

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2024

Specialized Fund
NBI Innovators 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.

This interim management report of fund performance contains financial highlights, but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim 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, 800 Saint-Jacques Street, Transit 44331, Montreal, Quebec, H3C 1A3, 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 investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Results of Operations

For the six-month period ended June 30, 2024, the NBI Innovators Fund's Investor Series units returned 16.95% compared to 19.31% for the Fund's benchmark, the Morningstar® U.S. Large-Mid Cap Index™. Unlike the indices, 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.

The Fund's net asset value rose by 22.92% over the period, from \$180.96 million as at December 31, 2023 to \$222.45 million as at June 30, 2024.

The increase stemmed mainly from unit purchases by investors in the Fund and market fluctuations.

At the halfway mark, the S&P 500 has notched returns of 15.29%. Market polarization is evident given how the market rally has been driven by the "Mag 7," with ~61% of the index returns being contributed by these 7 names. By contrast, the U.S. economy grew at the slowest pace in two years (1.6% annualized) during the first quarter of 2024. Additionally, inflation trended downwards during the quarter. However, the Fed reiterated that they don't expect to cut rates until they gain confidence that inflation is moving sustainably towards 2%. Notably, Nvidia overtook Microsoft to briefly become the world's most valuable company before slipping down the rankings at the end of June. Finally, the unemployment rate rose to 4% in May 2024, the highest since January 2022.

In this context, the Fund underperformed its benchmark.

Positive contributors

- Taiwan Semiconductor (TSM): Semiconductor vendor outperformed due to a strong earnings report and solid momentum for AI-exposed stocks. Additionally, in June, industry reports suggested that TSMC is considering material price increases.
- Arista Networks (ANET): Hardware vendor outperformed following strong results where the company unexpectedly upped its FY revenue guidance (12–14% vs. 10–12% prior).
- Pure Storage (PSTG): Hardware vendor outperformed following strong results and solid momentum for AI-exposed stocks.

Negative contributors

- Exact Sciences (EXAS): EXAS is the leader in non-invasive colon cancer testing with their Cologuard product. The stock was lower during the period for two primary reasons: i) the company announced they needed to increase investment in their sales force; ii) an FDA advisory committee voted favourably for Guardant Health's (GH) blood-based testing which could become competition for EXAS.
- Block (SQ): The company reported strong results, with upside to both gross profit and EBITDA, and raised their FY 2024 guidance.
- Dexcom (DXCM): The leader in continuous glucose monitoring (CGM) underperformed during the quarter because of pressure from short sellers. DXCM pushed back the launch of their cash pay Stelo product by ~1.5 months and some investors worried if the \$35m in revenue guidance would be achievable.

Recent Developments

Initiations

- VRTX: We initiated a position VRTX, a leading biopharma company with a robust pipeline and a durable cystic fibrosis franchise. We see upside to their novel, non-opioid, VX-548 pain molecule.
- KNSL: We initiated a position in the leading specialty insurance company after the stock was pressured by its Q1 results where growth came in below expectations and some feared it could be indicative of the cycle ending.

- BRZE: We believe this modern multichannel real-time marketing orchestration platform is being discovered and recognized by larger brands. The company has 60% of their revenue coming from 200 customers paying 1.5 m/year, with both customers and revenue/customer in this cohort growing 15–20% per annum.

Additions

- SYK: We increased our position in SYK, the leading medtech company, after the stock drifted lower on fears that we reached peak utilization.
- AAPL: We added to AAPL ahead of the WWDC event in early June where the company was expected to showcase its AI offerings.

Eliminations

- RCL: While the trend for cruises remains strong, we decided to eliminate the position as there is a growing concern about higher supply (more new ships = capacity).
- ZI: ZI has been disappointing primarily because customer spending environment has remained lacklustre. We were too early on the stock. It has been a mistake.

Reductions

- ANET: We trimmed the position after recent outperformance.
- TOST: We trimmed on outperformance in what could be a challenging year for discretionary consumer spending like restaurants.

Our largest overweight positions are currently Amazon (AMZN), Charles Schwab (SCHW), and Humana (HUM).

Our outlook on equities continues to be relatively optimistic primarily due to our bullish earnings expectations (particularly for mega cap stocks), while acknowledging that interest rates are likely to remain elevated in 2024. It's our belief that consensus earnings forecasts for 2024/25 can move higher as companies deliver stronger operating leverage. We also expect a modestly less restrictive monetary policy in 4Q24 when inflation data points are likely to moderate towards the Fed's 2.0% target. The risk to our view is a slowing macro and uncertainty around capex spending decisions ahead of the looming U.S. Presidential election. For the moment, high profitability, cash flow, and the potential for easing monetary policy support the market's 20x PE multiple (forward earnings), but valuation leaves little margin for error.

