

# Annual Management Report of Fund Performance

## ATBIS Fixed Income Pool

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As at December 31, 2023

*This annual management report of fund performance contains financial highlights but does not contain the semi-annual or annual financial statements of the investment fund. You can get a copy of the annual financial statements upon request at no charge, by calling 1-855-386-2282, by emailing us at [atbimservice@atb.com](mailto:atbimservice@atb.com), by contacting your dealer or by visiting SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).*

*Security holders 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 Objectives and Strategies

The ATBIS Fixed Income Pool's ("Pools") objective is to seek to earn interest income primarily by investing in, or gaining exposure to, Canadian dollar-denominated fixed income securities, including debt obligations of, or guaranteed by, Canadian federal, provincial or municipal governments, Canadian corporations, or foreign issuers (Maple bonds).

To achieve the Pool's objectives, the Pool's advisor will allocate the Pool's exposure to fixed income securities based upon its view of the market and the suitability of the investment for the Pool and by taking into account factors such as economic indicators (including growth, inflation and monetary policy), as well as its interest rate outlook.

#### Risk

There were no significant changes to the investment objective and strategies that affected the Pool's overall level of risk during the reporting period. The risks of investing in the Pool and the suitability of the Pool for investors remain as discussed in the Simplified Prospectus.

#### Results from Operations

The Pool's net asset value increased to \$353 million as at December 31, 2023, from \$246 million at the end of 2022. The change in asset value was due to a combination of net inflows and positive investment returns.

For the year, the Pool's Series O units returned 8.44%, outperforming the benchmark return of 6.69%. The Pool's return is after the deduction of fees and expenses, while broad-based index and blended benchmark returns do not include any costs of investing. See the Financial Highlights section for the management expense ratios and the Past Performance section for the returns of any other series, which may vary because of differences in management fees and expenses.

The first half of 2023 saw headline inflation globally begin to moderate. Higher interest rates put stress on bank balance sheets causing some regional bank failures in the US and abroad in the first quarter. Central banks provided necessary backstops, and continued their hawkish rhetoric reinforcing their commitment to reducing inflation back to target levels. Through the back-half of the year, commodity prices remained low despite the emergence of a new geopolitical conflict between Israel and Hamas. The last two months in particular saw market sentiment shift towards the expectation of rate cuts in 2024 rallying both stock and bond markets. A potential soft-landing for global developed markets is possible, but the central banks remain vigilant emphasizing that further rate hikes could still be possible should inflation flare up again.

The Bank of Canada raised its short-term target rate through 2023 from 4.25% to 5% as central banks globally continued their efforts to temper rising inflation. Bond yields rose for the first three quarters of the year, as central banks remained resolute in taming inflation. The last quarter of the year saw inflation continuing to decline, leading to soft tones out of central banks, resulting in yields falling and corporate bond spreads narrowing. Narrowing spreads benefitted the Pool's holdings as it is invested in a higher weighting of corporate bonds compared to the broad Canadian investment grade universe. The Pool's allocation to high yield bonds also saw price increases on average as high yield spreads came down through the year. The commercial mortgage component continues to have an attractive ongoing yield with performance that is less influenced by the volatility in bond and equity markets.

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## Annual Management Report of Fund Performance

### ATBIS Fixed Income Pool (continued)

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A focus over the past couple years has been increasing the average credit quality of the Pool, and that continued through 2023. The Pool overall is positioned defensively for both the possibility of further volatility in interest rates, but also for the potential for deteriorating credit markets on pressures from far higher rates compared to the last decade.

In summary, 2023 allowed investors to sigh with relief and pare losses, with bond markets posting strong returns. Overall, inflation seems to be declining, and markets expect a slowdown for next year, leading to central bank rate cuts sooner rather than later. Whether we see an eventual recession or a soft landing remains to be seen, but we remain cautiously optimistic. The pool is well positioned to help mitigate the short-term impact of volatility and achieve our portfolio investment objectives over the long run.

### Recent Developments

There are no developments or changes to report at this time related to the investment objectives, investment strategies or management of any of the ATB Funds, or to the policies of the Independent Review Committee ("IRC").

