

Annual Management Report of Fund Performance

For the period ended December 31, 2024

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2024

NBI Exchange-Traded Funds

NBI Liquid Alternatives 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 Liquid Alternatives ETF's investment objective is to provide a positive return while maintaining low correlation to, and lower volatility than, the return of the global equity markets. The ETF will aim to achieve this investment objective regardless of prevailing market conditions or general market direction. The ETF will seek to achieve this objective by investing primarily in long and short positions on financial derivatives that provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities. The use of derivatives may introduce leverage into the ETF. Under normal market conditions, the NBI Liquid Alternatives ETF's leverage ratio, expressed as a ratio of aggregate gross exposure of the NBI Liquid Alternatives ETF to borrowing, short selling and derivatives divided by its NAV, will not exceed three times (300% or 3:1).

The ETF uses a quantitative, rules-based strategy designed to evaluate the overall current expected return, risk and correlation of the investible universe available to the ETF. The portfolio manager uses computer models that analyze the available information on the current interactions between different asset classes (correlation), their current risk levels and short, medium and long-term return expectations. Following this analysis, results are aggregated to automatically propose to the portfolio manager long and short positions that reduce risk and correlation while aiming to maintain a positive return.

Risks change from M to LM

The Fund's risk level was modified from "medium" to "low to medium" during the year. This change aims to more accurately reflect the Fund's actual risk level.

Results of Operations

For the twelve-month period ended December 31, 2024, the NBI Liquid Alternatives ETF's units returned -2.46% compared to 4.86% for the ETF's benchmark, the FTSE Canada T Bill 91 Days 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 4.17% over the period, from \$402.56 million as at December 31, 2023 to \$419.36 million as at December 31, 2024.

At the beginning of 2024, a climate of cautious optimism had settled in. Indeed, while 2023 had just ended with a spectacular rebound, central banks were still facing a significant challenge: initiating a reduction in interest rates while inflation had not yet returned to target levels and several previously infallible recession indicators had already been triggered. Ultimately, it was the most optimistic investors who prevailed; with inflation continuing to slow, central banks deep into rate-cutting cycles, and the U.S. economy continuing to exceed all expectations, stock markets experienced a spectacular year in 2024. Bonds, however, had a mixed year, delivering performance similar to that of cash.

More specifically, global equities (+18.0% for the MSCI ACWI in USD) delivered an excellent performance for the second consecutive year, outperforming Canadian bonds (+4.1% for the Canadian fixed-income universe). Market leadership was firmly in North America, with the S&P 500 (+25.0% in USD) and the S&P/TSX (+21.7%) posting annual returns well above their historical averages, while emerging markets and the EAFE region posted much more modest gains of 8.1% and 4.3% (in USD), respectively.

In the fixed-income space, the risk-on climate favoured Canadian corporate bonds (+7.1%) and U.S. high-yield bonds (+8.2% in USD). Conversely, government bonds delivered more modest annual returns in Canada (+3.4%), and even more so in the United States (+0.5% for the ICE BofA U.S. Treasuries Index). Among commodities, oil prices (+0.8%) ended the year virtually unchanged. Moreover, the economic and political environment was highly favourable for gold, which saw an annual gain of 27.1%, outpacing equities. Finally, the U.S. dollar appreciated significantly (+7.1% for the DXY index) during the year, buoyed by the relative outperformance of the U.S. economy and tariff threats from the upcoming Trump administration.

In this context, the Fund underperformed its benchmark.

In 2024, NALT's three biggest return contributors were Gold, the Canadian Dollar, and the 3-month SOFR futures positions; its three biggest return detractors were the U.S. Long, Copper, and the British Pound futures positions.

In the first quarter, the three biggest return contributors were the Japanese Yen, Gold, and Brent Crude futures positions; the three biggest return detractors were Copper, the Australian Dollar, and Silver futures positions.

In the second quarter, the three biggest return contributors were the Japanese Yen, Copper, and Gold futures positions; the three biggest return detractors were Natural Gas, the U.S. Long, and Gasoline futures positions.

In the third quarter, the three biggest return contributors were Gold, Copper, and Gasoline futures positions; the three biggest return detractors were the Japanese Yen, WTI Crude, and Brent Crude futures positions.

In the fourth quarter, the three biggest return contributors were the Canadian Dollar, Corn, and the 3-month SOFR futures positions; the three biggest return detractors were Copper, the British Pound, and the Australian Dollar futures positions.

Recent Developments

One notable transaction was following the Japanese Yen rally at the end of July/early August. The Fund had a substantial short position in Japanese Yen futures around that time, which impacted performance negatively. The position was brought back to a marginally short position after the carry trade reversal.

NALT follows a weekly systematic trading strategy. As such, outside of discretionary decisions, the impact on the Fund of the weekly changes in positions is only incremental. There were no changes in the strategy in 2024.

As of 2024-12-31, NALT's positioning in futures was short in fixed income (except for the 3-month SOFR), short in currencies (except for the Japanese Yen, and marginal for the British Pound), long in energy (except for Heating Oil and Gasoline), long in agriculture (except for Soybean Oil and Wheat), and long in metals.

