

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2024

## Short Term and Income Fund **NBI Sustainable Global Bond 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.

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This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual 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](http://www.nbinvestments.ca), by visiting SEDAR+'s website at [www.sedarplus.ca](http://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

### Investment Objective and Strategies

The NBI Sustainable Global Bond Fund's investment objective is to provide a high level of current income and some capital growth while following a sustainable approach to investing. The fund invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio comprised primarily of bonds issued by governments or corporations located around the world.

To achieve its investment objective, the fund invests in a portfolio comprised primarily of sovereign, quasi-sovereign, corporate, securitized, and other investment grade fixed-income securities designed to raise funds for issuers that demonstrate environmental, social and governance leadership and are positioned to address social and/or climate challenges. The fund may invest up to 15% of its net assets in sub-investment grade securities and up to 100% of the fund's investments can be in foreign securities. The fund aims to achieve its sustainable objective by investing in fixed-income securities subject to either the portfolio sub-advisor's assessment of issuer behaviours that demonstrate environmental, social and governance leadership relative to peer issuers or the portfolio sub-advisor's proprietary Fixed Income Impact Framework.

### Risks

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

### Results of Operations

The NBI Sustainable Global Bond Fund was launched on November 4, 2024, and the Fund's net asset value was \$150.74 million as at December 31, 2024. Investment performance is not provided for a Fund that has been available for less than one year.

The outcome of the U.S. elections dominated global markets in 4Q. The prospect of policy upheaval, including potential tariffs, and expectations of continued U.S. exceptionalism were substantial drivers of price action in both rates and FX. Europe, already grappling with concerns over stagnant growth, faced added uncertainty as the German coalition government fell with snap elections in February 2025. Chinese activity bounced but consumption continues to be tepid amidst still weak confidence.

Easing among DM central banks continued to be a key theme during the fourth quarter. Moderating inflation allowed the Fed and ECB to cut policy rates twice during the period in 25 bps increments. After cutting by 25 bps in November, the U.K. remained on hold in December, opting to pause to see impacts of the new budget. Australian monetary policy was unchanged while both the Bank of New Zealand and Bank of Canada accelerated easing cycle-cutting policy rates twice by 50 bps. The Bank of Japan did not adjust rates, but continued to reduce Japanese Government Bond purchases in the background in a cautious march toward policy normalization.

Global rates rose, with 10-year Treasury yields ending the quarter higher: the U.S. +77 bps higher at 4.58%, the U.K. +56 bps at 4.56%, France +28 bps at 3.19%, Germany +24 bps at 2.36%, Japan +23 bps at 1.09%, and Italy +7 bps at 3.52%. China was the exception, with rates moving lower by -53 bps to 1.68%. That movement weighed on fixed income returns but supported shorter-duration segments like Euro High Yield (+1.8% total return) and, to a lesser extent, Pan-European Investment Grade Corporates (+0.7%), U.S. High Yield Corporates (+0.2%) and Preferred (+0.2%).

### Recent Developments

Uncertainties are high as we enter 2025. Politics will remain at the forefront as the new U.S. administration's policy details unfold, particularly on tariffs and international engagement. German elections will be key against the backdrop of slow growth and a need for EU leadership amidst French political divisions. U.S.-China tensions will continue to play a prominent role due to strategic competition.

The portfolio manager expects to slow but still solid global growth, largely the U.S. driven. For Europe, he anticipates more modest growth, but with risks skewed to the downside. In China, the expected 2025 growth range is especially wide with our base case at 4-4.5%. Both Chinese and European growth depend largely on the speed and degree to which tariffs are applied.

The portfolio manager anticipates continued monetary policy divergence. However, the path of U.S. policy remains an important driver of global rates even as core policymakers are increasingly easing. The timing and depth of cuts have been highly sensitive to data, and we expect rates to remain in a choppy range. We favour European and U.K. duration with a more neutral stance on U.S. rates. In China, policymakers are likely to continue their policy support, though substantial fiscal and monetary easing is not our base case.

Amidst heightened policy uncertainty, particularly on trade and implications for global growth, the portfolio manager retains a bias to quality and liquidity, particularly in spread sectors given rich valuations. We remain focused on idiosyncratic security selection, focused on issuers with strong fundamentals and attractive all-in yields.

The Fund has adhered to its ESG strategy as disclosed in the prospectus. During the period, there were no material divestments of portfolio securities as a result of the Fund's ESG strategy or applicable normative exclusions.

## 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"), an 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. ("NBI"), which is an indirect wholly-owned subsidiary of the Bank. Therefore, NBI 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 NBI as consideration for its services.

**Portfolio Manager**

The Manager has appointed National Bank Trust Inc. ("NBT"), a direct and 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**

National Bank Savings and Investments Inc. ("NBSI") acts as principal distributor for the Fund. In this capacity, NBSI buys, sells and swaps securities through external registered representatives. Fund securities are also offered by National Bank Financial Inc. (including its division National Bank Direct Brokerage) 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.

