

Annual Management Report of Fund Performance

For the period ended December 31, 2022

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2022

NBI Exchange-Traded Funds

NBI Liquid Alternatives 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 annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the ETF. You can get a copy of the annual 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

Investment Objective and Strategies

The NBI Liquid Alternatives ETF's investment objective is to provide a positive return while maintaining low correlation to, and lower volatility than, the return of the global equity markets. The ETF will aim to achieve this investment objective regardless of prevailing market conditions or general market direction. The ETF will seek to achieve this objective by investing primarily in long and short positions on financial derivatives that provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities. The use of derivatives may introduce leverage into the ETF. Under normal market conditions, the ETF's maximum aggregate exposure to leverage will not exceed 300% of its net asset value.

The ETF uses a quantitative, rules-based strategy designed to evaluate the overall current expected return, risk and correlation of the investible universe available to the ETF. The Portfolio Manager uses computer models that analyze the available information on the current interactions between different asset classes (correlation), their current risk levels and short, medium and long-term return expectations. Following this analysis, results are aggregated to automatically propose to the Portfolio Manager long and short positions that reduce risk and correlation while aiming to maintain a positive return.

Risks

The global investment risk of the ETF remains as described in the simplified prospectus or any amendments thereto and ETF Facts.

Results of Operations

For the twelve-month period ended December 31, 2022, the NBI Liquid Alternatives ETF's units returned 8.59% compared to 30.32% for the ETF's benchmark, the Morningstar Broad Hedge Fund 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 292.51% over the period, from \$84.62 million as at December 31, 2021 to \$332.15 million as at December 31, 2022.

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

Russian invasion of Ukraine, record inflation, potential recession on the horizon; it's fair to say that 2022 has proven to be challenging on many fronts. For investors, this context has resulted in declines for stocks and bonds in the first half of the year, followed by six months of ups and downs with no clear direction.

Within fixed income, segments with longer durations suffered the most (-21.5% for the FTSE Canada Long Index), a direct consequence of the substantial rate hikes delivered by a majority of central banks. Within commodities, despite a wild rise following the announcement of the Russian invasion of Ukraine, the price of a barrel of oil ultimately closed 2022 only slightly higher (+6.7% for WTI), slowed by increasingly weak economic growth prospects. For their part, gold prices (-0.6% in USD) also ended close to where they started 2022 despite wild fluctuations. Finally, like most currencies, the Canadian dollar depreciated sharply against the U.S. dollar (+7.2%) amid heightened uncertainty.

Under these circumstances, the Fund underperformed its benchmark.

For the full year, its three biggest return contributors were the Heating Oil, Natural Gas and Gasoline futures positions; its three biggest return detractors were the Copper, Gold and Silver futures positions.

In the first quarter, its three biggest return contributors were the Heating Oil, Brent Crude and WTI Crude futures positions; its three biggest return detractors were the Australian Dollar, U.S. Long Bonds and Silver futures positions.

In the second quarter, its three biggest return contributors were the Natural Gas, Japanese Yen and British Pound futures positions; its three biggest return detractors were the Copper, Gold and Silver futures positions.

In the third quarter, its three biggest return contributors were the Soybean Meal, British Pound and U.S. Long Bonds futures positions; its three biggest return detractors were the Gold, Copper and Silver futures positions.

In the fourth quarter, its three biggest return contributors were the Silver, Gold and Heating Oil futures positions; its three biggest return detractors were the Natural Gas, Copper and Japanese Yen futures positions.

Recent Developments

A significant transaction took place in late September 2022 in the NBI Liquid Alternatives ETF. This transaction is significant in terms of assets, but not in terms of performance, as the two assets traded have a fairly similar performance by nature. Most of NALT's assets under management that were invested in the Canadian Treasury Bills were transferred to National Bank's high-interest savings account (Altamira).

Also, like 2021, NALT experienced two very different halves of 2022. The first two quarters had a sustained good performance, while the second half of the year was more challenging, given the lack of clear market trends. This underperformance of NALT between July and December inclusively is explained by the fact that the models underlying the ETF's strategy are purely quantitative and based on trends.

As of December 31, 2022, the NALT ETF had a short position in its 5 fixed income futures contracts and in its 4 currency futures contracts. The ETF had a long position in its 5 energy futures contracts (excluding Natural Gas), its 5 energy futures contracts, and its 3 metals futures contracts (excluding Copper). The effective duration of the portfolio was -2,207 on that date.

December 29, 2022, was the ex-date for the one-time annual cash distribution, paid on January 6, 2023, for the amount of \$0.2247 per unit. This distribution does not affect the total return (which includes distributions) but does impact the ex-dividend return (which is often the default return displayed by data providers).

2023 should see a sustained slowdown in inflationary pressures, prompting central banks to pause their interest rate hike cycle by the second quarter. Meanwhile, growth figures are likely to begin to slow further as the lagged effects of the large rate hikes work their way through the real economy. With this environment comes significant risks of recession, which in turn could ultimately force central banks to set the stage for potential interest rate cuts later in the year.

