

# CONFLICTS OF INTEREST DISCLOSURE

June 1, 2021

CWB McLean & Partners Wealth Management Ltd.



**This document contains important information regarding conflicts of interest that we have identified. Please read it carefully.**

Specifically, this document describes:

- i) How CWB McLean & Partners Wealth Management Ltd. handles and resolves conflicts of interest that may come up between you and us.
- ii) A list of potential conflicts that may arise during your time as a client of ours.
- iii) How we will communicate these conflicts with you.

## **1. INTRODUCTION**

This Conflict-of-Interest Brochure (“COI Brochure”) is intended to provide you with important information on conflicts of interests that may arise between CWB McLean & Partners Wealth Management Ltd. (“CWB M&P, we, us, the Firm, the Manager”) and you (“you, your”). It is important that you are fully informed about these conflicts. Canadian securities laws require us to take reasonable steps to identify, disclose, and respond appropriately to existing and potential material conflicts of interest.

### ***a) What is a conflict of interest?***

A conflict of interest is any circumstance where the interests of different parties, such as the interests of a client and those of CWB M&P or its employees, are inconsistent or divergent. A conflict of interest also includes any circumstance where a registrant may be influenced to put their interests ahead of a client’s. Conflicts are considered material if they affect the decision making of the client or judgment of CWB M&P or its employees.

A conflict could also exist between you and our other clients. It is our policy to treat every client fairly.

### ***b) How do we handle conflicts of interest?***

**It is our policy to identify conflicts of interest and ensure that we always resolve them in your best interest (ahead of our own interest). If we cannot resolve a conflict in your interest, we will completely avoid the activity that raises the conflict.**

We have policies in place to provide ongoing training to our employees to assist them in identifying existing and reasonably foreseeable material conflicts of interest in a timely manner and addressing them in your best interest.

### ***c) Why is this important?***

It is important that you understand that if a conflict arises, we will i) always resolve it in your best interest or ii) completely avoid the conflict entirely.

### ***d) Delivery of Disclosure***

This COI Brochure will be provided to each client at the time of account opening. You can also find a copy on our website at <https://www.cwbmcleanpartners.com/disclosures> or receive a copy by emailing [solutions@cwbmp.com](mailto:solutions@cwbmp.com) or by call our toll free number 1 (888) 665-0005. The COI Brochure will be updated annually, or as required if we identify new material conflicts of interest as part of our ongoing conflicts of interest management. The updated version will be provided to each client in a timely manner by email or mail depending on the consent we received from you.

## **2. CWB MCLEAN & PARTNERS**

CWB M&P is registered with the Investment Industry Regulatory Organization of Canada (“IIROC”) to carry on business as an advisor and dealer, in securities in each of the provinces of Alberta, Ontario, British Columbia, Manitoba, and Saskatchewan.

We are also registered as an investment fund manager responsible for the day-to-day management of the CWB M&P private pooled funds (the “Proprietary Funds”).

### 3. PRODUCTS AND SERVICES WE OFFER

CWB M&P offers discretionary portfolio management services (“IM Services”), fee-based accounts, non-managed accounts and financial planning services. CWB M&P is also the investment fund manager of the Proprietary Funds. We may recommend the use of our Proprietary Funds as part of a client solution, or recommend the use of a segregated account holding individual securities based on a model of one of our investment strategies. We may access a third-party sub-advisor to manage a portion of one of our Proprietary Funds or a fund that is externally managed.

**Discretionary Portfolio Management:** We offer the IM Services to individuals, corporations, trusts, foundations, and estates, through fully managed accounts (the “Accounts”). The IM Services are based on a suitability assessment which produces an investment policy statement (“IPS”) for each client. The IM services are provided by a Client Portfolio Manager (“CPM”) assigned to you. Clients are charged an annual fee based on a percentage of assets under management for this service.

**Fee-Based Accounts:** We also offer fee-based accounts in which the client is responsible for the investment decisions but may rely on recommendations made by the CPM. The client must consent to any transactions prior to execution. Clients are charged an annual fee based on a percentage of assets under administration for this service.

