

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2023

Global Equity Fund

## **NBI International Equity Fund**

### **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 International Equity Fund's investment objective is to provide long-term capital growth. The fund invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio comprised primarily of common shares of companies located outside of North America selected using a high conviction investment approach.

The portfolio sub-advisor invests in a geographically diversified portfolio consisting primarily of common shares of medium and large capitalization companies located outside of North America. The portfolio sub-advisor seeks undervalued shares in every sector, and also considers the quality and liquidity of the securities. The portfolio sub-advisor relies on its convictions in selecting portfolio securities. The fund may invest up to 25% of its assets in emerging market securities.

### 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

The NBI International Equity Fund was launched on June 20, 2023, and the Fund's net asset value was \$229.06 million as at December 31, 2023. Investment performance is not provided for a Fund that has been available for less than one year.

International equity markets were helped by continued signs of easing inflation and early indications of future rate cuts from the ECB. Markets finished higher for the year.

As bottom-up fundamental investors with a long-term investment horizon, we expect the strategy's relative performance to be mostly driven by security selection. This was the case in the applicable period.

Among the top contributors to the Fund's performance was security selection within the Healthcare sector as well as sector allocation to Information Technology.

### Recent Developments

During the first quarter of 2023, we exited a position in Chr. Hansen Holding (CHR-DK). The company announced a merger with Novozymes in late 2022 and rallied significantly after the news. Post-merger, the long-term thesis remains fully intact, but we decided to exit given more attractive opportunities elsewhere in the Fund. Proceeds were used to increase positions in London Stock Exchange, Air Liquide, and Nestlé.

During the second quarter of 2023, we exited positions in Svenska Handelsbanken and Fanuc while initiating positions in Ashtead and ASML. The exits of Svenska Handelsbanken and Fanuc were motivated by other more attractive theses and risk-adjusted return opportunities. Ashtead, a leading construction, and industrial equipment rental company was added to the International Strategy driven by our view that in a very fragmented market, Ashtead is poised to benefit from their scale, purchasing power, expansive coverage, and technological/operational excellence. ASML, the leading supplier of photolithography systems used in the semiconductor industry was added as we believe increased adoption of ASML's EUV technology and strong pricing power will benefit the company over the long term. Additionally, ASML partially diversifies geopolitical risks associated with TSMC.

During the third quarter of 2023, we exited a position in Rotork while initiating a position in AON. The exit of Rotork was motivated by other more attractive theses and risk-adjusted opportunities. Proceeds from the sale were used to partially build the initial position in AON, one of the world's largest insurance brokerage companies. The company was added to the International Strategy as we believe it stands to benefit from high barriers to entry with specialized expertise, a trusted brand, and global scale. Additionally, it is our view that AON has a stable business model with low cyclicality, high-recurring revenues, and strong capital management.

All new and exited positions had an impact on the Fund's performance. However, none were among the top five contributors or detractors in the period.

Our investment horizon is best measured in years, conceivably decades, not months or quarters. Our focus continues to be on identifying what we believe to be high-quality companies with sustainable competitive advantages, operating in industries with high barriers to entry, and contributing to durable pricing power.

The Series FH and Series H were launched for the Fund on July 12, 2023.

## Related Party Transactions

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

### Trustee, Custodian, and Registrar

Natcan Trust Company ("NTC"), a direct or indirect wholly-owned subsidiary of the Bank, is the Fund's trustee. In this capacity, it is the legal owner of the Fund's investments.

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

NBII acts as principal distributor for the Fund. In this capacity, NBII buys, sells and swaps securities through external registered representatives. Fund securities are also offered by National Bank Financial Inc. (including its division National Bank Direct Brokerage), CABN Investments (a division of NBII) and other affiliated entities. Brokers may receive, depending on the distributed series, a monthly commission representing a percentage of the average daily value of the securities held by their clients.

### 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>	155,341.57
<b>Brokerage fees paid to National Bank Financial</b>	-

### Registered Plan Trust Services

NTC 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 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>
Advisor Series and Series H			
Front-end load	1.75%	57.14%	42.86%
Series F and Series FH	0.75%	—	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

Investment performance is not provided for a Fund that has been available for less than one year.

## 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.

### Advisor Series

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

Commencement of operations: June 20, 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	0.06
Total expenses	(0.15)
Realized gains (losses)	0.03
Unrealized gains (losses)	0.81
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	0.75
<b>Distributions (\$)</b>	
From net investment income (excluding dividends)	—
From dividends	—
From capital gains	0.02
Return of capital	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.02
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.33

### Ratios and Supplemental Data

Accounting Period Ended	2023 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	495
Number of units outstanding <sup>(5)</sup>	47,934
Management expense ratio (%) <sup>(6)</sup>	2.29
Management expense ratio before waivers or absorptions (%)	2.29
Trading expense ratio (%) <sup>(7)</sup>	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	8.46
Net asset value per unit (\$)	10.33

### Series F\*

<sup>(1)</sup> Please note that the data presented below is in CAD although this Series is also available under the USD purchase option.