### Related Party Transactions

The Portfolio is managed by ATB Investment Management Inc. ("ATBIM" or the "Manager"), a wholly owned subsidiary of ATB Financial.

The Manager provides the Portfolio with administrative services, including providing key management personnel to the Portfolio. In return the Manager receives an administrative fee which is allocated among the Series based on the average net asset value of each Series. Administrative expenses (excluding GST) paid by the Portfolio to the Manager for services provided by ATB Financial and its subsidiaries were \$65,935 for the period ended December 31, 2023 (\$77,882 - December 31, 2022).

As of December 31, 2023, ATBIM has absorbed \$284,032 of operating expenses in the Pool.

ATBIM is the sole investor in Series A of the Pool. As at December 31, 2023, ATBIM held 619 redeemable units, valued at \$5,897 representing 0.002% of the total net asset value of the Pool.

ATBIM established an IRC which acts as an impartial and independent committee to review and provide recommendations or, if applicable, approvals with respect to any conflict of interest matters. IRC oversight ensures that there are no conflicts of interest that would be harmful to unitholders.

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## Annual Management Report of Fund Performance

### ATBIS Fixed Income Pool (continued)

#### Financial Highlights

The following tables show selected key financial information about the Pool and are intended to help you understand the Pool's financial performance for the year ended December 31, 2023 and the fiscal years indicated. The information on the following tables is based on prescribed regulations and as a result, is not expected to reconcile 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.

#### ATBIS Fixed Income Pool - Series A

PERIOD	2023	2022	2021	2020	2019
<b>Net assets, beginning of period<sup>1</sup></b>	\$9.18	\$10.35	\$10.74	\$9.84	\$9.59
<b>Increase (decrease) from operations;</b>					
Total revenue	0.41	0.33	0.37	0.39	0.33
Total expenses	(0.15)	(0.13)	(0.16)	(0.14)	(0.14)
Net investment income (loss)	0.26	0.20	0.21	0.25	0.19
Realized gains (losses) for the period	0.02	(0.24)	0.33	0.36	0.03
Unrealized gains (losses) for the period	0.34	(0.93)	(0.38)	0.74	0.22
Net gain (loss) on investment for the period	0.36	(1.17)	(0.05)	1.10	0.25
<b>Total increase (decrease) from operations<sup>2</sup></b>	0.62	(0.97)	0.16	1.35	0.44
<b>Distributions;</b>					
From income (excluding dividends)	(0.27)	(0.19)	(0.23)	(0.25)	(0.18)
From dividends	-	-	-	-	-
From net investment income	(0.27)	(0.19)	(0.23)	(0.25)	(0.18)
From capital gains	-	-	(0.33)	(0.20)	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>3</sup></b>	(0.27)	(0.19)	(0.56)	(0.45)	(0.18)
<b>Net assets, end of period<sup>4</sup></b>	\$9.53	\$9.18	\$10.35	\$10.74	\$9.84

(1) This information is derived from the Pool's audited annual financial statements as at December 31 of the years shown.

(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 Pool, or both.

#### Ratios and Supplemental Data

PERIOD	2023	2022	2021	2020	2019
Total net asset value (000's) <sup>4</sup>	\$6	\$6	\$6	\$6	\$5
Number of units outstanding <sup>4</sup>	619	601	589	559	536
Management expense ratio <sup>5</sup>	1.53%	1.40%	1.39%	1.38%	1.39%
Management expense ratio before waivers or absorptions	2.13%	2.08%	2.03%	2.17%	2.28%
Trading expense ratio <sup>6</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>7</sup>	23.62%	56.20%	44.60%	67.48%	44.66%
Net asset value per unit	\$9.53	\$9.18	\$10.35	\$10.74	\$9.84

(4) This information is provided at December 31 of prior years shown.

(5) The Management expense ratio (MER) is based on total expenses (excluding commissions and other Pool transaction costs), and the Pool's proportionate share of the MER, if applicable, of any underlying funds and exchange traded funds in which the Pool has invested, allocated to that series for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Pool are shown both with and without the waivers and absorptions.

