

Interim Management Report of Fund Performance

For the period ended June 30, 2023

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2023

NBI Exchange-Traded Funds
NBI Active U.S. Equity ETF

Notes on forward-looking statements

This report may contain forward-looking statements concerning the ETF, 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.

This interim management report of fund performance contains financial highlights, but does not contain the complete interim financial statements of the ETF. You can get a copy of the interim financial statements of the ETF at your request, and at no cost, by calling 1-866-603-3601, by emailing us at investments@nbc.ca, by visiting our website at www.nbinvestments.ca, by visiting SEDAR's website at www.sedar.com, or by contacting your advisor. You may also contact us using one of these methods to request a copy of the ETF'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 Active U.S. Equity ETF's units returned 18.02% compared to 14.16% for the ETF's benchmark, the S&P 500 Index. Unlike the benchmark, the ETF's performance is calculated after fees and expenses. Please see the *Past Performance* section for the ETF's returns, which may vary mainly because of fees and expenses.

The Fund's net asset value rose by 22.40% over the period, from \$14.85 million as at December 31, 2022 to \$18.18 million as at June 30, 2023.

The increase stemmed mainly from market fluctuations.

U.S. equities registered positive gains during the first half of the year, despite headwinds from increasingly restrictive monetary policy. The momentum was driven primarily by a strong economy, vigorous job market, and developments on the global macro front which continue to drive foreign funds into the perceived safeness of American assets.

The U.S. Federal Reserve, which temporarily paused its interest rate tightening cycle in June continues to benefit from considerable flexibility. A recent upward revision in the first quarter GDP raised growth estimates to 2%, from 1.3%. The Federal Reserve of Atlanta's GDPNow model currently projects 2.3% growth during the second quarter, and the strong U.S. job market created an average of 278,000 posts per month during the first half of the year. Inflation expectations as embedded in 10-year TIPS yields trended in the 2.2% range at the end of June.

The positive economic developments obscure concerns below the surface. These range from continued weakening in the U.S. commercial real estate and regional bank sectors amidst the rising borrowing costs, to more signals of global decoupling into rival trade blocks.

That said, investors remain hopeful regarding future productivity increases stemming from AI and related sectors. The recent congressional deal to raise the U.S. debt ceiling and defer further negotiations until after the next election, without material spending cuts created certainty on the fiscal front. Messaging from the U.S. monetary policy authority regarding the country's economic prospects remains bullish. FOMC members are telegraphing two further rate hikes later this year.

Under these circumstances, the Fund outperformed its benchmark.

Value added came mainly from security selection. Top individual contributors to relative performance during the period were Meta Platforms, Amazon.com and Adobe. On the other hand, top detractors were NVIDIA (not owned), Danaher and AMGEN.

Recent Developments

Additions

Exxon Mobil Corp.

Highly diversified energy company, in terms of products and geographically, that we believe is benefitting from a mix shift with higher contribution from lower-cost assets as well as their expense reduction initiatives which should drive an acceleration in shareholder returns and a more resilient through-the-cycle margin profile. However, we sold the position later in the second quarter.

Valero Energy

Given Exxon failed our ESG requirements, we screened for another high-quality company to be our WTI-hedge which is why we initiated Valero Energy.

Zoetis

Zoetis is a high-quality pharmaceutical company that develops treatments for livestock and other animals that is continuing to build out diagnostic revenue which is increasing in contribution to sales growth but is a market in the early stages of adoption globally, and is not modelled by analysts, which we believe should lead to consensus upgrades over our investment time horizon.

Deletions

EOG Resources Inc.

Exited given its fracking and tar sands exposure.

Netflix

The stock had outperformed meaningfully of late resulting in a higher valuation and limited further upside compounded with our estimates no longer being differentiated versus consensus causing us to sell the name and reinvest in better investment ideas already held in the portfolio.

Interactive Brokers Group

Following a discussion with the company's Investor Relations and engaging on the company's intentions to seek deposits in Hungary, which is a very high-risk political region with well-documented political corruption issues and human rights violations, our revised ESG score caused the company to fail our MBI Sustainability score.

