

# Client Relationship Disclosure

Understanding your relationship with us

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Dear Client,

Thank you for making CWB Wealth Management Ltd. (“CWB WM”) your wealth management company of choice.

As a client of CWB WM, it is important that you understand your relationship with us. This Client Relationship Disclosure (“CRD”) provides you with important information about our respective roles and responsibilities, your CWB WM account(s), and the services we provide. Please read this document carefully.

If there are material changes that impact this CRD, we will promptly inform you. If you have any questions related to the content of this document, please do not hesitate to contact your Portfolio Manager.

References to “we”, “our”, “us”, “the Firm”, and “the Manager” refer to CWB WM.

## **About CWB Wealth Management**

CWB Wealth Management Ltd. takes a fully integrated approach to wealth management, with customized strategies designed to address our clients’ unique goals. Our professional teams deliver sophisticated financial planning experiences, complemented by institutional quality investment management. Along with our affiliate brands, we are proud to serve private wealth clients in both English and French, and to offer specialized investment management and advisory capabilities for institutional clients and Indigenous communities.

CWB WM is registered as a portfolio manager and exempt market dealer in each of the provinces of Canada and as an investment fund manager in Alberta, Ontario, Quebec and Newfoundland and Labrador. As an investment fund manager, CWB WM is responsible for the day-to-day business and affairs of the various pooled funds and mutual funds it manages. As portfolio manager, CWB WM provides portfolio management services to private clients and to the funds it manages. While CWB WM is not in the business of trading securities generally, it may act as an exempt market dealer to allow clients to invest in its own CWB WM pooled funds (the “Private Funds”).

CWB Wealth is a trademark and business name of CWB Wealth Management Ltd. (“CWB WM”). CWB WM is a wholly-owned subsidiary of National Bank of Canada. TE Indigenous Services is a business name belonging to CWB WM. The services you receive may be offered to you using any of these trademarked or business names.

For more information about CWB WM, please visit [www.cwbwealth.com](http://www.cwbwealth.com).

# Our Services and Products

## Our Services

CWB WM offers discretionary portfolio management services (“IM Services”), financial planning and consulting services (“Consulting Services”). CWB WM is also responsible for the day-to-day business and affairs of the various pooled funds (“Private Funds”) and mutual funds (“Mutual Funds”) it manages (collectively, 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 investment manager (“Third-Party Manager”) to manage certain client assets.

Your Portfolio Manager and/or Private Wealth Advisor may choose to incorporate some or all these asset/services types or services into your account.

### Discretionary Portfolio Management

At CWB WM, we provide discretionary portfolio management services (the “IM Services”) to individuals, corporations, trusts, estates, institutions, and not-for-profit organizations through segregated fully managed accounts (the “Accounts”). By signing a Investment Management Agreement (“IMA”), you are authorizing your Portfolio Manager to make investment decisions on your behalf in accordance with the terms of the IMA, as well as your Investment Policy Statement (“IPS”) or other similar document. Among other things, these documents outline important parameters such as your investment needs and objectives, financial circumstances, and risk tolerance, as well as any other unique circumstances to be considered in determining your investment portfolio. Your IMA will contain additional disclosure and information on the terms and conditions of the IM Services.

In addition to the IM Services, we offer you access to other professionals across CWB WM who can provide expertise in areas such as retirement and financial planning, insurance solutions, succession and estate planning, tax services, and executive education services (the “Consulting Services”, see below).

These services may be offered separately or as part of a larger wealth management service offering that includes both the Consulting and IM Services.

### Consulting Services

In addition to the IM Services, we also offer a suite of Consulting Services to clients that may include, but are not limited to, financial planning, education and tax services and investment manager research and oversight. These Consulting Services may be offered alone or combined with the IM Services.

## Our Products

Accounts may hold the following investment products:

- Cash and cash equivalents such as T-bills and other money market instruments
- Fixed income or debt securities such as bonds and debentures, and preferred shares
- Equities, including warrants
- Investment funds, pooled funds and exchange-traded funds, including the Proprietary Funds managed by us

Your Portfolio Manager may choose to incorporate some or all of these asset types into your Account. In each case, your Portfolio Manager assumes discretionary responsibility for building, managing, and monitoring your investment portfolio in accordance with the IMA and your IPS.

