INVESTING

National Bank
Strategic Portfolios

A Sound Investment

NATIONAL BANK

What are the Strategic Portfolios?

- **Six portfolios** designed to meet the needs of six different investor profiles.
- **Optimal diversification** by asset class, geographic region, management style, business size and economic sector to produce the right balance between risk and return.
- **Professional management**: Each asset class in your Strategic Portfolio is represented by a selection of securities managed by professionals with recognized expertise.
- **Periodic rebalancing** when one or several of the funds deviate significantly from their target weighting, thus ensuring that your Strategic Portfolio remains in line with the optimal asset allocation for your investor profile.
- **A practical and affordable solution** for an initial investment of as little as $10,000 in a registered or non-registered account, together with systematic purchase and withdrawal plans that give you the flexibility of adding to your investment or receiving income from it.

Diversification: an essential ingredient for successful investing

A good investment strategy does not depend solely on security selection or the timing of your investments. To reduce the risks inherent in your portfolio and optimize its return potential for a given risk level, it is important to implement a diversification strategy.

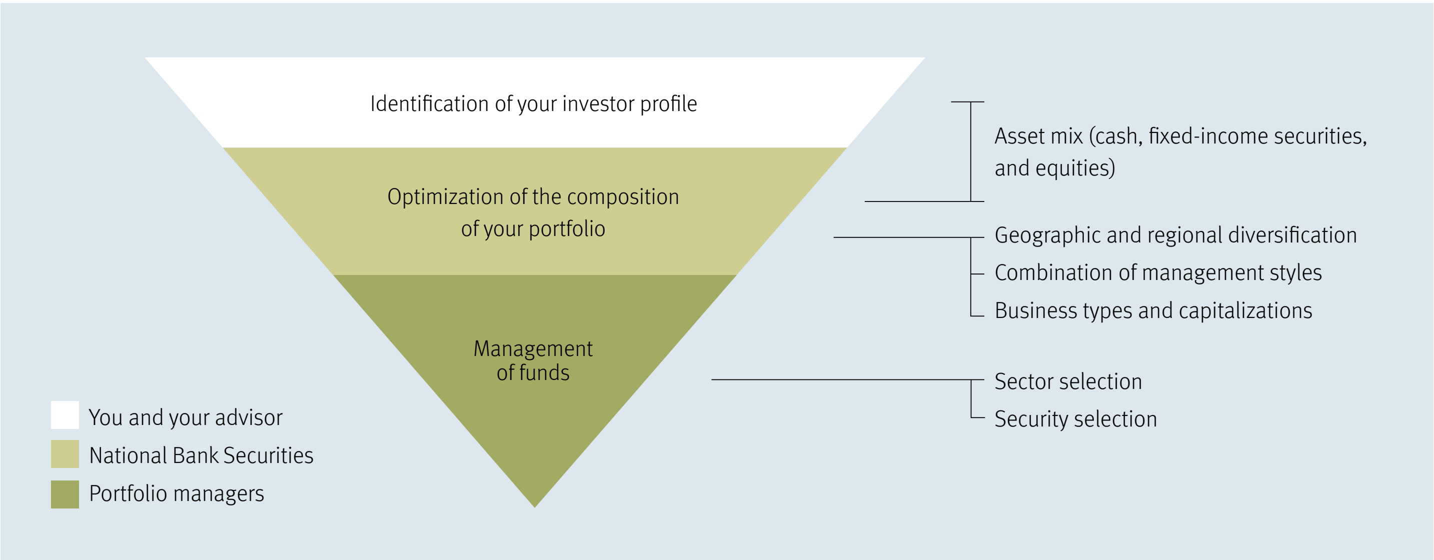
Concentrating your investments in a single security or asset class is always a risky choice, particularly when the markets are in turmoil. To avoid putting all your eggs in one basket, you must invest in different asset classes and hold several securities within each class.

There are three main asset classes: cash, fixed-income securities, and equities. Each has its own characteristics in terms of capital protection and return potential, and each reacts differently to market situations.

Your asset allocation strategy, i.e., the weighting assigned to each asset class, determines your portfolio's risk level, which has a direct impact on its return potential. Diversification within each asset class also helps mitigate risks, as it minimizes the negative impact that one poorly performing security will have on your overall portfolio.

Strategic Portfolios: diversification and asset allocation working for you

Strategic Portfolios are designed so that you may implement diversification and asset allocation strategies easily, and reap their benefits while enjoying the peace of mind of knowing that three groups of experts are working for you throughout the process: your advisor, National Bank Securities, and the portfolio managers.



