

**Welcome!** We are very pleased to have you as a client of National Bank Investments Inc. (“NBI,” “we” or “our”), a mutual fund dealer and subsidiary of National Bank of Canada (“NBC”).

We invite you to read this document which is intended to inform you about the nature of your relationship with us.

### **A relationship of trust**

We offer you a process at the heart of which is your representative in group savings. Specifically, it commits to:

- Know your personal and professional financial situation and investment goals
- Recommend products and services based on the information you have provided;
- Protect the privacy of your personal information.

However, you always remain responsible for any decision made regarding your investments.

### **Products and services offered**

Whether you’re starting your working life or are ready to retire, we have the investment solution for you. The range of products and services we offer allows you to benefit from multiple benefits such as the expertise of recognized portfolio managers and an excellent diversification of your investments.

#### ➤ **Different types of accounts:**

- We offer the Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF), Tax-Free Savings Account (TFSA), Registered Education Savings Plan (RESP), Locked-in Retirement Account (ERP), Locked-in Retirement Savings Plan (REP) RESTRICTED Income Plan (ERS), Life Income Fund (LRIF), Restricted Life Income Fund (RVRIF), Prescribed Retirement Income Fund (PRRIF), Regulatory Retirement Income Fund (RRIF), Locked Retirement Income Fund (FRI) and non-registered account.

#### ➤ **Products offered:**

- **NBI Investment Funds:** These investment funds are those offered by NBI. They pool the money of several investors like you. These amounts are then invested in different asset classes managed by reputable portfolio managers.
- **NBI Portfolios:** These portfolios include investment funds offered by NBI and are managed by some of the best portfolio managers in the world. The portfolios are well diversified and designed to reduce risk while maximizing returns.
- **Cash Solutions – NBI Altamira CashPerformer® Account and NBI Altamira U.S. CashPerformer® Account<sup>1</sup>:** These solutions are available to grow an available amount while deciding how to invest it or to deposit savings to deal with unforeseen events. These accounts offer optimal security and flexibility have interest calculated daily on the account balance and paid monthly.
- **Guaranteed Investment Certificates (GICs):** These are deposit products with a specific term and maturity date with the goal of preserving your invested capital. The capital is 100% protected if it is held until maturity.
- **Market-Linked GICs (GICML):** These GICMLs offer a variety of investment options that take advantage of the growth potential of equity markets and offer a higher return opportunity than a conventional fixed-rate GIC. The capital is 100% protected if it is held until maturity.

The investment products mentioned above may be managed, produced or distributed by third parties or by our affiliates. NBI allows the transfer and possession of third-party products but does not sell them. Investments held in the holder’s NBI account are registered in the name of NBI or another intermediary as a nominee. For more details, please visit our website at: <https://www.nbinvestments.ca/products.html>

#### ➤ **Services offered:**

- **Asset allocation service:** In order to meet your investment objectives, a variety of asset allocation services are available, including NBI Private Wealth Management, where a portfolio manager selects and tracks selected investments on a discretionary basis.
- **Systematic Investment or Systematic Withdrawal Programs:** These programs allow you to systematically invest or withdraw (depending on the period chosen) amounts from your bank account or investment account as appropriate.

### **Benchmarks used**

An investment performance Benchmark is a standard used to measure or compare the performance of a specific investment. By comparing the rate of return on your funds to an appropriate benchmark (typically a general stock or bond market index, or combination of them), you can assess how your funds have performed relative to the market. Benchmarks are also useful in developing realistic expectations about the returns that can be generated by your longer-term funds.

Investment performance Benchmark information is included in management’s annual report on the fund’s performance for each mutual fund for which you hold securities in your account. They are available on our website ([www.NBC.ca/investissements](http://www.NBC.ca/investissements)) for NBI funds or on the [www.sedar.com](http://www.sedar.com) website for third-party funds

### **The advantage of a rigorous approach**

As a group savings broker, we must ensure that your investments are appropriate when transferring assets into an NBI account, whether you are dealing or in a significant change to your personal circumstances. In addition, information about your personal and financial situation must be validated or updated every 36 months.

