

Annual Management Report of Fund Performance

For the period ended December 31, 2022

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2022

NBI Exchange-Traded Funds

NBI Global Private Equity ETF

Notes on forward-looking statements

This report may contain forward-looking statements concerning the ETF, its future performance, its strategies or prospects or about future events or circumstances. Such forward-looking statements include, among others, statements with respect to our beliefs, plans, expectations, estimates and intentions. The use of the expressions "foresee", "intend", "anticipate", "estimate", "assume", "believe" and "expect" and other similar terms and expressions indicate forward-looking statements.

By their very nature, forward-looking statements imply the use of assumptions and necessarily involve inherent risks and uncertainties. Consequently, there is a significant risk that the explicit or implicit forecasts contained in these forward-looking statements might not materialize or that they may not prove to be accurate in the future. A number of factors could cause future results, conditions or events to differ materially from the objectives, expectations, estimates or intentions expressed in such forward-looking statements. Such differences might be caused by several factors, including changes in Canadian and worldwide economic and financial conditions (in particular interest and exchange rates and the prices of other financial instruments), market trends, new regulatory provisions, competition, changes in technology and the potential impact of conflicts and other international events.

The foregoing list of factors is not exhaustive. Before making any investment decision, investors and others relying on our forward-looking statements should carefully consider the foregoing factors and other factors. We caution readers not to rely unduly on these forward-looking statements. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so provides.

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the ETF. You can get a copy of the annual financial statements of the ETF at your request, and at no cost, by calling 1-866-603-3601, by emailing us at investments@nbc.ca, by visiting our website at www.nbinvestments.ca, by visiting SEDAR's website at www.sedar.com, or by contacting your advisor. You may also contact us using one of these methods to request a copy of the ETF's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The NBI Global Private Equity ETF's investment objective is to generate long-term capital growth by replicating, to the extent possible and before fees and expenses, the performance of a global private equity index that measures the investment returns of publicly-listed private equity issuers. Currently, the ETF tracks the performance of the Morningstar® PitchBook Developed Markets Listed Private Equity Select IndexSM (or any successor thereto). To do this, it invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio comprised primarily of securities of globally listed private equity companies and investment vehicles.

The ETF seeks to achieve its objective by following a passive investment strategy designed to replicate the performance of a listed private equity index. The ETF will generally be managed using a full replication strategy in which the ETF will generally hold the same investments and in the same proportion as the target index.

Risks

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

Results of Operations

For the twelve-month period ended December 31, 2022, the NBI Global Private Equity ETF's units returned -28.87% compared to -12.19% for the ETF's benchmark, the MSCI World Index (CAD). Unlike the benchmark, the ETF's performance is calculated after fees and expenses. Please see the *Past Performance* section for the ETF's returns, which may vary mainly because of fees and expenses.

The Fund's net asset value dropped by 19.71% over the period, from \$296.40 million as at December 31, 2021 to \$237.97 million as at December 31, 2022.

The decline stemmed mainly from market fluctuations.

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

In sum, global equities (-12.0% for the MSCI World CAD) have performed similarly to traditional Canadian bonds (-11.7% for the FTSE Canada Universe) in 2022, although for fixed income, this represents their worst annual performance in history. In terms of leadership, Canadian equities (-5.8% for the S&P/TSX) did significantly better than their peers, supported in part by generally high commodity prices. On the other hand, the environment was more difficult in emerging markets (-19.7% for the MSCI EM Index in USD), held back by slowing global growth, containment in China, a strong U.S. dollar and increasingly restrictive monetary policies.

Under these circumstances, the Fund underperformed its benchmark.

While the underweight to the energy and health care sectors detracted from value from an asset allocation perspective, stock selection was the biggest detractor. Indeed, several names such as EQT AB, Partners Group Holding AG, T. Rowe Price Group and KKR & Co Inc underperformed the rest of the global market and more specifically, the financial sector. Geographically, the underperformance was concentrated in North America and Europe.

Recent Developments

No important changes were carried out during the year.

The Fund is heavily overweight the financial sector, at the expense of all other sectors. The Fund is also underweight the U.S. and the Pacific Rim and overweight Europe, especially the UK and Sweden.

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.

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, provided that 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.

