

# CONFLICTS OF INTEREST DISCLOSURE BROCHURE

Canadian Western Financial Ltd.

December 2024



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

Specifically, this document describes:

- i) How Canadian Western Financial Ltd. (“CWF”) addresses, manages, or 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.

## **INTRODUCTION**

This Conflict-of-Interest Brochure (“COI Brochure”) is intended to provide you with important information on conflicts of interests that may arise between Canadian Western Financial Ltd. (“CWF, we, us, the Firm”) and you (“you, your, the client”). 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 CWF or its CWF Wealth Advisors (“wealth advisors”) are inconsistent or divergent. Conflicts of interest are inherent to the investment management profession where commercial or business interest may have an influence on our relationship with you, causing a risk that CWF or the wealth advisor will put their interest ahead of yours. A conflict of interest also includes any circumstance where a wealth advisor may be influenced to put their interest ahead of a client’s, or any circumstance where there are monetary or non-monetary benefits available to CWF, or potential detriment to which CWF may be subject, that may compromise the trust a reasonable client would have in us. A conflict of interest is considered material if, depending on the circumstances, it is likely to affect the decision-making process of either party.

### **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 developed and implemented policies and procedures and 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.canadianwesternfinancial.com](http://www.canadianwesternfinancial.com), or receive a copy by emailing or calling your Wealth Advisor. The COI Brochure will be updated 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.

## 1. PROPRIETARY PRODUCTS

Clients of CWF may select mutual fund solutions from a variety of Canadian mutual fund companies which includes CWB Onyx Portfolio Series mutual funds and CWB Core Funds (together, the CWB Mutual Funds) and, in provinces where allowed, third party labour sponsored investment funds.

CWB Mutual Funds are proprietary mutual funds distributed exclusively by CWB Wealth and its related dealers. CWB Wealth is the parent company of CWF. Other dealers cannot sell or hold these proprietary mutual funds. These mutual funds cannot be transferred to other dealers in-kind. You would be required to sell these funds and transfer your holdings out in-cash if you wanted to move to another dealer. Transferring investments in-cash may result in fees or tax consequences. Your wealth advisor will disclose this to you at the time of purchase.

CWF wealth advisors recommending proprietary products may pose as a conflict of interest where a wealth advisor may recommend CWB Mutual Funds over others. This conflict is managed in your best interest in the following manner: i) CWF offers proprietary funds as well as third party funds; ii) CWF wealth advisors do not receive compensation from any fund companies, including CWB Wealth; iii) Wealth advisors are required to provide comparable alternatives for each fund recommendation for you to have sufficient options and information. Wealth advisor recommendations are based on your specific needs, regardless of the fund company.

## 2. THIRD PARTY COMPENSATION AND FEES

CWF receives sales commissions on the sale of mutual funds and ongoing service fees (trailer fees) for as long as you hold the funds. The categories below describe the different types of fees:

**Sales fees:** This refers to the sales commissions paid to mutual fund dealers like CWF. Mutual fund sales fees fall into one of the following three types:

- **Front End Load fees** - are charged against your initial investment as a percentage, and paid to a mutual fund dealer. Front end load fees are paid at time of purchase and are deducted from the initial amount purchased. CWF does not charge any up front commission on these types of funds.
- **Back End Load fees** - also called deferred sales charges (DSC), low load (LL), or redemption fees are deducted from your investment if you sell your investment before a certain time period. These fees decline each year that you hold the investment. Back end sales fees are paid by the fund management company to the dealer. Effective December 2016, CWF no longer permit the sale of mutual funds which have DSC or LL fee structures.
- **No Load** - no sales fees at the time of purchase or time of redemption. Their distribution costs are included in the management fees of the fund. The CWB Funds fall into this category.

**Trailer Fees:** Refer to the service fees paid by the mutual fund company to CWF for the provision of ongoing service to you. You do not pay trailer fees directly, they are paid by the fund company to CWF from the management fee charged to the fund, and are paid for as long as you are invested in the fund. CWF receives a trailer from CWB Wealth, its parent company for distributing its proprietary funds.

**Special fees:** Additional fees may be applied to your fund account, or billed directly by the fund company. Some examples of special fees include: short-term trading fees (if you make withdrawals within 90 days of the initial investment), transfer fees for switching between funds, processing fees for closing accounts, advisory fees, performance fees, special account management fees, and reporting fees. CWF will disclose to the client if any additional fees apply.

