

# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2023

Fixed Income Private Portfolio

## **NBI Canadian Preferred Equity Private Portfolio**

### **Notes on forward-looking statements**

This report may contain forward-looking statements concerning the Fund, its future performance, its strategies or prospects or about future events or circumstances. Such forward-looking statements include, among others, statements with respect to our beliefs, plans, expectations, estimates and intentions. The use of the expressions "foresee", "intend", "anticipate", "estimate", "assume", "believe" and "expect" and other similar terms and expressions indicate forward-looking statements.

By their very nature, forward-looking statements imply the use of assumptions and necessarily involve inherent risks and uncertainties. Consequently, there is a significant risk that the explicit or implicit forecasts contained in these forward-looking statements might not materialize or that they may not prove to be accurate in the future. A number of factors could cause future results, conditions or events to differ materially from the objectives, expectations, estimates or intentions expressed in such forward-looking statements. Such differences might be caused by several factors, including changes in Canadian and worldwide economic and financial conditions (in particular interest and exchange rates and the prices of other financial instruments), market trends, new regulatory provisions, competition, changes in technology and the potential impact of conflicts and other international events.

The foregoing list of factors is not exhaustive. Before making any investment decision, investors and others relying on our forward-looking statements should carefully consider the foregoing factors and other factors. We caution readers not to rely unduly on these forward-looking statements. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so provides.

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This interim management report of fund performance contains financial highlights, but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-888-270-3941 or 514-871-2082, by writing to us at National Bank Investments Advisory Service, 500, Place d'Armes, 12th floor, Montreal, Quebec, H2Y 2W3, by visiting our website at [www.nbinvestments.ca](http://www.nbinvestments.ca), by visiting SEDAR's website at [www.sedar.com](http://www.sedar.com), or by contacting your advisor. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Results of Operations

For the six-month period ended June 30, 2023, the NBI Canadian Preferred Equity Private Portfolio's Series F units returned 0.66% compared to 0.15% for the Fund's benchmark, the S&P/TSX Preferred Share Index (CAD). Unlike the benchmark, the Fund's performance is calculated after fees and expenses. Please see the *Past Performance* section for the returns of all of the Fund's series, which may vary mainly because of fees and expenses.

Certain series of the Fund, as applicable, may make distributions at a rate determined by the manager. This rate may change from time to time. If the aggregate amount of distributions in such series exceeds the portion of net income and net realized capital gains allocated to such series, the excess will constitute a return of capital. The manager does not believe that the return of capital distributions made by such series of the Fund have a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objective.

The Fund's net asset value rose by 120.50% over the period, from \$175.72 million as at December 31, 2022 to \$387.47 million as at June 30, 2023.

The increase stemmed mainly from unit purchases by investors in the Fund a rebalancing of the managed solutions offered by NBI.

The new year got off to a roaring start on rising hopes for a soft landing for developed economies as inflationary pressures showed signs of abating and the Federal Reserve downshifted their pace of tightening. Hopes for an imminent end to rate hikes and a dovish policy pivot were dashed in the wake of unrelenting signs of resilient growth, an overheated labour market, sticky inflation, and some hawkish central bank rhetoric that prompted a shift in investor expectations towards higher interest rates for longer. In March the collapse of Silicon Valley Bank, Signature Bank, Credit Suisse and the fear of more contagion in the banking sector caused a powerful flight-to-quality bid into government bonds that brought back memories of the financial crisis in 2008. Governments and Central Banks moved very quickly to contain the situation. The Bank of Canada increased its target for the overnight rate in January by 25 basis points to 4.50%, bringing cumulative rate hikes to 425 bps for the cycle. At this time the Bank also indicated they will pause to see the impact of the interest rate increases on the economy.

After decreasing for most of the first quarter, North American yields were much higher over the second quarter especially at the front end of the curve. The quarter started off with yields moving lower in belief that the regional banking crisis would tighten lending standards, and that the Federal Reserve would pause after hiking in early May to assess the impact of the 500 basis points of tightening. Then a series of events reversed the direction of the bond market, first the US debt ceiling was raised which removed a bid for US Treasuries.

Over the period, the Fund outperformed its benchmark. The Fund's positive return was mostly driven by issues within the fixed-floating space while perpetual issues were a slight detractor. Sector-wise, Energy and Financial issues were the top performers, while Real Estate issues partially offset performance.