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 may also pay a management fee charged by us as manager of the Funds (where such fee does not duplicate fees paid by you for other services).

### CWB WM Pooled Funds

As part of your account with us, we may invest your assets in Private Funds managed by us. If we use such Private Funds as part of the management of your account, you will indirectly bear a proportion of the relevant fund's operating expenses. CWB WM may charge a management fee to certain of the Private Funds. You will be notified of any such fees charged should your Portfolio Manager invest your assets in the Private Funds. CWB WM will also charge various administrative fees and eligible expenses to the Private Funds. Typical fund expenses include legal, audit and trustee fees, custodial costs and country registration fees. CWB WM will ensure that there is no duplication of fees payable by you for IM Services and for any management fees or other expenses payable to the Private Funds. The fees that we receive and expenses associated with the Private Funds that may be included in your account can be made available to you at your request. Our fees are subject to all applicable sales and other taxes.

We may recommend that all or a portion of the assets your account be managed by a third-party manager. For separately managed accounts and investment funds offered by the third-party manager, you will enter into an agreement with such manager, where any additional fees payable by you will be set out. If we recommend you invest in the Private Funds with "JOV Prosperity" in the name, you will pay management fees and operating expenses to us. We will pay a sub-advisory fee to the third-party manager from the management fees collected

from the JOV Prosperity funds. CWB WM does not receive any compensation from third-party managers at any time.

Each of the following investment funds is a Private Fund managed by the Manager:

- JOV Prosperity Canadian Fixed Income Fund
- JOV Prosperity Canadian Equity Fund
- JOV Prosperity U.S. Equity Fund
- JOV Prosperity International Equity Fund
- Leon Frazer Canadian Dividend Fund
- JOV Leon Frazer Bond Fund
- CWB McLean & Partners Global Equity Pool
- CWB McLean & Partners Global Balanced Pool
- CWB McLean & Partners International Equity Pool
- CWB McLean & Partners Diversified Fixed Income Pool
- CWB McLean & Partners Tactical Monthly Income Pool
- CWB McLean & Partners Canadian Equity Pool
- CWB McLean & Partners U.S. Equity Pool
- CWB Wealth Small Mid Cap Equity Fund

#### **Mutual Funds Managed by CWB WM**

CWB WM offers a family of mutual funds called the “CWB Onyx Funds”, these Mutual Funds have a Management Expense Ratio (“MER”) that represents management fees paid to Us and the operating expenses charged to each fund, which includes the cost of professional investment management, supervision, administration, operations and service support directly related to the fund and all applicable sales and other taxes.

- CWB Onyx North American Equity Fund
- CWB Onyx Diversified Income Fund
- CWB Onyx Canadian Equity Fund

- CWB Onyx Global Equity Fund
- CWB Onyx Conservative Solution
- CWB Onyx Balanced Solution
- CWB Onyx Growth Solution

For further information, please consult the Fund Facts or Simplified Prospectus provided to you at account opening and from time to time as required by securities law.

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 may also pay a management fee charged by us as manager of the Funds (where such fee does not duplicate fees paid by you for other services).

## **Your Discretionary Managed Account with CWB Wealth Management**

Accounts are managed on a discretionary basis by CWB WM under the direction of duly-licensed Portfolio Manager(s) and in accordance with the investment strategies and mandates established in your IPS. In certain circumstances there may be assets held in your account, which are excluded from the Portfolio Manager's discretionary authority. For example, you may have transferred a security that cannot be sold due to market conditions or other trading restrictions into an account that you hold with us that does not form part of the IPS. In such circumstances, this fact will be noted in the IPS or other documentation in relation to your Account, and we will only transact on those investments based on your instructions. CWB WM is not responsible for the investment performance of such securities.

### **Account Fees and Fund Operating Expenses**

In consideration for providing the IM Services, we charge a quarterly discretionary management fee, which is set out in our Fee Schedule and calculated as a percentage of the assets in your Account (the "Management Fee"), plus applicable taxes. The Management Fee is charged against the assets held in your Account. A minimum annual Management Fee applies to all Accounts.

