

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2022

Meritage Income Portfolio

## Meritage Diversified Fixed Income Portfolio

### Notes on forward-looking statements

This report may contain forward-looking statements concerning the Portfolio, 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 1-866-603-3601, by writing to us at [investments@nbc.ca](mailto:investments@nbc.ca), by visiting our website at [www.nbinvestments.ca](http://www.nbinvestments.ca), by visiting SEDAR's website at [www.sedar.com](http://www.sedar.com), or by contacting your advisor. You may also contact us using one of these methods to request a copy of the Portfolio's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The Meritage Diversified Fixed Income Portfolio's investment objective seeks to achieve a current income by investing primarily in a diverse mix of fixed income mutual funds.

The portfolio manager invests all of the Portfolio's net assets in securities of fixed income mutual funds. This weighting may be reviewed and adjusted based on economic and market conditions. The portfolio manager may, in its sole discretion, select the underlying funds, allocate assets to the underlying funds, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

### Risks

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

### Results of Operations

For the twelve-month period ended December 31, 2022, the Meritage Diversified Fixed Income Portfolio's Advisor Series units returned -11.46% compared to -11.69% for the Portfolio's benchmark, the FTSE Canada Universe Bond Index (CAD). Unlike the benchmark, the Portfolio's performance is calculated after fees and expenses. Please see the *Past Performance* section for the returns of all of the Portfolio's series, which may vary mainly because of fees and expenses.

The Portfolio's net asset value dropped by 22.21% over the period, from \$68.16 million as at December 31, 2021 to \$53.02 million as at December 31, 2022.

The decline stemmed mainly from net redemptions by unitholders of the Fund and from market fluctuations.

With the Russian invasion of Ukraine, record inflation, and 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.

In this context of uncertainty and rising rates, global equities have performed similarly to traditional Canadian bonds in 2022, although for fixed income, this represents their worst annual performance in history.

Within fixed income, segments with longer duration suffered the most, a direct consequence of the substantial rate hikes delivered by most central banks.

For their part, Canadian preferred shares had a tough volatile year, an environment not seen since the first quarter of 2020. Rising rates and redemptions of preferred shares were not enough to compensate for the deterioration of the credit environment, particularly for hybrids and Limited Resource Capital Notes (LRCN).

Given this context, the Meritage Diversified Fixed Income Portfolio was on par with its blended benchmark over the period. The Canadian fixed income component, particularly the TD Canadian Core Plus Bond Fund, the Manulife Strategic Income Fund, and the CI Canadian Bond Fund, drained value from the Portfolio's overall return over the period.

### Recent Developments

On June 6, 2022, changes were made to the Portfolio in order to optimize it. Given this context, the TD Ultra Short-Term Bond Fund was replaced by the NBI Sustainable Canadian Short-Term Bond ETF whereas the RBC Global High Yield Bond Fund was replaced by the RP Strategic Income Plus Fund.

On April 30, 2022, the Fund'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 Fund's IRC was reduced to three members when Line Deslandes resigned as IRC member.

On May 20, 2022, NBI discontinued the purchase offering of deferred sales charge and low sales charge purchase options for all new investments, including purchases made through systematic plans in all Canadian jurisdictions. Investors who purchased units under these sales charge options will continue to be subject to the redemption fee schedules under which they were purchased.

The year 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.

With earnings under pressure, the coming year should therefore see a spread created in favour of fixed-income securities over equities, as suggested by the manager's quantitative model. For the time being, the manager still favours a slightly shorter duration considering the risk that the Fed's continued combative rhetoric will lead long rates to revisit their recent highs, but an opportunity to increase duration should present itself during the year. Within equities, the environment looks more challenging for emerging markets than in North America, while the manager's outlook favours more defensive strategies.

This scenario comes with a level of uncertainty that remains unusually high. For instance, a much faster-than-expected slowdown in inflation would represent the most optimistic scenario, if it prompts central banks to stop – and even reverse – their rate hike cycle earlier than expected, thereby reducing the likelihood of a recession. That said, an important risk factor remains excessive monetary tightening by a Federal Reserve that cannot afford to underestimate once again the persistence of inflationary pressures. One thing is certain: an important success factor in 2023 will be the ability to remain nimble in a constantly changing environment.

