

**2020 IRC REPORT TO SECURITYHOLDERS**

**Compass Portfolios and ATBIS Pools**

March 19, 2021

Dear Securityholder:

Please find enclosed our Report to the Securityholders as the Independent Review Committee (the “IRC”) for the Compass Portfolios and the ATBIS Pools (the “Investment Funds”) managed by ATB Investment Management Inc. (“ATBIM” or the “Manager”). A list of the Investment Funds is included in this Report.

The IRC was formed pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”) issued by the Canadian Securities Administrators. NI 81-107 requires that conflict of interest matters (the “Conflicts”) identified by the Manager be referred to the IRC for its recommendation or approval, depending on the nature of the Conflict. Conflict of interest matters arise when the interests of the Manager and those of the securityholders of the Investment Funds are not necessarily the same. In such circumstances, the Manager is required to establish Policies and Procedures that will ensure that any potential Conflicts will be appropriately resolved and that the Manager will act on the best interests of the securityholders of the Investment Funds. For each Conflict referred to the IRC by the Manager, the IRC’s responsibility is to determine if the Manager’s proposed action achieves a fair and reasonable result for the Investment Funds. The Manager is not required to refer Conflicts to the IRC each time one arises if it complies with the terms of the Policies and Procedures that are then in effect.

The individuals appointed by the Manager to the IRC have experience in a variety of areas, including mutual funds, investment management, financial institutions, as well as executive-level practice in the operations, legal and accounting fields. In particular, they all have extensive experience dealing within a regulatory environment. The IRC adheres to a written charter and convenes to review the Conflicts referred by the Manager and the Manager’s Policies and Procedures related to such Conflicts at regular meetings and as required otherwise. The IRC provides standing instructions to the Manager, effectively requiring the Manager to comply with its Policies and Procedures when dealing with the identified Conflicts, and to provide the IRC with periodic reports of the occasions on which it applied such Policies and Procedures.

NI 81-107 requires the IRC to conduct an annual assessment of certain matters including the adequacy and effectiveness of the Manager’s Policies and Procedures relating to Conflicts and to conduct a self-assessment of the IRC’s independence, compensation and effectiveness.

The IRC continues to work with the Manager to serve in the best interests of the Investment Funds.

A handwritten signature in black ink, appearing to read 'Richard Dobson', with a long horizontal stroke extending to the right.

**Richard Dobson**  
Chair, Independent Review Committee

## Introduction

The IRC for the Investment Funds managed by ATBIM was formed on May 1, 2007 pursuant to NI 81-107 and became operational on August 24, 2007.

The information in this report is for the period from January 1, 2020 to December 31, 2020, the financial year-end of the Investment Funds.

## IRC Members

The names of the members of the IRC are listed below:

<u>Name</u>	<u>Residence</u>
Richard Dobson	Calgary, Alberta
Suzanne Hathaway	Toronto, Ontario
Robert Waters	Calgary Alberta
Michael Godwin	Calgary, Alberta

None of the IRC members serve on the independent review committee for any other mutual fund family.

Mr. Dobson was appointed to the IRC on January 14, 2015, and Ms. Hathaway and Mr. Waters were appointed to the IRC on May 6, 2016. Mr. Godwin was appointed to the IRC on September 28, 2018.

The Chair of the IRC is Richard Dobson.

## Regulatory Compliance Experience of Members

IRC members have the following regulatory compliance experience:

**Richard Dobson** – Mr. Dobson is a retired financial services professional who has held several senior positions in the banking industry primarily in Alberta. This has included experience as both a financial advisor and a supervisor with MFDA and IIROC-regulated firms.

Mr. Dobson was employed by ATB Financial, a related entity to the Manager, from 1998 through his retirement in 2014, including June 2004 to January 2012 during which he was employed by entities other than the Manager within the ATB Investor Services group. The IRC considered whether the appointment of Mr. Dobson would present a conflict of interest and concluded that it did not given that Mr. Dobson was not employed by the Manager, was not involved in the day-to-day management of the Manager or the Investment Funds, and since his retirement no longer stands to gain any pecuniary interest arising from his prior role with the related company to the Manager. Mr. Dobson continues to hold units in the Investment Funds through accounts held at ATB Securities Inc.

**Suzanne Hathaway** - Ms. Hathaway has over 25 years of professional experience, including 19 years as a practicing lawyer. As a senior executive of a reporting issuer, Ms. Hathaway has extensive experience in securities and corporate governance, as well as a broad range of compliance matters, including health and safety, environmental, business conduct, internal controls and disclosure controls. Ms. Hathaway also has a track record of leading interdisciplinary teams in capital raising, continuous disclosure and reporting, environmental performance and integrated risk

management.

**Robert Waters** - Mr. Waters has over 30 years of experience with both public and private oil & gas companies, and he has over 20 years' experience as a Senior Vice President and Chief Financial Officer. He has been responsible for capital markets, finance, accounting, information systems, investor relations, human resources, and tax. Mr. Waters has been involved in the preparation of disclosure documentation for securities regulations. He is also familiar with internal controls and public disclosure requirements.

