

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2019

Canadian Equity Fund

## **NBI Canadian Equity 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, 500, Place d'Armes, 12th floor, Montreal, Quebec, H2Y 2W3, 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 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 Canadian Equity Fund's investment objective is to ensure long-term capital growth while applying policies focused on protection of invested capital. The Fund invests primarily in equity securities of a variety of Canadian companies traded on recognized markets such as common shares, preferred shares and convertible securities which, when exercised, will enable the purchase of these types of shares.

The portfolio manager analyzes Canadian companies with large market capitalizations with growth and value styles, when selecting companies from the different sectors of the S&P/TSX Composite Index. Security selection is favoured over sector rotation. The portfolio manager uses a similar method to select international equities, which may represent approximately 30% of the Fund's assets.

### Risks

The Fund's risk level was modified from "medium" to "low to medium" during the year. This change aims to more accurately reflect the Fund's actual risk level.

### Results of Operations

For the twelve-month period ended December 31, 2019, the NBI Canadian Equity Fund's Investor Series units returned 15.13% compared to 22.88% for the Fund's benchmark, the S&P/TSX Composite Index (CAD). Unlike the benchmark, the Fund's performance is calculated after fees and expenses. Please see the *Past Performance* section for returns of all of the Fund's series, which may vary mainly because of fees and expenses.

The Fund's net asset value rose by 17.92% over the period, from \$385.71 million as at December 31, 2018 to \$454.83 million as at December 31, 2019.

The increase stemmed mainly from unit purchases by investors in the Fund, investments in the Fund by other NBI Funds and market fluctuations.

Buoyed by upbeat economic data from China amid growing optimism over an initial U.S.-China trade deal, the Canadian equity market ended the year on a high note. Along with the rest of the world, the S&P/TSX index reached several all-time highs during the year and posted double digit gains.

The index was mainly driven by the Information Technology and Utilities sectors. In contrast, the Health Care sector shed value thanks to the unimpressive performance of names in the cannabis sector.

Under these circumstances, the Fund underperformed its benchmark. Overall, the main detractors to performance were stock selection in Consumer Discretionary and Information Technology sectors, as well as the Fund's overweight position in Consumer Staples

In terms of specific stocks, the Fund's position to SNC-Lavalin and Uni-Select Inc. proved to be some of the largest detractors to performance during the period.

Compared to the benchmark, the Fund is underweight Communication Services, Energy, Materials and Utilities. The Fund is overweight in Information Technology, Industrials, Consumer Discretionary and Consumer Staples.

### Recent Developments

During the year, the portfolio manager exited positions in Great-West Lifeco, Canadian Tire Corp., ARC Resources, NuVista Energy and Vermilion Energy. The exit of ARC Resources was due in large part to the portfolio manager's skepticism about its ability to generate value going forward at current commodity prices. He chose to exit Canadian Tire, in part due to macro expectations as the company is largely a discretionary retailer. That downside risk is amplified by its growing credit card portfolio, and high leverage. He feels, other risks continue to mount, including ecommerce competition, branded sporting goods moving to direct-to-consumer, direct competition at opening price point sporting goods, and leverage is elevated. Valuation appears inexpensive relative to the market; however, he believes that risk is elevated and does not see acceptable returns going forward. He initiated new positions in Altus Group, Transcontinental Inc., Premium Brands and Winpak Ltd.

Going forward, the portfolio manager feels in the longer term, his expectations continue to be limited by the secular headwinds. Developed economies are heavily indebted, have underinvested in productive capacity, and are facing demographic headwinds due to an aging population base. In sum, the long-term trend rate of economic growth will continue to be modest even without the added uncertainty from protracted trade wars and Brexit negotiations. Central bank intervention will continue to be needed in the absence of truly significant fiscal policy stimulus. He expects more uncertainty in the increasingly multi-polar geopolitical world.

On April 30, 2019, the Fund's independent review committee (the "IRC") was reduced to three members when André Godbout resigned as an IRC member. On May 22, 2019, the Fund's IRC was increased to five members when Norman Turnbull and Robert Martin were appointed as IRC members.

