ATB Securities Inc.

The perfect relationship (disclosure document)

A how-to guide for the ideal investing relationship

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ATB Investor Services™

The perfect relationship (disclosure document)

We could start this guide off by telling you all the facts and other investment natter you'd expect from a financial institution brochure. We could mention how hard we work every day to provide you, our valued customer, with the best advice and most suitable investment products. But what matters most is our commitment to you and your financial dreams. Think of us—ATB Securities Inc. (just call us ATBSI)—as your investment "significant other"; your financial companion that, like you, is invested in your future. And like any good relationship our goal is to grow together—to help one another understand each other better, and mainly, to help you become a better investor. The best way to achieve this is to get on the same financial page regarding your investment goals. This starts with good communication.

By reading this guide, you'll discover tips on how to stay in the loop on important details about your investments—helping us maintain the best relationship possible—and allowing you to reach your financial goals faster.

Keep us posted on any changes to your personal information. When we first meet, we'll ask you to provide us with full information. If, at any time afterward, you make any changes that could affect (in particular) your income, investment objectives, risk tolerance, net worth or regulatory obligations, just let us know so we can ensure your information is always up to date.

Stay informed on all sales literature and other documents regarding your investments. We know this may seem tedious, but carefully reviewing all your sales, legal and other documents will help you fully understand your investments. Though our representatives are trained to supply the information needed for you to make your investment decision prior to the time of sale, we encourage you, where appropriate, to seek additional advice from other professionals such as lawyers or accountants since we cannot offer complex tax or legal advice. Don't worry…we're not the jealous type.

Ask questions and request information from the firm or its representative to resolve any questions about your account or your relationship with the firm. Remember, all we want is for you to be happy. Please review your portfolio holdings and their performance regularly, and inquire about anything of interest or concern.

Stay on top of your investments by reviewing all the trading confirmations and monthly account statements you receive in the mail. If there is any discrepancy or concern about any activity, holdings or account balances, please let us know immediately.

Get to know us better.

ATBSI is a full-service retail brokerage and a member of the Investment Industry Regulatory Organization of Canada (IIROC), Canada's regulator of securities firms, and the Canadian Investor Protection Fund (CIPF). Our Goal Planning Advisors and Financial Advisors often take a conservative approach with a long-term vision when providing you with recommended investment solutions. This means that after we take the time to really get to know you and your investment goals, risk tolerance and time range, we'll suggest an investment strategy that best meets your specific criteria.

Another thing you should know is that we do not administer your accounts on a discretionary basis. All trades and investment decisions in your account, even if recommended by your advisor, must be pre-approved by you. You make all the big decisions in this relationship—we just offer good advice and support along the way.

What we have to offer

ATBSI gives you a full range of investment options to help you achieve your goals. Our advisors provide service to everyone—from the young student just starting out with a small monthly RRSP contribution, to high net worth clients nearing retirement. We're pleased to offer a variety of investment vehicles including, but not limited to:

- GICs and other money-market products, such as High Interest Savings Accounts
- Fixed income solutions, such as government and corporate bonds
- Access to individual equities on the North American stock exchanges
- A wide range of mutual fund opportunities, including our proprietary Compass Portfolio Series mutual funds

In providing these investment opportunities, we also have an assortment of account types in both Canadian and US$ denominations, including:

- Registered Retirement Savings Plans
- Registered Education Savings Plans
- Tax-Free Savings Accounts
- Registered Retirement Income Funds
- Locked-In Retirement Accounts
- Non-registered cash and margin accounts

ATBSI can structure your account for automatic regular investments, automatic regular withdrawals or automatic reinvestment of distributions. We'll also guarantee the fair allocation of investment opportunities by ensuring our advisors are compliant with securities legislation and use vigilant business practice to manage the risks associated

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with investing on behalf of their clients. We accomplish this through both automated and manual daily, monthly and quarterly trade reviews and approvals administered by Head Office Compliance and through a robust internal audit and client complaint process.