### Recent Developments

Over the first half of the year, the portfolio manager slightly increased his position in floating rate issues. He increased the Fund's allocation into banks and reduced the allocation to energy issuers slightly. He bought the new hybrid of Gibson Energy at attractive coupon and reset level.

The labour market is not showing significant signs of cooling, consumers are continuing to spend, and inflation is not falling fast enough. The Bank of Canada hiked rates in June and we expect them to go at least one more time this year. Our base case remains a modest recession but if the Bank of Canada continues to hike rates the probability of a hard landing increases. Monetary policy is restrictive, and we expect growth and inflation to fall over time. The Federal Reserve is also getting close to finishing its tightening campaign. However, we expect rates will have to be kept elevated for a long period of time before sticky inflation falls back to the 2% target. We will continue to trade the portfolio as we expect the market to be very volatile as participants try to determine when central banks will finish hiking and then the timing of the first interest rate cut. Corporate spreads generally reflect our base case of a modest recession, but if they tighten to quickly, we will look to take profits or if they widen to reflect a significant slow down, we will increase our exposure.

The average current yield of Canadian preferred shares remains attractive and could continue to increase over the next few years as fixed reset issues reset at a much higher 5yr Canada rate. Volatility will remain important in 2023 as financial conditions continue to tighten. This volatility could be exacerbated with flow of funds especially if the Federal government decides to change the tax treatment on dividends for corporations. We would be ready to add beta in our portfolio if price moves lower on negative flow of funds. In this environment, we think the fixed reset issues that reset in 2024 and 2025 represent the best risk/reward opportunities as we think the 5yr Canada rate could be sticky around 3% over the next few years.

On May 1, 2023, the Fund's independent review committee (the "IRC") was increased to four members when Stéphanie Raymond-Bougie was appointed as IRC member.

The Series O was launched for the Fund on May 29, 2023.

### Related Party Transactions

National Bank of Canada ("the Bank") and its affiliated companies' roles and responsibilities related to the Fund are as follows:

#### Trustee, Custodian, and Registrar

Natcan Trust Company ("NTC"), a direct or indirect wholly-owned subsidiary of the Bank, is the Fund's trustee. In this capacity, it is the legal owner of the Fund's investments.

NTC acts as registrar for the Fund's securities and the names of securityholders. NTC also acts as the Fund's custodian. The fees for NTC's custodial services are based on the standard rates in effect at NTC.

#### Agent for securities lending transactions

NTC acts as the agent for securities lending transactions acts on behalf of the Fund in administering securities lending transactions entered into by the Fund. NTC is an affiliate of the Manager.

#### Fund Manager

The Fund is managed by National Bank Investments Inc. ("NBII"), which is a wholly-owned subsidiary of the Bank. Therefore, NBII provides or ensures the provision of all general management and administrative services required by the Fund's current operations, including investment consulting, the arrangement of brokerage contracts for the purchase and sale of the investment portfolio, bookkeeping and other administrative services required by the Fund.

The Manager pays the operating expenses of the Fund other than its "Fund costs" (defined below) (the "variable operating expenses"), in exchange for the Fund's payment to the Manager of annual fixed-rate administration fees with respect to each series of the Fund.

The administration fees are equal to a specified percentage of the net asset value of each series of the Fund, calculated and paid in the same manner as the Fund's management fees. The variable operating expenses payable by the Manager include, but are not limited to: transfer agency and recordkeeping costs; custodial costs; accounting and valuation fees; audit fees and legal fees; costs of preparing and distributing financial reports, simplified prospectuses, annual information forms, Fund Facts, continuous disclosure material and other securityholder communications; and costs of trustee services relating to registered tax plans, as applicable.

In addition to administration fees, the Fund shall also pay certain Fund costs, namely: taxes (including, but not limited to, GST/HST and income taxes); costs of compliance with any changes to existing governmental or regulatory requirements introduced after August 1, 2013; costs of compliance with any new governmental or regulatory requirements, including any new fees introduced after August 1, 2013; interest and borrowing costs; costs related to external services that were not commonly charged in the Canadian mutual fund industry as at August 1, 2013; Independent Review Committee costs, including compensation paid to IRC members, travel expenses, insurance premiums and costs associated with their continuing education; and variable operating expenses incurred outside of the normal course of business of the Fund.