### 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"), a direct or 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. ("NBII"), which is a wholly-owned subsidiary of the Bank. Therefore, NBII 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 NBII as consideration for its services.

#### Distribution and Dealer Compensation

NBII acts as principal distributor for the Fund. In this capacity, NBII buys, sells and swaps securities through Bank branches and the National Bank Investments Advisory Service in Canadian provinces and territories, and through external registered representatives. Fund securities are also offered by National Bank Financial Inc. (including its division National Bank Direct Brokerage), CABN Investments (a division of NBII) 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.

#### Brokerage Fees

The Fund may pay broker's commissions at market rates to a corporation affiliated with NBII. The brokerage fees paid by the Fund for the period are as follows:

	Period ended December 31, 2019
<b>Total brokerage fees</b>	110,877.76
<b>Brokerage fees paid to National Bank Financial</b>	2,921.35

#### Holdings

As at December 31, 2019, National Bank Investments Inc. held 236.46 Fund securities for a value of \$4,524.14, which represented close to 0.0010% 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.

As at December 31, 2019, National Bank Trust Inc. held 1.04 Fund securities for a value of \$26.68, which represented close to 0.0000% of the net asset value of the Fund at that date. Transactions between National Bank Trust 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, NBII, to National Bank Trust Inc. ("NBT"), a wholly-owned indirect 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. A portion of the management fees paid by the Fund covers maximum annual trailer fees and sales commissions paid to brokers. The remainder of the management fees primarily covers investment management and general administration services. 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>
Investor Series	2.00%	62.50%	37.50%
Investor-2 Series	1.70%	58.82%	41.18%
Advisor Series*			
Front-end load	2.00%	62.50%	37.50%
Back-end load - 1 to 6 years	2.00%	25.00%	75.00%
Back-end load - 7 years and more	2.00%	62.50%	37.50%
Low load - 1 to 3 years	2.00%	25.00%	75.00%
Low load - 4 years and more	2.00%	50.00%	50.00%
Advisor-2 Series*			
Front-end load	1.70%	58.82%	41.18%
Back-end load - 1 to 6 years	1.70%	29.41%	70.59%
Back-end load - 7 years and more	1.70%	58.82%	41.18%
Low load - 1 to 3 years	1.70%	29.41%	70.59%
Low load - 4 years and more	1.70%	58.82%	41.18%
Series F	0.75%	—	100.00%
Series F-2	0.70%	—	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 and Advisor-2 Series with the low sales charge option and deferred sales charge option, which are not paid for out of the management fees.