**Michael Godwin** - Mr. Godwin has significant experience as an audit partner and leader of a financial services practice, in Alberta, of a national audit firm prior to his retirement in 2017. Mr. Godwin has been responsible for clients in banking, insurance, investment management and funds and broker-dealers, which were subject to a variety of provincial and federal regulation. Mr. Godwin has over 30 years of experience on audits of financial institutions of varying sizes and complexity, both public and private companies. Mr. Godwin also has extensive experience in meeting with audit committees and boards of financial services and regulatory matters affecting financial institutions in addition to audit reporting matters, such as credit processes and risk management regulatory compliance, derivative instruments and in reporting on internal controls.

### **Holdings of Securities**

As required, IRC members are careful in remaining independent and are transparent in their personal holdings of the Investment Funds.

1. Investment Funds

As of December 31, 2020 the percentage of the units of each class or series of the Investment Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10% of the outstanding units of any class or series of any Investment Funds.

2. Manager

As of December 31, 2020 no member of the IRC owned beneficially, directly or indirectly, in aggregate, any class or series of voting or equity securities of ATBIM.

3. Service Providers

As of December 31, 2020 no member of the IRC owned beneficially, directly or indirectly, in aggregate, any class or series of voting or equity securities of any person or company that provides services to the Investment Funds or to ATBIM with respect to its fund business.

### **IRC Compensation and Indemnities**

The members of the IRC are entitled to be compensated by the Investment Funds and to be indemnified by the Investment Funds in appropriate circumstances. The aggregate compensation paid by the Investment Funds to the IRC for 2020 was \$25,500. No IRC expenses were reimbursed in 2020.

The compensation costs have been apportioned amongst the Investment Funds.

No indemnities were paid to IRC members by the Investment Funds during the period.

The initial compensation paid to the IRC was set by ATBIM. At least annually, the IRC will review its compensation giving consideration to the following:

1. The nature, number and complexity of the funds that make up the Investment Funds;
2. The nature and extent of the workload on Members;
3. Best practices in the industry including surveys of compensation paid to independent review committees by Canadian investment funds; and
4. The best interests of the Investment Funds.

Throughout 2020, the IRC reviewed its compensation and, after considering the above noted factors, the IRC decided not to make any changes to its compensation in 2020.

### **Conflict of Interest Matters**

When a conflict of interest matter arises, the Manager must, with the input of the IRC, establish written Policies and Procedures with respect to that type of matter and refer the matter, along with its proposed action, to the IRC for its review and recommendation or approval, depending on the nature of the conflict.

The IRC is not aware of any instance when the Manager acted in a conflict of interest matter referred by the Manager to the IRC but did not meet a condition imposed by the IRC in its recommendation.

The IRC is not aware of any instance when the Manager acted in a conflict of interest matter referred by the Manager to the IRC for which the IRC did not give a positive recommendation.

## Positive Recommendations Relied on During the Period

During the period, the Manager relied on positive recommendations and standing instructions granted by the IRC with respect to conflicts of interest matters addressed by the following policies and procedures of the Manager:

1. M1-20-10 Conflicts of Interest
2. M1-25-05 Fundamental Changes
3. M1-30-10 Engaging Third Party Service Providers
4. M1-30-25 Monitoring of Transfer Agency Function
5. M1-30-30 Custodial Arrangements
6. M1-35-20 Selection of Sub-advisors
7. M1 35-25 Monitoring Sub-Advisors
8. M1-35-30 Periodic site visits
9. M1-40-10 Monitoring of Fund Valuation and Fund Accounting Functions
10. M1 35-05 Fund Investment Controls
11. M1 35-10 Cash Management
12. M1-55-15 Short-term Trading and Market Timing
13. M1-60-05 General Requirements
14. M1-60-10 Disclosure of Interest
15. M1-60-15 Use of Investment Fund Data in Marketing Materials
16. M1-60-20 Communications and Advertisements
17. M1-60-25 Cooperative Marketing
18. M1-60-30 Cooperative Advertising
19. M1-60-45 Other Sales Practices
20. M1-55-30 Personal Trading
21. M1-55-05 General Obligations
22. M1-55-10 Fair Allocation of Investment Opportunities
23. M1-55-15 Short term trading and market timing
24. M1-55-25 Trade Supervision
25. M1-55-20 Use of Client Brokerage Commissions (Soft Dollar Arrangements)
26. M1-60-05 General Requirements
27. M1-55-30 Personal Trading

## Recommendations and Standing Instructions

During the period January 1, 2020 and ending December 31, 2020, the Manager relied on the following recommendations and approvals granted by the IRC:

1. On an ongoing basis, to comply with the Manager's written policies and procedures established under section 2.2 of *NI 81-107* (Standing Instruction No. 1); and
2. On an ongoing basis, to report to the IRC any non-compliance with the Manager's written policies and procedures established under section 2.2 of *NI 81-107* (Standing Instruction No.2).

## Additional Information

Securityholders who would like additional details regarding the activities of the IRC may contact the Manager at 1-888-ATB-FUND or email [atbimservice@atb.com](mailto:atbimservice@atb.com). Questions for members of the IRC will be appropriately directed to our attention.

**LIST OF FUNDS** (as at December 31, 2020)

**Compass Conservative Portfolio**  
**Compass Conservative Balanced Portfolio**  
**Compass Balanced Portfolio**  
**Compass Balanced Growth Portfolio**  
**Compass Growth Portfolio**  
**Compass Maximum Growth Portfolio**  
**ATBIS Fixed Income Pool**  
**ATBIS Canadian Equity Pool**  
**ATBIS U.S. Equity Pool**  
**ATBIS International Equity Pool**

Series A, F1 and O units