The Manager may, from time to time and at its sole discretion, decide to absorb a portion of a series' management fees, administration fees or Fund costs.

As described under the heading *Management Fees*, the Fund pays annual management fees to NBII as consideration for its services.

#### Distribution and Dealer Compensation

National Bank Financial Inc. ("NBF") acts as principal distributor for the Advisor Series, Series F, Series F5 or Series T5 of the Fund. NBF may receive, depending on the distributed series, a monthly commission representing a percentage of the average daily value of the securities held by its clients.

NBII acts as principal distributor for the Series N and Series NR of the Fund. Trailing commissions are covered by NBI Private Wealth Management's service fees, which are paid directly by investors.

#### Brokerage Fees

The Fund may pay broker's commissions at market rates to a corporation affiliated with NBII. The brokerage fees paid by the Fund for the period are as follows:

	Period ended June 30, 2023
<b>Total brokerage fees</b>	82,028.38
<b>Brokerage fees paid to National Bank Financial</b>	-

#### Holdings

As at June 30, 2023, National Bank Investments Inc. held 231.88 Fund securities for a value of \$2,119.26, which represented close to 0.0006% of the net asset value of the Fund at that date. Transactions between National Bank Investments Inc. and the Fund were carried out in the normal course of business and at the Fund's net asset value as at the transaction date.

#### Independent Review Committee Approvals and Recommendations

The Fund followed the standing instructions of its Independent Review Committee with respect to one or more of the following transactions:

- Purchasing or holding the securities of a related issuer, in particular, those of National Bank of Canada;
- Investing in the securities of an issuer when an entity related to the manager acts as an underwriter for the placement or at any time during the 60-day period after the end of the placement;
- Purchasing or selling securities to another investment Fund managed by the manager or a company in the same group;
- Purchasing or selling debt securities on the secondary market, through related brokers that are main brokers in the Canadian debt securities market (in accordance with an exemption received from the Canadian Securities Administrators);
- Entering into foreign exchange transactions (including both spot transactions and forward transactions) with National Bank of Canada.

The Manager has implemented policies and procedures to make sure that the conditions applicable to each of the above transactions are met. The applicable standing instructions require that these transactions be carried out in accordance with NBII policies, which specify, in particular, that investment decisions pertaining to these related party transactions must be made free from any influence by an entity related to NBII and without taking into account any consideration relevant to an entity related to NBII. Furthermore, the investment decisions must represent the business judgment of the securities advisor, uninfluenced by considerations other than the best interest of the Fund and must achieve a fair and reasonable result for the Fund.

#### Registered Plan Trust Services

NBT receives a fixed amount per registered account for services provided as trustee for registered plans.

#### Administrative and Operating Services

The provision of certain services was delegated by the Fund Manager, NBII, to National Bank Trust Inc. ("NBT"), a wholly-owned indirect subsidiary of the Bank. These include accounting, reporting and portfolio valuation services. The fees incurred for these services are paid to NBT by the Fund manager.

#### Management Fees

The Fund pays annual management fees to the Fund manager for its management services. The fees are calculated based on a percentage of the Fund's daily net asset value before applicable taxes and are paid on a monthly basis. Under the *Distribution* heading, expenses include the broker's compensation consisting of the maximum annual trailer fees and sales commissions paid to brokers. Under the *Other* heading, the fees relate mainly to investment management, investment advisory services, general administration and profit.

The management fees paid by the Fund only cover management of fund investments, i.e. the fees related to management of fund portfolios constituting the profiles of the NBI Private Wealth Management service ("PWM"). General administration services, trailer fees and sale commissions paid to brokers are covered by the PWM's service fees, which are paid directly by investors. The breakdown of major services provided in consideration of the management fees, expressed as an approximate percentage of the management fees is as follows:

Series	Management Fees	Distribution	Others <sup>†</sup>
Series F	0.55%	—	100.00%
Series O	N/A*	—	100.00%

<sup>(†)</sup> Includes all costs related to management, investment advisory services, general administration and profit.