## Related Party Transactions

National Bank of Canada ("the Bank") and its affiliated companies' roles and responsibilities related to the Portfolio are as follows:

### Trustee, Custodian and Registrar

Natcan Trust Company ("NTC"), a direct or indirect wholly-owned subsidiary of the Bank, is the Portfolio's trustee. In this capacity, it is the legal owner of the Portfolio's investments.

NTC also acts as the Portfolio's custodian, registrar and transfer agent. The Manager pays NTC for its services as custodian based on the assets held by the Portfolio. In addition, a flat fee per transaction is paid to NTC. With respect to the registrar and transfer agent services for the Portfolio, a fixed annual amount is paid to NTC by the Manager.

### Agent for securities lending transactions

NTC acts as the agent for securities lending transactions acts on behalf of the Portfolio in administering securities lending transactions entered into by the Portfolio. NTC is an affiliate of the Manager.

### Manager

As described in the *Management Fees* section, the Portfolio pays annual management fees to National Bank Investments Inc. (the "Manager") in consideration for management services. The management fees cover mainly the Manager's costs of managing the Portfolio's investments. The Manager is an indirect wholly-owned subsidiary of National Bank of Canada (the "Bank").

Since October 29, 2013, the Manager pays the operating expenses of the Portfolio other than its "portfolio costs" (defined below) (the "variable operating expenses"), in exchange for the Portfolio's payment to the Manager of annual fixed-rate administration fees with respect to each series of the Portfolio.

The administration fees are equal to a specified percentage of the net asset value of each series of the Portfolio, calculated and paid in the same manner as the Portfolio'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 Portfolio shall also pay certain portfolio 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 Meritage Portfolios.

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 Portfolio costs.

### Portfolio Manager

The Manager has appointed National Bank Trust Inc. ("NBT"), an indirect wholly-owned subsidiary of the Bank, as the portfolio manager for the Portfolio. A flat fee is payable annually to NBT for its management services.

### Distribution and Dealer Compensation

Portfolio securities are offered by National Bank Direct Brokerage (a division of National Bank Financial Inc., an indirect wholly owned subsidiary of the Bank), CABN Investments (a division of National Bank Investments Inc.), National Bank Financial Inc. and other affiliated entities. Each month, brokers receive a commission representing a percentage of the average daily value of the securities held by their clients. In addition, when Advisor Series securities are purchased, brokers usually receive a commission, which varies depending on the sales charge option chosen at the time of investment.

### Brokerage Fees

The Portfolio may pay broker's commissions at market rates to a corporation affiliated with National Bank Investments Inc. The brokerage fees paid by the Portfolio for the period are as follows:

	Period ended December 31, 2022
<b>Total brokerage fees</b>	2,274.60
<b>Brokerage fees paid to National Bank Financial</b>	2,274.60

### Holdings

As at December 31, 2022, National Bank Investments Inc. held 267.41 Portfolio securities for a value of \$2,293.30, which represented close to than 0.0041% of the net asset value of the Portfolio at that date. Transactions between National Bank Investments Inc. and the Portfolio were carried out in the normal course of business and at the Portfolio's net asset value as at the transaction date.

### Administrative and Operating Services

NBT provides the Portfolio with certain services, including accounting, reporting and portfolio valuation services. The costs incurred for these services are paid by the Manager to NBT.

## Management Fees

The Portfolio pays annual management fees to the Manager in consideration for management, portfolio advisory and administrative services and facilities required by the Portfolio in its day-to-day operations. As the Portfolio invests in underlying funds, the fees and expenses payable in connection with the management of the underlying funds are in addition to those payable by the Portfolio. However, the Manager makes sure that the Portfolio does not pay any management (or operating) fees that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service.

The management fees are calculated as a fixed percentage of the Portfolio's daily net asset value, are accrued on a daily basis and are paid monthly. The Portfolio is required to pay applicable taxes on the management fees.

