

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2024

Specialized Fund
NBI Innovators 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.

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, by visiting SEDAR+'s website at 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 Innovators Fund aims to aggressively seek capital appreciation for investors over the long term (greater than five years) primarily by investing in global companies whose activities are partially focused on scientific and technological research.

The portfolio sub-advisor uses a bottom-up investment approach to identify high conviction ideas with strong fundamentals at reasonably attractive valuations. The portfolio sub-advisor identifies global companies whose activities are partially focused on scientific and technological research and are operated by skilled management teams who drive innovation and deliver differentiated products and services by effectively deploying capital into research and development (R&D) and capital expenditures. The fund may use a responsible investment approach, as described in the fund prospectus, this approach being one of many components of the investment strategies used to help achieve the fund's investment objective.

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

For the twelve-month period ended December 31, 2024, the NBI Innovators Fund's Investor Series units returned 30.59% compared to 36.42% for the Fund's benchmark, the Morningstar® U.S. Large-Mid Cap Index™. Unlike the indices, the Fund's performance is calculated after fees and expenses. Please see the *Past Performance* section for the 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 44.33% over the period, from \$180.96 million as at December 31, 2023 to \$261.19 million as at December 31, 2024.

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

In 2024, the S&P 500 Index achieved its second consecutive year of returns exceeding +20.0%, marking the best back-to-back performance since 1997–1998. This was marked with resilient consumer spending supporting a fourth consecutive year of above-trend growth. The unemployment rate stabilized after rising during the first half of 2024. Inflation also made meaningful progress towards +2.0% in 2024, allowing the Fed to kick off its rate-cutting cycle. 2024 also saw the U.S. elections unfold. The markets continued to experience significant gains, following the election results, driven by expectations of tax cuts and expansionary fiscal policies.

In this context, the Fund underperformed its benchmark.

Stock selection within Health Care, Consumer Discretionary, and Communication Services helped performance. Alternatively, stock selection within Real Estate, Consumer Staples, and Industrials hindered performance.

Positive contributors

Taiwan Semiconductor (TSM): An overweight position benefitted results. Strong AI product cycle and unique competitive positioning helped the stock.

Apple (AAPL): The Portfolio Manager added to the name after material underperformance in 1Q and trimmed the stock after it recovered.

Arista Networks (ANET): An overweight position helped. Market leadership and strong execution in Ethernet AI networking product cycle boosted the stock.

Negative contributors

Tesla (TSLA): An underweight position detracted. President Trump's win fuelled high expectations on federal approval of autonomous driving and Tesla's ability to monetize boosted the stock.

Lamb Weston (LW): An overweight position hurt results. A drop in global fast food restaurant foot traffic and a major ERP system issue caused the company to materially revise its outlook lower, hindering the stock.

Dexcom (DXCM): An overweight position detracted. The stock has lagged and the Portfolio Manager eliminated the position after a large miss in 2Q24 related to unexpected slowdowns in a key market for the company.

Recent Developments

Initiations

Domino's Pizza (DPZ): The position was initiated following share price under performance. The Portfolio Manager expects improved revenue trajectory into 2025 driven by increased 3P partnerships, improved execution, and new menu and loyalty offerings.

Boeing (BA): The company has had multiple setbacks over the past few years as continuing supply chain issues post COVID got complicated with quality issues, management oversight and, mostly recently, employee negotiations. The Portfolio Manager is encouraged by the recent change in management, the refocus on improving quality, and a resolution to the labour negotiations.

Additions

Boston Scientific (BSX): The Portfolio Manager added to the position after it sold off on weakness. The position had been proactively trimmed on strength given the heightened valuation.

Salesforce (CRM): The Portfolio Manager added to the large overweight in CRM on anticipation of a pickup in software spending in Q4 and data pointing to larger than anticipated excitement in the partner and customer ecosystem with Salesforce's upcoming AI and Agentic Products.

Eliminations

Meta Platforms (META): The position was eliminated following outperformance. The Portfolio Manager maintains a positive view on the company and its long-term prospects around AI monetization. However, in the near-term, the investment team expects to gain more clarity around Meta's AI capex investments to better understand margins, earnings, and FCF trajectory in 2025 and 2026.

Wayfair (W): The position was eliminated as recovery in the home improvement market is delayed with interest rates not coming down at the same rate as previously expected. Tax losses selling was an incremental reason to sell the position. The core investment thesis around continued market share gains and improving profitability remains intact, and the Portfolio Manager hopes to potentially revisit the name.

Reductions

Charles Schwab (SCHW): The position was trimmed after a strong quarter which led to outperformance. The Portfolio Manager continues to believe that SCHW is very well positioned for significant earnings growth in 2025 and 2026 and the Fund remains overweight.

Intuitive Surgical (ISRG): The position was reduced after significant price appreciation. The Portfolio Manager continues to believe in an upside to the numbers, but valuation is getting stretched at 58x 2026 P/E.

