



CODE OF ETHICS AND PROFESSIONAL CONDUCT

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Introduction

Integrity has long been recognized as a necessity for the smooth functioning of the financial marketplace and for ensuring the trust of the investing public. The responsibility for maintaining this integrity is shared by all stakeholders, and Professionals' Financial, as a supplier of financial products and services, is equally accountable.

In its ceaseless efforts to provide professional service, Professionals' Financial has endowed itself with a code to define its ethical position and that of all its employees. Based on five main ethical principles – integrity, honesty, equity, justice and loyalty – which make up its core values, and in the spirit of the current securities legislation, this Code of Ethics and Professional Conduct is rooted in a strong history of professionalism. In its perpetual quest for cooperation with its employees, Professionals' Financial, with this Code, hopes to give its employees the tools and guidelines to ensure their exemplary conduct.

Professionals' Financial asks every employee to endorse the values and directives promulgated by its Code of Ethics and Professional Conduct, without being limited to it. Every employee therefore has a duty to comply with it and must be able to apply it in any situation, in order to maintain a level of ethical conduct that guarantees the integrity and stability of the financial marketplace.

Scope

To facilitate the reading of this document, “Professionals’ Financial” encompasses Professionals’ Financial Inc., Professionals’ Financial – Mutual Funds Inc. and Professionals’ Financial – Private Management Inc.

This Code of Ethics and Professional Conduct applies to all employees and officers of Professionals’ Financial. The directors have their own code of conduct and ethics, which is just as strict as this Code. By signing a consent to this Code, each employee declares that they have understood and agree to comply with all of the clauses herein. The section on the responsibilities of the organization is presented so that every employee will be informed about these responsibilities and be able to collaborate in complying with them.

Every employee who retains the services of interns, contract workers, consultants and suppliers must ensure that the latter respect the principles and standards established by this Code.

The rules laid down in this Code apply anytime and anywhere, when carrying out functions for Professionals’ Financial, whether the activities are of a professional or social nature.

The Chief Compliance Officer is the person responsible for supporting and advising all employees about the application of the Code.

Definitions

Associate

Every person or organization with which Professionals' Financial has service agreements, notably:

- ◆ a trustee, depositary, accountant responsible for registers or trustee of registered savings plans;
- ◆ an auditor;
- ◆ a sub-advisor;
- ◆ a carrying broker; and,
- ◆ any other supplier.

Conflict of Interest

Any real, apparent, potential or eventual situation that may, directly or indirectly, lead an employee to favour his own personal or business interests, or those of a related person, to the detriment of the interests of another person, as well as any situation that is likely to affect the employee's judgment and loyalty to Professionals' Financial.

Employee

Any member of the personnel of Professionals' Financial, including its officers and, in applicable cases, its directors.

Confidential Information

Any information that may be considered privileged information, that has not been disclosed to the public and that is likely to affect the decision of a reasonable investor, or is likely to affect the value or the market price of the securities of a public corporation, including information concerning:

- ◆ a stock or debt securities issue;
- ◆ a change in the dividends policies;
- ◆ a substantial change in the composition of the senior management;
- ◆ a substantial change in the business of Professionals' Financial or its clients.

Also, any information that has not been disclosed to the public relative to Professionals' Financial, its employees, its clients or its suppliers, as well as any personal information, unless this information is of a public nature under the law.

Personal Information

Any information concerning an individual, whether a client of Professionals' Financial, an employee or a third party, which, alone or in combination with another piece of information, makes it possible to identify this person.

Security

Any security within the meaning of the Québec Securities Act, including, more particularly, shares, bonds, rights and warrants, the capital stock of limited partnerships, as well as options, commodity futures and derivatives, with the exception of any debt security issued by a government, Treasury bills, term notes, and deposit certificates issued by a financial institution or government. Any instrument that is currently, eventually, or conditionally convertible into another security, or which entitles the holder to acquire another security, is also a security.

