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## RELATIONSHIP DISCLOSURE

At National Bank Direct Brokerage (“NBDB”), a division of National Bank Financial Inc. (“NBF”), we offer Canadian investors a comprehensive direct brokerage solution that is easily accessible, reliable, and that allows you to make trades, plan and take charge of your investment decisions easily. Thanks to the support of a team of dedicated specialists, cutting-edge technology and sophisticated tools.

### **Manage your own investments**

Discount brokerage or direct brokerage allows you to manage your own investments and perform all of your own asset management activities, from developing an investment strategy to carrying out transactions. This service, which combines flexibility with abundant information and tools, represents a very attractive alternative to investors looking to be more in control of their investments.

NBDB offers investors a direct trading service (without advice). This means that our clients’ orders are accepted and executed without us making any recommendations or validating their appropriateness or suitability with respect to the client’s financial situation, investment knowledge, investment objectives, investment time horizon or tolerance for risk.

### **Be in charge!**

Choose NBDB and benefit from one of Canada’s top direct brokerage services firm. Whether you are a novice, seasoned or active investor, we have everything you need to help you attain your financial goals. We provide access to all the services you need to independently manage your accounts: unparalleled customer service, investment accounts and solutions for different investor profiles, and powerful IT tools to help you make your investment decisions.

This document has everything you need to know about your account and your relationship with us, including a description of the products and services we offer and the rules that govern your relationship with us. Take the time to read it, as it has important information for you. Since the information contained in this document applies to the accounts you open with us, we recommend that you keep it for future reference. Should you have any questions or comments, do not hesitate to contact us. Our offices are open from Monday to Friday, 8 a.m. to 8 p.m. (ET).

### ***National Bank Direct Brokerage***

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Website: [nbdb.ca](http://nbdb.ca)

## 1. ACCOUNT TYPES

NBDB offers different types of accounts designed to cater to your financial needs.

### 1.1 Non-registered accounts

#### 1.1.1 Cash account

A cash account provides a quick way to manage all your investments. In this type of account, you must maintain or deposit certain amounts to cover your purchases. Account available in Canadian and US dollars.

#### 1.1.2 Margin account

A margin account allows you to borrow against the market value of eligible securities already in your account. The maximum loan amount of an eligible securities is determined by the Investment Industry Regulatory Organization of Canada (IIROC), (we can determine a more restrictive value than this maximum loan amount), and varies depending on the type of investment and the market value of the security. You have to pay a certain amount of money, called the **margin deposit**, in partial settlement of the transaction. Interest charges are to be paid by you on any amount we lend you. Account available in Canadian and US dollars.

#### 1.1.3 Margin account with short selling

This type of account allows you to sell securities that you do not yet own, with the intention of buying them back eventually at a lower price and potentially realizing a capital gain. Because security prices can rise or fall unexpectedly, this type of transaction could result in a loss if you are required to buy back the security at a price above the original selling price. Interest charges are to be paid by you on any amount we lend you. Account available in Canadian and US dollars.

#### 1.1.4 COD account

With a COD account, payment transactions are settled by another financial institution or broker, which also holds the securities in custody. When a purchase is made, the other institution or broker sends a cheque and receives the certificates for the securities. When a sale is made, the other institution or broker sends us the certificates and we forward the cheque on delivery. Account available in Canadian and US dollars.

#### 1.1.5 Income account

With an income account, you can have dividends and interest from your investments deposited into a bank account at any branch of National Bank of Canada or another major banking institution. Account available in Canadian and US dollars.

### 1.2 Registered accounts

#### 1.2.1 Tax-Free Savings Account (TFSA)

The Tax-Free Savings Account is a savings method in which your money grow tax-free. The contribution ceiling for the TFSA is set by the federal government without regards to your earned income with the opportunity to catch up your unused contributions for each year since 2009. Investment income (interest, dividends, etc.) and capital gains are not taxable. Account available in Canadian and US dollars.

#### 1.2.2 Registered Retirement Savings Plan (RRSP)

With an RRSP, you can accumulate funds for retirement tax-free and, at the same time, reduce the income taxes you pay today. Amounts contributed to an RRSP are deducted from your current taxable income, allowing you to defer taxation until you retire, a time when your income and tax rate is generally lower. Your Registered Retirement Savings Plan account must be converted into a Registered Retirement Income Fund no later than December 31 of the year you turn 71 years of age. Account available in Canadian and US dollars.

#### 1.2.3 Registered Education Savings Plan (RESP)

If you are interested in starting to guarantee your children's education today, you should open a Registered Education Savings Account. Designed to help you finance their post-secondary education, this tax-sheltered investment plan lets you save and invest for your children's education. The amount that you contribute will be enhanced by the Canada Education Savings Grant (CESG), by an amount of 20% of the first \$2,500 (or less) of annual contributions, up to \$500 per year per beneficiary. Additional grants may be awarded based on your family's net income.

#### 1.2.4 Locked-in Retirement Account (LIRA)

The Locked-in Retirement Account is a retirement savings vehicle in which only pension fund amounts under provincial jurisdiction can be deposited. A LIRA must be converted into a Life Income Fund or a life annuity no later than December 31 of the year you turn 71 years of age. Account available in Canadian and US dollars.

#### 1.2.5 Locked-in RRSP

This type of account is a retirement savings vehicle that can only accept amounts from registered pension plans subject to federal law. A Locked-in RRSP must be converted into a life annuity or a Life Income Fund (federal jurisdiction) before December 31 of the year you turn 71 years of age. Account available in Canadian and US dollars.

#### 1.2.6 Registered Disability Savings Plan (RDSP)

A RDSP is a savings plan that is intended to help parents and others to save for the long-term financial security of a person who is eligible for the Disability Tax Credit (DTC). As an incentive to save, the government will pay a Canada Disability Savings Grant (CDSG). Low-income families will be paid, under certain conditions, Canada Disability Savings Bonds (CDSB). As with all other registered plans, investment income accumulates tax-free.