We do not charge additional fees to open, operate or maintain an account with us. All these costs are part of your Management Fee; however, you may be charged third-party fees, as described in the paragraph below.

We will provide you at least 60 days' written notice prior to charging any new or increased charges associated with the operation, transfer, or termination of your Account.



Segregated portfolios held at a custodian will be charged certain fees or expenses by third parties who provide services in relation to your Account, including the custodian and the brokers or dealers who execute securities transactions for your Account. The fees and expenses charged to you by these parties will vary from time to time and will be deducted from your Account according to the agreement you have signed with the custodian. If you require further information, please speak with your Portfolio Manager.

We will typically prorate fees to take into account each significant capital contribution or withdrawal made by the client (with the exception of contributions or withdrawals below a threshold amount as determined by us) during the relevant month or quarter.

### **Third-Party Managers**

A “Third-Party Manager” provides investment management services, and is not a subsidiary, affiliate, or member of the CWB Financial Group. In providing the IM Services to you, and based on our suitability assessment, a Third-Party Manager may be retained to sub-advise or manage portions of your account. In other cases, we may purchase units of a fund for your account where that fund is managed externally by a Third-Party Manager. In each of these instances, any management fees that apply will be paid directly by you to the Third-Party Manager.

### **Consulting Services**

In cases where Consulting Services are offered on their own, the client shall receive a fee schedule and engagement letter setting out the fees that are to be paid for the Consulting Services. In instances where the Consulting Services are offered in conjunction with the IM Services, a fee schedule will be provided to the client. That schedule will reflect fees to be paid for both the Consulting Services and the IM Services, as a percentage of assets under management.

## **“Know Your Client” and Suitability**

### **Information We Need to Collect**

Under securities laws, we are required to collect and document sufficient and appropriate Know Your Client (“KYC”) information to ensure that trades are suitable for you. In satisfying our KYC obligation, we require certain personal and financial data, including your name, age, address, telephone number, e-mail address, occupation, financial situation (income and net worth), and some information pertaining to your family. This information will be used for identification purposes, as well as to determine your investor profile, and will be collected at account opening and on an ongoing basis to ensure the information we have is current.

Based on the KYC information you provide, CWB WM will prepare an IPS, which will identify your investment objectives, investment restrictions, and risk tolerance, and determine an appropriate asset mix that is consistent with these factors. CWB WM will obtain your agreement to the IPS and manage your account on a discretionary basis in accordance with the IPS.

This means that we will ask you from time to time, to provide us with updated KYC information. At least annually, CWB WM will seek to update KYC information from each client to ensure that it has updated information with regard to each client's investor profile, objectives and risk tolerance to ensure suitability of investments.

### **Our Suitability Obligation**

In addition to the KYC requirement, we must ensure that we comply with the suitability obligations owed to our clients. Specifically, we have an obligation to ensure that, before we make a recommendation to, or accept an instruction from a client to buy or sell a security, the purchase or sale of that security must be suitable for the client.

We also assess suitability on a periodic basis, including in the following circumstances:

- When there is a change in your Portfolio Manager
- When we are informed about certain changes to your KYC information
- In response to certain changes in market conditions

### **Your Obligation to CWB WM**

As a client of CWB WM, it is important for you to participate in our relationship. In particular, we encourage you to:

- Keep us fully and accurately informed regarding your personal circumstance. Promptly advise us of any updates that could reasonably result in a change to the types of investments appropriate for you, such as a change to your income, investment objectives, marital status, risk tolerance, time horizon, or net worth.
- Review the documentation and other information we provide regarding your Account, transactions conducted on your behalf and the holdings in your portfolio, and ask us any questions you have about this information or your relationship with us.
- Ask questions and request information to address any questions you have about your Account, transactions conducted in your Account or the holdings in your portfolio, or your relationship with us or anyone acting on our behalf.

## Custodial Arrangements

### Custody, Delivery & Receipt of Securities

All assets forming part of your account(s) shall be held by a custodian pursuant to a separate agreement. We will at no time hold any assets, including any cash or securities, belonging to you. You may make arrangements with us for the assets of the account to be held by a custodian designated by you. You must give us copies of any authorization to such custodian regarding acceptance of instructions from us in relation to the account.

