No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to US persons except pursuant to an exemption from the registration requirements of those laws.

PROSPECTUS

NATIONAL BANK INVESTMENTS

Initial Public Offering and Continuous Distribution January 15, 2019

NBI Liquid Alternatives ETF (NALT)

The NBI Liquid Alternatives ETF (the "**NBI ETF**") is an exchange-traded fund and an "alternative mutual fund", as defined under Regulation 81-102 *Investment Funds*, established as a trust under the laws of the Province of Ontario. This prospectus qualifies the distribution of units (the "**Units**") of the NBI ETF.

The NBI ETF's investment objective is to provide a positive return while maintaining low correlation to, and lower volatility than, the return of the global equity markets. The NBI ETF will aim to achieve this investment objective regardless of prevailing market conditions or general market direction. The NBI ETF will seek to achieve this objective by investing primarily in long and short positions on financial derivatives that provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities.

National Bank Investments Inc. (the "**Manager**"), an investment fund manager, is the promoter and manager of the NBI ETF and is responsible for the administration of the NBI ETF. See "Organization and Management Details of the NBI ETF – Manager of the NBI ETF". Natcan Trust Company (the "**Trustee**") is the trustee of the NBI ETF. See "Organization and Details of the NBI ETF – Trustee". The Manager has retained the services of National Bank Trust Inc. (the "**Portfolio Manager**"), to act as portfolio manager to it in respect of the NBI ETF. See "Organization and Management Details of the NBI ETF – Portfolio Manager".

The NBI ETF has the ability to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. The NBI ETF uses derivatives to create leverage in the portfolio. Leverage amplifies gains and losses.

Listing of Units

The NBI ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued.

The Manager, on behalf of the NBI ETF, has applied to list the Units of the NBI ETF on the Toronto Stock Exchange ("**TSX**"). The TSX has conditionally approved the listing of Units of the NBI ETF. Listing is subject to fulfilling all of the requirements of the TSX on or before November 30, 2019.

Holders of Units ("**Unitholders**") may buy or sell Units of the NBI ETF on an exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides. Unitholders may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the NBI ETF in connection with the buying or selling of Units on the TSX or another exchange or marketplace. Unitholders may redeem Units in any number for cash for a redemption price per Unit of 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per Unit (defined below), or may exchange a minimum of a Prescribed Number of Units (defined below) (and any additional multiple thereof) for cash or, with the consent of the Manager, securities and cash. Unitholders are advised to consult their brokers or investment advisers, and their tax advisers, before redeeming Units for cash. See "Redemption of Units".

The NBI ETF will issue Units directly to its Designated Broker and Dealers (each defined below). The initial issuance of Units of the NBI ETF will not occur until it has received, in aggregate, subscriptions sufficient to satisfy the TSX's original listing requirements. National Bank Financial Inc., an affiliate of the Manager, will act as the Designated Broker and as a Dealer for the NBI ETF.

Additional Considerations

No Dealer or Designated Broker has been involved in the preparation of the prospectus or has performed any review of the contents of the prospectus and, as such, the Dealers and the Designated Broker do not perform many of the usual underwriting activities in connection with the distribution by the NBI ETF of its Units under this prospectus.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

Unlike bank accounts or guaranteed investment certificates, your investment in the NBI ETF is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

The Units are not and will not be registered under the U.S. *Securities Act of 1933*, as amended. Subject to certain exceptions, the Units may not be offered or sold in the U.S. or offered or sold to U.S. persons. The NBI ETF is not and will not be registered under, and the Manager is not registered under, the U.S. *Investment Company Act of 1940*, as amended.

Documents Incorporated by Reference

Additional information about the NBI ETF is available in the most recently filed ETF Facts, in the most recently filed annual financial statements, if any, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance ("**MRFP**"), if any, and any interim MRFP filed after that annual MRFP. These documents are incorporated herein by reference, and are legally considered to be a part of, this prospectus. These documents are publicly available on the Manager's website at www.NBInvestments.ca and may be obtained upon request, at no cost, by calling toll-free, at 1 866-603-3601 or by contacting a registered dealer. These documents and other information about the NBI ETF are also publicly available at www.sedar.com. See "Documents Incorporated by Reference" for further details.

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IMPORTANT TERMS

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

We, us, or the ***Manager*** – National Bank Investments Inc., a corporation amalgamated under the laws of Canada, or its successor.

You – each person that invests in the NBI ETF.

Accounting & Administrative Services Agreement – the accounting & administrative services agreement dated January 15, 2019 between the Manager and the Fund Administrator, as the same may be amended or restated from time to time.

Basket of Securities – in relation to the NBI ETF means (i) a group of securities selected by the Portfolio Manager from time to time that collectively reflect the constituents of, and their weightings in, the portfolio of the NBI ETF or (ii) a group of securities selected by the Portfolio Manager from time to time.

Canadian securities legislation – the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities, as the same may be amended, restated or replaced from time to time.

Capital Gains Refund – has the meaning ascribed thereto under "Income Tax Considerations – Taxation of the NBI ETF".

CDS – CDS Clearing and Depository Services Inc.

CDS Participant – a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

closing price – market prices at the close of trading on the financial reporting date.

Constituent Securities – the securities of the issuers included in the portfolio of the NBI ETF from time to time.

CRA – the Canada Revenue Agency.

CRS – the Organization for Economic Co-operation and Development Common Reporting Standard.

Custodian – State Street Trust Company Canada or its successor.

Custodian Contract – the custodian contract dated January 15, 2019 between the Manager, on behalf of, among others, the NBI ETF, and the Custodian, as the same may be amended or restated from time to time.

Cut-Off Time – is 4:00 p.m. (Toronto time) on the Trading Day, or, in any case, such later time as the Manager may agree to.

Dealer – a registered dealer (that may or may not be a Designated Broker), including National Bank Financial Inc., an affiliate of the Manager, that has entered into a continuous distribution dealer agreement with the Manager, on behalf of the NBI ETF, and that subscribes for and purchases Units from the NBI ETF as described under "Purchases of Units – Issuance of Units".

Declaration of Trust – the master declaration of trust establishing the NBI ETF dated January 15, 2019, as the same may be amended or restated from time to time.

Designated Broker – National Bank Financial Inc., an affiliate of the Manager and a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of the NBI ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to the NBI ETF.

distribution payment date – a date, which is no later than the tenth business day following the applicable distribution record date, on which the NBI ETF pays a distribution to its Unitholders.

distribution record date – a date designated by the Manager as a record date for the determination of Unitholders entitled to receive a distribution from the NBI ETF.

ETF Facts – a document that summarizes certain features of the Units of the NBI ETF.

financial reporting date – date of the financial statements.

Fund Administrator – State Street Trust Company Canada or its successor.

GST/HST – taxes exigible under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder, as amended from time to time.

IFRS – International Financial Reporting Standards.

IPO shares – shares issued by way of an initial public offering.

IRC – the Independent Review Committee of the NBI ETF.

ISS – Institutional Shareholder Services Canada Corp.

Management Agreement – the management agreement dated January 15, 2019 between Natcan Trust Company, as trustee of, among others, the NBI ETF, and the Manager, as the same may be amended or restated from time to time.

Management Fee Distributions – has the meaning ascribed thereto under "Fees and Expenses Payable by the NBI ETF – Management Fee Distributions".

MRFP – management report of fund performance as defined in Regulation 81-106.

NAV and ***NAV per Unit*** – in relation to the NBI ETF, the aggregate net asset value of the Units of the NBI ETF and the net asset value per Unit, respectively, calculated by the Fund Administrator as described in "Calculation of Net Asset Value".

NBI ETF – NBI Liquid Alternative ETF, an exchange traded fund established as a trust under the laws of Ontario pursuant to the Declaration of Trust.

Portfolio Manager – National Bank Trust Inc. or its successor.

Prescribed Number of Units – in relation to the NBI ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Registered Plans – registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts, deferred profit sharing plans and registered disability savings plans.

Registrar and Transfer Agent – State Street Trust Company Canada or its successor.

Regulation 81-102 – Regulation 81-102 *Investment Funds*, as the same may be amended, restated or replaced from time to time.

Regulation 81-106 – Regulation 81-106 *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

Regulation 81-107 – Regulation 81-107 *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

Securities Lending Agreement – the securities lending agreement that may be entered into between the Manager and a securities lending agent, as the same may be amended or restated from time to time.

securities regulatory authorities – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

SIFT trust – specified investment flow-through trust.

Tax Act – the *Income Tax Act* (Canada) and the regulations made thereunder, as amended from time to time.

Tax Proposals – all specific proposals to amend the Tax Act that have been publicly announced in writing by the Minister of Finance (Canada) prior to the date of this prospectus.

Trading Day – for the NBI ETF, unless otherwise agreed by the Manager, a day on which a session of the TSX is held and the primary market or exchange for the securities held by the NBI ETF is open for trading.

Transfer Agency and Service Agreement – the transfer agency and service agreement dated January 15, 2019 between the Manager and the Registrar and Transfer Agent, as the same may be amended or restated from time to time.

Trustee – Natcan Trust Company or its successor.

TSX – the Toronto Stock Exchange.

underlying fund – a mutual fund in which the NBI ETF invests its assets.

Unit – in relation to the NBI ETF, means a redeemable, transferable unit of the NBI ETF, which represents an equal, undivided interest in a proportionate share of the assets of the NBI ETF.

Unitholder – a holder of Units of the NBI ETF.

Valuation Date – each business day that the TSX is open for trading or any other day designated by the Manager on which the NAV and NAV per Unit of the NBI ETF is calculated.

Valuation Time – 4:00 p.m. (Toronto time) or such other time that the Manager deems appropriate on each Valuation Date.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Units of the NBI ETF and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

Issuer:	**NBI Liquid Alternatives ETF** The NBI ETF is an exchange-traded alternative mutual fund established as a trust under the laws of Ontario. Natcan Trust Company is the Trustee and National Bank Investments Inc. is the manager of the NBI ETF.
Units:	The NBI ETF offers units under this prospectus.
Continuous Distribution:	Units of the NBI ETF are being offered on a continuous basis and there is no maximum number of Units that may be issued. The Manager, on behalf of the NBI ETF, has applied to list the Units of the NBI ETF on the TSX. The TSX has conditionally approved the listing of Units of the NBI ETF. Listing is subject to fulfilling all of the requirements of the TSX on or before November 30, 2019. Unitholders will be able to buy or sell Units of the NBI ETF on an exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides. Unitholders may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the NBI ETF in connection with the buying or selling of Units on the TSX or another exchange or marketplace. Unitholders may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders. Units may not be purchased by nor transferred to US Persons, as defined in Regulation S under the United States *Securities Act of 1933*, as amended. The NBI ETF will issue Units directly to the Designated Broker and Dealers. The initial issuance of Units of the NBI ETF will not occur until it has received, in aggregate, subscriptions sufficient to satisfy the TSX's original listing requirements. National Bank Financial Inc., an affiliate of the Manager, will act as the Designated Broker and as a Dealer for the NBI ETF. See "Purchases of Units – Issuance of Units" and "Purchases of Units – Buying and Selling Units".
Investment Objectives:	The NBI ETF's investment objective is to provide a positive return while maintaining low correlation to, and lower volatility than, the return of the global equity markets. The NBI ETF will aim to achieve this investment objective regardless of prevailing market conditions or general market direction. The NBI ETF will seek to achieve this objective by investing primarily in long and short positions on financial derivatives that provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities. See "Investment Objectives".

