

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 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 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 Sustainable Canadian Equity ETF's units returned 8.92% 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 ETF's net asset value rose by 6.62% over the period, from \$1.808 billion as at December 31, 2023, to \$1.927 billion as at June 30, 2024.

After a blockbuster end to 2023, the new year got off to a cloudier start. Sentiment wavered somewhat as investors contemplated the prospect for aggressive monetary policy easing in an environment of still-robust growth and elevated inflation. Policymakers cemented the end of their aggressive tightening campaigns and appeared to shift their focus to when to begin easing policy. However, they have made clear they need to see further progress in bringing inflation sustainably towards 2% before pivoting. In February, the mood in the market remained ebullient and stock markets extended their winning streak, with solid economic data, the prospect for rate relief later this year, and rock-solid earnings results buttressing risk appetite. Meanwhile, the frenzy around artificial intelligence lingered on after chipmaker Nvidia's earnings results blew past sky-high expectations, which catalyzed a market rally that sent many global indices to new record highs. The first quarter wrapped up on a positive note, with solid growth data in the United States offsetting the environment of still-hot inflation and the Fed's hawkish stance that has reinforced bets officials will be in no rush to cut interest rates. Hopes for a so-called soft landing catalyzed a market rally that sent many global indices to new record highs.

After a strong first quarter, the second quarter got off to a softer start as unrelenting economic strength and persistent inflationary pressures in the United States fuelled concerns the Federal Reserve will need to keep interest rates higher for longer, which weighed on both stock and bond market valuations in April. Investor hopes for a so-called soft landing catalyzed a profound rally across both stock and bond markets in May. Notably, data showing that economic momentum was finally fading in the United States added to evidence that restrictive monetary policy is working to cool the economy. The first half of 2024 wrapped up on a solid note, as investor hopes for a so-called soft landing extended into June, sending many global indices to new record highs. Recent data also revealed that the disinflation process in the United States resumed after stalling-out earlier this year—keeping alive the prospect for a Federal Reserve rate cut later this year.

Over the first half of the year, the S&P/TSX Index returned 6.1% with a mixed performance between sectors. Energy and Materials were the best performing sectors, gaining 14.1% and 13.7% respectively. Telecommunication Services and Real Estate experienced the largest losses with respective returns of -11.6% and -6.7% over the period.

Canadian small caps outperformed their larger peers, gaining 8.8% in the first half of 2024. Energy and Materials were the two top-performing sectors with respective returns of 17.6% and 13.8%. The Telecommunication Services and Real Estate sectors were the top detractors, losing 5.4% and 2.3% respectively throughout the period.

In this context, the Fund outperformed its benchmark.

Among the leading contributors to performance over the period were Dollarama and Loblaw.

Dollarama is a provider of general merchandise through their network of discount retail stores located throughout Canada. The company has a culture of efficiency led by an experienced management team with the founding family still retaining a minority ownership stake. Their stores continue to be a trusted destination for consumers and their basic needs, and the company has shown resiliency in managing inflationary and supply chain pressures while continuing to open new stores and focus on optimizing their product offering. The company once again reported growing profit stemming primarily from household goods and consumables. Furthermore, Dollarama has opened 62 stores over the last 12 months and recently announced they are increasing their stake in Latin American retailer Dollarcity.

Loblaw is a retail and wholesale food distributor with operations across Canada. As the largest player in the oligopolistic grocery industry, Loblaw has a proven track record of free cash flow generation and resiliency through economic downturns. Loblaw benefits from its strong brand, tremendous scale and diverse product offering. Along with being a leader in discount banner grocery stores, Loblaw has seen continued growth from its pharmacy/beauty division and welcomed new CEO Per Bank late last year.

Significant detractors over the period were CGI and Telus.

CGI Inc. provides information technology services including business consulting, system integration, IT outsourcing, application, business processes, and infrastructure services. The company serves the health care, life science, insurance, manufacturing, oil and gas, and communication sectors worldwide. CGI differentiates itself from its peers with a strong focus on a decentralized model and strong local presence in the markets in which they operate. Furthermore, the critical services they provide to clients have allowed them to generate strong and consistent free cash flow in different economic environments. After performing well in 2023, the company has seen a slowdown in new implementations as clients have been exercising caution in their spending and opting to delay certain capital expenditure decisions further out in the year. Despite this, the company has continued to reinvest in the business, including through share buybacks, and work to integrate and leverage AI both internally and in their service offering.

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 a strong market share in Western Canada and an experienced, innovative and customer focused management team. Although increased competition in telecom has put pressure on share prices across the industry, Telus's investments in technology and infrastructure over the past few years should allow it to maintain and grow their customer base and compound value for the business.

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, CGI, 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.

During the quarter we did not initiate any positions and we exited our positions in Richelieu Hardware and Winpak, and reallocated to other stocks in the portfolio in which we have higher conviction.

