

Conflicts of Interest related to NBI Private Pools

National Bank Investments Inc. (the “**Manager**” or “**NBI**”) offers a broad range of investment products, including private investment funds, also known as pooled funds (the “**NBI Private Pools**”) managed by NBI, acting as manager of the Pooled Funds and having National Bank Trust Inc. (“**NBT**”) as trustee of the NBI Private Pools, and NBI or National Bank Financial Inc. (“**NBF**”) as portfolio manager of the NBI Private Pools. NBI and NBF are both affiliated to NBT.

In the course of providing services to the NBI Private Pools, there may be situations where a conflict of interest (a “**Conflict**”) will arise between the interests of NBI, NBT, NBF or their affiliates or representatives, and the interest of the NBI Private Pools. The Manager, NBT, NBF and their representatives always seek to resolve material Conflicts in a client’s best interest. Where it is determined that the Manager cannot address a material Conflict in a client’s best interest, the Manager, NBT, NBF and their representatives will avoid that Conflict. The disclosure in this section describes the material Conflicts that arise or may arise in the Manager’s capacity as manager, in NBF’s and NBI’s capacity as portfolio manager of certain NBI Private Pools and in NBT’s capacity as trustee, custodian and administrative service provider to the Pooled Funds.

Related Suppliers

NBT acts as the trustee of the NBI Private Pools. The Manager has also entered into an agreement with NBT to provide fund administration, fund accounting, transfer agency services and custody services in connection with the NBI Private Pools. The Manager continuously monitors the quality of services provided by NBT. By monitoring the quality of services and renewing any existing agreements with NBT, the Manager ensures that unitholders of the NBI Private Pools are treated fairly, consistent with the Manager’s fiduciary duty to act in the best interests of the NBI Private Pools.

Investment in Related Issuers

Some NBI Private Pools may invest all or a part of their assets in the securities of issuers (i) that are related or connected to the Manager, NBF or their affiliates and associates, including other investment funds, NBI Private Pools and other investment vehicles for which the Manager, NBF or any of their affiliates acts as the manager or portfolio manager; and/or (ii) in which a Responsible Person (or their associate) is a partner, officer or director or holds an interest (together with (i), “**Related Issuers**”). “**Responsible Person**” means: (i) NBI or NBF acting as portfolio manager; (ii) a partner, director or officer of NBI or NBF; or (iii) any of the following persons who have access to or participate in formulating investment decisions made on behalf of a client of NBI or NBF or advice to be given to a client of NBT or NBF, namely: (a) an employee or agent of NBI or NBF; (b) an affiliate of NBI or NBF; or (c) a partner, director, officer, employee or agent of an affiliate of NBI or NBF. A list of Related Issuers is set out on NBF or NBI’s websites, under the Regulatory Information section and may be updated from time to time.

The Manager and its affiliates and associates may receive fees or other compensation for services provided to these Related Issuers, such as management fees, administrative fees, custody fees, securities lending fees and trading fees. As a result, there is a potential conflict of interest associated with the Manager causing the NBI Private Pools to invest in the Related Issuers.

To manage and address this conflict of interest in the best interests of the NBI Private Pools and their unitholders, the Manager will ensure that investments by the NBI Private Pools in securities of a Related Issuer will not result in any duplication of any fees or other compensation paid by the NBI Private Pools for the same service and are provided, at a minimum, on market standard terms.

The decision to invest the NBI Private Pools in securities of Related Issuers is made based on different criteria, which may include to provide additional exposure to certain markets, sectors or asset classes. Faced with comparable products, but offered by competitors, the Manager may prefer to invest the NBI Private Pools in Related Issuers over comparable products offered by third parties.

If a NBI Private Pool invests in a Related Issuer that is an investment fund which is not a reporting issuer, such as another NBI Private Pool, the Manager will provide, on request and free of charge, the offering memorandum or other similar disclosure document of such Related Issuer, if available, and the audited annual financial statements, accompanied by an auditor's report, and interim financial statements, if any, relating to such Related Issuer.