We also need to make sure that the recommendations we make are right for you and that are consistent with your situation and investment objectives. We also check the consistency between each of the elements that were used to establish your investor profile, i.e., your investment objectives, your financial and personal situation, your investment horizon, your investment knowledge and your risk tolerance (attitude and ability). The duty of convenience also applies to transactions that you propose, but that do not fit your investor profile. If so, we must notify you as these are unsolicited transactions.

<sup>1</sup> *Cash Performer® account is a registered trademark of the NBC, used under license by NBI.*

## Advice adapted to your personal situation

In order to properly assess the suitability of your investments, we need to know the essential facts about you. To do this, we use the Personalized Investment Guide, which is used to determine your investor profile based on your financial goals and risk tolerance. Your group savings representative or financial planner should consider this information to develop an investment strategy adapted to your needs and recommend investment solutions that are right for you.

Personal information requested when the account was opened includes:

- **Gross annual income:** Your income from all relevant sources;
- **Approximate net worth:** The sum of your assets minus your liabilities;
- **Approximate liquid value:** The sum of your liquid assets;
- **Investment Knowledge:** Your understanding of investments, investment products and related risks;
- **Investment goals:** The result you want from your investments
- **Investment horizon:** The period from the time you invest money to the time you need to withdraw a significant portion of the money invested;
- **Risk tolerance:** Your attitude to deal with risk and your ability to assume them during market declines and the value of your portfolio.

Each investment has a different potential for risk and return. You should not agree to invest if you do not know the nature and extent of the risks to which an investment exposes you. We invite you to review the risk information in the fund overview and simplified fund prospectus and discuss it with your group savings representative before investing.

## Simple transactions and regular communications

You can make transactions in your account by cheque, bank draft, mail order or through a bank account. Your bank account may or may not be held at NBC as we also accept transfers from other financial institutions. Cash transactions are not accepted. Once a client, you can make your transactions through our website, at the [www.NBC.ca](http://www.NBC.ca) address. Remember that cheques must be made at the behest of *National Bank Investments Inc.*

- **Notice of execution:** An execution notice will be issued as soon as possible after each transaction made. In the case of the establishment of a systematic investment program, a notice of execution will only be issued for the first transaction carried out. The notice of execution includes the following information regarding each transaction: the type of account through which the transaction was made, the number of securities covered by the transaction and their description, the price per security at which the transaction was made, the date of the transaction, the amount deducted from sales and other expenses, and the name of the representative of the collective savings broker who carried out the transaction.
- **Statement of Accounts:** We also send you an account statement each quarter to provide you with an overall picture of your investment portfolio held with NBI. At your request, you may be sent an account statement monthly rather than quarterly. The statement of account indicates, among other things, the type of account, the account number, The value of your investments, the composition of your portfolio, the number and description of each security purchased, sold or transferred, and the dates of each transaction in your account, including transactions made under a systematic investment plan during the reporting period, your personalized returns, additional information for your income tax returns, and the address and telephone number of NBI.
- **Annual Reports - Performance Report and Cost and Compensation Report:**
  - The performance report shows the activity and performance of the account over the past year and since the account was opened, which allows us to assess progress in achieving the objectives.
  - The expense and compensation report show the amounts received directly or indirectly by NBI for services and advice rendered over the past year. Fees are represented in Canadian currency.

## A transparent compensation

Management fees vary from fund to fund and series to series and are based on a percentage of the daily average of the net asset value of each series. A portion of these management fees is paid to NBI; this payment is similar to a trailing commission. These fees reduce the value of your investments. No fees are charged to open an NBI account. However, fees do apply when a registered account is closed. For more information on the nature of our advisors' compensation or our fees, please consult the Fund Facts or simplified prospectus for the funds you hold.