Investment Strategies:	The NBI ETF uses a quantitative, rules-based strategy designed to evaluate the overall current expected return, risk and correlation of the investible universe available to the NBI ETF. The Portfolio Manager uses computer models that analyze the available information on the current interactions between different asset classes (correlation), their current risk levels and short, medium and long-term return expectations. Following this analysis, results are aggregated to automatically propose to the Portfolio Manager long and short positions that reduce risk and correlation while aiming to maintain a positive return. The positions suggested to the Portfolio Manager by the models are in response to specific rules identified by the Portfolio Manager, covering topics such as minimal and maximal exposure to an asset class, leverage ratio, volatility and correlation of the portfolio to various markets. The Portfolio Manager believes that the automation of these rules reduces the human bias a portfolio manager could bring to his analysis. The analysis set out above is undertaken on a continuous basis. The Portfolio Manager reviews the positions proposed by its models and executes the required trades on a weekly basis. On an exceptional basis, the Portfolio Manager may trade more often and/or ignore the results of its models and make discretionary investment decisions when he is highly convinced that market conditions are severely disordered. The NBI ETF will hold long and short positions in a portfolio composed primarily of futures contracts which provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities. The NBI ETF will benefit from a long position in a security or instrument that increases in value or from a short position in a security or instrument that decreases in value. Forward contracts and swaps may also be used by the NBI ETF to achieve its objective. The NBI ETF will hold cash as collateral to the derivatives transactions but may also invest such collateral in cash equivalent securities and instruments to increase the return of its required collateral. The NBI ETF may engage in repurchase and reverse purchase agreements and carry out securities lending transactions, though it is not currently expected to do so. The NBI ETF may hold a portion of its net assets in securities of other investment funds, including exchange-traded funds, which may be managed by us, in accordance with its investment objectives. The NBI ETF may use other derivative instruments, such as options, for hedging or non-hedging purposes under different market conditions. The NBI ETF will take derivative positions in various OECD countries and could also take derivative positions in other countries if the market conditions make it favorable to do so. See “Investment Strategies”.

Leverage:	The use of derivatives by the NBI ETF may introduce leverage into the NBI ETF. Leverage occurs when the NBI ETF's notional exposure to underlying assets is greater than the amount invested and is an investment technique that can magnify gains and losses. As a result, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been held directly by the NBI ETF. Accordingly, adverse changes may result in losses greater than the amount invested in the derivative instrument itself. Leverage may increase volatility, impair the NBI ETF's liquidity and cause the NBI ETF to liquidate positions at unfavourable times. Under normal market conditions, the NBI ETF's leverage ratio, expressed as a ratio of aggregate gross exposure of the NBI ETF to borrowing, short selling and derivatives divided by its NAV, will not exceed three times (300% or 3:1). The aggregate gross exposure is calculated as the sum of the following: (i) the aggregate value of the NBI ETF's outstanding indebtedness under any borrowing arrangements; plus (ii) the aggregate market value of the securities sold short by the NBI ETF; plus (iii) the aggregate notional amount of the NBI ETF's derivatives positions, excluding the aggregate notional amount of any derivatives used for hedging and currency cross hedging purposes. The NBI ETF will determine its leverage ratio as of the close of business of each day on which its NAV is calculated, and if its aggregate gross exposure exceeds 300% of its NAV, the NBI ETF will, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to 300% of its NAV or less. Leverage should not necessarily be seen as a direct measure of investment risk.
Special Considerations for Purchasers:	The provisions of the so-called "early warning" reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the Units of the NBI ETF. The NBI ETF has obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of the NBI ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation. See "Purchases of Units – Special Considerations for Unitholders".
Risk Factors:	There are certain risk factors inherent in an investment in the NBI ETF, including: • Model Risk; • Equity Investment Risk; • Interest Rate Risk; • Commodities Exposure Risk; • Foreign Investment Risk; • Currency Risk; • Derivative Instruments Risk; • Counterparties Risk; • Emerging Markets Risk; • Investments in Underlying Funds Risk; • Exchange-Traded Funds Risk; • Reliance on the Manager and Portfolio Manager Risk; • Concentration Risk; • Securities Lending Risk • Large Investments Risk; • Large Redemptions Risk; • Repurchase Agreements and Reverse Repurchase Agreements Risk • Tax-Related and Regulatory Risk; • Absence of an Active Market for the Units Risk; • Information Technology Risk;

- Cybersecurity Risk;
- Trading Price of Units Risk;
- Designated Broker and Dealer Concentration Risk;
- Halted Trading of Units Risk;

See “Risk Factors”.

Income Tax Considerations: Each year a Unitholder (other than a Registered Plan) is generally required to include in computing income for tax purposes the amount of any income and the taxable portion of any capital gains of the NBI ETF distributed to the Unitholder in the year (including Management Fee Distributions), whether or not the distribution is paid in cash or automatically reinvested in additional units. A Unitholder will generally realize a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

See “Income Tax Considerations”.

Exchanges and Redemptions: In addition to the ability to sell Units on the TSX or other exchange or marketplace, Unitholders may (i) redeem Units in any number for cash for a redemption price per Unit of 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per Unit, or (ii) exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for cash or, with the consent of the Manager, Baskets of Securities and cash.

See “Redemption of Units”.

Distributions: Cash distributions on Units of the NBI ETF will be paid at the end of each year, if required. The Manager may, in its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made or the Manager may make additional distributions if determined to be appropriate.

Cash distributions from the NBI ETF are expected to consist of income, but may include capital gains. Distributions are not fixed or guaranteed. The Manager reserves the right to make additional distributions for the NBI ETF in any year if determined to be appropriate.

To the extent that the NBI ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, a distribution will be paid to Unitholders at the end of the year. This distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.

See “Distribution Policy”.

Termination: The NBI ETF does not have a fixed termination date but may be terminated by the Manager upon not less than 60 days’ written notice to Unitholders.

See “Termination of the NBI ETF”.

Documents Incorporated by Reference: Additional information about the NBI ETF is available in the most recently filed ETF Facts, in the most recently filed annual financial statements, if any, any interim financial statements filed after those annual financial statements, the most recently filed annual MRFP, if any, and any interim MRFP filed after that annual MRFP. These documents are incorporated herein by reference, and are legally considered to be a part of this prospectus. These documents are publicly available on the Manager’s website at **www.NBInvestments.ca** and may be obtained upon request, at no cost, by calling toll free at 1 866-603-

	3601 or by contacting a registered dealer. These documents and other information about the NBI ETF are also publicly available at **www.sedar.com**. See "Documents Incorporated by Reference".
Eligibility for Investment:	The Units of the NBI ETF will be a "qualified investment" under the Tax Act for a Registered Plan at any time that the NBI ETF qualifies or is deemed to qualify as a "mutual fund trust" under the Tax Act or that the Units are listed on a "designated stock exchange" for the purposes of the Tax Act, which includes the TSX. Investors should consult their own tax advisers for advice on whether Units of the NBI ETF would be a "prohibited investment" under the Tax Act for their Registered Plan. See "Eligibility for Investment".
	ORGANIZATION AND MANAGEMENT OF THE NBI ETF
Manager:	The Trustee has retained the services of National Bank Investments Inc. to act as the Manager of the NBI ETF. The Manager is responsible for managing the overall business of the NBI ETF, including selecting the portfolio manager of the NBI ETF's portfolio and providing the NBI ETF with accounting and administration services. The head office of the NBI ETF and the Manager is located at 1100 Robert-Bourassa Blvd. 10th Floor, Montreal Québec H3B 2G7. See "Organization and Management Details of the NBI ETF – Manager of the NBI ETF".
Trustee:	Natcan Trust Company is the Trustee of the NBI ETF pursuant to the Declaration of Trust and holds title to the assets of the NBI ETF in trust for the Unitholders. The head office of the Trustee is located in Montreal, Quebec. See "Organization and Management Details of the NBI ETF – Trustee".
Portfolio Manager:	The Manager has retained the services of National Bank Trust Inc. to act as Portfolio Manager to the NBI ETF. The Portfolio Manager provides investment management services with respect to the NBI ETF. The head office of the Portfolio Manager is located in Montreal, Québec. See "Organization and Management Details of the NBI ETF – Portfolio Manager".
Promoter:	National Bank Investments Inc. has taken the initiative in founding and organizing the NBI ETF and is, accordingly, the promoter of the NBI ETF within the meaning of securities legislation of certain provinces and territories of Canada. See "Organization and Management Details of the NBI ETF – Promoter".
Custodian:	The Manager has retained the services of State Street Trust Company Canada to act as the Custodian of the assets of the NBI ETF and to hold those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the NBI ETF. The head office of State Street Trust Company Canada is located in Toronto, Ontario. See "Organization and Management Details of the NBI ETF – Custodian".
Registrar and Transfer Agent:	The Manager has retained the services of State Street Trust Company Canada to act as the registrar and transfer agent for the Units of the NBI ETF and to maintain the register of registered Unitholders. The register of the NBI ETF is kept in Toronto, Ontario. See "Organization and Management Details of the NBI ETF – Registrar and Transfer Agent".
Auditor:	PricewaterhouseCoopers LLP, is the auditor of the NBI ETF. The auditor audits the NBI ETF's annual financial statements and provides an opinion as to whether they present fairly the NBI ETF's financial

	position, financial performance and cash flows. The auditor is independent of the Manager. The office of PricewaterhouseCoopers LLP is located in Montreal, Québec. See "Organization and Management Details of the NBI ETF – Auditor".
Fund Administrator:	The Manager has retained the services of State Street Trust Company Canada to act as the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the NBI ETF, including NAV calculations, accounting for net income and net realized capital gains of the NBI ETF and maintaining books and records with respect to the NBI ETF. The head office of State Street Trust Company Canada is located in Toronto, Ontario. See "Organization and Management Details of the NBI ETF – Fund Administrator".

SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses that a Unitholder may have to pay if the Unitholder invests in the NBI ETF. A Unitholder may have to pay some of these fees and expenses directly. The NBI ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the NBI ETF.

See "Fees and Expenses".

Fees and Expenses Payable by the NBI ETF

Type of Fee	Amount and Description
Management Fee:	The NBI ETF will pay the Manager a management fee of 0.60% based on the average daily NAV of the NBI ETF. The management fee, plus applicable taxes, including GST/HST, will be accrued daily and paid monthly. The management fee is payable to the Manager in consideration of the services that the Manager provides to the NBI ETF in its capacity as the manager such as, managing the day-to-day business and affairs of the NBI ETF which includes: • calculating NAV; • determining the amount and the frequency of distributions to be made by the NBI ETF; • authorizing the payment of operating expenses incurred on behalf of the NBI ETF; • drafting of the investment policies; • ensuring that the Portfolio Manager respects the terms of the investments policies; and • ensuring that financial statements and other reports are sent to Unitholders. The management fee also includes: • the negotiation and management of the contractual agreements with third-party service providers including the Trustee, the Designated Broker, the Custodian, the Registrar and Transfer Agent, the Fund Administrator and the Portfolio Manager; • the fee for the services of the Portfolio Manager; • the fees for the services of the Trustee, the Custodian, the Registrar and Transfer Agent, the Fund Administrator and other service providers; and • assuring the maintenance of the accounting records and the production of the financial statements (and other financial information documents). See "Organization and Management Details of the NBI ETF" for more information. The Manager may, from time to time in its discretion, waive a portion of the management fees charged to the NBI ETF.
Management Fee Distributions:	To achieve effective and competitive management fees, the Manager may agree to charge a reduced management fee as compared to the management fee it would otherwise receive from the NBI ETF with respect to investments in the NBI ETF by certain Unitholders. In such cases, the Manager will reduce the management fee charged to the NBI ETF or will reduce the amount charged to the NBI ETF for certain expenses and the NBI ETF will pay an amount equivalent to the reduction to the Unitholders concerned as a special distribution (the "**Management Fee Distribution**"). Management Fee Distributions, paid in cash, will be paid

first out of net income and net realized capital gains of the NBI ETF and then out of capital. The availability, amount and timing of Management Fee Distributions with respect to Units of the NBI ETF will be determined from time to time by the Manager in its sole discretion.

