

SECTION 6 MARKET TIMING, SWITCHES AND TRANSFERS OF MUTUAL FUNDS, AND PROHIBITED AND QUESTIONABLE TRADES

Switches

Switches of mutual fund securities are essentially the redemption of securities of one mutual fund and the use of those proceeds for the purchase of securities of another mutual fund within the same fund family, and in the same investment account.

Conversions

A mutual fund conversion is defined as selling a fund in one family in order to purchase a fund in another mutual fund family, or a “switch” of units of an investment from one account to another account held by the same client. The sell must be settled prior to purchase being placed. This practice raises questions of suitability, unfavourable tax consequences and unfair additional sales charges and may constitute unfair dealing with clients.

Processing of Switches and Conversions

To the extent relevant, Altimum handles switches and conversions in the same manner as with the Sale of Mutual Fund Securities and Redemptions of Mutual Fund Securities specified elsewhere in this Manual. However, the review process is more intense.

Altimum uses Altimum’s Switch Request form for switches, and the respective Trust Company Intermediaries’ switch forms for registered product transactions if required by the intermediaries. These will generally be processed manually. Any switches or transfers of mutual fund securities are carried out by Altimum’s Approved Persons, or by the Chief Compliance Officer upon receipt and approval of client instructions. All such requests for switches or transfers of mutual fund securities must be closely reviewed and approved by the Chief Compliance Officer, so there is no opportunity for unauthorized switches or transfers of mutual funds. A Client Contact Form is required whenever a Limited Authorization Form is used in order to record the client’s instructions. A copy of an e-mail communication may be attached to the Limited Authorization Form as necessary to confirm the client’s instructions received by e-mail.

Churning

The MFDA defines churning as “...any practice whereby an Approved Person recommends a trade or multiple trades in a client’s account where the trade(s) will have little or no economic benefit for the client and where there is little or no rationale for the trade(s) other than the generation of commissions or other benefits for the Approved Person.” Since mutual fund investing usually involves a long-term, buy-and-hold strategy, frequent trading in client accounts should not be a general practice. Such trading may suggest that the purpose of the transaction is to earn commissions, thereby benefiting the advisor and not the client.

Policy with Regard to Switches, Conversions and Churning.

Altimum prohibits its Approved Persons from executing transactions for the purpose of generating commissions. Such transactions often involve deferred sales charge ("DSC") funds. DSC transactions are not suitable in every instance. We are required to review a DSC transaction to ensure that a DSC fee is appropriate in the circumstances. For example, a new DSC trade into a 7-year amortization schedule would not be appropriate if the objectives of the client included a time horizon of 3 to 5 years.

Altimum Mutuals Inc. has established policies and procedures to detect instances of churning or excessive trading and properly address these situations. It is our policy that a client should only have to pay the DSC fee once on each dollar invested through his or her investment Approved Person. Therefore no DSC fee should be charged on any investment transaction where a DSC fee was formerly paid to the Approved Person, even if the current DSC schedule has matured. It is also our policy that any DSC fee which is required to be paid by the client as a result of recommendations made by the Approved Person (when transferring an account in to that Approved Person, for example) should be rebated to the client. Low Load purchases (LL) are considered to be DSC purchases for purposes of this policy.

It is the policy of Altimum not to charge commission on switches or conversions. If a switch is being done, and it is being done on the advice of the Approved Person, the Approved Person is permitted to charge the client a fee not exceeding \$200.00 (two hundred dollars) for the value of his advice regarding that trade.

If the client is switching due to a change in investment objectives and/or financial status, this must be noted and an updated Financial Needs and Asset Allocation Survey must be submitted.

Please note that many of the Fund Companies have now added a mandatory short-term trading fee for redemptions and transfers within 90 days on certain funds, and within 30 days on others.

Switches from DSC-Free Units and Matured Units to Front-End Units

Some Approved Persons may wish to trade DSC-free and matured units to Front-End Units in order to enhance their trailer commissions. Approved Persons must be aware that:

1. There may be tax implications for trades in non-registered plans; and
2. The client should be advised of any increased remuneration, including increased trailer fees, resulting from the switch.