A note about Certified Financial Planners: While we are proud that many of our advisors hold the distinguished title of Certified Financial Planner (or "CFP" for short), and you can certainly benefit from the business acumen and financial expertise they bring to the table, it is important you understand that our CFP designates operate under the same structure and relationship with you as non-CFP advisors, providing services that include the establishment of your investment accounts, retirement & financial goal counseling, investment projections, product recommendations and referral to outside experts for other products and services as appropriate. Your relationship with these advisors at ATBSI does NOT constitute a formal or contractual Financial Planning engagement.

Now let's get to know you.

An introduction

In order to have a successful relationship with you, obtaining and maintaining correct Know-Your-Client (KYC) information is key. Only through an accurate understanding of your complete financial situation and current stage of life can we provide the best advice to safeguard your financial future and help you achieve your investment goals. As investment advisors registered with IIROC, we have a responsibility to ensure your investments are both "suitable" (in line with your stated risk tolerances and investment objectives) and "reasonable" (make sense based on your complete KYC information). To accomplish this, we'll need to collect information from you, including but not limited to:

- Verification of your identity
- Your financial circumstances including employment, annual salary, all sources of income and net worth
- Whether you are an insider or controlling shareholder in a public company
- Your investment objectives
- Your risk tolerance level
- Your anticipated time horizon for investment, and any imminent financial requirements
- Information about dependents and/or other obligations
- Your creditworthiness if requesting a margin account
- If opening a corporate account, the nature of the business and specifics of any holdings
- Identities of any individual(s) who own or control more than 25% of the corporation's shares

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Are you a risk taker?

We'd like to tell you there's no risk when you invest, but depending on how you invest, risks are inevitable. What we can guarantee is that we'll always treat you like the valued customer you are. And we'll help you choose the best type of investment for you.

Generally, investors willing to accept a high degree of risk see the greatest financial gains when the stock markets are strong and their investments are successful. However, a high degree of uncertainty and risk also means that they can quickly lose some—or perhaps all—of their investment. On the opposite side of the spectrum, a low risk tolerance will generally produce a slower and more measured investment growth, where the investor can sleep with the ease of knowing they will not wake up one morning with their life saving's worth 10% less than they were the day before.

Being able to recognize your level of tolerance to risk and volatility is important and useful to our advisors and the compliance officers that supervise them. The level of risk tolerance you indicate on your KYC form (or varying percentages of each level of risk you are willing to accept) will be used to ensure your portfolio is constructed to, and does not waiver from, the standard of risk you need to achieve your retirement dreams and rest comfortably during market downturns.

Regardless of the investment decisions you and your ATBSI advisor ultimately arrive at, your account will be monitored under the following guidelines to ensure a suitable and reasonable portfolio based on the KYC information you have provided.

What are low, medium and high risks?

When reviewing accounts for suitability of holdings, ATBSI Compliance will refer to the prospectus or "Fund Facts" document for risk ratings of mutual funds, along with our Solutions Department (our economic and securities experts) for guidance and/or feedback regarding the risk breakdown of a particular security. Investments are otherwise reviewed on the following general principles:

LOW RISK – Guarding the principal investment against significant volatility is the primary goal. While larger losses can occur over the short term or in times of chaotic market circumstances—such as the tech bubble collapse of 2000 or US mortgage crisis of 2008—in normal market cycles, these investments will provide relative safety and minimal to moderate return. Examples: Mutual funds comprised of primarily money market and investment grade debt securities, with minimal to moderate exposure to equities (i.e. Compass Conservative).

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MEDIUM RISK – Balanced capital growth and income are the primary objectives. Investments in established companies and sectors are more likely to survive and flourish over time based on their proven record of revenues, profits and goodwill, despite being subject to financial, political, credit, regulatory, reputational and other risks. If you are willing to stay invested through bearish cycles and accept moderate (and at times drastic) downward pressure on market value, medium risk investments in a well diversified portfolio generally provide better-than-average returns over time. Examples: A diversified portfolio of dividend-paying blue chip stocks; investment grade corporate bonds rated "BBB" or higher; balanced mutual funds providing diversity, income and growth (i.e. Compass Balanced; Compass Balanced Growth).