Operating Expenses:

The NBI ETF is responsible for paying its operating expenses, including:

- legal fees;
- audit fees;
- costs for the services provided to Unitholders;
- fees and expenses related to the IRC (namely their compensation, travel expenses and the insurance premiums for the members);
- initial listing and annual stock exchange fees;
- index licensing fees, (if applicable);
- CDS fees;
- prospectus filing fees;
- bank related fees and interest charges;
- brokerage expenses and commissions;
- fees and other costs relating to derivatives;
- costs of complying with any new governmental or regulatory requirement imposed after the creation of the NBI ETF;
- income tax, including withholding taxes (foreign or Canadian); and
- any other applicable taxes, including GST/HST.

The Manager may, from time to time, decide to reimburse the NBI ETF, or directly pay, certain operating expenses that are chargeable to the NBI ETF.

Fees Relating to the Underlying Funds

The NBI ETF may, in accordance with applicable securities laws and, if applicable, exemptive relief, invest in other investment funds managed by the Manager or its affiliates, as well as other investment funds managed by third parties. With respect to such investments, no management or incentive fees are payable by the NBI ETF that, to a reasonable person, would duplicate a fee payable by the other investment funds for the same service. No sales or redemption fees are payable by the NBI ETF in relation to any purchase or redemption of the securities of investment funds managed by the Manager or an affiliate. No sales or redemption fees are payable by the NBI ETF in relation to any purchase or redemption of securities of investment funds managed by third parties that would duplicate a fee payable by a Unitholder. However, brokerage commissions may apply to the purchase or sale of securities of investment funds traded on an exchange.

Fees and Expenses Payable Directly by Unitholders

Type of Fee	**Amount and Description**
Other Charges:	An amount may be charged to the Designated Broker or a Dealer to offset certain transaction and other costs associated with the listing, issue, exchange and/or redemption of Units of the NBI ETF. This charge, which is payable to the applicable NBI ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX or another exchange or marketplace. See "Purchases of Units" and "Redemption of Units".

See "Fees and Expenses".

OVERVIEW OF THE LEGAL STRUCTURE OF THE NBI ETF

The NBI ETF is an exchange-traded alternative mutual fund established as a trust under the laws of the Province of Ontario. The NBI ETF has been established pursuant to the Declaration of Trust.

While the NBI ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, certain provisions of Canadian securities legislation applicable to conventional mutual funds do not apply to the NBI ETF because it is an “alternative mutual fund”. The NBI ETF is subject to the restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and the NBI ETF is managed in accordance with these restrictions, except as otherwise permitted by any exemptions from such restrictions obtained by the NBI ETF. See “Exemptions and Approvals”.

The head office of each of the NBI ETF and the Manager is 1100 Robert-Bourassa Blvd, 10th Floor, Montreal, Québec H3B 2G7.

INVESTMENT OBJECTIVES

The NBI ETF’s investment objective is to provide a positive return while maintaining low correlation to, and lower volatility than, the return of the global equity markets. The NBI ETF will aim to achieve this investment objective regardless of prevailing market conditions or general market direction. The NBI ETF will seek to achieve this objective by investing primarily in long and short positions on financial derivatives that provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities.

The use of derivatives by the NBI ETF may introduce leverage into the NBI ETF. The NBI ETF does not currently anticipate borrowing or engaging in short selling but may do so in the future. Under normal market conditions, the NBI ETF’s leverage ratio, expressed as a ratio of aggregate gross exposure of the NBI ETF to borrowing, short selling and derivatives divided by its NAV, will not exceed three times (300% or 3:1).

INVESTMENT STRATEGIES

The NBI ETF uses a quantitative, rules-based strategy designed to evaluate the overall current expected return, risk and correlation of the investible universe available to the NBI ETF. The Portfolio Manager uses computer models that analyze the available information on the current interactions between different asset classes (correlation), their current risk levels and short, medium and long-term return expectations. Following this analysis, results are aggregated to automatically propose to the Portfolio Manager long and short positions that reduce risk and correlation while aiming to maintain a positive return.

The positions suggested to the Portfolio Manager by the models are in response to specific rules identified by the Portfolio Manager, covering topics such as minimal and maximal exposure to an asset class, leverage ratio, volatility and correlation of the portfolio to various markets. The Portfolio Manager believes that the automation of these rules reduces the human bias a portfolio manager could bring to his analysis.

The analysis set out above is undertaken on a continuous basis. The Portfolio Manager reviews the positions proposed by its models and executes the required trades on a weekly basis. On an exceptional basis, the Portfolio Manager may trade more often and/or ignore the results of its models and make discretionary investment decisions when he is highly convinced that market conditions are severely disordered.

The NBI ETF will hold long and short positions in a portfolio composed primarily of futures contracts which provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities. The NBI ETF will benefit from a long position in a security or instrument that increases in value or from a short position in a security or instrument that decreases in value. Forward contracts and swaps may also be used by the NBI ETF to achieve its objective.

The NBI ETF will hold cash as collateral to the derivatives transactions but may also invest such collateral in cash equivalent securities and instruments to increase the return of its required collateral.

The NBI ETF may engage in repurchase and reverse purchase agreements and carry out securities lending transactions, though it is not currently expected to do so.

The NBI ETF may hold a portion of its net assets in securities of other investment funds, including exchange-traded funds, which may be managed by us, in accordance with its investment objectives.

The NBI ETF may use other derivative instruments, such as options, for hedging or non-hedging purposes under different market conditions.

The NBI ETF will take derivative positions in various OECD countries and could also take derivative positions in other countries if the market conditions make it favorable to do so.

Use of derivative instruments

The NBI ETF will use derivative instruments to access alternative investment strategies with low correlation to traditional North American equity investments in an effort to seek to capture the excess return associated with each investment, while also enhancing the risk-return profile of the overall portfolio. The NBI ETF may only acquire and use derivatives that comply with its investment objectives and the guidelines set out by the Canadian Securities Administrators on the use of derivatives.

Derivatives are investment instruments generally seen in the form of a security or an asset. Usually, derivatives grant the right or require the holder to buy or sell a specific asset during a certain period of time for an agreed-upon price. There are several types of derivatives, each based on an underlying asset sold in a market or on a market index.

The Portfolio Manager may use derivatives for non-hedging purposes, or what is also called "effective exposure". This strategy makes it possible to gain exposure to various financial instruments to decrease transaction costs or to provide increased liquidity. In accordance with this concept, the NBI ETF primarily uses futures contracts to obtain exposure to government bonds, currencies, equity indices and commodities.

A futures contract is a contract generally traded on a centralized exchange, to buy or sell a particular financial instrument at a predetermined price in the future. Futures contracts detail the quality and quantity of the underlying asset; they are standardized to facilitate trading on a futures exchange. Futures contracts settlement can occur on a cash or physical delivery basis.

The NBI ETF may also use forward contracts, options and swaps. A forward contract is a customized contract between two parties to buy or sell an asset at a specified price on a future date. Unlike futures contracts, a forward contract can be customized to any commodity, amount and delivery date. A forward contract settlement can occur on a cash or physical delivery basis. Forward contracts do not trade on a centralized exchange and are therefore regarded as over-the-counter (**OTC**) instruments. Options are exchange-traded or private contracts involving the right – but not the obligation – of a holder to sell (put) or buy (call) certain assets (such as a security or currency) from another party at a set price and at a set time. A premium, which is a cash payment, is normally paid between parties in order to exchange the option. A swap is a private contract between two or more parties used to exchange periodic payments in the future based on a formula that the parties have agreed upon. Swaps are generally equivalent to a series of forward contracts packaged together. They are not traded on organized exchanges and are not subject to standardized terms and conditions. Derivatives can help increase the speed and flexibility with which they trade, but there is no guarantee that using derivatives will result in positive returns.

The NBI ETF may take "short" positions in derivatives instruments such as futures, forwards or swaps. A "short" position will benefit from a decrease in price of the underlying instrument and will lose value if the price of the underlying instrument increases. A "long" position will benefit from an increase in price of the security and will lose value if the price of the security decreases.

The futures positions for the NBI ETF will be determined by a set of quantitative models. Rebalancing of these positions will occur on a weekly basis under normal market conditions, or more frequently, if necessary.

Derivatives may also be used for hedging purposes. The Portfolio Manager may use derivatives to offset or reduce a risk associated with investments in the NBI ETF. The Portfolio Managers may seek to improve the portfolio's rate of return by using derivatives and accepting a lower, more predictable rate of return through hedging transactions, rather than a higher but less predictable potential rate of return. This is called hedging.

The Portfolio Manager may use derivatives to reduce the risk of stock market volatility, interest rate fluctuations and currency fluctuations. However, there is no guarantee that using derivatives will prevent losses.

Leverage

The use of derivatives by the NBI ETF may introduce leverage into the NBI ETF. Leverage occurs when the NBI ETF's notional exposure to underlying assets is greater than the amount invested and is an investment technique that can magnify gains and losses. As a result, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been held directly by the NBI ETF. Accordingly, adverse changes may result in losses greater than the amount invested in the derivative instrument itself. Leverage may increase volatility, impair the NBI ETF's liquidity and cause the NBI ETF to liquidate positions at unfavourable times.

Under normal market conditions, the NBI ETF's leverage ratio, expressed as a ratio of aggregate gross exposure of the NBI ETF to borrowing, short selling and derivatives divided by its NAV, will not exceed three times (300% or 3:1). The aggregate gross exposure is calculated as the sum of the following: (i) the aggregate value of the NBI ETF's outstanding indebtedness under any borrowing arrangements; plus (ii) the aggregate market value of the securities sold short by the NBI ETF; plus (iii) the aggregate notional amount of the NBI ETF's derivatives positions, excluding the aggregate notional amount of any derivatives used for hedging and currency cross hedging purposes.

The NBI ETF will determine its leverage ratio as of the close of business of each day on which its NAV is calculated, and if its aggregate gross exposure exceeds 300% of its NAV, the NBI ETF will, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to 300% of its NAV or less. Leverage should not necessarily be seen as a direct measure of investment risk.

High Portfolio Turnover

The NBI ETF may engage in active trading and there may be a high portfolio turnover rate. Portfolio turnover refers to the percentage of portfolio assets being bought and sold during the year, which may increase overall costs. A high portfolio turnover rate may result in correspondingly greater brokerage commission expenses and the distribution to Unitholders of additional capital gains for tax purposes, some of which may be taxable at ordinary income rates. There is not necessarily a relationship between a high portfolio turnover rate and the NBI ETF's performance.

