


 ATB

Wealth™

The perfect relationship

(disclosure document)

A how-to guide for the ideal
investing relationship

Effective: November 2021

ATB Securities Inc.

1. Who we are

ATB Securities Inc. (ATBSI), ATB Investment Management Inc. (ATBIM) and ATB Insurance Advisors Inc. (ATBIA), discussed in this document, are all wholly-owned subsidiaries of ATB Financial and all operate primarily in Alberta. These three subsidiaries conduct business under the trade name ATB Wealth.

ATBSI is a member of the Investment Industry Regulatory Organization of Canada (IIROC), Canada's national regulator of securities firms, as well as the Canadian Investor Protection Fund (CIPF).

ATBSI offers mutual funds, including our proprietary Compass Portfolios and ATBIS Pools mutual funds (ATB proprietary products) as discussed further below.

Our advisors follow a carefully-measured approach with a long-term vision when recommending investment solutions. We customize our advice to your specific goals and dreams.

2. Staying involved in our relationship

Strong communication is an important part of any relationship. Your investment relationship is no exception. Our advisors strive to understand your circumstances, needs and objectives, but good advice depends on good information. For this reason, it is important to remain proactive and stay involved in your investment relationship.

It is important for your information to be up-to-date in order for us to provide you with the best advice. Your situation may change over time, which can affect what advice is best-suited for you. Please advise us of any changes to your personal information that could affect your needs, such as a change in your income, health, marital status, investment goals, risk tolerance or net worth. This will help us to make recommendations that match your situation as it changes.

We also encourage you to stay informed about your investments. The better you understand your own investment situation, the more our advisors can effectively tailor their advice to you. We will provide you with relevant sales literature and "Fund Facts" documents to help explain your investment options, including their risk levels and historical returns. We will also report to you about your investment performance, account activity and fees, as described below.

If there is any information we can provide that will help you with understanding your investment situation or your relationship with us, please do not hesitate to ask your advisor. Asking questions can ensure that we are focusing on the right priorities for you and providing you with appropriate advice. However, please be aware that we cannot provide legal or tax advice, so we encourage you to engage other professionals where appropriate, such as your lawyer or accountant.

3. Our products and services

ATBSI is committed to providing investment solutions for individuals, sole proprietorships, partnerships, incorporated businesses, trusts, and other non-corporate entities. We offer a wide range of investment options, including the following:

- Guaranteed investment certificates, high-interest savings accounts and other money-market products;
- Government bonds, corporate bonds and other fixed-income solutions;
- Access to exchange-traded-funds and equities available on North American stock exchanges; and
- Mutual funds, including ATB proprietary products.

Though ATBSI offers access to equity investments, individual equity trades are executed through a third-party, the National Bank Independent Network. ATBSI is the dealer of record for these transactions. As a result, equity trades may be subject to longer delays and potentially higher commission fees than would be experienced by other retail brokers with direct access to stock exchanges.

All accounts with ATBSI are non-discretionary. That is, all trades and investment decisions in your account must be approved by you prior to and at the time of execution, even if recommended by your advisor. We strive to understand your goals and aspirations and will tailor our advice to your situation, but you will have ultimate responsibility over your investment decisions.

The accounts that we offer are available in Canadian and, in some cases, US dollar denominations, and include the following:

- Non-registered cash and margin accounts;
- Registered retirement savings plans;
- Tax-free savings accounts;
- Registered education savings plans;
- Registered retirement income funds;
- Locked-in retirement accounts;
- Life income funds;
- Registered disability savings plans; and
- Group savings plans.

These accounts can be set up for automatic contributions or withdrawals or for the automatic reinvestment of mutual fund distributions, if desired. Equity dividends are not automatically reinvested, so your advisor will contact you for approval before reinvesting that type of distribution.

We can also provide access to insurance products through ATBIA. ATBIA acts as a broker and searches from a pool of selected providers to find the best policy to meet your needs.

4. Limitations on our products and services

Our advisors will not recommend a security unless they have determined that it is suitable for your circumstances and puts your interests first.

