

Interim Management Report of Fund Performance

For the period ended June 30, 2024

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2024

NBI Exchange-Traded Funds
NBI Canadian Dividend Income ETF

Notes on forward-looking statements

This report may contain forward-looking statements concerning the ETF, its future performance, its strategies or prospects or about future events or circumstances. Such forward-looking statements include, among others, statements with respect to our beliefs, plans, expectations, estimates and intentions. The use of the expressions "foresee", "intend", "anticipate", "estimate", "assume", "believe" and "expect" and other similar terms and expressions indicate forward-looking statements.

By their very nature, forward-looking statements imply the use of assumptions and necessarily involve inherent risks and uncertainties. Consequently, there is a significant risk that the explicit or implicit forecasts contained in these forward-looking statements might not materialize or that they may not prove to be accurate in the future. A number of factors could cause future results, conditions or events to differ materially from the objectives, expectations, estimates or intentions expressed in such forward-looking statements. Such differences might be caused by several factors, including changes in Canadian and worldwide economic and financial conditions (in particular interest and exchange rates and the prices of other financial instruments), market trends, new regulatory provisions, competition, changes in technology and the potential impact of conflicts and other international events.

The foregoing list of factors is not exhaustive. Before making any investment decision, investors and others relying on our forward-looking statements should carefully consider the foregoing factors and other factors. We caution readers not to rely unduly on these forward-looking statements. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so provides.

This interim management report of fund performance contains financial highlights, but does not contain the complete interim financial statements of the ETF. You can get a copy of the interim 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

Results of Operations

For the six-month period ended June 30, 2024, the NBI Canadian Dividend Income ETF's units returned 5.77% compared to 6.05% for the ETF's benchmark, the S&P/TSX Composite Index. Unlike the benchmark, the ETF's performance is calculated after fees and expenses. Please see the *Past Performance* section for the ETF's returns, which may vary mainly because of fees and expenses.

The Fund's net asset value rose by 4.29% over the period, from \$13.37 million as at December 31, 2023 to \$13.94 million as at June 30, 2024.

Canadian stocks rose in the first half as rising energy prices and a rally in commodities such as copper and nickel helped the benchmark S&P/TSX Composite Index weather a second-quarter decline. Oil and gas stocks led the way, rising 14% by mid-year, while materials, consumer staples, and industrials all contributed solid gains.

As has been the case since the start of the year, the S&P/TSX Composite Index underperformed the U.S.-based S&P 500 Index due to its smaller exposure to technology stocks.

The Bank of Canada became the first among Group of Seven central banks to launch into an easing cycle when it lowered its policy rate to 4.75% in June. Although BOC officials said it was "reasonable" to expect further cuts if progress on the inflation front continued, a hotter-than-expected consumer price index report for May subsequently reduced the odds of a follow-up interest-rate reduction as early as July.

Whatever the case, the Canadian economy is unquestionably cooling off, raising expectations of a soft landing. Gross domestic product advanced 1.7% in the first quarter, trailing the 2.2% average of economist estimates. Unemployment rose to 6.2% in May and 6.4% in June, slightly above pre-pandemic levels.

In this context, the Fund underperformed its benchmark.

Top performers

Lundin Mining Corporation: Lundin reported solid quarterly results while maintaining its growth outlook amid strengthening commodity prices.

Microsoft Corp.: Shares rose as Microsoft reported solid results and continued uptake for its artificial intelligence products.

Shopify: Not owned

Bank of Montreal: Not owned

Procter & Gamble: Strong quarterly earnings performance combined with increases in guidance.

Bottom performers

Quebecor Inc.: Interest-rate headwinds and stronger wireless competition led to the underperformance.

Brookfield Infrastructure: Valuation impacted by higher-for-longer interest rates, lack of stock-specific catalysts.

Manulife Financial Corp.: Not owned

Suncor Energy: Not owned

Granite REIT: Granite is being impacted by higher-for-longer interest rates and a lack of stock-specific catalysts.

Recent Developments

Additions

Alimentation Couche-Tard: Couche-Tard is a long-term compounder that had a rare stumble when they reported their most recent quarter, leading to an initiation opportunity.

Deletions

Intact Financial: We favour Definity Financial within the P&C insurers given its high level of excess capital and potential for accretive acquisitions post regulatory change in its legal status.

TMX Group: Key catalyst of material acquisition played out, more attractive upside in other financial names.

Sun Life Financial: Toronto-based Sun Life offers what we see as an unattractive risk-reward ratio relative to Canadian peer iA Financial.

We are optimistic on the outlook for equity markets in 2024. Even with interest rates near multi-decade highs, economic strength and resilience are strong. Potential risks and tiering of risks are as follows:

1. U.S. Elections: Previously this was our lowest risk given our prior expectation of an incumbency win. The June presidential debate highlighted the frail mental acuity of President Biden and threw our probabilities upside down. Unless the Republicans snatch defeat from the jaws of victory, Mr. Trump seems to have the presidency locked up. Oil & gas, military, defence, and financial services are likely to benefit, while renewable energy, healthcare, and the export-dependent industries that depend on cheap China supplies could suffer.
2. Unemployment rate: While still low in both Canada and the U.S. (6.2% and 4% in May, respectively), consensus expectations are that joblessness will increase over the coming year by around 3 basis points, which would still be low by historic standards.
3. Inflation: The Federal Reserve and the Bank of Canada have both made it clear that core inflation (excluding food and energy) must track back to 2%. Consensus is that it will fall to mid-2's by year end and the goal will be reached by 2025.
4. Geopolitical risk: Ukraine/Russia, Israel/Palestine, and possibly China/Taiwan/U.S. are conflicts that can impact migration flows, affect commodity prices, increase onshoring, and accelerate the energy transition. A Trump victory will likely see geopolitical risk increase.
5. Recession: The risk of a recession in North America is lower than it was 12 months ago. If anything, the economies have proven to be very resilient given the interest rate headwinds.
6. Interest rates: Consensus now expects almost two rate cuts in Canada and the U.S. by year end. This is down from five and six cuts respectively six months ago. We do not expect that real yields will go negative.