The Fund's largest overweight positions are currently Amazon (AMZN), Fiserv (FI), and Philip Morris (PM).

For 2025, the manager believes that the most likely scenario implies that a soft landing will be confirmed in the first half of the year. While this should finally turn the page on four years of major economic disruption linked to the pandemic, investors are nonetheless faced with high valuations, a weakened economy and heightened political uncertainty with Donald Trump's return to the White House considerably muddying the waters.

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 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) 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.

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 [†]
Investor Series	1.75%	57.14%	42.86%
Advisor Series*			
Front-end load**	1.75%	57.14%	42.86%
Series F	0.75%	—	100.00%

^(†) Includes all costs related to management, investment advisory services, general administration and profit.

^(*) Excluding sales commissions paid on the Advisor Series with the low sales charge option and deferred sales charge option, which are not paid for out of the management fees.

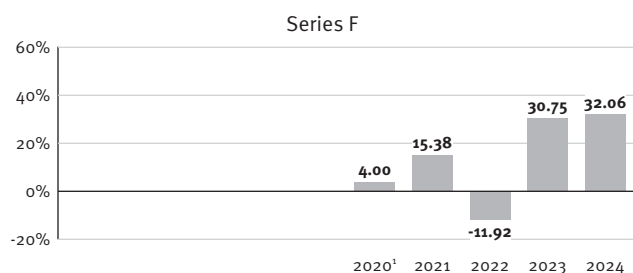
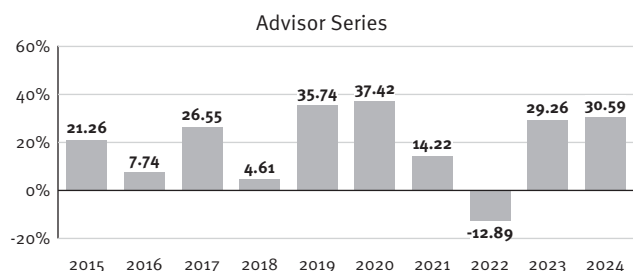
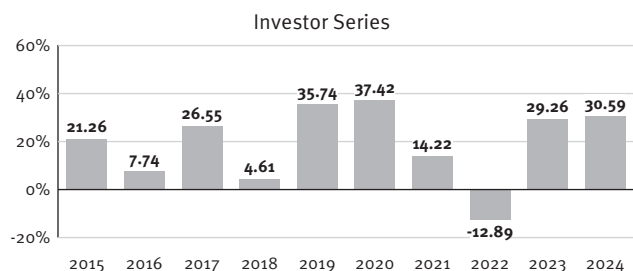
^(**) Rate applicable for all investments, including Advisor Series existing before May 14, 2015, systematic investment programs, reinvested distributions and switches.

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, in the case of the Annual management report of fund performance, or by June 30, in the case of the Interim management report of fund performance.



⁽¹⁾ Returns for the period from December 3, 2020 (commencement of operations) to December 31, 2020.

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, 2024, compared with the following benchmark:

Morningstar® U.S. Large-Mid Cap Index™

NBI Innovators Fund

	1 year	3 years	5 years	10 years	Since inception
Investor Series¹	30.59%	13.71%	18.21%	18.41%	–
Benchmark	36.42%	13.29%	16.75%	10.70%	–
Advisor Series²	30.59%	13.71%	18.21%	18.41%	–
Benchmark	36.42%	13.29%	16.75%	10.70%	–
Series F³	32.06%	15.00%	–	–	15.89%
Benchmark	36.42%	13.29%	–	–	16.69%

¹Commencement of operations: August 3, 1995

²Commencement of operations: June 12, 2009

³Commencement of operations: December 3, 2020

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 Descriptions

The **Morningstar® U.S. Large-Mid Cap Index™** provides a comprehensive depiction of the performance and fundamental characteristics of the large-and mid-cap segment of the U.S. stock market, while covering 90% of the largest companies in terms of 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

⁽¹⁾ The Advisor Series was created on June 12, 2009.

Accounting Period Ended	Commencement of operations: August 3, 1995				
	2024 December 31	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Net Assets per Unit ⁽¹⁾					
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	61.49	47.56	54.62	47.78	34.78
Increase (Decrease) from Operations (\$)					
Total revenue	0.44	0.38	0.75	1.41	0.36
Total expenses	(1.63)	(1.23)	(1.12)	(1.14)	(1.03)
Realized gains (losses)	11.23	1.55	4.82	4.26	19.57
Unrealized gains (losses)	8.68	13.22	(13.13)	2.19	(6.09)
Total Increase (Decrease) from Operations (\$) ⁽²⁾	18.72	13.92	(8.68)	6.72	12.81
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	—	—	—	—	—
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	80.31	61.49	47.56	54.62	47.78