Surplus Cash Management

From time to time, the NBI ETF may receive or hold surplus cash. The NBI ETF may temporarily hold this cash or invest it in money market instruments or other cash management investment vehicles managed by the Manager or an affiliate of the Manager. Alternatively, the NBI ETF may use the cash to pay those operating expenses that the NBI ETF is responsible for paying, to purchase additional securities or to increase the notional amount under its derivative instruments, as applicable.

OVERVIEW OF THE INVESTMENT STRUCTURE

In accordance with its investment objective and strategies, the NBI ETF invests in an actively managed portfolio based on the investment ideas and opportunities identified by the Portfolio Manager. It primarily invests in long and short positions on financial derivatives that provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities. The NBI ETF may use derivative instruments for hedging or non-hedging purposes.

OVERVIEW OF THE SECTORS IN WHICH THE NBI ETF INVESTS

The NBI ETF provides the opportunity to gain exposure to an actively managed portfolio of derivative instruments. Through the use of futures, the NBI ETF has broad and diversified exposure to multiple indices and sectors such as government bonds, currencies, equities or commodities. The NBI ETF provides the opportunity to gain exposure to global markets and global investment instruments, as the NBI ETF may take positions in derivatives on markets located in Canada, the U.S., the United Kingdom, the European Union, China, Australia and Singapore.

INVESTMENT RESTRICTIONS

The NBI ETF is subject to certain restrictions and practices contained in securities legislation, including Regulation 81-102, but certain restrictions and practices that are applicable to conventional mutual funds are not applicable to the NBI ETF because it is an "alternative mutual fund". The NBI ETF is managed in accordance with the restrictions and practices applicable to alternative mutual funds, except as otherwise permitted by exemptions obtained from the Canadian securities regulatory authorities (see "Exemptions and Approvals"). The term "alternative mutual fund" includes, among others, a mutual fund that has adopted fundamental investment objectives that permit it to use or invest in specified derivatives in a manner that is not permitted by other mutual funds under Regulation 81-102.

A change to the investment objective of the NBI ETF would require the approval of the Unitholders. Please see "Unitholder Matters – Matters Requiring Unitholders Approval".

The NBI ETF is also restricted from making an investment or undertaking an activity that would result in the NBI ETF failing to qualify as a "mutual fund trust" for the purposes of the Tax Act. In addition, the NBI ETF may not invest in any property or engage in any undertaking that would cause the NBI ETF to be a "SIFT trust" (as defined below).

Exemptions and Approvals

The NBI ETF has obtained exemptive relief from the Canadian securities regulatory authorities to permit:

- the NBI ETF to engage in certain principal trading transactions in debt securities which, without the exemption, would be prohibited. Pursuant to such exemption, the NBI ETF may, with the approval of the IRC in accordance with Regulation 81-107 and subject to compliance with certain other provisions of Regulation 81-107, purchase from or sell to related dealers that are principal dealers in the Canadian debt securities market, non-government debt securities or government debt securities in the secondary market, provided that the purchase or sale is consistent with, or is necessary to meet, the investment objective of the NBI ETF;
- the NBI ETF to purchase on the secondary market securities of a related issuer which are not exchange-traded if certain conditions are met. In particular, the investment must be consistent with, or necessary to meet, the investment objective of the NBI ETF. The investment must also be approved by the IRC as described in Regulation 81-107 and is subject to certain other provisions of Regulation 81-107;
- the NBI ETF to purchase non-exchange-traded related issuer debt securities having maturities of 365 days or more, other than asset-backed commercial paper, on the primary market if certain conditions are met, in particular the approval of the IRC;
- the purchase by a Unitholder of more than 20% of the Units of the NBI ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation; and
- the NBI ETF to prepare a prospectus without including a certificate of an underwriter.

FEES AND EXPENSES

This section details the fees and expenses that a Unitholder may have to pay if the Unitholder invests in the NBI ETF. A Unitholder may have to pay some of these fees and expenses directly. The NBI ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the NBI ETF.

Fees and Expenses Payable by the NBI ETF

Management Fee

The NBI ETF will pay the Manager a management fee of 0.60% on the average daily NAV of the NBI ETF. The management fee, plus applicable taxes, including GST/HST, will be accrued daily and paid monthly. The management fee is payable to the Manager in consideration of the services that the Manager provides to the NBI ETF in its capacity as the manager such as, managing the day-to-day business and affairs of the NBI ETF which includes:

- calculating NAV;
- determining the amount and the frequency of distributions to be made by the NBI ETF;

- authorizing the payment of operating expenses incurred on behalf of the NBI ETF;
- drafting of the investment policies;
- ensuring that the Portfolio Manager respects the terms of the investments policies; and
- ensuring that financial statements and other reports are sent to Unitholders.

The management fee also includes:

- the negotiation and management of the contractual agreements with third-party service providers including the Trustee, the Designated Broker, the Custodian, the Registrar and Transfer Agent, the Fund Administrator and the Portfolio Manager;
- the fee for the services of the Portfolio Manager;
- the fees for the services of the Trustee, the Custodian, the Registrar and Transfer Agent, the Fund Administrator and other service providers; and
- assuring the maintenance of the accounting records and the production of the financial statements (and other financial information documents).

See “Organization and Management Details of the NBI ETF” for more information.

The Manager may, from time to time in its discretion, waive a portion of the management fees charged to the NBI ETF.

Management Fee Distributions

To achieve effective and competitive management fees, the Manager may agree to charge a reduced management fee as compared to the management fee it would otherwise receive from the NBI ETF with respect to investments in the NBI ETF by certain Unitholders. In such cases, the Manager will reduce the management fee charged to the NBI ETF or will reduce the amount charged to the NBI ETF for certain expenses and such NBI ETF will pay an amount equivalent to the reduction to the Unitholders concerned as a special distribution (the “**Management Fee Distribution**”). Management Fee Distributions, paid in cash, will be paid first out of net income and net realized capital gains of the NBI ETF and then out of capital. The availability, amount and timing of Management Fee Distributions with respect to Units of the NBI ETF will be determined from time to time by the Manager in its sole discretion.

Operating Expenses

The NBI ETF is responsible for paying its operating expenses, including:

- legal fees;
- audit fees;
- costs for the services provided to Unitholders;
- fees and expenses related to the IRC (namely their compensation, travel expenses and the insurance premiums for the members);
- initial listing and annual stock exchange fees;
- index licensing fees, (if applicable);
- CDS fees;
- prospectus filing fees;
- bank related fees and interest charges;
- brokerage expenses and commissions;
- fees and other costs relating to derivatives;
- costs of complying with any new governmental or regulatory requirement imposed after the creation of the NBI ETF;
- income tax, including withholding taxes (foreign or Canadian); and
- any other applicable taxes, including GST/HST.

The Manager may, from time to time, decide to reimburse the NBI ETF, or directly pay, certain operating expenses that are chargeable to the NBI ETF.

Fees Relating to Underlying Funds

The NBI ETF may, in accordance with applicable securities laws and, if applicable, exemptive relief, invest in other investment funds managed by the Manager or its affiliates, as well as other investment funds managed by third parties. With respect to such investments, no management or incentive fees are payable by the NBI ETF that, to a reasonable person, would duplicate a fee payable by the other investment funds for the same service. No sales or redemption fees are payable by the NBI ETF in relation to any purchase or redemption of the securities of investment funds managed by the Manager or an affiliate. No sales or redemption fees are payable by the NBI ETF in relation to any purchase or redemption of securities of investment funds managed by third parties that would duplicate a fee payable by a Unitholder. However, brokerage commissions may apply to the purchase or sale of securities of investment funds traded on an exchange.

Fees and Expenses Payable Directly by the Unitholders

Other Charges

An amount may be charged to the Designated Broker or a Dealer to offset certain transaction and other costs associated with the listing issue, exchange and/or redemption of Units of the NBI ETF. This charge, which is payable to the NBI ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX or another exchange or marketplace. See "Purchases of Units" and "Redemption of Units".

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units.

Risks Relating to an Investment in the NBI ETF

Model Risk

The NBI ETF will rely on quantitative investment models and there is always a risk, with such models, that an error, a misspecification, an improper calibration or any other malfunction of a model causes the Portfolio Manager to receive incorrect results from the quantitative analysis made by the models. This risk is mitigated by having multiple models analyzing the same dataset and having the Portfolio Manager constantly reviewing the investment models and confirming model calibration. The Portfolio Manager may also use its own judgement when it receives mixed signals from the models.

Equity Investment Risk

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the NAV of the NBI ETF that invests in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity investment risk.

The NBI ETF may invest in IPO shares. The market value of IPO shares may be subject to greater fluctuations due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to liquidity risk.

Common shares are the most frequent type of equity securities. However, equity securities also include preferred shares, securities convertible into common shares and warrants.

A company may distribute part of its income to shareholders in the form of dividends, but is not obliged to do so. In the event that an issuer experiences financial difficulties, its equity securities may decline in value, especially due to the reduced likelihood that its board of directors will declare a dividend.

Interest Rate Risk

Interest rate risk is the risk that fixed income securities and other instruments in the NBI ETF's portfolio will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of certain securities held by the NBI ETF, directly or indirectly, is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates.

Commodities Exposure Risk

The NBI ETF's exposure to investments in commodities-related instruments presents unique risks. Investing in commodities-related instruments, including trading in commodities indices and financial derivative instruments related to commodities, is speculative and can be extremely volatile. Market prices of commodities can change as a result of a number of factors, including supply and demand, speculation, government and regulatory activities, international monetary and political factors, central bank activity and changes in interest rates and currency values. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of the relevant commodity. Certain commodities are used primarily in one industry, and fluctuations in levels of activity in (or the availability of alternative resources to) one industry may have a disproportionate effect on global demand for a particular commodity. Moreover, recent growth in industrial production and gross domestic product has made some developing countries oversized users of commodities and has increased the extent to which certain commodities prices are influenced by those markets.

Foreign Investment Risk

The NBI ETF may invest in foreign countries and therefore may face increased risk because the standards of accounting, auditing and financial reporting in these countries are not as stringent as in Canada and the U.S. These countries may be less regulated and the Portfolio Manager may get less complete information on the securities they buy.

A change of government or a change in the economy can affect foreign markets. Governments may impose exchange controls or devalue currencies. This would restrict the ability of a portfolio manager to withdraw investments. Some foreign stock markets are less liquid and more volatile than the North American markets. If a market has lower trading volumes, it can restrict the Portfolio Manager's ability to buy or sell securities. This increases the risk if the NBI ETF invests mainly or exclusively in securities listed on foreign markets.

Currency Risk

The NBI ETF determines value of its securities in Canadian dollars. Whenever the NBI ETF must buy its assets in a currency other than Canadian dollars, there are risks relating to exchange rates. As different currencies change in value in relation to each other, the value of the securities purchased in those other currencies will fluctuate.

The Portfolio Manager may use derivatives to reduce the risk of currency fluctuations. See *Derivative Instruments Risk* for more information.