Our investment solutions can include ATB proprietary products. We offer several fund options that are designed to meet different investment goals and risk profiles. These ATB proprietary products undergo the same due diligence, selection, and ongoing processes as any other investment solutions that we offer. However, ATB proprietary products have some limitations when compared to other investments.

ATB proprietary products do not trade on a general market place. ATB proprietary products are offered by ATBIM and currently through a limited number of authorized dealers. You can redeem your ATB proprietary product back to the fund at any time, but you cannot resell the ATB proprietary product to third parties, including

transferring the units to another portfolio management firm. There may be tax implications to consider upon redeeming the units.

Mutual funds (whether proprietary or otherwise) do not generally have a minimum holding period, but they may charge a short-term trading fee of up to 2% in some cases. Short-term trading fees are in place to protect the fund and unitholders from the artificial costs that arise from frequent trading. This fee will typically apply if you switch out of or redeem your investment in a mutual fund shortly after your initial purchase. This fee will apply if the redemption or switch occurs within 30 days for the Compass Portfolios and within 60 days for the ATBIS Pools.

Depending on the type of account you open, there may also be restrictions on the type of investment products that we offer. Accounts held through ATB Prosper can only invest in the Compass Portfolios mutual funds. These accounts do not have access to other types of investment products or non-proprietary mutual funds. It is important to choose the right type of account for your investment goals.

ATBSI does not offer investments in derivatives, including options and futures contracts.

5. “Know your client” information

Our advisors will tailor their advice to you, based on the goals and aspirations you disclose to us. This requires us to collect and maintain accurate and up-to-date information about you, known as “know your client” or KYC information. Your privacy is important, and we will work to guard and protect your confidential information. You can learn more about our commitment to your privacy in ATB Financial's Privacy Code, which we have adopted, available online or through your advisor.

KYC information is used to ensure that your investments are “suitable” (in line with your risk profile and investment objectives) and “reasonable” (make sense based on your complete KYC information). The information we collect includes aspects of your personal circumstances such as occupation, family situation, your sources of income and net worth, your investment needs and objectives, risk profile, and investment time horizon. We will inquire about your investment knowledge and a variety of other matters to truly inform us about you.

Your **investment needs and objectives** refers to the results you wish to achieve through your investments, such as preserving your initial capital, generating a stream of income, growing your wealth, or a combination of multiple objectives.

Your **risk profile** refers to both your comfort with accepting risk, as well as your ability to absorb a financial loss if the risk materializes. This may change over time, as your needs and life circumstances change, and is an important part of deciding whether an investment is suitable for your situation.

Your **investment time horizon** refers to the time period you expect to hold your investments or to accomplish each of your goals. As your needs change, your investment time horizon may also change.

Your **investment knowledge** refers to your understanding of investing, taking into account your experience, understanding of financial markets, the levels of risk and restrictions involved in different types of investments, and how those risks may affect your returns, among other things. Your advisor will explore this with you as part of the account opening process.

It is important for your KYC information to be kept up-to-date, since our advisors use it to inform their recommendations and advice. If there is any material change in your information, please let your advisor know as soon as possible. We will also review your KYC information with you periodically.

We will provide you with a copy of the KYC information we have collected at the time of account opening, as well as any time we become aware of a material change to this information.

5.1 Contacting your Trusted Contact Person

Your financial security is important to us, and we have internal policies and procedures designed to help protect your wealth. When we gather KYC information from you, we will also ask you to identify one or more Trusted Contact Person – a responsible, trusted person in your life. We may contact this Trusted Contact Person to gather information and discuss your personal situation only in specific circumstances, with your consent.

Your Trusted Contact Person does not, solely by virtue of being declared your Trusted Contact Person, have the authority to engage in transactions, view your account information, or make other decisions with respect to your account. Instead, your Trusted Contact Person is intended to assist us in protecting your financial assets by acting as a trusted source of information.

We may reach out to your Trusted Contact Person for assistance in the following situations:

- If we have noticed warning signs or have concerns:
 - » That you may be suffering financial exploitation; or
 - » About your cognitive capacity or emotional health as it relates to financial decision making;
- To obtain the name and contact information of your legal representative, such as a guardian, trustee, or attorney under a power of attorney; and
- To obtain contact information for you, in the event we have been unable to reach you through our normal means of communication.

