

Statement of Policies respecting Conflicts of Interest

Securities regulation applicable in Canada requires dealers and advisers to comply with certain rules in relation to conflicts of interest, particularly with respect to disclosure in regard to such conflicts of interest.

Purpose of this document

It is important for you to be informed about how we identify and respond to conflicts of interest in order to minimize their impact. We consider a conflict of interest to be any circumstance where the interests of different parties, such as the interests of a client and those of CABN Investments Inc. (“CABN Investments”), are inconsistent or divergent.

We take reasonable steps to identify all existing material conflicts of interest, and those that we would reasonably expect to arise. We then assess the level of risk associated with each conflict. We avoid any situation that would entail a serious conflict of interest or represent too high a risk for clients or market integrity. In any other situation entailing a conflict of interest, we ensure that appropriate measures are implemented to control the conflict of interest effectively.

The purpose of this Statement of Policies respecting Conflicts of Interest is to inform you of the nature and extent of conflicts of interest that may affect the services CABN Investments provides to you.

Conflicts of interest

The situations in which CABN Investments could be in a conflict of interest, and the way in which CABN Investments intends to respond to such conflicts, are described below.

Relationships with parties related or connected to CABN Investments

“Related issuer” means, in respect of CABN Investments, an issuer of securities over which CABN Investments exercises a controlling influence (for example, through the ownership of, or direction or control over voting securities) or an issuer of securities that exercises a controlling influence over CABN Investments. In this context, the term “influence” means having the power, directly or indirectly, to exercise a controlling influence over the management and policies of the company, whether alone or in combination with one or more other persons or companies. In some jurisdictions, some connected issuers may be considered related issuers.

“Connected issuer” means, in respect of CABN Investments, an issuer that has, or any related issuer of which has, any indebtedness to, or other relationship with (i) CABN Investments, or (ii) a related issuer of CABN Investments, or (iii) a director, officer or partner of CABN Investments or (iv) a director, officer or partner of a related issuer of CABN Investments that, in connection with a distribution of securities of the issuer, is material to a prospective purchaser of the securities. Accordingly, an issuer is “connected” to CABN Investments if, due to indebtedness or other relationships, a prospective purchaser of securities of the connected issuer might question the independence of CABN Investments from the issuer.

The list of related issuers of CABN Investments which are reporting issuers under Canadian securities legislation, is as described hereunder. A concise statement of the relationship between CABN Investments and each related issuer is also provided:

National Bank of Canada: National Bank of Canada is a bank incorporated under the Bank Act (Canada) and is a reporting issuer that holds indirectly 100% of the voting and equity shares of the Corporation.

Canadian Credit Card Trust: This trust is a trust whose administrator is National Bank of Canada and whose securities are publicly distributed. Consequently, Canadian Credit Card Trust is deemed to be a related issuer.

NBC Asset Trust: This trust is a closed-end trust whose voting units are held by National Bank of Canada. Consequently, NBC Asset Trust is deemed to be a related issuer.

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NBC Capital Trust: This trust is an open-end trust whose voting units are held by National Bank of Canada. Consequently, NBC Capital Trust is deemed to be a related issuer.

Horizons AlphaPro Exchange Traded Funds: NBF International Holdings Inc., an indirectly wholly-owned subsidiary of National Bank of Canada, holds voting securities of AlphaPro Management Inc., manager and trustee of these Funds.

National Bank Securities Mutual Funds (including the National Bank Funds, the Altamira Funds and the Omega Funds): National Bank Securities Inc., an indirectly wholly-owned subsidiary of National Bank of Canada, is the manager of all National Bank Securities Mutual Funds. Natcan Investment Management Inc., a partly owned subsidiary of National Bank of Canada, is the portfolio manager of most National Bank Securities Mutual Funds (with the exception of certain Omega Funds). National Bank Strategic Yield Class is a class of shares of National Bank Funds Corporation, a mutual fund corporation indirectly controlled by National Bank of Canada. Altamira Dividend Fund Inc. and Altafund Investment Corp. are also mutual fund corporations indirectly controlled by National Bank of Canada.

The Natcan QSSP II Investment Fund Inc.: Natcan Investment Management Inc., a partly owned subsidiary of National Bank of Canada, is the manager of The Natcan QSSP II Investment Fund Inc. All Class B Shares, which are voting shares, are held by Natcan Investment Management Inc.

Meritage Portfolios: National Bank Securities Inc., an indirectly wholly-owned subsidiary of National Bank of Canada, is the manager of the Meritage Portfolios. National Bank Trust Inc., a wholly-owned subsidiary of National Bank of Canada, is the portfolio manager of all Meritage Portfolios.

Related registrants*

CABN Investments is a duly registered mutual fund dealer. In addition, National Bank of Canada, the principal shareholder of CABN Investments, is also the principal shareholder of the following dealers and advisers:

- NBC Alternative Investments Inc.
- National Bank Direct Brokerage Inc.
- NBF Securities (USA) Corp. - in United States only
- National Bank Financial Inc.
- National Bank Financial Ltd.
- National Bank Securities Inc.
- Innocap Investment Management Inc.
- Natcan Investment Management Inc.
- National Bank of Canada Financial Inc. - in United States only
- NBCN Inc.
- NBF International S.A. - in Switzerland only
- National Bank Trust Inc.
- Natcan Trust Company
- PI Financial Corp.
- Wellington West Capital Inc.
- Wellington West Capital Markets Inc.
- Wellington West Financial Services Inc.
- Wellington West Total Wealth Management Inc.

*Holding directly or indirectly more than 10% of every class or series of voting securities of these entities.

CABN Investments is therefore related to the above-mentioned registrants. Although there may be overlaps among the directors and officers of these companies, all of these companies are operated as separate legal entities.

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These entities may, from time to time, cooperate in offering products and services for the benefit of our clients but there is no exchange of client information among these companies without a client's express prior written consent or unless the information is reasonably necessary in order to provide a specific product or service.

Conflicts of interest of CABN Investments representatives

In the ordinary course of performing their duties, our officers, representatives and agents may find themselves in situations where their personal interests are in conflict with those of a client.

The Code of Ethics of National Bank of Canada establishes basic principles by which its employees' conduct is guided, which principles, among other things, prohibit an employee from:

- (a) using confidential information acquired in the course of or in connection with his or her duties, or exploiting a situation, for the purpose of obtaining an advantage of any kind;
- (b) accepting gifts, entertainment and compensation that could influence decisions to be taken in the course of performing his or her duties; and
- (c) engaging in activities that could interfere or conflict with his or her duties.

CABN Investments will not permit any of its representatives to engage in activities outside the scope of their duties, including, but not limited to, serving as a director of a company or other entity, without first ensuring that such activities do not compromise the interests of CABN Investments' clients.

In addition, CABN Investments ensures that its practices for compensating and remunerating its representatives are not inconsistent with its obligations to its clients.

CABN Investments also has a Compliance Manual dealing with situations relating specifically to its activities, which manual reiterates that our representatives must never favour their own interests to the detriment of their responsibilities toward clients and CABN Investments.

Other conflicts of interest

From time to time, other potential or actual conflicts of interest may arise. CABN Investments undertakes to continue taking the steps necessary to identify and respond to such situations fairly and reasonably, in keeping with the standard of care to which we are subject in our relationships with our clients.

This Statement of Policies respecting Conflicts of Interest of CABN Investments will be updated should there be any evolution with respect to material conflicts of interest.