Derivative Instruments Risk

Here are examples of most common risks to which the NBI ETF may be subject when it uses derivatives:

- The use of derivatives to reduce risk associated with foreign markets, currencies or specific stocks, called hedging, is not always effective. There may be an imperfect correlation between changes in the market value of the investment being hedged and the hedging derivative. Furthermore, any past correlation may not be maintained during the hedging period.
- There is no assurance that the Portfolio Manager will be able to sell the derivatives to protect a portfolio. It may not always be possible to close out a derivative position quickly or easily. An over-the-counter market may not exist or may not be liquid. Derivatives traded on foreign markets may be less liquid and take longer to close out and therefore have more risk than derivatives traded on North American markets.
- Speculation in a derivative by investors can affect the price upwards or downwards. This could cause the change in price of a derivative to be more significant than the change in price of the underlying asset.
- A halt or interruption affecting the trading of a large number of stocks or bonds in an index may affect the derivatives (more specifically the standardized futures contracts and options) that are based on the underlying asset.
- There may be a credit risk associated with those who trade in derivatives. The NBI ETF may not be able to complete settlement because the other party cannot honour the terms of the contract.
- There may be credit risk related to the other party to the contract, such as dealers who trade in derivatives. Indeed, if such party went bankrupt, it would lead the NBI ETF to lose any deposits made as part of the contract.

- A securities exchange could impose daily limits on trading of derivatives, making it difficult to complete an option, forward or futures contract. Such trading limits can also be imposed by government authorities.
- If the NBI ETF is unable to close out its position on options and futures contracts, this can affect its ability to hedge against losses or implement its investment strategy.
- When a price change is expected by the market, it may not be possible to buy or sell a derivative at the desired price.
- If trading in stock index options or futures contracts is restricted by a stock exchange, the NBI ETF could experience substantial losses.
- Should the NBI ETF be required to give a security interest in order to enter into a derivative transaction, such security interest may be enforced by the other party against the NBI ETF's assets.
- Currency hedging does not result in the impact of the currency fluctuations being eliminated altogether.
- Hedging may be expensive.
- Regulation with respect to derivatives is subject to modification which may make it more difficult, or even impossible, for the NBI ETF to use certain derivatives.

Counterparties Risk

Risks relating to counterparties are associated with the possibility of a counterparty, pursuant to a derivative contract in which a clearing house does not intervene, not being able to fulfill its obligations on time or at all. Such event, if it occurs, may result in a loss for the NBI ETF, although such derivative transactions normally have collateral agreements to mitigate such risk.

Emerging Markets Risk

The NBI ETF may be subject to a number of risks specific to having exposure to issuers in emerging market countries. Investments in the securities of issuers in emerging market countries involve risks not associated with investments in the securities of issuers in developed countries. Emerging markets can be substantially more volatile, and substantially less liquid, than more developed markets such as Canada. Emerging markets are subject to greater political and economic instability, uncertainty regarding the existence of trading markets and more governmental limitations on foreign investment than more developed markets.

There may be less information publicly available with regard to emerging market issuers and such issuers are not subject to the uniform accounting, auditing and financial reporting standards applicable to Canadian issuers. There may be no single centralized securities exchange on which securities are traded in emerging market countries and the systems of corporate governance to which companies in emerging markets are subject may be less advanced than that to which Canadian issuers are subject, and therefore, shareholders in such companies may not receive many of the protections available to shareholders in Canada.

Securities laws in many emerging markets countries are relatively new and unsettled. In addition, laws regarding foreign investment in emerging market securities, securities regulation, title to securities and shareholder rights may change quickly and unpredictably. Further, the enforcement of systems of taxation at federal, regional and local levels in emerging market countries may be inconsistent, and subject to sudden change.

Investments in Underlying Funds Risk

If the NBI ETF or another large investor invests its assets in securities of an underlying fund, the underlying fund may have to dispose of its investments at unfavourable prices to meet the redemption requests by the large investor. This could have a harmful effect on the performance of the underlying fund that meets a large redemption. Furthermore, the performance of the NBI ETF is directly linked to the performance of the underlying fund and is therefore subject to the risks of the underlying fund in proportion to the amount of its investment in the underlying fund.

Exchange-Traded Funds Risk

The NBI ETF may invest some or all of its assets in other funds that are traded on a North American stock exchange ("**exchange-traded funds**"). Generally, mutual funds may only invest in exchange-traded funds that issue index participation units, which means that the only purpose of the exchange-traded fund is to hold the securities that are included in a specified widely quoted market index in substantially the same proportions as the index or to invest in a manner so as to replicate the performance of the index. As such, exchange-traded funds seek to provide returns similar to the performance of a particular market index or industry sector. Exchange-traded funds may not achieve the same return as their benchmark index due to differences in the actual weighting of securities held in the exchange-traded fund versus the weighting in the relevant index and due to operating and management expenses of the exchange-traded funds.

The mutual funds managed by the Manager, including the NBI ETF, obtained exemptive relief from the Canadian Securities Administrators to allow them to invest in certain exchange-traded funds, the securities of which are not index participation units. These exchange traded funds seek to provide returns similar to a benchmark market index or industry sector. However, unlike typical exchange-traded funds, some of these exchange-traded funds utilize leverage in an attempt to magnify returns by either a multiple or an inverse multiple of the particular benchmark. Although investment in these exchange-traded funds creates the possibility for greater gains, the investment techniques utilized may also result in magnified losses during adverse market conditions, as well as the potential for increased volatility.

Reliance on the Manager and Portfolio Manager Risk

Unitholders will be dependent on the ability of the Manager to effectively manage the NBI ETF in a manner consistent with the investment objectives, strategies and restrictions of the NBI ETF. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the NBI ETF will continue to be employed by the Manager or Portfolio Manager.

The NBI ETF is actively managed, which means that it is dependent on the Portfolio Manager to select individual securities or other investments and, therefore, are subject to the risk that poor security selection or market allocation will cause the NBI ETF to underperform relative to its benchmark or to other mutual funds with similar investment objectives.

Concentration Risk

If the NBI ETF invests a large proportion of its assets in securities issued by one or a few issuers, it will have risk relating to concentration. Consequently, the NBI ETF's portfolio may be less diversified when compared to a less concentrated investment portfolio. Also, the NAV of the NBI ETF may be more volatile than that of a more broadly-diversified portfolio and may fluctuate substantially over short periods of time. Although a more concentrated portfolio can sometimes result in increased liquidity risk, which may, in turn, have an effect on the ability of a mutual fund to satisfy redemptions, the Canadian Securities Administrators have established guidelines and restrictions for investments by mutual funds. Among the restrictions is an investment limit of 10% of net assets in a single issuer.

Securities Lending Risk

The NBI ETF may, for a fixed period of time, lend securities of its portfolio in exchange for collateral. This collateral may be in cash, qualified securities or securities that may be immediately converted into the same securities that have been loaned. To limit the risks, the value of the assets given as collateral and held by the NBI ETF must at all times be equal to at least 102% of the market value of the loaned securities. The risk associated with a securities lending transaction is mainly the borrower's inability to pay the necessary consideration to maintain the collateral at 102%. the NBI ETF could sustain a loss if the borrower is unable to return the loaned securities by the end of the agreed upon period and the market value of the securities loaned increases before the NBI ETF buys back the securities. In this case, the collateral will no longer be sufficient to purchase the same securities on the market. Consequently, money in the NBI ETF's portfolio will have to be used to buy back the securities and the NBI ETF will sustain a loss. The market value of the securities forming part of a securities lending transaction by the NBI ETF may not exceed 50% of its net asset value, excluding the value of the collateral.

This risk can be minimized by selecting borrowing parties with solid credentials, which have undergone a stringent credit evaluation.

Large Investments Risk

A large purchase of the NBI ETF's Units could result in a subscription of additional Units by the Designated Broker or Dealer, which could create a relatively large cash position in that NBI ETF's portfolio. The presence of this cash position may adversely impact the performance of the NBI ETF. The investment of this cash position may also result in significant incremental trading costs, although these costs are generally borne by the applicable Dealer.

Large Redemptions Risk

The NBI ETF may have one or more investors who hold a significant amount of Units. For example, financial institutions or a mutual fund may make significant principal investments in the NBI ETF or retail investors may own a significant number of Units.

A large sale of the NBI ETF's Units could result in a large redemption of Units by the Designated Broker or a Dealer, which may require the NBI ETF to sell portfolio investments so that it can pay the redemption proceeds. This sale may impact the market value of those portfolio investments and it may accelerate or increase the payment of capital gains distributions or capital gains dividends to these investors. In addition, this sale may result in significant incremental trading costs, although these costs are generally borne by the applicable Dealer.

Repurchase Agreements and Reverse Repurchase Agreements Risk

Repurchase agreements enable the NBI ETF to sell securities in its portfolio to a purchaser for cash at one price, with an agreement to buy an identical quantity of the same securities back at a later date for a higher price. These securities are sold to obtain liquidity for the NBI ETF. Such a transaction does not normally exceed 30 days. To protect the interests of the NBI ETF in a repurchase transaction, the NBI ETF will receive, as collateral for the securities sold, a cash consideration equal to 102% of the market value of the securities sold. It should be mentioned that if the value of the securities sold increases, the purchaser would be required to pay an additional amount of money to maintain the collateral at 102% of the market value of the securities sold at all times.

The risk for the NBI ETF associated with a repurchase agreement is mainly the purchaser's inability to pay the necessary consideration to maintain the collateral at 102%. If the purchaser is unable to deliver the securities sold by the end of the agreed upon period for the repurchase transaction and the market value of the securities sold increases during this same period, the collateral will no longer be adequate to buy back these same securities on the market. Money in the NBI ETF's portfolio will then have to be used to repurchase the securities and the NBI ETF will sustain a loss. The market value of the securities forming part of a repurchase transaction by the NBI ETF may not exceed 50% of its net asset value, excluding the value of the collateral.

Reverse repurchase agreements enable the NBI ETF to buy securities from a seller at one price with an agreement to sell an identical quantity of the same securities back at a higher price at a later date. Such a transaction does not normally exceed 30 days. To protect the interests of the NBI ETF in a reverse repurchase agreement, the bought securities must have a market value equal to at least 102% of the amount paid by the mutual fund to purchase them.

The risk for the NBI ETF associated with a reverse repurchase agreement is mainly the inability of the seller to maintain the collateral at 102% of the cash consideration paid for the securities. The NBI ETF could sustain a loss if the seller is unable to buy back the securities sold at the end of the agreed upon period for the reverse repurchase transaction and the market value of the securities sold decreases during this same period. The amount obtained by selling securities forming part of a reverse repurchase transaction will be less than the cash consideration given by the NBI ETF in exchange for the securities, resulting in a loss for the NBI ETF.

The risks described above can be minimized by selecting parties with solid credentials, which have undergone a stringent credit evaluation.

Tax-Related and Regulatory Risk

The NBI ETF is subject to certain tax risks generally applicable to Canadian investment funds, including the following.

The NBI ETF is expected to qualify or be deemed to qualify at all material times as a "mutual fund trust" for the purposes of the Tax Act. If the NBI ETF does not qualify or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" could be materially and adversely different in some respects. For example, if the NBI ETF does not qualify as a mutual fund trust within the meaning of the Tax Act throughout a taxation year, the NBI ETF may be liable to pay alternative minimum tax and/or tax under Part XII.2 of the Tax Act, and would not be entitled to the Capital Gains Refund (as defined herein). In addition, if the NBI ETF does not qualify as a mutual fund trust, it may be subject to the "mark-to-market" rules under the Tax Act if more than 50% of the fair market value of the Units are held by "financial institutions" within the meaning of the Tax Act for purposes of the "mark-to-market" rules.