**Non-Managed Accounts:** We also offer non-managed accounts where clients are responsible for the investment decisions and the CPM may make recommendations where required. Clients are charged commission for execution of each transaction, which is disclosed prior to the transaction.

**Third-Party Sub-advisors:** In providing the IM Services to you, and based on our suitability and diversification assessment, we may access a third-party to sub-advise a portion of one of our proprietary funds, or purchase units of a fund that is externally managed by a third-party manager for your account. In each of these instances, there will be a sub-advised management fee charged by the third-party manager inside the fund we purchase or charged directly to your investment account.

**Financial Planning and Estate Strategy:** We offer complimentary extensive financial planning services through the financial planning team within CWB Wealth Management to all our clients, as well as recommendations on outside investment holdings and asset allocation strategy. We also provide access to our developed network of industry professionals who are experts in the areas of tax, insurance, estate planning, business succession, and family law.

#### ***Conflicts of Interest***

We resolve any potential conflicts relating to our product offerings in the following manner: By ensuring that each service we recommend to you is based on a comprehensive suitability assessment – meaning that you will only receive the services that are appropriate to you in our professional judgment. We employ a robust KYC/suitability process that is supervised by an internal compliance team. We constantly review and assess the service offerings and fees to ensure that they are industry competitive and meet the high standards of our firm. If we recommend an investment strategy or one of the Proprietary Funds, we do so because we have used our professional judgment to assess the appropriateness and suitability of such an investment for you in our discretion. The depth of our research team and nature of our processes means that we are able effectively assess a wide range of products and services to ensure they are competitive and suitable to each client. We disclose all fees associated with any additional services to you, including custodian, third-party sub-advisor and trading fees. This means you will be able to compare and evaluate our costs. We do not receive any compensation or incentive of any kind from any third-party sub-advisor.

#### 4. FAIR ALLOCATION OF INVESTMENT OPPORTUNITIES

We have implemented an internal policy to provide for the fair and equitable allocation of investment opportunities among our clients. This addresses any potential conflict of interest that may arise and ensures that all clients are treated fairly. The following principles and practices are fundamental to CWB M&P's commitment to treat all client accounts fairly and equitably:

- All accounts are treated in a fair and equitable manner and favoring certain accounts over others is not permitted.
- No preferential allocation of partial fills takes place.
- Subject to clients' IPS, the executed portion of the order, including new issues, is prorated among individual accounts. Where pro-rata allocation is not appropriate (e.g., *de minimis* allocation), the CPM and/or designate will reallocate based on objective criteria and in a manner that ensures all accounts receive fair and equitable treatment over time.
- Each account that participates in a block trade receives the identical average execution price.

#### 5. CONFLICTS THAT ARISE FROM BEING A PART OF CWB FINANCIAL GROUP

CWB M&P is a wholly owned subsidiary of CWB Wealth Management Ltd. ("CWB WM"), and a member of the CWB Financial Group. CWB WM is registered in the categories of portfolio manager, investment fund manager, and exempt market dealer. CWB Financial Group is a commercial business which means we may encourage you to do more business with us and our affiliates. We will only do this where it is appropriate to your individual needs in a fair, honest, and transparent way.

As of the date hereof the following are all part of the CWB Financial Group:

- Canadian Western Bank
- CWB Wealth Management Ltd.
- CWB Western Financial Ltd.
- CWB Insurance Solutions Ltd.
- Canadian Western Trust
- CWB Maxium Financial Inc.
- Canadian Western Bank Leasing Inc.
- CWB National Leasing Inc.
- Motive Financial

#### ***Conflict of Interest***

A conflict of interest may arise if we utilize the services of or refer you to another member of the CWB Financial Group. If we do refer you to an affiliate for additional services, then they may receive additional revenue.

We manage this conflict in the following ways: i) Any product or service that we would recommend or use must be suitable and appropriate to each client; ii) we make the appropriate disclosures to each client to ensure that they are completely aware of the relationship between all parties, including, where applicable, any fees or referrals paid.

If we do not deem the service to be suitable for the client then we will not recommend it. If we feel that the client would be better served elsewhere then we will make that clear.