Guiding principles of the Professionals' Financial

1. Observance of laws, regulations and internal policies

a. Knowledge of laws and regulations

Every employee shall understand and observe all of the laws, rules, and regulations of every level of government, regulatory organization, authorizing agency or other professional association governing his professional activities, wherever Professionals' Financial operates. Every employee shall abstain from directly or indirectly contravening the laws, rules and regulations, and avoid voluntary actions or omissions that are likely to violate such laws, rules and regulations. In case of doubt, the employee shall act in accordance with the spirit of these principles and rules and apply those that are the most exigent. An employee in doubt should also contact the Chief Compliance Officer.

b. Observance of internal policies and all other legislation

Every employee shall understand, observe and incorporate into his daily tasks the internal policies instituted by Professionals' Financial. The general bylaws, policy statements, policies, procedures and other regulations were developed in compliance with the legislation and regulations currently in force on the securities market. These must be observed at all times.

c. Professional obligation

Every employee shall act with skill, diligence, and in good faith, while avoiding conflicts of interest and respecting confidentiality. Consequently, an employee shall not participate, directly or indirectly, in unfair, discriminatory, fraudulent or illegal operations, or engage in any other practice that may undermine the interests of the client, the organization, an associate, or the marketplace. Every employee also has the obligation to report such practices pursuant to the Professionals' Financial *Whistleblowing Policy*.

d. Money laundering and financing of terrorist activities

Every employee shall know and respect the internal rules and procedures put in place to prevent money laundering and the financing of terrorist activities. In no case shall an employee permit, facilitate or participate in money laundering operations by accepting, transferring, converting or camouflaging funds that are the proceeds of crime or connected with the financing of terrorist activities.

The Chief Compliance Officer is responsible for overseeing the policies relating to protection of personal information as well as the Anti-Money Laundering and Anti-Terrorist Financing Regime. To this end, he acts as the contact in all communications with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and with other organizations in matters connected with the firm's anti-money laundering program.

Every employee must report to the Chief Compliance Officer where there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering offence or a terrorist activity financing offence.

2. Confidentiality

a. Protection of clients' personal information

Professionals' Financial is required, by the nature of its activities in the financial services field, to gather, use and keep personal information regarding its clients and to disclose this information to third parties when expressly permitted by *An Act Respecting the Protection of Personal Information in the Private Sector* (hereinafter "the Act"). Professionals' Financial undertakes to protect the aforesaid personal information and its clients' right to privacy and, to this end, it complies with the Act.

Accordingly, the organization has armed itself with a *Privacy Policy*, with which every employee must be familiar and comply, even after their employment has been terminated. Pursuant to this policy, every employee is required to protect the confidentiality of the personal information to which he has access. Consequently, an employee is prohibited from profiting personally from the knowledge that he has of a client's business dealings or confidential information, or from disclosing personal information to enable a third party to profit from such knowledge or for any other reason. Furthermore, every employee shall, upon hiring, sign an agreement prohibiting the disclosure of client information to unauthorized persons.

b. Protection of employees' privacy and personal information

Professionals' Financial must, in the ordinary course of its business, gather, use and keep personal information regarding its employees, and must, when the Law authorizes or demands it, disclose this information to third parties. Professionals' Financial undertakes to observe the Law in order to protect the accuracy, confidentiality, security and private nature of the information held. Every employee shall ensure that obtaining personal information of this nature is indispensable and shall take the necessary measures to safeguard the interests of the individuals' right to privacy, the need for equity, and the necessity of minimizing indiscretions.

c. Protection of the organization's confidential information

Every employee has a duty of discretion regarding information which he has obtained in the exercise of his duties and shall, at all times, protect the confidential nature of the information thus received, except if its disclosure is permitted by Law or required by court order. In the absence of specific authorization, the employee shall protect and preserve confidential information pertaining to records, internal reports, procedures, documents, business plans, descriptions of technological infrastructure, software and programs in use, patent applications, trademarks, copyrights, industrial drawings, client lists, non-public financial results, proprietary strategies and methodologies, contracts, audit reports, as well as the personal notes relating to client files. The duty to comply with the aforementioned obligations continues even beyond the termination of employment with Professionals' Financial.

d. Protection of associates' confidentiality

Professionals' Financial also undertakes to protect the confidentiality of its associates and of the confidential information obtained while working with such associates. Every employee shall gather, use and keep such information with the same rigour and in accordance with the same provisions applicable to the private information connected with Professionals' Financial.

