



meritage
PORTFOLIOS®

Independent. Diligent. Proactive.

Meritage Portfolios

Transition report

March 2018



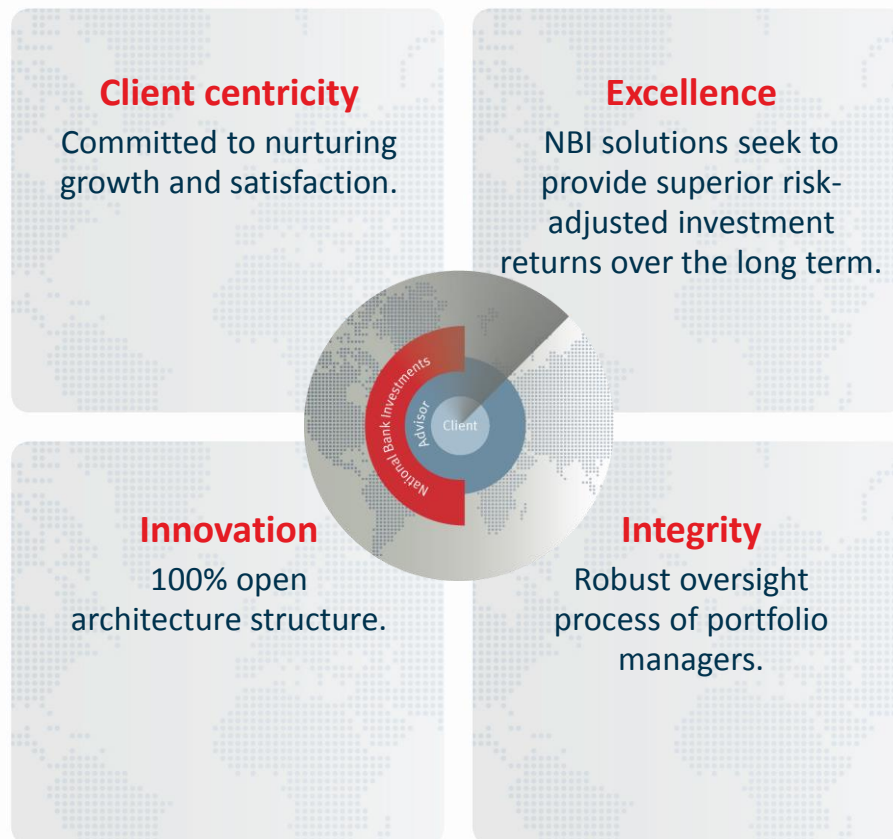
An institution focused on innovation

Our mission

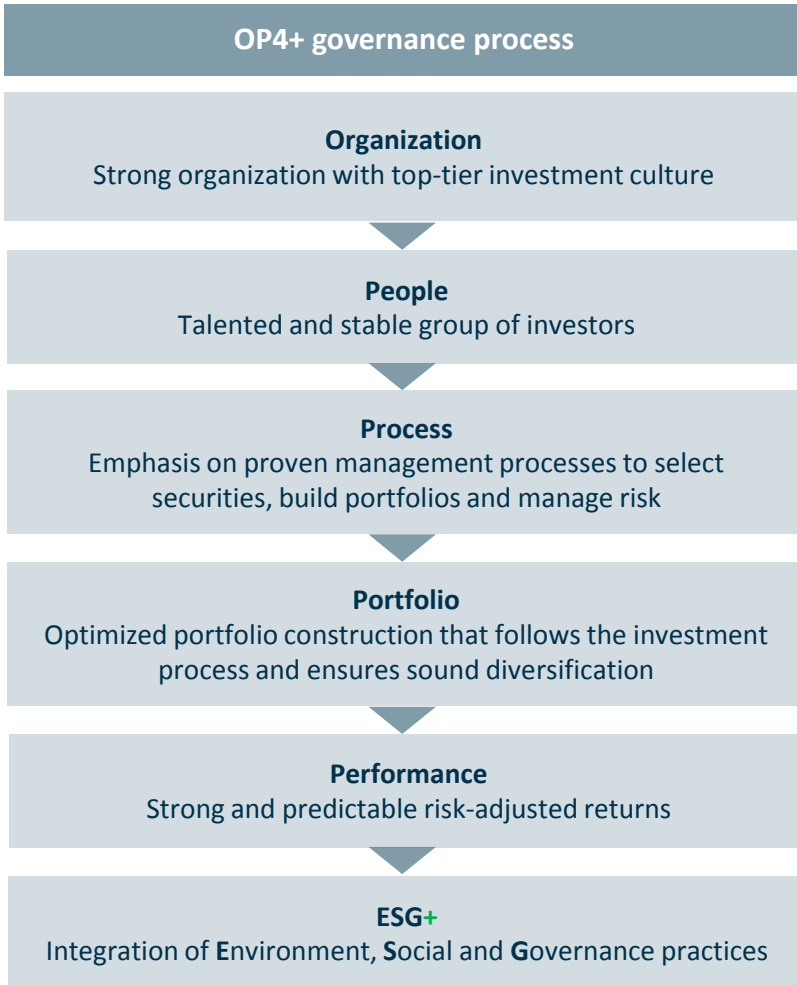
Guided by our 100% open architecture structure, we are dedicated to providing diverse investment solutions to meet the evolving needs of clients.