The Switch Request form must be used when converting from DSC to front-end load funds. The trades must be done at a switch fee of 0%. Altimum Mutuals and its Approved Persons will ensure that appropriate disclosure is provided and the consent of the client is obtained prior to placing such trades, as evidenced by the client's signature on the switch form.



Account # _____ Account Type _____

Switch Request**KYC Update**

Always attach a new KYC update unless the KYC on file has been completed within the last 12 months and is on the currently prescribed forms.

Is a new KYC attached to this switch request?

Yes _____ or No _____

	Fund Group	Fund Code	Fund Account Number	Indicate Dollar Amount or %	Switch TO	Fund Code	Indicate Dollar Amount or %	Switch Fee	Wire Order Number
1					<u>TO</u>				
2					<u>TO</u>				
3					<u>TO</u>				
4					<u>TO</u>				

Fundfacts Receipt and Pre-Trade Cost Disclosure

The companies who manage Mutual Funds for you have designed forms which summarize key points about the funds you are purchasing, including investment objectives, past performance, suitability, and fees, called a Fundfacts Document. A Mutual Fund Dealer such as Altimum Mutuals Inc. has a responsibility to deliver a Fundfacts document for each fund that you wish to purchase before the Dealer accepts the purchase instructions. The purpose of this document is to have you acknowledge receipt of the Fundfacts documents and to acknowledge that you understand any fees and charges prior to you purchasing the funds.

A. I acknowledge having received Fundfacts documents for each of the following funds:

a) _____

b) _____

c) _____

d) _____

(for additional funds, use a separate Fundfacts Receipt document)

I acknowledge that there may be fees or costs charged by the product manufacturer or the plan trustee depending on the investment product. There may also be fees charged at the time that I withdraw money or close my account, including Deferred Sales Charges (DSC fees) in certain cases. My representative has explained these fees to me and I have understood and accepted them. I understand that prior to the acceptance of any order in my account that would trigger such fees I shall be advised of any sales charges, service charges or any other fees that might be charged in respect of such transaction and my representative is required by Altimum Mutuals Inc. to keep a record of that disclosure.

B. With regard to my purchase today I understand and acknowledge the following fees or charges:

1. DSC fees in the event of early redemption (if applicable) would apply according to the following schedule:

In year 1 ____%

In year 2 ____%

In year 3 ____%

In year 4 ____%

In year 5 ____%

In year 6 ____%

In year 7 ____%

In year 8 ____%

2. Trailer fees (if applicable) would be paid to my dealer as follows:

At the rate of ____% for ____ years

At the rate of ____% indefinitely thereafter.

BY SIGNING BELOW I ACKNOWLEDGE THAT I HAVE RECEIVED A COPY OF THIS DOCUMENT

Client Signature _____ Client Name _____ Date _____

Joint Client Signature _____ Joint Client Name _____ Date _____

Rep Signature _____ Rep Code 7767- _____ Rep Name _____ Date _____

Compliance Officer Signature _____ Date _____

Suitability of DSC Fees

DSC transactions are not suitable in every instance.

We are required to review a DSC transaction to ensure that it is appropriate in the circumstances.

It is our policy that a client should only have to pay the DSC fee once on each dollar invested through his or her investment representative.

Therefore no DSC fee should be charged on any investment transaction where a DSC fee was formerly paid to the representative, even if the current DSC schedule has matured.

It is also our policy that any DSC fee which is required to be paid by the client as a result of recommendations made by the representative (when transferring an account in to that representative, for example) should be rebated to the client.

Low Load purchases (LL) are considered to be DSC purchases for purposes of this policy.

The firm will consider the following factors when determining suitability of a DSC trade.