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 Bank branches and the National Bank Investments Advisory Service in Canadian provinces and territories, and 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.

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 [†]
Investor Series	1.75%	57.14%	42.86%
Advisor Series*			
Front-end load**	1.75%	57.14%	42.86%
Series F	0.75%	—	100.00%

^(†) Includes all costs related to management, investment advisory services, general administration and profit.

^(*) Excluding sales commissions paid on the Advisor Series with the low sales charge option and deferred sales charge option, which are not paid for out of the management fees.

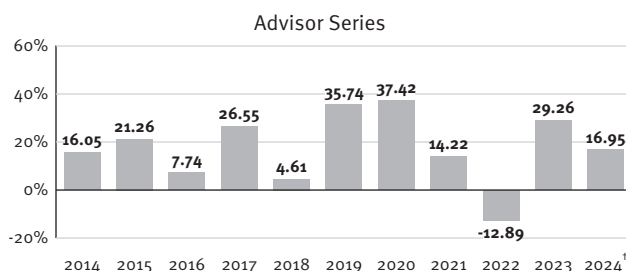
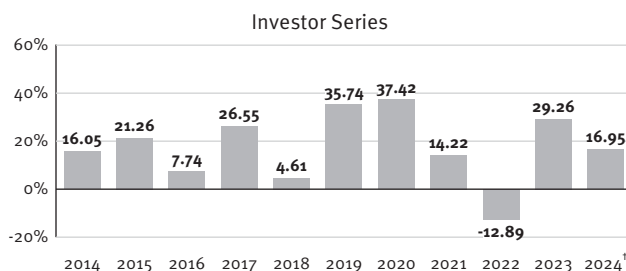
^(†) Rate applicable for all investments, including Advisor Series existing before May 14, 2015, systematic investment programs, reinvested distributions and switches.

Past Performance

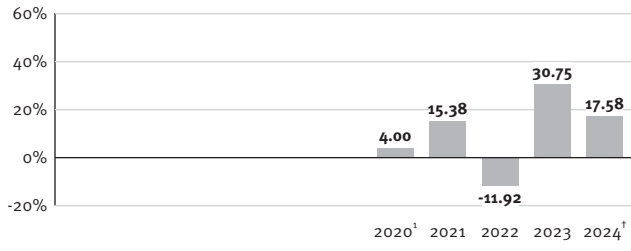
The performance of each series of the Fund is presented below and calculated as at December 31 of each year. It assumes that all distributions made in the periods shown were reinvested in additional securities and does not take into account sales, redemption charges, distributions, or optional charges 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.



Series F



⁽¹⁾ Returns for the period from December 3, 2020 (commencement of operations) to December 31, 2020.

^(†) Returns for the period from January 1, 2024 to June 30, 2024.

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.

Investor / Advisor* Series

⁽¹⁾ The Advisor Series was created on June 12, 2009.

Net Assets per Unit ⁽¹⁾		Commencement of operations: August 3, 1995				
Accounting Period Ended	2024 June 30	2023 December 31	2022 December 31	2021 December 31	2020 December 31	2019 December 31
Net Assets, Beginning of Accounting Period Shown⁽⁴⁾	61.49	47.56	54.62	47.78	34.78	25.66
Increase (Decrease) from Operations (\$)						
Total revenue	0.21	0.38	0.75	1.41	0.36	0.36
Total expenses	(0.76)	(1.23)	(1.12)	(1.14)	(1.03)	(0.77)
Realized gains (losses)	5.20	1.55	4.82	4.26	19.57	1.97
Unrealized gains (losses)	5.69	13.22	(13.13)	2.19	(6.09)	7.48
Total Increase (Decrease) from Operations (\$)⁽²⁾	10.34	13.92	(8.68)	6.72	12.81	9.04
Distributions (\$)						
From net investment income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	—	—
Return of capital	—	—	—	—	—	—
Total Annual Distributions (\$)⁽³⁾	—	—	—	—	—	—
Net Assets, End of Accounting Period Shown (\$)⁽⁴⁾	71.91	61.49	47.56	54.62	47.78	34.78

Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31	2022 December 31	2021 December 31	2020 December 31	2019 December 31
Total net asset value (ooo's of \$) ⁽⁵⁾	147,165	119,237	94,177	160,800	147,989	102,331
Number of units outstanding ⁽⁵⁾	2,046,487	1,939,271	1,979,940	2,944,653	3,095,687	2,941,786
Management expense ratio (%) ⁽⁶⁾	2.23	2.23	2.23	2.23	2.50	2.54
Management expense ratio before waivers or absorptions (%)	2.23	2.23	2.23	2.23	2.50	2.54
Trading expense ratio (%) ⁽⁷⁾	0.03	0.04	0.10	0.05	0.05	0.02
Portfolio turnover rate (%) ⁽⁸⁾	42.64	93.50	204.85	81.02	105.62	18.48
Net asset value per unit (\$)	71.91	61.49	47.57	54.61	47.81	34.79