Our vision

To be a client-centric top-tier Canadian asset manager.



Simplify your process with our endless opportunities



We are the leading bank-affiliated asset manager in Canada to sub-advise exclusively to other firms the portfolio management of the funds built for our product shelf



MERITAGE PORTFOLIOS

Our 100% open architecture at work for your clients



Open architecture.
Endless opportunities.

March 2018 adjustments in a nutshell



Optimization of nearly half of the Meritage Portfolio lineup

4

Four underlying fund changes: three mutual funds + one ETF



Reaffirming existing partnerships with prominent portfolio managers and adding a new one



Harmonization of the global equity allocation across our offering

%

No changes to target asset allocation



meritage
PORTFOLIOS®

MERITAGE PORTFOLIOS

Summary of adjustments

Former underlying fund	New underlying fund	Optimized Meritage Portfolios*	Key reasons for change
Epoch Global Shareholder Yield Fund	Capital Group Global Equity Fund	Global Portfolios	<ul style="list-style-type: none"> • Results of OP4+ analysis • Alignment with other global equity asset allocations within the Meritage offering
RBC O'Shaughnessy U.S. Value Fund	Beutel Goodman American Equity Fund	Global Portfolios + Meritage American Equity Portfolio	<ul style="list-style-type: none"> • Results of OP4+ analysis
Dynamic Power Small Cap Fund	BMO Canadian Small Cap Equity Fund	Investment Portfolios + Global Portfolios + Meritage Canadian Equity Portfolio	<ul style="list-style-type: none"> • Results of OP4+ analysis
TD Canadian Aggregate Bond Index ETF	BMO Aggregate Bond Index ETF	ETF Portfolios	<ul style="list-style-type: none"> • Reduction of performance tracking error

* See details on following pages

MERITAGE PORTFOLIOS

Three underlying mutual fund changes

	Former underlying fund	New underlying fund	Former underlying fund	New underlying fund	Former underlying fund	New underlying fund
 Meritage Portfolios	Dynamic Power Small Cap Fund	BMO Canadian Small Cap Equity Fund	Epoch Global Shareholder Yield Fund	Capital Group Global Equity Fund	RBC O'Shaughnessy U.S. Value Fund	Beutel Goodman American Equity Fund

Investment Portfolios

Meritage Balanced Portfolio	5.0%	5.0%				
Meritage Growth Portfolio	7.5%	7.5%				
Meritage Growth Class Portfolio	7.5%	7.5%				
Meritage Dynamic Growth Portfolio	10.0%	10.0%				
Meritage Dynamic Growth Class Portfolio	10.0%	10.0%				

Equity Portfolios

Meritage Canadian Equity Portfolio	10.0%	10.0%				
Meritage Canadian Equity Class Portfolio	10.0%	10.0%				
Meritage American Equity Portfolio					30.0%	30.0%

Global Portfolios

Meritage Global Conservative Portfolio			7.5%	7.5%	5.0%	5.0%
Meritage Global Moderate Portfolio			12.5%	12.5%	5.0%	5.0%
Meritage Global Balanced Portfolio	5.0%	5.0%	12.5%	12.5%	7.5%	7.5%
Meritage Global Growth Portfolio	5.0%	5.0%	17.5%	17.5%	10.0%	10.0%
Meritage Global Growth Class Portfolio	5.0%	5.0%	17.5%	17.5%	10.0%	10.0%
Meritage Global Dynamic Growth Portfolio	5.0%	5.0%	20.0%	20.0%	15.0%	15.0%
Meritage Global Dynamic Growth Class Portfolio	5.0%	5.0%	20.0%	20.0%	15.0%	15.0%



Download the [Meritage Portfolios Summary Table](#)

MERITAGE PORTFOLIOS

Capital Group Global Equity Fund


About the fund	<ul style="list-style-type: none">• Until the current changes, the Capital Group Global Equity Fund was already included in our Investment, Income and Equity Portfolios• This change allows the Global Portfolios to align with the other Meritage Portfolios
Investment philosophy	<ul style="list-style-type: none">• Based on high conviction investing and diverse global perspectives
Investment style	<ul style="list-style-type: none">• Bottom-up large cap blend• Diversified portfolio made up of 170 to 190 securities• Low annual turnover of 35%
Fund features	<ul style="list-style-type: none">• Fund divided into three portfolios, each managed by a different portfolio manager according to their geographic region• Portfolio managers supported by a team of 43 analysts

 Need more information? Consult the Morningstar's [Capital Group Global Equity Fund](#) webpage