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

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

# Annual Management Report of Fund Performance

## ATBIS Fixed Income Pool (continued)

### Financial Highlights (continued)

ATBIS Fixed Income Pool - Series O					
PERIOD	2023	2022	2021	2020	2019
<b>Net assets, beginning of period<sup>1</sup></b>	\$9.49	\$10.71	\$10.95	\$9.97	\$9.70
<b>Increase (decrease) from operations;</b>					
Total revenue	0.43	0.35	0.37	0.39	0.33
Total expenses	-	-	-	-	-
Net investment income (loss)	0.43	0.35	0.37	0.39	0.33
Realized gains (losses) for the period	0.02	(0.26)	0.31	0.38	0.03
Unrealized gains (losses) for the period	0.37	(0.93)	(0.36)	0.71	0.22
Net gain (loss) on investment for the period	0.39	(1.19)	(0.05)	1.09	0.25
<b>Total increase (decrease) from operations<sup>2</sup></b>	0.82	(0.84)	0.32	1.48	0.58
<b>Distributions;</b>					
From income (excluding dividends)	(0.40)	(0.34)	(0.36)	(0.35)	(0.32)
From dividends	-	-	-	-	-
From net investment income	(0.40)	(0.34)	(0.36)	(0.35)	(0.32)
From capital gains	-	-	(0.20)	(0.18)	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>3</sup></b>	(0.40)	(0.34)	(0.56)	(0.53)	(0.32)
<b>Net assets, end of period<sup>4</sup></b>	\$9.88	\$9.49	\$10.71	\$10.95	\$9.97

(1) This information is derived from the Pool's audited annual financial statements as at December 31 of the years shown.

(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 Pool, or both.

### Ratios and Supplemental Data

PERIOD	2023	2022	2021	2020	2019
Total net asset value (000's) <sup>4</sup>	\$320,702	\$229,008	\$237,032	\$167,787	\$101,006
Number of units outstanding <sup>4</sup>	32,458,263	24,123,856	22,127,441	15,326,879	10,132,999
Management expense ratio <sup>5</sup>	0.04%	0.02%	0.02%	0.03%	0.04%
Management expense ratio before waivers or absorptions	0.13%	0.13%	0.14%	0.24%	0.31%
Trading expense ratio <sup>6</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>7</sup>	23.62%	56.20%	44.60%	67.48%	44.66%
Net asset value per unit	\$9.88	\$9.49	\$10.71	\$10.95	\$9.97

(4) This information is provided at December 31 of prior years shown.

(5) The Management expense ratio (MER) is based on total expenses (excluding commissions and other Pool transaction costs), and the Pool's proportionate share of the MER, if applicable, of any underlying funds and exchange traded funds in which the Pool has invested, allocated to that series for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Pool are shown both with and without the waivers and absorptions.

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

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

# Annual Management Report of Fund Performance

## ATBIS Fixed Income Pool (continued)

### Financial Highlights (continued)

ATBIS Fixed Income Pool - Series F1					
PERIOD	2023	2022	2021	2020	2019
<b>Net assets, beginning of period<sup>1</sup></b>	\$9.36	\$10.58	\$10.85	\$9.85	\$9.58
<b>Increase (decrease) from operations;</b>					
Total revenue	0.42	0.34	0.37	0.40	0.33
Total expenses	(0.05)	(0.05)	(0.06)	(0.06)	(0.06)
Net investment income (loss)	0.37	0.29	0.31	0.34	0.27
Realized gains (losses) for the period	0.02	(0.24)	0.33	0.39	0.03
Unrealized gains (losses) for the period	0.37	(1.03)	(0.40)	0.81	0.21
Net gain (loss) on investment for the period	0.39	(1.27)	(0.07)	1.20	0.24
<b>Total increase (decrease) from operations<sup>2</sup></b>	0.76	(0.98)	0.24	1.54	0.51
<b>Distributions;</b>					
From income (excluding dividends)	(0.33)	(0.30)	(0.34)	(0.27)	(0.25)
From dividends	-	-	-	-	-
From net investment income	(0.33)	(0.30)	(0.34)	(0.27)	(0.25)
From capital gains	-	-	(0.20)	(0.17)	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>3</sup></b>	(0.33)	(0.30)	(0.54)	(0.44)	(0.25)
<b>Net assets, end of period<sup>4</sup></b>	\$9.75	\$9.36	\$10.58	\$10.85	\$9.85

(1) This information is derived from the Pool's audited annual financial statements as at December 31 of the years shown.