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Rebalancing: a key element of the Strategic Portfolios

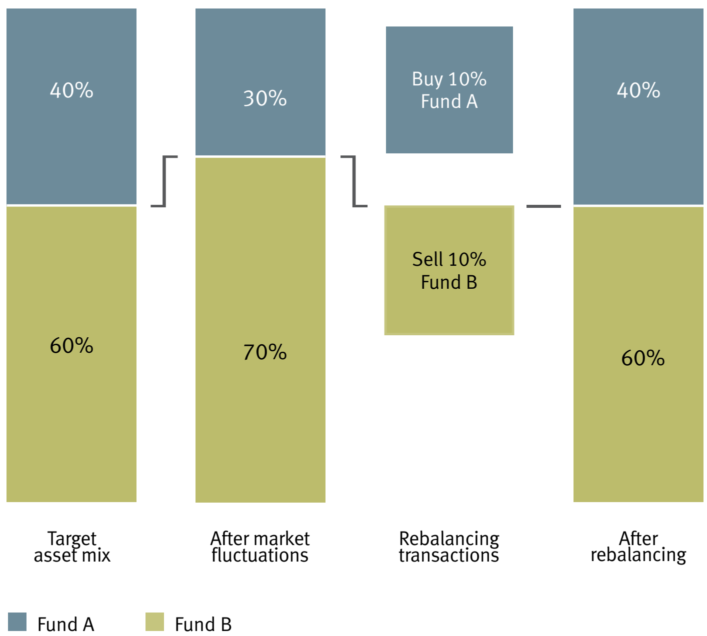
Markets are constantly changing, and not all asset classes evolve in a synchronized manner. Since this can cause the weighting of the various asset classes in your portfolio to deviate from their target allocation, periodic rebalancing is essential.

The following example illustrates the notion of periodic rebalancing, using a fictitious portfolio composed of two funds invested in two different asset classes: Fund A and Fund B. The target allocation of the portfolio is 40% for Fund A, and 60% for Fund B.

How we rebalance your portfolio

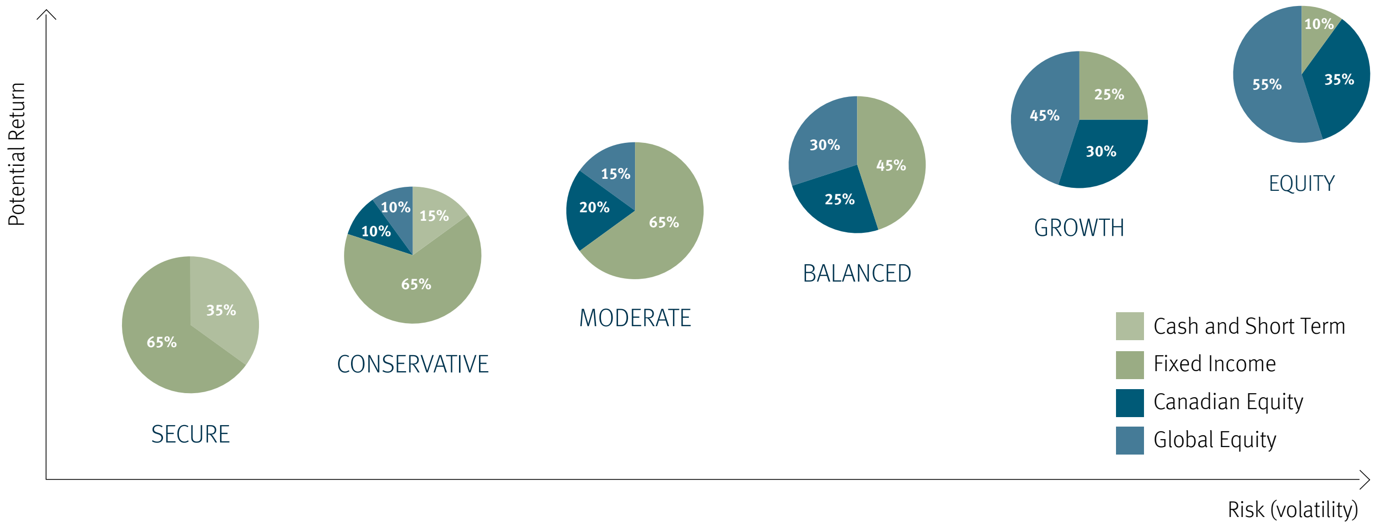
Over time, markets evolve and alter the portfolio's asset mix. In this example, we can see that this has led Fund A to account for 30% of the portfolio, and Fund B for 70%. To rebalance the portfolio, we will sell enough units of Fund B to bring its weighting back to 60%, and we will use the proceeds of the sale to increase the weighting of Fund A from 30% to 40%. This process is repeated periodically, whenever a substantial change in the weightings is observed.

Through this process, we can reduce your Strategic Portfolio's exposure to asset classes that have become more expensive, and buy more of those that are trading at more attractive levels.