MERITAGE PORTFOLIOS

Beutel Goodman American Equity Fund

About the fund	<ul style="list-style-type: none">• The Beutel Goodman American Equity Fund was not previously purchased in any Meritage Portfolios, but several Meritage Portfolios hold other Beutel Goodman funds• This addition reaffirms our partnership with the firm
Investment philosophy	<ul style="list-style-type: none">• Based on preservation of capital and sustainable returns
Investment style	<ul style="list-style-type: none">• Bottom-up• Large cap value• Focus on high quality companies that are industry leaders
Fund features	<ul style="list-style-type: none">• Fund typically invested in 25 to 50 securities• Low annual turnover of approximately 25%

 Need more information? Consult the Morningstar's [Beutel Goodman American Equity Fund](#) webpage

MERITAGE PORTFOLIOS

BMO Canadian Small Cap Fund

About the fund	<ul style="list-style-type: none">• New addition to the Meritage Portfolio underlying fund list
Investment philosophy	<ul style="list-style-type: none">• Based on fundamental research that identifies under-followed companies with growth potential, combined with disciplined portfolio construction methodology
Investment style	<ul style="list-style-type: none">• Bottom-up• Small cap growth• Focus on growth opportunities at attractive valuations
Fund features	<ul style="list-style-type: none">• Fund typically invested in 50 to 70 securities• Low annual turnover of approximately 50%• Fund can have significant sector deviations versus its index

 Need more information? Consult the Morningstar's [BMO Canadian Small Cap Fund](#) webpage

MERITAGE PORTFOLIOS

One underlying ETF change

	Former underlying ETF	New underlying ETF
 Meritage Portfolios	TD Canadian Aggregate Bond Index ETF	BMO Aggregate Bond Index ETF

ETF Portfolios

Meritage Tactical ETF Fixed Income Portfolio	35.0%	35.0%
Meritage Tactical ETF Moderate Portfolio	35.0%	35.0%
Meritage Tactical ETF Balanced Portfolio	25.0%	25.0%
Meritage Tactical ETF Growth Portfolio	15.0%	15.0%
Meritage Tactical ETF Equity Portfolio	0.0%	0.0%



Download the [Meritage Portfolios Summary Table](#)

Reason for change

- Reduction in performance tracking error

MERITAGE PORTFOLIOS

Disclaimer

The information and the data supplied in the present document, including those supplied by third parties, are considered accurate at the time of their printing and were obtained from sources which we considered reliable. We reserve the right to modify them without advance notice. This information and data are supplied as informative content only. No representation or guarantee, explicit or implicit, is made as for the exactness, the quality and the complete character of this information and these data. The opinions expressed are not to be construed as solicitation or offer to buy or sell shares mentioned herein and should not be considered as recommendations.

Meritage Portfolios® (the “Portfolios”) are managed by National Bank Investments Inc., a wholly owned subsidiary of National Bank of Canada. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus of the Portfolios before investing. The Portfolios’ securities are not insured by the Canada Deposit Insurance Corporation or by any other government deposit insurer. The Portfolios are not guaranteed, their values change frequently and past performance may not be repeated.

® MERITAGE PORTFOLIOS and the Meritage Portfolios logo are registered trademarks of Banque Nationale du Canada, used under license by National Bank Investments Inc.

© 2018 National Bank Investments Inc. All rights reserved. Any reproduction, in whole or in part, is strictly prohibited without the prior written consent of National Bank Investments Inc.

All trademarks and logos of the mutual fund companies are their property.

iShares is a global leader in ETFs with more than a decade of expertise and commitment to individual and institutional investors of all sizes. With over 800 funds globally across multiple asset classes and strategies and more than US\$1.5 trillion in assets under management, of which over \$55 billion is held by Canadians¹, iShares helps clients around the world build the core of their portfolios, meet specific investment goals and implement market views. iShares funds are powered by the expert portfolio and risk management of BlackRock, trusted to manage more money than any other investment firm². Sources: (1) BlackRock as at 9/30/17, includes Canadian domiciled AUM and US-listed AUM held by Canadians; (2) Based on US\$5.977 trillion in AUM as of 9/30/17.

Vanguard Investments Canada Inc. is a wholly owned indirect subsidiary of The Vanguard Group, Inc. and manages more than \$12.5 billion (CAD) in assets, as of September 30, 2017. The Vanguard Group, Inc. is one of the world's largest investment management companies managing more than \$4.5 trillion (USD) in global assets, as of September 30, 2017. The firm offers 370 funds, including ETFs, to its more than 20 million investors worldwide.

Janus Henderson is a trademark of HGI Group Limited.

MERITAGE PORTFOLIOS



Advisors (external and National Bank Financial): **1-877-463-7627**
Advisors (branches): **1-800-387-0707** | Investors: **1-866-603-3601**



Consult nbcadvisor.com/meritage
or contact us by email dealer.services@nbc.ca



Visit linkedin.com/company/national-bank-investment



Watch National Bank Investments' playlist



meritage
PORTFOLIOS®



**NATIONAL
BANK**

INVESTMENTS