(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 Pool, or both.

### Ratios and Supplemental Data

PERIOD	2023	2022	2021	2020	2019
Total net asset value (000's) <sup>4</sup>	\$31,879	\$17,062	\$20,148	\$23,141	\$6,746
Number of units outstanding <sup>4</sup>	3,268,345	1,822,754	1,904,720	2,131,997	684,629
Management expense ratio <sup>5</sup>	0.58%	0.56%	0.55%	0.57%	0.57%
Management expense ratio before waivers or absorptions	0.68%	0.67%	0.68%	0.76%	0.86%
Trading expense ratio <sup>6</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>7</sup>	23.62%	56.20%	44.60%	67.48%	44.66%
Net asset value per unit	\$9.75	\$9.36	\$10.58	\$10.85	\$9.85

(4) This information is provided at December 31 of prior years shown.

(5) The Management expense ratio (MER) is based on total expenses (excluding commissions and other Pool transaction costs), and the Pool's proportionate share of the MER, if applicable, of any underlying funds and exchange traded funds in which the Pool has invested, allocated to that series for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Pool are shown both with and without the waivers and absorptions.

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

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## Annual Management Report of Fund Performance

### ATBIS Fixed Income Pool (continued)

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#### **Management Fees**

ATBIM receives management fees of 1.25% per annum for Series A and 0.50% per annum for Series F1. The management fees for Series A and Series F1 are calculated as a percentage of their net asset value as of the close of business on each business day. Management fees for Series O are payable directly to the Manager by Series O investors and not by the Pool.

For the period ended December 31, 2023, the Pool paid ATBIM management fees of \$113,862. The Pool's management fees were used by ATBIM to: pay costs for managing the investment portfolios; provide investment analysis and recommendations; make investment decisions; purchase and sell investments; and provide other services. There are no trailer fees associated with the Fund.

#### **Past Performance**

The performance information shown assumes all distributions made by the Pool were reinvested into additional units of the Pool. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance of the Pool does not necessarily indicate how it will perform in the future.

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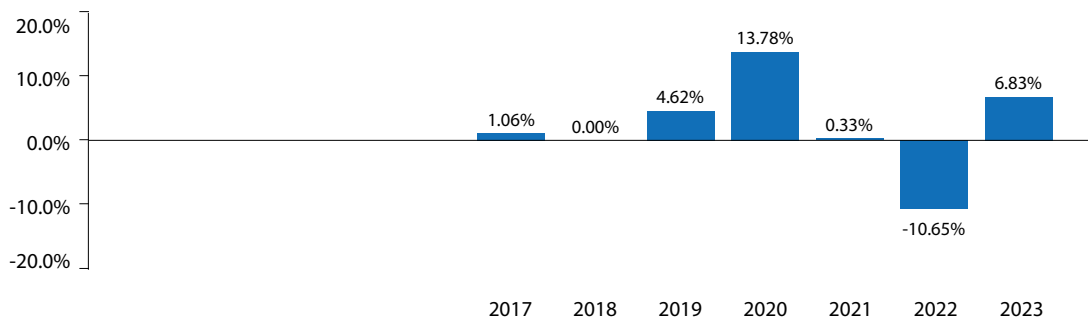
## Annual Management Report of Fund Performance

