

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 National Bank Securities Inc. (“National Bank Securities”), 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 National Bank Securities provides to you.

Conflicts of interest

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

Relationships with parties related or connected to National Bank Securities

“Related issuer” means, in respect of National Bank Securities, an issuer of securities over which National Bank Securities 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 National Bank Securities. 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 National Bank Securities, an issuer that has, or any related issuer of which has, any indebtedness to, or other relationship with (i) National Bank Securities, (ii) a related issuer of National Bank Securities, or (iii) a director, officer or partner of National Bank Securities or (iv) a director, officer or partner of a related issuer of National Bank Securities 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 National Bank Securities if, due to indebtedness or other relationships, a prospective purchaser of securities of the connected issuer might question the independence of National Bank Securities from the issuer.

As of September 28, 2009, the list of related issuers of National Bank Securities which are reporting issuers under Canadian securities legislation is as described hereunder. A concise statement of the relationship between National Bank Securities 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.

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.

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.

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.

Emissary and Diplomat Portfolios: NBF Emissary Turnkey Solution LP, a 99.99% directly owned subsidiary of National Bank Financial Inc., itself an indirectly wholly-owned subsidiary of National Bank of Canada (the remaining 0.01% is directly owned by NBF Turnkey Solutions Inc., a directly wholly-owned subsidiary of National Bank Financial Inc.), is the manager and trustee of the Emissary and Diplomat Portfolios.

Meritage Portfolios: National Bank Securities, 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.

Alberta Clients

National Bank Securities has the relationship described above with the related issuers listed in this Statement of Policies and the National Bank of Canada group. National Bank Securities or its directors, officers or other employees may, from time to time, recommend that you trade in, or provide to you advice about, a security issued by such related and connected issuers. If you wish to have further information concerning the relationship between National Bank Securities and such related and connected issuers, please contact us.

It is the policy of National Bank Securities to comply fully with all applicable securities laws and to make all required disclosure. In addition, National Bank Securities ensures that any dealings in securities of related or connected issuers would take account of the client's situation.

National Bank Securities' affiliation with National Bank of Canada and its subsidiaries makes it necessary to put in place certain policies aimed at dealing with any potential conflicts of interest and ensuring that the best interest of National Bank Securities' clients is preserved.

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

Related registrants*

NBC Alternative Investments Inc.
CABN Investments Inc.
National Bank Direct Brokerage Inc.
NBF Securities (USA) Corp. - in United States only
National Bank Financial Inc.
National Bank Financial Ltd.
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.

National Bank Securities 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.

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 National Bank Securities 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.

National Bank Securities 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 National Bank Securities' clients.

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

National Bank Securities 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 National Bank Securities.

Other conflicts of interest

From time to time, other potential or actual conflicts of interest may arise. National Bank Securities 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 National Bank Securities will be updated should there be any evolution with respect to material conflicts of interest.

Head Office of National Bank Securities

Under the existing regulations, National Bank Securities is required to notify you of the following information:

- (a) Its head office is located in the Province of Quebec.
- (b) It is a non-resident company in the other Canadian provinces and territories.

The names and addresses of the agents of National Bank Securities in the provinces other than Quebec where it carries on its activities are set out below:

ALBERTA

Mr. Paul M. Farion
Bennett Jones
4500 Bankers Hall East
855 – 2nd Street SW
Calgary, Alberta T2P 4K7

MANITOBA

Mr. Garfield Vernon Brickman
Thompson Dorfman Sweatman
2200 – 201 Portage Avenue
Winnipeg, Manitoba R3B 3L3

NOVA SCOTIA

D. Fraser Mac Fadyen
Stewart McKelvey Stirling Scales
Purdy's Wharf Tower One
900 – 1959 Upper Water Street
Halifax, Nova Scotia B3J 3N2

ONTARIO

Mr. John Shepherd Kennedy
National Bank of Canada
133 Pedersen Drive
Aurora, Ontario L4G 0E3

SASKATCHEWAN

Mr. Robert N. Millar
McDougall Gauley LLP
1500 – 1881 Scarth Street
Regina, Saskatchewan S4P 4K9

NORTHWEST TERRITORIES

Keith Bergner
Lawson Lundell LLP
4908 – 48th Street, P.O. Box 818
Yellowknife, Northwest Territories X1A 2N6

BRITISH COLUMBIA

Mr. John Christian
Lawson Lundell
1600 – 925 West Georgia Street
Vancouver, British Columbia V6C 3L2

NEW BRUNSWICK

Mr. Paul W. Smith
Stewart McKelvey Stirling Scales
Mailing Address: PO. Box 7289 Stn. A

Saint John, New Brunswick E2L 4S6

10th Floor - Brunswick House
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NUNAVUT

Michael L. Chandler
Chandler & Cooper
Suite 202, Parnaivik Bldg.
P.O. Box 2021
Iqaluit, Nunavut X0A 0H0

PRINCE EDWARD ISLAND

Mr. James Travers
Stewart McKelvey Stirling Scales
65 Grafton Street, P.O. Box 2140
Charlottetown, Prince Edward Island C1A 8B9

NEWFOUNDLAND AND LABRADOR

Lewis B. Andrews
Stewart McKelvey Stirling Scales
100 New Gover Street
Suite 1100, Cabot Place
St. John's, Newfoundland A1C 6K3

YUKON

Grant Macdonald
Campion MacDonald
Financial Plaza
200 – 204 Lambert Street
Whitehorse, Yukon Y1T 3T2