HIGH RISK – Significant capital gains are the primary goal. The investor is accepting the potential for heavier losses in the hopes of seeing their investment value rise at a stronger pace, whether short-term or long-term. Typically, these are investments in junior companies (public or private) that may operate in an emerging sector of industry or part of the world, have no track record of earnings, and have unpredictable futures and minimal liquidity. Examples: Venture stocks; senior stocks that do not pay dividend and/or operate in risky geographic or political climates; "junk bonds" (i.e. corporate bonds with high yield but rating less than "B"); private placements; flow-through shares (i.e. initial investment tax advantaged but capital itself at significant risk); undiversified mutual funds geared for maximum capital growth (i.e. venture funds; sector funds). Please note that these examples represent the highest risk investments and are not considered part of the ATBSI value proposition. Even Compass Maximum Growth is considered "medium to high risk" versus a "high risk" fund due to its well-diversified portfolio and limited exposure to the examples listed above.

We recognize that not every investor will fall squarely into one of these three primary categories. In fact many mutual funds (including our own Compass Portfolio Series) will describe in the fund's prospectus a suitability level of "low to medium" or "medium to high" tolerance for risk. If, after discussion with your advisor, you feel that your personal risk tolerance falls in between two of the three categories we've described above, no problem—you have the option of selecting that risk level on your Client Account Agreement. Examples of a "low to medium" fund would be Compass Conservative Balanced, while a "medium to high" fund would be Compass Growth or Compass Maximum Growth.

It is important to note that diversification plays a significant part in our assessment of overall risk. For example, whereas a blue chip, dividend-paying equity may be considered a "medium to high risk" investment based on the parameters above, if it was the sole holding in a client's account, the account itself may still be considered "high risk" due to its concentration risk and potential volatility. Even blue chip companies are subject to competitive pressures and no individual company is guaranteed perpetual success. Therefore, a portfolio requires diversification; a combination of resource, finance, consumer goods and utilities to eliminate the danger of a single security or sector experiencing a drop that would cause significant harm to a client's account value. The attraction of a well-designed mutual fund is that it provides ready-made diversification, so unlike individual equities, it can be held as a single investment and still be in line with the stated risk tolerance.

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PLEASE NOTE: In addition to the above information, all investments contain a number of specific risks. These include but are not limited to: inflation risk, interest rate risk, foreign exchange risk, political risk and geographical risk. For a detailed discussion of the risks involved in purchasing securities, please review the prospectus thoroughly. For secondary market purchases that are traded prospectus-exempt, please discuss the risks with your advisor.

Every risk comes with a consequence.

You may be willing to take risks, but our job is to ensure you know what goes along with that. Using borrowed money to finance the purchase of securities or any investment involves greater risk than using just cash resources. If you borrow money to purchase securities, your responsibility to repay the loan and interest, as required by its terms, remains the same even if the value of the securities purchased declines. Please ensure you discuss any decision to borrow money to finance new investments either through ATBSI or outside of our firm, for securities/ opportunities not offered by ATBSI. Your use of leverage and total debt outstanding, even for purchases outside of ATBSI, is an important element of KYC that your advisor needs to be aware of to ensure you are being provided the best financial consideration possible.

We've got your back.

ATBIS will always review your accounts to ensure the best suitability and reasonability upon opening and whenever trades occur that exceed certain dollar-value thresholds in each type of security. Suitability reviews will also be triggered:

- Whenever new assets are transferred-in from an external source or purchased at ATBSI that appear on our "Know Your Product" due diligence report (i.e. any unique structured product beyond basic Canadian mutual funds, bonds and North American equities)
- Whenever gross commissions on your account exceed $500 in a single calendar month
- Whenever a new ATBSI advisor assumes your account
- Whenever your existing advisor becomes aware of a material change to your KYC information and submits an updated Client Account Maintenance document
- Whenever a client account appears as part of a random sample for an internal advisor audit

It is ATBSI policy that advisors will, at a minimum, conduct a review of your account on an annual basis.

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IMPORTANT NOTE: Other than the situations outlined above, there is no guarantee that ATBSI will review an account after every major market fluctuation or political event (i.e. trust unit conversions; changes to registered retirement savings rules; etc). Therefore, it is important to work with your Financial Advisor and take an active role in the management and understanding of your account to ensure that it is being maintained at a level of growth and risk at which you are comfortable. Please review your trading confirmations and monthly statements upon receipt and do not hesitate to contact your ATBSI advisor or ATBSI Head Office Compliance with any questions you may have about the performance or risk rating of your portfolio.