## Conflict of interest

### ➤ Introduction

Securities regulations in Canada require National Bank Investments Inc. ("NBI", "our", "we" or "us") to comply with rules about conflicts of interest. It is important for you to know how we identify conflicts of interest and how we manage them, as well as how we try to minimize their impact.

In accordance with new provisions that came into force on June 30, 2021, we are providing you with the following enhanced disclosures regarding existing and reasonably foreseeable material conflicts of interest that may affect you as our client, including how we address these conflicts in the best interest of our clients. We will update you in a timely manner should any additional material conflicts of interest be identified.

### ➤ What is a conflict of interest?

We consider a conflict of interest or potential conflict of interest to be any circumstance in which our interests or the interests of our representatives or employees could be inconsistent or divergent with the interests of the clients using our services. We take reasonable steps to identify, disclose and address all existing material conflicts of interest in your best interest, as well as those that are reasonably foreseeable. We avoid any situation that would create a conflict of interest which cannot be addressed in your best interest.

A conflict of interest is considered material when it can be reasonably expected that one or both of the following will occur: 1) it could impact a client's investment decision or decision to use our services or 2) it has an impact on the recommendations or the decisions of NBI or its representatives. To ensure we always put you, our client, first in any situation where a conflict of interest may hinder our relationship, our representatives must comply with (i) the National Bank of Canada's Code of Conduct and Ethics which establishes the basic principles which guide their conduct and; (ii) the regulatory requirements that are summarized in NBI's Compliance Manual. A description of the material conflicts of interest that we have identified is provided below.

## ➤ **NBI's conflicts of interest**

### • **Proprietary products**

- NBI's product offering is limited to proprietary products and services that are manufactured and offered by National Bank of Canada (the "Bank") and its subsidiaries, such as: NBI Funds, Guaranteed Investment Certificates issued by the Bank or any of its affiliates and liquidity solutions such as the NBI Altamira CashPerformer® Account.
- As a result, products offered by competing firms cannot be purchased through NBI and NBI's suitability assessment will not take into account non-proprietary products and the fact that these products might be better, worse or equal in meeting our clients' investment objectives.
- We manage this conflict by offering a wide range of products that can meet the needs of each investor profile and by conducting periodic due diligence on comparable products, non-proprietary products and assessing the competitiveness of our products and their capacity to meet our client's financial needs.

### • **Revenues, employees' compensation and personal interests**

- We generate revenue from the products and services we sell to you, including through the management fees embedded in some of our products.
- NBI and its representatives are also compensated for the services provided. As a result, we may be incentivized to sell some products and services which maximizes our revenues. We may also be incentivized to have our clients acquire more products and services offered by the Bank and its subsidiaries, as the individual and collective compensation of our employees may be based, in part, on the volume of sales of our products and services.
- These conflicts are managed by having incentives and compensation practices that do not favour a product or service over one that would be more suitable for you. We also have robust and effective risk-based account surveillance and compliance systems monitoring for items such as concentration and suitability. We disclose the fees that may be charged to you in compliance with applicable securities law and avoiding duplication of clients' fees and charges. Finally, we provide our representatives with training programs on conflict of interest in order to help them to identify, escalate and address conflicts of interest.

### • **Related entities**

- The Bank and its subsidiaries may receive various forms of compensation related to the business that you may do with us. As part of NBI's offering to a client, the Bank and its subsidiaries may be compensated for management, administrative and other services rendered or provided to one another. This could include income such as: income and/or spreads on cash balance held in your account, interest margins on deposits, interest on investment loans, foreign exchange margins at the time of currency conversion and trust and custody fees. We may suggest you use the services of the Bank or one of its subsidiaries as your financial needs evolve over time for example, it may be appropriate due to your situation's complexity and/or asset size.
- NBI related entities are: National Bank Financial Inc., National Bank of Canada Financial Inc., NBC Financial Markets Asia Limited, NBC Global Finance Limited, Natcan Trust Company, National Bank Trust Inc., NatWealth Management Inc., and Nest Wealth Asset Management Inc.
- Your information may also be shared with the Bank and its subsidiaries, to manage our relationship with you and to offer additional products and services. We address these conflicts by assessing the services provided to you by our affiliates and ensuring that they remain competitive. We disclose the fees that may be charged to you by us and/or our affiliates, in compliance with applicable securities law and we obtain your consent for the collection, use or sharing of your personal information and restricting the internal sharing of information in accordance with our privacy policy.

