

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 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 annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual 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.sedarplus.ca](http://www.sedarplus.ca), 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

### Investment Objective and Strategies

The NBI Canadian Preferred Equity Private Portfolio's investment objective is to provide dividend income while focusing on capital preservation. This Fund invests directly, or through investments in securities of other mutual funds, in a portfolio mainly composed of preferred shares of Canadian companies and other income generating Canadian equities.

The portfolio manager conducts fundamental research, but will also consider quantitative and technical factors. The portfolio securities selection is based on knowledge of the company, its industry and its growth prospects. An extensive credit analysis for each security and an assessment of the risk profiles, the relative performance and the general conditions are completed in order to confirm the selection and the relative weight of each portfolio security. It is expected that investments in foreign securities will not exceed approximately 30% of the Fund's assets.

### Risks

The global investment risk of the Fund remains as described in the simplified prospectus or any amendments thereto and Fund Facts.

### Results of Operations

For the twelve-month period ended December 31, 2023, the NBI Canadian Preferred Equity Private Portfolio's Series F units returned 6.95% compared to 5.90% 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 dropped by 13.57% over the period, from \$175.72 million as at December 31, 2022 to \$151.88 million as at December 31, 2023.

The decrease stemmed mainly from 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. The Bank of Canada increased its target for the overnight rate in January by 25 basis points to 4.50%.

The Canadian preferred share market started the year off on a volatile note. While fund flows during the first quarter were relatively supportive for preferred shares, the situation became more challenging during the second quarter (particularly in May) as investors were reluctant to add exposure to the asset class due to the potential dividend tax change for corporations that could occur later in 2023. The market continued to be challenging as we entered the second half of the year as the negative flow of funds from both institutional and retail investors put pressure on price. The negative performance of the equity markets didn't help, despite the stable credit tone. Tone improved in September with interest rates increasing substantially and because TD Bank decided to redeem one preferred share issue. Despite continued volatility, the fund ended the year on a solid note following decision by the Federal government to not change the tax treatment on preferred share dividends only, which helped the asset class. Some surprise redemptions and the perception that Central Banks were done hiking rate and could consider cutting rate soon also contributed positively.

Over the year, the Fund outperformed its benchmark. The Fund's fixed-floating segment was the largest contributor to the performance over the year. The Fund's underweight to perpetual issues was also a strong contributor. Security selection within the energy and real estate segments was also positive. On the other hand, the Fund's security selection and underweight in banks proved to be a detractor.

### 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.

In terms of new issues, he bought the new institutional preferred share of BMO and the new LRCN of Intact Financial at attractive coupon and reset level. He also bought the new hybrid of Enbridge and the new hybrid of Gibson Energy at attractive coupon and reset level.

Major central banks are now likely finished hiking interest rates for this cycle. Monetary policy is restrictive and will lead to softer growth in 2024. The U.S. economy should operate below potential, but the portfolio manager now expects Canada to enter a shallow recession. Inflation has declined from very elevated levels over the past year and if it continues to fall the Bank will become more confident in hitting their two percent inflation target, which will allow them to eventually begin the process of loosening monetary policy. The market is expecting multiple rates cuts in 2024 which will provide support in avoiding a hard landing in the economy. During the year, interest rates and credit spreads are expected to stay low, but he should see volatility and opportunities as central banks transition to interest rate cuts, elevated bond supply and geopolitical risks. While recent data has shown improvements on the inflation front, more work still needs to be done to support central banks changing policy. He expects the Bank of Canada and the Fed to lower interest rates in the range of 75 to 125 basis points in 2024.

Investment grade credit spreads are still historically wide despite the recent performance. He will remain active in this sector as opportunities present themselves. He has been focused on sectors that provide more compensation or are better positioned to weather a shallow recession. His trades over the last several months have generally been defensive in nature as he has moved up in credit quality and bought shorter dated securities. The yield carry from our overweight in credit has increased to 23 basis points from 18 basis points.

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.