As of 2024-12-31, the effective duration of the portfolio was -2.54.

For 2025, the Portfolio Manager believes that the most likely scenario involves a soft landing being confirmed in the first half of the year. However, while this should finally allow us to turn the page on four years of significant economic disruptions caused by the pandemic, investors still face high valuations, a weakened economy, and heightened political uncertainty with Donald Trump's return to the White House, which significantly complicates the outlook.

It is important to note that NALT's underlying models are purely quantitative. These models try to capture market trends to favourably direct weekly allocations. The Fund's strategy is thus hard to predict for the coming months, except for punctual and infrequent discretionary decisions. The strategy is strictly bound to respect diverse constraints nonetheless, which keep it aligned with NALT's 3 main objectives: sustained absolute positive performance, moderate volatility, and decorrelation to equity markets.

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, 2024
Total brokerage fees	\$516,208.33
Brokerage fees paid to National Bank Financial	-

Holdings

As at December 31, 2024, 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 Presumed Sound Investments Fund	1.0600
NBI Multiple Asset Class Private Portfolio	1.0000
Meritage Tactical ETF Moderate Portfolio	0.4200
Meritage Tactical ETF Balanced Portfolio	0.8400
Meritage Tactical ETF Growth Portfolio	0.5700

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.

As at December 31, 2024, the Multi Asset Class Basket Private Pool held approximately 0.10% ownership of the redeemable units outstanding of the ETF. Transactions between the Multi Asset Class Basket Private Pool 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 December 31, 2024, the NBI Exclusive Income Pooled Fund held approximately 2.44% 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.

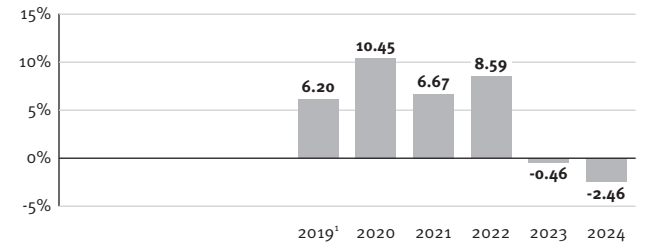
The ETF pays an annual management fee of 0.60% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general 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 February 8, 2019 (commencement of operations) to December 31, 2019.

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, 2024, compared with the following benchmark:

- FTSE Canada 91 Day T-Bill Index (CAD)

NBI Liquid Alternatives ETF

	1 year	3 years	5 years	10 years	Since inception
ETF Units ¹	(2.46)%	1.78%	4.43%	-	4.81%
Benchmark	4.86%	3.79%	2.47%	-	2.77%

¹Commencement of operations: February 8, 2019

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 **FTSE Canada 91 Day T-Bill Index** tracks the daily return on 91-day Canadian Treasury bills.

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 8, 2019

Accounting Period Ended	2024 December 31	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	23.17	23.64	22.04	21.81	21.14
Increase (Decrease) from Operations (\$)					
Total revenue	(0.33)	0.09	0.51	1.26	2.38
Total expenses	(0.18)	(0.16)	(0.17)	(0.16)	(0.15)
Realized gains (losses)	—	(0.04)	(0.07)	(0.05)	(0.03)
Unrealized gains (losses)	(0.18)	—	—	—	—
Total Increase (Decrease) from Operations ⁽³⁾	(0.69)	(0.11)	0.27	1.05	2.20
Distributions (\$)					
From net investment income (excluding dividends)	—	—	0.22	1.26	1.53
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	0.53	0.37	—	0.03	—
Total Annual Distributions ⁽⁴⁾	0.53	0.37	0.22	1.29	1.53
Net Assets, End of Accounting Period Shown ⁽²⁾	22.10	23.17	23.64	22.04	21.81

Ratios and Supplemental Data

Accounting Period Ended	2024 December 31	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Total net asset value (000's of \$) ⁽⁵⁾	419,357	402,562	332,146	84,853	39,801
Number of units outstanding ⁽⁵⁾	18,975,000	17,375,000	14,050,000	3,850,000	1,825,000
Management expense ratio (%) ⁽⁶⁾	0.64	0.69	0.69	0.69	0.69
Management expense ratio before waivers or absorptions (%)	0.64	0.69	0.69	0.69	0.69
Trading expense ratio (%) ⁽⁷⁾	0.12	—	—	—	—
Portfolio turnover rate (%) ⁽⁸⁾	—	8.66	33.04	—	—
Net asset value per unit (\$)	22.10	23.17	23.64	22.04	21.81
Closing market price ⁽⁹⁾	22.02	23.23	23.69	22.03	21.86

⁽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.

⁽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, 2024

Portfolio Top Holdings

	% of Net Asset Value
Cash and Other Net Assets	93.9
Currency Futures	(42.8)
Interest Rate Futures	(7.7)
Commodity Futures	28.9
Counterparty on Futures	25.0
Government of Canada, 3.22%, due January 15, 2025	2.7
	100.0

Net asset value \$419,357,256

Asset Mix

	% of Net Asset Value
Canadian T-Bills	2.7
Derivative Products	3.4
Cash, Money Market and Other Net Assets	93.9

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.



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