### • **Transactional errors:**

- It is possible that, despite the good faith of a representative, an error could occur during the processing of a transaction for a client. For example, by failing to meet the cut-off time to enter a trade or by entering a transaction incorrectly, resulting in the client assuming a loss. A reasonable person might believe that NBI has an interest in minimizing its costs in correcting such errors.
- We manage this conflict by complying with Canadian securities laws, industry guidelines and complying with our error correction policy, which has been reviewed by the Independent Review Committee (IRC) of our Funds. The IRC is comprised of individuals who are independent from NBI.

### • **Conduct of NBI's representatives**

- In the ordinary course of performing their duties, our directors, officers, employees and representatives may find their personal interests to be in potential conflict with those of a client. Such conflicts could include items such as using confidential information for personal purposes, accepting or giving gifts, entering into financial transactions on a personal basis with clients or having authority over a client's financial affairs.
- We manage this conflict by ensuring that our representatives comply with the National Bank's Code of Conduct and Ethics and NBI Compliance Manual, which prohibits employees (i) in particular the use of confidential information acquired in the course of their duties or in the course of their duties; (ii) to take advantage of a situation, in order to obtain an advantage of any kind; or (ii) accept or give gifts, entertainment and compensation that may influence decisions to be made in the performance of their duties.
- We also provide our representatives with training programs on conflict of interest in order to help them to identify, escalate and address conflicts of interest. We have an effective risk-based compliance system, which monitors for items such as powers of attorney and incapacity mandates, where clients may be more vulnerable.

### • **Redemption of third-party products**

- When third-party products are contained in accounts transferred from a competitor to NBI, NBI may recommend these securities be redeemed and the proceeds reinvested in securities offered by NBI, as the remuneration for NBI products is more profitable for us. If these third party securities are not redeemed, and are held in the client's investment account, NBI may receive compensation, such as a trailing commission, from the issuer of the securities.
- We manage this conflict by having robust and effective risk-based account surveillance and compliance systems that allow us to validate the suitability of transactions.

### • **Dual functions and outside business activities**

- Our registered representatives act both as representatives for NBI and as branch advisors for the Bank. In addition, some representatives may sit on a board of directors or pursue other personal outside business interests.

- We manage these conflicts by complying with legal and regulatory requirements and restrictions on individuals who act for more than one regulated entity. We also requiring our representatives to disclose their external activities and reviewing the potential risks and conflicts of interests associated with them. We do not allow participation in external activities representing a risk or a conflict of interest, unless approved by NBI.
- **Other conflict of interest situations:** From time to time, other situations may arise which create potential or real conflicts of interest. NBI is committed to continuing to do what is necessary to identify and address these situations fairly and reasonably, and in the best interests of our clients.

➤ **Document “Statement of Principles on Conflicts of Interest”**

You can view the “Statement of Principles on Conflict of Interest” document, which is updated regularly to reflect any significant changes that may occur. This document is available in the “Regulatory Documents” section on our website by clicking on the following link: <https://www.NBC.ca/particuliers/epargne-placements/investissements.html>

**To reach us**

You can go to a branch or contact your group savings representative whose contact information is on your statement of account. You can also contact Client Service from Monday to Friday from 8 a.m. to 8 p.m. (ET) at 514-871-2082 or toll-free at 1-888-270-3941.