**Holdings**

As at December 31, 2024, National Bank Investments Inc. held 15,105.64 Fund securities for a value of \$148,791.55, which represented close to 0.0988% of the net asset value of the Fund at that date. Transactions between National Bank Investments Inc. and the Fund were carried out in the normal course of business and at the Fund's net asset value as at the transaction date.

**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, NBI, to National Bank Trust Inc. ("NBT"), a direct and indirect wholly-owned 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 <sup>†</sup> |
|----------------|-----------------|--------------|---------------------|
| Advisor Series |                 |              |                     |
| Front-end load | 1.15%           | 43.48%       | 56.52%              |
| Series F       | 0.65%           | —            | 100.00%             |
| Series O       | N/A*            | —            | 100.00%             |

<sup>(†)</sup> Includes all costs related to management, investment advisory services, general administration and profit.

<sup>(\*)</sup> The Series O is only available to selected investors that have been approved and have entered into an O Series units account agreement with National Bank Investments Inc. The criteria for approval may include the size of the investment, the expected level of account activity and the investor's total investments with NBI. No management fees are charged to the Fund with respect to the O Series units. Management fees are negotiated with and paid directly by investors and are in addition to the fixed-rate administration fee. NBI does not pay any commissions or service fees to dealers who sell O Series units. There are no sales charges payable by investors who purchase O Series units.

**Past Performance**

Investment performance is not provided for a Fund that has been available for less than one year.

## 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.

### Advisor Series

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: November 4, 2024

| Accounting Period Ended  | 2024<br>December 31 |
|--|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup> | 10.00               |
| <b>Increase (Decrease) from Operations (\$)</b>                        |                     |
| Total revenue  | 0.08                |
| Total expenses   | (0.03)              |
| Realized gains (losses)  | (0.92)              |
| Unrealized gains (losses)  | 0.52                |
| <b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>   | (0.35)              |
| <b>Distributions (\$)</b>  |                     |
| From net investment income (excluding dividends)                       | —                   |
| From dividends   | —                   |
| From capital gains   | —                   |
| Return of capital  | —                   |
| <b>Total Annual Distributions (\$)</b> <sup>(3)</sup>                  | —                   |
| <b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>  | 9.98                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2024<br>December 31 |
|--|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 379                 |
| Number of units outstanding <sup>(5)</sup>                 | 38,019              |
| Management expense ratio (%) <sup>(6)</sup>                | 1.44                |
| Management expense ratio before waivers or absorptions (%) | 1.44                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.01                |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 46.13               |
| Net asset value per unit (\$)                              | 9.98                |

### Series F

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: November 4, 2024

| Accounting Period Ended  | 2024<br>December 31 |
|--|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup> | 10.00               |
| <b>Increase (Decrease) from Operations (\$)</b>                        |                     |
| Total revenue  | 0.05                |
| Total expenses   | (0.02)              |
| Realized gains (losses)  | (0.08)              |
| Unrealized gains (losses)  | 0.03                |
| <b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>   | (0.02)              |
| <b>Distributions (\$)</b>  |                     |
| From net investment income (excluding dividends)                       | 0.02                |
| From dividends   | —                   |
| From capital gains   | 0.11                |
| Return of capital  | —                   |
| <b>Total Annual Distributions (\$)</b> <sup>(3)</sup>                  | 0.13                |
| <b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>  | 9.85                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2024<br>December 31 |
|--|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 147                 |
| Number of units outstanding <sup>(5)</sup>                 | 14,903              |
| Management expense ratio (%) <sup>(6)</sup>                | 0.86                |
| Management expense ratio before waivers or absorptions (%) | 0.86                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.01                |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 46.13               |
| Net asset value per unit (\$)                              | 9.85                |

## Series O

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: November 4, 2024

| Accounting Period Ended  | 2024<br>December 31 |
|--|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup> | 10.00               |
| <b>Increase (Decrease) from Operations (\$)</b>                        |                     |
| Total revenue  | 0.07                |
| Total expenses   | —                   |
| Realized gains (losses)  | (0.12)              |
| Unrealized gains (losses)  | 0.06                |
| <b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>   | 0.01                |
| <b>Distributions (\$)</b>  |                     |
| From net investment income (excluding dividends)                       | 0.03                |
| From dividends   | —                   |
| From capital gains   | 0.11                |
| Return of capital  | —                   |
| <b>Total Annual Distributions (\$)</b> <sup>(3)</sup>                  | 0.14                |
| <b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>  | 9.86                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2024<br>December 31 |
|--|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 150,210             |
| Number of units outstanding <sup>(5)</sup>                 | 15,236,277          |
| Management expense ratio (%) <sup>(6)</sup>                | 0.02                |
| Management expense ratio before waivers or absorptions (%) | 0.02                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.01                |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 46.13               |
| Net asset value per unit (\$)                              | 9.86                |

## Private Series\*

<sup>(1)</sup> Please note that this Series is offered by way of private placement.

