

# *Private Investment Management*

Client Information Brochure



- *Discretionary management agreement*
- *Important information on Relationship with PIM Manager*
- *Declaration of Trust*



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## President's Message

Dear Client,

We are pleased that you have decided to open a National Bank Trust / Natcan Trust Company\* Private Investment Management account. Private Investment Management is a discretionary portfolio management service. By subscribing to this service you are mandating a team of specialized asset managers to take on your behalf the investment decisions they feel will best protect and grow your capital.

As a client of National Bank Trust's\* Private Investment Management service, it is important that you understand how this service is applied to your account. To this end, we are providing you with this document that contains all the information required for you to fully understand Private Investment Management service, as well as your relationship with National Bank Trust.

You will find the following information in this document:

- The discretionary management agreement that defines the roles and responsibilities of National Bank Trust, as well as your rights and responsibilities as an investor.
- National Bank Trust's's statement of principles on conflicts of interest, as well as information on our head office and our agents.
- Details on the information that we need to collect from you, as well as information on our obligations regarding suitability, reporting and fairness towards you.
- A notice from National Bank of Canada to clients who are referred to National Bank Trust.
- All relevant details concerning the costs and fees charged to you, directly or indirectly, for the operation of your account and the compensation payable to National Bank Trust.
- A description of the types of risks that you should consider as an investor.
- Information on the availability of independent dispute resolution or mediation services offered at National Bank Trust's expense to resolve any potential dispute that may arise.
- A description of the products and services offered by National Bank Trust, and
- The Natcan Trust Company Retirement Savings Plan and Retirement Income Fund declarations of trust.

Please don't hesitate to contact us if you have any questions regarding the contents of this document. We thank you for the confidence you have shown in National Bank Trust.

Yours truly,



Eric Laflamme, President

# Discretionary Investment Management Agreement

The present Discretionary Investment Management Agreement and the Private Investment Management Account Opening Application constitute one instrument. The terms and conditions set out herein define the role and responsibilities of the Client (an Applicant who signs the Private Investment Management Account Opening Application) and: (i) National Bank Trust Inc., a securities advisor exercising its activities within the Province of Quebec and New Brunswick; or (ii) Natcan Trust Company, a securities advisor exercising its activities in all other Canadian Provinces and Territories where it holds necessary legal authorizations. This information will help you understand your rights and responsibilities as an investor.

Throughout this document National Bank Trust Inc. and Natcan Trust Company are referred to as the “Portfolio Manager”. *Please refer to the section entitled “Authorization” of your Private Investment Management Account Opening Application in order to know which Portfolio Manager has been appointed to you.*

*Please note that National Bank Trust is a business name used by both National Bank Trust Inc. and by Natcan Trust Company.*

Please read this document carefully.

## **1. Purpose of the Discretionary Investment Management Agreement**

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The Client entrusts to the Portfolio Manager, which accepts, the discretionary management of its securities portfolio and the custody of the securities and cash held therein.

## **2. Deposit of Securities**

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The securities and cash of the Client’s portfolio shall be deposited to an account held by the Client at the Portfolio Manager or at one of its agents or substitutes.

The Client expressly authorizes the Portfolio Manager to mandate or substitute another person to execute the duty of depository as described herein.

## **3. Investment Objectives**

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National Bank Trust agrees to manage the Client’s portfolio in accordance with the Client’s investment objectives as set out in the Private Investment Management Account Opening Application.

The Client may amend its investment objectives at any time by providing written instructions to the Portfolio Manager. Such amendment shall take effect 30 days following the receipt of such instructions by the Portfolio Manager.

The income, proceeds of sale and other cash inflows in the Client’s portfolio will be managed by the Portfolio Manager in accordance with the Client’s investment objectives as set out in National Bank Trust’s Private Investment Management Account Opening Application.

## **4. Powers and Obligations of the Portfolio Manager as Depository**

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The Portfolio Manager or its agent or substitute shall assume the physical custody of the securities and cash in the Client’s portfolio and, to this end, is authorized to:

- use the services of a recognized clearing house or agency to hold, in its place, all or a portion of the securities certificates of the Client or to hold the securities in a current account in order to transfer them in a single electronic transfer under an account registration system;
- collect interest, dividends and the proceeds of sale or the proceeds from securities which have matured in the Client’s portfolio; and
- exercise all powers, sign, deliver and receive all documents, including transfer and transmission instruments, required to execute this Discretionary Investment Management Agreement.

In the event that the duties of depository for the securities in the Client’s portfolio are carried out by an agent or substitute of the Portfolio Manager, such agent or substitute shall act on the instructions given by the Portfolio Manager to deliver any securities as well as any payment order from the Portfolio Manager.

## **5. Powers and Obligations of the Portfolio Manager as portfolio manager**

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As portfolio manager of the Client’s portfolio, the Portfolio Manager is, in agreement with and subject to the limits and constraints imposed by securities legislation and regulations and by the Client’s investment objectives set out in the Private Investment Management Account Opening Application, authorized by and on behalf of the Client to:

- invest or reinvest in shares, bonds, notes or other debt securities or instruments of any kind issued by government bodies, companies or other corporate bodies or by limited partnerships, or in securities issued or held by mutual funds or pooled funds, including securities issued or managed by the Portfolio Manager or by a related or connected issuer or securities underwritten by a related or connected broker;
- acquire securities other than by normal market mechanisms, including from related or connected issuers, provided that the purchase price is approximately the market price at the time of purchase;

- buy, sell, exchange and deliver securities and make all disbursements and issue the resulting payment orders in that connection, and make all other disbursements or the payment orders for any other activity it deems necessary to usefully perform this Discretionary Investment Management Agreement;
- buy, sell or exercise rights or warrants with respect to the securities, exercise conversion and redemption privileges and sell or trade options related to the securities held and managed on behalf of the Client;
- vote or abstain from voting, among others, at meetings of shareholders, securities holders or unitholders of mutual funds, with respect to the shares or other securities of the Client;
- give or withhold its consent to participate or refrain from participating in any reorganization, capital restructuring, merger or similar operation related to a company whose shares or other securities are held and managed on behalf of the Client;
- register the securities included in the Client's portfolio in the name of the Portfolio Manager or any other name, as nominee, as well as in the name of any recognized clearing house or agency, or hold them in bearer form;
- open and maintain in the name of the Client or in its own name or any other name, as nominee, one or more accounts with recognized brokerage firms of its choice and send them the transaction orders to be executed for the Client's portfolio;
- exercise all powers, sign, deliver and receive all documents, including the transfer and transmission instruments required to perform this Discretionary Investment Management Agreement, in accordance with the investment practices and policies that the Portfolio Manager shall deem appropriate at its sole discretion.

In the event that the duties of depository for the securities in the Client's portfolio are exercised by an agent or substitute of the Portfolio Manager, the Portfolio Manager may waive its voting right with respect to the securities it manages by way of a notice to the agent or substitute and to the Client. If applicable, it is the Client's responsibility to give the depository voting instructions regarding the securities.

The transactions carried out in the Client's portfolio are subject to the legislation, regulations, rules, customs and usage of the stock exchanges or markets on which they are carried out by brokers retained by the Portfolio Manager — and, if applicable, the clearing house which processes them — and to the legislation, regulations and orders of any applicable government or regulation authority.

**For Quebec residents:**

**For the purposes of this Discretionary Investment Management Agreement, the provisions hereof take precedence over those of Title Seven of Book Four of the Civil Code of Quebec with respect to the administration of the property of others. For greater certainty, no regulation of other legislative authority regarding administration of the property of others will apply to this Discretionary Investment Management Agreement, except as provided herein.**

#### ***6. Advances to Cover Any Debit Balance***

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For an interim period, while waiting for settlement of the sale of securities carried out for the Client's portfolio, the Portfolio Manager may, in its sole discretion but without any obligation on its part, in the event a transaction involving the securities in the Client's portfolio or a transaction related to the administration thereof gave rise to a debit balance, advance its own funds to cover the shortfall.

Advances made by the Portfolio Manager in accordance with this section shall bear interest, as of the date of their disbursement until their repayment in full, at the rate on account overdrafts in effect at the Portfolio Manager at that time.

The Client acknowledges that all securities held by the Portfolio Manager or by a person entrusted with the custody thereof — including a clearing house — shall, as soon as the securities are received, be subject to a security interest or hypothec with delivery (for an amount equal to the advances plus 25%) in favour of the Portfolio Manager; said security interest or hypothec shall secure the repayment, in principal and interest, of any advance granted by the Portfolio Manager under this section. In addition, the Client acknowledges that the Portfolio Manager has the right to set-off any amount owing to the Portfolio Manager under this section against the assets held in the Client's portfolio.

# Discretionary Investment Management Agreement

## ***7. Management Reports***

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The Portfolio Manager undertakes to send to the Client the following detailed reports with respect to the management of its portfolio:

- a periodic statement — at least in accordance with the laws of the province in which the Client resides, as designated in the Private Investment Management Account Opening Application — itemizing the securities included in its portfolio with reference to their book value — purchase cost — and their market value;
- a periodic statement of transactions — at least in accordance with the laws of the province in which the Client resides, as designated in the Private Investment Management Account Opening Application.

The Client expressly waives its right to receive written confirmation of each securities trade carried out by the Portfolio Manager.

## ***8. Obligations of Client***

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Where the Client is a corporation, association or partnership, it undertakes to provide the Portfolio Manager with a certified copy of any legal document authorizing it to execute and deliver this present Discretionary Investment Management Agreement and naming the persons authorized to represent it to give full effect hereto.