On March 29, 2022, the benchmark was modified to better reflect the categories of assets in which the Fund invests. The previous benchmark was the Morningstar PitchBook Developed Markets Listed Private Equity Select Index.

On April 30, 2022, the ETF's independent review committee (the "IRC") was reduced to three members when Robert Martin resigned as IRC member. On May 1, 2022, the Fund's IRC was increased to four members when Line Deslandes was appointed as IRC member. However, on September 30, 2022, the ETF's IRC was reduced to three members when Line Deslandes resigned as IRC member.

Related Party Transactions

National Bank Investments Inc. (the "manager") is the manager and promoter of the ETF. Accordingly, it is entitled to receive, in exchange for the services that it provides to the ETF, management fees paid to it by the ETF (see "Management Fees" below).

From time to time, the manager may, on behalf of the ETF, carry out transactions or sign agreements to involve certain persons or companies related to it, to the extent that these transactions or agreements are, in its opinion, in the interest of the ETF. The description of the transactions or agreements between the ETF and a related party is provided in this section.

Members of the manager's group may earn fees or spreads in connection with services provided to, or transactions with, the NBI ETF, including in connection with brokerage and derivatives transactions.

Trustee

The manager has retained the services of Natcan Trust Company to serve as trustee for the ETF and has retained the services of National Bank Trust to serve as portfolio manager.

Designated Broker

The manager has signed an agreement with National Bank Financial Inc. ("NBF"), a company affiliated with NBI, under which NBF will serve as a designated broker for the ETF. The designated broker agreement signed with NBF is in keeping with market conditions.

Brokerage Fees

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

	Period ended December 31, 2022
Total brokerage fees	37,578.62
Brokerage fees paid to National Bank Financial	13,972.63

Holdings

As at December 31, 2022, the NBI Private Equity Master Pooled Fund held approximately 97.14% ownership of the redeemable units outstanding of the ETF. Transactions between the NBI Private Equity Master Pooled Fund and the ETF were carried out in the normal course of business. The portfolio manager for this Fund is National Bank Trust Inc.

Management Fees

The management fee is payable to the ETF manager in consideration of the services that the manager provides to the ETF in its capacity as manager, such as managing the day-to-day business and affairs of the ETF.

The ETF pays an annual management fee of 0.55% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general administration services.

Past Performance

The performance of the ETF, presented below and calculated as at December 31 of each year, is based on the net asset value of the ETF. It assumes that all distributions made in the periods shown were reinvested in additional units of the ETF. These returns do not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of an ETF does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart indicates the performance of the ETF for each of the years shown and illustrates how the performance has changed from year to year. It shows, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the ETF) would have grown or decreased by December 31 of that year, in the case of the Annual management report of fund performance, or by June 30, in the case of the Interim management report of fund performance.



⁽¹⁾ Returns for the period from March 4, 2020 (commencement of operations) to December 31, 2020.

Annual Compounded Performance

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

- MSCI World Index

NBI Global Private Equity ETF

	1 year	3 years	5 years	10 years	Since inception
ETF Units ¹	(28.87)%	–	–	–	7.55%
Benchmark	(12.19)%	–	–	–	10.73%

¹Commencement of operations: March 4, 2020

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

Index Description

The **MSCI World Index** is composed of the shares of more than 1,500 companies representing the stock markets of approximately 23 countries and measures the equity market performance of developed markets around the world.

The benchmark was modified to better reflect the categories of assets in which the ETF invests. The information related to the previous benchmark is presented below.

The previous benchmark was the Morningstar Pitchbook Developed Markets Listed Private Equity Select Index.