### 1.3 Retirement income accounts

#### 1.3.1 Registered Retirement Income Fund (RRIF)

Like all investors, you will have to convert your RRSP into a RRIF the year you turn 71 years of age. The Registered Retirement Income Fund is a natural extension of an RRSP, so it is one of the most sensible choices you can make. In addition to allowing you to defer income taxes on capital and income until the invested amounts are withdrawn, the RRIF allows you to make monthly, quarterly, semi-annual or annual withdrawals of retirement income. You are free to set the withdrawal amounts, as long as they meet the mandatory minimum amount determined by the government.

#### 1.3.2 Life Income Fund (LIF)

The Life Income Fund is a type of retirement income plan that is similar to the Registered Retirement Income Fund (RRIF). However, unlike the RRIF, it sets a maximum amount for retirement income withdrawals. Funds transferred into LIFs come from locked-in accounts, which in turn were created from amounts from pension funds.

### 1.4 Special accounts

NBDB offers a wide variety of special accounts to meet the specific financial needs of certain entities. This includes: companies, sole proprietorships, estates, trusts, partnerships, investment clubs, associations and Individual Pension Plans (IPPs).

## 2. TYPES OF PRODUCTS

### 2.1 Shares

A share is a security that gives the investor ownership rights in a company. Depending on the type of share, shares can represent equity in a company, participation in distributions of the company's profits paid out as dividends and/or voting rights at shareholder meetings. There are two main types of shares: common shares and preferred shares.

### 2.2 Exchange-traded funds

Exchange-traded funds (ETFs) are securities that track an index, a commodity or a basket of assets like an index fund. They are made up of portfolios of securities (shares, bonds, etc.) managed by portfolio managers. Investors need to consider an ETF's management style (which may be passive, active, inverse or with leverage) and its portfolio of securities to determine whether it is the one that best meets their needs.

In contrast to mutual funds, which are traded once a day at the close of trading, ETFs are traded on the exchange. This means that you can freely trade them and track changes in their values throughout the day.

### 2.3 Mutual funds

When you invest in a mutual fund, you buy part of the fund; this part is called a unit when the fund is incorporated as a trust. Mutual funds may invest in different types of securities, including common and preferred shares, in debt securities such as bonds and debentures, and in money market instruments, including Treasury bills. There are over 5,700 mutual funds offered in the Canadian market, with each fund targeting a specific type of investor. Management decisions regarding the assets held in mutual funds are made by portfolio managers.

## 2.4 Fixed income securities

### 2.4.1 Bonds

A bond is a negotiable debt security issued by a company (public or private) or governmental entity (the federal government, a provincial government or a municipality) giving the investor a claim against the issuer. Property is generally pledged to secure the loan (except in the case of government bonds).

### 2.4.2 Debentures

Like bonds, debentures are debt securities. A debenture may be secured by various protective clauses, a residual equity and the issuer's creditworthiness, but it is not usually secured by specific tangible assets that can be seized and sold in the event of default. Consequently, debentures may offer a higher interest rate than comparable bonds, because they are usually riskier.

In some cases, debentures offer the holder the possibility of conversion into common shares when certain predetermined conditions are met. A company may decide to issue a debenture and make it available on the markets.

### 2.4.3 Stripped bonds and coupons

These assets actually represent the two components that usually make up a bond: the principal (stripped bond) and the interest payments (coupons). However, for this bond category, the coupons are separated from the bond, creating two separate products.

Once detached, the coupons are purchased at a discount and are redeemed at their full face value at maturity. They can be sold in whole or in part before maturity. Regular interest is not paid, as all interest is paid at maturity.

The holder can sell the coupons on the secondary market before maturity, in which case he will receive the day's rate. Because the values of these products fluctuate with the markets and interest rates, there is no way to predict the return that the client will realize if he or she sells before maturity (the client may even incur a loss).

### 2.4.4 Principal Protected Notes (Linked notes)

Principal-protected notes (linked notes) are debt securities that provide a guarantee, based on the issuer's credit rating, that the principal will be repaid at maturity. The return at maturity, if any, depends on the performance of an underlying asset, which can be made up of several asset classes, including equities, mutual funds, commodities, hedge funds, currencies, bonds and indices.

## 2.5 Money market securities

### 2.5.1 Government of Canada Treasury bills

Government of Canada treasury bills (T-bills) are short-term government debt instruments issued in denominations ranging from \$1,000 to \$1,000,000. Treasury bills do not earn interest. They are issued below par and are redeemable (at maturity) at par. The difference is the interest earned.

### 2.5.2 Quebec Treasury bills

Quebec treasury bills are short-term government debt instruments similar to Government of Canada treasury bills. Most issues have terms of several days to 180 days. The minimum investment amount is \$25,000, regardless of the term chosen by the client.

### 2.5.3 Bankers' acceptances

Bankers' acceptances are bearer notes issued by a corporation and guaranteed by a bank. When a bank agrees to guarantee a note, it assumes the responsibility for paying the holder at maturity if the corporation is unable to do so. Bankers' acceptances are issued for terms ranging from a few days to one year. However, in most cases, they are issued for 30 to 90 days. The minimum purchase amount is \$25,000, regardless of the term chosen by the client.

### 2.5.4 Bearer term notes

A bearer term note is an instrument issued and secured by a bank and sold to Canadian investors with short-term funds.

### 2.5.5 Commercial paper

Commercial paper consists of a bearer or registered note issued by a well-known commercial or industrial company. Commercial paper is often endorsed by the parent company or a subsidiary, or supported by a line of credit at a bank. The issuing company's credit rating, which determines the degree of risk, influences the interest rate paid to the investor. Most commercial paper is issued for 30 to 90 days. It can be sold at a discount or at par. The minimum purchase amount is \$100,000, regardless of the term chosen by the client.