In the event we have concerns that you are facing the risk of financial exploitation or the loss of cognitive capacity, we will take reasonable steps to speak with you directly about these concerns before contacting your Trusted Contact Person.

5.2 Temporary protective holds

Securities regulators have become increasingly concerned about the risks faced by vulnerable persons for their financial security. Some individuals may be more vulnerable to the risks of financial exploitation due to illness, impairment, disability, or emotional and physical health concerns. An ill-intentioned person may attempt to take advantage of that vulnerability to appropriate, control, or benefit from the vulnerable individual's financial assets.

These fraudulent or coercive behaviours place vulnerable Canadians at risk every year. In order to protect our vulnerable clients, we have the option to place a temporary hold on certain investment activities in your account. This may include a hold on the ability to purchase or sell a specific security in your account or to withdraw or transfer cash or securities from your account.

For the purpose of protecting your financial security, we may choose to place a temporary hold in two situations:

- If we have reasonable grounds to believe that:

- » You are vulnerable to becoming a victim of financial exploitation, for example, due to illness, impairment, disability, or emotional and physical health concerns; and
- » That financial exploitation has occurred, will occur, or has or will be attempted; or
- If we have reasonable grounds to believe that you have lost the cognitive capacity or emotional wherewithal to make financial decisions.

This requires us to have more than just a suspicion that you are at risk. Our advisors must have reasonable grounds to believe the hold is justified, and must document those reasons. If we place a temporary hold on your account, we will contact you to notify you about the hold as soon as possible. This notice will also explain the limits of the protective hold and our rationale for placing it.

Any temporary hold will be reviewed periodically, to confirm whether it should be continued. Once we have placed a hold, we will review this decision at least every 30 days. If we conclude the hold continues to be justified, we will notify you of that decision and our reasons for continuing the hold.

6. Investment risks

When you invest your money, there is uncertainty about how well your investments will perform in the future. Investments usually carry some potential for loss, but the degree of risk depends on the type of investment you choose. Before you make an investment decision, you should consider the risks.

Generally, investors with a high tolerance for risk tend to see the largest gains when the stock market is strong. However, higher risk investments have more uncertainty and a greater potential for loss. Similarly, investors with a low tolerance for risk will often see slower growth, but with less uncertainty and a lower risk of loss. It is important for you and your advisor to understand both your risk tolerance and capacity for risk in order to make investment decisions that meet your needs.

When we collect or update your KYC information, we will explore your risk profile to ensure that the investment solutions we recommend are suitable for you and put your needs first. If your financial situation, cash needs, investment goals, or risk profile change, please let us know so that we can ensure our recommendations align with your objectives.

ATBSI may refer to the prospectus or “Fund Facts” document, among other resources, as part of its process to determine risk ratings of mutual funds and other securities. We encourage you to review these documents for yourself, to ensure you are comfortable with your investment risks. When determining risk levels, we use the following general principles:

- **Low Risk** investments refer to investments that have a minimal to moderate return and are relatively safe during normal market cycles. These investments may still suffer loss during chaotic events, but those events are less frequent. These investments are often used to help protect your principal from volatility.
- **Medium Risk** investments typically include investments in companies and sectors that are likely to survive and grow over time, based on their history. These investments may have various risks, including market, financial, political, credit, regulatory, and reputational risk, among others. These investments may suffer greater losses in value during market downturns compared to low-risk investments, but tend to provide comparatively higher returns over time in a well-diversified portfolio.

- **High Risk** investments refers to investments with a higher potential for loss, but a greater opportunity for above-market returns. This may include investments in emerging markets or industries, where the future value of the investment is unpredictable.

Many investors do not fall cleanly into a single category. You should discuss your risk tolerance with your advisor in detail, to ensure your advisor is able to make suitable recommendations for your situation.

Your true level of risk depends on more than just the specific investment you choose. The level of diversification in your portfolio is also important. No individual company is guaranteed to succeed in the long-term, so concentrating your investments into a single security, single industry, or single market may carry a higher level of risk.

