

Annual Management Report of Fund Performance as at December 31 2009

Compass Conservative Portfolio

This annual management report of fund performance contains financial highlights but does not contain either the semi-annual or annual financial statements of the investment fund. You can get a copy of the semi-annual or annual financial statements upon request at no charge, by calling 1-888-ATB-FUND, by emailing us at atbimservice@atb.com, by contacting your dealer, or by visiting SEDAR at www.sedar.com.

Securityholders may also contact us using these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure records, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The Compass Conservative Portfolio (the portfolio) aims to preserve principal, reduce volatility, and provide investors with income and the potential for capital appreciation by investing in fixed income securities.

Under normal conditions, the portfolio holds an asset-mix consisting of 0-24% cash and equivalents, 60-86% fixed income, and 10-24% alternative investments/equities. The investments held in the portfolio are diversified by asset class and investment style to minimize volatility and to maximize risk-adjusted long-term returns.

Risk

No major changes were made to the portfolio's asset mix during the period. The mix is monitored on a regular basis, and each asset class is generally kept to within 1% of its target allocation.

Results from Operations

Cash and Equivalents

About 15% of the portfolio is invested in cash and equivalent instruments. In response to the financial system crisis that enveloped the world in late 2008, the Bank of Canada joined other central banks in cutting its target for the short-term interest rate to nearly zero. Similarly, yields on Treasury Bills and other money market instruments fell. As a result of the record low short-term interest rates, the cash and equivalent part of the portfolio generated a gross return of only 0.9% over the year.

Fixed Income

Fixed income instruments make up 61% of the portfolio. The conventional bonds comprising 38% of the portfolio experienced a gross return of 6% for the year; however, the component returns varied. As the financial system continued to recover, federal government bond prices fell while provincial and corporate bonds stabilized and rose. Including interest income, federal government bonds returned nil, provincial government bonds returned 5% and conventional corporate bonds returned 16% for the year.

The corporate/high-yield bonds that make up the remainder of the fixed income portion fared even better than conventional corporate bonds as prices rose and investors recognized that the current recession would not be as serious as expected. This component of the portfolio generated a gross return of 27% for the year.

Real Estate Investment Trusts (REITs)

REITs comprise 6% of the portfolio. Unlike the situation in the US where many REITs significantly cut distribution, the slowing Canadian economy had only a modest effect on operating results and most Canadian REITs held

distribution steady throughout the year. REIT valuations were at record lows at the beginning of the year, fell even further through to February then rose significantly thereafter resulting in a gross return of 40% for the year.

Equities

The conventional Canadian, US, and overseas large-cap equities representing approximately 17% of the portfolio had a volatile year. The large-cap equities fell sharply until early March then rose through to the end of the year. This change in investor sentiment reflected improvement in the broader economy as unemployment decelerated and the financial system began to recover. The Canadian stock market was the highest performing of the three stock markets due mainly to the boost to the Canadian energy sector from oil prices that rose from \$50 to \$80 and the strong performance of the Canadian financial sector. For the year, the Canadian equity portion of the portfolio gained 30%, whereas the US and overseas equity portions of the portfolio returned approximately 25% each.

Recent Developments

Changes

In mid-July 2009 the holdings in the cash and equivalent portion of the portfolio were moved from the ATB Money Market Fund to the Dundee Investment Savings Account as the latter offered a higher rate of interest than was available from money market instruments.

In early November 2009 the manager of the US equity portion of the portfolio was changed from Mutual Beacon to the Barclays NonPension US Equity Index fund. Following the partial acquisition of Barclays by BlackRock, the fund was renamed the BlackRock Canadian US Equity Index fund. Approximately 85% of the US-dollar exposure in this part of the portfolio continues to be hedged.

Summary

The portfolio's performance is largely based on the conventional bond market, along with contributions from cash and equivalent, corporate bonds and equities. The above average performance of the fixed income components was complemented by the above average performance of the equity components leading to an above average portfolio return for 2009.

Changeover to International Financial Reporting Standards

At December 31, 2009 the Manager is developing a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants (CICA) for changeover to International Financial Reporting Standards (IFRS), which will include identifying differences between the portfolio's current accounting policies and those it expects to adopt under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on the Net Asset Value (NAV) of the portfolio. The key elements of the plan include disclosures of the qualitative impact in the 2009 annual financial statement, the disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The Manager has presently determined that there will likely be no impact to net asset value per unit from the changeover to IFRS but will continue to assess based on changes to existing IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional note disclosures in the financial statements of the portfolio.

Related Party Transactions

The portfolio is managed by ATB Investment Management Inc. ATB Investment Management Inc. is a wholly owned subsidiary of ATB Financial.