- 1) Is this a SWIP or a RRIF or similar account where the client may be withdrawing more than 10% per year?
- 2) Is the client over 65 years of age? (Age 70 for 'Low-Load' fund schedules).
- 3) Is the client's investment time horizon shorter than the expiry of the DSC schedule?
- 4) Is a DSC fee unsuitable in light of the client's personal goals? (Is the client saving for a new home, for example).
- 5) Is this an RESP where the child may need the funds before the DSC schedule matures?
- 6) Has the representative ever earned a DSC fee on these funds before, either here or at another dealership?
- 7) Will the implementation of the investment recommendation cause a DSC fee to be charged to the client on a redemption of funds purchased at this dealership or elsewhere?

The Approved Person, on behalf of Altimum Mutuals Inc., certifies that he or she is familiar with our policy with regard to DSC commissions outlined herein and that the above transaction has been undertaken in compliance with all applicable laws and regulation, including the disclosure requirements of National instrument 81-105 by signing a form designed for that purpose.

Furthermore, the representative hereby certifies that none of these circumstances apply to the proposed DSC transaction, or shall explain in detail below why a DSC fee is suitable in the circumstances.

If any of these circumstances are in effect, the Compliance Officer shall conduct a suitability review and special permission will have to be obtained in writing from the Compliance Officer prior to any DSC trade being placed in the client's account.

Questionable Trades

Altimum has identified other transactions that may cause concern from a regulatory standpoint and, although they may be justified as being in the client's best interests in some limited cases, they are being monitored closely as part of Altimum's trade supervision procedures. For example, Altimum compliance personnel have found cases where a DSC fund is redeemed and another DSC fund (i.e. not from the same fund family) is purchased. Such transactions may in some cases be executed using free or matured units where the client is not paying a redemption fee or using units where the DSC schedule has not expired and the client pays a redemption fee, which may or may not be rebated. In any case, the client's DSC schedule is reset, which can lead to redemption fees later should the client unexpectedly require his or her funds. In addition, there may be tax implications and there is limited transparency of the commissions earned by the Approved Person.

Altimum is of the opinion that these and other similar transactions can only be executed if there is a valid documented reason for the trade that is in the client's best interests and it is not executed simply for the purpose of increasing the Approved Person's compensation.

In the limited circumstances where such activity may be justifiable, Approved Persons must provide clients with appropriate disclosure in order to comply with the conflict of interest disclosure requirements under MFDA rule 2.1.4.

This disclosure would include, among other things:

1. Statement that the client's DSC schedule will be reset, where applicable;
2. Specific detail of the amount of commissions the Approved Person will earn on the trade(s); and
3. Specific details of any direct costs to the client on the trade(s).

This disclosure should be provided and explained to the client at the time of each transaction and evidence that the disclosure has been provided to the client should be maintained in the client's file. Altimum requires clients to acknowledge receipt of the disclosure by signing a standard disclosure form to be retained by the company. This form is the "Disclosure of DSC Commission or Rebate" form. This form is to be used where the use of a DSC fee might be questionable, rather than for every DSC trade. A copy of this form follows in this section of the Compliance Manual.

It also has this disclosure which the client signs:

I/We are aware that there may be tax consequences on non-registered accounts. Further, I/we are aware that I/we will be entering into a new deferred sales charge (DSC) schedule and that it will be reset as per the current mutual fund prospectus as summarized in the Fundfacts document.

In addition, appropriate notes of any discussions with the clients should, as always, be maintained in accordance with Member Regulation Notice MR-0035 Recording and Maintaining Evidence of Client Trade Instructions.

Approved Persons are reminded that disclosure or client consent cannot be viewed as a means to justify churning. All trading recommendations must be in the best interests of the client.

Exception to Policy

The Chief Compliance Officer will request an explanation for every switch from front-end to DSC units. As a general rule, Altimum Mutuals Inc. will not permit such switches. The exception would be if the account has been transferred in from another firm where the client did not deal with the same Approved Person, in which case Altimum is prepared to permit the new Approved Person at Altimum to charge DSC fees once as money is reinvested as recommended by the new Approved Person and agreed to by the client. This policy is not inconsistent with our policy that each client is to pay the DSC only once on money that is invested through our firm.

