

Annual Management Report of Fund Performance

For the period ended December 31, 2023

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2023

NBI Exchange-Traded Funds
NBI Canadian Dividend Income 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 annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the ETF. You can get a copy of the annual 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.sedarplus.ca, 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

Investment Objective and Strategies

The NBI Canadian Dividend Income ETF's investment objective is to maximize the potential for long-term capital growth and to generate sustained dividend income. It invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio comprised primarily of equity securities of Canadian companies that pay dividends.

The ETF's investment process is primarily based on bottom-up, fundamental research. The focus is set on companies that pay a stable dividend with sustainable payout ratio, while diversifying across many sectors, industries and regions in order to reduce volatility. The portfolio sub-advisor has a bias for the companies capable of increasing their dividend as well as those proceeding to shares repurchases. Thus, a company that eliminates its dividend will generally be fully redeemed. The portfolio sub-advisor uses a proprietary sustainability scorecard to evaluate companies across five pillars (Planet, People & Society, Governance, Operations, Disclosure) and a minimum score is required in order to be considered for investment.

Risks

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

Results of Operations

For the twelve-month period ended December 31, 2023, the NBI Canadian Dividend Income ETF's units returned 9.37% compared to 11.75% for the ETF's benchmark, the S&P/TSX Composite 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 2.03% over the period, from \$13.10 million as at December 31, 2022 to \$13.37 million as at December 31, 2023.

Canadian equities gained ground during 2023 despite sluggish GDP growth, a volatile international environment, and tough central bank monetary policy firmly focused on driving down inflation. Energy stocks were pressured amidst falling oil prices throughout much of 2023, as were producers of many commodities. The gold sector performed well as the price of gold closed the year near an all-time high.

The Bank of Canada announced in its last meeting of 2023 that it was maintaining its target for the overnight rate at 5% and continuing its quantitative tightening actions despite its recognition that the global economy is slowing, and inflation is easing. This is because the Consumer Price Index, which rose by 3.1% on a year-over-year basis in both November and October, continues to run above its target levels.

Canada is heavily reliant on trade with the United States, so U.S. monetary policy and the currency exchange were key drivers. Fixed income investors began pushing down the Treasury yield curve in anticipation of a "pivot" to a more dovish monetary policy stance which was telegraphed by Jerome Powell, Chairman of the U.S. Federal Reserve Board near year-end. This thus relieved pressure on the Bank of Canada going forward.

Commitments made by U.S. President Joe Biden and Chinese President Xi Jinping during a meeting in San Francisco in December to restore the full implementation of the U.S.-China air transportation agreement and to encourage expanded educational, cultural, sports, and business exchanges raised hopes of easing international tensions as the year ended.

In this context, the Fund underperformed its benchmark for the period.

Recent Developments

We added resources back to the portfolios starting end of June. This represented over 20% of the portfolio. Due to market timing, there was a negative contribution, however, going forward this will meaningfully reduce portfolio construction risk.

The fund is underweight Consumer discretionary and owns double weight in staples because there are not many quality growth higher dividend discretionary names.

The fund is overweight communication services as the sector offers many defensive high dividend names.

We are optimistic about the outlook for equity markets in 2024. We selectively added back to the resource sectors (energy and materials) due to secular developments in supply-demand dynamics. The possibility of a multi-year runway for certain companies to consistently meet our quality growth criteria increased due to a variety of factors. Foremost is an improved focus on capital discipline and shareholder returns, which has historically been absent in this space. Secondly, growing resource nationalism, exacerbated by the Ukrainian/Russian debacle and most recently in Panama/Chile, is impeding supply. Lastly, the energy transition will be metal intensive further increasing demand, which is counter-intuitive in a carbon-free world.

As our quality growth universe evolves, it is our responsibility to research and re-examine new ideas and we look forward to appraising you on our progress. We began building positions in the resource sectors in the second quarter of 2023 and continued to add more names as previously communicated.

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 December 31, 2023
Total brokerage fees	10,975.13
Brokerage fees paid to National Bank Financial	1,836.66

Holdings

As at December 31, 2023, the NBI Exclusive Income Pooled Fund held approximately 93.82% 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.

Independent Review Committee Approvals and Recommendations

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

- purchasing or selling government or other debt securities on the secondary market from related brokers that are main brokers in the Canadian debt securities market;
- purchasing on the secondary market securities of a related issuer that are not traded on an exchange;
- purchasing on the primary market non-exchange-related issuer debt securities having maturities of 365 days or more, other than asset-backed commercial paper.