The six
Strategic Portfolio profiles

Target asset allocations of the various Strategic Portfolio profiles



	Secure	Conservative	Moderate	Balanced	Growth	Equity
Cash and Short Term	35%	15%	–	–	–	–
National Bank Money Market Fund	25%	–	–	–	–	–
National Bank Short Term Canadian Income Fund	10%	15%	–	–	–	–
Fixed Income	65%	65%	65%	45%	25%	10%
National Bank Bond Fund	35%	35%	35%	15%	5%	–
National Bank Dividend Fund	10%	10%	10%	10%	–	–
Altamira Global Bond Fund	5%	5%	5%	5%	–	–
Altamira Corporate Bond Fund	10%	10%	10%	10%	10%	10%
Altamira High Yield Bond Fund	5%	5%	5%	5%	10%	–
Canadian Equity	–	10%	20%	25%	30%	35%
National Bank Canadian Equity Fund	–	5%	5%	5%	5%	5%
Omega Canadian Equity Fund	–	–	5%	5%	10%	10%
Altamira Canadian Equity Growth Fund	–	5%	5%	5%	5%	5%
National Bank Small Cap Fund	–	–	5%	10%	10%	15%
Global Equity	–	10%	15%	30%	45%	55%
National Bank Global Equity Fund	–	5%	7,5%	15%	17,5%	22,5%
Omega Global Equity Fund	–	5%	7,5%	15%	17,5%	22,5%
Omega Emerging Markets Fund	–	–	–	–	10%	10%

Strategic Portfolios: Available tools

As the holder of a Strategic Portfolio, you receive a quarterly statement that contains the following information:

- An activity summary, including all transactions that have been performed
- Distributions received
- Personalized return
- Your asset allocation
- General investment information
- Contact information in case you need to reach us

Included with your statement is a copy of *The Financier,* a newsletter containing informative economic and financial articles.

Our range of investment solutions

From your first savings account to your strategy for drawing retirement income from your portfolio, National Bank of Canada and its subsidiaries can provide support and tailored solutions. The range of investment solutions we offer includes principal-protected investments and mutual funds.

Principal-protected investments

These solutions, the most popular of which are fixed-rate guaranteed investment certificates (GICs) and variable-yield GICs, seek to preserve your capital.

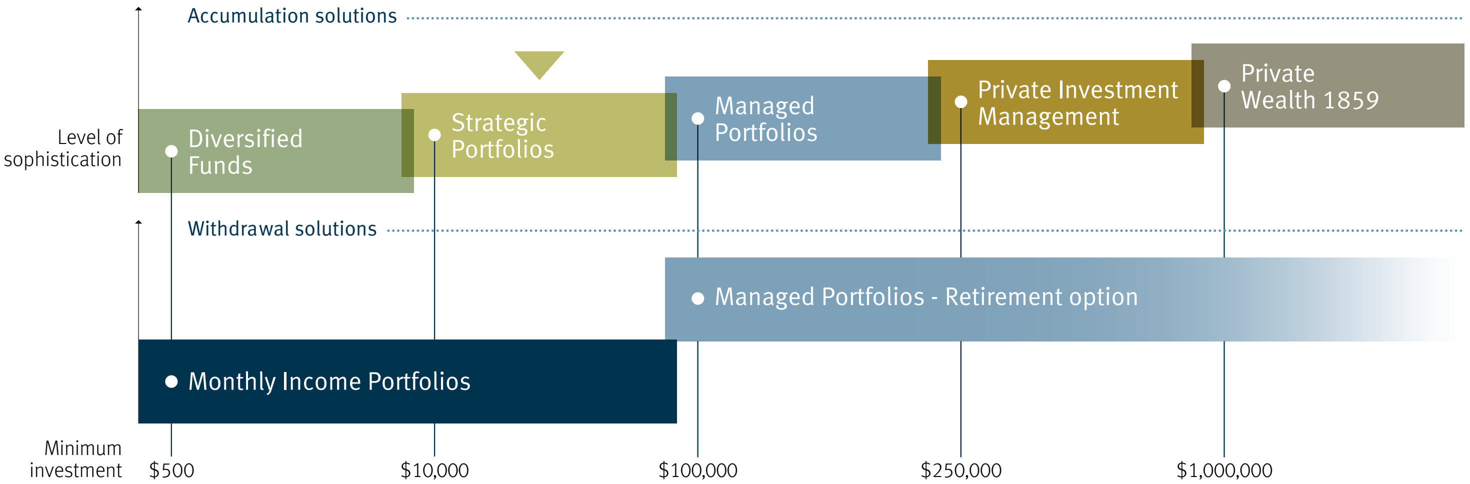
Mutual funds

With a mutual fund, your savings are pooled with those of other investors so that you can buy enough different securities to provide full diversification – something that would require a much larger investment if the securities were held directly. The National Bank Securities Mutual Funds[1] family includes:

National Bank Funds	For clients who wish to enter financial markets or seek targeted exposure in a specific asset class or management style.
Altamira Funds	For clients who want specialized funds holding equities in all types of capitalization.
Omega Funds™	For clients looking for portfolio managers who are recognized worldwide for their expertise in different types of investment mandates, whether specialized or not.