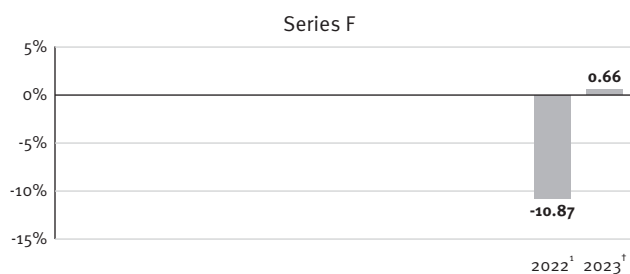
<sup>(\*)</sup> There are no management fees paid by the Fund with respect to the Series O. Instead, Series O securityholders pay a negotiated administration fee directly to National Bank Investments.

## Past Performance

The performance of each series of the Fund is presented below and calculated as at December 31 of each year. It assumes that all distributions made in the periods shown were reinvested in additional securities and does not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of a series of a Fund does not necessarily indicate how it will perform in the future.

## Annual Returns

The bar charts indicate the performance for each the Fund's series in existence greater than one year during the years shown, and illustrate how the performance has changed from year to year. They show, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the series) would have grown or decreased by December 31 of that year, in the case of the Annual management report of fund performance, or by June 30, in the case of the Interim management report of fund performance.



<sup>(1)</sup> Returns for the period from May 20, 2022 (commencement of operations) to December 31, 2022.

<sup>(1)</sup> Returns for the period from January 1, 2023 to June 30, 2023.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the accounting periods shown.

### Series F

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: May 20, 2022

Accounting Period Ended	2023	2022
	June 30	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	8.80	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.18	0.30
Total expenses	(0.04)	(0.04)
Realized gains (losses)	(0.66)	(0.41)
Unrealized gains (losses)	—	(0.93)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(0.52)	(1.08)
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	0.25	0.13
From capital gains	—	—
Return of capital	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.25	0.13
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	8.61	8.80

#### Ratios and Supplemental Data

Accounting Period Ended	2023	2022
	June 30	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	1,002	1,723
Number of units outstanding <sup>(5)</sup>	116,426	195,953
Management expense ratio (%) <sup>(6)</sup>	0.75	0.75
Management expense ratio before waivers or absorptions (%)	0.75	0.75
Trading expense ratio (%) <sup>(7)</sup>	0.09	0.02
Portfolio turnover rate (%) <sup>(8)</sup>	42.85	44.91
Net asset value per unit (\$)	8.61	8.79

### Series O

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: May 29, 2023

Accounting Period Ended	2023
	June 30
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	10.00
<b>Increase (Decrease) from Operations (\$)</b>	
Total revenue	0.08
Total expenses	—
Realized gains (losses)	(0.05)
Unrealized gains (losses)	(0.11)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(0.08)
<b>Distributions (\$)</b>	
From net investment income (excluding dividends)	—
From dividends	—
From capital gains	—
Return of capital	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.26

#### Ratios and Supplemental Data

Accounting Period Ended	2023
	June 30
Total net asset value (000's of \$) <sup>(5)</sup>	375,754
Number of units outstanding <sup>(5)</sup>	36,639,389
Management expense ratio (%) <sup>(6)</sup>	0.03
Management expense ratio before waivers or absorptions (%)	0.03
Trading expense ratio (%) <sup>(7)</sup>	0.09
Portfolio turnover rate (%) <sup>(8)</sup>	42.85
Net asset value per unit (\$)	10.26

## Series PW\*

<sup>(1)</sup> Please note that this Series is offered by way of private placement.

Net Assets per Unit <sup>(1)</sup>		Commencement of operations: October 30, 2015				
Accounting Period Ended	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	5.99	7.79	6.95	6.89	7.12	8.22
<b>Increase (Decrease) from Operations (\$)</b>						
Total revenue	0.17	0.28	0.31	0.36	0.37	0.37
Total expenses	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Realized gains (losses)	(0.26)	(0.19)	(0.16)	(0.68)	(0.20)	0.02
Unrealized gains (losses)	0.21	(1.66)	1.36	0.36	(0.05)	(1.21)
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	0.11	(1.59)	1.49	0.02	0.10	(0.84)
<b>Distributions (\$)</b>						
From net investment income (excluding dividends)	—	0.01	0.04	0.01	—	—
From dividends	0.08	0.29	0.26	0.34	0.38	0.34
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	0.08	0.30	0.30	0.35	0.38	0.34
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	5.96	5.99	7.79	6.95	6.89	7.12