The employee is also responsible for ensuring that all transactions with contract workers, consultants or suppliers meet confidentiality standards that are as high as those in force at Professionals' Financial, in order to protect the confidential and personal information that has been transmitted to it.

3. Loyalty / Integrity

a. Loyalty to the organization

Every employee shall, in pursuing his professional activities, act in the interest of Professionals' Financial, and shall not deprive it of the advantage conferred by his skills and qualifications, nor report any action or make any statement with the malicious intent of discrediting the organization, undermining its credibility or tarnishing its image or its reputation with its customers, its partners and the general public. The employee shall avoid any behaviour inconsistent with the requirements of his function, notably:

- ◆ by avoiding taking part, either directly or indirectly, in activities that may be detrimental to the image or reputation of the organization;
- ◆ by using the name, trademark and any other form of intellectual property of the corporation exclusively for business purposes and in compliance with the standards applicable in this matter;
- ◆ by reporting, in accordance with the *Whistleblowing Policy*, any illegal or fraudulent act or any circumstance, fact, gesture or action that may undermine the interests and reputation of the organization;
- ◆ by cooperating, and by not disclosing to third parties any such involvement in an internal, regulatory or judicial investigation relative to the organization's business.

Loyalty to Professionals' Financial shall govern the behaviour of employees and contribute to protecting its property and assets. This obligation shall subsist beyond the individual's termination of employment with the organization.

b. Trading priority

Every employee shall avoid placing his personal interests above those of a client or of Professionals' Financial, and shall make sure that there is no conflict with his obligations as an employee. Consequently, orders relating to the accounts of a staff member shall be processed after any orders placed by a client concerning the same security or securities, in compliance with the *Personal Trading Policy* of Professionals' Financial.

Any portfolio manager who holds securities registered in his name, who can make investment or voting decisions regarding a security or who has a beneficial interest in a security, and who wishes to execute a buy or sell trade on a security of the same issuer for a portfolio or a fund he manages, shall have said trade confirmed by another portfolio manager or an independent person who shall only consider the compliance of the projected trade with the interests of the portfolio or the fund. The decision to buy or sell shall be disclosed to the Chief Compliance Officer, with its justification.

c. Communication with clients after termination of employment

Every employee undertakes upon hiring, by signing a noncompetition clause, not to solicit, work or do business, to the detriment of Professionals' Financial, in the field of financial planning, in the selling, consulting or managing of fixed income and variable income financial products or mutual funds, either directly or indirectly, with the clients or with any other person or firm with whom the employee was involved during his employment, for a period of twelve (12) consecutive months following the termination of his employment, and within a radius of one hundred (100) km of his workplace's city hall.

Every employee also undertakes, for the duration of his employment and for a certain period following termination of his employment, not to solicit or encourage, for any reason whatsoever, directly or indirectly, a person who is or was in the employ of Professionals' Financial to become the employee of another organization.

d. Performance

Every advisor or manager must communicate accurate performance data that include all relevant factors. In particular, they must not take credit for performance that is not theirs or that of Professionals' Financial, or choose periods of time or investments that present their performance in a particularly favourable light. Any hypothetical performance must be clearly identified as such. Every advisor or manager must offer optimal transparency with regard to their clients' portfolios. Any forecasts or projections provided to clients must also be fair, accurate and complete.

Every advisor or manager must, unless clearly indicated otherwise by the client, provide regular performance reports. They must communicate these reports to their clients at least once a year and, if possible, within 30 days following the end of the year.

4. Objectivity / Conflict of interest

a. Gifts and favours

Every employee of Professionals' Financial is prohibited from giving or offering, or from consenting to give or offer, directly or indirectly, to any customer, partner, director, officer, employee, shareholder or agent of a customer, or any associate of such persons, a gratuity, advantage, benefit or any other consideration pursuant to any transaction between the customer and the organization.

Similarly, an employee, including members of his immediate family or close friends, may not, directly or indirectly, accept or receive bonuses, commissions, gifts, gratuities, entertainment, or any similar consideration or advantage of any nature, unless of a symbolic value (value under \$150) and in neutral circumstances, from any person, business or association with whom Professionals' Financial does business or is seeking to do business.