There are several other risks that may apply, depending on your choice of investments including matters related to inflation, interest rates, foreign exchange rates, liquidity, credit, small capitalization, operational, and geographical. In order to fully understand the risks associated with a particular security, please review the prospectus and offering documents and discuss the risks with your advisor.

7. Risk of leveraged investing

If you borrowed money to finance the purchase of an investment, there can be a higher level of risk. You must still repay the amount of your loan and any interest owed, even if the value of your investment declines. If you wish to borrow money to finance an investment—whether through ATBSI or otherwise—you should discuss the decision with your advisor and ensure you understand the risks. This is an important part of your KYC information that we use to determine whether an investment is suitable in your circumstances.

8. Suitability

Before opening an account or taking an investment action like recommending, purchasing or selling a security in your account, we have an obligation to determine whether the investment decision is suitable for you. This obligation begins at the time of opening your account, to ensure the account type and fees are appropriate for you, given your circumstances.

We base our suitability determination on, among other things:

- The KYC information that you provided;
- Our advisors’ knowledge and expertise about that security;
- The impact the investment decision would have on your account; and
- How the costs of that investment decision may affect your return.

In doing so, we must determine not only whether the decision is suitable for you, but we must also ensure your interests are put first. If there are several alternatives that may be suitable for you, we have an obligation to put your interests at the forefront.

We will review the suitability of the positions in your account at the following times, among others:

- Before making a recommendation to purchase, sell, or continue to hold a security;
- Before accepting trade instructions from you to purchase or sell a security;
- Any time new assets are transferred into your account;
- If there is a change in the advisor responsible for your account;
- If we become aware of a material change in your KYC information;
- After our periodic review of your KYC information; and
- As part of a random sample for an internal advisor audit or automated supervisory query.

Outside of these circumstances, there is no guarantee that ATBSI will review an account for suitability in situations such as major market fluctuations or political events. It is important to work with your advisor and take an active role in managing and understanding your account.

9. Conflicts of interest

Any investment relationship comes with the risk of conflicts of interest. A conflict of interest arises any time that your interests diverge from the interests of ATBSI or one of our advisors. We have adopted policies and procedures to identify any potential, actual, or perceived conflicts of interest, in order to ensure that ATBSI adheres to the highest ethical standards.

When ATBSI identifies a material conflict of interest, we will manage it in a fair and transparent manner, consistent with your best interests. If a conflict cannot be managed in your best interests through internal controls, we will avoid the conflict entirely. In each case, if we identify a conflict of interest, we will disclose this to you in a timely and meaningful manner.

We maintain a list of all of the potential conflicts of interests that we have identified, together with an explanation of how we have addressed those conflicts, in our Conflicts of Interest Statement. This statement will be provided to you at the time of opening an account, alongside this relationship disclosure document. We will also provide a copy of this Conflicts of Interest Statement any time that a new conflict of interest is identified or if the statement is updated or amended.

10. Fees

Your advisor has an obligation to provide you with pre-trade disclosure when accepting an order to purchase or sell securities. This disclosure will outline:

- An estimate of the total cost of the initial transaction and the cost over time;
- Any deferred sales charge that may apply upon selling the securities, if relevant;
- Any trailing commissions the advisor or ATBSI may receive in respect of the securities; and
- Any management expense fees or other ongoing fees you may incur in connection with the securities.

ATBSI does not charge front-load commissions but may charge a redemption fee on ATB proprietary and nonproprietary products. Our pricing philosophy aims for below-average management expenses on our ATB proprietary products and competitive self-directed registered plan and other account maintenance fees.

It is important for our fees to be both fair and clearly explained. A full disclosure of our current fee structure, including all of the costs you will pay in making, holding and selling investments, is available in our pricing brochure, a copy of which will be provided to you at the time of account opening. We also disclose this information on your annual charges and compensation statement each January.

Investments in mutual funds, including our ATB proprietary products, often have a management fee embedded in the investment. The mutual fund pays these fees to the investment fund manager, for the purpose of overseeing the management and administration of the fund. Though you do not pay these fees directly, they can still affect you by reducing the funds' total returns.