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

Commencement of operations: June 20, 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	0.05
Total expenses	(0.09)
Realized gains (losses)	0.03
Unrealized gains (losses)	1.27
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.26
<b>Distributions (\$)</b>	
From net investment income (excluding dividends)	—
From dividends	—
From capital gains	0.01
Return of capital	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.01
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.40

### Ratios and Supplemental Data

Accounting Period Ended	2023 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	46,954
Number of units outstanding <sup>(5)</sup>	4,514,172
Management expense ratio (%) <sup>(6)</sup>	1.05
Management expense ratio before waivers or absorptions (%)	1.05
Trading expense ratio (%) <sup>(7)</sup>	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	8.46
Net asset value per unit (\$)	10.40

## Series FH

Net Assets per Unit<sup>(4)</sup>

Commencement of operations: July 12, 2023

Accounting Period Ended	2023 December 31
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	10.00
<b>Increase (Decrease) from Operations (\$)</b>	
Total revenue	0.06
Total expenses	(0.08)
Realized gains (losses)	0.08
Unrealized gains (losses)	0.13
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	0.19
<b>Distributions (\$)</b>	
From net investment income (excluding dividends)	—
From dividends	—
From capital gains	0.13
Return of capital	—
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	0.13
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	10.30

### Ratios and Supplemental Data

Accounting Period Ended	2023 December 31
Total net asset value (ooo's of \$) <sup>(5)</sup>	3,604
Number of units outstanding <sup>(3)</sup>	349,872
Management expense ratio (%) <sup>(6)</sup>	1.14
Management expense ratio before waivers or absorptions (%)	1.14
Trading expense ratio (%) <sup>(7)</sup>	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	8.46
Net asset value per unit (\$)	10.30

## Series H

Net Assets per Unit<sup>(4)</sup>

Commencement of operations: July 12, 2023

Accounting Period Ended	2023 December 31
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	10.00
<b>Increase (Decrease) from Operations (\$)</b>	
Total revenue	0.07
Total expenses	(0.13)
Realized gains (losses)	0.09
Unrealized gains (losses)	0.18
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	0.21
<b>Distributions (\$)</b>	
From net investment income (excluding dividends)	—
From dividends	—
From capital gains	0.08
Return of capital	—
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	0.08
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	10.29

### Ratios and Supplemental Data

Accounting Period Ended	2023 December 31
Total net asset value (ooo's of \$) <sup>(5)</sup>	205
Number of units outstanding <sup>(3)</sup>	19,956
Management expense ratio (%) <sup>(6)</sup>	2.29
Management expense ratio before waivers or absorptions (%)	2.29
Trading expense ratio (%) <sup>(7)</sup>	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	8.46
Net asset value per unit (\$)	10.29

## Series O

Net Assets per Unit<sup>(4)</sup>

Commencement of operations: June 20, 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	0.05
Total expenses	(0.03)
Realized gains (losses)	0.05
Unrealized gains (losses)	0.47
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	0.54
<b>Distributions (\$)</b>	
From net investment income (excluding dividends)	—
From dividends	0.03
From capital gains	0.04
Return of capital	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.07
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.40

## Ratios and Supplemental Data

Accounting Period Ended	2023 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	177,805
Number of units outstanding <sup>(3)</sup>	17,099,530
Management expense ratio (%) <sup>(6)</sup>	0.02
Management expense ratio before waivers or absorptions (%)	0.02
Trading expense ratio (%) <sup>(7)</sup>	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	8.46
Net asset value per unit (\$)	10.40

<sup>(1)</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>(2)</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>(3)</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.

<sup>(4)</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
Novo Nordisk A/S	6.4
Nestlé SA	5.8
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	5.8
London Stock Exchange Group PLC	4.9
Louis Vuitton Moët Hennessy	4.6
Intercontinental Hotels Group PLC	4.1
Air Liquide SA	3.9
Essilor International SA	3.9
L'Oréal SA	3.8
S&P Global Inc.	3.6
ASML Holding NV	3.5
Keyence Corp.	3.5
Cie Financière Richemont SA, Class A	3.2
Diageo PLC	3.2
Canadian National Railway Co.	3.1
SAP SE	3.0
Alcon AG	2.6
Schindler Holding AG, PTG Cert	2.6
Geberit AG	2.4
Howden Joinery Group PLC	2.4
Ashtead Group PLC	2.1
HDFC Bank Ltd., ADR	2.1
Shimano Inc.	2.1
Spirax-Sarco Engineering PLC	2.1
Cash, Money Market and Other Net Assets	1.6
	86.3

Net asset value .....\$229,063,582

### Regional Allocation

	% of Net Asset Value
United Kingdom	26.3
Switzerland	18.0
France	16.3
Japan	7.1
Denmark	6.4
Taiwan	5.8
Germany	4.3
United States	3.6
Netherlands	3.5
Canada	3.2
India	2.1
Australia	1.9
Cash, Money Market and Other Net Assets	1.5

### Sector Allocation

	% of Net Asset Value
Industrials	20.1
Consumer Staples	15.9
Information Technology	15.8
Financials	14.4
Health Care	14.4
Consumer Discretionary	13.9
Materials	4.0
Cash, Money Market and Other Net Assets	1.5

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).