The employee who receives a gift or gratuity valued at more than \$150 must immediately inform the Chief Compliance Officer, who shall assess the symbolic value of said gift or gratuity. There is no prohibition on attending lunches, dinners, cocktails, sports activities or other business meetings. Nevertheless, in accordance with the spirit of this Code, it is extremely important to avoid even the appearance of a possible conflict of interest. In case of doubt, the employee should avoid accepting or offering the gift or gratuity, and avoid any other situation that might allow a feeling of gratitude to influence his professional judgment.

b. Appointments to boards of directors (directorships)

Before accepting a directorship on the board of a commercial or nonprofit enterprise, or agreeing to act as a member of an independent review committee (IRC), every employee shall obtain the written authorization of the Chief Compliance Officer. Furthermore, every employee attending a board meeting of a corporation or other entity, or a meeting of an IRC, shall abstain from voting on any issue concerning Professionals' Financial.

Nevertheless, an employee may be appointed a director of a corporation constituted essentially to manage securities or property investments for himself, his spouse, children or other family members, subject to the provisions of the Code concerning conflicts of interest.

c. Outside business activities

Every employee must inform the Chief Compliance Officer and obtain the latter's written permission before taking part in outside business activities. To be permitted, the activity must meet high standards of ethics and conduct, must not constitute conduct unbecoming and detrimental to the public interest and must be of such character and business repute as is consistent with the following standards:

- ◆ must not hinder the Duty of Care of Professionals' Financial with respect to its clients;
- ◆ must not make use of information regarding the clients;
- ◆ must clearly appear to occur outside of the activities of Professionals' Financial;
- ◆ must not be likely to cause confusion among the consumers, or harm the reputation of Professionals' Financial or the profession.

Every employee must, annually or when required, advise the Chief Compliance Officer of any change regarding the activity or confirm that there is no change to report.

Every employee is required to practice all their outside business activities by registering them in the *National Registration Database* (NRD), except in the case where the regulations expressly permit otherwise.

d. Monetary interest

An employee may not have an interest, either directly or indirectly, in a competing business or a business that places its personal interest and that of Professionals' Financial in direct conflict.

e. Plurality of functions

An employee may not accumulate his functions of employee of Professionals' Financial, with the functions of director, officer or employee of another firm or corporation, without the prior written approval of the Chief Compliance Officer. Furthermore, in no case may the employee accumulate functions when the interests of one organization diverge fundamentally from those of the other, or when there is a risk of this plurality of functions harming the image or reputation of Professionals' Financial.

f. Disclosure of conflicts of interest

Every employee shall ensure that the measures and decisions that are within the scope of his authority do not place him in a situation that may, directly or indirectly, favour his personal interests, business interests, or the interests of a related person (notably a spouse, child, partner, corporation whose employee is a partner, a business controlled by the employee, his spouse or child, or an account in which the employee has the authorization to trade), or to obtain any advantage whatsoever for himself or a related person, to the detriment of Professionals' Financial or its clients. All information concerning personal interests that may influence professional activities must be disclosed to the Chief Compliance Officer.

Every employee is also required to avoid placing himself in a situation that is likely to affect his loyalty and judgment with respect to Professionals' Financial or its clients. Any personal or professional relationship, or relationship of a financial nature with a client, must be conducted in such a manner as to avoid any real or apparent conflict of interest and must be disclosed to the Chief Compliance Officer, so that the latter may, if necessary, monitor the situation.

g. Equitable treatment of clients

To maintain the trust placed in them by their clients, employees must treat them fairly and objectively. They must not give preferential treatment to favourite clients at the expense of other clients.

5. Responsibilities of the Organization

a. Preservation of healthy work climate

Professionals' Financial is required to and ensures that it complies with the *Quebec Labour Standards Act* and with any other regulations to which it is subject, and condemns any form of workplace harassment with its *Workplace Wellness Policy*. To ensure a safe and healthy work climate for all of its personnel, Professionals' Financial has established rigorous internal policies that guarantee to every employee that it shall take all reasonable means at its disposal to manage a conflict that would undermine the continuity of labour relations that are professional, harmonious, and imbued with trust and respect.