There can be no assurances that the CRA will agree with the tax treatment adopted by the NBI ETF in filing its tax return and the CRA could reassess the NBI ETF on a basis that results in tax being payable by the NBI ETF or in an increase in the taxable component of distributions considered to have been paid to Unitholders. A reassessment by the CRA may result in the NBI ETF being liable for unremitted withholding tax on prior distributions to non-resident Unitholders. Such liability may reduce the NAV of, or trading price of, Units of the NBI ETF.

If the NBI ETF experiences a “loss restriction event” for the purposes of the Tax Act, the taxation year of the NBI ETF will be deemed to end and the NBI ETF will be deemed to realize its unrealized capital losses. The NBI ETF may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted capital losses and non-capital losses will expire and may not be deducted from the NBI ETF in future years, with the result that income and capital gains distributions in the future may be larger. The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of the NBI ETF for each taxation year (including a taxation year that is deemed to end by virtue of a loss restriction event) so that the NBI ETF will not be liable for ordinary income tax. The Declaration of Trust provides that any such distribution is automatically reinvested in Units of the NBI ETF and the Units of the NBI ETF are immediately consolidated to the pre-distribution NAV. It may not be possible for the NBI ETF to determine if or when a loss restriction event has occurred because of the nature of its investments and the way Units are bought and sold. There can be no assurances that the NBI ETF will not experience a loss restriction event and there can be no assurances regarding when or to whom the distributions resulting from a loss restriction event will be made, or that the NBI ETF will not be required to pay tax notwithstanding such distributions.

The NBI ETF will be a SIFT trust (as defined in the Tax Act) if it holds a “non-portfolio property” (as defined in the Tax Act). If the NBI ETF is a SIFT trust, it will generally be subject to tax at rates applicable to a Canadian corporation on income from a non-portfolio property and net taxable capital gains realized on the disposition of a non-portfolio property. Unitholders who receive distributions from the NBI ETF of this type of income and capital gains are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by the NBI ETF on its non-portfolio earnings and the tax payable by a Unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the tax rules that apply to a SIFT trust. The Declaration of Trust requires the NBI ETF to restrict its investments and activities so that it will not be a SIFT trust.

There can be no assurance that tax, securities or other laws will not be changed in a manner that adversely affects the NBI ETF or the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the NBI ETF or the Unitholders. For example, changes to tax legislation or the administration thereof could affect the taxation of the NBI ETF or the issuers in which it invests.

Absence of an Active Market for the Units Risk

The NBI ETF is a newly organized exchange-traded fund with no previous operating history. Although the NBI ETF may be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained.

Information Technology Risk

The Portfolio Manager relies on various electronic systems (such as computers, networks, etc.) that could fail for a short (or longer) period. During those time, the Portfolio Manager might have a limited access to the quantitative investment models, the investment data allowing the Portfolio Manager to make investment decisions, along with the order management systems allowing trades to be done within the NBI ETF.

Cybersecurity Risk

With the increased use of technologies such as the internet to conduct business, the Manager and the NBI ETF are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the NBI ETF, the Manager or the NBI ETF’s service providers (including, but not limited to, the Portfolio Manager, the Registrar and Transfer Agent, the Custodian and any sub-custodians) have the ability to cause disruptions and impact each of their respective business operations, potentially resulting in financial losses, interference with the NBI ETF’s ability to calculate its net asset value, impediments to trading, the inability of Unitholders to transact business with the NBI ETF and the inability of the NBI ETF to process transactions including redeeming securities, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs associated with the implementation of any corrective measures. Similar adverse consequences could result from cyber incidents affecting the issuers of securities in which the NBI ETF invests and counterparties with which the NBI ETF engages in transactions. In addition, substantial costs may be incurred to prevent any cyber incidents in the future. While the Manager and the NBI ETF have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, inherent limitations exist in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Manager and the NBI ETF cannot control the cyber security plans and systems of the NBI ETF's service providers, the issuers of securities in which the NBI ETF invests or any other third parties whose operations may affect the NBI ETF or its Unitholders. As a result, the NBI ETF and its Unitholders could be negatively affected.

Trading Price of Units Risk

Units may trade in the market at a premium or discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV. The trading price of the Units will fluctuate in accordance with changes in the NBI ETF's NAV, as well as market supply and demand on the TSX. However, given that generally only a Prescribed Number of Units are issued to the Designated Broker and Dealers, and that holders of a Prescribed Number of Units (or an integral multiple thereof) may redeem such Units at their NAV, the Manager believes that large discounts or premiums to the NAV per Unit of the NBI ETF should not be sustained. If a Unitholder purchases Units of the NBI ETF at a time when the market price of a Unit is at a premium to the NAV per Unit or sells Units of the NBI ETF at a time when the market price of a Unit is at a discount to the NAV per Unit, the Unitholder may sustain a loss.

Designated Broker and Dealer Concentration Risk

Only the Designated Broker and Dealers may engage in subscription or redemption transactions for Prescribed Number of Units directly with the NBI ETF. The NBI ETF has one Designated Broker and a limited number of institutions that act as Dealers. To the extent that these institutions exit the business or are unable to proceed with subscription and/or redemption orders for Prescribed Number of Units with respect to the NBI ETF and no other Designated Broker or Dealers are able to step forward to subscribe for or redeem a Prescribed Number of Units, the Units of the NBI ETF may trade at a discount to NAV and possibly face trading halts and/or delisting. This risk may be more pronounced in volatile markets, potentially where there are significant redemptions in ETFs generally.

Halted Trading of Units Risk

Trading of Units on the TSX may be halted by the activation of individual or market-wide "circuit breakers" (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of Units may also be halted if: (i) the Units are delisted from the TSX without first being listed on another exchange; or (ii) TSX officials determine that such action is appropriate in the interest of a fair and orderly market or to protect Unitholders.

RISK CLASSIFICATION METHODOLOGY

To help you determine whether the NBI ETF is suitable for you, the Manager classifies the risk of investing in the NBI ETF in one of the following categories: low, low to medium, medium, medium to high or high. The risk level of investing in the NBI ETF is reviewed at least once a year and any time it is no longer reasonable in the circumstances.

The methodology used to determine the risk ratings of the NBI ETF for purposes of disclosure in this prospectus is the one provided in the regulations adopted by the Canadian Securities Administrators.

The purpose of the adoption of a standardized risk classification method applicable to all exchange-traded funds is to improve the transparency and consistency of risk levels so that investors can more easily compare the investment risk levels of the various exchange-traded funds. This new standardized method is useful to investors, as it provides a consistent and comparable basis for measuring the risk levels of the different exchange-traded funds.

The methodology consists in grading the risk associated with an exchange-traded fund on the five-category scale mentioned above based on the historical volatility of the NBI ETF's performance, as measured by the standard deviation of the NBI ETF's performance over a 10-year period. The NBI ETF's standard deviation is calculated by determining the differential between the NBI ETF's return and its average return over a given timeframe. An exchange-traded fund with a high standard deviation is usually classified as being risky.

As the historical performance of the NBI ETF falls short of the 10-year period required by regulation to calculate the standard deviation the NBI ETF, the Manager will substitute the data of a reference fund or a recognized reference index, as the case may be, to make up for the NBI ETF's missing historical performance. The Manager calculates the investment risk level of the NBI ETF using a reference fund or a reference index, as the case may be, that is expected to reasonably approximate the standard deviation of the NBI ETF. Once the NBI ETF has performance history, the methodology will calculate the standard deviation of the NBI ETF using the return history of the NBI ETF and use the performance history of the reference fund or reference index, as the case may be to complete the remaining 10-year period. In each case, the NBI ETF is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The NBI ETF's level of risk is Medium. The Manager uses the Morningstar Broad Hedge Fund Index to calculate the risk level of the NBI ETF, which is a rules-based, asset-weighted index based on the largest and broadest hedge fund database in the hedge fund industry. It is designed to capture the performance and behaviour of the most liquid hedge funds offering exposure to a wide spectrum of core and category hedge fund strategies. The Morningstar Broad Hedge Fund Index is a non-investable index containing over 500 U.S.-based hedge funds from a universe of more than 4,500 single-strategy and fund-of-fund hedge funds.

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the NBI ETF is available on request, at no cost, by calling toll-free, at 1 866-603-3601 or by writing to National Bank Investments Inc., 1100 Robert-Bourassa Blvd. 10th Floor, Montreal Québec H3B 2G7.

DISTRIBUTION POLICY

Distributions

Cash distributions on Units of the NBI ETF will be paid at the end of each year, if required. The Manager may, in its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made or the Manager may make additional distributions if determined to be appropriate.

Cash distributions from the NBI ETF are expected to consist of income, but may include capital gains. Distributions are not fixed or guaranteed. The Manager reserves the right to make additional distributions for the NBI ETF in any year if determined to be appropriate.

To the extent that the NBI ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, a distribution will be paid to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

A Unitholder that subscribes for Units during the period that is one Trading Day before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those Units. Income and/or capital gains of the NBI ETF may be distributed to a Unitholder as part of the price paid to the Unitholder on the exchange or redemption of Units.

PURCHASES OF UNITS

Continuous Distribution

Units of the NBI ETF are being offered on a continuous basis and there is no maximum number of Units that may be issued.

Initial Investment in the NBI ETF

In compliance with Regulation 81-102, a NBI ETF will not issue Units to the public until subscriptions aggregating not less than $500,000 have been received and accepted by the NBI ETF from investors, other than the Manager, the Portfolio Manager, any sponsor of the NBI ETF or the directors, officers or shareholders of any of the foregoing.

Designated Broker

The Manager, on behalf of the NBI ETF, has entered into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to the NBI ETF including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the TSX's original listing requirements; (ii) to subscribe for Units when cash redemptions of Units occur as described under "Redemption of Units"; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

In accordance with the designated broker agreement, the Manager may from time to time require the Designated Broker to subscribe for Units of the NBI for cash.

Issuance of Units

To Designated Broker and Dealers

Generally, all orders to purchase Units directly from the NBI ETF must be placed by the Designated Broker or a Dealer. The NBI ETF reserves the absolute right to reject any subscription order placed by the Designated Broker or a Dealer. No fees will be payable by the NBI ETF to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units, an amount may be charged to the Designated Broker or a Dealer to offset the expenses incurred in issuing the Units.

After the initial issuance of Units to the Designated Broker to satisfy the TSX's original listing requirements, on any Trading Day, a Dealer (who may also be the Designated Broker) may place a subscription order for a Prescribed Number of Units (and any additional multiple thereof) of the NBI ETF. If a subscription order is received by the NBI ETF by the applicable Cut-Off Time on a Trading Day, the NBI ETF will issue to the Dealer a Prescribed Number of Units (and any additional multiple thereof) by no later than the second business day after the date on which the subscription order is accepted based on the NAV per Unit determined on the applicable Trading Day. If a subscription order is not received by the applicable Cut-Off Time on a Trading Day, subject to the discretion of the Manager, the subscription order will be deemed to be received only on the next Trading Day.

For each Prescribed Number of Units issued, a Dealer must deliver payment consisting of cash in an amount equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order or, in the Manager's discretion: (i) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (ii) a combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

The Manager will make available to the Designated Broker and the Dealers information as to the Prescribed Number of Units and any Basket of Securities for the NBI ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

To Designated Broker in Special Circumstances

Units may also be issued by the NBI ETF to the Designated Broker in certain special circumstances, including when cash redemptions of Units occur as described under "Redemption of Units – Redemption of Units for Cash".