Our managed solutions

There comes a time when your investments require special attention or a greater degree of knowledge (taxation, currency management, legal aspects, etc.). A turnkey solution allows you to delegate these tasks to experts you can trust. The solutions below have been designed to combine complementary portfolio management skills with good asset diversification strategies.



Accumulation Solutions

Diversified Funds[1]

If you are looking for a simple and effective investment that gives you a well-diversified portfolio, this might be the right solution for you.

Strategic Portfolios[1]

Strategic Portfolios provide you with a complete solution: your savings will be invested in portfolios of different mutual funds selected for their complementarity and the diversification they provide.

Managed Portfolios[1]

Managed Portfolios allow you to make the most of market opportunities, thanks to a turnkey mutual fund investment solution combined with discretionary portfolio management services.

Private Investment Management[2]

Private Investment Management gives you access to a comprehensive discretionary portfolio management service that integrates institutional portfolio management techniques.

Private Wealth 1859[3]

Private Wealth 1859 provides individuals and families with an exclusive combination of advice and services that produces a highly customized offering extending well beyond the realm of traditional portfolio management.

Withdrawal Solutions

Monthly Income Portfolios[1]

These innovative, tax-efficient portfolios are the result of a disciplined process and can be easily integrated into a retirement investment strategy.

Managed Portfolios - Retirement option[1]

The Managed Portfolios – Retirement option offer an easy way to receive fixed distributions[4] and have your assets professionally managed.

1 National Bank Securities Mutual Funds (including the Diversified Funds and the Monthly Income Portfolios), National Bank Strategic Portfolios (the “Strategic Portfolios”) and National Bank Managed Portfolios (the “Managed Portfolios”) (collectively the “Portfolios”) are offered by National Bank Securities Inc., a wholly owned subsidiary of National Bank of Canada. Commissions, trailing commissions, management fees and expenses all may be associated with mutual funds investments and the use of an asset allocation service (such as the Portfolios). Please read the prospectus of the mutual funds or that of the funds in which the Portfolios may invest before making an investment. The funds securities are not insured by the Canada Deposit Insurance Corporation or by any other government deposit insurer. For money market funds, there can be no assurances that a fund will be able to maintain its net asset value per security at a constant amount or that the full amount of the investment in a fund will be returned. The funds are not guaranteed, their values change frequently and past performance may not be repeated.

In respect of the Managed Portfolios, investors will enter into a discretionary management agreement with National Bank Trust Inc. (for all activity in Quebec, Prince Edward Island, Saskatchewan and New Brunswick) or Natcan Trust Company (for all activity in other Canadian provinces and territories), which gives the portfolio manager the authority to select, add or remove National Bank Securities Mutual Funds forming part of the Managed Portfolios. There are no fees or expenses related to investing in the Managed Portfolios except for the fees and expenses related to investing in the funds that make up the Managed Portfolios. All distributions made by a fund included in the Managed Portfolios will be automatically reinvested for you.

2 Private Investment Management is offered by National Bank Trust Inc. and Natcan Trust Company, two subsidiaries of National Bank of Canada using the business name of National Bank Trust.

3 National Bank Private Wealth 1859 is a trade-mark used under licence by National Bank of Canada, National Bank Trust and National Bank Financial.

4 The distribution amount is said to be fixed for each National Bank Securities Mutual Fund comprised in the Managed Portfolios (R series) as it does not vary from one distribution to the next. However, it is not guaranteed and may vary according to market conditions. The total amount of the distribution is weighted according to each of the funds constituting the Managed Portfolios and may vary due to rebalancing and tactical deviation. The distribution targets for National Bank Securities Mutual Funds (R Series) are reviewed annually in January.

BANKING

Simplifying your day-to-day banking transactions.

FINANCING

Helping you carry out the projects that are important to you.

INVESTING

Customizing solutions and advice for your short-term projects and retirement plans.

PROTECTING

Insuring you and your assets for your peace of mind.

TRANSFERRING

Making sure your estate is transferred to your loved ones.

DOING BUSINESS

Helping decision-makers grow their business.

For questions about National Bank Strategic Portfolios get in touch with National Bank Securities Advisory Service

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at 1-888-270-3941
or 514-871-2082

or with TELNAT customer service at 1-888-4TELNAT (483-5628)
or 514-394-5555

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