Conflict of interest: The part of the relationship we hope to avoid

With every relationship comes the chance of being faced with conflict. We understand that—but that doesn't mean we're not going to do our best to prevent it. Our belief is that by being completely open and honest with you, we can avoid any relationship bumps and keep you happy.

1) Relationships with related or connected issuers

As part of ATB Investor Services, ATBSI is a wholly owned subsidiary of ATB Financial and an affiliated company to ATB Investment Management Inc. ("ATBIM") and ATB Insurance Advisors Inc. ("ATBIA"). These are all related parties.

ATBIM is a private investment manager, as well as the manager and portfolio adviser for the Compass Portfolio Series mutual funds. ATBIM is responsible for day-to-day operations of the Portfolios, including administration services, promoting sales of each Portfolio's securities and arranging for the provision of other services. It is also responsible for managing the strategic asset allocation and selecting (and monitoring the performance of) sub-advisors for each Compass Portfolio Series mutual fund. Trades placed at ATBIM's discretion route through ATBSI and ATBIM client accounts are held on the books of ATBSI. Supervision of ATBIM client accounts is conducted by ATBSI compliance professionals.

ATBSI is a separate legal entity from ATBF, ATBIM and ATBIA. Securities purchased from ATBSI are not insured by a government deposit insurer or by ATBF unless otherwise stated by your advisor. The value of securities purchased through ATBSI may fluctuate in value.

2) Referral arrangements

a) National Bank Correspondent Network (NBCN) – While ATBSI is able to offer equity trading to our clients, we do not hold a seat on a North American stock exchange and instead, execute individual equity trades through National Bank Correspondent Network. As a result, your equity orders may be subject to delays not otherwise experienced by IIROC members that have direct access to the equity markets. While ATBSI makes every effort to ensure swift and accurate execution of your equity orders, the final assurance that your order is entered and traded in compliance with the Universal Market Integrity Rules is the responsibility of National Bank Correspondent Network.

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b) Q-Trade Financial Group – ATBSI advisors do not encourage active equity trading, as it does not accord with our value proposition or investment philosophy. Client accounts that are seen to display a tendency towards individual equities and/or frequent unsolicited trades may be referred elsewhere to help ensure those clients benefit from lower transaction costs and faster executions. ATBSI has entered into an agreement with Qtrade Securities Inc. ("Qtrade"), under which advisors may refer clients who are interested in online brokerage services to Qtrade Investor, a division of Qtrade. Qtrade pays ATBSI a referral fee of up to 7% of the net commission generated by each ATB customer who executes transactions through Qtrade. **PLEASE NOTE:** While ATBSI has a referral agreement with Qtrade, this does not mean that trades executed by ATBSI in your account will receive Qtrade commission rates. Trades solicited by, accepted by, advised upon and executed by ATBSI (via National Bank Correspondent Network) are subject to our standard equity trading commission of 2% or as negotiated with your advisor.

c) ATB Investment Management Inc. – ATBSI Financial Advisors who refer clients to ATBIM for discretionary investment management services are paid a referral fee. The details of that arrangement and the manner in which the fees are calculated and paid are fully disclosed as part of our account opening process with you.

d) ATB Financial – We like to "keep it in the family" where possible, so we'll offer you some services and products of our parent corporation that may meet your financial needs but aren't specifically manufactured by ATBSI, including money-market products like GICs or High Interest Savings Accounts. We may also refer certain clients to our Alberta Private Client advisors (high net worth specialists who work primarily for ATB Financial but are also dually-registered with IIROC), or to our lending experts in Retail Financial Services, Commercial Financial Services or Business & Agriculture. In some instances—not all—ATBSI may receive a small one-time or ongoing referral compensation for selling ATBF product or referring business, however it's paid by our parent and not by you! You are entitled to inquire with your Advisor about any compensation we may receive for sending you to Mom & Dad for additional business services.