At your direction, CWB WM will designate a qualified party, including an affiliate, to act as the custodian (the “Custodian”) of the assets in the Account (the “Managed Assets”) and such party shall be responsible for the custody, settlement, receipt and delivery of any Managed Assets. CWB WM shall have no authority, responsibility or obligation with respect to the custody, settlement, receipt or delivery of any Managed Assets other than to direct, or cause, dealers and brokers to settle trades and deliver Managed Assets directly to or receive Managed Assets from the Custodian against payment. If any cash or Managed Assets are delivered to CWB WM, it shall promptly deliver them to the Custodian. You are solely responsible for paying all fees, expenses, and other charges relating to the custody of the assets as set out in your agreement with your Custodian.

Unless you otherwise direct us, Managed Assets are generally held in Canada in a fully disclosed, segregated account at either Aviso Financial Inc. (“AVISO”), RBC Investor & Treasury Services (“RBC ITS”), or National Bank Independent Network (“NBIN”), a division of National Bank Financial Inc. If you invest in a CWB Onyx mutual fund, you own units of the fund, and those units may be held with your Custodian or recorded in your name on the books and records of the fund’s recordkeeper. AVISO, RBC ITS, and NBIN are each qualified custodians under applicable securities laws.

We may provide you with information to assist you in selecting certain service providers, which may include entities that are affiliated or related to us. By providing you with such information about the custodians you may use, we are deemed under National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (“NI 31-103”) to have ‘directed or arranged’ which custodian will hold your assets. As such, we are pleased to provide you with details about how your assets are held, and the risks and benefits of such arrangement.

Although CWB WM has trading authority over the Managed Assets held at AVISO, RBC ITS, and NBIN (each, a “Custodian”), CWB WM does not have access to Managed Assets held at either Custodian and is not authorized to transfer securities or cash into or out of client accounts held at either Custodian.

AVISO is independent of CWB WM and is a wealth services supplier for the Canadian financial industry and a partner to portfolio managers, investment dealers, insurance and trust companies, and other financial services organizations. AVISO is regulated by the Canadian Investment Regulatory Organization (CIRO) and is a member of the Canadian Investor Protection Fund (CIPF).

RBC ITS is independent of CWB WM, is required to segregate assets from its own assets and is subject to regulatory oversight, minimum capital and insurance requirements. At your direction, RBC ITS may hold securities in client name or in its name, as nominee of the client. Uninvested cash balances held at RBC ITS may be eligible for CDIC insurance, up to a maximum of \$100,000. Please consult your custodial agreement for more details.

NBIN is functionally independent of CWB WM, is required to segregate assets from its own assets and is subject to regulatory oversight, minimum capital and insurance requirements. At your direction, NBIN may hold securities in client name or in its name, as nominee of the client. NBIN is a member of the CIPF that provides coverage within specified limits. At account opening, you will be provided with additional information.

Each of the Custodians is functionally independent of us and each meets the definition of both a “qualified custodian” and a “Canadian custodian” under NI 31-103.

Assets are held in Canada, making them more accessible to you in the extremely unlikely event of a bankruptcy of these entities. We do not use “foreign custodians” (as defined in NI 31-103) to hold client assets.

## Account Statements and Performance Reporting

CWB WM will provide clients with the following reports:

### Quarterly Account Statements

CWB WM will provide you with an Account statement, at least quarterly, setting out each transaction executed during the reporting period, including the dates on which these transactions took place, and the names and quantities of the securities involved. Your quarterly Account statement also provides details regarding the names, quantities, costs and current values of the securities held in your Account, as well as information relating to how your securities are held, and whether they are subject to any deferred sales charges if sold. Generally, investment accounts are not covered by an investor protection fund, but if they are, it will be indicated on your statement. Other information provided in the statement includes the overall value of your Managed Assets, how this value has changed over the period, and the rate of return earned.