Some of the accounts that we offer may charge a quarterly advisory fee, rather than charging a commission per transaction. If you open a fee-based account, your advisor will provide you with a fee agreement to describe its costs and benefits. We monitor your accounts on an ongoing basis to ensure that the type of fee structure—fee-based or commission-based—is suitable for you. If we determine that you will be better served in a different type of account, we will flag the account and discuss your account options with you.

The fees charged by ATBSI do not go to your advisor. These fees are paid to the firm and applied against the cost of maintaining and servicing your account. Except for those advisors at ATBSI who are compensated through salary, your advisor is compensated by a percentage of the revenue derived from assets under their management, together with any commissions associated with buying or selling a specific investment. If your advisor will receive a commission from a third-party as a result of your decision to purchase or sell a specific investment, your advisor will disclose that commission to you in advance.

In some cases, advisors may receive fees from another ATB Wealth subsidiary in connection with their relationship with you. For example, an advisor may receive a referral fee when referring a client to ATBIM. Any referral fees that your advisor may receive will be disclosed to you in advance of making any referrals.

If your investment strategy involves frequent trading or a tendency towards trading in equities, we may refer you to an external online brokerage partner, QTrade (the operating name for Credential Qtrade Securities Inc., a division of Aviso Wealth), to reduce your transaction costs and improve trade execution speed. QTrade will pay ATBSI a referral fee of up to 7% of the net commission generated by your transactions with QTrade. Please note that any equity trades executed by ATBSI will continue to be subject to ATBSI's fee structure. Only equity trades executed by QTrade will benefit from QTrade's commission rates.

11. The compounding effect of fees

It is important to understand that the fees and charges you pay can have an effect on the long-term performance of your investments. Annual recurring fees reduce the value of your investments each year, which can have a compounding effect on your return. Since the fees reduce the value of your investments, there will be a smaller amount of money available to invest in future years compared to an account with lower ongoing or recurring fees. In other words, fees cost not only their initial cost, but also the potential lost investment returns that could have been earned on that money.

When the amount of a fee is a percentage of the value of your investment, the compounding effect can be more noticeable.

Managers of mutual funds will often charge the fund a fee based on a percentage of the fund's value. These charges are not payable by you directly, but they still affect you by reducing the fund's rate of return each year. Over a long investment time horizon, this compounding effect can cause even small percentage fees to have a meaningful impact on your investment performance.

Your advisor must consider the cost of investments when determining whether an investment is suitable for you. We encourage you to discuss the effect of fees and compounding on your long-term investment returns with your advisor.

12. Benchmarks

An investment performance benchmark is a tool that shows the performance of a specific set of securities over time. You may choose to assess the performance of your own investments by comparing their performance to a benchmark.

There are many different benchmarks available. If you choose to use a benchmark, it is important to choose one that is a good comparison to your own investment portfolio. One common benchmark, for example, is the S&P/TSX Composite Index, which follows the share prices of the largest companies on the Toronto Stock Exchange. This would be a good comparison for a mutual fund that invests only in large Canadian companies, but it would be a poor comparison for a mutual fund that invests broadly in other countries or market segments.

At this time, ATBSI does not provide benchmark comparisons in our reporting. Please speak to your advisor if you have questions about the performance of your portfolio or about which benchmarks might be appropriate for your portfolio.

13. Reporting

ATBSI has an obligation to report information to you in several ways. We will provide trade confirmations within two or three days of completing any trade (purchase or redemption/sale). This will include details about the trade, including, among other things:

- The quantity and description of the security purchased or sold;
- The price paid or received per security;
- The amounts of each transaction charge, deferred sales charge, or other charges;
- The date and name of the marketplace on which the transaction took place (where relevant);
- The name of the dealing representative involved in the transaction; and
- The settlement date.

For recurring investments or pre-authorized contributions, we will only provide a trade confirmation for the initial investment. All recurring investments will instead be reported on your monthly statements, for any month in which a statement is prepared.