3) Personal & account conflicts

Outside busines activities – ATBSI advisors, advisor assistants, officers and directors may at any time be engaged in business activities related or unrelated to their employment, obligations and duties as an IIROC registrant. ATBSI Compliance will approve these external activities based upon an assessment of their potential regulatory and/or reputational risk, as well as to ensure they don't take too much time away from our primary goal of providing quality service to our clients. Once approved, these activities are filed with the National Registration Database and monitored for the potential of ongoing conflict. In some cases, our registrants are required to sign an affirmation that they will not use their outside business activity to solicit new business. You are entitled to inquire with your advisor what their individual reportable outside business activities are, if any.

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Advisor personal holdings – ATBSI advisors are required to inform their clients if they are making a recommendation on a security that they own personally. If this information is not offered, clients are within their rights to inquire as to whether their FA or GPA owns or intends to sell/purchase the security in question. Furthermore, ATBSI will inform its clients on the trading confirmation slip in situations where such information is known to the firm or advisor, whether the security they purchased or sold had an ATBSI employee on the opposite side of the trade.

Guaranteed/Guarantor accounts – ATBSI has an obligation to supervise our accounts based on the KYC information provided by the account's beneficial owner. You should know that if you are a guarantor on any other account, the suitability of transactions within that account will not be reviewed in relation to your risk tolerance or investment objectives, but rather those of the client whom you're guaranteeing.

4) Future potential conflicts

In the event that ATBSI, directly or as part of ATB Financial or ATB Investor Services, enters into future business relationships or referral arrangements that may be perceived to compromise the independence of our client service or supervision of accounts, clients will be advised of the specifics of the potential conflict via email and/or special insert into their regular monthly or quarterly statement mail-out.

Our advisors have a duty to advise Compliance of any new conflict of interest as soon as it is discovered, and further advise you about any known and related conflicts (i.e. if they have been accumulating a position in a stock you wish to purchase; if they have a relationship with a particular issuer's Board; etc.) prior to any transaction in which you engage.

Will this relationship cost you?

We've all been there. You find your perfect match, but discover it comes at a cost. Take a breath and put your wallet away. We're not after your money—not that way at least. At ATBSI, we are committed to providing you with outstanding value at a reasonable cost. Our pricing philosophy incorporates no front load commissions or redemption fees, below average management expenses on the Compass Portfolio Series and low self-directed registered plan and other account maintenance fees.

Please note that specific administrative fees charged against your account do not go to your Financial Advisor or Goal Planning Advisor. These fees go directly to the firm, and are applied against the costs of maintaining and servicing your account—from trustees to technology, and compliance supervision to paper and postage. Rather, your investment professional is compensated based on a percentage of the revenue derived from assets under their management, as well as from any commissions associated with buying or selling an equity or investment. Unlike a lawyer or accountant who would generally charge you based directly on the hours spent on your folio, your Financial Advisor is able to service your needs to the extent that both of you require for a mutual understanding and satisfaction as to your financial goals, regardless of the time it takes to get there.

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For a full disclosure of our entire current fee structure including all of the costs you will pay in making, holding and selling investments, please consult our "Pricing" brochure included as part of your client welcome package or available directly from your branch.

Performance benchmarks and how to use them

You may assess the performance of your investments by comparing them to an investment performance benchmark, a tool which shows the performance over time of a select group of securities. There are many different benchmarks, so when choosing a benchmark pick one that best reflects your investments. For example, the S&P/TSX Composite Index follows the share prices of the largest companies listed on the Toronto Stock Exchange. This index would be a reasonable benchmark for assessing the performance of a Canadian equity fund that invests only in large Canadian companies. It would be a poor benchmark if your investments are diversified in other products, sectors or geographic areas.

At present ATB Securities Inc. does not provide benchmark comparisons in our account reporting. Please speak to your investment advisor if you have questions about the performance of your portfolio or what benchmark(s) might be appropriate for you.

Are you mad at me? Let's talk about it.

Because we truly care about your financial happiness and goals, ATBSI really hopes you'll never get upset over anything we do. ATBSI has a comprehensive complaint resolution process designed to ensure that any disputes that may arise between our clients and our advisors or firm are investigated thoroughly and objectively, and addressed in a timely manner. Your New Client Welcome Package contains all the information you will need to bring your concerns to our attention and escalate, if necessary. Please see the brochure titled "Summary of ATB Securities Inc.'s Client Complaint Handling Process", available through your advisor or online at ATB.com.

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