Your quarterly report details your time-weighted rate of return relative to a relevant benchmark. An investment performance benchmark is a standard reference against which the performance of a specific investment can be

measured. By comparing the rate of return earned by your investment(s) to an appropriate benchmark (typically a broad stock or bond index, or a blend of such indices), you can see how the investment(s) you hold performed compared to the market. Your rate of return is affected by, among other things, changes in the value of your securities, dividends, interest, fees paid, as well as the timing of your deposits and withdrawals.

Quarterly Account statements are sent separately for each Account you hold with us, as well as on a consolidated basis for all household Accounts. Additionally, you have the option to request statements on a monthly basis.

### Annual Report on Charges and Other Compensation and Investment Performance

On an annual basis, we will provide you with a consolidated report on charges and other compensation and investment performance. This report details the fees you paid during the year, operating, transaction, or other charges related to your Managed Assets and your Account, and, if applicable, any charges relating to the purchase or sale of debt securities. The annual report also includes your money-weighted returns over various time periods, and the performance of your Account net of fees. The “money-weighted rate of return” measures how well your account has performed, taking into consideration the timing of your personal deposits and withdrawals, as well as most of the costs that are charged to your account.

### Benchmarks

To assist you in comparing your rate of return with a benchmark, we provide customized performance reporting against a blended benchmark that reflects your investments. The following are used in our blended benchmark models:

- S&P/TSX Composite Total Return Index
- S&P 500 Total Return Index (CAD)
- MSCI ACWI ex USA Total Return Index (CAD)
- MSCI EAFE Total Return Index (CAD)
- S&P/TSX Preferred Share Total Return Index
- FTSE/TMX Canada Universe Bond Total Return Index
- FTSE/TMX Canada 91 day T-bill Total Return Index

Keep in mind that benchmarks should be used as a guide only. Benchmark rates of return are calculated as prescribed under applicable securities laws. It is important to remember that benchmarks are based on how a sample portfolio performs. The sample portfolio does not consider how other factors such as tax considerations and fees will affect actual client returns. We may use indices other than those set out above in our reporting to you. Each chosen benchmark must be appropriate to the specific client Account in order to allow for an appropriate comparison between the performance of the Account and that of the benchmark. Examples include broad-based indices such as the S&P/TSX Index, DEX Universe Bond Index, S&P 500 Index, and MSCI World

Index, which represent large sets of securities on a particular exchange and show how a particular market is generally performing. CWB WM uses standard and appropriate benchmarks to measure client account performance.

## **Fair Allocation of Investment Opportunities**

CWB WM has implemented an internal policy to provide for the fair and equitable allocation of investment opportunities among its clients. This ensures that all clients are treated fairly, particularly when multiple client accounts participate simultaneously in a purchase or sale of the same security or in any initial public offering. This is accomplished through pro-rata allocation among the different accounts that are involved in the transaction at the time the order is filled, at the average execution price. Where an order is partially filled, it is allocated across the affected client accounts in accordance with the original pro-rata allocation. We advocate fair and equitable treatment for all of our clients.

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 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 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.

## **Conflicts 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.

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.

As part of this disclosure - a separate Conflict of Interest brochure has been provided to you, setting out the details of this policy and how CWB WM handles specific conflicts that may arise.

### **Revenue Based Compensation**

In cases where a client has entered into an IMA to receive IM services from the Firm but also has requested Consulting Services from the Firm, those Consulting Services being delivered by a Private Wealth Advisor duly-employed by the Firm, the Private Wealth Advisor may be compensated by salary/discretionary bonus or by a percentage of the Fees received by the firm from the Client for the IM Services. Additionally, Consultants may also receive compensation representing a percentage of the investment management fees collected as part of their overall compensation package connected to client retention and servicing where the client does not receive any Consulting Services. Portfolio Managers responsible for delivering the IM Services may also be paid salaries/discretionary bonuses or, in certain instances, may be compensated by a percentage of the Fees paid by the client to the Firm for the IM Services.

### **Related Canadian Registrants**

The following registrants in Canada are subsidiaries of Canadian Western Financial Ltd. and CWB Wealth Partners Ltd. are subsidiaries of CWB WM.