The Client undertakes to notify the Portfolio Manager in writing of any change it wishes to make with respect to its investment objectives as well as any material change in its personal, institutional, financial or any other situation which may have an impact on its investment objectives.

The Client undertakes to indemnify the Portfolio Manager from any income taxes, expenses, damages and claims resulting from any act done by the Portfolio Manager in accordance herewith.

The Client undertakes to provide the Portfolio Manager with all information which may be helpful and necessary for the performance of this Discretionary Investment Management Agreement.

## ***9. Representations of Client***

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The Client represents to the Portfolio Manager that it has the necessary authority and powers to execute this Discretionary Investment Management Agreement or, if applicable, to have its duly authorized representative(s) execute this Discretionary Investment Management Agreement on behalf of the Client.

## ***10. Fees***

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The Client undertakes to pay the Portfolio Manager the fees described in Schedule B — Fees — hereof, which may be amended from time to time by the Portfolio Manager by giving the Client 30 days' prior written notice.

The Client authorizes the Portfolio Manager to debit from its securities portfolio the fees set out herein.

## ***11. Delegation by the Portfolio Manager***

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The Portfolio Manager is authorized to retain the services of any expert including any member of its group and generally, to do such things and to execute and deliver all documents or other instruments necessary or useful for the performance of this Discretionary Investment Management Agreement.

## ***12. Liability of the Portfolio Manager***

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The Portfolio Manager shall not be liable for any loss caused directly or indirectly by government restrictions, decisions of stock exchanges or other regulatory authorities, trading suspensions, wars, strikes or any other incident that is not within the control of the Portfolio Manager or its representatives or employees or not the result of the gross or voluntary negligence of the Portfolio Manager or one of its representatives or employees. Notably, it shall not be held liable for any loss in the Client's account resulting from market fluctuations.

## ***13. Cancellation of this Discretionary Investment Management Agreement***

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The Client or the Portfolio Manager may, at any time, terminate this Discretionary Investment Management Agreement by giving a written notice of termination to the other party. The parties hereby agree that they shall exercise reasonable care in transferring the securities and cash included in the Client's portfolio.

## ***14. Invalidity of Any Provision Hereof***

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Any decision of a court which renders any of the provisions hereof null and void shall neither affect the validity of the other provisions hereof nor their enforceability.

## **15. Amendments**

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The Portfolio Manager may modify or amend this Discretionary Investment Management Agreement on a thirty (30) days' prior written notice which may appear directly on the Client's statement. The Client will be deemed to have accepted the modification or amendment unless, on receipt of the notice, the Client terminates this Discretionary Investment Management Agreement in accordance with its terms.

## **16. Policy Statement of the Portfolio Manager**

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The Client hereby agrees to be bound by the terms and conditions of the Policy Statement of the Portfolio Manager contained in Schedule C or in Schedule D (as applicable), as amended from time to time by the Portfolio Manager by sending a new schedule to the Client.

## **17. Notices**

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Any notice to be given to the Portfolio Manager in connection with this Discretionary Investment Management Agreement shall be in writing and sent to the following address: Private Investment Management, 1100 University, 12<sup>th</sup> floor, Montreal, Quebec, H3B 2G7 (Transit 1766-1).

## **18. Effective Date**

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The present Discretionary Investment Management Agreement shall be effective on the date of execution by an officer of the Portfolio Manager of the Private Investment Management Account Opening Application.

## **19. Headings**

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The headings used in this Discretionary Investment Management Agreement are inserted for convenience of reference only and will not be taken into consideration in interpreting this Discretionary Investment Management Agreement.

## **20. Entire Agreement**

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This Discretionary Investment Management Agreement, together with the Private Investment Management Account Opening Application and the Client's investment policy, expresses the final agreement between the Client and the Portfolio Manager with respect to the subject matter hereof, and supersedes and replaces all prior agreements, understandings and writings between the Portfolio Manager and the Client. All prior agreements, understandings and writings between the Portfolio Manager and the Client with respect to the subject matter hereof are null and void.

## **21. Non Waiver of Rights**

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No failure or delay by the Portfolio Manager in exercising any right, power or privilege hereunder shall operate as a waiver thereof, and any waiver of any breach of this Discretionary Investment Management Agreement shall be without prejudice to any rights of the Portfolio Manager in connection with any other or further breach.

## **22. Schedules**

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All schedules annexed hereto form an integral part of and shall be interpreted as forming an integral part of this Discretionary Investment Management Agreement.

## **23. Applicable Legislation**

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This Discretionary Investment Management Agreement shall be governed and construed in accordance with the laws of the province in which the Client resides, as designated in the Private Investment Management Account Opening Application.

## **24. Language**

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**For Quebec residents:**

**The parties hereto have expressly required that this Discretionary Investment Management Agreement and all deeds, documents and notices relating thereto be drafted in the English language. *Les parties aux présentes ont expressément exigé que la présente Convention de gestion discrétionnaire et tous les autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.***

**IN WITNESS WHEREOF, the Client and the Portfolio Manager shall be deemed to have executed this Discretionary Investment Management Agreement on the date of the signature of the Private Investment Management Account Opening Application.**

# Schedule A – Investment Policy

## 1. Management Framework

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This document establishes investment principles and standards which reflect the philosophy of the Portfolio Manager relating to the type and quality of investments made by the Portfolio Manager. *Its purpose is to complete the information contained in the document called “Your Investment Policy” prepared by the Portfolio Manager and executed by the Client at the time of the opening of a Private Investment Management Account.*

The management of the Client’s portfolio is discretionary. This means that the Portfolio Manager is responsible for the day-to-day management of the portfolios of securities. It has the freedom to choose the securities and decide when to buy or sell, within the parameters set out in the document named “Your Investment Policy”.

The Portfolio Manager therefore ensures that the Client’s long-term goals are pursued while taking into consideration its financial position and specific concerns, despite fluctuations in economic conditions and financial markets. The Client understands the principle that the full potential of this investment policy will only be reached over the long term and that a horizon of at least three to five years is needed to determine its relevance.

### PORTFOLIO INTEGRATION

Your portfolio will be integrated gradually over a period of 90 days following receipt of the cash or securities.

## 2. Types of Investments

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### RESERVES

The types of securities or other investments included in this category are essentially:

Debt securities such as Treasury bills issued by the federal or provincial governments, promissory notes, term notes, short-term bonds, bankers’ acceptances, certificates of deposit, term deposits and commercial paper rated R-1 (or equivalent) by Dominion Bond Rating Service Limited (or any other recognized credit rating organization) and debentures rated BBB (or equivalent) or higher by Dominion Bond Rating Service Limited (or any other recognized credit rating organization).

Units of pooled funds consisting of investments similar to those set out in the preceding paragraph, including any pooled fund managed and/or administered by a company forming part of the Portfolio Manager’s group, subject to the terms and conditions applicable to such pooled funds.

### BOND MARKET

The types of securities or other investments included in this category are essentially:

Bonds issued by federal or provincial Canadian or foreign governments.

Bonds issued by Canadian municipalities.

Bonds issued by Canadian and foreign companies with a minimum rating of A (or equivalent) by Dominion Bond Rating Service Limited (or any other recognized credit rating organization) except where the investment vehicle is a corporate bond pooled fund, in which case the bonds may have a rating at the time of their purchase of at least BBB (or equivalent) by Dominion Bond Rating Service Limited (or any other recognized credit rating organization).

Certificates of deposit issued by financial institutions, chartered banks, foreign banks established in Canada, and savings and credit unions with a minimum rating of A (or equivalent) by Dominion Bond Rating Service Limited (or any other recognized credit rating organization).

Any investment in mortgages made by way of mortgage funds only.

Asset-backed securities with a minimum rating of A (or equivalent) by Dominion Bond Rating Service Limited (or any other recognized credit rating organization).

High yield bonds which are mainly U.S. bonds with lower credit rating than other categories of bonds but offering a growth potential higher and a better diversification of the portfolio.

Units of pooled funds consisting of investments similar to those set out above, including any pooled fund managed and/or administered by a company forming part of the Portfolio Manager’s group, subject to the terms and conditions applicable to such pooled funds.

### PREFERRED SHARES

The types of securities or other investments included in this category are essentially:

Equity securities issued by mid and large enterprises with large capitalization and traded on a Canadian organized market.

Equity securities of income trusts or any other similar types of instruments.

Other securities which generate dividends or other types of fiscally advantageous distributions.

Units of pooled funds consisting of investments similar to those set out above, including any pooled fund managed and/or administered by a company forming part of the Portfolio Manager’s group, subject to the terms and conditions applicable to such pooled funds.

### **CANADIAN EQUITY MARKET**

The types of securities or other investments included in this category are essentially:

Common shares of large Canadian corporations listed on the S&P/TSX composite index, subscription rights, securities convertible into common shares, indexed securities – Index Participation Fund Units.

Units of pooled funds consisting of investments similar to those set out in the preceding paragraph, including any pooled fund managed and/or administered by a company forming part of the Portfolio Manager's group, subject to the terms and conditions applicable to such funds.

### **U.S. AND INTERNATIONAL EQUITY MARKETS**

The types of securities or other investments included in this category are essentially:

Units of pooled funds consisting of U.S. equities listed on the S&P 500 or Nasdaq benchmark indexes, subject to the terms and conditions applicable to such pooled funds.