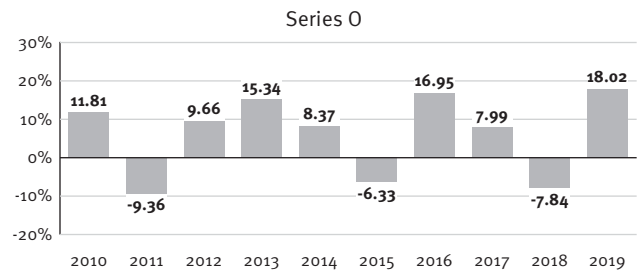
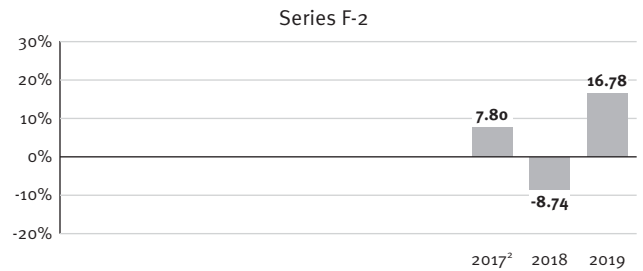
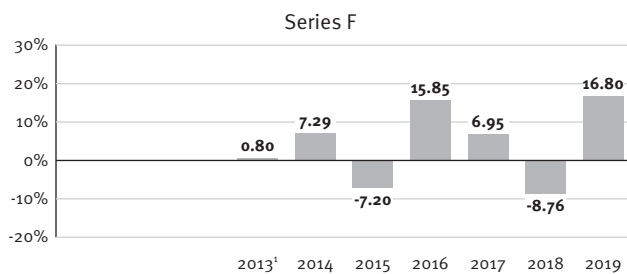
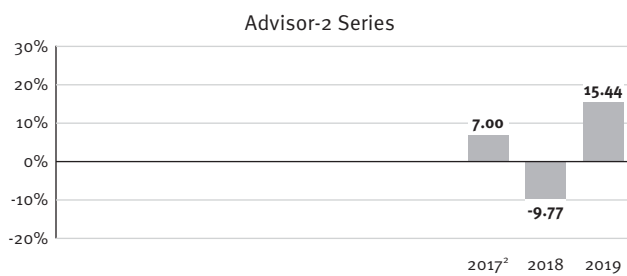
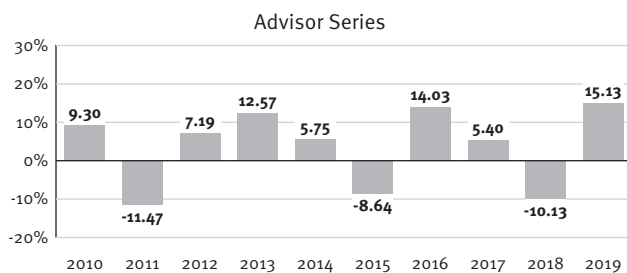
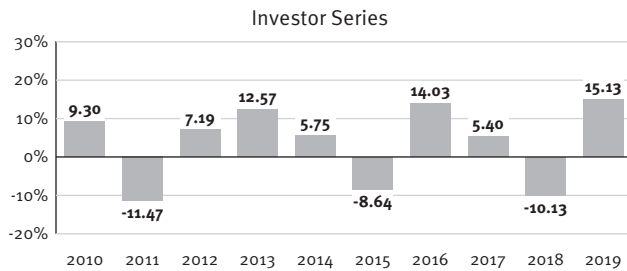
<sup>(\*\*)</sup> There are no management fees paid by the Fund with respect to the Series O. Instead, Series O securityholders pay a negotiated administration fee directly to National Bank Investments.

#### Past Performance

The performance of each series of the Fund is presented below and calculated as at 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 a Fund does not necessarily indicate how it will perform in the future.

## Annual Returns

The bar charts indicate the performance for each the Fund'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, or by June 30, as applicable.



<sup>(1)</sup> Returns for the period from December 24, 2013 (commencement of operations) to December 31, 2013.

<sup>(2)</sup> Returns for the period from May 19, 2017 (commencement of operations) to December 31, 2017.

## Annual Compounded Performance

The following table shows the Fund's annual compound returns for each series in existence greater than one year and for each of the periods ended on December 31, 2019, compared with the following benchmark:

- S&P/TSX Composite Index (CAD)

### NBI Canadian Equity Fund

	1 year	3 years	5 years	10 years	Since inception
<b>Investor Series<sup>1</sup></b>	15.13%	2.93%	2.59%	3.44%	-
Benchmark	22.88%	6.89%	6.28%	6.90%	-
<b>Investor-2 Series<sup>2</sup></b>	15.48%	-	-	-	4.31%
Benchmark	22.88%	-	-	-	9.36%
<b>Advisor Series<sup>3</sup></b>	15.13%	18.19%	16.36%	15.97%	-
Benchmark	22.88%	6.89%	6.28%	6.90%	-
<b>Advisor-2 Series<sup>2</sup></b>	15.44%	-	-	-	4.23%
Benchmark	22.88%	-	-	-	9.36%
<b>Series F<sup>4</sup></b>	16.80%	4.45%	4.15%	-	4.79%
Benchmark	22.88%	6.89%	6.28%	-	7.13%
<b>Series F-2<sup>2</sup></b>	16.78%	-	-	-	5.44%
Benchmark	22.88%	-	-	-	9.36%
<b>Series O<sup>5</sup></b>	18.02%	5.51%	5.17%	5.98%	-
Benchmark	22.88%	6.89%	6.28%	6.90%	-

<sup>1</sup>Commencement of operations: November 14, 1988

<sup>2</sup>Commencement of operations: May 19, 2017

<sup>3</sup>Commencement of operations: February 8, 2002

<sup>4</sup>Commencement of operations: December 24, 2013

<sup>5</sup>Commencement of operations: February 13, 2002

A discussion of the Fund'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 **S&P/TSX Composite Index** is a subset of the S&P/TSX and reflects share price fluctuations of a group of companies listed on the Toronto Stock Exchange (TSX) and weighted by market capitalization.