Throughout the year, the portfolio uses the services of ATB Financial and its subsidiaries for administrative services. All transactions have been recorded at exchange value and are expected to continue into the future. The total value of services rendered by ATB Financial and its subsidiaries to the portfolio were \$14,852.

Financial Highlights

The following tables show selected key financial information about the portfolio and are intended to help you understand the portfolio's financial performance for the year ended December 31, 2009, and the fiscal periods indicated. The information on the following tables is based on prescribed regulations and as a result, is not expected to add up correctly because the increase (decrease) in net assets from operations is based on average units outstanding during the period and all other numbers are based on actual units outstanding at the relevant point in time.

Compass Conservative Portfolio – Series A

| YEAR | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|---------|---------|---------|---------|---------|
| Net assets, beginning of period¹ | \$9.69 | \$10.59 | \$10.80 | \$10.73 | \$10.49 |
| Increase (decrease) from operations; | | | | | |
| Total revenue | 0.41 | 0.47 | 0.47 | 0.50 | 0.48 |
| Total expenses | (0.14) | (0.15) | (0.15) | (0.15) | (0.16) |
| Net investment income (loss) | 0.27 | 0.32 | 0.32 | 0.35 | 0.32 |
| Realized gains (losses) for the period | 0.04 | (0.23) | (0.01) | 0.09 | 0.05 |
| Unrealized gains (losses) for the period | 1.02 | (0.67) | (0.21) | - | 0.09 |
| Net gain (loss) on investment for the period | 1.06 | (0.90) | (0.22) | 0.09 | 0.14 |
| Total increase (decrease) from operations² | 1.33 | (0.58) | 0.10 | 0.44 | 0.46 |
| Distributions; | | | | | |
| From income (excluding dividends) | (0.24) | (0.32) | (0.34) | (0.35) | (0.26) |
| From dividends | - | - | - | - | - |
| From net investment income | (0.24) | (0.32) | (0.34) | (0.35) | (0.26) |
| From capital gains | - | - | - | (0.04) | (0.02) |
| Return of capital | - | - | - | - | - |
| Total annual distributions³ | (0.24) | (0.32) | (0.34) | (0.39) | (0.28) |
| Net assets, end of period⁴ | \$10.78 | \$9.69 | \$10.59 | \$10.80 | \$10.73 |

(1) The net assets per unit shown for all periods since January 1, 2007 are referenced to net assets determined in accordance with Canadian generally accepted accounting principles and are derived from the portfolio's audited annual financial statements. The net assets per unit shown for all periods prior to January 1, 2007 are referenced to NAV. The net assets presented in the financial statements may differ from the NAV calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from investment operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash, reinvested in additional units of the portfolio, or both.

(4) In compliance with the Canadian securities regulatory authorities, a reconciliation between fund valuations for daily transactions and valuations for financial reporting is found in Note 10 of the *Notes to the Financial Statements*.

Ratios and Supplemental Data

| YEAR | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|------------|-----------|-----------|-----------|-----------|
| Total net asset value (000's) ⁵ | \$111,070 | \$63,536 | \$61,200 | \$73,372 | \$71,030 |
| Number of units outstanding ⁵ | 10,298,454 | 6,551,427 | 5,780,287 | 6,791,394 | 6,622,559 |
| Management expense ratio ⁶ | 1.40% | 1.40% | 1.41% | 1.42% | 1.52% |
| Management expense ratio before waivers or absorptions | 1.40% | 1.41% | 1.41% | 1.42% | 1.53% |
| Trading expense ratio ⁷ | 0.01% | 0.01% | 0.01% | 0.01% | 0.03% |
| Portfolio turnover rate ⁸ | 49.43% | 71.00% | 44.79% | 32.85% | 1.93% |
| Net asset value per unit | \$10.79 | \$9.70 | \$10.59 | \$10.80 | \$10.73 |

(5) This information is provided as at December 31 of year shown.

(6) Management expense ratio (MER) is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(8) The portfolio's portfolio turnover rate indicates how actively the portfolio's Portfolio Advisor manages its portfolio of investments. A portfolio turnover rate of 100% is equivalent to the portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

Financial Highlights (continued)