U.S. equities listed on the S&P 500 or Nasdaq benchmark indexes.

Units of international pooled funds consisting of international equities listed on the MSCI EAEO benchmark index, subject to the terms and conditions applicable to such pooled funds.

International equities listed on major stock exchanges of countries covered by the MSCI EAEO index.

U.S. funds through indexed securities (S&P Index Participation Units).

International funds through indexed securities (WEBS).

Units of pooled funds consisting of investments similar to those set out above, including any pooled fund managed and/or administered by a company forming part of the Portfolio Manager's group, subject to the terms and conditions applicable to such pooled funds.

### **EMERGING MARKETS**

This category is composed of exchange listed international securities from countries whose economy is said to be emerging. The types of securities or other investments included in this category are essentially:

International equities listed on major stock exchange of countries covered by the MSCI Emerging Markets index or any equivalent index.

Units of pooled funds consisting of investments similar to those set out above, including any pooled fund managed and/or administered by a company forming part of the Portfolio Manager's group, subject to the terms and conditions applicable to such pooled funds.

### **ALTERNATIVE MANAGEMENT**

The investment vehicles used by the Portfolio Manager in this class of assets allow the use of non-traditional investment strategies that are slightly correlated to different financial markets and other classes of assets. To achieve that strategy, the Portfolio Manager uses hedge funds in order to : (i) achieve returns that are slightly correlated to equity securities and to debt securities; and (ii) achieve returns that are less volatile than stock markets.

### **TACTICAL DEVIATION**

The objective of tactical deviation is to improve the return of the portfolio by overweighting asset classes that are expected to perform well over the short term and underweighting others.

In order to overweight or underweight a class of assets, the Portfolio Manager uses a pooled fund which may notably invest in: futures agreements, forward contracts, call or put options on stock indexes or securities, call or put options on indexes that are representatives of the bond market, options or futures contracts on currencies and fixed income swaps, variable income swaps, currency swaps or indexes swaps.

### **DERIVATIVE PRODUCTS**

The Portfolio Manager reserves the right to use derivative products to control risks of portfolios as counterparty.

### **OTHERS**

The Portfolio Manager may also use other types of investment vehicles than the ones herein described provided that the use of such other type of investment vehicles complies with the document called "Your Investment Policy" and with the Client's Private Investment Management Account Opening Application.

## Schedule B – Fees

### Management Fees of the Portfolio Manager

Fees will be calculated according to the following rate structure:

<b>Market value of the portfolio</b>	<b>Fees</b>
For the initial \$250,000.....	1.75%
From \$250,000 to \$3,000,000.....	0.75%
From \$3,000,001 to \$5,000,000 .....	0.50%
\$5,000,001 and over.....	0.35%

The fees will be calculated and periodically debited from the account. Fees will be adjusted as the value of the portfolio increases.

Private Investment Management utilizes the NBT Pooled Funds, a family of private investment funds exclusive to National Bank Trust, as the basis for its investment management and asset allocation. Each of the NBT Pooled Funds charges its own fees, including portfolio management fees (which vary for each Pooled Fund), fixed administration fees and certain other expenses. Further details regarding the fees and expenses associated with the NBT Pooled Funds are available upon request and details are also provided in the periodic reporting made available to our clients.

### Transaction and other Charges

If the Client holds individual securities, additional management fees of 0.20% will apply.

If an account is closed within 12 months of the original opening date, specific fees equal to two months' management and custody fees may be charged to the Client in addition to the regular fees. The various fees and charges described herein may be changed on 30 days' prior written notice to the Client. Any additional professional service rendered will be charged at the Portfolio Manager's hourly rate. All fees are subject to provincial and federal sales taxes where applicable.

## Schedule C – Statement of Policies respecting Conflicts of Interest – National Bank Trust Inc.

**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 Trust Inc. (“National Bank Trust”), are inconsistent or divergent.

National Bank Trust takes reasonable steps to identify all existing material conflicts of interest, and those that we would reasonably expect to arise. National Bank Trust then assesses the level of risk associated with each conflict. National Bank Trust avoids 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, National Bank Trust ensures 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 Trust provides to you.

### Conflicts of interest

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

#### RELATIONSHIPS WITH PARTIES RELATED OR CONNECTED TO NATIONAL BANK TRUST

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

As of July 7<sup>th</sup> 2010, the list of related issuers of National Bank Trust which are reporting issuers under Canadian securities legislation is as described hereunder. A concise statement of the relationship between National Bank Trust and each related issuer is also provided:

- i) **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.
- ii) **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.
- iii) **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.
- iv) **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.
- v) **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.

## Schedule C – Statement of Policies respecting Conflicts of Interest – National Bank Trust Inc.

vi) **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.

vii) **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.

viii) **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.

### Alberta Clients:

**National Bank Trust has the relationship described above with the related issuers listed in this Statement of Policies and the National Bank of Canada group. National Bank Trust 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 Trust and such related and connected issuers, please contact us.**

In carrying on business as a portfolio manager or investment counsel, National Bank Trust may:

- a) with the prior written consent of the client, exercise discretionary authority to buy or sell securities of National Bank of Canada or other related or connected issuers;
- b) make recommendations in respect of securities of National Bank of Canada or other related or connected issuers; and
- c) sell securities issued by pooled funds managed by National Bank Trust or its affiliates.

National Bank Trust also acts in other capacities, including that of trustee and custodian for pooled funds managed by National Bank Trust and/or related parties. In addition, National Bank of Canada or other related parties may:

- a) act as principal or agent in respect of securities purchased or sold by or to clients of National Bank Trust;
- b) act as an underwriter for securities sold to clients of National Bank Trust; and
- c) be a secured creditor in respect of securities held in the accounts of clients of National Bank Trust, including units of pooled funds managed by National Bank Trust.

It is the policy of National Bank Trust to comply fully with all applicable securities laws and to make all required disclosure. In addition, National Bank Trust ensures that any dealings in securities of related or connected issuers would comply with the investment objectives, guidelines, restrictions and all other provisions of the Client's Discretionary Investment Management Agreement.

National Bank Trust's 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 all investment decisions and their execution are made in the best interest of National Bank Trust's clients.

Investment decisions will be made on the basis of the business judgment of responsible portfolio managers, uninfluenced by considerations other than the clients' best interest. Investment decisions relating to purchases and sales of client portfolio securities will be made in the ordinary course of business of National Bank Trust, which maintains operational and decision-making autonomy in the management of clients' portfolios and the selection of portfolio investments.

National Bank Trust is a duly registered portfolio manager. In addition, National Bank of Canada, the principal shareholder of National Bank Trust, is also the principal shareholder of the following dealers and advisers:

#### **Related registrants\***

- BNBC 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 Securities Inc.
- Natcan Trust Company
- National Bank Trust Inc.
- Alpha ATS L.P.
- PI Financial Corp.
- Wellington West Capital Inc.
- Wellington West Capital Markets Inc.
- Wellington West Financial Services Inc.
- Wellington West Total Wealth Management Inc.

**\* direct or indirect ownership of more than 10% of any class or series of voting securities of these entities**

National Bank Trust 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.

In order to avoid potential conflicts of interest and ensure that the decisions of National Bank Trust are made and executed in the best interest of its clients, all agreements between National Bank Trust and related or connected parties are subject to approval by an ethics committee of National Bank Trust, which committee is composed entirely of independent members of National Bank Trust's board of directors.

#### **Conflicts of interest of National Bank Trust personnel**

In the ordinary course of performing their duties, our officers, employees 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, which applies to National Bank Trust, 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 Trust will not permit any of its personnel 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 Trust's clients.

In addition, National Bank Trust ensures that its employee compensation and remuneration practices are not inconsistent with its obligations to its clients.

## Schedule C – Statement of Policies respecting Conflicts of Interest – National Bank Trust Inc.

National Bank Trust also has a Compliance Manual dealing with situations relating specifically to its personnel's activities, which manual reiterates that our personnel must never favour its own interests to the detriment of their responsibilities toward clients and National Bank Trust.

### ***Conflicts of interest specific to portfolio management activities***

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National Bank Trust takes the steps necessary to ensure that it and the portfolio sub-advisors it has hired comply with all applicable regulation in carrying out their duties.

National Bank Trust also ensures that fair and reasonable policies exist and are implemented with respect to conflicts of interest specific to portfolio management activities, such as fair allocation of securities, soft-dollar payments, proxy voting, compensation and expense allocation practices, error correction, confidentiality of information, broker selection, trade allocation and best execution.

### ***Other conflicts of interest***

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From time to time, other potential or actual conflicts of interest may arise. National Bank Trust 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 National Bank Trust is subject in its relationships with its clients.

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

### ***Head Office of National Bank Trust***

---

Under the existing regulations, National Bank Trust 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 Trust in the provinces other than Quebec where it carries on its activities are set out below:

**NEW BRUNSWICK**  
STEWART MCKELVEY STIRLING SCALES  
10<sup>th</sup> Floor, Brunswick House  
44 Chipman Hill  
St. John, New Brunswick E2L 2A9

**PRINCE EDWARD ISLAND**  
STEWART MCKELVEY STIRLING SCALES  
C/O: JAMES TRAVERS  
65 Grafton Street  
P.O. Box 2140  
Charlottetown, Prince Edward Island C1A 8B9

**SASKATCHEWAN**  
MCDOUGALL GAULEY LLP  
700 Royal Bank Building  
2010 – 105<sup>th</sup> Avenue  
Regina, Saskatchewan S4P 0J3

## Schedule D – Statement of Policies respecting Conflicts of Interest – Natcan Trust Company

**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*

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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 Natcan Trust Company, are inconsistent or divergent.