### Ratios and Supplemental Data

Accounting Period Ended	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (ooo's of \$) <sup>(5)</sup>	8,339	9,861	129,244	290,387	349,175	514,666
Number of units outstanding <sup>(5)</sup>	1,398,328	1,645,999	16,593,359	41,786,622	50,668,121	72,245,935
Management expense ratio (%) <sup>(6)</sup>	0.23	0.23	0.23	0.23	0.23	0.23
Management expense ratio before waivers or absorptions (%)	0.23	0.23	0.23	0.23	0.23	0.23
Trading expense ratio (%) <sup>(7)</sup>	0.09	0.02	0.02	0.03	0.03	0.03
Portfolio turnover rate (%) <sup>(8)</sup>	42.85	44.91	53.97	62.60	29.51	14.52
Net asset value per unit (\$)	5.96	5.99	7.79	6.95	6.89	7.12

## Series PWO\*

<sup>(1)</sup> Please note that this Series is offered by way of private placement.

Net Assets per Unit <sup>(1)</sup>		Commencement of operations: October 30, 2015				
Accounting Period Ended	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	7.09	9.09	8.12	8.07	8.37	9.74
<b>Increase (Decrease) from Operations (\$)</b>						
Total revenue	0.20	0.28	0.36	0.42	0.44	0.43
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses)	(0.32)	(0.05)	(0.20)	(0.79)	(0.22)	0.03
Unrealized gains (losses)	0.22	(2.15)	1.67	0.35	(0.09)	(1.21)
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	0.09	(1.93)	1.82	(0.03)	0.12	(0.76)
<b>Distributions (\$)</b>						
From net investment income (excluding dividends)	—	0.01	0.05	0.02	—	—
From dividends	0.12	0.24	0.33	0.41	0.49	0.47
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	0.12	0.25	0.38	0.43	0.49	0.47
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	7.04	7.09	9.09	8.12	8.07	8.37

### Ratios and Supplemental Data

Accounting Period Ended	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (ooo's of \$) <sup>(5)</sup>	69	92	13,867	42,419	59,299	118,772
Number of units outstanding <sup>(5)</sup>	9,730	12,976	1,525,977	5,221,603	7,344,038	14,175,941
Management expense ratio (%) <sup>(6)</sup>	0.10	0.11	0.11	0.10	0.10	0.10
Management expense ratio before waivers or absorptions (%)	0.10	0.11	0.11	0.10	0.10	0.10
Trading expense ratio (%) <sup>(7)</sup>	0.09	0.02	0.02	0.03	0.03	0.03
Portfolio turnover rate (%) <sup>(8)</sup>	42.85	44.91	53.97	62.60	29.51	14.52
Net asset value per unit (\$)	7.04	7.09	9.09	8.12	8.07	8.38

## Private Series\*

<sup>(1)</sup> Please note that this Series is offered by way of private placement.

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: December 5, 2016

Accounting Period Ended	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(a)</sup>	8.39	10.89	9.73	9.64	9.91	11.45
<b>Increase (Decrease) from Operations (\$)</b>						
Total revenue	0.24	0.44	0.44	0.50	0.52	0.51
Total expenses	(0.03)	(0.06)	(0.07)	(0.06)	(0.06)	(0.07)
Realized gains (losses)	(0.38)	(0.64)	(0.23)	(0.98)	(0.30)	0.03
Unrealized gains (losses)	0.24	(1.80)	1.49	1.18	0.10	(1.52)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(a)</sup>	0.07	(2.06)	1.63	0.64	0.26	(1.05)
<b>Distributions (\$)</b>						
From net investment income (excluding dividends)	—	—	0.02	—	—	—
From dividends	0.15	0.38	0.37	0.46	0.46	0.44
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(a)</sup>	0.15	0.38	0.39	0.46	0.46	0.44
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(a)</sup>	8.29	8.39	10.89	9.73	9.64	9.91