The manager has implemented policies and procedures to ensure that the conditions that apply to each of the transactions identified above are met. The applicable standing instructions require that these transactions be carried out in accordance with the manager's policies. Notably, these instructions require that investment decisions pertaining to such related-party transactions must be made free from any influence from an entity related to the manager and without taking into account any consideration relevant to an entity related to the manager. Moreover, investment decisions must represent the business judgment of the portfolio manager, uninfluenced by considerations other than the interests of the ETF, and must achieve a fair and reasonable result for the ETF.

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.

Annual Compounded Performance

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

- S&P/TSX Composite Index

NBI Canadian Dividend Income ETF

	1 year	3 years	5 years	10 years	Since inception
ETF Units ¹	9.37%	-	-	-	7.99%
Benchmark	11.75%	-	-	-	11.52%

¹Commencement of operations: February 11, 2021

A discussion of the ETF'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 Composite Index** is a subset of the S&P/TSX and reflects share price fluctuations of a group of companies listed on the Toronto Stock Exchange (TSX) and weighted by market capitalization.

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 December 31	2022 December 31	2021 December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	27.30	30.46	25.00
Increase (Decrease) from Operations (\$)			
Total revenue	1.03	0.92	0.77
Total expenses	(0.18)	(0.17)	(0.16)
Realized gains (losses)	(0.31)	(0.34)	0.63
Unrealized gains (losses)	1.98	(2.20)	4.82
Total Increase (Decrease) from Operations ⁽³⁾	2.52	(1.79)	6.06
Distributions (\$)			
From net investment income (excluding dividends)	—	0.08	0.03
From dividends	0.77	0.56	0.56
From capital gains	—	—	0.64
Return of capital	—	—	—
Total Annual Distributions ⁽⁴⁾	0.77	0.64	1.23
Net Assets, End of Accounting Period Shown ⁽²⁾	29.06	27.30	30.46

Ratios and Supplemental Data

Accounting Period Ended	2023 December 31	2022 December 31	2021 December 31
Total net asset value (000's of \$) ⁽⁵⁾	13,369	13,103	1,218
Number of units outstanding ⁽⁵⁾	460,000	480,000	40,000
Management expense ratio (%) ⁽⁶⁾	0.63	0.63	0.64
Management expense ratio before waivers or absorptions (%)	0.63	0.67	0.77
Trading expense ratio (%) ⁽⁷⁾	0.09	0.08	0.06
Portfolio turnover rate (%) ⁽⁸⁾	79.67	29.17	31.74
Net asset value per unit (\$)	29.06	27.30	30.46
Closing market price ⁽⁹⁾	29.05	27.30	30.43

⁽¹⁾ This information is derived from the ETF's Annual Audited 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. The management expense ratio includes, if necessary, the management expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106.

⁽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. Data for periods prior to 2023 have been restated.

⁽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 December 31, 2023

Portfolio Top Holdings

	% of Net Asset Value
Royal Bank of Canada	9.5
Toronto-Dominion Bank	6.8
Enbridge Inc.	6.7
Canadian Natural Resources Ltd.	5.9
Canadian National Railway Co.	5.4
Quebecor Inc., Class B	4.5
WSP Global Group Inc.	4.2
Microsoft Corp.	4.2
Brookfield Asset Management Ltd.	3.7
Tourmaline Oil Corp.	3.7
National Bank of Canada	3.6
Constellation Software Inc.	3.6
Brookfield Infrastructure Partners LP	3.5
Lundin Mining Corp.	3.5
Franco-Nevada Corp.	3.4
Wheaton Precious Metals Corp.	3.4
TELUS Corp.	2.9
Procter & Gamble Co.	2.6
Granite Real Estate Investment Trust	2.5
Sun Life Financial Inc.	2.4
Cash, Money Market and Other Net Assets	2.2
Maple Leaf Foods Inc.	1.6
Parkland Corp.	1.6
Brookfield Renewable Energy Partners LP	1.4
Hydro One Inc.	1.2
	94.0

Net asset value \$13,369,003

Asset Mix

	% of Net Asset Value
Canadian Equity	87.5
US Equity	6.8
International Equity	3.5
Cash, Money Market and Other Net Assets	2.2

Sector Allocation

	% of Net Asset Value
Financials	29.1
Energy	17.9
Industrials	10.2
Materials	10.2
Information Technology	7.8
Communication Services	7.4
Consumer Staples	6.6
Utilities	6.1
Real Estate	2.5
Cash, Money Market and Other Net Assets	2.2

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 website at www.nbinvestments.ca.



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