Professionals' Financial undertakes to use a progressive approach to discipline, with a gradation of penalties, to manage conflicts between employees but also in its employee relations, in order to facilitate a healthy and stimulating work climate in which the employees' skills and performance are recognized.

b. Training and personal development

Professionals' Financial offers every employee a training and professional development program to ensure the latter's expertise, and to support the quality of the services offered to its clientele. Professionals' Financial participates in the acquisition of new knowledge, notably with:

- ◆ necessary training in the context of the employee's duties; and
- ◆ training from a professional development standpoint.

Professionals' Financial, in its quest to be a partner in the career progression of its staff, assigns substantial importance to continuing education. To achieve this, in its *Training Approval Policy*, it gives each employee the responsibility of seeing to his own training needs, both for the performance of his duties and his professional development.

c. Relations with self-regulatory organization (SROs)

Professionals' Financial recognizes the importance of establishing and maintaining cooperative relationships with the self-regulatory organizations (SROs) and, to achieve this, makes sure to establish, implement, communicate and maintain effective compliance programs to ensure that the various applicable laws and regulations are respected. Professionals' Financial also recognizes the impartial standard used by the SROs to evaluate the conduct of a member, which consists in determining what a reasonably competent and diligent person would do in the same circumstance, and it makes sure to apply this in the conduct of its activities, in order to avoid any arrangement that would depart from the regulatory framework.

d. Social, community and environmental responsibility

Professionals' Financial is conscious of its role within the community and funds projects that promote its development and the public good. Every employee is encouraged to participate in community, educational, cultural, and health and wellness-related activities, inasmuch as these activities do not interfere with the employee's job performance.

Professionals' Financial is also committed to protecting the environment, by reducing and recycling waste and by striving to promote and implement responsible practices in matters of sustainable development.

e. Ensure the organization's financial health

Professionals' Financial undertakes to provide accurate and reliable reports to ensure that its business is managed in such a way as to meet its legal and financial commitments. The reports and communiqués, whatever their nature, must state accurately and in timely fashion all commercial operations and activities, and all revenues and all expenses must be correctly recorded.

f. Whistleblowing policy

With its *Whistleblowing Policy*, Professionals' Financial encourages every employee to report knowledge of any wrongful act by a member of its staff and ensures that all possible measures are taken to avoid any form of reprisals against this employee. To this end, the *Quebec Labour Standards Act* protects whistleblowers against reprisals by their employer.

Every employee should also be aware of the moral responsibility and ethical duty to recognize and report wrongful acts that would necessarily harm the reputation of the profession, the Professionals' Financial and, potentially, his own.

g. Risk management

Professionals' Financial undertakes to diligently control the risks incurred by the firm. To this end, it has established a Risk Management Committee that is responsible for putting in place a risk management framework and that must report regularly to the Audit and Risk Management Committee. The roles and responsibilities of the Risk Management Committee are established according to the terms of the mandate. This mandate requires that the Risk Management Committee:

- ◆ Examine the firm's risk assessment and related controls.
- ◆ Ensure that risk-related information is collected and retained according to the procedures in place.
- ◆ Ensure that an accounting is done by the units with respect to risk, action plans and compliance with risk tolerance levels.
- ◆ Annually update the integrated risk profile.
- ◆ Report to the Audit and Risk Management Committee.

h. Compliance

Professionals' Financial has put in place a compliance program that meets the highest standards in our industry. This program provides, among other things, that all of the firm's policies are complete and updated, and that every employee is well informed about and properly understands the content of all the policies. To this end, new employees receive compliance training and sign an acknowledgment of receipt for each policy. Each employee must also sign an annual consent.

i. Business continuity plan

Professionals' Financial undertakes to maintain a business continuity plan. The objective of this plan is, among other things, to ensure that clients have access to their assets in the event of major interruption in the activities of Professionals' Financial. This plan is reviewed and updated annually.

j. Sufficient qualified staff

Professionals' Financial ensures that clients' assets are invested, managed and protected by a sufficient number of qualified and experienced employees.

k. Control of correspondence

Every employee must ensure that the information they provide to clients is accurate and complete. To this end, the Financial performs sample audits of all correspondence sent to clients. In addition to being audited by a diversified group of internal employees, account statements are subject to an external audit by our auditors.