## 2.6 Guaranteed investment certificates (GICs)

### 2.6.1 Conventional GICs

Conventional guaranteed investment certificates generally offer terms of 30 days to 5 years and are sold in redeemable and non-redeemable versions. The date of payment of the simple or compound interest is known when the GIC is issued.

### 2.6.2 Variable-return GICs

Variable-return GICs enable investors to benefit from a potential return linked to the markets, while fully protecting their initial investment. Variable-return GICs include index-linked GICs, which combine the security of a deposit certificate and the growth potential of a stock.

## 2.7 Derivatives

### 2.7.1 Options

An option contract gives the holder the right but not the obligation to buy or sell a given position in an underlying security, at a given exercise price, at a specified time or at any time before a specified expiry date.

An option giving the holder the right to acquire the underlying security is a call option, while a put option gives the holder the option to sell the security.

### 2.7.2 Subscription warrants

A warrant is a security that gives the holder the right to buy the shares of an issuing company at a stipulated price within a specified period. In that sense, a warrant is similar to a call option. The main difference between these two financial products is that warrants are issued by companies, while call options are sold by investors.

### 2.7.3 Subscription rights

A subscription right is a temporary privilege granted to a shareholder that allows the shareholder to buy additional shares directly from the issuing company. Rights are issued to shareholders in proportion to the number of securities they hold. Rights usually expire within a short period. If the shareholder does not exercise or sell his rights before they expire, he may incur a financial loss.

For more information on the products we offer, please consult the Education Centre and Glossary on our website at [nbdb.ca](http://nbdb.ca) or contact one of our representatives.

## 3. SERVICES OFFERED

At NBDB, you're in charge of your trade. We offer you a wide range of investment products, and you can use several quick and simple ways to trade.

### 3.1 Opening an account is simple and easy

#### By Internet

Fill out an account opening application online at [nbdb.ca](http://nbdb.ca) and, once you've finished, we will receive it immediately. You can also download the forms and print them.

#### Telephone

Contact us at 1 800 363-3511 or 514 866-6755 between 8:00 a.m. and 8:00 p.m. (Eastern Time), Monday to Friday.

#### Bank branch

Drop by your local National Bank branch.

### 3.2 Trading made easy

#### Website

This is the most convenient and popular way to trade! Our online portfolio assessment tools support your development as an investor (account summary, asset details, history) and provide a quick overview of your investments and the actions required to attain your investment objectives. The site has been designed to simplify your portfolio management and provide you with a range of easy-to-use tools and resources.

#### Mobile website

Have the markets in the palm of your hands with the NBDB mobile website! We launched the mobile site because you are active and your needs have changed. It offers fast and secure access to your brokerage accounts wherever you are. In addition to being able to make trades with your smartphone, you will be able to monitor your accounts, consult asset details and obtain real-time quotes.

To access the mobile website, go to at [nbdb.ca](http://nbdb.ca) using your smartphone.

#### Customer service

You can also contact our seasoned and experienced team of representatives between 8:00 a.m. and 8:00 p.m. (Eastern Time), Monday to Friday. They will be happy to help you in all your transactions in your accounts or answer questions on our web tools.

### 3.3 Online tools

NBDB offers you a wide range of practical tools to help you get the most out of your brokerage experience.

- **National Bank Direct Brokerage's transactional site**  
The site allows you to make trades, consult your account and use our tools at any time.

- **Recognia**  
Interactive and easy to use, Recognia is an integrated, free research tool that helps investors obtain technical analysis information, search for investment ideas, find purchase and selling prices, and monitor security watch lists.

Recognia is much more than a simple form of technical event recognition software; it analyzes over 65,000 equities, indices, and global currencies and provides you objective analyses every day.

- **National Bank Financial (NBF) research**  
Take advantage of free access to NBF research and analyses on close to 300 Canadian securities. Whether you are interested in exchange-traded funds, stocks or options, NBF's analysts make weekly postings of their favourite stock picks, lists of selected securities, model portfolios, and investment ideas.

- **Morningstar Research**  
Take advantage of the independent expertise of 100 Morningstar analysts who, for over 25 years, have been specifically helping independent investors make objective investment decisions through a star-based recommendation system on over 2,000 North American equities and exchange-traded funds.

Their 2,000 reports allow you to make detailed comparisons of securities and understand the qualitative and quantitative factors of the analysis, which is focused on a company's long-term ability to generate cash flows. Whether you are looking for the best company in a given sector, the best investment opportunities or simply those equities providing the best dividend yields, Morningstar delivers exclusive monthly watch lists of selected securities, in English and in French.

- **Mutual fund select list**  
In a single page, see the best performing funds in terms of consistent performance over time and resistance to market fluctuations. Are you interested in building a well-diversified portfolio or carefully rounding out the selection of products in your account? Our list can help you make your decisions.

- **Asset allocation tool**  
Before taking action, you need to do some planning. This is where our tool comes in, helping you through the different available profiles and allowing you to see the differences! Once you have determined your asset allocation and selected appropriate investments, you are in the good direction to attaining your financial objectives. We believe that asset allocation requires a long-term approach. It is a balanced and rational process designed to bring some stability in an economic environment that at times defies forecasting.

- **Market-Q** (Available upon subscription - There are costs associated with using this tool. Learn more on our website or speak to a representative for more information)

Market-Q is a sophisticated and fully customizable information and trading platform that allows you not only to track changes in the North American markets in real time, but also to monitor your own positions, in particular through real-time streaming quotes. The platform does not require any software downloads and it allows you to quickly respond to opportunities when they present themselves, no matter where you are. Whether you perform your own analyses, are looking for news of a particular interest, or want to sort through market information in the blink of an eye, using your own criteria, Market-Q adjusts to your needs and gives you the most complete picture of the markets.