Under the heading *Distribution*, expenses include the broker's compensation consisting of the maximum annual trailer fees and sales commissions paid to brokers. Under the heading *Other*, the fees relate mainly to investment management, investment advisory services, general administration and profit. The breakdown of the main services received in consideration for the management fees, as a percentage of the management fees collected from the Portfolio, is as follows:

Series	Management Fees	Distribution	Others <sup>†</sup>
Advisor Series*			
Front-end load**	1.50%	50.00%	50.00%
Back-end load - 1 to 6 years	1.50%	16.67%	83.33%
Low load - 1 to 3 years	1.50%	16.67%	83.33%
Low load - 4 years and more	1.50%	50.00%	50.00%
Series F	0.75%	—	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> Excluding sales commissions paid on the Advisor Series with the low sales charge option and deferred sales charge option, which are not included in the management fees.

<sup>(\*\*)</sup> Rate applicable for all investments, including Advisor Series existing before May 14, 2015, systematic investment programs, reinvested distributions and switches.

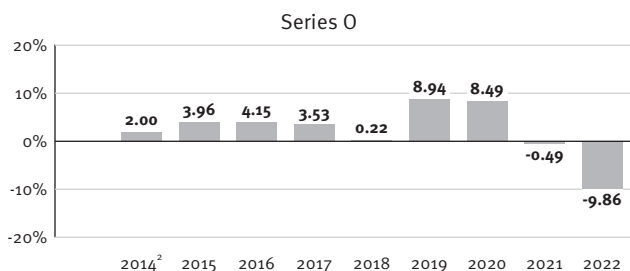
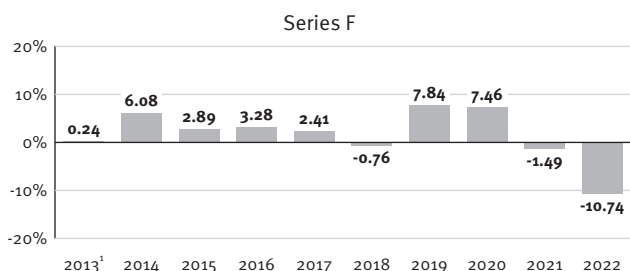
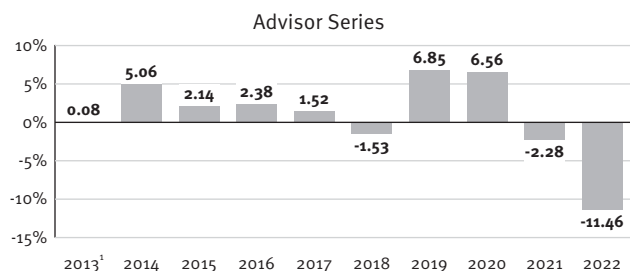
<sup>(\*\*\*)</sup> There are no management fees paid by the portfolio with respect to the Series O. Instead, Series O securityholders pay a negotiated administration fee directly to National Bank Investments.

## Past Performance

The performance of each series of the Portfolio presented below is calculated as of December 31 of each year. It assumes that all distributions made in the periods shown were reinvested in additional securities and does not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of a series of the Portfolio does not necessarily indicate how it will perform in the future.

## Annual Returns

The bar charts indicate the performance for each the Portfolio's series in existence greater than one year during the years shown, and illustrate how the performance has changed from year to year. They show, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the series) 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.



<sup>(1)</sup> Returns for the period of October 29, 2013 (commencement of operations) to December 31, 2013.

<sup>(2)</sup> Returns for the period of September 11, 2014 (commencement of operations) to December 31, 2014.

## Annual Compounded Performance

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

- FTSE Canada Universe Bond Index (CAD)

### Meritage Diversified Fixed Income Portfolio

	1 year	3 years	5 years	10 years	Since inception
<b>Advisor Series<sup>1</sup></b>	(11.46)%	(2.67)%	(0.61)%	—	0.87%
Benchmark	(11.69)%	(2.20)%	0.27%	—	1.87%
<b>Series F<sup>1</sup></b>	(10.74)%	(1.87)%	0.23%	—	1.73%
Benchmark	(11.69)%	(2.20)%	0.27%	—	1.87%
<b>Series O<sup>2</sup></b>	(9.86)%	(0.90)%	1.22%	—	2.37%
Benchmark	(11.69)%	(2.20)%	0.27%	—	1.50%

<sup>1</sup>Commencement of operations: October 29, 2013

<sup>2</sup>Commencement of operations: September 11, 2014

A discussion of the Portfolio'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 **FTSE Canada Universe Bond Index** is composed of over 900 bonds with a term to maturity of more than one year and tracks the performance of the Canadian Bond market.