Effective on or about August 4, 2023, the Fund was closed to subscriptions and will no longer be available for purchase by new or existing unitholders, including purchases made through a pre-authorized purchase plan.

NBI was informed that a substantial portion of the Fund's units will be redeemed progressively in the coming months. The portfolio sub-advisor, Fiera Capital Corporation, will carry out a progressive and orderly liquidation of the Fund's assets over this period in order to meet redemption requests. While care will be given to remain invested in accordance with the Fund's investment objective and strategies, the preferred equity market presents unique challenges. As such, the Fund's portfolio sub-advisor may, from time to time, depart from the investment objective and strategies stated in the Fund's prospectus. During the liquidation period, NBI will assess whether the Fund should ultimately, in the best interest of its unitholders, be terminated or merged with another NBI Fund, depending on market conditions.

## Related Party Transactions

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

### Trustee

National Bank Trust Inc. ("NBT"), a wholly-owned indirect subsidiary of the Bank, is the Fund's trustee. In this capacity, it is the legal owner of the Fund's investments.

### Custodian and Registrar

Natcan Trust Company ("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.

### Portfolio Manager

The Manager has appointed National Bank Trust Inc. ("NBT"), an indirect wholly-owned subsidiary of the Bank, as the portfolio manager for the Fund. A flat fee is payable annually to NBT for its management 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 December 31, 2023
<b>Total brokerage fees</b>	342,310.50
<b>Brokerage fees paid to National Bank Financial</b>	-

### Holdings

As at December 31, 2023, National Bank Investments Inc. held 242.62 Fund securities for a value of \$2,257.09, which represented close to 0.0017% 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> The Series O is only available to selected investors that have been approved and have entered into an O Series units account agreement with National Bank Investments Inc. The criteria for approval may include the size of the investment, the expected level of account activity and the investor's total investments with NBII. No management fees are charged to the Fund with respect to the O Series units. Management fees are negotiated with and paid directly by investors and are in addition to the fixed-rate administration fee. NBII does not pay any commissions or service fees to dealers who sell O Series units. There are no sales charges payable by investors who purchase O Series units.

### 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.

### Annual Compounded Performance

The following table shows the Fund's annual compound returns for each series in existence greater than one year and for each of the periods ended on December 31, 2023, compared with the following benchmark:

- S&P/TSX Preferred Share Index (CAD)

#### NBI Canadian Preferred Equity Private Portfolio

	1 year	3 years	5 years	10 years	Since inception
Series F <sup>1</sup>	6.95%	—	—	—	(2.93)%
Benchmark	5.90%	—	—	—	(4.93)%

<sup>1</sup>Commencement of operations: May 20, 2022

A discussion of the Fund's relative performance in comparison to the index (or indices) can be found in the *Results of Operations* Section of this report.

#### Index Description

The **S&P/TSX Preferred Share Index** is a subset of the S&P/TSX Index and reflects the preferred share price fluctuations of a group of companies listed on the Toronto Stock Exchange and weighted by market capitalization.

## 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
	December 31	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	0.36	0.30
Total expenses	(0.07)	(0.04)
Realized gains (losses)	(1.31)	(0.41)
Unrealized gains (losses)	0.03	(0.93)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(0.99)	(1.08)
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	0.47	0.13
From capital gains	—	—
Return of capital	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.47	0.13
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	8.91	8.80

### Ratios and Supplemental Data

Accounting Period Ended	2023	2022
	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	721	1,723
Number of units outstanding <sup>(5)</sup>	80,848	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>	0.16	0.02
Portfolio turnover rate (%) <sup>(8)</sup>	157.91	44.91
Net asset value per unit (\$)	8.91	8.79

### Series O

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

Commencement of operations: May 29, 2023

Accounting Period Ended	2023
	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	10.00
<b>Increase (Decrease) from Operations (\$)</b>	
Total revenue	0.38
Total expenses	(0.01)
Realized gains (losses)	(0.92)
Unrealized gains (losses)	0.92
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	0.37
<b>Distributions (\$)</b>	
From net investment income (excluding dividends)	0.03
From dividends	0.32
From capital gains	—
Return of capital	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.35
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.57