Natcan Trust Company takes reasonable steps to identify all existing material conflicts of interest, and those that we would reasonably expect to arise. Natcan Trust Company then assesses the level of risk associated with each conflict. Natcan Trust Company avoids 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, Natcan Trust Company ensures 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 Natcan Trust Company provides to you.

### *Conflicts of interest*

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

#### RELATIONSHIPS WITH PARTIES RELATED OR CONNECTED TO NATCAN TRUST COMPANY

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

As of July 7th, 2010, the list of related issuers of Natcan Trust Company which are reporting issuers under Canadian securities legislation is as described hereunder. A concise statement of the relationship between Natcan Trust Company and each related issuer is also provided:

- i) **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.
- ii) **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.
- iii) **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.
- iv) **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.
- v) **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.

## Schedule D – Statement of Policies respecting Conflicts of Interest – Natcan Trust Company

vi) **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.

vii) **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.

viii) **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.

### Alberta Clients:

**Natcan Trust Company has the relationship described above with the related issuers listed in this Statement of Policies and the National Bank of Canada group. Natcan Trust Company 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 Natcan Trust Company and such related and connected issuers, please contact us.**

In carrying on business as a portfolio manager or investment counsel, Natcan Trust Company may:

- a) with the prior written consent of the client, exercise discretionary authority to buy or sell securities of National Bank of Canada or other related or connected issuers;
- b) make recommendations in respect of securities of National Bank of Canada or other related or connected issuers; and
- c) sell securities issued by pooled funds managed by Natcan Trust Company or its affiliates.

Natcan Trust Company also acts in other capacities, including that of trustee and custodian for pooled funds managed by Natcan Trust Company and/or related parties, and trustee of certain registered plans and tax-free savings accounts offered by National Bank of Canada, related parties and outside brokers.

In addition, National Bank of Canada or other related parties may:

- a) act as principal or agent in respect of securities purchased or sold by or to clients of Natcan Trust Company;
- b) act as an underwriter for securities sold to clients of Natcan Trust Company; and
- c) be a secured creditor in respect of securities held in the accounts of clients of Natcan Trust Company, including units of pooled funds managed by Natcan Trust Company.

It is the policy of Natcan Trust Company to comply fully with all applicable securities laws and to make all required disclosure. In addition, Natcan Trust Company ensures that any dealings in securities of related or connected issuers would comply with the investment objectives, guidelines, restrictions and all other provisions of the Client's Discretionary Investment Management Agreement.

Natcan Trust Company's 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 all investment decisions and their execution are made in the best interest of Natcan Trust Company's clients.

Investment decisions will be made on the basis of the business judgment of responsible portfolio managers, uninfluenced by considerations other than the clients' best interest. Investment decisions relating to purchases and sales of client portfolio securities will be made in the ordinary course of business of Natcan Trust Company, which maintains operational and decision-making autonomy in the management of clients' portfolios and the selection of portfolio investments.

Natcan Trust Company is a duly registered portfolio manager. In addition, National Bank of Canada, the principal shareholder of Natcan Trust Company, 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 Securities Inc.
- Natcan Trust Company
- National Bank Trust Inc.
- Alpha ATS L.P.
- PI Financial Corp.
- Wellington West Capital Inc.
- Wellington West Capital Markets Inc.
- Wellington West Financial Services Inc.
- Wellington West Total Wealth Management Inc.

**\* direct or indirect ownership of more than 10% of any class or series of voting securities of these entities**

Natcan Trust Company 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 Natcan Trust Company personnel***

---

In the ordinary course of performing their duties, our officers, employees 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, which applies to Natcan Trust Company, 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.

Natcan Trust Company will not permit any of its personnel 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 Natcan Trust Company's clients.

In addition, Natcan Trust Company ensures that its employee compensation and remuneration practices are not inconsistent with its obligations to its clients.

Natcan Trust Company also has a Compliance Manual dealing with situations relating specifically to its personnel's activities, which manual reiterates that our personnel must never favour its own interests to the detriment of their responsibilities toward clients and Natcan Trust Company.

## Schedule D – Statement of Policies respecting Conflicts of Interest – Natcan Trust Company

### ***Conflicts of interest specific to portfolio management activities***

---

Natcan Trust Company takes the steps necessary to ensure that it and the portfolio sub-advisors it has hired comply with all applicable regulation in carrying out their duties.

Natcan Trust Company also ensures that fair and reasonable policies exist and are implemented with respect to conflicts of interest specific to portfolio management activities, such as fair allocation of securities, soft-dollar payments, proxy voting, compensation and expense allocation practices, error correction, confidentiality of information, broker selection, trade allocation and best execution.

### ***Other conflicts of interest***

---

From time to time, other potential or actual conflicts of interest may arise. Natcan Trust Company 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 Natcan Trust Company is subject in its relationships with its clients.

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

### ***Head Office of Natcan Trust Company***

---

Under the existing regulations, Natcan Trust Company 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 Natcan Trust Company in the provinces other than Quebec where it carries on its activities are set out below:

#### **ALBERTA**

BENNETT JONES  
C/O: PAUL FARION  
4500 Bankers Hall East  
855 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4K7

#### **BRITISH COLUMBIA**

LAWSON LUNDELL LLP  
C/O: GORDON R. CHAMBERS  
1600 Cathedral Place  
925 West Georgia Street  
Vancouver, British Columbia V6C 3L2

#### **MANITOBA**

THOMPSON DORFMAN SWEATMAN LLP  
C/O: GARFIELD VERNON BRICKMAN  
Canwest Global Place  
2200 – 201 Portage Avenue  
Winnipeg, Manitoba R3B 3L3

#### **NEWFOUNDLAND AND LABRADOR**

STEWART MCKELVEY STIRLING SCALES  
C/O: NEIL L. JACOBS  
Cabot Place  
100 New Gower Street, Suite 1100  
St. John's, Newfoundland and Labrador A1C 6K3

#### **NOVA SCOTIA**

STEWART MCKELVEY STIRLING SCALES  
C/O: CANDACE L. THOMAS  
Purdy's Wharf Tower One  
1959 Upper Water Street, Suite 900  
Halifax, Nova Scotia B3J 3N2

#### **ONTARIO**

NATIONAL BANK OF CANADA  
C/O : JACQUES NAUD  
130 King Street West, 8<sup>th</sup> Floor  
Toronto, Ontario M5X 1K9

# Client relationship information

## **1. Information we need to collect**

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For Private Investment Management, we require certain personal and financial data, including your name, address, telephone number, e-mail address, profession and financial situation, as well as some information pertaining to your family. This information will be used for identification purposes, as well as to determine your investor profile.

## **2. Suitability obligation**

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Before making a recommendation or buying and selling securities – including NBT Pooled Fund units – for your managed account, National Bank Trust must ensure that transactions correspond to the investment policy statement that was established based on your investor profile. In order to set the guidelines used to manage the sums you entrust to us, we consider your needs and investment objectives, your general financial situation and your risk tolerance while taking your level of investment knowledge into account.

## **3. Reporting obligation**

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In accordance with applicable regulations, National Bank Trust prepares and sends you a statement of account at least once per quarter. Generally, this statement contains information on your account, as well as a listing of each transaction executed during the period. The statement gives the value of the portfolio, how this value has varied over the period, and the rate of return earned. Details on the asset classes making up the portfolio are also given, including their value and weighting, as well as a comparison of these weightings to the target weightings contained in the investment policy statement. Account details such as the name, quantity, cost and current value of each security held in the portfolio are also provided. The statement lists the nature of each transaction made during the period, the dates on which these transactions took place, and the names and quantities of the securities involved. Finally, the statement contains a summary of the income and capital gains generated by the securities held in the account.

All clients receive a quarterly newsletter that contains an overview of recent market developments, the portfolio manager's outlook and a detailed account of the returns for asset classes compared to their benchmark market indices. Semi-annual and annual financial reports reflecting full investment portfolios are also sent to you. Finally, within 90 days following year-end, you will receive all the Private Investment Management-related information needed for your income tax reporting.

## **4. Fair allocation of investment opportunities**

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National Bank Trust has implemented an internal policy to provide for the fair and equitable allocation of investment opportunities among its clients. This ensures that all clients are treated fairly, notably when multiple client accounts participate simultaneously in a purchase or disposition of the same security or in an initial public offering. This is accomplished through pro rata allocation among the different accounts that are involved in the transaction, at the time the order is filled and at the average execution price. Where an order is partially filled, it is allocated across the affected client accounts in accordance with the original pro rata allocation. We advocate fair and equitable treatment for all of our clients according to their investment objectives and policies by avoiding any kind of favouritism or discrimination.

## **5. Notice from National Bank of Canada to Clients Referred to National Bank Trust Inc. and Natcan Trust Company**

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National Bank of Canada (the “**Bank**”), proposes to refer you to National Bank Trust Inc.<sup>1</sup> or Natcan Trust Company<sup>2</sup>, as the case may be (collectively referred to as National Bank Trust<sup>3</sup> or “**NBT**”), for the purpose of you eventually becoming a client benefiting from NBT's discretionary portfolio management services. The Bank is not authorized to provide you itself with discretionary portfolio management services. The Bank's policy is to refer its clients to its subsidiaries in accordance with the needs of its clientele. However, the Bank will not be involved in or aware of your specific dealings with NBT, other than information concerning the commission sharing discussed below, as well as any specific authorizations that you may grant NBT in your account opening form to enable it to continue to offer you its services.