Compass Conservative Portfolio – Series F

| YEAR | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|---------|---------|---------|---------|---------|
| Net assets, beginning of period¹ | \$9.73 | \$10.65 | \$10.89 | \$10.80 | \$10.53 |
| Increase (decrease) from operations; | | | | | |
| Total revenue | 0.44 | 0.50 | 0.46 | 0.51 | 0.51 |
| Total expenses | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) |
| Net investment income (loss) | 0.43 | 0.49 | 0.45 | 0.50 | 0.50 |
| Realized gains (losses) for the period | 0.06 | (0.23) | - | 0.10 | 0.05 |
| Unrealized gains (losses) for the period | 0.92 | (0.62) | (0.25) | 0.02 | 0.09 |
| Net gain (loss) on investment for the period | 0.98 | (0.85) | (0.25) | 0.12 | 0.14 |
| Total increase (decrease) from operations² | 1.41 | (0.36) | 0.20 | 0.62 | 0.64 |
| Distributions; | | | | | |
| From income (excluding dividends) | (0.35) | (0.48) | (0.51) | (0.50) | (0.37) |
| From dividends | - | - | - | - | - |
| From net investment income | (0.35) | (0.48) | (0.51) | (0.50) | (0.37) |
| From capital gains | - | - | - | (0.04) | (0.02) |
| Return of capital | - | - | - | - | - |
| Total annual distributions³ | (0.35) | (0.48) | (0.51) | (0.54) | (0.39) |
| Net assets, end of period⁴ | \$10.85 | \$9.73 | \$10.65 | \$10.89 | \$10.80 |

(1) The net assets per unit shown for all periods since January 1, 2007 are referenced to net assets determined in accordance with Canadian generally accepted accounting principles and are derived from the portfolio's audited annual financial statements. The net assets per unit shown for all periods prior to January 1, 2007 are referenced to NAV. The net assets presented in the financial statements may differ from the NAV calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from investment operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash, reinvested in additional units of the portfolio, or both.

(4) In compliance with the Canadian securities regulatory authorities, a reconciliation between fund valuations for daily transactions and valuations for financial reporting is found in Note 10 of the *Notes to the Financial Statements*.

Ratios and Supplemental Data

| YEAR | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|-----------|-----------|-----------|-----------|-----------|
| Total net asset value (000's) ⁵ | \$33,861 | \$17,769 | \$15,072 | \$26,532 | \$26,110 |
| Number of units outstanding ⁵ | 3,118,161 | 1,824,815 | 1,415,399 | 2,436,746 | 2,417,021 |
| Management expense ratio ⁶ | 0.09% | 0.09% | 0.08% | 0.08% | 0.13% |
| Management expense ratio before waivers or absorptions | 0.10% | 0.09% | 0.08% | 0.08% | 0.15% |
| Trading expense ratio ⁷ | 0.01% | 0.01% | 0.01% | 0.01% | 0.03% |
| Portfolio turnover rate ⁸ | 49.43% | 71.00% | 44.79% | 32.85% | 1.93% |
| Net asset value per unit | \$10.86 | \$9.74 | \$10.65 | \$10.89 | \$10.80 |

(5) This information is provided as at December 31 of year shown.

(6) Management expense ratio (MER) is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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Management Fees

For the year ended December 31, 2009, the portfolio paid ATB Investment Management Inc. management fees of \$966,047. The management fee for series A is calculated as a percentage of its net asset value, as of the close of business on each business day. The management expense ratios were 1.40% for Series A and 0.09% for Series F. The portfolio's management fees were used by ATB Investment Management Inc. to pay costs for managing the investment portfolio, to provide investment analysis and recommendations, to make investment decisions, to purchase and sell investments, and to provide other services.

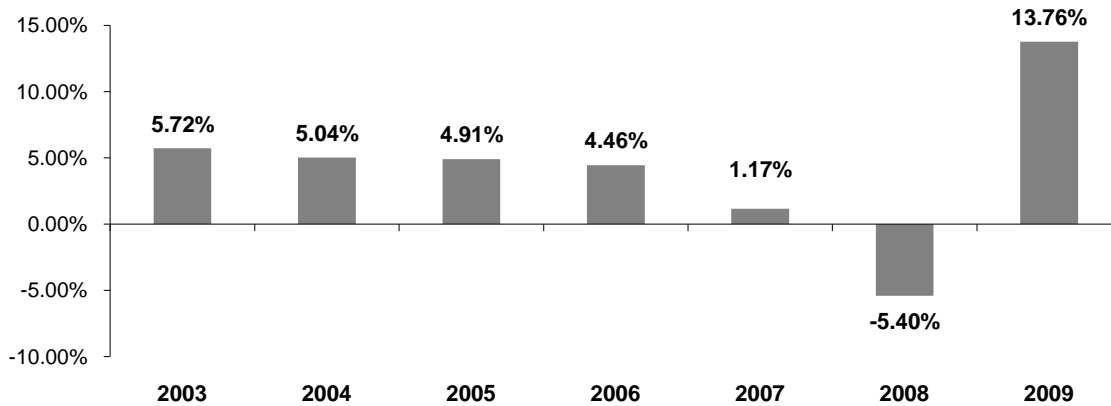
Past Performance

The performance information shown assumes all distributions made by the portfolio in the periods shown were reinvested into additional securities for the portfolio.

