NBI Exchange-Traded Funds

Interim Management Report of Fund Performance

For the period ended June 30, 2022

NATIONAL BANK INVESTMENTS

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NBI Active U.S. 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.sedar.com, 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, 2022, the NBI Active U.S. Equity ETF’s units returned -20.81% compared to -18.26% for the ETF's benchmark, the S&P 500 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 137.21% over the period, from $1.31 million as at December 31, 2021 to $3.10 million as at June 30, 2022.

The increase stemmed mainly from share purchases by investors in the Fund.

U.S. stocks lost ground during the first semester amidst a “perfect storm” of economic, global macro, and monetary policy developments. According to the Federal Reserve of Atlanta estimates, U.S. GDP is on track to see a contraction during the first half of 2022. Many analysts believe that two consecutive quarters of declining growth constitutes the technical definition of a recession.

Much of the pressures stem from the effects of international developments which are flowing back home. Interest rate hikes and other tightening actions that the Federal Reserve has undertaken to bring down inflation have sparked a rising dollar which continues to wreak havoc internationally, due to the vast U.S. dollar-denominated debt outstanding in foreign markets. These obligations, which are increasingly expensive to reimburse in local currency terms, coupled with pressures by the U.S. State Department to toe the line on Russia sanctions are hampering Europe’s leading economies and beginning to hit the performance of S&P 500 companies, many of which draw significant revenues ex-United States.

Forced leadership changes in countries ranging from Great Britain to Sri Lanka, coupled with the assassination of former Japanese Prime Minister Shinzo Abe, haven’t helped to inspire global confidence. Japan, the world’s third-largest economy, has seen its yen hit hard by the Bank of Japan’s de facto yield curve control policies. Though these in turn are making Japanese products increasingly competitive in U.S. markets. Despite volatile times, U.S. job growth, which included 372,000 posts generated during the month of June, remains historically strong, spurring hopes that the economy will see a soft landing.

Under these circumstances, the Fund underperformed its benchmark.

Top contributing sectors to the Fund’s relative performance included Consumer Staples, Financials, and Information Technology. Bottom contributors were Communications Services, Consumer Discretionary, and Health Care sectors.

Top individual contributors to the Fund’s relative performance included Lamb Weston, Amgen, and EOG. Lamb Weston outperformed following issuance of better-than-expected margin guidance at the food processor’s most recent quarterly earnings call, amidst an improved weather outlook for potato crops (following a bad growing season last year). These are major inputs into its frozen fry products. Amgen’s maintenance of full-year margin guidance at the biopharmaceutical company’s most recent earnings call and its strong performance in the U.S. market in a challenging existing inflationary environment was well received by investors. EOG Resources has performed well amidst rising West Texas Intermediate prices, which have provided a boost to the hydrocarbon exploration sector.

Bottom individual contributors to the Fund’s relative performance included Workday, Five Below, and Netflix. Workday underperformed after management at the software and back-office services provider, which has a strong deal pipeline, noted signs of a macroeconomic slowdown, such as implementations getting stretched out. Management at Five Below, an American specialty discount chain, disappointed investors by revising down its full-year guidance amidst inflationary pressures and a softening macroeconomic environment. Netflix underperformed after management provided quarterly guidance that was materially below investor expectations and floated the idea of adding an ad-tier pricing model. These developments cast doubt on the subscription services player’s pricing power and its subscriber growth potential.

Recent Developments

The Fund took a position in Public Storage, a California-based self-storage provider, during June based on a thesis of under-appreciated potential amidst strong occupancy rates across the industry and a tight housing market which drives demand for, and thus the pricing power of the company’s self-storage offerings. The Fund also divested its position in DR Horton, as recent increases in U.S. mortgage rates and a resulting slowdown in projected demand for new homes suggest that the home construction company may no longer be able to meet the Fund’s growth hurdle requirements.

Due to the portfolio management strategy, minimal deviations are expected versus the benchmark. The portfolio’s relative performance will come mainly from security selection.

