NBI Exchange-Traded Funds

Annual Management Report of Fund Performance

For the period ended December 31, 2023

NATIONAL BANK INVESTMENTS

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2023

NBI Exchange-Traded Funds

NBI Sustainable Canadian 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 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 Sustainable Canadian Equity ETF's investment objective is to provide long-term capital growth while following a sustainable approach to investing. It invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio comprised primarily of equity securities of Canadian companies.

The portfolio sub-advisor will apply a fundamental bottom-up investment process to invest in profitable, well-established companies with durable attributes presenting a strong potential for risk-adjusted returns. The portfolio sub-advisor undertakes a thorough analysis of responsible investing factors in order to assess the quality, capital allocation ability and long-term sustainability of a business. The portfolio sub-advisor's responsible investing analysis incorporates the Sustainable Accounting Standards Board's "SASB" five sustainability dimensions.

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 Sustainable Canadian Equity ETF's units returned 14.40% 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 ETF's net asset value rose by 33.02% over the period, from $1.359 billion as at December 31, 2022, to $1.808 billion as at December 31, 2023.

The increase stemmed mainly from investments in the Fund by other NBI Funds and market fluctuations.

The new year got off to a roaring start on rising hopes for a soft landing for developed economies as inflationary pressures showed continued signs of abating, while China's reopening also fuelled investor optimism at the beginning of the year. A wave of risk aversion then swept up the financial markets in February as 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. However, financial markets ended a tumultuous first quarter on an upbeat note amid growing speculation that policymakers may have to abandon their tightening plans in response to turmoil in the banking sector.

Markets were up to start the second quarter, with both stock and bond markets generating positive results in April. Investors welcomed the strong start to the corporate earnings season, where better-than-expected results helped to overshadow concerns stemming from persistent inflation, further rate hikes, and fears of an economic downturn. Sentiment deteriorated and financial markets relapsed in May on the back of a hawkish repricing of central bank policy expectations, a sluggish global growth landscape, and debt ceiling jitters in the United States. Markets fluctuated but extended their gains in June amid mounting speculation that central banks will relent on the fight against inflation and engineer a soft economic landing.

While recession fears had been building given the Fed's most aggressive tightening cycle in decades, a string of positive economic data surprises and signs of easing inflationary pressures provided a dose of optimism that policymakers may achieve a soft landing. Meanwhile, second quarter corporate earnings results were stronger-than-expected, which also bolstered investor risk appetite in July. Extreme optimism gave way to growing skepticism in August as investors contemplated the trajectory for monetary policy. Volatility resurfaced and most asset classes ended the month lower as the higher-for-longer interest rate narrative took hold following data that showed ongoing resilience in the US economy that has translated into elevated and persistent inflation.

Financial markets kicked off the fourth quarter on a sombre note. While unrelenting strength in the US economy underscored the case for restrictive monetary policy for an extended time, escalating geopolitical tensions in the Middle East added to the gloomy mood and saw both stock and bond markets retreat in tandem. November then proved to be a blockbuster month for markets, with investor wagers for a dovish monetary policy pivot sparking a profound market rally. Financial markets ended 2023 on a high note with the Federal Reserve providing its strongest signal yet that it has ended its tightening campaign in December and pointed towards a pivot towards easing in 2024.

In this context, the Fund outperformed its benchmark.

Among the leading contributors to performance over the period were Constellation Software and Thomson Reuters.

Constellation Software offers software and systems that are narrowly focused on solving a problem for a specific market or industry and are typically core to an end customer's operations, making them utility-like and difficult to replicate. Constellation, a business we have long admired, has a number of strong attributes including one of the best decentralized business models we have come across, modest capex requirements, and an exceptional founder (and senior executives) with plenty of skin in the game. Following the sector-wide pullback that affected higher multiple technology companies last year, the company performed well over the year as they continue to focus on deal sourcing, execution and integration across various verticals.

Thomson Reuters is a leading provider of information-enabled software solutions. They have these industry-leading digital tools to help professionals in the legal, tax, accounting, and compliance fields. The company has a strong balance sheet, consistent pricing power and a resilient profile from the critical products and services they provide to their clients. Thomson Reuters has been proactive in evolving to meet the demands of changing market with the advent of AI-enabled solutions and made two acquisitions in this space (Casetext and Imagen) in the latter half of 2023.

Significant detractors over the period were Metro and Telus.