#### 6. FULL CONTROL OVER CLIENT AFFAIRS

CWB M&P deems full control or authority of a client's financial affairs to be an inherent material conflict of interest and we therefore strictly prohibit such activity. This includes but is not limited to, acting as trustee, executor, power of attorney or any other position that may give a registered individual or employee control over the financial affairs of a client. We require each individual registrant to abide by these policies.

## **7. COMPENSATION AND INCENTIVE PRACTICES**

### ***Revenue Based Compensation***

Your CPM is compensated by salary, bonus, and/or a percentage of revenue. This means that if you decide to acquire additional services from us, or invest additional assets with us, your CPM may receive additional compensation. It is important for you to understand this compensation structure since it may be perceived that your CPM is putting their interest ahead of yours.

We manage this conflict in the following manner: i) We ensure that any service or offering we provide is suitable and appropriate to each client, ii) every service or product offered by CWB M&P is reviewed and approved by the Firm on an ongoing basis, iii) client suitability and KYC are reviewed by an internal compliance department to ensure that services being offered are appropriate to each client.

## **8. CODE OF CONDUCT**

We have a Code of Conduct, which sets out certain expected standards of conduct of our employees and includes restrictions and controls on outside activities of our employees and on personal trading of our employees. The Code of Conduct is designed to ensure that our employees act in accordance with applicable Canadian securities laws and other applicable laws, that they act in the best interests of CWB M&P and our clients and that they avoid actual or potential conflicts of interest.

## **9. PERSONAL TRADING ACTIVITIES**

Each of our employees, officers and directors are required to put the interests of our clients first, ahead of their own personal self-interests. It is the Firm's policy that any individual who has, or can obtain access to, non-public information concerning the portfolio holdings, the trading activities or the ongoing investment programs of our funds or client accounts, is prohibited from using such information for his or her direct or indirect personal benefit or in a manner which would not be in the best interests of our clients. These individuals also must not use their position to obtain special treatment or investment opportunities not generally available to our clients or the public. These individuals are only allowed to make a personal trade if it falls within our personal trading policy or if our compliance officer has determined that such trade will not conflict with the best interest of our clients.

## **10. PERSONAL ENTERTAINMENT AND GIFTS**

The Firm has a Gifts and Entertainment policy that is intended to deter providers of gifts and entertainment from seeking special favours from CWB M&P employees. The procedures are intended to address the concern regarding the activities performed and the business relationships established by the investment professional because gifts of more than a nominal value may cause investment professionals to feel placed in a position of "obligation" and/or give the appearance of a conflict of interest.

## **11. PORTFOLIO TRANSACTIONS**

### ***Best Execution***

CWB M&P maintains a best execution policy to oversee and ensure that it is meeting its best execution obligations. In seeking best execution in effecting portfolio transactions, several factors, including but not limited to execution price, speed of execution, certainty of execution, and overall cost of the transaction, are considered. The same criteria are used in selecting broker-dealers. Brokers are selected from a list, who may charge a commission more than that charged by other brokers if it is determined in good faith that the commission is reasonable in relation to the services being provided by the broker.

## **12. REFERRALS**

A client may have been referred to CWB M&P by another member of the CWB Financial Group, who may or may not be registered to provide investment advice. The purpose of this referral is to better align the client's investment needs with the CWB Financial Group entity that can provide the specific services or products requested. CWB M&P does not receive or pay any referral fees from or to other members of the CWB Financial Group.

Clients may also be referred to CWB M&P by outside third parties. Should CWB M&P pay a referral fee to an outside third party, the client will be provided in writing with the required legal disclosure in such cases including nature and specifics of such referral.

## **13. OUTSIDE BUSINESS ACTIVITIES**

At times, employees of CWB M&P may participate in outside business activities such as serving on a board of directors, participating in community events, or pursuing personal outside business interests. CWB M&P has policies in place, which require individuals to avoid situations where a conflict of interest may arise, and for registered individuals to seek approval prior to initiating an outside business activity. An analysis is conducted based on the nature of the outside activity and the time commitment to ensure there is little impact to client's service. The Firm does not allow any employee to participate in any activity that could potentially create a conflict between their interests and the interests of our clients.