<sup>1</sup> National Bank Trust Inc. is a Quebec trust company exercising its activities in Quebec, Prince-Edward-Island, Saskatchewan and New Brunswick.

<sup>2</sup> Natcan Trust Company is a federal trust corporation exercising its activities in all other Canadian provinces and territories where it holds the necessary legal authorizations.

<sup>3</sup> National Bank Trust is a business name used by both National Bank Trust Inc. and Natcan Trust Company.

## Client relationship information

NBT is comprised of two entities which are both completely separate from the Bank, but both National Bank Trust Inc. and Natcan Trust Company are wholly owned subsidiaries of the Bank. Each offers its clients a range of services, including discretionary portfolio management services for which they hold the appropriate portfolio manager registrations under applicable securities laws.

The Bank has entered into a referral arrangement with NBT under which the Bank may refer its clients to NBT in exchange for the sharing of commissions of up to 0.54% of the assets held by NBT in respect of the services provided to referred clients. It is important to note that this arrangement will not increase the costs or fees pertaining to your discretionary portfolio management account. Therefore, you will not pay higher fees as a result of this arrangement. However, the commissions shared by NBT with the Bank give the Bank incentive to refer you to NBT.

### ***6. Costs and fees associated with your account***

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In return for the portfolio management services rendered to you by National Bank Trust, you are charged fees that are calculated according to Annex B ("Fee Schedule"), of the Portfolio Management Agreement. National Bank Trust's portfolio management fees are determined according to a sliding scale based on the value of the portfolio. These fees are calculated and debited monthly from your account.

Private Investment Management accounts are generally composed of several NBT Pooled Funds, a family of private investment funds that are exclusive to National Bank Trust, and used for portfolio management services and asset allocation.

Each NBT Pooled Funds pays portfolio management fees to the sub-advisor selected and retained by National Bank Trust to manage the investments of the Pooled Fund. The amount of these fees varies among the Pooled Funds. Certain Pooled Funds only pay fees calculated as a fixed percentage of the portfolio value managed by the sub-advisor. Several more specialized Pooled Funds will also pay performance fees if their sub-advisor posts a return that exceeds a certain performance threshold. In addition, each NBT Pooled Fund pays brokerage and trading fees, and pays administration fees to National Bank Trust to cover the expenses incurred in the operation of the pool, including record keeping, custody of securities, accounting, production of fund-related documents, legal advice and auditing.

The aggregate amount of these fees and expenses paid by the NBT Pooled Funds in your portfolio will be unique to your particular circumstances based on the mix of NBT Pooled Funds selected in accordance with your investment policy, in the range of 0.2% to 0.5%. If you would like more detailed information on the historic fees and expenses incurred by each NBT Pooled Fund, please contact National Bank Trust customer service.

If you have an account that holds individual securities other than NBT Pooled Funds, additional management fees may be added to the portfolio management fees payable to National Bank Trust. In addition, you will assume the brokerage fees applicable to these individual securities transactions in your account.

You will not pay any purchase or redemption fees. However, if an account is closed within a period of 12 months from the original date it was opened, a fee equivalent to two months of portfolio management fees may be charged to the account in addition to the fees described above.

The fees and expenses indicated above are subject to applicable federal and provincial taxes. You will be given prior written notice 30 days before any change to these fees becomes effective.

### ***7. Types of risks that you should consider***

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Investing in virtually any type of financial vehicle carries a number of potential risks, and you should avoid making a specific investment if you don't understand the nature and extent of the risks involved. The same is also true when giving a discretionary mandate to a portfolio manager, since in doing so you are mandating the manager to make investments in financial vehicles for you. We have prepared the following summary to acquaint you with risks associated with Private Investment Management. Please read it carefully, and don't hesitate to speak to your advisor should you have any questions. We caution you that this summary is general in nature, and is not to be construed as an exhaustive itemization of every possible risk associated with the all of the types of securities that may be used in the context of Private Investment Management's services.

We begin by explaining the most basic investment corollary, the risk/return tradeoff, and follow with a description of the three main types of risk associated with Private Investment Management: financial market risk, investment management risk and purchasing power risk.

## ***Risk / Return Tradeoff***

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Risk and investment returns are intimately related. To increase your potential rate of return, you will most likely need to opt for an investment that carries more risk – defined in this context as the degree to which the investment’s market value and rate of return can vary. The day-to-day values of “risky” investments tend to fluctuate more often than those of “safe” investments, and the riskier the investment, the greater you can expect these fluctuations to be. Since these fluctuations can result in an increase or decrease in the investment’s value, they will translate into gains over certain periods and losses over others. Risky investments generally offer higher potential long-term returns than safer investments. However, since the magnitude of price variations for risky investments tends to be greater, this means that such investments can also produce bigger losses than safer investments.

Private Investment Management offers a choice of investor profiles situated at various points across a risk/return continuum, each one determined as a function of one’s time horizon, investment objectives, financial situation and risk tolerance. Before making an investment in Private Investment Management, you should choose your investor profile carefully, and be comfortable with the level of risk that corresponds with this profile.

## ***Financial Market Risk***

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Inherent in virtually all investments made directly or indirectly in debt, equity and derivative securities, financial market risk relates to the fact that the short-term returns delivered by such investments are unpredictable and, in certain cases can be highly volatile. These returns are impacted by the prevailing economic outlook, political events and investor psychology as well as fluctuations in interest rates and currency cross-rates.

Since Private Investment Management is constructed with a carefully-chosen blend of investments in stock, bond and derivative markets, you should be aware of the fact that the sums you entrust to National Bank Trust are not guaranteed, and will be exposed to financial market risk. However, we take care to ensure that the blend of investments in your Private Investment Management portfolio scrupulously respects the risk tolerance associated with your investor profile.

## ***Investment Management Risk***

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Investment management risk relates to the strategies that portfolio managers choose to adopt and the individual securities transactions executed to implement them. A decision to over- or underweight a specific asset, class, economic sector, geographic region or security can result in either positive or negative relative performance compared to benchmark market indices.

Private Investment Management is built around a disciplined investment management process that rigorously follows the principles of diversification across and within asset classes. Portfolio managers must strictly adhere to mandates that specify the extent to which they may deviate from their benchmarks in order to implement their investment strategies. All of this combined with an investment philosophy emphasizing capital preservation leads to tight investment management risk control.

## ***Purchasing Power Risk***

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Most people invest with some kind of an objective in mind – a level of income, a desired lifestyle, or the purchase of some specific item or service. Purchasing power risk is simply the risk that the investment you make fails to generate a rate of return sufficient to allow you to reach your goal.

Investments that don’t carry guarantees obviously expose you to this risk, since negative returns could jeopardize your chances of reaching your objective. But purchasing power risk is equally - if not even more present - in “safe” investments that deliver pre-determined returns with a guaranteed refund of capital at maturity. As stated above, over longer periods, guaranteed investments generally offer less in the way of potential returns than risky investments. After considering the impact of inflation and taxation, should the net return from your guaranteed investment not produce the growth needed to reach your goals, you have moved beyond the realm of risk and into that of certainty, since a negative outcome then has a 100% probability of materializing.

## Client relationship information

Assessing which risk represents the greatest threat to you requires you to define your investment time horizon. If your objective involves a relatively short period of time – say five years or less - your greatest risk is likely loss of capital, and you should probably focus on guaranteed investments. Conversely, if you are investing with a long-term goal in mind that requires an appreciable amount of capital growth or the generation of an income exceeding the rates of return offered by guaranteed investments, purchasing power is generally the greater risk, and variable return investments may be more appropriate.

Private Investment Management was designed for individuals who either want or need an investment with the potential for delivering investment returns exceeding those of guaranteed fixed-rate vehicles, and who are prepared to assume the above-mentioned associated risks.

### **8. Mediation Services**

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Independent dispute resolution or mediation services are available to you. This will help you deal with any potential disputes that may arise from National Bank Trust's Private Investment Management discretionary portfolio management services.

As a Private Investment Management client, you have the right to send a written complaint directly to National Bank Trust in accordance with our internal procedure for handling complaints and resolving disputes. If this internal process does not help you obtain a satisfactory resolution, you then have access to National Bank Financial Group's Client Ombudsman's services, as well as those of the Canadian Ombudsman for Banking Services and Investments.

If you reside in Quebec, the AMF (Autorité des marchés financiers) also offers mediation services should the mechanisms for handling complaints and resolving disputes we offer do not allow you to reach a satisfactory settlement. In this context, you can ask us to send your written complaint directly to the AMF so that it can analyze your case and recommend recourse to the mediation where appropriate.