We will provide monthly account statements to you for each of your accounts, but only for months in which a transaction actually occurs. A "transaction" includes, among other things, any purchase, sale or transfer of securities; transfers of funds; receipts or reinvestments of investment returns; and fees or charges. If no transactions occur in your account, we will issue these statements at least quarterly. We can provide these statements monthly upon request, even for months in which no transactions occur. Your monthly statements will include the following information:

- Details of each transaction, including the date of the transaction; whether the transaction was a purchase, sale or transfer; the name of the security; number of securities purchased, sold or transferred; the price per security; and the total value of the transaction;
- The name and quantity of each security in your account;
- The market value of each security in your account;
- The average cost per unit or share of each security;
- The total cost of all security positions in the statement;
- Any cash balances in your account;
- The total market value of all cash and securities in your account; and
- Which securities may be subject to a deferred sales charge if they are sold, if any.

Once per year, we will provide you with an annual performance statement and an annual charge/fee summary report. These statements will include, among other things, the following information:

- The market values of all cash and securities in your account at the beginning and end of the period;
- The market value of all deposits and transfers into your account or withdrawals and transfers out of your account over the period;
- The change in the market value of your account, both over the year and since the date your account was opened;
- The annualized total percentage return of your account, net of fees;
- Any operating or transaction charges that may be applicable to your account;
- The amount of each particular operating or transaction charge and the total amount of all charges actually paid;
- Any payments (other than trailing commissions) received by us or our advisors from a third party for services they have provided to you, such as referral fees;
- A notification of any trailing commissions we received that relate to securities you owned that year, together with the amount of those commissions.

We encourage you to review each statement you receive from us and advise us if you have any concerns.

14. Complaint resolution process

We believe it is important to take accountability when something goes wrong. We have a comprehensive complaint resolution process designed to ensure that any disputes that arise between you and our advisors, firm or affiliates are investigated thoroughly and objectively, and addressed in a timely manner.

If you have a complaint about our services or our sales practices, we encourage you to contact your advisor. Depending on the nature of the complaint, your advisor may be able to work with you to resolve the matter. If they are unable to resolve it in a satisfactory manner, the complaint will be escalated to ATBSI Compliance. Any written complaints or complaints about misconduct or sales practices will automatically be escalated to ATBSI Compliance within 24 hours.

You may also raise complaints in writing by contacting us at the following address:

ATB Securities Inc.
Attention: ATBSI Compliance
3699 63 Ave NE, Calgary, AB T3J 0G7

or by calling our Wealth Advice Centre at 1-888-282-3863.

ATBSI Compliance will follow-up with a letter acknowledging your complaint and including information about what alternative complaint resolution options are available to you at no expense. We generally provide a comprehensive response about the complaint and the results of our internal investigation within 90 days of that letter. If we are unable to provide a response within that time, we will notify you by mail and provide an explanation for the delay.

If you have not received a response within these timeframes, or if you are dissatisfied with the results, you may contact the Ombudsman for Banking Services and Investments (OBSI) at the following address:

Ombudsman for Banking Services and Investments
401 Bay Street, Suite 1505
PO Box 5, Toronto, ON M5H 2Y4
1-888-451-4519
ombudsman@obsi.ca

OBSI can provide independent dispute resolution services at no expense to you. In order to use this service, your complaint must be raised within six years from the time you become aware of or ought to have become aware of the event. Additionally, if you have received a formal response from ATBSI Compliance, you must contact OBSI within 180 days to take advantage of their services.

OBSI can recommend compensation up to a maximum amount of \$350,000. Their recommendations are not binding on ATBSI. If you try to resolve a complaint through OBSI, you are not restricted from bringing a complaint to a dispute resolution service of your choosing at your own expense or from bringing an action in court. However, please be aware that the statute of limitations imposes time limits for taking legal action, and delays can limit your options and legal rights.

Additional information about our complaint resolution process is available in ATB Wealth's *Summary of client complaint process* brochure, available through your advisor or online at ATB.com

You may also file a complaint directly with our regulatory body, IIROC. Information about this complaint process is also available in our new client package online or through your advisor, and in IIROC's brochures titled *Making a Complaint: A Guide for Investors (Part 1 of 2)* and *How Can I Get My Money Back?: A Guide for Investors (Part 2 of 2)*.