

IMPORTANT CLIENT INFORMATION

Conflicts of Interest Disclosure Brochure

May 31, 2021

CWB 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 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 Wealth Management Ltd. (“CWB WM, 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 WM 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 WM 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 your account is opened. You can also find a copy on our website at www.cwbwealth.com/en/disclosures, or receive a copy by emailing info@cwbwealth.com or by calling our toll free number 1 (855) 292-9655. 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 WEALTH MANAGEMENT

CWB WM is registered as a portfolio manager in each of the provinces of Canada, as an exempt market dealer in Alberta, British Columbia, Manitoba, Ontario, Saskatchewan, and Newfoundland and Labrador and as an investment fund manager in Ontario, Quebec and Alberta. As an investment fund manager, CWB WM is responsible for the day-to-day business and affairs of the various pooled (the “Private Funds”) and mutual funds (“Mutual Funds”) it manages (together, the “Proprietary Funds”

or “Funds”). As portfolio manager, we provide discretionary investment management services to private clients and to the funds we manage. We are a subsidiary of Canadian Western Bank and a member of the CWB Financial Group.

3. PRODUCTS AND SERVICES WE OFFER

CWB WM offers discretionary portfolio management services (“IM Services”), financial planning and consulting services (“Consulting Services”) and manages the Proprietary Funds. We may recommend the use of our Proprietary Funds as part of a client solution or recommend the use of a third-party manager (“Third-Party Manager”) to manage certain client assets.

Your portfolio manager (“PM”) or financial consultant(s) (“Financial Consultants”) may choose to incorporate some or all these asset/services types or services into your account.

Discretionary Portfolio Management: We offer the IM Services to individuals, corporations, trusts, estates, through segregated 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 your PM.

Consulting Services: We also offer a suite of Consulting Services to clients that include financial planning and tax services. These Consulting Services may be offered alone or combined with the IM services.

Proprietary Products: We may invest your assets in the Proprietary Funds. If the Proprietary Funds are used as part of the management of your account, you will indirectly bear a proportion of the relevant fund’s operating expenses and in some cases, you will also pay a management fee charged by us as manager of the Funds.

Third-Party Managers: In providing the IM Services to you, and based on our suitability assessment, a third-party investment manager (“Third-Party Manager”) may be retained to sub-advise or manage portions of your account. A Third-Party Manager is not a subsidiary, affiliate, or member of the CWB Financial Group. In other cases, we may purchase units of a fund that are externally managed by a Third-Party Manager for your account. In each of these instances, there is a management fee, which is paid by directly you.

Conflicts of Interest

Conflicts of interest exist when we advise you or exercise our discretion to recommend the use of a broader suite of our services, or to invest your assets in one of the Proprietary Funds. For example, your PM may invest your assets in a Proprietary Fund where we would receive additional revenue in our role as manager. In each of these instances, the conflict arises because there is the potential that we would receive additional revenue from the introduction of these or any other additional proprietary services. In this case, it may be perceived that we are favouring our business interests over yours.

We manage conflicts like these in the following manner: i) By ensuring that each service offering 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 supervised by an internal compliance team. We constantly review and assess the services offerings and fees to ensure that they are industry competitive and meet the high standards of our firm. ii) If we recommend a Third-Party Manager 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. iii) We disclose all fees associated with any additional services to you, including MER (where applicable), custodian, Third Party Manager, and trading fees. This means you will be able to compare and evaluate our costs. iv) We do not receive any compensation or incentive of any kind from any Third-Party Manager.

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 WM’s commitment to treat all client accounts fairly and equitably:

- All accounts are treated in a fair and equitable manner and favouring 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 Portfolio Manager 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 WM is a wholly owned subsidiary of Canadian Western Bank. 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 the following are all part of the CWB Financial Group:

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| • Canadian Western Bank | • Canadian Western Trust |
| • CWB Western Financial Ltd. | • CWB Maxium Financial Inc. |
| • CWB McLean & Partners Wealth Management Ltd. | • Canadian Western Bank Leasing Inc. |
| • CWB Insurance Solutions Ltd. | • CWB National Leasing Inc. |

Conflict of Interest

A conflict of interest arises if we utilize the services of, or refer you to a related, connected, affiliated party or subsidiary. For instance, if we use investment funds managed by a subsidiary as part of your investment solution we recommend, they will receive additional revenue as the manager of that fund. If we refer you to an affiliate or subsidiary for additional services, then they would also 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 WM 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 PM or Consultant may be compensated either by salary, salary and bonus, or by commission as a percentage of the revenue the Firm derives based on the services you receive.

This means that if you decide to acquire additional services from us, or invest additional assets with us, that your PM or Consultant may receive additional compensation. It is important for you to understand this compensation structure since it may be perceived that your PM or Consultant is putting their interest ahead of yours.

We manage this conflict in the following manner: i) We ensure that that any service or offering we provide is suitable and appropriate to each client, ii) every service or product offered by CWB WM 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. iv) Additionally, we will disclose to you whether your Consultant of PM is compensated based on revenue.

Management Compensation

It is Firm policy that no member of management receives any direct commission-based compensation. Members of management are paid a salary plus a bonus not directly tied to commission or sales but overall objectives which may be connected to firm growth and profitability.

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 WM 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 Firm 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 WM employees. The procedures are intended to address the concern regarding the activities performed and the business relationships established by 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 WM 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, regardless of whether the broker-dealer is an affiliate of CWB WM. Broker-dealers are selected from a list of approved broker-dealers, who may charge a commission more than that charged by other broker-dealers if it is determined in good faith that the commission is reasonable in relation to the services being provided by the broker.

12. DISCLOSURE ON CROSS TRADES

Under Canadian securities laws, CWB WM is subject to certain rules that forbid the trading of securities between a Client’s managed account and an investment fund managed by the same manager, or between accounts.

However, CWB WM has obtained relief from the regulator that allows it to carry out cross trades of securities between Managed Accounts and between Managed Accounts and funds managed by CWB WM.

While cross trades may give rise to conflicts of interest, CWB WM manages them by: i) obtaining clients acknowledgement for the cross-trade, and ii) compliance review and approval of each cross-trade to ensure it is in the client's best interest.

13. REFERRALS

A client may have been referred to CWB WM by an employee within 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 WM does not receive any referral fees from other members of the CWB Financial Group.

CWB WM has a strategic relationship with PPI Solutions Inc. and certain independent insurance agents, whereby commissions are shared, or referral fees paid for the purpose of promoting and selling risk products.

The details of these referral arrangements, including the parties to the referral arrangement, the way the referral fee for services is calculated, and the party to whom it is paid will be provided to you in a separate document at account opening. All services resulting from a referral arrangement relating to your account that require registration under applicable securities legislation will be provided by CWB WM.

Clients are also referred to CWB WM by outside third parties; clients will be provided in writing with the appropriate disclosure in such cases.

14. OUTSIDE BUSINESS ACTIVITIES

At times, employees of CWB WM 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 WM 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.

TE Wealth is a business name and trademark of CWB Wealth Management Ltd. Leon Frazer & Associates and Doherty and Bryant are business names of CWB Wealth Management Ltd.