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.

ESG

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 by aligning well with 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 June 30, 2024, the fund's carbon emissions were at 85.2T CO₂E/\$M Sales compared to 251.7 for the benchmark (S&P TSX).

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	50,769.58
Brokerage fees paid to National Bank Financial	7,857.84

Holdings

As at June 30, 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 Secure Portfolio	0.4900
NBI Conservative Portfolio	3.5800
NBI Moderate Portfolio	6.3700
NBI Balanced Portfolio	14.1600
NBI Growth Portfolio	7.7800
NBI Equity Portfolio	3.8200
NBI Sustainable Secure Portfolio	0.0004
NBI Sustainable Conservative Portfolio	0.0005
NBI Sustainable Moderate Portfolio	0.0008
NBI Sustainable Balanced Portfolio	0.0012
NBI Sustainable Growth Portfolio	0.0016
NBI Sustainable Equity Portfolio	0.0019
NBI Sustainable Canadian Equity Fund	61.3900

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:

- 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.

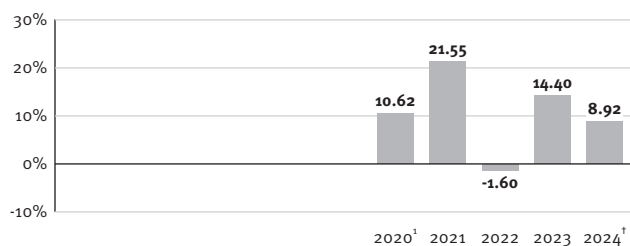
The ETF pays an annual management fee of 0.60% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general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

^(†) 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: March 4, 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 ⁽²⁾	36.44	32.24	33.06	27.50	25.00
Increase (Decrease) from Operations (\$)					
Total revenue	0.39	0.73	0.65	0.67	0.50
Total expenses	(0.13)	(0.24)	(0.22)	(0.22)	(0.15)
Realized gains (losses)	0.65	0.22	(0.63)	0.23	(0.22)
Unrealized gains (losses)	2.29	3.71	0.19	4.43	2.74
Total Increase (Decrease) from Operations ⁽³⁾	3.20	4.42	(0.01)	5.11	2.87
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.24	0.42	0.29	0.35	0.17
From capital gains	—	—	—	0.17	—
Return of capital	—	—	—	—	0.02
Total Annual Distributions ⁽⁴⁾	0.24	0.42	0.29	0.52	0.19
Net Assets, End of Accounting Period Shown ⁽²⁾	39.45	36.44	32.24	33.06	27.50

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 (000's of \$) ⁽⁵⁾	1,927,262	1,807,576	1,358,917	355,447	6,187
Number of units outstanding ⁽⁵⁾	48,850,000	49,600,000	42,150,000	10,750,000	225,000
Management expense ratio (%) ⁽⁶⁾	0.66	0.69	0.69	0.69	0.69
Management expense ratio before waivers or absorptions (%)	0.66	0.69	0.69	0.69	0.69
Trading expense ratio (%) ⁽⁷⁾	0.01	—	—	—	0.01
Portfolio turnover rate (%) ⁽⁸⁾	22.97	11.40	7.32	6.61	28.74
Net asset value per unit (\$)	39.45	36.44	32.24	33.06	27.50
Closing market price ⁽⁹⁾	39.45	36.44	32.23	33.08	27.62

⁽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
Constellation Software Inc.	6.0
Dollarama Inc.	5.6
Thomson Reuters Corp.	5.1
Intact Financial Corp.	5.0
Canadian Pacific Kansas City	4.8
TMX Group Ltd.	4.8
Metro Inc.	4.7
Waste Connections Inc.	4.7
CGI Group Inc., Class A	4.6
Royal Bank of Canada	4.5
Loblaw Companies Ltd.	4.5
Toromont Industries Ltd.	4.4
Canadian National Railway Co.	4.2
National Bank of Canada	3.8
Descartes Systems Group Inc.	3.5
Bank of Montreal	3.3
CCL Industries Inc., Class B	3.1
Stantec Inc.	3.0
TELUS Corp.	2.9
Restaurant Brands International Inc.	2.8
RB Global Inc.	2.7
Toronto-Dominion Bank	2.5
Empire Company Ltd., Class A	2.4
Quebecor Inc., Class B	1.8
Cash, Money Market and Other Net Assets	0.6
	95.3

Net asset value \$1,927,261,986

Asset Mix

	% of Net Asset Value
Common Shares	99.3
Cash, Money Market and Other Net Assets	0.6

Sector Allocation

	% of Net Asset Value
Industrials	30.6
Financials	25.3
Information Technology	15.8
Consumer Staples	11.5
Consumer Discretionary	8.4
Communication Services	4.7
Materials	3.1
Cash, Money Market and Other Net Assets	0.6

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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