## Financial Highlights

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

### Advisor Series

Net Assets per Unit<sup>(1)</sup> Commencement of operations: October 29, 2013

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	9.17	9.69	9.38	9.05	9.50
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.26	0.29	0.31	0.34	0.34
Total expenses	(0.15)	(0.17)	(0.17)	(0.17)	(0.17)
Realized gains (losses)	(0.33)	(0.02)	0.11	(0.07)	(0.14)
Unrealized gains (losses)	(0.87)	(0.34)	0.38	0.55	(0.19)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(1.09)	(0.24)	0.63	0.65	(0.16)
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	0.01	—	0.01	0.03	0.04
From dividends	0.10	0.12	0.13	0.14	0.13
From capital gains	—	—	—	—	—
Return of capital	0.18	0.18	0.16	0.12	0.13
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.29	0.30	0.30	0.29	0.30
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	7.84	9.17	9.69	9.38	9.05

#### Ratios and Supplemental Data

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	23,292	32,162	39,372	38,695	43,940
Number of units outstanding <sup>(6)</sup>	2,971,898	3,507,204	4,063,857	4,125,673	4,857,294
Management expense ratio (%) <sup>(4)</sup>	1.91	1.89	1.89	1.88	1.90
Management expense ratio before waivers or absorptions (%)	1.95	1.94	1.93	1.92	1.94
Trading expense ratio (%) <sup>(7)</sup>	—	—	—	—	—
Portfolio turnover rate (%) <sup>(8)</sup>	24.65	6.66	7.99	0.99	3.34
Net asset value per unit (\$)	7.84	9.17	9.69	9.38	9.05

### Series F

Net Assets per Unit<sup>(1)</sup> Commencement of operations: October 29, 2013

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	9.82	10.30	9.89	9.46	9.86
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.28	0.31	0.33	0.36	0.36
Total expenses	(0.09)	(0.10)	(0.10)	(0.10)	(0.10)
Realized gains (losses)	(0.34)	(0.02)	0.12	(0.07)	(0.15)
Unrealized gains (losses)	(0.84)	(0.36)	0.37	0.56	(0.20)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(0.99)	(0.17)	0.72	0.75	(0.09)
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	0.08	0.09	0.10	0.11	0.12
From dividends	0.11	0.12	0.13	0.15	0.14
From capital gains	—	—	—	—	—
Return of capital	0.12	0.11	0.09	0.05	0.06
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.31	0.32	0.32	0.31	0.32
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	8.46	9.82	10.30	9.89	9.46

#### Ratios and Supplemental Data

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	28,529	34,567	41,214	34,099	36,974
Number of units outstanding <sup>(6)</sup>	3,372,691	3,520,085	4,003,038	3,448,764	3,907,630
Management expense ratio (%) <sup>(4)</sup>	1.08	1.05	1.06	1.04	1.06
Management expense ratio before waivers or absorptions (%)	1.11	1.09	1.10	1.07	1.10
Trading expense ratio (%) <sup>(7)</sup>	—	—	—	—	—
Portfolio turnover rate (%) <sup>(8)</sup>	24.65	6.66	7.99	0.99	3.34
Net asset value per unit (\$)	8.46	9.82	10.30	9.89	9.46

## Series O

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

Commencement of operations: September 11, 2014

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	10.02	10.42	9.95	9.49	9.84
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.29	0.31	0.34	0.36	0.36
Total expenses	—	—	—	—	—
Realized gains (losses)	(0.37)	(0.02)	0.12	(0.07)	(0.14)
Unrealized gains (losses)	(0.90)	(0.34)	0.37	0.54	(0.19)
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	(0.98)	(0.05)	0.83	0.83	0.03
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	0.16	0.19	0.20	0.21	0.22
From dividends	0.13	0.12	0.13	0.15	0.14
From capital gains	—	—	—	—	—
Return of capital	0.04	0.03	0.03	0.02	0.01
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	0.33	0.34	0.36	0.38	0.37
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	8.71	10.02	10.42	9.95	9.49