That said, it is important to keep in mind that NALT's underlying models are purely quantitative. These models try to capture market trends to favourably direct weekly allocations. It is thus hard to predict the ETF's strategy for the coming months, except for the punctual and infrequent discretionary decisions. The strategy is strictly bound to respect diverse constraints nonetheless, which keep it in line with NALT's 3 main objectives: a sustained absolute positive performance, a moderate volatility, and decorrelation to equity markets.

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. However, on September 30, 2022, the ETF's IRC was reduced to three members when Line Deslandes resigned 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 December 31, 2022
Total brokerage fees	293,052.78
Brokerage fees paid to National Bank Financial	-

Holdings

As at December 31, 2022, 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 Presumed Sound Investments Fund	1.26
NBI Multiple Asset Class Private Portfolio	1.67

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.

As at December 31, 2022, the Multi Asset Class Basket Private Pool held approximately 0.24% ownership of the redeemable units outstanding of the ETF. Transactions between the Multi Asset Class Basket Private Pool 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 December 31, 2022, the NBI Exclusive Income Pooled Fund held approximately 2.24% ownership of the redeemable units outstanding of the ETF. Transactions between the Multi Asset Class Basket Private Pool 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.

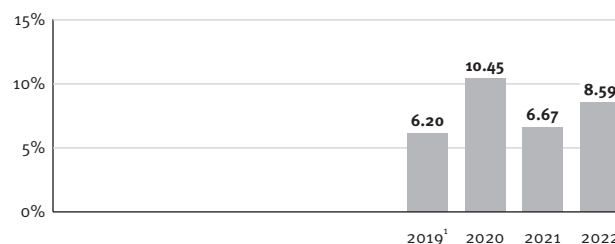
The ETF pays an annual management fee of 0.60% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general 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 February 8, 2019 (commencement of operations) to December 31, 2019.

Annual Compounded Performance

The following table shows the ETF's annual compound returns greater than one year and for each of the periods ended on December 31, 2022, compared with the following benchmark:

- Morningstar® Broad Hedge Fund Index

NBI Liquid Alternatives ETF

	1 year	3 years	5 years	10 years	Since inception
ETF Units¹	8.59%	8.56%	-	-	8.19%
Benchmark	30.32%	14.39%	-	-	16.39%

¹Commencement of operations: February 8, 2019

A discussion of the ETF's relative performance in comparison to the index (or indices) can be found in the *Results of Operations* Section of this report.

Index Description

The **Morningstar Broad Hedge Fund Index** is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. It is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. It is a non-investable index containing over 500 U.S.-based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds.

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 8, 2019

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	22.04	21.81	21.14	25.00
Increase (Decrease) from Operations (\$)				
Total revenue	0.51	1.26	2.38	1.54
Total expenses	(0.17)	(0.16)	(0.15)	(0.13)
Realized gains (losses)	(0.07)	(0.05)	(0.03)	0.04
Unrealized gains (losses)	—	—	—	—
Total Increase (Decrease) from Operations ⁽³⁾	0.27	1.05	2.20	1.37
Distributions (\$)				
From net investment income (excluding dividends)	0.22	1.26	1.53	0.11
From dividends	—	—	—	—
From capital gains	—	—	—	—
Return of capital	—	0.03	—	—
Total Annual Distributions ⁽⁴⁾	0.22	1.29	1.53	0.11
Net Assets, End of Accounting Period Shown ⁽²⁾	23.64	22.04	21.81	21.14

Ratios and Supplemental Data

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31
Total net asset value (000's of \$) ⁽⁵⁾	332,146	84,853	39,801	32,765
Number of units outstanding ⁽⁵⁾	14,050,000	3,850,000	1,825,000	1,550,000
Management expense ratio (%) ⁽⁶⁾	0.69	0.69	0.69	0.69
Management expense ratio before waivers or absorptions (%)	0.69	0.69	0.69	0.69
Trading expense ratio (%) ⁽⁷⁾	—	—	—	—
Portfolio turnover rate (%) ⁽⁸⁾	33.04	—	—	—
Net asset value per unit (\$)	23.64	22.04	21.81	21.14
Closing market price ⁽⁹⁾	23.69	22.03	21.86	21.21

⁽¹⁾ This information is derived from the ETF's Annual Audited 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 December 31, 2022

Portfolio Top Holdings

	% of Net Asset Value
Canadian Treasury Bill, 3.49%, due January 19, 2023.....	2.4
Currency Futures.....	(15.6)
Interest Rate Futures.....	(82.9)
Commodity Futures.....	33.7
Counterparty on Futures.....	68.0
Cash and Other Net Assets.....	94.4
	100.0

Net asset value..... \$332,146,436

Asset Mix

	Net Asset Value \$	% of Net Asset Value
Canadian T-Bills.....	7,886,389	2.4
Derivative Products.....	10,616,543	3.2
Cash, Money Market and Other Net Assets.....	313,643,504	94.4

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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