## 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.

### Investor / Advisor\* Series

<sup>(\*)</sup> The Advisor Series was created on February 8, 2002.

Accounting Period Ended	Commencement of operations: November 14, 1988				
	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Net Assets, Beginning of Accounting Period Shown <sup>(4)</sup>	10.69	12.00	11.42	10.04	10.99
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.34	0.34	0.32	0.31	0.34
Total expenses	(0.30)	(0.29)	(0.29)	(0.27)	(0.28)
Realized gains (losses)	(0.29)	0.10	1.77	0.33	(0.23)
Unrealized gains (losses)	2.00	(1.31)	(1.31)	1.04	(0.81)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.75	(1.16)	0.49	1.41	(0.98)
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.06	0.05	0.03	0.03	—
From capital gains	—	0.04	—	—	—
Return of capital	—	—	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.06	0.09	0.03	0.03	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	12.25	10.69	12.00	11.42	10.04

### Ratios and Supplemental Data

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	132,872	152,034	246,127	321,909	292,107
Number of units outstanding <sup>(5)</sup>	10,844,293	14,219,307	20,514,522	28,178,233	29,090,599
Management expense ratio (%) <sup>(6)</sup>	2.51	2.51	2.51	2.51	2.50
Management expense ratio before waivers or absorptions (%)	2.51	2.51	2.51	2.51	2.51
Trading expense ratio (%) <sup>(7)</sup>	0.03	0.02	0.02	0.06	0.09
Portfolio turnover rate (%) <sup>(8)</sup>	11.36	10.52	16.89	66.95	31.38
Net asset value per unit (\$)	12.25	10.69	12.00	11.42	10.04

### Investor-2 Series

Net Assets per Unit <sup>(1)</sup> Commencement of operations: May 19, 2017

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31
Net Assets, Beginning of Accounting Period Shown <sup>(4)</sup>	9.40	10.70	10.00
<b>Increase (Decrease) from Operations (\$)</b>			
Total revenue	0.30	0.28	0.17
Total expenses	(0.23)	(0.23)	(0.14)
Realized gains (losses)	(0.24)	0.21	0.02
Unrealized gains (losses)	1.72	(1.74)	0.61
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.55	(1.48)	0.66
<b>Distributions (\$)</b>			
From net investment income (excluding dividends)	—	—	—
From dividends	0.09	0.15	—
From capital gains	—	0.11	—
Return of capital	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.09	0.26	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.77	9.40	10.70

### Ratios and Supplemental Data

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	346	398	1,862
Number of units outstanding <sup>(5)</sup>	32,118	42,410	173,940
Management expense ratio (%) <sup>(6)</sup>	2.18	2.16	2.17
Management expense ratio before waivers or absorptions (%)	2.18	2.16	2.17
Trading expense ratio (%) <sup>(7)</sup>	0.03	0.02	0.02
Portfolio turnover rate (%) <sup>(8)</sup>	11.36	10.52	16.89
Net asset value per unit (\$)	10.77	9.40	10.70

## Advisor-2 Series

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

Commencement of operations: May 19, 2017

Accounting Period Ended	2019	2018	2017
	December 31	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	9.53	10.70	10.00
<b>Increase (Decrease) from Operations (\$)</b>			
Total revenue	0.30	0.30	0.17
Total expenses	(0.24)	(0.22)	(0.14)
Realized gains (losses)	(0.25)	0.09	0.01
Unrealized gains (losses)	1.80	(1.14)	0.63
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.61	(0.97)	0.67
<b>Distributions (\$)</b>			
From net investment income (excluding dividends)	—	—	—
From dividends	0.08	0.09	—
From capital gains	—	0.03	—
Return of capital	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.08	0.12	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.92	9.53	10.70