### **9. Products and services offered by National Bank Trust**

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#### **WEALTH MANAGEMENT**

##### **Discretionary Portfolio Management**

- Private Investment Management
- Personalized Administration Plan

##### **Trust Services**

- Estate planning
- Administration of trusts
- Estate settlement
- Protective supervision (trusteeship, curatorship, mandate in the event of incapacity)

#### **CLIENT INSTITUTIONAL SERVICES**

- Customized mutual funds
- Securities custody and management
- Trustee and depository mandates

# Declaration of Trust for Natcan Trust Company Retirement Savings Plan

## 1. Definitions

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For the purposes hereof, the words or terms set out herein below shall have the following meaning:

- a) **ANNUITANT:**  
the person whose name is indicated on the Application. The Annuitant must be no more than 69 years of age. Indication of the Annuitant's date of birth on the Application shall constitute sufficient certification of the Annuitant's age, subject to any further evidence which could be required from the Annuitant.
- b) **APPLICATION:**  
the Plan application form entitled "Account Opening Application", duly completed and signed by the Annuitant.
- c) **ASSETS IN THE PLAN:**  
all property of any nature whatsoever which makes up the Plan, including the contributions made to the Plan from time to time, as well as any income, capital gain or other gain of any type whatsoever, generated or realized in connection with the administration of the Plan by the Trustee.
- d) **INVESTMENTS:**  
any combination of investments in the investment vehicles offered under the Plan, including, without limitation, any other investment option offered from time to time under the Plan.
- e) **MATURITY DATE:**  
the date determined in section 4 hereof.
- f) **PLAN:**  
the Natcan Trust Company Retirement Savings Plan established by the Trustee for the benefit of the Annuitant in accordance with the terms and conditions mentioned in the Application and herein, such as it may be amended from time to time by the Trustee, without prior notice to the Annuitant, in order to ensure that the Plan continues to comply with applicable laws, or in all other cases, with 30 days' prior notice, provided that the proposed amendment shall not cause the Plan to no longer qualify as a registered retirement savings plan under Tax Legislation. Any amendment shall be evidenced in writing and signed by a person duly authorized by the Trustee.
- g) **SPOUSE:**  
the Annuitant's spouse or common law partner as defined by Tax Legislation.
- h) **TAX LEGISLATION:**  
the Income Tax Act (Canada) and the corresponding legislation of the province in which the Annuitant resides.
- i) **TRUSTEE:**  
Natcan Trust Company.

## 2. Constitution of Plan

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By way of the transfer by the Annuitant of a sum of money or any other property specified in the Application, the Annuitant establishes a retirement savings plan for his benefit with the Trustee in order to provide for his retirement. All contributions paid to the Plan, as well as any income, capital gain or other gain of any nature whatsoever, generated or realized by the Plan and held in the Plan by the Trustee, and invested pursuant to the terms and conditions provided herein, shall be applied to establishing a retirement income for the Annuitant. The Plan shall further constitute a trust for the purposes of Tax Legislation only, excluding any other purpose whatsoever.

The Trustee, by virtue of its acceptance on the Application, agrees to administer the Plan in the manner stipulated herein. Subject to registration of the Plan under Tax Legislation, this Declaration shall take effect on the date of acceptance by the Trustee on the Application.

## 3. Registration

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The Trustee shall apply for registration of the Plan pursuant to Tax Legislation. If any of the authorities concerned refuses such registration, the Application and this Declaration shall be cancelled, and the sums or property transferred to the Plan by the Annuitant will be reimbursed or handed over, as the case may be.

## 4. Maturity Date

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The Plan shall mature on the date determined in writing by the Annuitant, which date may be no later than December 31 of the calendar year in which the Annuitant turns 69.

## 5. Contributions

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Until the Maturity Date, the Annuitant may, in addition to the contribution made by the Annuitant in the Application, make contributions to the Plan at such time as he may determine provided the contributions respect certain minimum amounts. The Annuitant shall be solely responsible for ensuring that such contributions are within the limits prescribed by Tax Legislation as well as for determining, if applicable, the taxation years for which such contributions may be deducted for income tax purposes.

# Declaration of Trust for Natcan Trust Company Retirement Savings Plan

## 6. Overcontributions

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Within ninety (90) days of receipt by the Trustee of a written request from the Annuitant, the Trustee shall pay him the amount set out in such request, constituting all or part of the overcontributions paid to the Plan, over and above the limits prescribed by Tax Legislation, in order to make it possible to reduce the amount of tax applicable to such overcontributions.

In the absence of instructions from the Annuitant, the Trustee may dispose of the Investments which it may determine, at its entire discretion, for the purposes of such payment. The Trustee shall not be liable for any losses incurred by the Plan as a result of such disposition.

## 7. Investments

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Until the Maturity Date, the Assets in the Plan shall be invested in Investments by the Trustee in accordance with the investor profile of the Annuitant.

## 8. Restrictions

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### a) WITHDRAWALS

The Plan does not provide for any payment before the Maturity Date except refund of premiums or a payment to the Annuitant.

### b) ASSIGNMENT

The Annuitant acknowledges that this Plan, as well as the rights and benefits arising therefrom, may not be assigned or otherwise alienated.

### c) SECURITY

The Annuitant acknowledges that he may not pledge the Plan or the Assets in the Plan as security or otherwise.

## 9. Retirement Income

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### a) DETERMINATION OF RETIREMENT INCOME

On the Maturity Date, the Trustee shall dispose of the aggregate Assets in the Plan, and using the proceeds from such disposition, after having paid the costs thereof and the fees due and payable hereunder, the Trustee covenants to pay the Annuitant a fixed-term retirement annuity, in compliance with Tax Legislation and chosen by the Annuitant from among the types of annuity offered by the Trustee.

The Annuitant shall choose a type of annuity from the Trustee not less than ninety (90) days prior to the Maturity Date.

Notwithstanding the foregoing, the Annuitant, at his sole discretion, may, by way of a written request to the Trustee not less than ninety (90) days prior to the Maturity Date, request that the Assets in the Plan be transferred to a registered retirement income fund in compliance with Tax Legislation.

Notwithstanding any provision to the contrary, if on the first day of November of the year in which the Annuitant turns 69, the Annuitant fails to notify the Trustee in writing of the type of annuity he has chosen, the Maturity Date shall then be deemed to be the first day of December of the same year. The Trustee shall then be deemed to have received instructions from the Annuitant to transfer the Assets in the Plan to a Natcan Trust Company registered retirement income fund in the Annuitant's name in accordance with Tax Legislation. In such case, the designated beneficiary of such fund shall be the person named as the designated beneficiary hereunder. A written notice of the transfer shall be furnished to the Annuitant.

### b) PAYMENT OF ANNUITY

Payment of the annuity shall respect the provisions of Tax Legislation, and in particular:

- i) The annuity shall be payable in equal annual or more frequent periodic payments until such time as the retirement income has been paid in full or there is full or partial commutation. Where the commutation is partial, the annuity shall also be payable in equal annual or more frequent periodic payments;
- ii) Retirement income may not be assigned in whole or in part, and any annuity which may become due and payable to a person other than the Annuitant or his Spouse, shall be commuted;
- iii) The guaranteed term of payment of the annuity shall not exceed a number of years equal to ninety (90) less the age of the Annuitant in complete years on the Maturity Date or, should the Annuitant so decide, less the age of his Spouse, if younger than the Annuitant.
- iv) The aggregate amount of periodic annuity payments made to the Spouse under the Plan in a year after the Annuitant's death may not exceed the aggregate amount of annuity payments made in a year prior to such death.

### c) LIMITATIONS

The Annuitant, or a person with whom the Annuitant does not deal at arm's length, within the meaning of Tax Legislation, may not receive any benefit, payment or advantage, other than the amounts or benefits authorized under this Declaration and Tax Legislation.

## ***10. Designation of Beneficiary***

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If permitted by law, the Annuitant may designate one or more beneficiaries to receive the proceeds payable under the provisions of the Plan, namely, in the Application, and such designation may be amended or revoked thereafter.

Any designation of beneficiary may be made, amended or revoked only in compliance with the applicable legislation by way of a written document or instrument dated and signed by the Annuitant, and the form and tenor thereof shall be acceptable to the Trustee, notably the specific identification of the Plan. Any designation of beneficiary shall come into force on the date it is received by the Trustee.

## ***11. Death of Annuitant***

---

### **a) DEATH PRIOR TO MATURITY DATE**

Should the Annuitant die prior to the Maturity Date and before the Assets in the Plan are commuted into a retirement income or are transferred to a registered retirement income fund, the Trustee shall dispose of the Assets in the Plan, and subject to Tax Legislation, after having paid the costs of such disposition and the fees due and payable hereunder, the Trustee shall pay the proceeds of such disposition to the designated beneficiary, beneficiaries or assigns of the Annuitant in a lump sum.

Notwithstanding the foregoing, in cases permitted by Tax Legislation, the Trustee may transfer all the Assets in the Plan to the person or persons entitled thereto.

### **b) DEATH FOLLOWING COMMUTATION OF ASSETS IN THE PLAN INTO RETIREMENT INCOME**

Should the Annuitant die after the Assets in the Plan have been commuted into retirement income, such retirement income:

- i) shall continue to be paid to the Spouse, if the same is the beneficiary; or
- ii) shall be commuted in order to be remitted to the designated beneficiary or assigns, should the Spouse not be the beneficiary. If applicable, the aggregate amount of periodic retirement income payments made in a year after the Annuitant's death, may not exceed the aggregate amount of payments made in a year prior to the death.

## ***12. Statements***

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The Trustee shall have a separate account for the Plan and shall furnish to the Annuitant annually or more frequently, as it may decide, a statement showing, for the period under consideration, the contributions paid to the Plan, the assets and, if applicable, the income realized by the Plan, as well as any other information deemed relevant by the Trustee at its sole discretion.

The Trustee shall furthermore provide the Annuitant annually with information regarding the contributions paid to the Plan and any other transactions performed pursuant to Tax Legislation so as to allow the Annuitant to complete his income tax return.

