

2009 IRC REPORT TO SECURITYHOLDERS

# Compass Portfolio Series and the ATB Money Market Fund

March 1, 2010

Dear Securityholder:

Please find enclosed our Report to the Securityholders as the Independent Review Committee (the "IRC") for the ATB Investor Services Compass Portfolio Series and ATB Money Market Fund (collectively, the "Funds") managed by ATB Investment Management Inc. (the "Manager"). A list of the 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 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 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 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, and accounting. Subsequent to their appointment, the IRC members adopted a written charter and met to review the Conflicts referred by the Manager and the Manager's Policies and Procedures related to such Conflicts. Following its review, the IRC concluded that compliance with the Manager's proposed Policies and Procedures with respect to the Conflict would achieve a fair and reasonable result for the Funds. As a result, the IRC provided 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 looks forward to working with the Manager and continuing to serve in the best interests of the Funds.



**Christopher Webster**  
Chair, Independent Review Committee

## Introduction

The Independent Review Committee (the “IRC”) for the ATB Investor Services Compass Portfolio Series and ATB Money Market Fund (collectively, the “Funds”) managed by ATB Investment Management Inc. (“ATBIM” or the “Manager”) was formed on May 1, 2007 pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds* (“NI 81-107”) issued by the Canadian Securities Administrators and became operational on August 24, 2007. The information in this report is for the period from January 1, 2009 to December 31, 2009, the financial year-end of the Funds.

## IRC Members

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

<u>Name</u>	<u>Residence</u>
Kenneth Littlewood	Kelowna, British Columbia
Christopher Webster	Calgary, Alberta
K. James Urquhart	Calgary, Alberta

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

All IRC members listed above were appointed to the IRC on May 1, 2007. Since their appointment, there have been no changes in the composition or membership of the IRC, with the exception of Kenneth Littlewood reappointed to a three-year term effective May 1, 2008 and K. James Urquhart being reappointed to a three year term effective May 1, 2009.

The Chair of the IRC is Christopher Webster.

## Holdings of Securities

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

### 1. Funds

As of December 31 2009 the percentage of the units of each class or series of the 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 Funds.

### 2. Manager

As of December 31 2009 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 2009 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 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 Funds and to be indemnified by the Funds in appropriate circumstances. The aggregate compensation paid by the Funds to the IRC Independent Review Committee for 2009 was \$19,500.

The compensation costs have been apportioned amongst the Funds.

No indemnities were paid to IRC members by the 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 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 Funds.

At its annual assessment in 2009, the IRC reviewed its compensation and, after considering the above noted factors, the IRC decided not to make any changes to its compensation in 2009.

## **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.

## **Recommendations and Standing Instructions**

During the period January 1, 2009 and ending December 31, 2009, 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, 2009)**

### **Compass Portfolio Series:**

**Compass Conservative Portfolio**

**Compass Conservative Balanced Portfolio**

**Compass Balanced Portfolio**

**Compass Balanced Growth Portfolio**

**Compass Growth Portfolio**

**Compass Maximum Growth Portfolio**

Series A, F and I units

### **ATB Money Market Fund**

Series A, F and I units