Analog Devices

Our estimates no longer differed significantly from the consensus, and we viewed better investment opportunities in other existing holdings.

Exxon Mobil

Exxon no longer passed our ESG requirement of being suitable for the FNG label and as such we screened for another WTI-hedge which was Valero.

Lost production and related sanctions due to the invasion of Ukraine are adding to numerous existing inflationary drivers such as aging demographics, a labour force reassessing its work/life balance, Covid-19 production hurdles, and regionalization trends. Consequently, we are focused on business models that have strong pricing power.

The uncertainty surrounding changes in supply chains, consumer behaviours, digitization and rising wages will have lasting impact on business models.

We continue to see relative valuation dislocations caused by rapidly shifting market narratives that are offering compelling opportunities to book profits and reinvest in misunderstood and therefore mispriced stocks.

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

Related Party Transactions

National Bank Investments Inc. (the "manager") is the manager and promoter of the ETF. Accordingly, it is entitled to receive, in exchange for the services that it provides to the ETF, management fees paid to it by the ETF (see "Management Fees" below).

From time to time, the manager may, on behalf of the ETF, carry out transactions or sign agreements to involve certain persons or companies related to it, to the extent that these transactions or agreements are, in its opinion, in the interest of the ETF. The description of the transactions or agreements between the ETF and a related party is provided in this section.

Members of the manager's group may earn fees or spreads in connection with services provided to, or transactions with, the NBI ETF, including in connection with brokerage and derivatives transactions.

Trustee

The manager has retained the services of Natcan Trust Company to serve as trustee for the ETF and has retained the services of National Bank Trust to serve as portfolio manager.

Designated Broker

The manager has signed an agreement with National Bank Financial Inc. ("NBF"), a company affiliated with NBI, under which NBF will serve as a designated broker for the ETF. The designated broker agreement signed with NBF is in keeping with market conditions.

Brokerage Fees

The ETF may pay broker's commissions at market rates to a corporation affiliated with National Bank Investments Inc. The brokerage fees paid by the ETF for the period are as follows:

	Period ended June 30, 2023
Total brokerage fees	3,307.54
Brokerage fees paid to National Bank Financial	-

Holdings

As at June 30, 2023, the NBI Global Balanced Growth Fund held approximately 0.88% ownership of the redeemable units outstanding of the ETF. Transactions between the NBI Global Balanced Growth Fund and the ETF were carried out in the normal course of business. The portfolio manager for this Fund is National Bank Trust Inc.

As at June 30, 2023, the NBI Exclusive Income Pooled Fund held approximately 66.19% ownership of the redeemable units outstanding of the ETF. Transactions between the NBI Exclusive Income Pooled Fund and the ETF were carried out in the normal course of business. The portfolio manager for this Fund is National Bank Trust Inc.

Management Fees

The management fee is payable to the ETF manager in consideration of the services that the manager provides to the ETF in its capacity as manager, such as managing the day-to-day business and affairs of the ETF.

The ETF pays an annual management fee of 0.55% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general administration services.

Past Performance

The performance of the ETF, presented below and calculated as at December 31 of each year, is based on the net asset value of the ETF. It assumes that all distributions made in the periods shown were reinvested in additional units of the ETF. These returns do not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of an ETF does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart indicates the performance of the ETF for each of the years shown and illustrates how the performance has changed from year to year. It shows, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the ETF) 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.



⁽¹⁾ Returns for the period from February 11, 2021 (commencement of operations) to December 31, 2021.

⁽¹⁾ Returns for the period from January 1, 2023 to June 30, 2023.