- **Decision-Plus tools**  
(Available upon subscription - There are costs associated with using this tool. Learn more on our website or speak to a representative for more information)

In partnership with Decision-Plus, National Bank Direct Brokerage offers stock market investors the MarketVisionPlus, TraderPlus and MarketGurus.tv suite of tools. These tools are designed to assist active investors by helping them map out an investment strategy that meets their financial objectives.

- **ETF Centre (exchange-traded funds)**  
Are you looking for exchange-traded funds, or do you simply want to learn more about this type of product? Our ETF Centre is a comprehensive source of information that can not only assist you in your decision process; it can also enable you to quickly take action. With several thousand ETFs available, choosing one that suits you best can be a difficult task. The ETF Centre lets you search for ETFs more quickly using symbols, personalized criteria and a simple key

word. The characteristics and composition of ETFs are displayed in real time on a single page. It is also possible to customize the display using our many options: frequency, period, indicators and volume. Our ETF Centre allows you to better understand this type of product.

- **Educational tools**  
Are you taking advantage of all the benefits from investing in a TFSA and an RESP? Do you have any questions about how income trusts work or the tax treatment of dividend income? Our Education Centre will provide you with a wealth of information. It answers questions that independent investors have, allowing you to learn about investments when you want, where you want and at your own speed, using the many interactive learning capsules in English and French on our website. We freely offer a wide range of seminars for you to learn, step by step, investment basics, how markets work, and the differences between products and accounts, or even broaden your investment and trading knowledge.
- **A variety of publications, including the Morning Brief**  
A daily pre-market outlook news brief providing you with a U.S. and Canadian snapshot of company-specific news, earnings reports, economic data, technical market analysis, and trading ideas based on technical events – all by email. Once you've logged into your NBDB account, follow this path to subscribe: Markets > Recognia and Morning Brief > Subscribe

### 3.4 Distinctive Services

Are you an independent investor with significant assets, that require a personalized service? We wish to present you two exclusive offers developed entirely with your needs in mind.

#### **Advantage Direct Brokerage offers you:**

- The support and guidance of our most senior representatives
- Priority telephone access
- Preferred interest rate on credit balances in Canadian currency
- Preferred interest rate on debit balances in Canadian and US currency
- No annual administration fees
- 10% discount on commissions for equity or option trades carried out by a representative<sup>1</sup>
- Free, personalized annual reports of your accounts, upon request
- Reimbursement of fees when transferring assets from another institution<sup>2</sup>

To benefit from the services offered under *Advantage Direct Brokerage*, you must meet one of the two following criteria:

- Have assets of \$500,000 or more under the same account root held at National Bank Direct Brokerage and make 10 or more transactions per year;  
or
- Carry out a minimum of 300 equities or options trades each year at National Bank Direct Brokerage.

You can also trade options for as low as \$6.95 + \$1.25 per contract<sup>1</sup> when you carry out your transactions electronically.

If you qualify for the service under the above mentioned criteria, you can request that your immediate family members (including parents and children) benefit from the *Advantage Direct Brokerage Service*.

#### **Private Direct Brokerage offers you:**

- Dedicated Account Manager reachable via email
- Private telephone access
- The management of your debit balances (upon request)
- Follow-up on the renewal of your investment maturities (upon request)
- Preferred interest rate on credit balances in Canadian and US currency
- Preferred interest rate on debit balances in Canadian and US currency
- 20% discount on commissions for equity or option trades carried out by a representative<sup>1</sup>
- Free personalized reports on your accounts
- No annual administration fees
- Free duplicates for a third party
- Direct communication with third parties upon request (e.g., accountant)
- Reimbursement of fees when transferring assets from another institution<sup>2</sup>

You can also trade options for as low as \$1.25 per contract (minimum \$8.20)<sup>1</sup> when you carry out your transactions electronically.

To benefit from the services offered under *Private Direct Brokerage*, your assets held at National Bank Direct Brokerage must total \$1,000,000 or more under the same account root. You must also carry at least 10 transactions on equities or options annually. We are happy to extend this offer to your immediate family, including parents and children.

Do not hesitate to contact one of our representatives to know more.

<sup>1</sup> Consult our Commission and General Fee Schedule

<sup>2</sup> Up to \$135 + taxes per transfer

### 3.5 Financial packages

NBDB clients can benefit from certain agreements negotiated with professional orders, either through National Bank of Canada or directly by NBDB. To know whether you are eligible for the financial packages we offer, consult our website at <https://nbd.ca>. If you are eligible and interested in signing up, all you have to do is contact us.

### 3.6 InvestCube

InvestCube was designed to simplify do-it-yourself investing. The idea behind InvestCube is to combine exchange-traded funds (ETF) built by experts to smart automatic rebalancing synched to market fluctuations. This innovative concept, combined with advantageous fees, is an interesting option for investors wishing to have some control over their investments. By choosing from predefined asset mixes as well as choosing ETFs among those selected by our experts, clients build their own portfolio while benefitting from professional expertise. For more information on InvestCube, visit our website at: <http://nbd.ca/en/investment-solutions/turnkey-solutions/investcube/>.

## 4. SERVICE WITHOUT ADVICE AND SUITABILITY VALIDATION

NBDB offers a trading service without advice. This means that your trading orders are accepted and carried out without us making a recommendation or validating their suitability or appropriateness with respect to your financial situation, your investment knowledge and objectives, your investment time horizon or your tolerance for risk. NBDB assumes no responsibility for the suitability of its clients' orders and investments. Clients bear full responsibility for their investment decisions and, by extension, for the financial and tax consequences of their decisions.

## 5. DOCUMENTATION TO HELP YOU TRACK PORTFOLIO ACTIVITY

Regular communications are part of any good relationship. We have different means for staying in touch with you, such as mail, telephone and email. When we need to send you information we will use the most recent contact information you have provided. You are responsible for keeping us informed of any changes in your contact information, so that we can always reach you.