### Ratios and Supplemental Data

Accounting Period Ended	2023
	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	148,099
Number of units outstanding <sup>(5)</sup>	14,015,429
Management expense ratio (%) <sup>(6)</sup>	0.02
Management expense ratio before waivers or absorptions (%)	0.02
Trading expense ratio (%) <sup>(7)</sup>	0.16
Portfolio turnover rate (%) <sup>(8)</sup>	157.91
Net asset value per unit (\$)	10.57

## 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 December 31	2022 December 31	2021 December 31	2020 December 31	2019 December 31	
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	5.99	7.79	6.95	6.89	7.12	
<b>Increase (Decrease) from Operations (\$)</b>						
Total revenue	0.34	0.28	0.31	0.36	0.37	
Total expenses	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	
Realized gains (losses)	(0.66)	(0.19)	(0.16)	(0.68)	(0.20)	
Unrealized gains (losses)	0.67	(1.66)	1.36	0.36	(0.05)	
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	0.33	(1.59)	1.49	0.02	0.10	
<b>Distributions (\$)</b>						
From net investment income (excluding dividends)	0.02	0.01	0.04	0.01	—	
From dividends	0.33	0.29	0.26	0.34	0.38	
From capital gains	—	—	—	—	—	
Return of capital	—	—	—	—	—	
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	0.35	0.30	0.30	0.35	0.38	
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	6.07	5.99	7.79	6.95	6.89	

### Ratios and Supplemental Data

Accounting Period Ended	2023 December 31	2022 December 31	2021 December 31	2020 December 31	2019 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	2,777	9,861	129,244	290,387	349,175
Number of units outstanding <sup>(5)</sup>	457,603	1,645,999	16,593,359	41,786,622	50,668,121
Management expense ratio (%) <sup>(6)</sup>	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
Trading expense ratio (%) <sup>(7)</sup>	0.16	0.02	0.02	0.03	0.03
Portfolio turnover rate (%) <sup>(8)</sup>	157.91	44.91	53.97	62.60	29.51
Net asset value per unit (\$)	6.07	5.99	7.79	6.95	6.89

## 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 December 31	2022 December 31	2021 December 31	2020 December 31	2019 December 31	
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	7.09	9.09	8.12	8.07	8.37	
<b>Increase (Decrease) from Operations (\$)</b>						
Total revenue	0.15	0.28	0.36	0.42	0.44	
Total expenses	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	
Realized gains (losses)	(0.74)	(0.05)	(0.20)	(0.79)	(0.22)	
Unrealized gains (losses)	0.74	(2.15)	1.67	0.35	(0.09)	
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	0.13	(1.93)	1.82	(0.03)	0.12	
<b>Distributions (\$)</b>						
From net investment income (excluding dividends)	0.01	0.01	0.05	0.02	—	
From dividends	0.25	0.24	0.33	0.41	0.49	
From capital gains	—	—	—	—	—	
Return of capital	—	—	—	—	—	
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	0.26	0.25	0.38	0.43	0.49	
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	7.36	7.09	9.09	8.12	8.07	

### Ratios and Supplemental Data

Accounting Period Ended	2023 December 31	2022 December 31	2021 December 31	2020 December 31	2019 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	10	92	13,867	42,419	59,299
Number of units outstanding <sup>(5)</sup>	1,348	12,976	1,525,977	5,221,603	7,344,038
Management expense ratio (%) <sup>(6)</sup>	0.10	0.11	0.11	0.10	0.10
Management expense ratio before waivers or absorptions (%)	0.10	0.11	0.11	0.10	0.10
Trading expense ratio (%) <sup>(7)</sup>	0.16	0.02	0.02	0.03	0.03
Portfolio turnover rate (%) <sup>(8)</sup>	157.91	44.91	53.97	62.60	29.51
Net asset value per unit (\$)	7.36	7.09	9.09	8.12	8.07