Series F

Net Assets per Unit⁽¹⁾ Commencement of operations: December 3, 2020

Accounting Period Ended	2024 June 30	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Net Assets, Beginning of Accounting Period Shown⁽⁴⁾	13.82	10.57	12.00	10.40	10.00
Increase (Decrease) from Operations (\$)					
Total revenue	0.05	0.08	0.17	0.40	—
Total expenses	(0.09)	(0.14)	(0.13)	(0.13)	(0.01)
Realized gains (losses)	1.17	0.37	2.06	0.59	—
Unrealized gains (losses)	1.28	2.94	(2.44)	1.29	(0.28)
Total Increase (Decrease) from Operations (\$)⁽²⁾	2.41	3.25	(0.34)	2.15	(0.29)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$)⁽³⁾	—	—	—	—	—
Net Assets, End of Accounting Period Shown (\$)⁽⁴⁾	16.25	13.82	10.57	12.00	10.40

Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Total net asset value (ooo's of \$) ⁽⁵⁾	75,281	61,727	43,775	4,351	51
Number of units outstanding ⁽⁵⁾	4,633,411	4,468,005	4,141,913	362,569	4,919
Management expense ratio (%) ⁽⁶⁾	1.11	1.11	1.12	1.11	1.13
Management expense ratio before waivers or absorptions (%)	1.11	1.11	1.12	1.11	6.37
Trading expense ratio (%) ⁽⁷⁾	0.03	0.04	0.10	0.05	0.05
Portfolio turnover rate (%) ⁽⁸⁾	42.64	93.50	204.85	81.02	105.62
Net asset value per unit (\$)	16.25	13.82	10.57	12.00	10.40

- ⁽¹⁾ This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited 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.
- ⁽²⁾ 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.
- ⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Fund, or both.
- ⁽⁴⁾ The net assets are calculated in accordance with IFRS.
- ⁽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. The trading expense ratio history has been adjusted to include the trading expenses from its underlying funds. The calculation method described above has been used.
- ⁽⁸⁾ 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 June 30, 2024

Portfolio Top Holdings

	% of Net Asset Value
Microsoft Corp.	7.8
Apple Inc.	7.7
Amazon.com Inc.	6.0
Nvidia Corporation	5.4
Cash, Money Market and Other Net Assets	4.1
Meta Platforms, Inc., Class A	3.4
Eli Lilly & Co.	2.6
Advanced Micro Devices	2.5
Charles Schwab Corp./The	2.5
Philip Morris International Inc.	2.3
Humana Inc.	2.2
Stryker Corp.	2.1
Alphabet Inc., Class A	2.0
NextEra Energy Inc.	2.0
salesforce.com	2.0
Sherwin-Williams Co./The	2.0
Zillow Group Inc., Class C	2.0
Fiserv Inc.	1.9
Corpay Inc.	1.8
Block Inc., Class A	1.7
Texas Instruments Inc.	1.7
Uber Technologies Inc.	1.7
Boston Scientific Corp.	1.6
Lam Research Corp.	1.5
Lamb Weston Holdings Inc.	1.5
	72.0
Net asset value	\$222,446,018

Regional Allocation

	% of Net Asset Value
United States	92.7
Taiwan	1.5
Ireland	1.3
Israel	0.4
Cash, Money Market and Other Net Assets	4.1

Sector Allocation

	% of Net Asset Value
Software	13.2
Semiconductors & Equipment	12.6
Computer & Peripherals	8.6
Internet & Catalog Retail	7.0
Health Care Equipment & Supplies	6.8
Interactive Media & Services	6.5
Financial Services	6.3
IT Services	4.3
Pharmaceuticals	2.6
Capital market	2.5
Building Products	2.4
Tobacco	2.3
Health Care Providers & Services	2.2
Electric Utilities	2.0
Media	2.0
Chemicals	2.0
Road & Rail	1.7
Specialty Retail	1.5
Food products	1.5
Biotechnology	1.2
Communication Equipment	1.2
Industrial Conglomerates	1.1
Machinery	1.1
Beverage	0.9
Electrical Equipment	0.9
Textiles, Apparel & Luxury Goods	0.9
Insurance	0.6
Cash, Money Market and Other Net Assets	4.1

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.

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.