### 5.1 Transaction confirmation

We will send you a confirmation or make one available on the web on the day following each transaction that you make in your account. You will need to verify the accuracy of this confirmation and advise us of any errors or omissions regarding its content within three (3) days of receipt. Once this deadline has expired, you are deemed to have accepted and definitively ratified the content of the transaction confirmation, which is then considered accurate and cannot be contested.

### 5.2 Portfolio statement

We will send you, by mail, or we will make available on the web, a monthly statement between the 5th and 10th day of the following month, when there has been activity in your account during the preceding month. When there is no activity in the account, you will be sent a statement at least once per quarter. Activity in the account is defined as a transaction other than dividends or interest recorded in the account.

When we send you an account statement, you must confirm its accuracy and notify us of any error or omission in its content within thirty (30) days of receipt. Once the thirty (30) day period has expired, you are deemed to have accepted and definitively ratified the content of the account statement, which is then considered accurate and can no longer be contested.

### 5.3 Investment Performance Report

Annually, you will receive a report of your performance over the past year and since inception. This information can help you assess your progress toward meeting your investment goals.

#### Calculation of return

The "total percentage return" of your account provided in the report is calculated net of costs and other charges based on two (2) calculation methodologies.

The "Time-weighted rate of return" (TWRR) calculation is commonly used in the financial industry and is a standard requirement from the Chartered Financial Analyst (CFA) Institute. "TWRR" calculations do not consider the impact of deposits and withdrawals you have made within your account. The results of this performance calculation isolate the investment decisions made within your account and do not consider the timing of deposits and withdrawals. Therefore your account's TWRR can be compared against a relevant benchmark for you to assess your performance.

The "Money-weighted rate of return" (MWRR) is a performance calculation methodology required by regulators such as the Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC). "MWRR" is a calculation methodology used to measure the performance experienced by the investor. The rate of return is influenced by the timing of deposits and withdrawals from your account and takes into consideration not only the amount but also the timing of the cash flow. This provides a picture of how your account is performing in light of decisions you have made to deposit or withdraw funds over a set period. Its results cannot be compared to a benchmark.

### 5.4 Return to your portfolio (transactional website)

Access your account through our transactional site and the Accounts > Performance will give you detailed information on the return in each of your account types, individually or on a consolidated basis using one of two methods: by individual period or by cumulative periods.

#### Assessment date

*Return by individual period.* The return displayed here has been calculated for the relevant period and does not take prior periods into account.

*Return by cumulative periods.* The return displayed here has been calculated for the relevant period, as well as prior periods.

#### Calculation of return

The return is calculated using the "Time-weighted rate of return" (TWRR). This calculation is commonly used in the financial industry and is a standard requirement from the Chartered Financial Analyst (CFA) Institute. "TWRR" calculations do not consider the impact of deposits and withdrawals you have made within your account. The results of this performance calculation isolate the investment decisions made within your account and do not consider the timing of deposits and withdrawals. Therefore your account's TWRR can be compared against a relevant benchmark for you to assess your performance.

#### Investment performance benchmarks

Comparing your portfolio's performance to that of an appropriate benchmark is a useful exercise for monitoring purposes. Benchmark comparisons can help you determine if your investment approach is delivering the desired results, or whether changes might be called for. Investment benchmarks are also helpful for developing realistic expectations about returns your portfolio can generate over the long term.

Investment benchmarks usually provide a broad measure of the return generated by specific asset classes over a given period. They are often referred to as reference indices since the most common form of investment benchmark is an index - such as a stock or bond index. A benchmark must replicate the security or portfolio you are monitoring as closely as possible for the comparison to be meaningful. Examples of benchmarks would include the S&P/TSX for Canadian stocks, the DEX Universe for Canadian bonds and the S&P 500 for U.S. stocks. For a portfolio composed of securities from several different asset classes, the appropriate benchmark would be a blend of indices weighted according to the portfolio's asset mix.

For more information about comparing your portfolio's return to a benchmark, please don't hesitate to contact us.

#### Sharpe ratio

The Sharpe index represents the real return (return obtained less the risk-free return) obtained for each unit of risk (standard deviation). The rate of return on Treasury bills is often considered a risk-free rate, given that they are debt instruments issued by the state whose term is short enough to minimize market-related interest rate risk. So the higher the Sharpe index, the more positive it is.

### 5.5 Annual Fees and Compensation Report

Annually, you will receive a report that summarizes the amounts we received directly and/or indirectly, over the past year, to provide you with our services and tools as they relate to your investment account.

Our compensation comes from two sources:

1. What you pay us directly. Some of these charges are associated with the operation of your account. Others are associated with purchases, sales and other types of transactions you make in your investment portfolio.
2. What we receive through third parties.

## 6. INFORMATION ON SITUATIONS THAT COULD CREATE OR BE PERCEIVED AS CONFLICTS OF INTEREST

Securities regulations in Canada require all dealers and advisers to comply with certain rules in relation to conflicts of interest, particularly with respect to the disclosure of information in that regard. The purpose of this document is to inform you on the nature and extent of the conflicts of interest that may affect the services provided by NBDB and about how we identify and respond to them 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 NBDB, are inconsistent or divergent. We take reasonable steps to identify all existing material conflicts of interest, and those we would reasonably expect to arise. We then assess the level of risk associated with each conflict. We avoid any situation that would entail a serious conflict of interest or represent too high a risk for clients or market integrity. In any other situation entailing a conflict of interest, we ensure that appropriate measures are implemented to control the conflict of interest effectively.

### Conflict of Interest Situations

The situations in which NBDB could be in a conflict of interest, and the way in which NBDB intends to respond to such conflicts, are described herein below. Where not avoided, any existing or potential material conflict of interest situations and any future material conflict of interest situations will be disclosed to you as they arise.

### Related Issuer

Since NBDB is a division of National Bank Financial Inc., used for its operation without advice services, the related issuers enumerated below are those of National Bank Financial Inc. ("NBF").