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: November 4, 2024

| Accounting Period Ended  | 2024<br>December 31 |
|--|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup> | 10.00               |
| <b>Increase (Decrease) from Operations (\$)</b>                        |                     |
| Total revenue  | 0.05                |
| Total expenses   | (0.02)              |
| Realized gains (losses)  | (0.08)              |
| Unrealized gains (losses)  | 0.03                |
| <b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>   | (0.02)              |
| <b>Distributions (\$)</b>  |                     |
| From net investment income (excluding dividends)                       | 0.02                |
| From dividends   | —                   |
| From capital gains   | 0.11                |
| Return of capital  | —                   |
| <b>Total Annual Distributions (\$)</b> <sup>(3)</sup>                  | 0.13                |
| <b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>  | 9.85                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2024<br>December 31 |
|--|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 1                   |
| Number of units outstanding <sup>(5)</sup>                 | 101                 |
| Management expense ratio (%) <sup>(6)</sup>                | 0.81                |
| Management expense ratio before waivers or absorptions (%) | 0.81                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.01                |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 46.13               |
| Net asset value per unit (\$)                              | 9.85                |

- <sup>(1)</sup> This information is derived from the Fund's Annual Audited 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.
- <sup>(2)</sup> 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.
- <sup>(3)</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.
- <sup>(4)</sup> The net assets are calculated in accordance with IFRS.
- <sup>(5)</sup> This information is provided as at the last day of the accounting period shown.
- <sup>(6)</sup> 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.
- <sup>(7)</sup> 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.
- <sup>(8)</sup> 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 December 31, 2024

### Portfolio Top Holdings

|   | % of Net<br>Asset Value |
|---|-------------------------|
| Government of the United States, 4.13%,<br>due November 30, 2029.....     | 5.8                     |
| Government of the United States, 4.25%,<br>due November 15, 2034.....     | 5.0                     |
| Cash, Money Market and Other Net Assets.....                              | 4.6                     |
| Government of the United States, 4.25%,<br>due November 30, 2026.....     | 3.7                     |
| Bundesrepublik Deutschland Bundesanleihe, 2.60%,<br>due May 15, 2041..... | 3.0                     |
| Government of Canada, 1.50%, due April 1, 2025.....                       | 2.6                     |
| Government of the United States, 4.13%,<br>due November 30, 2031.....     | 2.3                     |
| Government of the United States, 4.25%, due August 15, 2054.....          | 2.1                     |
| Kreditanstalt fuer Wiederaufbau, 2.63%, due January 10, 2034.....         | 2.0                     |
| Bundesrepublik Deutschland Bundesanleihe,<br>due August 15, 2029.....     | 1.9                     |
| Fannie Mae Pool, 3.00%, due April 1, 2052.....                            | 1.7                     |
| Government of the United States, 4.63%,<br>due November 15, 2044.....     | 1.7                     |
| Province of Ontario, 1.35%, due September 8, 2026.....                    | 1.6                     |
| NEXT FUNDS Japan Bond NOMURA-BPI ETF.....                                 | 1.5                     |
| Fannie Mae Pool, 4.00%, due November 1, 2054.....                         | 1.4                     |
| Italy Buoni Poliennali Del Tesoro, due April 1, 2026.....                 | 1.4                     |
| Fannie Mae Pool, 5.00%, due November 1, 2054.....                         | 1.3                     |
| Fannie Mae Pool, 5.50%, due October 1, 2053.....                          | 1.3                     |
| United Kingdom Gilt, 4.25%, due July 31, 2034.....                        | 1.3                     |
| Japan Government Thirty Year Bond, 2.10%,<br>due September 20, 2054.....  | 1.2                     |
| United Kingdom Gilt, 4.13%, due January 29, 2027.....                     | 1.2                     |
| European Union, 2.75%, due October 5, 2026.....                           | 1.0                     |
| Fannie Mae Pool, 4.50%, due September 1, 2052.....                        | 1.0                     |
| Government of France, 0.75%, due November 25, 2028.....                   | 1.0                     |
| Government of the United Kingdom, 0.50%,<br>due January 31, 2029.....     | 1.0                     |
|   | 52.6                    |

Net asset value..... \$150,737,068

### Asset Mix

|  | % of Net<br>Asset Value |
|--|-------------------------|
| Foreign Bonds.....                           | 42.6                    |
| US Bonds.....                                | 28.9                    |
| Mortgage Backed Securities.....              | 11.7                    |
| Corporate Bonds.....                         | 4.7                     |
| Federal Bonds.....                           | 3.8                     |
| Asset Backed Securities.....                 | 1.6                     |
| Exchange Traded Funds.....                   | 1.5                     |
| Provincial Bonds.....                        | 0.6                     |
| Cash, Money Market and Other Net Assets..... | 4.6                     |

### Credit Quality

|                | % of Net<br>Asset Value |
|----------------|-------------------------|
| AAA.....       | 46.3                    |
| AA.....        | 12.9                    |
| A.....         | 15.9                    |
| BBB.....       | 11.5                    |
| BB.....        | 1.7                     |
| Not rated..... | 11.7                    |

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](http://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](http://www.sedarplus.ca).