Dividends and Distributions

In discussing rates of return on mutual fund units, the Approved Person may only use rates published in sales literature provided by Altimum or by the Mutual Fund Company. Do not represent or imply to a client that the specified rates of return will continue but advise the client that rates of return will vary from year to year. Do not induce a client to purchase the units of a mutual fund because of an impending dividend or capital gains distribution. No advantage accrues to the buyer of units of a mutual fund by reason of the purchase of such shares in anticipation of a dividend soon to be paid. The amount of the distribution is included in the price the client pays for the units and the units decline in price on the ex-distribution date by the amount of the distribution, plus or minus any net market activity that may have influenced the price on that particular day.



Disclosure of DSC Commission or Rebate

INVESTOR INFORMATION

First Name Last Name Social Insurance Number

First Name Last Name Social Insurance Number

THE FUNDS ARE COMING FROM:	THE FUNDS ARE GOING TO:
Fund Company: _____	Fund Company: _____
Fund Account #: _____	Fund Account #: _____
Fund Name and #: _____	Fund Name and #: _____
Account Registration: _____	Account Registration: _____

Redemption Charges and other direct costs to the investor \$: _____ Purchase Amount (\$ or %): _____

Income Tax Consequences: _____

Commission to be earned by the representative after rebate: _____ Commission to be rebated: _____
(in dollars) (in dollars or as a %)

I/We are aware that there may be tax consequences on non-registered accounts. Further, I/we are aware that I/we will be entering into a new deferred sales charge (DSC) schedule and that it will be reset as per the current mutual fund prospectus or Fundfacts document.

Applicant Signature Co-applicant Signature Date

To the Representative:

DSC transactions are not suitable in every instance. We are required to review a DSC transaction to ensure that it is appropriate in the circumstances. It is our policy that a client should only have to pay the DSC fee once on each dollar invested through his or her investment representative. Therefore no DSC fee should be charged on any investment transaction where a DSC fee was formerly paid to the representative, even if the current DSC schedule has matured. It is also our policy that any DSC fee which is required to be paid by the client as a result of recommendations made by the representative (when transferring an account in to that representative, for example) should be rebated to the client. Low Load purchases (LL) are considered to be DSC purchases for purposes of this policy. The firm will consider the following factors when determining suitability of a DSC trade. 1) Is this a SWIP or a RRIF or similar account where the client may be withdrawing more than 10% per year? 2) Is the client over 65 years of age? (Age 70 for 'Low-Load' fund schedules). 3) Is the client's investment time horizon shorter than the expiry of the DSC schedule? 4) Is a DSC fee unsuitable in light of the client's personal goals? (Is the client saving for a new home, for example). 5) Is this an RESP where the child may need the funds before the DSC schedule matures? 6) Has the representative ever earned a DSC fee on these funds before, either here or at another dealership? 7) Will the implementation of the investment recommendation cause a DSC fee to be charged to the client on a redemption of funds purchased at this dealership or elsewhere? The undersigned representative, on behalf of Altimum Mutuals Inc., hereby certifies that he or she is familiar with our policy with regard to DSC commissions outlined herein and that the above transaction has been undertaken in compliance with all applicable laws and regulation, including the disclosure requirements of National instrument 81-105. Furthermore, the representative hereby certifies that none of these circumstances apply to the proposed DSC transaction, or shall explain in detail below why a DSC fee is suitable in the circumstances. If any of these circumstances are in effect, the Compliance Officer shall conduct a suitability review and special permission will have to be obtained in writing from the Compliance Officer prior to any DSC trade being placed in the client's account.