To Unitholders

Units may be issued by the NBI ETF to Unitholders on the payment of a reinvested distribution as described under "Distribution Policy – Distributions", and "Income Tax Considerations — Taxation of the NBI ETF".

Buying and Selling Units

The Manager, on behalf of the NBI ETF, has applied to list the Units of the NBI ETF on the TSX. The TSX has conditionally approved the listing of Units of the NBI ETF. Listing is subject to fulfilling all of the requirements of the TSX on or before November 30, 2019.

Unitholders may buy or sell Units of the NBI ETF on an exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides. Unitholders may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the NBI ETF in connection with the buying or selling of Units on the TSX or another exchange or marketplace. Unitholder may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

Units may not be purchased by nor transferred to US Persons, as defined in Regulation S under the United States *Securities Act of 1933*, as amended.

Special Considerations for Unitholders

The provisions of the so-called “early warning” reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the Units of the NBI ETF. The NBI ETF has obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of any NBI ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of the NBI ETF at any time during which more than 10% of the property of the NBI ETF consists of certain “taxable Canadian property” (as defined in the Tax Act). The Manager shall inform the Registrar and Transfer Agent of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of the NBI ETF then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager reasonably determines that the failure to take any such action would not adversely impact the status of the NBI ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the NBI ETF as a mutual fund trust for purposes of the Tax Act. Such action may include, without limitation, causing the NBI ETF to redeem the Units of that Unitholder for a redemption price equal to their NAV on the redemption date.

Registration and Transfer through CDS

Registration of interests in, and transfers of, the Units will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. All distributions and redemption proceeds in respect of Units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants and, thereafter, by such CDS Participants to the applicable Unitholders. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the NBI ETF nor the Manager will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Units must look solely to CDS Participants for payment made by the NBI ETF to CDS.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner’s interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The NBI ETF has the option to terminate registration of the Units through the book-entry only system, in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

REDEMPTION OF UNITS

Redemption of Units in any Number for Cash

On any Trading Day, Unitholders may redeem Units of the NBI ETF in any number for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per Unit. Because Unitholders will generally be able to sell Units at the market price on the TSX or another exchange or marketplace through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

For such cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered through a CDS Participant by 9:00 a.m. (Toronto time) on that day to the NBI ETF at its head office or as the Manager may otherwise direct. If a cash redemption request is received after 9:00 a.m. (Toronto time) on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made by no later than the second business day after the effective day of the redemption. The cash redemption request forms may be obtained from the Manager.

A Unitholder that exercises this cash redemption right during the period that is one Trading Day before a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those Units.

In connection with the redemption of Units, the NBI ETF will generally dispose of securities or other assets in order to fund the required redemption proceeds. The redemption price paid to a Unitholder may include income and/or capital gains realized by the NBI ETF. The remaining portion of the exchange or redemption price will be proceeds of redemption.

The Manager reserves the right to cause the NBI ETF to redeem the Units held by a Unitholder at a price equal to the NAV per Unit on the effective date of such redemption if the Manager believes it is in the best interests of the NBI ETF to do so.

Exchange of Prescribed Number of Units

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for cash or, with the consent of the Manager, Baskets of Securities and cash. To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the NBI ETF at its head office or as the Manager may otherwise direct by the applicable Cut-Off Time on a Trading Day. The exchange price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective day of the exchange request, payable by delivery of cash or, with the consent of the Manager, Baskets of Securities (constituted prior to the receipt of the exchange request) and cash. On an exchange, the Manager may, in its discretion, require the Unitholder to pay or reimburse the NBI ETF for the trading expenses incurred or expected to be incurred by the NBI ETF in connection with the sale by the NBI ETF of securities in order to obtain the necessary cash to fund the exchange price. On an exchange, the applicable Units will be redeemed.

If an exchange request is not received by the applicable Cut-Off Time on a Trading Day, subject to the discretion of the Manager, the exchange request will be deemed to be received only on the next Trading Day. Settlement of exchanges for cash only or Baskets of Securities and cash, as the case may be, will be made by no later than the second business day after the effective day of the exchange request.

The Manager will make available to the Designated Broker and the Dealers information as to the Prescribed Number of Units and any Basket of Securities for the NBI ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

A Unitholder that exchanges or redeems Units during the period that is one Trading Day before a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those Units.

If securities held in the portfolio of the NBI ETF are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

Characterization of Redemption or Exchange Amount

The exchange or redemption price paid to a Unitholder may include income and/or capital gains realized by the NBI ETF. The remaining portion of the exchange or redemption price will be proceeds of disposition.

Suspension of Exchanges and Redemptions

The Manager may suspend the exchange and/or redemption of Units or the payment of the exchange or redemption price of the NBI ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the NBI ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the NBI ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the NBI ETF; or (ii) with the prior permission of the securities regulatory authorities. The suspension shall apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the official rules and regulations promulgated by any government body having jurisdiction over the NBI ETF, any declaration of suspension made by the Manager shall be conclusive.

Exchange and Redemption of Units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify the Manager or as the Manager may direct prior to the relevant cut-off time.

Short-Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the NBI ETF at this time, as the NBI ETF is an exchange-traded fund that is primarily traded in the secondary market.

INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the NBI ETF and for a prospective Unitholder in the NBI ETF who is an individual (other than a trust) and who, for the purpose of the Tax Act, is resident in Canada, holds Units of the NBI ETF either directly as capital property or in a Registered Plan, is not affiliated with the NBI ETF and deals at arm's length with the NBI ETF. This summary is based on the current provisions of the Tax Act and regulations thereunder, the Tax Proposals and counsel's understanding of the current published administrative policies and assessing practices of the CRA. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective Unitholders should therefore consult their own tax advisers about their individual circumstances.

This summary is based on the assumption that the NBI ETF will: (i) qualify or be deemed to qualify as a "mutual fund trust" under the Tax Act at all material times; (ii) not be a "SIFT trust" as defined in section 122.1 of the Tax Act at any time; (iii) not invest in any "offshore investment fund property" as defined in section 94.1 of the Tax Act; (iv) not invest 10% or more in an "exempt foreign trust" as described in section 94.2 of the Tax Act; (v) not invest in securities of an issuer that would be treated as a "foreign affiliate" or a "controlled foreign affiliate" of the NBI ETF; and (vi) not enter into any arrangement where the result would be a "dividend rental arrangement" under the Tax Act. The Manager has advised counsel that it expects this to be the case and that these assumptions are reasonable.

Status of the NBI ETF

This summary is based on the assumption that the NBI ETF will qualify as a "mutual fund trust" under the Tax Act effective from the date of its creation in 2019 and at all times thereafter. If the NBI ETF were not to so qualify as a mutual fund trust under the Tax Act throughout a taxation year, the NBI ETF, among other things: (i) may become liable for alternative minimum tax under the Tax Act in such year; (ii) would not be eligible for the Capital Gains Refund under the Tax Act for such year; (iii) may be subject to the "mark-to-market" rules described below; (iv) would be required to withhold on capital gains distributions made to Unitholders who are non-residents of Canada for purposes of the Tax Act; and (v) may be subject to a special tax under Part XII.2 of the Tax Act in such year.

If the NBI ETF does not qualify as a mutual fund trust under the Tax Act and more than 50% (based on fair market value) of the Units of the NBI ETF are held by one or more Unitholders that are considered "financial institutions" for the purposes of certain "mark-to-market" rules in the Tax Act, then the NBI ETF itself will be treated as a financial institution under those rules. As a result, the NBI ETF will be required to recognize income for each taxation year during which it is a deemed financial institution on the full amount of any gains and losses accruing on certain types of securities that it holds, and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to Unitholders. If more than 50% of the Units of the NBI ETF cease to be held by financial institutions, the tax year of the NBI ETF will be deemed to end immediately before that time and any gains or losses accrued before that time will be deemed realized by the NBI ETF and will be distributed to Unitholders. A new taxation year for the NBI ETF will then begin and for that and subsequent taxation years, for so long as not more than 50% of the Units of the NBI ETF are held by financial institutions or the NBI ETF qualifies as a mutual fund trust, the NBI ETF will not be subject to these mark-to-market rules. Initially, following the creation of the NBI ETF, financial institutions will hold all the outstanding Units of the NBI ETF.

Taxation of the NBI ETF

The NBI ETF is subject to tax under Part I of the Tax Act on its net income, including net taxable capital gains, as calculated under the Tax Act for a taxation year (after deducting available loss carryforwards) to the extent that it is not paid or payable to Unitholders. The NBI ETF is entitled to a refund ("**Capital Gains Refund**") of its tax liability on its net realized capital gains equal to an amount determined by formula under the Tax Act based on the redemption of Units during the year and accrued gains on the NBI ETF's assets. The Declaration of Trust requires the NBI ETF to distribute a sufficient amount of its net income and net realized capital gains, if any, for each taxation year to Unitholders so that the NBI ETF will not be liable in any taxation year for income tax under Part I of the Tax Act after taking into account any entitlement to a Capital Gains Refund.

The NBI ETF is required to calculate its net income, including net taxable capital gains, for each taxation year according to the rules in the Tax Act. Net income, including net taxable capital gains, is affected by fluctuations in the value of the Canadian dollar relative to foreign currency where amounts of income, expense, cost or proceeds of disposition are denominated in foreign currency. The NBI ETF is generally required to include in the calculation of its income interest as it accrues, dividends when they are received and capital gains and losses when they are realized. Foreign source income received by the NBI ETF is generally received net of any taxes withheld in the foreign jurisdiction. The foreign taxes so withheld are included in the calculation of the NBI ETF's income. Trust income that is paid or becomes payable to the NBI ETF in a calendar year is generally included in income for the taxation year of the NBI ETF that ends in the calendar year. Trust income paid or payable to the NBI ETF by a Canadian-resident trust may have the character of ordinary property income, foreign source income, dividends received from a taxable Canadian corporation or capital gains.

Gains or losses realized by the NBI ETF on the disposition of securities held as capital property constitute capital gains or capital losses. Securities will generally be considered to be held by the NBI ETF as capital property unless the NBI ETF is considered to be trading or dealing in securities, or otherwise carrying on a business of buying and selling securities, or has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that the NBI ETF purchases securities (other than derivative instruments) with the objective of earning income thereon and takes the position that gains and losses realized on the disposition of these securities are capital gains and capital losses. The Manager has also advised counsel that the NBI ETF will make an election under subsection 39(4) of the Tax Act so that all securities held by the NBI ETF that are "Canadian securities" (as defined in the Tax Act) will be deemed to be capital property to the NBI ETF. Generally, a gain or loss from a cash settled option, futures contract, forward contract, total return swap and other derivative instrument is treated on account of income rather than as a capital gain or loss unless the derivative is used by the NBI ETF as a hedge to limit its gain or loss on a specific capital asset or group of capital assets held by the NBI ETF. Pursuant to the Tax Act, an election to realize gains and losses on "eligible derivatives" (as defined in the Tax Act) of the NBI ETF on a mark-to-market basis may be available. The Manager will consider whether such election, if available, would be advisable for the NBI ETF.

