

**NATIONAL BANK MUTUAL FUNDS CLASS ACTION
REGARDING TRAILING COMMISSIONS PAID TO DISCOUNT BROKERS**

NOTICE OF CERTIFICATION AND OPT-OUT DEADLINE

Read this notice carefully as it may affect your legal rights

This notice is to certain investors in the units of National Bank Mutual Funds and NBI Private Portfolio Mutual Funds other than certain persons and entities associated with the defendants, further described below.

THE CERTIFICATION ORDER

By Order dated August 5, 2022, the Ontario Superior Court of Justice (“**Court**”) has certified *Stephen Pozgaj v. National Bank Investments Inc. and Natcan Trust Company*, File No. CV-18-611745-00CP (“**Class Action**”) as a class proceeding pursuant to the Ontario *Class Proceedings Act, 1992*. The Court has appointed Stephen Pozgaj as the representative plaintiff for the class defined as follows (“**Class**” and “**Class Members**”):

All persons, wherever they may reside or be domiciled, who held or hold units of a National Bank Mutual Fund or NBI Private Portfolio Mutual Fund through a Discount Broker, except for the Excluded Persons, from December 28, 2003 to August 5, 2022.

The Class Action pertains to National Bank Mutual Funds and NBI Private Portfolio Mutual Funds organized as trusts. National Bank Mutual Funds are defined as:

All mutual fund trusts (including, without limitation, all series of units thereof) of which either National Bank Investments Inc. (“**NBI**”) or Natcan Trust Company (“**Natcan Trust**”) is trustee, was trustee or may be trustee from December 28, 2003 to August 5, 2022 (but only in respect of the period during which either NBI or Natcan Trust is trustee, was trustee or may be trustee, as applicable), including, for greater certainty, (i) those mutual funds that have been or may be terminated, (ii) those mutual funds that have been or may be merged into other mutual funds, and (iii) those mutual funds that have undergone or may undergo name changes.

NBI Private Portfolio Mutual Funds are defined as:

All mutual fund trusts (including, without limitation, all series of units thereof) of which National Bank Trust Inc. is trustee, was trustee or may be trustee from December 28, 2003 to August 5, 2022 (but only in respect of the period during which either National Bank Trust Inc. is trustee, was trustee or may be trustee, as applicable), including, for greater certainty, (i) those mutual funds that have been or may be terminated, (ii) those mutual funds that have been or may be merged into other mutual funds, and (iii) those mutual funds that have undergone or may undergo name changes.

Excluded from the Class are NBI and Natcan Trust (“**Defendants**”); the past and present parents, subsidiaries, affiliates, officers, directors, senior employees, legal representatives, heirs, predecessors, successors and assigns of NBI or Natcan Trust; the past and present members of the independent review committee of each National Bank Mutual Fund or NBI Private Portfolio Mutual Fund; the past and present members of a board of any National Bank Mutual Fund or NBI Private Portfolio Mutual Fund; and the past governors of any National Bank Mutual Fund or NBI Private Portfolio Mutual Fund.

Certification is a procedural matter that defines the form of the class action. The merits of the claims in the action, and the allegations of fact on which the claims are based, have not been finally determined by the Court. The Defendants dispute the claims asserted against them.

The Class Action will now proceed to trial as a class action. The Court has identified the issues that will be dealt with collectively. The Class Action will proceed in Toronto, Ontario.

THE NATURE OF THE CLAIMS ASSERTED

It is alleged that the Defendants paid trailing commissions, out of the National Bank Mutual Fund assets or NBI Private Portfolio Mutual Fund assets, to Discount Brokers. The National Bank Mutual Funds and NBI Private Portfolio Mutual Funds are trusts governed by trust instruments. The Defendants are the trustee or manager of the National Bank Mutual Funds and the NBI Private Portfolio Mutual Funds. It is alleged that the Defendants breached their trust, fiduciary and contractual duties because the trailing commissions paid to Discount Brokers are excessive, inflated and/or unearned.

It is further alleged that the Defendants made misrepresentations about the nature of the trailing commission payments in the fund facts documents they have prepared and filed with securities regulators to permit the sale of units of the National Bank Mutual Funds and NBI Private Portfolio Mutual Funds.

On behalf of the Class, the Class Action asserts claims under section 130 of the Ontario *Securities Act* and, if necessary, the equivalent provisions of the securities legislation of the other Canadian provinces and territories. Additionally, the Class Action advances claims under section 23.1 of the *Trustee Act*, and for breach of trust, breach of fiduciary duty and breach of contract.

If you wish to pursue other claims against the Defendants relating to the matters at issue in the Class Action, you should immediately seek independent legal advice.

DO NOTHING IF YOU WANT TO PARTICIPATE IN THE CLASS ACTION

Class Members who want to participate in the Class Action are automatically included and do not have to do anything at this time.

YOU MUST OPT OUT IF YOU DO NOT WANT TO BE BOUND BY THE CLASS ACTION

Each Class Member who does not validly opt out of the Class Action will be bound by the terms of any judgment or settlement, whether favourable or not, and will not be allowed to prosecute an independent action.

Class Members who do not want to be bound by the outcome of the Class Action must “opt out,” meaning that they must exclude themselves from the Class Action in accordance with the following procedure.

If you wish to opt out of the Class Action, you must complete, sign and return (by mail or courier) the Opt-Out Form provided at Appendix “A” hereto to RicePoint Administration Inc.

In order for your opt-out to be valid, your complete and signed Opt-Out Form must be postmarked by no later than December 23, 2022.

A Class Member who opts out will not be entitled to participate in the Class Action.

CLASS COUNSEL AND LEGAL FEES

The representative plaintiff and the Class are represented by Siskinds LLP (“**Class Counsel**”). Class Counsel are conducting the Class Action on a contingent fee basis.

In the event of success, Class Counsel will make a motion to the Court for approval of their fees and disbursements to be paid from the funds recovered in the Class Action.

A Class Member will not be required to pay any costs in the event that the Class Action is unsuccessful.

Class Members have the right to seek intervenor status in the Class Action. A Class Member who intervenes in the Class Action may be required to pay legal costs arising from the Class Action.

ADDITIONAL INFORMATION

This notice has been approved by the Ontario Superior Court of Justice. The Court offices cannot answer any questions about the matters in this notice. The Orders of the Court and other information are available on Class Counsel’s website at <https://www.siskinds.com/class-action/mutual-fund-trailing-commissions>.

Questions relating to the Class Action may be directed to Class Counsel:

Aylin Manduric
Siskinds LLP
Suite 302, 100 Lombard Street
Toronto, ON, Canada M5C 1M3
Tel: 416-594-4399
Email: aylin.manduric@siskinds.com

If you require assistance in the French language, please contact Class Counsel using the contact details above and we will direct your inquiry to an appropriate person.

The publication of this notice was authorized by the Ontario Superior Court of Justice