Personal Securities Transactions

Employee personal trading can create a potential Conflict because employees with knowledge of NBI or NBF's trading decisions could use that information for their own benefit. This Conflict is addressed through adherence by the employees of NBI to the NBI Employee Personal Transactions Policy ("Personal Trading Policy"). The Personal Trading Policy prohibits certain practices by representatives, including engaging in trades similar to those of the NBI Private Pools or having a position contrary to that of the NBI Private Pools (tailgating or shadowing). The Personal Trading Policy also requires that employees declare any brokerage accounts in which they hold a direct or indirect interest. In addition, an employee's trading activity must be in compliance with National Bank Code of Conduct as well as the guidelines outlined in applicable National Bank policies and procedures. NBI and NBF addresses this Conflict through their respective policies.

Fair Allocation of Investment Opportunities

NBI and NBF, acting as portfolio managers, manage similar accounts for multiple clients, including the NBI Private Pools, and may be trading in the same security on their behalf at the same time. The potential for a Conflict exists if one client is given preferential pricing or execution terms over another client. NBI and NBF addresses this Conflict through their

respective policies. NBF or NBI respective policies are available on their websites, under the Regulatory Information section.

Proxy Voting

NBI and NBF are responsible for making decisions with respect to proxy voting on behalf of certain NBI Private Pools. A potential for Conflict may arise when NBI or NBF has the opportunity to vote a proxy in a manner that is in its own interest (or the interest of its affiliates) and not in the best interest of certain NBI Private Pools. NBI and NBF addresses this Conflict through their respective policies. The Manager has a Proxy Voting Policy that sets out its approach to proxy voting, including its oversight of the proxy voting practices of a portfolio manager such as NBI or NBF.

Best Execution

The selection of a dealer to execute a trade can create a potential Conflict because the trade can be directed to a dealer who provides a benefit to NBI or NBF, acting as portfolio manager, but does not provide best execution for the NBI Private Pools. “Best execution” generally means the most advantageous execution terms reasonably available under the circumstances. The impact of this Conflict may be greater if best execution is not achieved but the firm receives a benefit for directing the trade to that dealer. This could impact the NBI Private Pools as it could make the security more expensive for NBI Private Pools. NBI and NBF addresses this Conflict through their respective policies.

Fair Valuation of Assets

When the Manager earns fees based on assets under management, such as management or administration fees charges in connection with the NBI Private Pools, there is a potential Conflict in valuing the assets held in the portfolio of the NBI Private Pools because a higher value results in a higher fee paid to the Manager. Overstating the value of the assets of a NBI Private Pool can also create the false impression of improved performance in order to increase sales in the fund. The Manager addresses this Conflict through strict compliance with, and application of, its valuation principles.

Error Correction

Despite the good faith of the employees, representatives and agents of the Manager and its affiliates, errors may occur in respect of the NBI Private Pools, namely in calculating the net asset value of the NBI Private Pools or in respect of unitholder accounts, such as missed or incorrectly placed transactions, which may occur at the dealer or Manager level. An error made by the Manager in connection with the NBI Private Pools can create a potential Conflict because correcting the error in a certain manner may be more advantageous to the Manager and not in the best interests of the NBI Private Pools. The Manager has a Policy on correcting errors in NBI Private funds (“**Error Correction Policy**”). In determining if there has been an error under the Error Correction Policy and in correcting any such error, the Manager shall ensure that unitholders of the NBI Private

Pools are treated fairly, in accordance with the Manager's fiduciary duty to act in the best interest of the NBI Private Pools.

Referral Arrangements

While the Manager currently has no referral arrangements with respect to the offering of units of the NBI Private Pools and nor does it receive any referral fees in connection with such offerings, the Manager may in the future, in its sole discretion, enter into referral arrangements whereby it pays a fee for the referral of a client to the Manager in respect of the NBI Private Pools.

No such payment will be made unless all applicable securities laws in connection with referral arrangements are complied with.

Outside Activities

An employee of the Manager, NBT or NBF may engage in an outside activity that causes a potential Conflict because the activity competes with the activities of the Manager, NBT or NBF, limits the time an employee may have to service the NBI Private Pools and other clients of the Manager, NBT or NBF, causes client confusion, or is contrary to the values of the Manager, NBT or NBF. NBT and NBF addresses this Conflict through their respective policies. The Manager also has outside business activity procedures in place that require employees to disclose outside activities, approval of such activities and annual certification.