

## Annual 2021 Investor Information

*The following disclosure contains important information for all CWB Wealth Management clients and is provided in accordance with Canadian securities regulation requirements. This includes clients being serviced through the TE Wealth and Leon Frazer & Associates Brands.*

### **Book Value**

The book value of securities listed on the statement of investments is the weighted average cost of the security including any commissions paid for trading.

### **Performance Reporting**

On an annual basis CWB WM provides Money Weighted Rates of Return on total portfolio, which is also referred to as Dollar Weighted Rate of Return (DWRR). On a quarterly basis, CWB WM provides Time Weighted Rates of Return for better comparison across asset classes. For details on the difference between Money Weighted Rates of Return (MWRR) and Time Weighted Rates of Return (TWRR), please see Appendix A.

*The following section applies to holders of the any of the CWB Pooled Funds (including the McLean & Partners, JOV LFA, and Prosperity Pooled Funds)*

### **Redemption Procedure for Fund Holders**

You may redeem Units of a Fund by providing notice in writing to CWB WM specifying the number of Units to be redeemed. CWB WM may require that your signature be guaranteed by a Canadian chartered bank, a trust company or an investment dealer acceptable to CWB WM. Notice may also be sent by fax or email if you have previously executed an authorization form allowing CWB WM to act on electronic communications from you.

There are no charges payable on the redemption of Units unless you redeem Units within 90 days of the date of purchase. If your request for redemption is received within the 90 day period, CWB WM may, in its discretion, levy an early redemption charge of 2% of the net asset value per unit of the Units being redeemed.

A redemption request will be processed at the net asset value per unit established on the next valuation date following receipt of your properly completed redemption notice. Where CWB WM has received a properly completed redemption notice, the relevant Fund will pay the redemption proceeds by cheque or Electronic Fund Transfer (less all taxes required to be withheld and any applicable early redemption charges) within three business days from (but not including) the applicable valuation date.

If CWB WM has not received all required documents within three business days of receiving your redemption notice, CWB WM will notify you that your order is incomplete. If CWB WM does not have all the required documents within ten business days of receiving your redemption notice, the Fund will be required to re-issue your Units as of the next business day at a price equal to the net asset value per Unit established on the next valuation date. If the purchase price of the re-issued Units is less than the redemption proceeds, the Fund will keep the difference. If the purchase price is more than the redemption proceeds, CWB WM must pay the shortfall. CWB WM has the right to collect this amount and any related costs from you.

### **Fund Financial Statements**

The interim and annual financial statements, prospectus, AIF and management reports on fund performance are publicly accessible at [www.sedar.com](http://www.sedar.com). Notwithstanding their public availability, all unitholders are entitled to receive the financial statements and management reports of fund performance by regular mail or email. If you wish to receive these documents, please contact your CWB WM portfolio manager.

## Appendix A:

### Time Weighted Rates of Return Versus Money Weighted Rates of Return\*\*

In keeping with the Client Relationship Model (CRM II), CWB WM reports Money Weighted Rates of Return (MWRR) in addition to Time Weighted Rates of Return (TWRR). It is important to understand the differences between these two performance measurement methods for investors to interpret their results. The best way to understand the difference is by way of example.

Money weighted returns will equal dollar weighted returns for a single period where any cash flows are at the end of the period. In the following example the MWRR for each period would equal the TWRR, but over the three years there is a difference. Since deposits and withdrawals are outside of investment manager control, the TWRR is the industry standard for comparing investment manager performance as it is not sensitive to large account contributions and withdrawals. However, the MWRR is a better reflection of the return on an account as it adjusts for client cash flows.

MWRR is the calculation method used to measure the performance experienced by the investor. MWRR takes into consideration not only the amount of the cash flow but also the timing of the cash flow. This provides you a picture of how your account is performing in light of decisions you have made to deposit or withdraw funds over a set period. MWRR should not be compared to a benchmark as they are not calculated the same way. "Total percentage return" as shown above using MWRR method, means the cumulative realized and unrealized capital gains and losses of an investment, plus income from the investment, over a specified period of time, expressed as a percentage.

Also note, that there is no consistency in the two numbers – TWRR can be greater or less than MWRR since MWRR depends on the level of cash flows in the period.

#### Time Weighted Rates of Return (Current)

The Time Weighted Rate of Return (TWRR) is defined as the geometric mean of the holding period returns compounded over time.

For example: Suppose an account starts with a \$1000 contribution on the 31<sup>st</sup> December 2012. Another \$1000 is contributed at the end of 2013 and \$3000 is withdrawn from the account on December 31, 2015.

The cash flows look like this and the market value each year is as follows:

		Cash Flow	Market Value
	31-Dec-12	\$ 1,000.00	\$ 1,000.00
Year 1	31-Dec-13	\$ 1,000.00	\$ 2,000.00
Year 2	31-Dec-14	\$ -	\$ 2,500.00
Year 3	31-Dec-15	\$ (3,000.00)	\$ -

The return is calculated by breaking it down into three separate holding period returns calculated for each year where:

Period return = ((Market value year end – cash flow) - Market Value beginning year) / Market Value beginning year.

Year 1:  $((\$2000 - \$1000) - \$1000) / \$1000 = 0\%$

Year 2:  $((\$2500 - \$0) - \$2000) / \$2000 = 25\%$

Year 3:  $((\$0 + 3000) - \$2500) / \$2500 = 20\%$

To determine the TWRR for the 3 year period:

$TWRR = (((1+0) * (1+.25) * (1+0.20))^{(1/3)}) - 1 = 14.5\%$

#### Money Weighted Rates of Return (first introduced in 2017)

The Money Weighted Rate of Return (MWRR) is defined as the discount rate where the sum of the discounted cash flows are equal to zero or solve for r in the equation:

$$0 = \text{cash flow year 0} + (\text{cash flow year 1} / (1+r)) + (\text{cash flow year 2} / (1+r)^2) + (\text{cash flow year 3} / (1+r)^3)$$

The DWRR tends to place a greater weight on the performance when the account balance is the highest (hence the name dollar weighted or money weighted).

Solving for “r” in the following formula gives a DWRR for the 3 years of 17.5%

$$\begin{aligned} \$1000 + (\$1000/(1+r)) + (0/(1+r)^2) + ((-3000)/(1+r)^3) &= 0 \\ \text{DWRR} &= 17.5\% \end{aligned}$$

\* Money (Dollar) weighted rates of return are provided in a separate report on an annual basis.  
Time Weighted Rates of Return are provided as part of the quarterly reports.