### ATBIS Fixed Income Pool (continued)

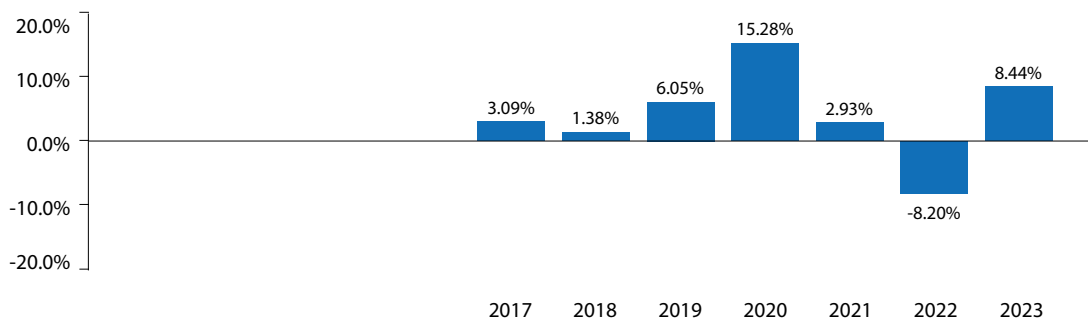
#### Year by Year Returns

The following information shows the Pool's performance for the year ended December 31, 2023 and for each of the previous years shown. The bar charts illustrate how the Pool'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 period would have increased or decreased in value by the last day of each period.

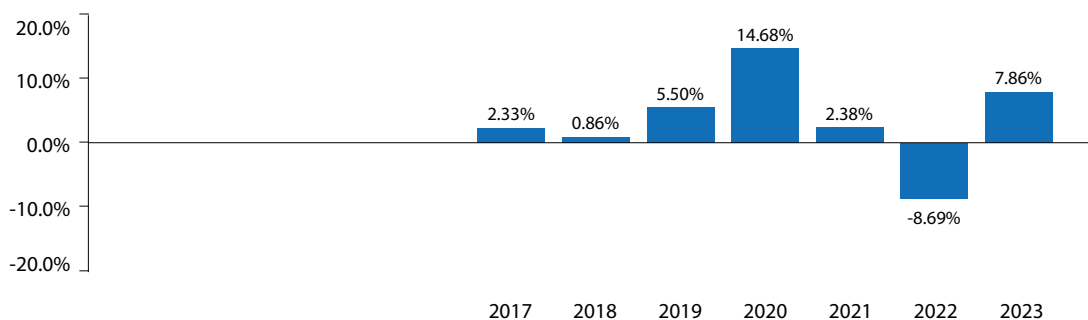
*Series A*



*Series O*



*Series F1*



The inception date of Series A, O and F1 was September 22, 2016.

Annual Management Report of Fund Performance

ATBIS Fixed Income Pool (continued)

Annual Compound Returns

The table shows the annual compound returns for each Series of the Pool for each of the periods ended December 31, as indicated, compared with the following benchmark:

The blended benchmark (the “Benchmark”) is composed of:

100% FTSE TMX Universe Bond Index

For the year ended December 31	Past Year	Past 3 Years	Past 5 Years	Since Inception
Series A <sup>1</sup>	6.83%	-1.43%	2.65%	1.95%
Benchmark	6.69%	-2.80%	1.30%	0.95%
Series O <sup>1</sup>	8.44%	0.81%	4.61%	3.79%
Benchmark	6.69%	-2.80%	1.30%	0.95%
Series F1	7.86%	0.28%	4.06%	3.21%
Benchmark	6.69%	-2.80%	1.30%	0.95%

The returns of each series may vary because of differences in management fees and expenses. The Benchmark returns do not include costs of investing.

<sup>1</sup> Inception date September 22, 2016.

Index Descriptions

FTSE TMX Universe Bond Index

This index is designed as a broad measure of the Canadian investment-grade fixed-income market and includes bonds with maturities of at least one year.



