criteria:

1. **Catalyst:** Identifiable catalyst or foreseeable event to positively refocus investor attention
2. **Important:** Excellent franchise businesses that maintain a strong and growing competitive advantage; operate in superior industries with significant barriers to entry
3. **Secular:** Maintain a strong long-term secular growth profile
4. **Score:** Valuation has never been cheaper, indicating current expectations are low; safe balance sheet
5. **Expectancy:** Asymmetric risk/reward - high returns relative to the low risk taken
6. **Management:** Management team whom we trust and who have a shareholder return focus
7. **Technical:** Stock moving from weak shareholder base to strong, patient shareholders

It is challenging to find ideas that meet all of our criteria, but if we apply this discipline successfully it will result in an extremely high quality, concentrated portfolio with asymmetrical risk/reward.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

*Risk:* The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

*Risk:* Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. *It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.*

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency may not be our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly encourage you to consult with a tax professional.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the Advisory Business section in this brochure, we primarily offer advice on equity securities, debt securities, mutual funds, and exchange traded funds (ETFs). However, we may advise you on any type of investment since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Stocks (equity securities): There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

Bonds (debt securities): Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Mutual Funds and Exchange Traded Funds: Mutual funds and exchange traded funds ("ETF") are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing



the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## **Item 10 Other Financial Industry Activities and Affiliations**

### **Affiliated Broker-Dealer**

KJH-USA is a wholly-owned subsidiary of Harrison & Partners Holdings Inc., a Canadian privately held corporation. Harrison & Partners Holdings Inc. is also parent company to K.J. Harrison & Partners Inc., a registered Dealer Member of the Investment Industry Regulatory Organization of Canada (IIROC) and is registered with most Canadian provincial securities commissions as an Investment Dealer and Investment Fund Manager, including the Ontario Securities Commission.

Investment Adviser Representatives of our firm may be registered representatives with K.J. Harrison & Partners Inc. Please see Item 5 (*Fees and Compensation* section) in this disclosure brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Clients are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

## Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## Item 12 Brokerage Practices

KJH-USA does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. Our clients will engage the broker-dealer/custodian (herein the "Custodian") to safeguard their assets and authorize KJH-USA to direct trades to the Custodian as agreed in the discretionary managed account agreement. Further, KJH-USA does not have the discretionary authority to negotiate commissions on behalf of our clients on a trade-by-trade basis or to negotiate services agreements with Custodians.

While KJH-USA does not exercise discretion over the selection of the Custodian, it may recommend a Custodian to clients for custody and execution services. Clients are not obligated to use the Custodian recommended by KJH-USA and will not incur any extra fee or cost associated with using a broker-dealer/custodian not recommended by KJH-USA. KJH-USA may recommend a Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to you, services made available to you, their reputation and/or the location of the Custodian's offices.

KJH-USA will generally recommend that our clients establish their account[s] at Morgan Stanley Smith Barney LLC ("Morgan Stanley"), a FINRA registered broker dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. KJH-USA is independently owned and operated and not affiliated with Morgan Stanley.

Morgan Stanley provides KJH-USA with access to its trade execution, custody services and performance reporting. These services *are not* contingent upon our firm committing to Morgan Stanley any specific amount of business (assets in custody, trading commissions or service fee revenue). For our client accounts maintained in its custody, Morgan Stanley does not charge separately for custody services but is compensated by account holders through service fee agreements or commissions and other transactional related fees for securities trades that are executed through Morgan Stanley or that settle into Morgan Stanley accounts.

Morgan Stanley also makes available to our firm other products and services that benefit KJH-USA but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts. Morgan Stanley's products and services that assist us in managing and administering our clients' accounts include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution and allocate aggregated trade orders for multiple client accounts, facilitate payment of our fees from clients' accounts, and assist with back-office functions, record keeping and client reporting.

Factors which KJH-USA considers in recommending Morgan Stanley or any other broker-dealer/custodian to our clients include their respective financial strength, reputation, execution, pricing, research service, and/or the location of the Custodian's offices. The commissions and/or transaction fees charged by Morgan Stanley may be higher or lower than those charged by other financial institutions.

Occasionally, to achieve best execution, KJH-USA will "bundle" or block trade client orders. Orders may be bundled where it permits best execution and provides a clear benefit to the participating clients. Certain clients may not be favored over others who would equally benefit.

Prior to execution of such an order, KJH-USA identifies which accounts will be included, and how allocations among those accounts will be effectuated. If a block trade is not fully filled, executed shares are allocated on a pro rata basis, as are the remaining shares when they are filled. No client is favored over another, as all executed shares will transact at the same price (or average price for multiple fills.)

Following are additional details regarding the brokerage practices of the Advisor:

1. Soft Dollars - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. KJH-USA does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian.
2. Brokerage Referrals - KJH-USA does not receive any compensation from any third party in connection with the recommendation for establishing an account.