An individual or company is considered a "related issuer" to NBF if, through the ownership of, or direction or control over voting securities or otherwise, i) this person or company is an influential securityholder of NBF; ii) NBF is an influential securityholder of that person or company, or iii) each of them is a related issuer of the same third person or company.

An issuer distributing securities is a "connected issuer" to NBF if the relationship between this issuer and NBF, a related issuer of NBF or the directors, officers or partners of NBF or a related issuer of NBF, may lead a reasonable prospective purchaser of the securities of the connected issuer to question NBF's independence from the issuer with respect to the distribution of the securities of this issuer.

### Relationships with Issuers Related or Connected to NBF

As of September 28, 2018, the list of related issuers of NBDB considered reporting issuers under Canadian securities legislation is as described herein below. A concise statement of the relationship between NBDB and each related or connected issuer is also provided:

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

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

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

**NBI Funds:** National Bank Investments Inc., a wholly-owned subsidiary of National Bank of Canada, is the manager of all NBI Funds (including the NBI Jarislowsky Fraser Funds, NBI Westwood Fund, NBI Portfolios, NBI Private Portfolios, NBI SmartData Funds and NBI SmartBeta Funds). Fiera Capital Corporation is the portfolio manager of most of the NBI Funds.

**Investment Grade Managed Duration Income Fund:** National Bank Financial Inc., which is one of the Agents and the Promoter, is an affiliate of a Canadian chartered bank which has been requested to provide the Fund with a loan facility or prime brokerage facility, the proceeds of which would be used by the Fund for various purposes, including purchasing additional securities for the Portfolio, effecting market purchases of Units, maintaining liquidity and funding redemptions.

**Meritage Portfolios:** National Bank Investments Inc., a 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. Certain Meritage Portfolios are classes of shares of National Bank Funds Corporation.

**U.S. Banks Income & Growth Fund:** National Bank Financial Inc., which is one of the Agents and the Promoter, is an affiliate of a Canadian chartered bank which has been requested to provide the Fund with a loan facility or prime brokerage facility the proceeds of which would be used by the Fund for various purposes, including purchasing additional securities for the Portfolio, effecting market purchases of Units, maintaining liquidity and funding redemptions. Consequently, the Fund may be considered a "connected issuer" of National Bank Financial Inc. under applicable securities legislation.

In the course of carrying out its business activities as securities dealer, NBF may from time to time engage in the following activities in respect of National Bank or other related issuers of NBF, and in the context of a distribution, in respect of the securities of National Bank and other connected issuers of NBF:

- Sell such securities to or on behalf of clients of NBF;
- Purchase such securities from or on behalf of clients of NBF;
- Offer for sale securities, goods and services which include securities, goods or services issued or provided by National Bank of Canada or another related issuer, or cooperate with National Bank of Canada or another related issuer in the joint offering for the sale or purchase of securities, and goods or services.

It is the policy of NBF to comply fully with all applicable securities legislation and to make all required disclosures where acting as investment dealer in respect of the securities of National Bank of Canada and other related or connected issuers of NBF, particularly in the following situations:

- In the context of the purchase or sale of securities of a related issuer, or in the course of a distribution, in respect of securities of a connected issuer, NBF will have to inform the client in writing of the relationship or connection between NBF and the issuer of the securities; and
- Where NBF purchases securities from or sells securities to a subsidiary or affiliate, the dealing will be done on the basis that the transaction price for a given security together with the brokerage commission applicable to such trade, is as good as or better than that offered by an unaffiliated third party broker in an arms-length transaction.

As part of its business activities as investment dealer, NBF may also be called upon to act as agent or principal at the time of buying or selling for or on behalf of its clients or in their accounts. In such instances, the services provided by NBF in the normal course of business will be provided in accordance with its normal practices and procedures as well as the relevant legislation or regulations.

### Related Dealers and Advisors

Since NBDB is a division of National Bank Financial Inc., used for its operation without advice services, the related dealers and advisors enumerated below are those of National Bank Financial Inc. ("NBF").

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

NBF is duly registered as an investment dealer. Its NBDB division gives no advice nor does it make any recommendations with respect to investments. Furthermore, National Bank of Canada, of which NBF is indirectly wholly-owned subsidiary, is also shareholder of the following dealers and advisors:

National Bank Investments Inc.  
National Bank of Canada Financial Inc.  
NBC Financial Markets Asia Limited – in Hong Kong only  
Natcan Trust Company  
National Bank Trust Inc.  
Nest Wealth Asset Management Inc.

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

NBF may obtain from or provide to the above-mentioned dealers or advisors management, administrative, referral and/or other services in connection with its ongoing business activities or the ongoing business activities of these other companies or transactions completed by it or these other companies, or may offer such services to its related parties. These relationships are subject to certain legislative and industry regulatory requirements which impose restrictions on dealing between related dealers or advisors intended to minimize the potential for conflict of interest resulting from these relationships. NBF has also adopted internal policies and procedures which supplement these requirements, including its policies on confidentiality of information.

### TMX Group Limited

National Bank Group Inc., one of our affiliates, owns or controls an equity interest in TMX Group Limited in excess of 5% of the issued and outstanding equity securities thereof, and has a nominee director serving on the board. In addition, NBF is a wholly-owned subsidiary of National Bank of Canada. From time to time, National

Bank of Canada may enter into lending or financial arrangements with companies that are the subject of research reports or that are recommended by related entities.

At the present date, National Bank of Canada is a lender to TMX Group Limited under its credit facilities. As such, NBF may be considered to have an economic interest in TMX Group Limited. No person or company is required to obtain products or services from TMX Group Limited or its affiliates as a condition of doing business with TMX Group Limited or its affiliates.

TMX Group Limited is also the limited partner of Alpha Trading Systems Limited Partnership. Alpha Trading Systems Limited Partnership owns Alpha Exchange Inc., a stock exchange in Canada for the trading of securities.