### Ratios and Supplemental Data

Accounting Period Ended	2019	2018	2017
	December 31	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	11,668	13,962	21,687
Number of units outstanding <sup>(5)</sup>	1,068,048	1,464,335	2,026,018
Management expense ratio (%) <sup>(6)</sup>	2.25	2.14	2.17
Management expense ratio before waivers or absorptions (%)	2.26	2.15	2.18
Trading expense ratio (%) <sup>(7)</sup>	0.03	0.02	0.02
Portfolio turnover rate (%) <sup>(8)</sup>	11.36	10.52	16.89
Net asset value per unit (\$)	10.92	9.53	10.70

## Series F

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

Commencement of operations: December 24, 2013

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	10.97	12.25	11.52	10.00	10.78
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.35	0.35	0.33	0.32	0.33
Total expenses	(0.13)	(0.13)	(0.12)	(0.11)	(0.12)
Realized gains (losses)	(0.34)	0.05	1.26	0.33	(0.23)
Unrealized gains (losses)	1.87	(1.43)	(0.22)	1.34	(0.71)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.75	(1.16)	1.25	1.88	(0.73)
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.19	0.18	0.07	0.07	—
From capital gains	—	0.02	—	—	—
Return of capital	—	—	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.19	0.20	0.07	0.07	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	12.62	10.97	12.25	11.52	10.00

### Ratios and Supplemental Data

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	1,478	1,175	1,063	158	57
Number of units outstanding <sup>(5)</sup>	117,060	107,110	86,831	13,677	5,685
Management expense ratio (%) <sup>(6)</sup>	1.00	1.04	1.04	0.99	1.00
Management expense ratio before waivers or absorptions (%)	1.00	1.04	1.04	1.01	1.04
Trading expense ratio (%) <sup>(7)</sup>	0.03	0.02	0.02	0.06	0.09
Portfolio turnover rate (%) <sup>(8)</sup>	11.36	10.52	16.89	66.95	31.38
Net asset value per unit (\$)	12.62	10.97	12.25	11.52	10.00

## Series F-2

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

Commencement of operations: May 19, 2017

Accounting Period Ended	2019	2018	2017
	December 31	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	9.52	10.78	10.00
<b>Increase (Decrease) from Operations (\$)</b>			
Total revenue	0.30	0.30	0.17
Total expenses	(0.12)	(0.11)	(0.07)
Realized gains (losses)	(0.25)	0.10	0.01
Unrealized gains (losses)	1.77	(1.07)	0.50
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.70	(0.78)	0.61
<b>Distributions (\$)</b>			
From net investment income (excluding dividends)	—	—	—
From dividends	0.25	0.27	—
From capital gains	—	0.04	—
Return of capital	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.25	0.31	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.87	9.52	10.78

### Ratios and Supplemental Data

Accounting Period Ended	2019	2018	2017
	December 31	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	955	1,374	2,244
Number of units outstanding <sup>(5)</sup>	87,928	144,356	208,208
Management expense ratio (%) <sup>(6)</sup>	1.11	1.00	1.02
Management expense ratio before waivers or absorptions (%)	1.11	1.00	1.02
Trading expense ratio (%) <sup>(7)</sup>	0.03	0.02	0.02
Portfolio turnover rate (%) <sup>(8)</sup>	11.36	10.52	16.89
Net asset value per unit (\$)	10.87	9.52	10.78

## Series O

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

Commencement of operations: February 13, 2002

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	22.12	24.54	22.91	19.85	21.20
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.72	0.72	0.66	0.62	0.66
Total expenses	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)
Realized gains (losses)	(0.69)	0.01	2.88	0.68	(0.41)
Unrealized gains (losses)	3.78	(2.84)	(0.37)	2.20	(1.59)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	3.80	(2.12)	3.16	3.48	(1.36)
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.56	0.48	0.19	0.31	0.01
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.56	0.48	0.19	0.31	0.01
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	25.55	22.12	24.54	22.91	19.85