CWF receiving commissions from mutual fund sales could potentially pose as a conflict of interest. This conflict is managed in your best interest in the following manner: i) The commission that CWF receives comes from the management fee that the fund company charges and is not a separate fee to you; ii) CWF wealth advisors will only make recommendations to you that is suitable and reasonable based on your specific needs and the benefit a mutual fund provides as opposed to the compensation paid to CWF; iii) You will be provided with a Fund Facts document relating to the fund you are purchasing which will detail applicable fees, trailing commissions and performance; iv) CWF wealth advisors are salaried individuals and are not incented to make recommendation of one fund over another.

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

CWF is a wholly-owned subsidiary of CWB Wealth, which is wholly owned by Canadian Western Bank. A conflict arises when we seek to provide you with products or services sourced from or provided by our related companies. 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:

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

It may be viewed as a conflict of interest if we utilize the services of, or refer you to a related or affiliated company 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 as part of CWF solution 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 any fees or referrals paid.

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

### 4. FULL CONTROL OVER CLIENT AFFAIRS

CWF deems full control or authority of a client's financial affairs to be an inherent material conflict of interest as there is a risk that a trade will be placed without your knowledge, 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.

### 5. COMPENSATION AND INCENTIVE PRACTICES

CWF is compensated by each fund it sells. CWF carefully selects the funds it sells based on the benefit they provide investors as opposed to the compensation they pay CWF. However, you should be aware that CWF does receive more compensation from some funds than others.

CWF Wealth Advisors are dually employed by CWF and CWB. When any of our wealth advisors are involved in any fund-related discussions or activity, CWF considers them to be acting on behalf of CWF. Any activities related to a wealth advisor's other employment, including at CWB, or other activities unrelated to CWF, are neither the responsibility nor the business of CWF.

CWF wealth advisor's are salaried individuals, but may receive a sales incentive as part of their total compensation package. In addition, CWF may receive from or provide to CWB and its subsidiaries, management, administrative, referral and/or other services relating to ongoing business activities or transactions.

This conflict is managed by internal compliance reviews to ensure all accounts are appropriate for each client. Trades are also monitored to ensure recommendations are suitable.

## 6. PERSONAL FINANCIAL DEALINGS

Personal financial dealings of a Wealth Advisor with a client are a material conflict of interest as there is a risk of the wealth advisor putting their interest ahead of the best interest of the client. This conflict is avoided as CWF has a Code of Conduct, which sets out certain expected standards of conduct of our employees and includes restrictions and controls on avoiding conflicts of interest.

CWF has policies and procedures governing outside activities of our employees and on personal trading of our employees, which includes restriction on CWF Wealth Advisors opening or maintaining accounts for themselves. 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 CWF and our clients, that they avoid actual or potential conflicts of interest, and that they do not engage in personal financial dealings with clients, or personal securities transactions that are prohibited by law, such as insider trading, or other activities that negatively impact our clients.

## 7. PERSONAL ENTERTAINMENT AND GIFTS

Gifts and entertainment from clients or fund companies may pose a conflict of interest. Gifts from clients may influence the quality of service provided by the wealth advisor. Gifts from a fund company may influence the recommendations made by the wealth advisor to clients.

The Firm has a Gifts and Entertainment policy that is intended to deter providers of gifts and entertainment from seeking special favours from CWF employees. The procedures are intended to address the concern regarding the activities performed and the business relationships established by investment professionals 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.

## 8. REFERRALS

Securities legislation provides that, in limited circumstances, CWF may enter into referral arrangements whereby CWF refers a client to one of the related subsidiaries. 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.

A brief description of some of the CWB Financial Group entities, and the nature of the services which each provides, is set out below:

- Canadian Western Bank provides personal, private and commercial banking services.
- Canadian Western Trust is registered as a trust company across Canada providing trustee, custodial and administrative solutions for financial advisors, corporations and individuals.
- CWB Wealth Partners is registered as an investment fund manager, exempt market dealer and investment dealer.
- CWB Insurance Solutions Ltd. provides financial planning services and risk products through licensed insurance agents.

The details of these referral arrangements, including the parties to the referral arrangement, the manner in which 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 the time of entering into the arrangement.

## 9. OUTSIDE ACTIVITIES

Your CWF Wealth Advisor may also be involved in outside activities such as serving on a board of directors, participating in community events, volunteering, or pursuing personal outside business interests. This may be viewed as a conflict of interest if the wealth advisor is not able to sufficiently perform their advisory duties while participating in the outside activity, or if the outside activity puts the wealth advisor in a position of power over a client.

CWF 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 activity. All non-mutual fund related business or activities conducted by your wealth advisor are not the business of, or under the supervision of, CWF. Accordingly, CWF will not be liable or responsible for such activities. CWF will however, as best as possible, monitor wealth advisor outside activities to ensure compliance with conflict of interest rules.