Details: _____

Representative Name (Printed) Representative Signature Date Compliance Officer Signature Date of Approval

Prohibited Trading Activity

Certain trading activities could cause Approved Persons to earn additional compensation, but clients would not receive any discernable economic benefit, contrary to MFDA Rules 2.1.1 and 2.1.4. Transactions that are executed simply to generate commissions are prohibited. The following is a non-exhaustive list of some examples of such activity:

- The redemption and subsequent re-purchase of the same fund, generating a commission on the transaction for the Approved Person; and
- The movement of money between funds in the same fund family executed as a redemption and re-purchase rather than a switch, generating a commission higher than a typical switch fee.

These transactions often involve deferred sales charge (“DSC”) funds but may also involve front-end load or other sales charge types. In some cases money may be “parked” temporarily between the redemption and re-purchase by purchasing a money market fund or no load fund or may be left in cash for a short period to evade controls. Depending on the situation and type of sales charge, the consequences to the client may include tax implications, redemption charges, direct costs to re-purchase a front-end fund or, in the case of a DSC fund, resetting the client’s DSC schedule.

1. Market Timing and Late Trading

The Chief Compliance Officer is always on the lookout for frequent requests to switch funds which could mean that either the client or the Approved Person is seeking to engage in market timing activities. Such activities are actively discouraged as the Company regards mutual funds as long term investments. Furthermore, most mutual funds have fee structures in place which would penalize clients whose accounts are frequently traded in this manner.

If such activities are discovered the Approved Person will be contacted for an explanation of the activity and the company’s policy will be made clear to the Approved Person. If the client is initiating the activity, the Chief Compliance Officer will send a letter to the client indicating that it is not the policy of the Company to permit such activity and suggesting that there are investments available at other firms which would be more suitable for an investor who wished to trade the market. It is expected that such a course of action would make the activity cease, whether initiated by the Approved Person or the client. If it did not, the account could be transferred to the Chief Compliance Officer for close supervision with the expectation that the Chief Compliance Officer would take action to inform the client that the firm was terminating its relationship with the client. If it was not an isolated incident, and the Approved Person initiated frequent trading of client accounts, the Approved Person could be considered to be churning the account and may be terminated.

Late trading is illegal and occurs when purchase or redemption orders are received by a mutual fund company after close of business, but are filled at that day’s prices rather than the next day’s price.

For further information on Market Timing and Late Trading refer to MFDA Member Regulation Notice MR-0023

2. Off-Book Trading

Any opening of new accounts or any trades in securities not placed or submitted directly to Altimum represents an “off-book” trade. Sending paperwork directly to the fund company is considered Off Book Trading and is a serious violation of the Securities Act. Securities regulations require that all trades on behalf of clients must be supervised and monitored by Altimum.

Approved Persons are not to send paperwork directly to a fund company until the trade has been entered onto the back office system and approved by the Chief Compliance Officer. If the Approved Person enters the trade himself/herself on the system they can then send the paperwork to both Altimum and the fund companies once the trade is approved. If the Approved Person does not do his/her own trades on the system, all paperwork is to be forwarded to Altimum’s back office where it will be processed and then sent to the fund companies once the trade is approved by the Chief Compliance Officer or the alternate.

All trades must either be entered on the system with the required backup sent to Head Office by fax or scan, or original paperwork must be submitted to Head Office. If the electronic option is chosen the Approved Person is still required to forward original copies to Head Office immediately after sending the electronic version.

Altimum employs several strategies to detect off-book trading. Daily blotters will be reviewed for trades without supporting documentation at Head Office, which can indicate off-book trading. Compliance will also be alert to requests for further information from fund companies with incomplete trade documentation, as this may also indicate an off-book trade. Rejected trades may have been rejected because they were attempts at off-book trades. Finally, requests for information from clients who are seeking to place their own orders and don’t know how to do so, or faxed instructions received from clients directly to Head Office will often indicate an attempt at off-book trading. Approved Persons are reminded that they must meet with clients to place all trades including redemptions, and that telling the client to write directly to the fund company with trade instructions is forbidden.

If there is an Off-Book Trade occurrence the Chief Compliance Officer will notify the Approved Person for an explanation and disciplinary action may be taken.