l. Records

Every advisor or manager must keep records documenting their investment activities, the scope of their research, the basis for their conclusions, and the reasons for the transactions made on behalf of their clients. They must also keep copies of other records related to compliance, proving and corroborating that the Code and the associated rules and procedures have been duly applied, as well as any documents related to possible infractions, and actions taken in response. These records may be kept in paper or electronic form.

m. Voting rights

Professionals' Financial has adopted a proxy voting policy for the securities portfolio held in Professionals' mutual funds. This policy is available to clients upon request. As a guideline for this policy, Professionals' Financial considers sound corporate governance to be a key factor that contributes to the firm's good financial and corporate performance, as well as to its shareholders' long-term return on investment. Professionals' Financial also believes that all companies have a duty to act responsibly in terms of respect for human rights, respect for labour rights, and protection of the environment.

6. Responsibility of the individual

a. Relations between employees

In accordance with the Professionals' Financial *Workplace Wellness Policy*, every employee shall contribute to a healthy work climate that is free of all forms of harassment. Effective, constructive, professional communication, and the exchange of relevant work-related information shall be encouraged. Every employee shall also avoid indiscreet conversations, gossip, slander or any other attitude that undermines respectful and harmonious professional relationships.

b. Observance of the Information Technology policy at work

Information Technology security is essential in the financial services sector, and the success and competitiveness of Professionals' Financial in this market depends on it. To favour the appropriate use of its computer technology and avoid violating any laws, regulations or internal policies, every employee shall respect the *Policy on the Use of Information Technology*.

c. Duties of diligence, rigour and reasonable grounds

Every employee shall observe high standards of ethics and professional conduct in the performance of his duties. The employee shall act with prudence, efficiency, assiduousness and equity and meet his obligation of loyalty and honesty to the clients of Professionals' Financial, and to the organization itself. The employee shall place the interests of the organization and its clients before his own, and shall not engage in commercial practices that may be detrimental to the public interest.

Every advisor or manager shall know his client, and make sure to keep this client's information up to date. The advisor or manager shall also be committed to nurturing bonds of trust with the client, and shall provide the client with clear, truthful and complete explanations, in a frank and open manner. Moreover, it shall be the duty of the advisor or manager to ensure the suitability of his recommendations and to be mindful of his fiduciary duty.

Every advisor or manager must act prudently and ensure that their decisions are justified by sufficient reasonable grounds. Before making a transaction on behalf of their clients, they must analyze the investment opportunities in question and proceed only after due diligence, by providing the clients with sufficient information on specific investments or strategies.

Every advisor or manager must have thorough knowledge of the securities they invest in and the strategies they use for their clients. They must understand the structure and functioning of these securities, the manner in which they are traded, their liquidity, and any other risk.

d. Use of the organization's property

Every employee shall protect the property of Professionals' Financial, notably by taking care of the equipment that he uses and by not confusing said property with his own. No employee shall use the property of Professionals' Financial for his personal benefit or that of a third party.

e. Use of working time

Every employee shall use his working time appropriately by performing the tasks arising from his functions within Professionals' Financial, and not for personal ends. Consequently, every employee shall avoid any display of presenteeism, namely coming to work without really having one's mind on the job or being focused on work. When lacking the physical or mental capacity to perform his duties, every employee shall contact the Human Resources Department to find solutions that will resolve the problem.

f. Communications with clients

Every employee must foster cordial and open communications with clients of Professionals' Financial. In addition, every advisor or manager must provide clients with sufficient information to enable them to assess whether a proposed change meets their investment needs. Clients must also be given enough time to think about the proposed change.

7. Market Integrity

a. Personal trading

Every employee shall ensure that his personal business dealings do not conflict with the interests of the clients, that his trades are not offered to him because of his position at Professionals' Financial, and that they are not executed based on material information that he has about the securities issuer and that has not been disclosed to the public.

Every employee shall comply with the *Personal Trading Policy*, which requires that prior approval be obtained for any intended trade that is subject to the Policy.