### **Dealing with Affiliates**

From time to time, where permitted, CWB WM will enter into transactions in respect of banking, custody, brokerage, derivatives and foreign exchange, and registered plan administration and trusteeship services, on behalf of a client with National Bank of Canada or an affiliate of National Bank of Canada, whether these companies are acting in an agency or principal capacity. National Bank of Canada or an affiliate of National Bank of Canada will earn commissions, fees and/or spreads in connection with providing any of these services.

CWB WM may invest or deposit uninvested cash balances in a client's Account with National Bank of Canada or an affiliate of National Bank of Canada. National Bank of Canada or the affiliate of National Bank of Canada, as applicable, will earn and retain, or pay to CWB WM, all or part of any benefit resulting from such investment, deposit or other use that is in excess of the amount of interest paid to the client for the use of the uninvested cash balances. Although CWB WM, National Bank of Canada and any affiliate of National Bank of Canada must properly record such uninvested cash balances on its books, funds will not be segregated or held separately, and may be commingled with the cash balances of other client accounts.

### **Employees, Officers and Directors**

Some of the employees, officers and directors of CWB WM may also be officers or directors of National Bank of Canada or its affiliates.

## 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, that they avoid actual or potential conflicts of interest, and that they do not engage in personal securities transactions that are prohibited by law, such as insider trading, or that negatively impact our clients.

## 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. In particular, any individual who has, or is able to 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. We encourage our employees, officers and directors to invest primarily through our funds, where the investment objective of our funds matches an individual's investment objective, thereby reducing the amount of their personal investments and consequently, reducing the likelihood of a conflict of interest arising between us and our clients.

## 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.

## Effecting Portfolio Transactions (including Client Brokerage Commissions)

All decisions as to the purchase and sale of an Account's securities and all decisions as to the execution of portfolio transactions, including the selection of execution venues and broker-dealer and the negotiation, where applicable, of commissions or spreads, will be made, or caused to be made, by CWB WM as the portfolio manager of the Accounts.



The determination of brokerage allocation is a process by which CWB WM or an affiliate measures and evaluates a broker-dealer's ability to provide best execution, as well as their order execution capabilities, order execution products and services and research products and services. In seeking best execution in effecting portfolio transactions, a number of 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.

CWB WM maintains a best execution policy in order to oversee and ensure that it is meeting its best execution obligations.

Broker-dealers are selected from a list of approved broker-dealers, who may charge a commission in excess of 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-dealer.

In certain circumstances, permitted goods or services may be received from broker-dealers in exchange for executing brokerage transactions with such broker-dealers. Two types of goods and services may be received: research goods and services (the "Research Goods and Services") and order execution goods and services (the "Order Execution Goods and Services").

Research Goods and Services include (i) advice as to the value of securities and the advisability of effecting transactions in securities; (ii) analyses and reports concerning securities, issuers, industries, portfolio strategies or economic or political factors and trends that may have an impact on the value of securities or investment strategies; (iii) seminars and conference fees; (iv) databases and software including, but not limited to, quantitative analytical software; (v) market data from feeds or databases; and (vi) post-trade analytics. Such goods and services may be provided by the executing broker-dealer directly or by a party other than the executing broker-dealer.

Order Execution Goods and Services include: (i) execution management systems and order management systems (to the extent they help arrange or effect a securities transaction); (ii) algorithmic trading software and market data (to the extent they assist in the execution of orders); and (iii) custody, clearing and settlement services that are directly related to an executed order that generated commissions. These goods and services may also be provided by the executing broker-dealer directly or by a party other than the executing broker-dealer.

Generally, the users of Research Goods and Services and Order Execution Goods and Services are CWB WM portfolio managers and analysts. In certain instances, goods and services received may contain some elements that qualify as Research Goods and Services and/or Order Execution Goods and Services along with other

elements that are not permitted goods and services. This is commonly referred to as a “mixed use” product. If mixed use goods and services are obtained, brokerage commissions will only be used to pay for the portion of the goods and services that is permitted (i.e. Research Goods and Services and Order Execution Goods and Services).