# Annual Management Report of Fund Performance

## ATBIS Fixed Income Pool (continued)

### Summary of Investment Pool

As at December 31, 2023

<i>ATBIS Fixed Income Pool</i>	<i>% Weight</i>
Fixed Income	96.9%
Cash & Other	3.1%
Total	100.0%

<i>ATBIS Fixed Income Pool</i>	<i>% Weight</i>
Fixed Income	
Government Bonds	28.3%
Corporate Bonds	62.1%
Mortgage-Backed Securities	6.5%
Cash & Other	3.1%
Total	100.0%

<i>Top 25 Holdings</i>	<i>% Weight</i>
BMO Government Bond Index ETF	10.2%
Government of Canada 0.25% Mar 01/26	5.8%
Cash and Cash Equivalent	4.5%
Canadian Commercial Mortgage Origination Trust 6 1.00% Jun 01/42	3.6%
Government of Canada 0.50% Dec 01/30	2.8%
Royal Bank of Canada 4.26% Dec 21/26	2.8%
Nestle Holdings, Inc. 2.19% Jan 26/29	2.2%
Canadian Commercial Mortgage Origination Trust 5 Series 2022-5 Cl. A 3.32% Nov 12/26	2.0%
Honda Canada Finance Inc. 3.44% May 23/25	1.9%
Air Canada 4.63% Aug 15/29	1.9%
Government of Canada Real Return Bond 4.25% Dec 01/26	1.7%
Manulife Financial Corporation 3.38% Jun 19/81	1.6%
The Goldman Sachs Group, Inc. 5.95% Apr 29/25	1.6%
The Bank of Nova Scotia 5.61% Aug 04/26	1.6%
New York Life Global Funding 2.00% Apr 17/28	1.5%
Great-West Lifeco Inc. 3.60% Dec 31/81	1.3%
CU Inc. 4.72% Sep 09/43	1.3%
Metropolitan Life Global Funding I 1.95% Mar 20/28	1.1%
Suncor Energy Inc. 3.95% Mar 04/51	1.1%
The Toronto-Dominion Bank 5.73% Jun 08/27	1.1%
Bank of America Corporation 6.03% Sep 15/27	1.1%
The Toronto-Dominion Bank 4.48% Jan 18/28	1.0%
Manulife Financial Corporation 4.10% Mar 19/82	0.9%
Sun Life Financial Inc. 3.60% Jun 30/81	0.9%
TransCanada Pipelines Limited 7.85% May 15/67	0.9%

Total Fund Net Asset Value \$352,587,136

The summary provides a snapshot of the investment portfolio by security type, industry and geographical location. The information is presented on a look-through basis for any investments in underlying funds. The top 25 Holdings are securities held by the fund and do not look through underlying funds.

The summary of investment portfolio may change due to ongoing portfolio transactions in the investment fund. The most recent annual or semi-annual reports are available at no cost by calling 1-855-386-2282, by e-mailing [ATBFunds@atb.com](mailto:ATBFunds@atb.com) or by visiting our website at [atbim.atb.com](http://atbim.atb.com). Prospectus and other information about underlying investment funds is available on the internet at [www.sedarplus.com](http://www.sedarplus.com).

### Caution Regarding Forward-Looking Statements

This report may include forward-looking statements about the Pool. These statements “Results from Operations” and “Recent Developments” may involve, but are not limited to, forward-looking statements about the Pool and may make references relating to strategy, risks, expected performance and condition. Forward-looking statements typically use words like “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan” or other similar expressions or future or conditional verbs such as “could”, “should”, “would” or “will.”

By their very nature, forward-looking statements require numerous assumptions and are subject to inherent risks and uncertainties, both general and specific, concerning future performance, strategies or prospects and possible future Pool action. A number of factors could cause actual future results, conditions, actions or events to differ materially from the current expectations, estimates, intentions or projections about future general economic, political and other relevant market factors in North America and internationally including, but not limited to, interest rates, foreign exchange rates, equity and capital markets, business competition, technological changes, catastrophic events and the general business economy. Such factors assume no changes to applicable tax, other laws, government regulation or legislation.

The Pool cautions readers that the aforementioned list is not exhaustive. Anyone reading and relying on forward-looking statements should carefully consider these and other factors that could potentially have an adverse affect on the Pool’s future results as there is a significant risk that forward-looking statements will not prove to be accurate.

**The reader is reminded that the cautions listed above are not exhaustive.** The Pool does not undertake to update any forward-looking statement contained in this report.

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