## ***13. Provisions Regarding the Trustee***

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### **a) DELEGATION OF POWERS**

The Trustee may delegate to its agents, including National Bank Trust Inc., some of its administrative duties or some of its powers to do specific things, and the same may receive all or part of the fees to which the Trustee shall be entitled hereunder, it being understood, however, that ultimate responsibility for administering the Plan shall be vested in the Trustee.

### **b) RETIREMENT**

The Trustee may retire as the administrator of the Plan upon sixty (60) days' prior notice given to the Annuitant in the manner set out in Section 15 c) hereof and provided a replacement has accepted this office, such replacement being a body corporate or legal person residing in Canada duly authorized to act in accordance with the laws in force for the purposes hereof.

### **c) FEES AND EXPENSES**

The Trustee shall collect any fees it may set from time to time, which may be charged to the account for the Plan. The Trustee shall be reimbursed for all fees, out-of-pocket expenses and charges incurred by it or its agents in connection with the administration of the Plan, including any tax or penalty payable, which may be charged to the account for the Plan.

The Trustee may, without notifying the Annuitant, dispose of the Assets in the Plan, in whole or in part, on the conditions which it may determine, and apply the proceeds of such disposition to the payment of fees as well as out-of-pocket expenses, charges and overdrafts owed to it.

The Trustee shall furthermore collect fees upon the termination or transfer of the Plan or for any other event which it may reasonably determine.

### **d) LIABILITY AND INDEMNITY**

The Annuitant, any beneficiary of the proceeds of the Assets in the Plan, and the assigns of the Annuitant agree to indemnify the Trustee and its nominees, agents and correspondents against, and hold them harmless from, all taxes, assessments, expenses, liability, claims and demands resulting from the custody or administration of the Investments of the Plan, except in the case of the gross negligence or serious misconduct of the Trustee, or its nominees, agents and correspondents.

## Declaration of Trust for Natcan Trust Company Retirement Savings Plan

### **14. Terms and Conditions for Locking in Contributions**

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The Assets held within the Plan under the terms and conditions for locking in contributions shall be recorded separately and shall be subject to additional terms and conditions which form part of the terms and conditions of the Plan in effect as of the time the sums in question are transferred to the Plan. Subject to the applicable Tax Legislation and in the event the terms and conditions of the Plan, as set out herein, are not compatible with the additional terms and conditions which may apply once sums from another plan are transferred to the Plan, said additional terms and conditions shall govern the manner in which the sums thus transferred shall be handled.

### **15. Various Provisions**

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a) **CASH**

All the sums of money payable hereunder shall be payable in money having legal tender in Canada.

b) **INTERPRETATION**

Wherever the context requires it, a word importing the masculine gender shall include the feminine or neuter and vice versa, and the singular number shall include the plural and vice versa.

c) **NOTICES**

Any notice or request addressed to the Trustee hereunder shall be validly given, if delivered or mailed postage-paid to the Trustee at Private Investment Management, 1100 University, 12<sup>th</sup> Floor, Montreal, Quebec, H3B 2G7, or to any other address which the Trustee may from time to time specify in writing, and it shall be deemed to have been given on the day that such notice was actually delivered or received by the Trustee. Any notice, statement or receipt given by the Trustee to the Annuitant, the Annuitant's Spouse or any person authorized to receive notice under the Plan, shall be validly given if mailed postage-paid to the address recorded in the books of the Trustee with respect to the Plan, and any notice, statement or receipt so mailed shall be deemed to have been given on the fifth day of mailing.

d) **APPLICABLE LEGISLATION**

The Plan shall be governed and construed in accordance with the laws of the province in which the Annuitant resides, as designated in the Application and in Tax Legislation.

e) **LANGUAGE CLAUSE IN QUEBEC**

The parties have requested that this agreement be drawn up in the English language. Les parties confirment leur volonté que le présent contrat soit rédigé en langue anglaise.

# Declaration of Trust for Natcan Trust Company Retirement Income Fund

## 1. Definitions

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For the purposes hereof, the following words and terms shall have the meaning set out below:

- a) **ANNUITANT:**  
the person whose name is indicated on the Application. Inscription of the Annuitant's date of birth on the Application is deemed sufficient certification of that age, subject to any additional evidence which the Annuitant may be required to present.
- b) **APPLICATION:**  
the Fund application form entitled "Account Opening Application", duly completed and signed by the Annuitant.
- c) **FUND:**  
the Natcan Trust Company Retirement Income Fund set up by the Trustee for the benefit of the Annuitant in accordance with the terms and conditions set out in the Application and herein, as it may be amended from time to time in accordance with Section 12 hereof.
- d) **FUND ASSETS:**  
all assets of any type whatsoever that are part of the Fund, including assets transferred to the Fund in accordance with the provisions of Section 4 hereof as well as any income, capital gain or other gain of any type whatsoever, generated or realized during the administration of the Fund by the Trustee.
- e) **SPOUSE:**  
the Annuitant's spouse or common law partner as defined by Tax Legislation.
- f) **TAX LEGISLATION:**  
the *Income Tax Act* (Canada) and the corresponding legislation of the province in which the Annuitant resides.
- g) **TRUSTEE:**  
Natcan Trust Company

## 2. Constitution of Fund

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The Annuitant shall constitute a trust to establish a retirement income fund for his benefit with the Trustee, for the purpose of receiving a retirement income, by way of a transfer by the Annuitant or his Spouse, if applicable, (if the Annuitant states on the Application that the assets transferred to the Fund come exclusively from his Spouse) of the assets indicated on the Application and held in the registered retirement savings plans for which the Annuitant or his Spouse, as applicable, is the annuitant or transferred from any other source permitted by Tax Legislation as stipulated in Section 4 hereof. All assets paid into the Fund as well as any income, capital gain or other type of gain generated or realized by the Fund, held in the Fund by the Trustee and invested according to the terms and

conditions hereof, are assigned in such a way as to provide the Annuitant with a retirement income in accordance herewith.

The Trustee, by its acceptance of the Application, agrees to act as trustee and to administer the Fund in accordance with Tax Legislation and in the manner provided for herein. Subject to the registration of the Fund under Tax Legislation, this agreement shall take effect on the date the Application is accepted by the Trustee.

## 3. Registration

---

The Trustee will present an application for registration of the Fund under Tax Legislation. With respect to such registration, the Trustee is hereby authorized to rely exclusively on the information provided by the Annuitant or his Spouse, if applicable, in the Application. If any one of the authorities concerned refuses this registration, the Application and this Declaration will be cancelled and the assets transferred to the Fund by the Annuitant or his Spouse, as applicable, shall be returned to him.

## 4. Property Transferred to the Fund

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The Trustee may accept, as consideration, only the assets transferred:

- a) from a registered retirement savings plan of which the Annuitant is the annuitant;
- b) from a registered retirement income fund of which the Annuitant is the annuitant;
- c) from the Annuitant, provided the consideration is a sum as prescribed in sub-paragraph 60(1)(v) of the Income Tax Act (Canada), as amended from time to time, particularly any sum paid in reimbursement of premiums as defined in this Act, following the death of the Spouse, from a registered retirement savings plan for which the Spouse of the Annuitant was the annuitant;
- d) from a registered retirement income fund or a registered retirement savings plan of which the Annuitant's Spouse or former Spouse is the Annuitant pursuant to a decree, order or judgment by a competent court or a written separation agreement relating to the division of property between the Annuitant and his Spouse or former Spouse in settlement of rights arising out of their marriage after the breakdown of said marriage;
- e) from a registered pension plan, in accordance with the provisions of Tax Legislation.

The Trustee can determine the minimum amount of the consideration to be transferred to the Fund.

# Declaration of Trust for Natcan Trust Company Retirement Income Fund

## 5. Investments

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Until the Maturity Date, the Fund Assets shall be invested in investments by the Trustee in accordance with the investor profile of the Annuitant.

## 6. Payments

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The Trustee shall make payments to the Annuitant in accordance with Tax Legislation or, should the Annuitant have so decided, in accordance with this Declaration and the Annuitant's will, to the Annuitant's Spouse following the death of the Annuitant.

Each year, and no later than the first calendar year immediately following the year during which the Trustee accepted the Annuitant's Application, the Trustee shall make payments to the Annuitant under the Fund. However, unless it is otherwise authorized under Tax Legislation, said payments shall only be made in accordance with the following conditions:

- a) the expression "minimum payment" designates the minimum amount which must be withdrawn from the Fund during each year following the year in which the Fund was established, calculated as provided for in subsection 146.3(1) of the Income Tax Act (Canada), as amended from time to time;
- b) the total payments for each year shall correspond to the amount the Annuitant has chosen in the Application or chooses, from time to time (additional payment) by way of written notice to the Trustee in a form the latter considers acceptable and subject to Tax Legislation; each payment shall not however exceed the value of the Fund Assets immediately preceding the date of the payment;
- c) the amount chosen by the Annuitant with respect to each year cannot be less than the minimum payment. If the Annuitant does not choose or should he choose an amount that is less than the minimum payment for any given year, the amount chosen shall be considered as being equal to the minimum payment for that year;
- d) no minimum payment is to be withdrawn during the year the Fund is established.

Subject to Sections 8 and 10 hereof, the Trustee shall not make any payments other than those defined in the preceding paragraphs. The payment frequency shall not be less than one payment per calendar year or greater than one payment per calendar month. The Annuitant may modify the payment frequency for the subsequent calendar year by giving prior written notice of one calendar month in a form the Trustee considers satisfactory.