## 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 December 31	2022 December 31	2021 December 31	2020 December 31	2019 December 31	
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(a)</sup>	8.39	10.89	9.73	9.64	9.91	
<b>Increase (Decrease) from Operations (\$)</b>						
Total revenue	0.47	0.44	0.44	0.50	0.52	
Total expenses	(0.06)	(0.06)	(0.07)	(0.06)	(0.06)	
Realized gains (losses)	(1.06)	(0.64)	(0.23)	(0.98)	(0.30)	
Unrealized gains (losses)	1.08	(1.80)	1.49	1.18	0.10	
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(a)</sup>	0.43	(2.06)	1.63	0.64	0.26	
<b>Distributions (\$)</b>						
From net investment income (excluding dividends)	—	—	0.02	—	—	
From dividends	0.59	0.38	0.37	0.46	0.46	
From capital gains	—	—	—	—	—	
Return of capital	—	—	—	—	—	
<b>Total Annual Distributions (\$)</b> <sup>(a)</sup>	0.59	0.38	0.39	0.46	0.46	
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(a)</sup>	8.36	8.39	10.89	9.73	9.64	

## Ratios and Supplemental Data

Accounting Period Ended	2023 December 31	2022 December 31	2021 December 31	2020 December 31	2019 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	275	2,308	2,743	2,878	3,091
Number of units outstanding <sup>(5)</sup>	32,831	275,319	251,791	295,604	320,681
Management expense ratio (%) <sup>(6)</sup>	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
Trading expense ratio (%) <sup>(7)</sup>	0.16	0.02	0.02	0.03	0.03
Portfolio turnover rate (%) <sup>(8)</sup>	157.91	44.91	53.97	62.60	29.51
Net asset value per unit (\$)	8.36	8.38	10.89	9.74	9.64

<sup>(5)</sup> This information is derived from the Fund's Annual Audited 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. The management expense ratio includes, if necessary, the management expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106.

<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 December 31, 2023

### Portfolio Top Holdings

	% of Net Asset Value
Enbridge Inc., 4.40%, Series 11	4.0
Bank of Montreal, 3.62%, Series 29	3.5
Pembina Pipeline Corporation, 4.75%, Series 9	2.9
Cash, Money Market and Other Net Assets	2.8
Toronto-Dominion Bank, 3.75%, Series 5	2.6
TC Energy Corp., 3.76%, Series 9	2.5
Canadian Imperial Bank of Commerce, 3.60%, Series 43	2.4
Toronto-Dominion Bank, 3.60%, Series 7	2.3
Great-West Lifeco Inc., 5.20%, Series G	2.3
Royal Bank of Canada, 3.60%, Series BF	2.1
Enbridge Inc., 4.40%, Series 13	2.1
Toronto-Dominion Bank, 3.90%, Series 1	2.0
TC Energy Corp., 2.26%, Series 5	2.0
Brookfield Corp., 3.25%, Series 42	1.9
Brookfield Renewable Energy Partners, 3.14%, Series 1	1.8
Enbridge Inc., 4.00%, Series 3	1.8
Great-West Lifeco Inc., 4.85%, Series H	1.8
AltaGas Ltd., 3.38%, Series A	1.7
BCE Inc., 2.75%, Series AI	1.5
Canadian Utilities Ltd., 4.50%, Series DD	1.5
Cenovus Energy Inc., 3.94%, Series 7	1.5
Enbridge Inc., 4.40%, Series 15	1.5
Royal Bank of Canada, 3.60%, Series BD	1.4
Great-West Lifeco Inc., 5.40%, Series P	1.4
Fairfax Financial Holdings Ltd., 3.71%, Series I	1.3
	52.6

Net asset value ..... \$151,881,007

### Sector Allocation

	% of Net Asset Value
Financials	47.7
Energy	26.5
Utilities	12.6
Communication Services	7.4
Corporate Bonds	1.7
Real Estate	1.2
Consumer Staples	0.1
Cash, Money Market and Other Net Assets	2.8

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 website 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.sedarplus.ca](http://www.sedarplus.ca).