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 June 30, 2024
Total brokerage fees	2,479.68
Brokerage fees paid to National Bank Financial	180.89

Holdings

As at June 30, 2024, the NBI Exclusive Income Pooled Fund held approximately 89.77% ownership of the redeemable units outstanding of the ETF. Transactions between the NBI Exclusive Income Pooled Fund and the ETF were carried out in the normal course of business. The portfolio manager for this Fund is National Bank Trust Inc.

Independent Review Committee Approvals and Recommendations

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

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

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

Management Fees

The management fee is payable to the ETF manager in consideration of the services that the manager provides to the ETF in its capacity as manager, such as managing the day-to-day business and affairs of the ETF.

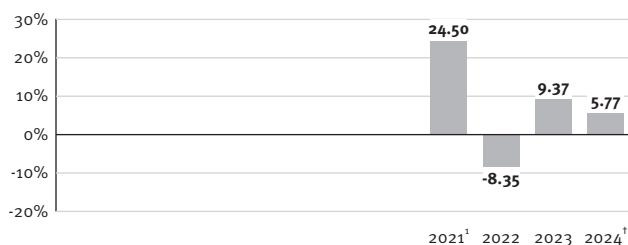
The ETF pays an annual management fee of 0.55% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general administration services.

Past Performance

The performance of the ETF, presented below and calculated as at December 31 of each year, is based on the net asset value of the ETF. It assumes that all distributions made in the periods shown were reinvested in additional units of the ETF. These returns do not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of an ETF does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart indicates the performance of the ETF for each of the years shown and illustrates how the performance has changed from year to year. It shows, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the ETF) would have grown or decreased by December 31 of that year, in the case of the Annual management report of fund performance, or by June 30, in the case of the Interim management report of fund performance.



⁽¹⁾ Returns for the period from February 11, 2021 (commencement of operations) to December 31, 2021.

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

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for the accounting periods shown.

Net Assets per Unit⁽¹⁾

Commencement of operations: February 11, 2021

Accounting Period Ended	2024 June 30	2023 December 31	2022 December 31	2021 December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	29.06	27.30	30.46	25.00
Increase (Decrease) from Operations (\$)				
Total revenue	0.52	1.03	0.92	0.77
Total expenses	(0.10)	(0.18)	(0.17)	(0.16)
Realized gains (losses)	0.59	(0.31)	(0.34)	0.63
Unrealized gains (losses)	0.65	1.98	(2.20)	4.82
Total Increase (Decrease) from Operations ⁽³⁾	1.66	2.52	(1.79)	6.06
Distributions (\$)				
From net investment income (excluding dividends)	—	—	0.08	0.03
From dividends	0.42	0.77	0.56	0.56
From capital gains	—	—	—	0.64
Return of capital	—	—	—	—
Total Annual Distributions ⁽⁴⁾	0.42	0.77	0.64	1.23
Net Assets, End of Accounting Period Shown ⁽²⁾	30.31	29.06	27.30	30.46

Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31	2022 December 31	2021 December 31
Total net asset value (000's of \$) ⁽⁵⁾	13,942	13,369	13,103	1,218
Number of units outstanding ⁽⁵⁾	460,000	460,000	480,000	40,000
Management expense ratio (%) ⁽⁶⁾	0.61	0.63	0.63	0.64
Management expense ratio before waivers or absorptions (%)	0.61	0.63	0.67	0.77
Trading expense ratio (%) ⁽⁷⁾	0.04	0.09	0.08	0.06
Portfolio turnover rate (%) ⁽⁸⁾	26.68	79.67	29.17	31.74
Net asset value per unit (\$)	30.31	29.06	27.30	30.46
Closing market price ⁽⁹⁾	30.32	29.05	27.30	30.43

⁽¹⁾ This information is derived from the ETF'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 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 June 30, 2024

Portfolio Top Holdings

	% of Net Asset Value
Royal Bank of Canada	7.9
Enbridge Inc.	6.8
Toronto-Dominion Bank	6.1
Canadian Natural Resources Ltd.	6.1
Microsoft Corp.	5.6
Brookfield Asset Management Ltd.	5.1
Canadian National Railway Co.	4.9
WSP Global Group Inc.	4.1
National Bank of Canada	4.0
Constellation Software Inc.	4.0
Quebecor Inc., Class B	4.0
Franco-Nevada Corp.	3.9
Brookfield Infrastructure Partners LP	3.6
Tourmaline Oil Corp.	3.6
iA Financial Corp Inc.	3.5
Procter & Gamble Co.	3.2
Wheaton Precious Metals Corp.	2.9
Alimentation Couche-Tard Inc.	2.8
TELUS Corp.	2.4
Lundin Mining Corp.	2.3
National Bank of Canada	2.1
Granite Real Estate Investment Trust	2.0
Parkland Corp.	1.6
Definity Financial Corporation	1.4
Cash, Money Market and Other Net Assets	1.0
	94.9

Net asset value \$13,942,324

Asset Mix

	% of Net Asset Value
Canadian Equity	90.2
US Equity	8.8
Cash, Money Market and Other Net Assets	1.0

Sector Allocation

	% of Net Asset Value
Financials	30.2
Energy	18.0
Industrials	9.6
Information Technology	9.6
Materials	9.1
Consumer Staples	9.0
Communication Services	6.4
Utilities	5.1
Real Estate	2.0
Cash, Money Market and Other Net Assets	1.0

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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