We can execute transactions on your behalf on Alpha Exchange Inc. and enter orders into Alpha Exchange Inc.'s order book which cannot be immediately completed. In that role, we are subject to a number of regulatory obligations, including the requirement to diligently pursue the best price and best execution of each client order on the marketplace. Those obligations override the direct or indirect interest NBF has in the above companies.

#### **Other Situations that Could Create or be Perceived as Conflicts of Interest for NBDB or its Employees**

NBDB, its management, employees, representatives and officers could, as part of their duties, find themselves in situations where their personal interests are in conflict with those of a client.

NBDB has a Code of Conduct and Ethics, a Compliance Manual and internal policies to deal with situations related to its activities. Among other stipulations, they reiterate that NBDB and its employees must never favour their own interests to the detriment of their responsibilities towards clients. These documents set out the basic guiding principles for the conduct of NBDB and its employees:

- a) **Confidential information:** It is forbidden for NBDB employees to use confidential information acquired as part of their duties, or to exploit a situation for the purposes of obtaining a personal advantage of any kind. An NBDB employee is therefore not authorized to use information on clients, transactions or NBDB client accounts for his personal benefit or that of a third party;
- b) **Gifts, entertainment and compensation:** It is forbidden for NBDB employees to accept gifts, entertainment or any form of payment that could influence decisions to be taken as part of their duties. To avoid any conflict of interest situations, NBDB employees may not, as part of their duties, receive any other form of compensation than that paid by NBDB without the prior written authorization of NBDB. NBDB ensures that its employee compensation practices do not conflict with their obligations to clients;
- c) **External activities:** NBDB has a policy governing the external activities of its employees, whereby it is forbidden for NBDB employees to engage in activities that could interfere or conflict with their duties at NBDB. The purpose of this policy is to detect, and, where applicable, oversee, disclose or prohibit such external activities. NBDB will not permit any of its employees to engage in activities outside the scope of their duties, including, but not limited to, serving as director of a company, without first ensuring that such activities do not compromise the interests of its clients;
- d) **Client priority rule:** NBDB employees must offer top-quality service to NBDB clients and cannot give priority to their personal interests to the detriment of those of NBDB clients. For example, employees' brokerage accounts shall be monitored and subject to other exceptional measures, to ensure that serving the client remains employees' priority, as opposed to their own personal interests;
- e) **Client order priority:** The interests of clients must always be given priority over those of NBDB and its employees. For this reason and to avoid conflicts of interest, between two orders for the same security at the same price (or a better price), the order coming from a client is always executed prior to the one from NBDB or one of its employees;
- f) **Policy respecting errors:** A policy has been established to supervise trading errors made by employees. Employees may not correct their own errors and must forward them to their immediate supervisor to be analyzed and handled;
- g) **Referrals:** On occasion, clients may be referred by third parties to NBDB for the purpose of obtaining the products and services offered by NBDB. When such referrals involve a referral commission, they must comply with the existing regulations and be subject to the required disclosures to clients so referred. Such disclosures allow the clients concerned to make an informed decision with respect to the referral and to assess any potential conflicts of interest;
- h) **Research analyst activities:** NBDB offers its clients research reports from external suppliers and companies affiliated with NBDB. Companies covered by the research made available to NBDB clients may have other business relationships with the companies that provide these research reports.

When the companies that provide these research reports are affiliated with NBDB, they make sure that conflict of interest situations are properly monitored and subjected to the appropriate disclosures;

- i) **Underwriter and market maker or other advisory role:** NBDB may offer its clients securities for which a company affiliated with NBDB may act as market maker, underwriter, financial advisor or other. In some cases, the interests of the parties involved can differ from the interests of NBDB clients. The various roles which the companies affiliated with NBDB can play are governed by regulations;
- j) **Allocation of securities:** NBDB has a policy regarding the allocation of securities among its clients, when demand for securities exceeds the number available at NBDB. This policy is intended to ensure a fair distribution of these securities among NBDB clients;
- k) **Compensation:**
  - In some cases, issuers of securities or other related parties may compensate NBDB based on the purchase of their securities by NBDB clients, such as trailing commissions for mutual funds.
  - In some instances, NBDB may be compensated indirectly, e.g., for transactions involving a foreign currency exchange, in which NBDB receives compensation based on the difference between the price clients pay for the currency and the price NBDB pays for the same currency or on the difference in interest rates between the one obtained by NBDB on the funds invested versus the interest rate paid to clients.
  - In some cases, NBDB and certain companies affiliated with NBDB may receive compensation based on the markets on which the transactions of NBDB clients are carried out. The conditions under which NBDB client transactions are carried out are subject to regulations applicable to NBDB and its affiliated companies.
  - NBDB or its affiliated companies may receive compensation for the purchase or sale of certain over-the-counter products. This compensation is based on the gross-up or mark-down applied by NBDB or its affiliated companies to the price paid by the client when purchasing securities or to him when selling securities.

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

From time to time, other important conflict of interest situations may arise. NBDB undertakes to continue taking the necessary steps to identify and address such situations fairly and reasonably, in keeping with the standards of care to which it is subject in its relationships with its clients. This NBDB document regarding conflict of interest situations will be updated in the event that the situation regarding major conflicts of interests changes.

## **7. EXPENSES RELATED TO ACQUIRING, DISPOSING OF OR HOLDING INVESTMENTS**

### **7.1 Commissions and fees**

Commissions are the fees you pay when buying or selling certain products. These fees are clearly indicated on the trade confirmation that you receive once a transaction has been executed.

#### **Canadian and U.S. stocks, options**

A commission is applicable to transactions made over the phone or through our electronic services when you purchase and sell shares and options.

#### **Mutual funds**

Only some fund families are subject to online transaction fees, and transactions made by phone are subject to different commissions. For more detailed information and to obtain the complete list of funds with transaction fees, just visit our website or speak to one of our representatives.

#### **Fixed-income securities**

We offer treasury bills, bonds, strip bonds, debentures, GICs and other money market instruments. The minimum amount for a purchase depends on the security. Commissions on purchases and sales, if any, are included in the quoted price.

