

# COMMON QUESTIONS ANSWERED

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## What is an Exempt Market Dealer, or EMD?

- An Exempt Market Dealer (EMD) is a firm that has been licensed to distribute investment securities that are exempt from the prospectus requirement. These investments are often referred to as “private capital” because they aren’t publicly traded like other stocks and securities.
- An EMD must meet regulated standards that ensure they know their investments, know their clients, maintain appropriate knowledge and proficiencies, resolve complaints in a timely fashion, carry reasonable insurance, and most importantly, treat their clients “fairly, honestly, and in good faith”. These are the pillars that Raintree was founded on, and we take our responsibilities to investors very seriously.
- More information on EMDs and their regulatory obligations can be found at your local Securities Regulatory Authority, the National Exempt Market Association, or the Private Capital Market Association of Canada.

## Does this mean that private capital investments are less risky than publicly traded stocks and mutual funds?

- No, all investing is risky and that includes private capital. One of the reasons that private capital performs differently than public stocks is that there are very limited resale rights. This is often referred to as a “lack of liquidity”. It’s also one of the key risks.
- In addition to illiquidity, there will always be other risks to investing. Your Private Wealth Advisor will help you understand both the risks and benefits of each private capital investment that Raintree distributes so you can make informed decisions that are right for you and your family, based on a sound assessment of your life circumstances and aspirations for the future.

## Are private capital investments RRSP, RRIF, RESP, or LIRA eligible?

- Yes. Many of the investments that Raintree distributes can be purchased into a registered plan. As part of our objective of bringing private capital investing to Canadian retail investors, we work with many of our issuers to create platforms that qualify for registered plans under the Income Tax Act (Canada).

## What makes private capital investments different from publicly traded stocks?

- In Canada, the companies you invest with are not allowed to issue securities unless they file a prospectus, which can be a very expensive process and significantly increase the cost of capital.
- Private capital investments are different because they can be purchased with an exemption from the prospectus requirement, which gives Canadians access to a unique investment class that acts and performs differently than traditional investments.
- Private capital investments can allow investors to acquire tangible assets and specialized capital in unique investment opportunities.

## How can I purchase private capital investments if they are not traded on an exchange?

- The good news is that almost all Canadian investors can qualify to purchase most of the investments we distribute. Your Private Wealth Advisor can help you determine whether or not you qualify for one of the several exemptions these securities may be sold through.
- More importantly, your Private Wealth Advisor will assist you in determining whether or not the private capital investments we have available at Raintree Financial Solutions can help you reach your investing goals, fit your needs and are suitable for you to invest in.

## Where can I find more information?

Your best resource for further information on the Private Capital Market and investing with Raintree is through your Private Wealth Advisor. This individual will work directly with you to help you find what solutions are right for you.

### Private Wealth Advisor

T 1.866.443.0340

E [admin@raintreeFS.com](mailto:admin@raintreeFS.com)

W [raintreeFS.com](http://raintreeFS.com)