CWB WM makes, or causes to be made, a good faith determination that its accounts and clients receive a reasonable benefit from the use of the Research Goods and Services and Order Execution Goods and Services, relative to the amount of brokerage commissions paid. Specifically, investment management teams determine brokerage allocation to the broker dealers based on a process which measures and evaluates the broker-dealers’ ability to provide best execution of trades and the range of Research Goods and Services and Order Execution Goods and Services utilized.

For a list of broker-dealers or third parties who provided Research Goods and Services and/or Order Execution Goods and Services, please contact your portfolio manager.

### **Disclosure Regarding Transacting/Advising in Related and Connected Issuers, and Cross Trades**

Under Canadian securities laws, CWB WM is subject to certain rules that prohibit the trading of securities between a Client’s managed account and an investment fund managed by the same manager, or between Managed Accounts. In the absence of exemptive relief from the securities regulatory authorities, CWB WM shall not knowingly cause an investment portfolio managed by it to purchase or sell securities from or to: CWB WM, a partner, director, officer, employee or agent of CWB WM; an affiliate of CWB WM or a partner, director, officer, employee or agent of an affiliate; an associate of any of these persons, or an investment portfolio for which any of them acts as an adviser (the “Cross Trades”).

CWB WM has obtained relief that allows it to carry out Cross Trades of securities between Managed Accounts and between Managed Accounts and funds managed by CWB WM, subject in all cases to meeting the conditions of such exemptive relief.

CWB WM may also cause Accounts to be invested in investment funds managed by CWB WM or its affiliates and in which officers and directors of CWB WM may serve as officers or directors. Particulars of these transactions are set forth in your IMA.

In accordance with applicable securities laws and a standing instruction granted by the applicable independent review committee of the CWB Funds, CWB Funds are permitted to hold units of other CWB Funds.

### **Referral Fee Disclosure**

A client may have been referred to CWB WM by an employee within the National Bank of Canada group of companies, 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 National Bank of Canada group of companies entity that can provide the specific services or products requested.

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 manner in which the referral fee (if any) for services is calculated, and the party to whom it is paid will be provided to you in a separate document. 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. CWB WM makes the appropriate disclosure to clients referred to it in such cases, pursuant to applicable securities laws.

### **Outside Activities**

At times, individuals may participate in outside 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 activity. We require all employees to disclose outside activities as required and we review and monitor/approve as required.

### **Deposit Insurance Disclosure**

CWB WM is a subsidiary of and a separate corporate entity from National Bank of Canada and National Bank Financial Inc. Assets held in CWB WM Accounts are not insured by National Bank of Canada, the Canada Deposit Insurance Corporation ("CDIC") or by any other government deposit insurer, and their values may fluctuate.

### **Trailing Commission Disclosure**

Where securities of mutual funds managed by companies that are not associated or affiliated with CWB WM are held in a client's Account, CWB WM may receive trailing commissions for services provided to clients in respect of those funds. No portion of the trailing commission will be paid by CWB WM to a client's portfolio manager.

Throughout this document we have identified conflicts of interest that may arise in the course of our relationship with you. Additional conflicts of interest related to the mutual funds held in your Account will be disclosed in the simplified prospectus, Fund Facts or other disclosure document for the funds, copies of which are available upon request.

## Proxy Voting Policy

When exercising voting rights in relation to securities held in our Accounts, the key principle guiding us is our commitment to exercise those rights in a manner that is in the best interests of our clients. This means that we must take steps to perform the necessary due diligence on the proxy, and to ensure the voting decision is based on the relevant facts, an analysis of the issues involved and an assessment of the potential outcomes. A copy of our Proxy Voting Policy is available upon request.

## Risk – Things to Consider

Securities laws require us to provide all clients with a description of risks that you should consider when making an investment decision, even though you have retained us to make investment decisions on your behalf. This information is set out below.