Lost production volumes and the effects of sanctions amidst Russia invasion of Ukraine are complexifying numerous existing inflationary drivers. These include aging demographics, a labour force reassessing its work/life balance, Covid-related production hurdles, and regionalization trends. Consequently, the Fund is focused on business models that have strong pricing power.

Uncertainty surrounding changes in supply chains, consumer behaviours, digitization and rising wages will have a lasting impact on business models.

The Fund continues to identify relative valuation dislocations caused by rapidly shifting market narratives that are offering compelling opportunities to book profits and reinvest in misunderstood and therefore mispriced stocks.

On April 30, 2022, the ETF’s independent review committee (the “IRC”) was reduced to three members when Robert Martin resigned as IRC member. On May 1, 2022, the Fund’s IRC was increased to four members when Line Deslandes was appointed as IRC member.

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, 2022
Total brokerage fees	574.13
Brokerage fees paid to National Bank Financial	274.34

Holdings

As at June 30, 2022, the NBI Global Balanced Growth Fund held held approximately 3.91% ownership of the of the redeemable units outstanding of the ETF. Transactions between the NBI Global Balanced Growth Fund 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 June 30, 2022, the NBI Exclusive Income Pooled Fund held held approximately 0.02% ownership of the 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 0.55% 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.

[†] Returns for the period from January 1, 2022 to June 30, 2022.

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	2022 June 30	2021 December 31
Net Assets, Beginning of Accounting Period Shown [2]	32.67	25.00
Increase (Decrease) from Operations ($)		
Total revenue	0.15	0.24
Total expenses	(0.09)	(0.16)
Realized gains (losses)	0.10	3.30
Unrealized gains (losses)	(7.29)	4.40
Total Increase (Decrease) from Operations [3]	(7.13)	7.78
Distributions ($)		
From net investment income (excluding dividends)	0.04	0.10
From dividends	—	0.01
From capital gains	—	3.15
Return of capital	—	—
Total Annual Distributions [4]	0.04	3.26
Net Assets, End of Accounting Period Shown [2]	25.84	32.67

Ratios and Supplemental Data

Accounting Period Ended	2022 June 30	2021 December 31
Total net asset value (000's of $) [5]	3,100	1,307
Number of units outstanding [5]	120,000	40,000
Management expense ratio (%) [6]	0.63	0.64
Management expense ratio before waivers or absorptions (%)	0.72	0.76
Trading expense ratio (%) [7]	—	—
Portfolio turnover rate (%) [8]	13.18	66.64
Net asset value per unit ($)	25.84	32.68
Closing market price [9]	25.79	32.69

(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.

(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 June 30, 2022

Portfolio Top Holdings

	% of Net Asset Value
Microsoft Corp.	8.0
Lamb Weston Holdings Inc.	5.4
Alphabet Inc.	5.1
Amazon.com Inc.	5.1
Danaher Corp.	5.1
Apple Inc.	4.5
Amgen Inc.	4.4
Workday Inc.	4.0
Cullen/Frost Bankers Inc.	3.7
Envista Holdings Corp.	3.7
Five Below Inc.	3.7
Analog Devices Inc.	3.5
Adobe Systems Inc.	3.3
CME Group Inc., Class A	3.1
Public Storage	3.0
Linde PLC	2.8
Rockwell Automation	2.8
EOG Resources Inc.	2.7
Meta Platforms, Inc.	2.7
Nordson Corp.	2.7
Waste Connections Inc.	2.6
Interactive Brokers Group Inc	2.4
Marsh & McLennan Cos Inc.	2.4
MasterCard Inc., Class A	2.4
Cash, Money Market and Other Net Assets	1.7
	90.8

Net asset value	$3,100,352

Asset Mix

	% of Net Asset Value
US Equity	92.9
International Equity	2.8
Canadian Equity	2.6
Cash, Money Market and Other Net Assets	1.7

Sector Allocation

	% of Net Asset Value
Information Technology	27.6
Communication Services	14.1
Consumer Staples	11.7
Financials	11.6
Health Care	11.0
Industrials	8.1
Consumer Discretionary	5.7
Real Estate	3.0
Materials	2.8
Energy	2.7
Cash, Money Market and Other Net Assets	1.7

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 Web site at www.nbinvestments.ca.

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