Metro distributes food and pharmaceutical products through an expansive network of grocery and drug stores in Quebec and Ontario. The company benefits from the natural attractive industry structure in the Canadian grocery sector, strong pricing power and a top-tier management team with a track record of efficiency and operational excellence. After showing strong resilient performance during the volatility of last year, the stock experience more muted performance during the first half of 2023. Metro also announced a step-up in costs into next year as they are in the process of modernizing their supply chain network. While higher costs may act as a headwind in the short-term, improved productivity in the long-term should help Metro continue to deliver strong results over time.

Telus Corporation is a telecommunications company providing a variety of communications products and services including voice, data, Internet, and wireless services to businesses and consumers in Canada. The company benefits from strong market share in Western Canada and an experienced, innovative and customer focused management team. In the new competitive environment following last year's industry acquisitions, the market may be wondering how Telus will fare with their core telecommunication business given their expansion into other industries in recent years. The company's share price was down to end the year as continued competitive pressure in their core telecommunications unit and underperformance from their Telus International subsidiary affected performance.

Recent Developments

We currently have positions in a portfolio of well managed and profitable Canadian companies, including Intact Financial, Royal Bank of Canada, Constellation Software, Toromont, and Thomson Reuters all of which find themselves in our top 10 holdings.

These companies are all well established with track records of profitability and growth over time and align well with our investment approach.

Over the period, we initiated a position in Industrial Alliance Financial Group and exited our positions in Brookfield Asset Management and Brookfield Corporation.

Brookfield Corporation (Ticker BN) is a Canadian multinational company that is one of the world's largest alternative investment management companies, with over US$725 billion of assets under management. It focuses on direct control investments in real estate, renewable power, infrastructure, credit, and private equity. The company operates via a number of subsidiaries through which it maintains varying levels of ownership. In Q4 2022 the company spun off the primary asset management division Brookfield Asset Management (Ticker BAM) in which it continues to maintain a 75% ownership stake. After undertaking a due diligence process to properly understand the structure and dynamics of the new separate entity, we decided to exit the position primarily for valuation reasons. Later in the year, we also decided to sell our position in the parent entity, Brookfield Corporation.

During the third quarter, we initiated a position in Industrial Alliance Financial Group. Industrial Alliance is a leading Canadian life insurance company, with primary operations in life and health insurance, as well as savings and retirement plans. The company has a network that includes more than 25,000 agents. Operating for almost 40 years, IAG is a durable franchise with a long history. The company has a good track record on profitability and earnings growth and has been resilient during challenging market conditions.

Investors in our strategy have the benefit of an investment team with a solid long-term track record of performance, with a focus on capital preservation. Our commitment remains to investing in high-quality companies with a demonstrated ability to compound intrinsic value over time, with our portfolio continuing to trade at an attractive discount to intrinsic value.

Responsible investing criteria are directly integrated into our research process. Consequently, portfolio addition/removal decisions are made based on the overall assessment of the quality and valuation characteristics of a company which would include ESG factors among others.

The Canadian Equity team integrates ESG factors directly in the strategies they manage. ESG factors are integrated into the investment process as part of the quality and risk assessment of individual securities for all the strategies managed by the team.

Capital preservation being a key focus, the team's proprietary research template explicitly targets Environmental, Social and Governance factors that could result in material risks or opportunities for the company and the stock price.

In other words, as with business or investment considerations, ESG factors are used to help us assess the long-term durability, potential, and success as well as long-term value of a business. They align very well with a philosophy focused on long-term results and success through an assessment of quality, capital allocation abilities and sustainability. It's part of long-term, quality investing.

The Fund aims to maintain a lower level of carbon emissions relative to its benchmark. The Fund has been successful at achieving its objective—as of December 31, 2023, the Fund's carbon emissions were at 97.2T CO_2E/$M Sales compared to 261.5 for the benchmark (S&P TSX).

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	78,233.53
Brokerage fees paid to National Bank Financial	4,332.18

Holdings

As at December 31, 2023, ownership of the redeemable units outstanding of the ETF was held by the following NBI Funds as indicated below:

NBI Funds	Ownership of the redeemable units outstanding of the ETF %
NBI Secure Portfolio	0.56
NBI Conservative Portfolio	3.69
NBI Moderate Portfolio	6.52
NBI Balanced Portfolio	14.43
NBI Growth Portfolio	7.86
NBI Equity Portfolio	3.30
NBI Sustainable Canadian Equity Fund	61.48

Transactions between the NBI Funds and the ETF were carried out in the normal course of business. The portfolio manager for these Funds 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:

a) 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;
b) purchasing on the secondary market securities of a related issuer that are not traded on an exchange;
c) 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.