NBI Global Private Equity ETF

	1 year	3 years	5 years	10 years	Since inception
ETF Units ¹	(28.87)%	–	–	–	7.55%
Benchmark	(28.06)%	–	–	–	12.10%

¹Commencement of operations: March 4, 2020

Financial Highlights

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

Net Assets per Unit⁽¹⁾

Commencement of operations: March 4, 2020

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	43.27	31.27	25.00
Increase (Decrease) from Operations (\$)			
Total revenue	0.90	2.34	0.65
Total expenses	(0.21)	(0.24)	(0.23)
Realized gains (losses)	0.73	4.36	2.77
Unrealized gains (losses)	(13.25)	6.12	8.35
Total Increase (Decrease) from Operations ⁽³⁾	(11.83)	12.58	11.54
Distributions (\$)			
From net investment income (excluding dividends)	0.54	2.06	0.32
From dividends	0.02	—	0.01
From capital gains	1.51	4.69	0.55
Return of capital	—	—	—
Total Annual Distributions ⁽⁴⁾	2.07	6.75	0.88
Net Assets, End of Accounting Period Shown ⁽²⁾	30.22	43.27	31.27

Ratios and Supplemental Data

Accounting Period Ended	2022 December 31	2021 December 31	2020 December 31
Total net asset value (000's of \$) ⁽⁵⁾	237,972	296,415	197,761
Number of units outstanding ⁽⁵⁾	7,875,000	6,850,000	6,325,000
Management expense ratio (%) ⁽⁶⁾	0.63	0.63	0.63
Management expense ratio before waivers or absorptions (%)	0.63	0.63	0.63
Trading expense ratio (%) ⁽⁷⁾	—	—	—
Portfolio turnover rate (%) ⁽⁸⁾	26.75	55.50	39.19
Net asset value per unit (\$)	30.22	43.27	31.27
Closing market price ⁽⁹⁾	30.26	43.30	31.27

⁽¹⁾ This information is derived from the ETF's Annual Audited Financial Statements. The net assets per unit presented in the financial statements might differ from the net asset value calculated for ETF pricing purposes. The differences are explained in the notes to the financial statements.

⁽²⁾ The net assets are calculated in accordance with IFRS.

⁽³⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the average number of units outstanding over the accounting period.

⁽⁴⁾ Distributions were paid in cash or reinvested in additional units of the ETF, or both.

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

⁽⁶⁾ Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period.

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

⁽⁸⁾ The ETF's portfolio turnover rate indicates how actively the ETF portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher an ETF's portfolio turnover rate in an accounting period, the greater the trading costs payable by the ETF in the accounting period, and the greater the chance of an investor receiving taxable capital gains in the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of an ETF.

⁽⁹⁾ Closing market price on the last trading day of the year as reported on the TSX.

Summary of Investment Portfolio

As of December 31, 2022

Portfolio Top Holdings

	% of Net Asset Value
KKR & Co. Inc., Class A.....	7.7
Blackstone Group Inc.....	7.5
Partners Group Holding AG.....	7.4
3i Group PLC.....	6.9
T Rowe Price Group Inc.....	5.8
Carlyle Group Inc.....	5.2
EQT AB.....	4.9
Ares Management Corp.....	4.8
Onex Corp.....	4.2
Intermediate Capital Group PLC.....	4.1
Investment AB Latour, Series B.....	3.3
HG Capital Trust PLC.....	3.0
3i Infrastructure PLC.....	2.7
Wendel SA.....	2.7
SBI Holdings Inc.....	2.6
Ratos AB.....	2.2
Jafco Co. Ltd.....	2.1
Bure Equity AB.....	2.0
Eurazeo SE.....	2.0
Ackermans & van Haaren NV.....	1.9
Hamilton Lane Incorporated.....	1.8
AURELIUS Equity Opportunities SE.....	1.6
Puretech Health PLC.....	1.6
Syncona Ltd.....	1.6
Lehman Brothers Holdings Inc.....	1.5
	<u>91.1</u>

Net asset value.....\$237,972,239

Regional Allocation

	% of Net Asset Value
United States.....	39.4
United Kingdom.....	16.1
Sweden.....	12.4
Switzerland.....	7.5
France.....	4.9
Japan.....	4.8
Canada.....	4.2
Belgium.....	3.4
Jersey.....	2.7
Guernsey.....	2.3
Germany.....	2.2
Cayman Islands.....	1.4
Australia.....	0.1
Cash, Money Market and Other Net Assets.....	(1.4)

Sector Allocation

	% of Net Asset Value
Financials.....	87.2
Industrials.....	8.2
Utilities.....	2.7
Communication Services.....	1.7
Health Care.....	1.6
Cash, Money Market and Other Net Assets.....	(1.4)

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

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the ETF. A quarterly update is available. Please consult our website at www.nbinvestments.ca.



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