Payments may be made by cheque or direct deposit, will be payable in the legal tender of Canada and will not bear interest after the payment date, less any applicable income tax.

None of the above payments may be assigned in whole or in part.

## 7. Conversion of Assets Into Cash

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If, in the opinion of the Trustee, the cash in the Fund is or appears to be insufficient to make the required minimum payments, it may, at its discretion, convert into cash sufficient Fund Assets to make the minimum payments and apply the proceeds of such conversion to the minimum payments.

Furthermore, the Trustee may, at its discretion, convert into cash, sufficient Fund Assets to also make the additional payments, provided the investments in the Fund so allow.

## 8. Death of Annuitant

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If, on the Annuitant's death, a person other than the Spouse is designated beneficiary of the Fund Assets in the Application or under the provisions of the Annuitant's will, if applicable, in compliance with the relevant legislation, the payments provided for herein cease to be made once the Trustee receives notice of the Annuitant's death. As soon as the Trustee has received the documents or instructions it may deem necessary, the Trustee shall distribute an amount corresponding to the value of the Fund Assets at the time, in compliance with Tax Legislation, less any fees, expenses and applicable taxes, to the beneficiary thus designated or, failing such designation, to the legal representatives of the Annuitant.

The Annuitant may choose to have the payments continue to be made to his Spouse after his death, in the Application or under the provisions of his will, as applicable, in compliance with the relevant legislation. In that case, on the Annuitant's death, the Spouse becomes the new annuitant of the Fund and receives the payments. Such payments will then cease to be made once the Trustee receives notice of the death of the new annuitant. The Trustee will then distribute an amount corresponding to the value of the Fund Assets at that time, less any fees, expenses and applicable taxes, to the legal representatives of the Spouse who became the annuitant, subject to receiving the documents mentioned in the preceding paragraph.

Designation of the beneficiary may be made, amended or revoked solely in compliance with the applicable legislation by way of a written document or instrument in a form that is acceptable to the Trustee, which shall be signed by the Annuitant and shall adequately identify this Fund, provided such document or instrument is delivered to the Trustee at its head office in Montreal, in the Province of Quebec, before the Trustee makes any payment whatsoever from the proceeds of this Fund.

## **9. Accounts**

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The Trustee holds an account in trust for the Fund and provides the Annuitant with a periodic statement of such account. In addition, the Trustee issues to the Annuitant all income tax slips for the payments made from the Fund during the calendar year.

## **10. Transfer of Assets**

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On receipt of written instructions from the Annuitant, the Trustee shall transfer, in the manner prescribed by Tax Legislation, an amount equivalent to the value of the Fund Assets at that time, as well as all the necessary information to ensure the continuation of the Fund, to any person legally authorized to become an issuer with respect to any other registered retirement income fund of which the Annuitant is the annuitant, less any and all amounts to be retained in application of paragraph 146.3(2)(e.1) or 146.3(2)(e.2) of the Income Tax Act (Canada), as amended from time to time, and all fees and expenses to which the Trustee is entitled. As soon as the transfer is completed, the Trustee, its agents and representatives are fully released of all liability with respect to the Fund.

Under a written separation agreement or according to an order or a decision handed down by a competent tribunal concerning the division of property, in the event of the breakdown of the marriage or de facto union, the Annuitant may request the transfer of property from the Fund to a RRIF or to an RRSP of which his or her Spouse or former Spouse is the Annuitant.

## **11. Provisions Regarding the Trustee**

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### **a) DELEGATION OF POWERS**

The Annuitant expressly authorizes the Trustee to delegate, at its discretion, to its agents, including National Bank Trust Inc., which may receive all or part of the fees to which the Trustee is entitled hereunder, in whole or in part, the following duties with respect to the Fund:

- i) the investment and reinvestment of the assets transferred to the Fund, the income and capital gains produced by the Fund and the Fund Assets;
- ii) custodial services with respect to all or part of the Fund Assets;
- iii) the maintenance of the Fund records and compatibility between the Fund Assets and the availability to the Annuitant, at reasonable intervals, of the statements of account for the Fund;
- iv) the preparation of any form required by Tax Legislation; and
- v) any other duty related to the Fund that the Trustee in its discretion deems useful.

The Trustee is ultimately responsible for the administration of the Fund on the condition, however, that this in no way undermines the rights of the Trustee with respect to any third party or as part of any mandate or other agreement with a third party with respect to the Fund.

### **b) RETIREMENT**

The Trustee may at any time, on giving sixty (60) days' notice to the Annuitant, retire and, at the end of the sixty (60) day period, transfer, in accordance with the procedure described in Section 10 hereinabove, an amount equal to the value of the Fund Assets to any other carrier under the provisions of Tax Legislation in compliance with the written instructions of the Annuitant.

### **c) REMUNERATION AND INDEMNIFICATION**

- i) The Trustee is entitled to remuneration for the services it renders hereunder in accordance with its fee schedule in effect from time to time and of which the Annuitant is aware. The fee schedule may be amended by giving thirty (30) days' prior written notice to the Annuitant.
- ii) In addition, the Trustee may be reimbursed for all fees and expenses incurred with respect to the Fund including, but not limited to, any overdraft charges, penalties and interest that the Fund may be required to pay for any reason whatsoever and all income taxes, interest and penalties paid by the Trustee. The Trustee is also entitled to reasonable fees for all exceptional services rendered hereunder based on the time consecrated and responsibility involved.

- iii) In the event amounts payable to the Trustee hereunder have not been paid by their due date, the Trustee may deduct from the Fund Assets all the amounts mentioned in subsections i) and ii) above in the way it wishes, and may, at its discretion, liquidate and convert into cash Fund Assets to obtain such amounts. However, if these amounts exceed the value of the Fund Assets, the Annuitant shall be responsible for reimbursing the Trustee.

# Declaration of Trust for Natcan Trust Company Retirement Income Fund

## d) LIABILITY AND INDEMNITY

The Annuitant, any beneficiary of the proceeds of the Fund Assets and the Annuitant's heirs and assigns agree to indemnify the Trustee and its nominees, agents and correspondents against and hold them harmless from all income taxes, contributions, expenses, liabilities, claims and demands arising out of the holding or administration of the investments of the Fund, other than as the result of the gross negligence or serious misconduct of the Trustee or its nominees, agents and correspondents.

The Trustee, its nominees, agents and correspondents shall be relieved of all liability for fluctuations in the value of the investments.

## e) SUCCESSOR TRUSTEE

Subject to the provisions of Tax Legislation, the company resulting from a merger or reorganization of the Trustee shall become the Trustee without requiring any amendment hereto.

## 12. Terms and Conditions for Locking in Funds

The Fund Assets under the terms and conditions for locking in contributions shall be recorded separately and shall be subject to additional terms and conditions which form part of the terms and conditions of the Fund in effect as of the time the sums in question are transferred to the Fund. Subject to the applicable Tax Legislation and in the event the terms and conditions of the Fund, as set out herein, are not compatible with the additional terms and conditions which may apply once sums from another plan are transferred to the Fund, said additional terms and conditions shall govern the manner in which the sums thus transferred shall be handled.

## 13. Various Provisions

### a) CURRENCY

All funds payable hereunder shall be in the legal tender of Canada.

### b) INTERPRETATION

When the context so requires, the use of the masculine gender shall include the feminine and vice versa, and the singular shall include the plural and vice versa.

### c) DATE OF BIRTH AND OTHER INFORMATION

The Annuitant signing the Application shall state his age and Social Insurance Number and undertakes to provide any information or document which may be required subsequently.

## d) NOTICES

i) Any notice given by the Trustee to the Annuitant shall be deemed to have been sufficiently given if delivered in person or sent by regular mail to the Annuitant at the address appearing on the Application or in any other register for the Fund to which the Trustee may reasonably have access and shall be deemed to have been received five business days following the day of mailing.

ii) Any notice given by the Annuitant to the Trustee shall be deemed to have been sufficiently given if delivered in person or sent by regular mail to the Trustee at its head office at Private Investment Management, 1100 University, 12<sup>th</sup> Floor, Montreal, Quebec, H3B 2G7 and shall be deemed to have been received by the Trustee at the time of delivery.

## e) AMENDMENTS

This agreement may be amended by the Trustee, without prior notice to the Annuitant, to ensure the Fund continues to comply with the applicable legislation or in all other cases, with prior notice of thirty (30) days, provided the proposed amendment does not render the Fund no longer eligible as a registered retirement income fund under Tax Legislation. Any amendment shall be submitted in writing and signed by a person duly authorized by the Trustee.

## f) APPLICABLE LEGISLATION

The Fund is governed by and construed in accordance with the laws of the province in which the Annuitant resides as indicated on the Application and in accordance with Tax Legislation then in effect. Moreover, any reference herein to a provision of the *Income Tax Act* (Canada) shall be read as also referring, if applicable, to the equivalent provision of the corresponding legislation in the province in which the Annuitant resides.

## g) LANGUAGE CLAUSE IN QUEBEC

The parties have requested that this agreement be drawn up in the English language. Les parties confirment leur volonté que le présent contrat soit rédigé en langue anglaise.

## CONTACT US

### *By phone*

National Bank Trust Client Service  
514 871-2287 (Montreal area)  
Or toll-free 1 877 350-2287

### *By email*

[privateinvestment.management@nbc.ca](mailto:privateinvestment.management@nbc.ca)

18034 002 (2010/10)

**AND ACTION!**