You should carefully consider whether an investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. You should understand the nature of the investment and the extent of your exposure to risk. Depending on the nature of your investment, the type of investment risk will vary. Investment risks include:

- Capital risk – the risk that you may lose the money you invest.
- Liquidity risk – the risk that your investment may not be readily saleable.
- Currency risk – the risk that currency movements alone may affect the value of your investment if it is held in another currency.
- Interest rate risk – the risk that the principal of a debt instrument that you have invested in will go up or down depending on the interest rates in the economy going up and down.
- Business risk – the risk inherent in the operations of the entity or industry in which you have invested.
- Financial risk – the risk associated with the amount of leverage or debt that the entity in which you have invested used to finance assets.
- Market risk – the risk that the market value of an investment will rise or fall based on overall stock market conditions rather than each company's performance.
- Commodity risk – the risk that exposures to certain commodities, or to companies whose business is dependent on commodities, may be directly affected by movements in the price of the commodities.

- Concentration risk – the lack of diversification across sectors, regions or countries and may result in higher volatility.
- Risk of loss of key personnel – the operations of CWB WM is dependent on a small number of key officers and employees, the loss of any of whom could have an adverse effect.
- Unforeseen geopolitical or other events risk - the value of investments may be negatively impacted by unforeseen geopolitical and other events such as natural and environmental disasters, pandemics, epidemics, terrorism, war, military confrontations, regulatory events, and governmental or quasi-governmental actions.

The specific risks associated with an investment in the mutual funds held in your Account are described in the simplified prospectus and other disclosure documents for the funds. Copies of these documents are available upon request.

## **Use of Leverage**

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines. Where a loan is obtained from Canadian Western Bank or National Bank of Canada to purchase securities in your Account, both Canadian Western Bank and National Bank of Canada, through interest earned on the loan, and CWB WM, through the management fees on the assets purchased for your Account using the proceeds of such loan, will earn revenue.

## Complaint Handling Policy

If you have a complaint that relates to any advising or trading activity of CWB WM or one of our representatives, we would like to hear from you as soon as possible. Complaints should be reported in writing to the attention of the Chief Compliance Officer:

Chief Compliance Officer

CWB Wealth Management Ltd.

1250 - 10303 Jasper Avenue NW

Edmonton, AB T5J 3N6

Phone: 780-429-3500 or 1-888-292-9655

Email: [info@cwwealth.com](mailto:info@cwwealth.com) Facsimile: 780-429-9680

We will acknowledge your complaint in writing within five days, investigate the matter and provide you with written notice of our decision to make an offer to resolve the complaint or deny it. As part of this process, we may request you to provide clarification or additional information to assist us with considering your complaint. An independent dispute resolution or mediation service is also being made available to you, at CWB WM's expense, with respect to a complaint<sup>1</sup> if either of the following circumstances apply: (a) after 90 days of CWB WM's receipt of the complaint, CWB WM has not given you written notice of its decision to make an offer to resolve the complaint or deny it, and you have notified the independent dispute resolution or mediation service that you wish to have the complaint considered by the service; or (b) within 180 days of your receipt of written notice of CWB WM's decision to make an offer to resolve the complaint or deny it, you have notified the independent dispute resolution or mediation service that you wish to have the complaint considered by the service, provided, however, that you must agree that any amount you claim for the purpose of the independent dispute resolution or mediation service's consideration of the complaint will be no greater than \$350,000. Except in Québec, the Ombudsman for Banking Services and Investments ("OBSI") is the independent dispute resolution or mediation service that is being made available to you at CWB WM's expense for an eligible complaint.

OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer. During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations. Once OBSI has completed its investigation, it will provide its recommendations to you

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(1) <sup>1</sup> Complaints here is defined as those received by us within 6 years of the day when you first knew or reasonably ought to have known of an act or omission that is a cause of or contributed to the complaint.

and us; OBSI's recommendations are not binding. OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint. You can contact OBSI via email at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca) or telephone at 1-888-451-4519 or 416-287-2877 in Toronto for more details.

Although OBSI's services are being made available to you, this does not restrict your ability to take a complaint to a dispute resolution or mediation service of your choosing at your own expense, or to bring an action in court. Keep in mind that there are time limits for taking legal action.

If you are a resident of Québec, you may consider using the free mediation services offered by the Autorité des marchés financiers for the complaint.

*CWB Wealth is a trademark and business name of CWB Wealth Management Ltd. ("CWB WM"). CWB WM is a wholly-owned subsidiary of National Bank of Canada.*