Financial Highlights

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

Net Assets per Unit⁽¹⁾

Commencement of operations: February 11, 2021

Accounting Period Ended	2023 June 30	2022 December 31	2021 December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	28.56	32.67	25.00
Increase (Decrease) from Operations (\$)			
Total revenue	0.16	0.37	0.24
Total expenses	(0.10)	(0.18)	(0.16)
Realized gains (losses)	0.98	0.71	3.30
Unrealized gains (losses)	4.15	(1.60)	4.40
Total Increase (Decrease) from Operations ⁽³⁾	5.19	(0.70)	7.78
Distributions (\$)			
From net investment income (excluding dividends)	0.04	0.12	0.10
From dividends	—	0.01	0.01
From capital gains	—	0.41	3.15
Return of capital	—	—	—
Total Annual Distributions ⁽⁴⁾	0.04	0.54	3.26
Net Assets, End of Accounting Period Shown ⁽²⁾	33.66	28.56	32.67

Ratios and Supplemental Data

Accounting Period Ended	2023 June 30	2022 December 31	2021 December 31
Total net asset value (000's of \$) ⁽⁵⁾	18,176	14,850	1,307
Number of units outstanding ⁽⁵⁾	540,000	520,000	40,000
Management expense ratio (%) ⁽⁶⁾	0.63	0.63	0.64
Management expense ratio before waivers or absorptions (%)	0.63	0.66	0.76
Trading expense ratio (%) ⁽⁷⁾	—	—	—
Portfolio turnover rate (%) ⁽⁸⁾	37.16	45.97	66.64
Net asset value per unit (\$)	33.66	28.56	32.68
Closing market price ⁽⁹⁾	33.68	28.52	32.69

⁽¹⁾ This information is derived from the ETF'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 ETF pricing purposes. The differences are explained in the notes to the financial statements.

⁽²⁾ The net assets are calculated in accordance with IFRS.

⁽³⁾ 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.

⁽⁴⁾ Distributions were paid in cash or reinvested in additional units of the ETF, or both.

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

⁽⁶⁾ 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.

⁽⁷⁾ 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.

⁽⁸⁾ The ETF's portfolio turnover rate indicates how actively the ETF portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher an ETF's portfolio turnover rate in an accounting period, the greater the trading costs payable by the ETF 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 an ETF.

⁽⁹⁾ Closing market price on the last trading day of the year as reported on the TSX.

Summary of Investment Portfolio

As of June 30, 2023

Portfolio Top Holdings

	% of Net Asset Value
Microsoft Corp.....	9.4
Amazon.com Inc.....	6.2
Apple Inc.....	6.1
Wal-Mart Stores Inc.....	5.4
Waste Connections Inc.....	5.2
Amgen Inc.....	5.1
Texas Instruments Inc.....	4.7
Meta Platforms, Inc.....	4.5
Adobe Systems Inc.....	4.4
MasterCard Inc., Class A.....	4.3
Danaher Corp.....	4.1
Valero Energy Corp.....	4.1
Workday Inc.....	4.0
Alphabet Inc.....	3.9
Five Below Inc.....	3.5
CME Group Inc., Class A.....	3.4
Marsh & McLennan Cos Inc.....	2.7
Cullen/Frost Bankers Inc.....	2.5
Public Storage.....	2.5
Linde PLC.....	2.4
Charles River Laboratories International Inc.....	1.9
Nordson Corp.....	1.9
Rockwell Automation.....	1.8
Envista Holdings Corp.....	1.7
Cash, Money Market and Other Net Assets.....	1.2
	96.9

Net asset value..... \$18,176,357

Asset Mix

	% of Net Asset Value
US Equity.....	93.6
Canadian Equity.....	5.2
Cash, Money Market and Other Net Assets.....	1.2

Sector Allocation

	% of Net Asset Value
Information Technology.....	32.7
Communication Services.....	14.6
Consumer Staples.....	11.9
Industrials.....	8.8
Financials.....	8.6
Health Care.....	8.6
Consumer Discretionary.....	4.6
Energy.....	4.1
Real Estate.....	2.5
Materials.....	2.4
Cash, Money Market and Other Net Assets.....	1.2

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

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the ETF. A quarterly update is available. Please consult our Web site at www.nbinvestments.ca.



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