Ratios and Supplemental Data

Accounting Period Ended	2024	2023	2022	2021	2020
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) ⁽⁵⁾	170,476	119,237	94,177	160,800	147,989
Number of units outstanding ⁽⁵⁾	2,122,885	1,939,271	1,979,940	2,944,653	3,095,687
Management expense ratio (%) ⁽⁶⁾	2.24	2.23	2.23	2.23	2.50
Management expense ratio before waivers or absorptions (%)	2.24	2.23	2.23	2.23	2.50
Trading expense ratio (%) ⁽⁷⁾	0.03	0.04	0.10	0.05	0.05
Portfolio turnover rate (%) ⁽⁸⁾	93.35	93.50	204.85	81.02	105.62
Net asset value per unit (\$)	80.30	61.49	47.57	54.61	47.81

Series F

Net Assets per Unit⁽¹⁾

Commencement of operations: December 3, 2020

Accounting Period Ended	2024 December 31	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	13.82	10.57	12.00	10.40	10.00
Increase (Decrease) from Operations (\$)					
Total revenue	0.10	0.08	0.17	0.40	—
Total expenses	(0.18)	(0.14)	(0.13)	(0.13)	(0.01)
Realized gains (losses)	2.55	0.37	2.06	0.59	—
Unrealized gains (losses)	1.94	2.94	(2.44)	1.29	(0.28)
Total Increase (Decrease) from Operations (\$) ⁽²⁾	4.41	3.25	(0.34)	2.15	(0.29)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	—	—	—	—	—
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	18.25	13.82	10.57	12.00	10.40

Ratios and Supplemental Data

Accounting Period Ended	2024 December 31	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Total net asset value (000's of \$) ⁽⁵⁾	90,710	61,727	43,775	4,351	51
Number of units outstanding ⁽⁵⁾	4,970,789	4,468,005	4,141,913	362,569	4,919
Management expense ratio (%) ⁽⁶⁾	1.11	1.11	1.12	1.11	1.13
Management expense ratio before waivers or absorptions (%)	1.11	1.11	1.12	1.11	6.37
Trading expense ratio (%) ⁽⁷⁾	0.03	0.04	0.10	0.05	0.05
Portfolio turnover rate (%) ⁽⁸⁾	93.35	93.50	204.85	81.02	105.62
Net asset value per unit (\$)	18.25	13.82	10.57	12.00	10.40

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Fund, or both.

⁽⁴⁾ The net assets are calculated in accordance with IFRS.

⁽⁵⁾ This information is provided as at the last day of the accounting period shown.

⁽⁶⁾ Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period. The management expense ratio includes, if necessary, the management expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106.

⁽⁷⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period. The trading expense ratio includes, if necessary, the trading expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106. The trading expense ratio history has been adjusted to include the trading expenses from its underlying funds. The calculation method described above has been used.

⁽⁸⁾ 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 Asset Value
Microsoft Corp.	7.1
Nvidia Corporation	7.1
Amazon.com Inc.	6.7
Apple Inc.	5.1
Cash, Money Market and Other Net Assets	3.7
Alphabet Inc., Class A	2.9
Fiserv Inc.	2.9
Philip Morris International Inc.	2.8
salesforce.com	2.4
Broadcom Inc.	2.2
Charles Schwab Corp./The	2.2
Sherwin-Williams Co./The	2.2
Corpay Inc.	2.1
UnitedHealth Group Inc.	2.1
Zillow Group Inc., Class C	2.0
NextEra Energy Inc.	1.9
Arista Networks Inc.	1.8
AutoDesk Inc.	1.7
Boston Scientific Corp.	1.7
Lowe's Companies Inc.	1.6
Automatic Data Processing Inc.	1.5
Boeing Co.	1.5
Monster Beverage Corp.	1.5
Stryker Corp.	1.5
Intuitive Surgical Inc.	1.4
	69.6
Net asset value	\$261,186,241

Regional Allocation

	% of Net Asset Value
United States	88.4
Netherlands	2.3
Ireland	1.8
Israel	1.1
Taiwan	1.0
Denmark	0.9
Argentina	0.8
Cash, Money Market and Other Net Assets	3.7

Sector Allocation

	% of Net Asset Value
Software	14.7
Semiconductors & Equipment	13.5
Computer & Peripherals	7.5
Internet & Catalog Retail	6.7
IT Services	5.3
Health Care Equipment & Supplies	4.5
Financial Services	4.2
Health Care Providers & Services	3.1
Capital market	2.9
Interactive Media & Services	2.9
Tobacco	2.8
Media	2.5
Hotels, Restaurants & Leisure	2.3
Chemicals	2.2
Electric Utilities	1.9
Building Products	1.9
Communication Equipment	1.8
Specialty Retail	1.6
Machinery	1.6
Pharmaceuticals	1.6
Beverage	1.5
Aerospace & Defense	1.5
Insurance	1.3
Energy Equipment & Services	1.3
Industrial Conglomerates	1.1
Biotechnology	1.0
Road & Rail	1.0
Electrical Equipment	0.8
Internet Software & Services	0.8
Life Sciences Tools & Services	0.5
Cash, Money Market and Other Net Assets	3.7

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.

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.