You will find complete information on our website under the "Pricing" tab, "Commission fees" page (<http://nbdb.ca/en/pricing/commission-fees/>) or contact one of our representatives by telephone. You will also receive our complete Commission and Fee Schedule in your welcome kit a few days after opening your brokerage account.

### **7.2 Interest payable and interest expense**

Interest rates will be applied to your account's credit and debit balances, based on the prime rate established by National Bank of Canada.

You will find complete information on our website under the "Pricing" tab, "Interest rates" page (<http://nbdb.ca/en/pricing/interest-rates/>) or contact one of our representatives by telephone.

## **8. ADMINISTRATIVE FEES AND RELATED ACCOUNT CHARGES**

Like all financial institutions, National Bank charges fees for specific services and the administrative work required to manage them well.

## 8.1 Fees

Annual administrative fees may apply to most registered accounts when the value of the assets is less than the established threshold. Non-registered accounts are also subject to an annual low-activity fee if the value of the assets is less than the established threshold or if the minimum number of transactions is not attained.

For more detailed information on our fees, go to our website under the "Pricing" tab, "General fees" page (<http://nbdb.ca/en/pricing/general-fees/>) or contact one of our representative by telephone. You will also receive our complete Commission and Fee Schedule in your welcome kit at the time of account opening.

## 9. LIST OF DOCUMENTS THAT NBDB GIVES CLIENTS OPENING AN ACCOUNT

### General documents available in digital version when a brokerage account is opened

- Brokerage Account Application
- Conditions Governing the Collection, Use and Disclosure of Personal Information
- Regulation Respecting Communication with Beneficial Owners of Securities of a Reporting Issuer Client – Explanations
- Consent to Electronic Delivery of Documents
- Brokerage account agreements
- Electronic Brokerage Service User Agreement
- This document contains general conditions applicable to your account, including:
  - Communication of conflicts of interest
  - Communication of client referrals from other National Bank of Canada entities (for more information, visit our website at <http://nbdb.ca/en/about-us/policies-commitments-and-arrangements/referral-arrangements/>).
  - A document indicating how to file a complaint
  - The accounts, products and services we offer
  - Commissions and fees applicable to your account.

We recommend that you review these documents to confirm which information applies to you.

These documents are also available in a paper version on demand.

Depending on the type of account you open, you will receive specific documents governing the account. Please consult the following table to know which documents apply:

Account Type	Applicable Agreement(s)
Margin account	<ul style="list-style-type: none"><li>• Margin Account Agreement</li></ul>
Margin account with options	<ul style="list-style-type: none"><li>• Margin Account Agreement</li><li>• Option Trading Agreement</li><li>• Information documents on risk (information document on risks in futures and option contracts)</li></ul>
SSP account	<ul style="list-style-type: none"><li>• Stock Savings Plan II agreement (SSP II – Quebec only)</li></ul>
Registered account	<ul style="list-style-type: none"><li>• Declaration of trust and addendum</li></ul>

Soon after opening your brokerage account, you will receive by email a digital version of these brochures:

- **An Investor's Guide to Making a Complaint**, from the Investment Industry Regulatory Organization of Canada (IIROC). This brochure provides useful information on how to make a complaint an IIROC-regulated firm, how to make a complaint to IIROC, and compensation options for investors.

- The brochure entitled **Canadian Investor Protection Fund**, produced by the Canadian Investor Protection Fund (CIPF), provides detailed information on the protection it offers at members regulated by the IIROC.
- The brochure entitled **Why IIROC Matters to You, the Investor?** from the IIROC.
- The document **Strip Bonds and Strip Bond Packages Information Statement**, also by the IIROC, describes certain features of these products, associated risks and certain aspects of their tax treatment.
- Commission and General Fee Schedule
- Your right to confidentiality

These documents are also available in a paper version on demand

## 10. MAKING A COMPLAINT Complaint handling process

We are always happy to hear from you if you have a favourable comment, and especially regarding any comments regarding dissatisfaction with our services, so that we can make the required improvements. We value our client relationships and will do our utmost to remain your financial partner. Customer satisfaction is our main goal.

So don't hesitate to contact us by mail, email, telephone or fax if you have questions and comments. Should you be dissatisfied with the available services and products, we invite you to send your complaint to the following address:

**National Bank Direct Brokerage**  
1100 Robert-Bourassa Blvd, 7th Floor  
Montréal, Quebec H3B 2G7  
Toll-free number: 1-800-363-3511  
Fax: 514-394-8688  
Email: [directbrokerage@nbc.ca](mailto:directbrokerage@nbc.ca)

Please provide the following information when you make your complaint; it will help us analyze it:

- Your name, your contact info, your account number and the circumstances and reasons for your complaint, including the date on which the events took place;
- All relevant documents related to the grievance — including any discussions — that can shed light on the situation.

Once your complaint has been filed, we will send you a written acknowledgement of receipt within five business days, specifying the name and contact info of the person who will be analyzing it. Please contact this person directly if you have any questions on developments with the file.

Rest assured that your complaint will be dealt with quickly and fairly. Then, no later than 90 days after we have begun our analysis, we will send you a letter detailing our results and conclusions, as well as your options if you are not satisfied with these findings.

Upon opening your account, you will receive a brochure describing IIROC-approved guidelines on how complaints are handled.

## Conclusion

NBDB is proud to have a state-of-the-art technological platform, an innovative range of products and services, a comprehensive set of tools, and exhaustive economic and financial research from internal and external sources. We also provide our clients with the support of a team of seasoned investment specialists.

Understanding how to make your money grow, and how to find a financial institution with which you can develop a true partnership, are key conditions to financial success. Combining your know-how with a platform like the one we have at NBDB allows you to bring together everything you need to reach your investment objectives.

We are very happy that you have chosen NBDB, and we thank you for your trust.