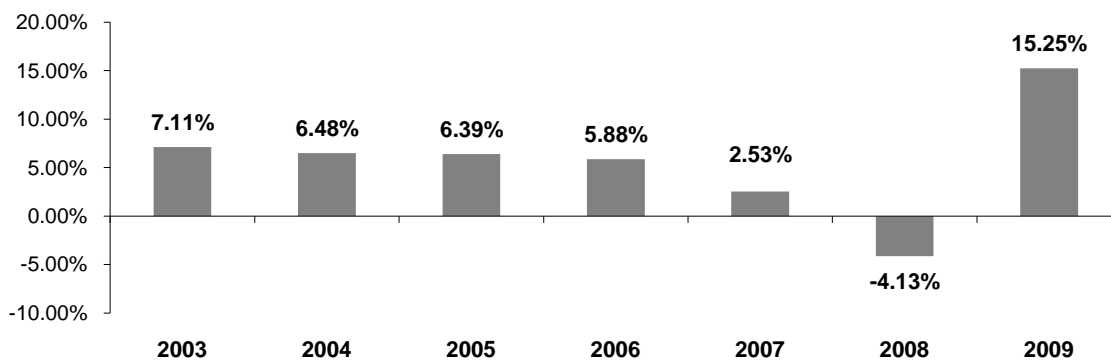
Year by Year Returns

The following information shows the portfolio's performance for the year ended December 31, 2009 and for each of the previous years. The bar charts illustrate how the portfolio's performance has changed from period to period and also indicates in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased in value by the last day of each period.

Series 'A'



Series 'F'



**Compass Conservative Portfolio
Summary of Investment Portfolio as at
December 31, 2009**

Asset Mix

| <i>Investment</i> | <i>% Weight</i> |
|-------------------|-----------------|
| Bonds | 61.0% |
| Equities | 23.5% |
| Cash & Other | 15.5% |

Sector Mix

| <i>Investment</i> | <i>% Weight</i> |
|------------------------|-----------------|
| Bonds | 61.0% |
| Cash & Other | 15.5% |
| REIT | 6.2% |
| Financials | 4.6% |
| Industrials | 2.7% |
| Energy | 2.6% |
| Info Technology | 1.7% |
| Consumer Staples | 1.4% |
| Consumer Discretionary | 1.1% |
| Health Care | 1.0% |
| Materials | 1.0% |
| Telecommunications | 0.8% |
| Utilities | 0.4% |

Top 25 Holdings

| <i>Investment</i> | <i>% Weight</i> |
|---|-----------------|
| BlackRock Canada Universe Bond Index Fund | 37.8% |
| Dundee Investment Savings Account | 13.7% |
| Mawer Canadian Equity Fund | 6.2% |
| Mawer World Investment Fund | 5.9% |
| BlackRock Canadian US Equity Index Fund | 5.8% |
| Cominar Real Estate Investment Trust | 1.4% |
| Canadian Real Estate Investment Trust | 1.4% |
| RioCan Real Estate Investment Trust | 1.1% |
| The Goldman Sachs Group, Inc. 5.25% Jun 01/16 | 1.1% |
| Viterra, Inc. 8.50% Jul 07/14 | 1.0% |
| Northern Property Real Estate Investment Trust | 0.9% |
| The Royal Bank of Scotland Group PLC 6.67% Oct 05/17 | 0.8% |
| 407 International Inc. 7.00% Jul 26/40 | 0.8% |
| SLM Corporation 4.63% Jun 15/11 | 0.8% |
| Altagas Income Trust 7.42% Apr 29/14 | 0.7% |
| Merrill Lynch & Co., Inc. 4.50% Jan 30/12 | 0.7% |
| TELUS Corporation 4.95% Mar 15/17 | 0.7% |
| General Electric Capital Canada Funding 5.68% Sep 10/19 | 0.7% |
| Metropolitan Life Global Funding I 4.50% Feb 10/11 | 0.6% |
| Cogeco Cable Inc. 5.95% Jun 09/14 | 0.6% |
| Calloway Real Estate Investment Trust | 0.6% |
| Morgan Stanley Group Inc. 4.90% Feb 23/17 | 0.6% |
| KIMCO North Trust III 5.18% Aug 16/13 | 0.5% |
| GE Capital Canada Funding Company 5.73% Oct 22/37 | 0.5% |
| Honda Canada Finance Inc. 5.68% Sep 26/12 | 0.5% |

Equity Weight by Location

| <i>Investment</i> | <i>% Weight</i> |
|-------------------|-----------------|
| Cdn REITs | 6.2% |
| Canada | 5.8% |
| US | 5.8% |
| Overseas | 5.7% |

Total Fund Net Asset Value \$ 144,931,284

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund.

The most recent annual or semi-annual reports are available at no cost by calling 1-888-ATB-FUND, by e-mailing <mailto:atbimservice@atb.com>, or by visiting our website at <http://www.atb.com/>.

Prospectus and other information about underlying investment funds are available on the internet at www.sedar.com.

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