## **Item 13 Review of Accounts**

Ongoing client account reviews are an integral part of the discretionary strategic wealth management service we provide. KJH-USA's portfolio managers manage the firm's client portfolios and are responsible for the investment plans and positioning of accounts based on market conditions, investment objectives, time horizon and risk tolerances. Our Chief Compliance Officer conducts a review of new account documentation at the beginning of the relationship. This pre-review ensures that we have obtained all the appropriate documents for the effective management of your account.

At a minimum, accounts are reviewed by senior management on an annual basis to ensure that current investments remain consistent with stated objectives. Significant changes in the market, as well as any changes in your financial circumstances that you notify us of, can trigger a review of your investments. Furthermore, client accounts are reviewed when a major event or shift in market conditions are likely to impact holdings.

Clients receive monthly statements from the acting account custodian. We also prepare periodic reports for clients showing the performance of their accounts.

## **Item 14 Client Referrals and Other Compensation**

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are registered representatives with K.J. Harrison & Partners Inc., a registered Dealer Member of the Investment Industry Regulatory Organization of Canada (IIROC).

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section (Item 12) above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise "limited" custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

## **Item 16 Investment Discretion**

If you engage our firm for wealth management services, we require you to grant our firm discretionary authority to manage your account(s). Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. Discretionary authority is typically granted by the Managed Account Agreement you sign with our firm and/or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We will never have full power of attorney nor will we ever have the authority to withdraw funds or take custody of client funds or securities other than the ability to deduct management fees via the client's qualified custodian, with the client's authorization.

## **Item 17 Voting Client Securities**

We are not responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in your account.

## **Item 18 Financial Information**

We have not filed a bankruptcy petition at any time in the past ten years

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign a Managed Account Agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.

If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

## Item 21 Privacy Policy Notice

K.J. Harrison & Partners (USA) Inc. has adopted this privacy policy with recognition that protecting the privacy and security of the personal information we obtain about our customers is an important responsibility. We also know that you expect us to service you in an accurate and efficient manner. To do so, we must collect and maintain certain personal information about you. We want you to know what information we collect and how we use and safeguard that information.

**Information We Collect:** We collect certain nonpublic information about you ("Customer Information"). The essential purpose for collecting Customer Information is to allow us to provide advisory services to you. Customer Information we collect may include:

- Information that you provide on applications or other forms. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning your financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Identifying information such as your name, age, address, social security number, etc.
- Information about your transactions with us, or others (e.g., broker-dealers, clearing firms, or other chosen investment sponsors).
- Information we receive from consumer reporting agencies (e.g., credit bureaus), as well as other various materials we may use to provide an appropriate recommendation or to fill a service request.

**Security of Your Information:** We restrict access to your nonpublic personal information to those employees who need to know that information to service your account. We maintain physical, electronic and procedural safeguards that comply with applicable federal or state standards to protect your nonpublic personal information.

**Information We Disclose:** As required or permitted by law, we disclose the nonpublic personal information we collect about our customers: (i) to persons necessary to effect the transactions and provide the services that our customers authorize, such as broker-dealers, custodians, independent managers etc.; (ii) to persons assessing our compliance with industry standards (e.g., professional licensing authorities, etc.); (iii) our attorneys, accountants, and auditors; or (iv) as otherwise provided by law. We are permitted by law to disclose the nonpublic personal information about you to governmental agencies and other third parties in certain circumstances (such as third parties that perform administrative or marketing services on our behalf or for joint marketing programs). These third parties are prohibited to use or share the information for any other purpose.

**Information We Disclose to Affiliated Third Parties:** We disclose the following information to affiliated third parties: All client information. The affiliated third parties to whom we disclose this information include: K.J. Harrison & Partners Inc..

**Opt Out Right:** If you prefer that we not disclose non-public personal information about you to affiliated third parties, you may opt out of those disclosures, that is, you may direct us not to make those disclosures (other than disclosures permitted by law). If you wish to opt out of disclosures to affiliated third parties, you may call our main number 877.583.3320 and ask to speak to the Chief Compliance Officer, or complete the section below and fax a copy of this document to 416.867.1470, attention Chief Compliance Officer.

\_\_\_\_\_ I do not want you to share my nonpublic personal information with affiliated parties.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Former Clients:** If you decide to close your account(s) or become an inactive customer, we will adhere to our privacy policies, which may be amended from time to time.

**Changes to Our Privacy Policy:** In the event there were to be a material change to our privacy policy regarding how we use your confidential information, we will provide written notice to you. Where applicable, you would be given an opportunity to limit or opt-out of such disclosure arrangements.

**Questions:** If you have questions about this privacy notice or about the privacy of your customer information call our main number 877.583.3320 and ask to speak to the Chief Compliance Officer.