Furthermore, every employee shall execute trades in a reasonable manner, taking into account the fact that his working time must, first and foremost, be dedicated to Professionals' Financial and its clients. In case of doubt, every employee shall contact the Chief Compliance Officer.

b. Protection of confidential information

No employee may trade on the markets on the basis of material information that has not been disclosed to the public. The efficiency of the markets depends on the availability and reliability of information that allows the stakeholders to make informed decisions, and trading based on confidential information eliminates the parity of information that allows the financial markets to function properly. Consequently, personal use, or disclosure to a third party, of non-public information that may be considered privileged information, for the purpose of benefiting from such knowledge, or for any other reason, is strictly prohibited.

Furthermore, every employee who comes into possession of confidential information that is likely to have an impact on the market price of the security shall immediately report it to the Chief Compliance Officer, who maintains an up-to-date monitoring list of issuers about whom an employee may have such information.

Every employee also has the obligation to report to the Chief Compliance Officer any questionable transaction by an insider holding accounts with Professionals' Financial.

c. Market price manipulation

Every employee shall abstain from any practice that is likely to create a distortion of the price or the value of a security, or to artificially inflate trading volumes with the malicious intent of misleading the market stakeholders who base their decisions on the integrity of the available information. Market manipulation is illegal and damaging to the interests of all investors, because it disrupts the efficient functioning of the financial markets and undermines investor confidence.

d. Rule of best execution

Every employee has the obligation, when choosing an investment, to seek the best possible combination to maximize the value of every client's portfolio. Every employee shall make sure that every trade is executed under favourable conditions, always taking into account the particularities of the moment (the size of the transaction, the characteristics of the market, the market price liquidity, and the characteristics of the security). Every employee shall also choose the broker or any other service supplier by considering, notably:

- ◆ its capacity, speed and reliability of execution;
- ◆ the quality of its research;
- ◆ its experience;
- ◆ its reputation and integrity; and
- ◆ the communication tools used.

Said factors are not exhaustive and every employee shall see to it that any other element that may contribute to the observance of the best execution rule is used in order to minimize the risks of incomplete trades and their impact on the market.

e. Soft Dollars

Every employee should know that the commissions paid and the benefits received in exchange (soft dollars) are the property of the clients and must consequently benefit the clients. To determine whether the benefit generated is ethical, every employee should ask himself what his contribution is to the investment decision process, namely the quantitative process and the related tools used in giving investment advice to the clients, including the financial analysis, risk analysis, choice of securities, allocation of capital, and suitability analysis.

f. Equitable treatment policy

Every employee shall make sure to treat every client of Professionals' Financial in a just and fair manner. In compliance with the *Managed Account Agreement*, the employee has a duty to ensure just and fair participation in investment opportunities, in accordance with the client's investment objectives; and, if applicable, to effect distribution in such a way as to guarantee that everyone participates in the trades at an average price and on a prorated basis.

g. Market timing

Every employee shall take care not to execute frequent buy and sell trades on units of the same mutual fund that are only held for a short term, or buy and sell trades on units in order to exploit the inefficiencies that may be created in pricing. Every employee has the responsibility to identify and prevent market timing, as this activity may have adverse consequences for investors, and dilute the value of their shares.

Questions to ask yourself when making a difficult ethical decision

1. What are the facts?
2. What are the critical questions you should ask yourself?
3. Who are the stakeholders?
4. What are the alternatives?
5. What are the ethical implications of each alternative?
 - ◆ Is it legal?
 - ◆ How would it look out in the open?
 - ◆ What are the consequences?
 - ◆ Does it violate important values?
 - ◆ Does it violate the Golden Rule of treating others as you want to be treated?
 - ◆ Is it just?
 - ◆ Is the decision fair?
6. Finally, could more than one alternative be right?

Guidelines for analysing a contemplated action

- 1. Define the problem from the decision-maker's point of view;**
- 2. Identify who might be injured by the contemplated action;**
- 3. Define the problem from the opposing point of view;**
- 4. Ask yourself if you would be comfortable telling:**
 - ◆ your family,
 - ◆ the investors,
 - ◆ the supervisors,
 - ◆ the president and CEO, and
 - ◆ the Chairman of the Board;
- 5. Ask yourself if you would be willing to present the contemplated action at a shareholders meeting or to the public;**
- 6. After considering of all the facts and alternatives, the contemplated action should be taken only if it represents the best decision.**