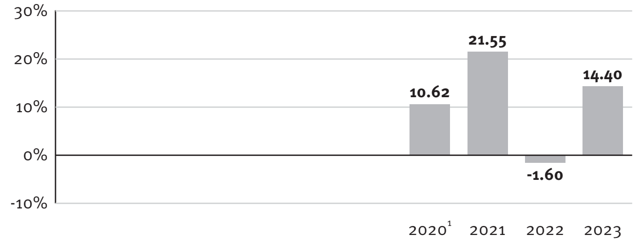
The ETF pays an annual management fee of 0.60% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general 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 March 4, 2020 (commencement of operations) to December 31, 2020.*

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 Sustainable Canadian Equity ETF

	1 year	3 years	5 years	10 years	Since inception
ETF Units[1]	14.40%	11.02%	–	–	11.70%
Benchmark	11.75%	9.59%	–	–	12.04%

[1]Commencement of operations: March 4, 2020

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: March 4, 2020

Accounting Period Ended	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Net Assets, Beginning of Accounting Period Shown [2]	32.24	33.06	27.50	25.00
Increase (Decrease) from Operations ($)				
Total revenue	0.73	0.65	0.67	0.50
Total expenses	(0.24)	(0.22)	(0.22)	(0.15)
Realized gains (losses)	0.22	(0.63)	0.23	(0.22)
Unrealized gains (losses)	3.71	0.19	4.43	2.74
Total Increase (Decrease) from Operations [3]	4.42	(0.01)	5.11	2.87
Distributions ($)				
From net investment income (excluding dividends)	—	—	—	—
From dividends	0.42	0.29	0.35	0.17
From capital gains	—	—	0.17	—
Return of capital	—	—	—	0.02
Total Annual Distributions [4]	0.42	0.29	0.52	0.19
Net Assets, End of Accounting Period Shown [2]	36.44	32.24	33.06	27.50

Ratios and Supplemental Data

Accounting Period Ended	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Total net asset value (000's of $) [5]	1,807,576	1,358,917	355,447	6,187
Number of units outstanding [5]	49,600,000	42,150,000	10,750,000	225,000
Management expense ratio (%) [6]	0.69	0.69	0.69	0.69
Management expense ratio before waivers or absorptions (%)	0.69	0.69	0.69	0.69
Trading expense ratio (%) [7]	—	—	—	0.01
Portfolio turnover rate (%) [8]	11.40	7.32	6.61	28.74
Net asset value per unit ($)	36.44	32.24	33.06	27.50
Closing market price [9]	36.44	32.23	33.08	27.62

(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
Constellation Software Inc.	5.9
CGI Group Inc., Class A	5.1
Thomson Reuters Corp.	5.1
CANADIAN PACIFIC KANSAS CITY	4.9
Dollarama Inc.	4.8
Intact Financial Corp.	4.8
Royal Bank of Canada	4.5
Toromont Industries Ltd.	4.5
Canadian National Railway Co.	4.4
TMX Group Ltd.	4.3
Metro Inc.	4.2
Waste Connections Inc.	4.2
Loblaw Companies Ltd.	3.9
Bank of Montreal	3.8
National Bank of Canada	3.8
TELUS Corp.	3.3
Descartes Systems Group Inc.	3.2
Toronto-Dominion Bank	3.1
Stantec Inc.	3.0
Restaurant Brands International Inc.	2.9
CCL Industries Inc., Class B	2.7
Empire Company Ltd., Class A	2.6
Quebecor Inc., Class B	2.1
RB Global Inc.	1.9
Cash, Money Market and Other Net Assets	0.9
	93.9

Net asset value	$1,807,575,662

Asset Mix

	% of Net Asset Value
Common Shares	99.1
Cash, Money Market and Other Net Assets	0.9

Sector Allocation

	% of Net Asset Value
Industrials	30.9
Financials	25.2
Information Technology	15.5
Consumer Staples	10.6
Consumer Discretionary	7.7
Communication Services	5.3
Materials	3.9
Cash, Money Market and Other Net Assets	0.9

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.