## Ratios and Supplemental Data

Accounting Period Ended	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	2,306	2,308	2,743	2,878	3,091	2,857
Number of units outstanding <sup>(5)</sup>	278,017	275,319	251,791	295,604	320,681	288,096
Management expense ratio (%) <sup>(6)</sup>	0.62	0.62	0.62	0.62	0.62	0.62
Management expense ratio before waivers or absorptions (%)	0.62	0.62	0.62	0.62	0.62	0.62
Trading expense ratio (%) <sup>(7)</sup>	0.09	0.02	0.02	0.03	0.03	0.03
Portfolio turnover rate (%) <sup>(8)</sup>	42.85	44.91	53.97	62.60	29.51	14.52
Net asset value per unit (\$)	8.29	8.38	10.89	9.74	9.64	9.92

<sup>(5)</sup> This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited Financial Statements. The net assets per unit presented in the financial statements might differ from the net asset value calculated for fund pricing purposes. The differences are explained in the notes to the financial statements.

<sup>(6)</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the average number of units outstanding over the accounting period.

<sup>(7)</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.

<sup>(a)</sup> The net assets are calculated in accordance with IFRS.

<sup>(5)</sup> This information is provided as at the last day of the accounting period shown.

<sup>(6)</sup> Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period.

<sup>(7)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period. The trading expense ratio includes, if necessary, the trading expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106.

<sup>(8)</sup> The Fund's portfolio turnover rate indicates how actively the Fund portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher a Fund's portfolio turnover rate in an accounting period, the greater the trading costs payable by the Fund in the accounting period, and the greater the chance of an investor receiving taxable capital gains in the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

## Summary of Investment Portfolio

As of June 30, 2023

### Portfolio Top Holdings

	% of Net Asset Value
NBI Bond Fund, Series O	11.1
Enbridge Inc., 4.00%, Series 3	2.0
Bank of Montreal, 3.62%, Series 29	1.9
Royal Bank of Canada, 3.60%, Series BD	1.8
Canadian Imperial Bank of Commerce, 3.60%, Series 43	1.7
Toronto-Dominion Bank, 3.68%, Series 3	1.7
Toronto-Dominion Bank, 3.60%, Series 7	1.6
Enbridge Inc., 4.40%, Series 11	1.6
Pembina Pipeline Corporation, 4.75%, Series 9	1.6
Brookfield Renewable Energy Partners, 3.14%, Series 1	1.4
Fortis Inc., 3.91%, Series M	1.3
Great-West Lifeco Inc., 4.85%, Series H	1.3
Rogers Communications Inc., 5.00%, due December 17, 2081	1.3
TC Energy Corp., 3.80%, Series 11	1.3
Canadian Imperial Bank of Commerce, 3.90%, Series 39	1.2
Royal Bank of Canada, 3.60%, Series BF	1.2
Enbridge Inc., 4.00%, Series R	1.2
BCE Inc., 3.61%, Series AA	1.1
Great-West Lifeco Inc., 5.20%, Series G	1.1
TC Energy Corp., 3.76%, Series 9	1.1
Cash, Money Market and Other Net Assets	1.1
Toronto-Dominion Bank, 3.90%, Series 1	1.0
BCE Inc., 2.75%, Series AI	1.0
BCE Inc., 2.80%, Series AG	1.0
Manulife Financial Corp., 3.90%, Series 15	1.0
	43.6

Net asset value .....\$387,469,892

### Sector Allocation

	% of Net Asset Value
Financials	39.1
Energy	20.7
Utilities	11.8
Corporate Bonds	10.2
Communication Services	7.4
Provincial Bonds	2.7
Real Estate	2.0
Federal Bonds	1.8
Exchange Traded Funds	1.7
Consumer Staples	0.6
Municipal Bonds	0.6
US Bonds	0.1
Foreign Bonds	0.1
Asset Backed Securities	0.1
Cash, Money Market and Other Net Assets	1.1

The above table shows the top 25 positions held by the Fund. In the case of a Fund with fewer than 25 positions, all positions are indicated.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment Fund. A quarterly update is available. Please consult our Web site at [www.nbinvestments.ca](http://www.nbinvestments.ca).

If this investment Fund invests in other investment funds, please consult the prospectus and other information about the underlying investment funds on the website indicated above or on SEDAR's website at [www.sedar.com](http://www.sedar.com).