### Ratios and Supplemental Data

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	1	1	1	1	1
Number of units outstanding <sup>(5)</sup>	139	135	130	125	121
Management expense ratio (%) <sup>(6)</sup>	0.07	0.06	0.05	0.03	0.05
Management expense ratio before waivers or absorptions (%)	0.08	0.08	1.14	0.92	1.24
Trading expense ratio (%) <sup>(7)</sup>	—	—	—	—	—
Portfolio turnover rate (%) <sup>(8)</sup>	24.65	6.66	7.99	0.99	3.34
Net asset value per unit (\$)	8.71	10.02	10.42	9.95	9.49

## Private Series\*

<sup>(7)</sup> Please note that this Series is offered by way of private placement.

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

Commencement of operations: March 10, 2016

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	9.77	10.22	9.81	9.37	9.74
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.28	0.32	0.33	0.25	0.50
Total expenses	(0.07)	(0.08)	(0.08)	(0.08)	(0.08)
Realized gains (losses)	(0.35)	(0.02)	0.13	(0.15)	(0.20)
Unrealized gains (losses)	(0.87)	(0.14)	0.29	0.98	0.19
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	(1.01)	0.08	0.67	1.00	0.41
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	0.09	0.11	0.12	0.04	0.21
From dividends	0.12	0.11	0.13	0.13	0.07
From capital gains	—	—	—	—	—
Return of capital	0.10	0.11	0.07	0.13	0.04
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	0.31	0.33	0.32	0.30	0.32
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	8.43	9.77	10.22	9.81	9.37

### Ratios and Supplemental Data

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	1,193	1,425	532	361	2,973
Number of units outstanding <sup>(5)</sup>	141,608	145,916	52,099	36,825	317,390
Management expense ratio (%) <sup>(6)</sup>	0.90	0.86	0.88	0.87	0.89
Management expense ratio before waivers or absorptions (%)	0.91	0.88	0.90	0.89	0.91
Trading expense ratio (%) <sup>(7)</sup>	—	—	—	—	—
Portfolio turnover rate (%) <sup>(8)</sup>	24.65	6.66	7.99	0.99	3.34
Net asset value per unit (\$)	8.43	9.77	10.22	9.81	9.37

<sup>(1)</sup> This information is derived from the Portfolio'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 Portfolio, 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.

<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 portfolio's turnover rate indicates how actively the Portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher a portfolio's turnover rate in an accounting period, the greater the trading costs payable by the Portfolio 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 Portfolio.

## Summary of Investment Portfolio

As of December 31, 2022

### Portfolio Top Holdings

	% of Net Asset Value
Manulife Strategic Income Fund, Series I.....	30.1
CI Signature Canadian Bond Fund, Class I.....	27.6
TD Canadian Core Plus Bond Fund, Series O.....	27.5
RP Strategic Income Plus Fund, Class O.....	10.1
NBI Sustainable Canadian Short Term Bond ETF.....	5.1
Cash, Money Market and Other Net Assets.....	(0.4)
	100.0

Net asset value..... \$53,015,516

### Asset Mix

	% of Net Asset Value
Corporate Bonds.....	50.8
Government Bonds.....	39.5
Asset Backed Securities.....	4.2
Mortgage Backed Securities.....	1.4
Cash, Money Market and Other Net Assets.....	4.1

### Regional Allocation

	% of Net Asset Value
Canada.....	56.1
United States.....	27.9
Other Countries.....	11.9
Cash, Money Market and Other Net Assets.....	4.1

The above table shows the top 25 positions held by the Portfolio. In the case of a Portfolio with fewer than 25 positions, all positions are indicated.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Portfolio. A quarterly update is available. Please consult the website [www.nbinvestments.ca](http://www.nbinvestments.ca), or contact your advisor.

The prospectus and other information on the underlying investment funds are available on the website indicated above or on SEDAR's website at [www.sedar.com](http://www.sedar.com).