### Ratios and Supplemental Data

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	307,510	216,763	89,110	18,722	15,712
Number of units outstanding <sup>(5)</sup>	12,034,355	9,799,963	3,631,520	817,192	791,322
Management expense ratio (%) <sup>(6)</sup>	0.02	0.02	0.02	0.02	0.02
Management expense ratio before waivers or absorptions (%)	0.02	0.02	0.02	0.02	0.02
Trading expense ratio (%) <sup>(7)</sup>	0.03	0.02	0.02	0.06	0.09
Portfolio turnover rate (%) <sup>(8)</sup>	11.36	10.52	16.89	66.95	31.38
Net asset value per unit (\$)	25.55	22.12	24.54	22.91	19.85



## 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: March 27, 2017

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	9.52	10.63	10.00
<b>Increase (Decrease) from Operations (\$)</b>			
Total revenue	0.30	0.30	0.22
Total expenses	(0.10)	(0.10)	(0.07)
Realized gains (losses)	(0.28)	0.06	1.45
Unrealized gains (losses)	1.70	(1.20)	(0.93)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.62	(0.94)	0.67
<b>Distributions (\$)</b>			
From net investment income (excluding dividends)	—	—	—
From dividends	0.18	0.16	—
From capital gains	—	0.02	—
Return of capital	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.18	0.18	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	10.96	9.52	10.63

## Ratios and Supplemental Data

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	1	1	1
Number of units outstanding <sup>(5)</sup>	104	102	100
Management expense ratio (%) <sup>(6)</sup>	0.92	0.94	0.98
Management expense ratio before waivers or absorptions (%)	1.47	1.67	2.25
Trading expense ratio (%) <sup>(7)</sup>	0.03	0.02	0.02
Portfolio turnover rate (%) <sup>(8)</sup>	11.36	10.52	16.89
Net asset value per unit (\$)	10.96	9.52	10.63

<sup>(4)</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. For the Investor Series, Advisor Series, Series F and O, the detailed calculation of the total Increase (Decrease) from Operations as at December 31, 2015 has been adjusted to reflect the proper allocation between the following items: Total revenue, Total expenses, Realized gain (losses) and/or Unrealized gain (losses). It is a non-material correction related to a programming error in the ratio calculation.

<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.

<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. Since calculating an average daily allocation of the trading expenses would take considerable effort, an average monthly allocation has been used instead for the accounting periods prior to 2016.

<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, 2019

### Portfolio Top Holdings

	% of Net Asset Value
Brookfield Asset Management Inc., Class A	5.8
Enbridge Inc.	5.6
Toronto-Dominion Bank	5.5
Manulife Financial Corp.	5.1
Bank of Nova Scotia	5.0
Alimentation Couche-Tard Inc., Class B	4.3
CGI Group Inc., Class A	4.1
Canadian National Railway Co.	4.0
Nutrien Ltd.	4.0
Thomson Reuters Corp.	4.0
Royal Bank of Canada	3.9
Canadian Natural Resources Ltd.	3.7
Open Text Corp.	3.5
Restaurant Brands International Inc.	3.1
Canadian Western Bank	3.0
SNC-Lavalin Group Inc.	3.0
Pembina Pipeline Corporation	2.9
Cash, Money Market and Other Net Assets	2.9
CCL Industries Inc., Class B	2.7
Intact Financial Corp.	2.7
CAE Inc.	2.4
WSP Global Group Inc.	2.4
Gildan Activewear Inc.	2.3
Saputo Inc.	2.3
Stantec Inc.	2.2
	90.4

Net asset value ..... \$454,829,643

### Asset Mix

	% of Net Asset Value
Canadian Equity	97.1
Cash, Money Market and Other Net Assets	2.9

### Sector Allocation

	% of Net Asset Value
Financials	31.1
Industrials	20.0
Energy	13.7
Consumer Staples	8.9
Consumer Discretionary	8.3
Information Technology	7.6
Materials	7.4
Real Estate	0.1
Cash, Money Market and Other Net Assets	2.9

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 Web site at [www.nbinvestments.ca](http://www.nbinvestments.ca).