If the NBI ETF invests in foreign denominated securities, it must calculate its adjusted cost base and proceeds of disposition in Canadian dollars based on the conversion rate on the date the securities were purchased and sold, as applicable. Capital gains realized during a taxation year are reduced by capital losses realized during the year. In certain circumstances, a capital loss realized by the NBI ETF may be denied or suspended and, therefore, may not be available to offset capital gains. For example, a capital loss realized by the NBI ETF will be suspended if, during the period that begins 30 days before and ends 30 days after the date on which the capital loss was realized, the NBI ETF (or a person affiliated with the NBI ETF for the purposes of the Tax Act) acquires a property that is the same as or is identical to the particular property on which the loss was realized and owns that property at the end of the period.

A trust is generally subject to a "loss restriction event" for the purposes of the Tax Act each time a person or partnership becomes a "majority-interest beneficiary" of the trust for the purposes of the Tax Act. Generally, a majority-interest means more than 50% of the fair market value of the trust held by the person or partnership and affiliates. However, no person or partnership will be or become a "majority-interest beneficiary" of the NBI ETF if the NBI ETF satisfies certain requirements and qualifies as an "investment fund" under the relevant rules in the Tax Act. No assurance can be given that the NBI will satisfy these requirements. If the NBI ETF experiences a loss restriction event, the taxation year of the NBI ETF will be deemed to end and the NBI ETF will be deemed to realize its capital losses. The NBI ETF may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted losses will generally expire and may not be deducted by the NBI ETF in future years. The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of the NBI ETF for each taxation year (including a taxation year that is deemed to end by virtue of a loss restriction event) so that the NBI ETF will not be liable for ordinary income tax. The Declaration of Trust provides that any such distribution is automatically reinvested in Units of the NBI ETF and the Units of the NBI ETF are immediately consolidated to the pre-distribution NAV.

Taxation of Unitholders (other than Registered Plans)

Distributions

A Unitholder is required to include in computing income for tax purposes, the amount of any income and the taxable portion of any capital gains of the NBI ETF that is paid or payable to the Unitholder in the year (including by way of Management Fee Distribution), whether such amounts are paid in cash or reinvested in additional Units. The non-taxable portion of any capital gains of the NBI ETF that is paid or payable to the Unitholder in the year is not included in the Unitholder's income and, provided the NBI ETF makes the appropriate designation on its tax return, does not reduce the adjusted cost base of the Unitholder's Units of the NBI ETF. Any other non-taxable distribution, such as a return of capital, reduces the Unitholder's adjusted cost base. A Unitholder is deemed to realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise become a negative amount and the adjusted cost base is nil immediately thereafter.

The NBI ETF may, and is expected to, designate to the extent permitted by the Tax Act, the portion of the net income of the NBI ETF distributed to Unitholders that may reasonably be considered to consist of: (i) taxable dividends (including eligible dividends) received or considered to be received by the NBI ETF on shares of taxable Canadian corporations; and (ii) net taxable capital gains realized or considered to be realized by the NBI ETF. Any amount so designated is deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation applies to amounts designated as taxable dividends. Taxable capital gains so designated are subject to the general rules relating to the taxation of capital gains described below. In addition, the NBI ETF may make designations in respect of its foreign source income so that Unitholders may be able to claim a foreign tax credit (in accordance with and subject to the general limitations under the Tax Act) for foreign taxes, paid (and not deducted) by the NBI ETF. A loss realized by the NBI ETF may not be allocated to, and may not be treated as a loss of, the Unitholders of the NBI ETF.

Individuals and certain trusts may be subject to an alternative minimum tax in respect of taxable dividends (including eligible dividends) received or considered to be received from taxable Canadian corporations and realized capital gains.

Tax Implications of the NBI ETF's Distribution Policy

A portion of the NAV of a Unit of the NBI ETF may reflect income and/or capital gains accrued or realized by the NBI ETF before the Unit was acquired by a Unitholder. In particular, this may be the case when Units are acquired late in the year or shortly before a distribution. The income and taxable portion of capital gains paid or payable to a Unitholder must be included in the calculation of the Unitholder's income in the manner described above, even if it relates to a period before the Unitholder owned the Units and may have been reflected in the price paid by the Unitholder for the Units.

Disposition of Units

Generally, a Unitholder realizes a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units of the NBI ETF held by the Unitholder at a particular time is the total amount paid for all Units of the NBI ETF currently and previously held by the Unitholder (including brokerage commissions paid and the amount of reinvested distributions) less any distributions of capital and less the adjusted cost base of any Units of the NBI ETF previously disposed of by the Unitholder. The adjusted cost base to a Unitholder of one Unit is the average adjusted cost base of all Units owned by the Unitholder as capital property at that time. A consolidation of Units after the reinvestment of a distribution in additional Units will not be regarded as a disposition of Units.

When a Unitholder redeems Units of the NBI ETF, the NBI ETF may distribute income and capital gains to the Unitholder as partial payment of the redemption price. Any income or capital gains so distributed must be included in the calculation of the Unitholder's income in the manner described above. Any amount so distributed should be deducted from the redemption price for the Units in determining the Unitholder's proceeds of disposition. Where Units of the NBI ETF are exchanged by a Unitholder for a Basket of Securities, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the Basket of Securities, plus the amount of any cash, received by the Unitholder on the exchange, less any capital gain realized by the NBI ETF as a result of the transfer of that Basket of Securities that has been designated by the NBI ETF to the Unitholder. The cost of any securities acquired by the Unitholder from the NBI ETF on the exchange of Units will generally be the fair market value of the securities at that time. Where, on an exchange of Units for a Basket of Securities, a Unitholder receives a bond with interest accrued on it, the Unitholder will generally include such interest in income in accordance with the Tax Act but will be entitled to offset such amount by a deduction for such accrued interest. The Unitholder's adjusted cost base of the bond will be reduced by the amount of the deduction. Unitholders who redeem or exchange Units are advised to confirm with the Manager the details of any distributions paid at the time of redemption and the fair market value of any securities received from the NBI ETF, and are also advised to consult with their own tax advisers.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains realized or considered to be realized by the NBI ETF and designated by the NBI ETF in respect of the Unitholder, is included in the Unitholder's income as a taxable capital gain. One-half of a capital loss may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

International Information Reporting

Generally, Unitholders will be required to provide their dealer with information related to their citizenship or residence for tax purposes and, if applicable, a U.S. federal tax identification number. If a Unitholder does not provide the information or is identified as a U.S. citizen or U.S. resident, details and certain financial information related to the Unitholder's investment in the NBI ETF will generally be reported to the CRA, unless the investment is held within a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service. In addition, to meet the objectives of the CRS, dealers will be required under Canadian legislation to identify and report to the CRA details and certain financial information relating to Unitholders in the NBI ETF who are resident in a country outside Canada and the U.S. The CRA is expected to provide that information to the tax authority of the relevant jurisdiction that has adopted the CRS.

Taxation of Registered Plans

A Registered Plan that holds Units of the NBI ETF and the annuitant, holder or subscriber, as the case may be, of that Registered Plan will generally not be subject to tax on the value of the Units, income or capital gains distributed by the NBI ETF to the Registered Plan or a gain realized by the Registered Plan on the disposition of the Units (whether payment is received in cash, by reinvestment in additional Units), provided the Units are qualified investments for the Registered Plan and, in the case of certain Registered Plans, not prohibited investments for the Registered Plan.

In the case of an exchange of Units of the NBI ETF by a Registered Plan for a Basket of Securities of the NBI ETF or a distribution *in specie* on the termination of the NBI ETF, the Registered Plan will receive securities. The securities so received may or may not be qualified investments for the Registered Plan and may or may not be prohibited investments for the Registered Plan. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments and not prohibited investments for their Registered Plans.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, the Units of the NBI ETF will be a qualified investment under the Tax Act for a Registered Plan at any time that the NBI ETF qualifies or is deemed to qualify as a "mutual fund trust" for purposes of the Tax Act or that the Units are listed on a "designated stock exchange" within the meaning of the Tax Act, which includes the TSX.

A Unit of the NBI ETF that is a qualified investment under the Tax Act for a Registered Plan may nevertheless be a prohibited investment under the Tax Act for a Registered Plan (other than a deferred profit-sharing plan). Generally, the Units of the NBI ETF will not be a prohibited investment under the Tax Act for a Registered Plan unless the planholder, annuitant or subscriber, as the case may be (together with non-arm's length persons and partnerships, including the Registered Plan) directly or indirectly holds Units having a fair market value of 10% or more of the NBI ETF. However, under a safe harbour for newly established mutual funds, Units of the NBI ETF will not be a prohibited investment under the Tax Act for a Registered Plan at any time during the first 24 months of the NBI ETF's existence if the NBI ETF is a "mutual fund trust" under the Tax Act and either remains in substantial compliance with the requirements of Regulation 81-102 or follows a reasonable policy of investment diversification throughout the period. Investors should consult their own tax advisors for advice on whether Units would be a prohibited investment for their Registered Plans.

ORGANIZATION AND MANAGEMENT DETAILS OF THE NBI ETF

Manager of the NBI ETF

National Bank Investments Inc., a registered investment fund manager in the provinces of Québec, Ontario and Newfoundland and Labrador and mutual fund dealer in each of the Canadian provinces and territories, acts as the manager of the NBI ETF.

The head office of the NBI ETF and the Manager is located at 1100 Robert-Bourassa Blvd., 10th Floor, Montreal, Québec, H3B 2G7. You can reach the Manager by calling, toll-free, at 1 866-603-3601 in order to, among other things, obtain information concerning the products and services offered and obtain copies of information documents related to the NBI ETF. Our website is www.NBInvestments.ca and our e-mail address is investments@nbc.ca.

Duties and Services Provided by the Manager

Pursuant to the Management Agreement, the Manager has been appointed as the investment fund manager of the NBI ETF by the Trustee and has the exclusive authority to manage the business and affairs of the NBI ETF, to make all decisions regarding the business of the NBI ETF and to bind the NBI ETF. The Manager may delegate certain of its powers to its affiliates and to third parties where, in the discretion of the Manager, it would be in the best interests of the NBI ETF to do so.

The Manager is also responsible for providing management, administrative and portfolio advisory and investment management services to the NBI ETF. The Manager's duties include, without limitation:

(i) authorizing the payment of, and paying, the operating expenses incurred on behalf of the NBI ETF that are the responsibility of the NBI ETF;

(ii) providing office space, facilities and personnel;

(iii) preparing financial statements, financial and accounting information and tax returns as required by the NBI ETF;

(iv) ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time;

(v) ensuring that the NBI ETF complies with regulatory requirements and applicable stock exchange listing requirements;

(vi) preparing the NBI ETF's reports, including interim and annual MRFPs, and delivering such reports to Unitholders and the securities regulatory authorities;

(vii) determining the amount of distributions to be made by the NBI ETF;

(viii) communicating with Unitholders and calling meetings of Unitholders as required;

(ix) ensuring that the NAV per Unit is calculated and published;

(x) administering the purchase, exchange and redemption of Units;

(xi) negotiating contractual agreements with third party service providers, including the Portfolio Manager, the Designated Broker, the Dealers, the Custodian, the Registrar and Transfer Agent, the Fund Administrator, the auditor, legal counsel and printers; and

(xii) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the NBI ETF.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager shall exercise the powers and discharge its duties honestly, in good faith and in the best interests of the NBI ETF and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances ("**standard of care**").

The Management Agreement provides that the Manager shall not be liable to the NBI ETF, any unitholder or any other person for any loss, damage or expense resulting from or relating to:

(i) adoption or implementation of any investment program or policy or the purchase, sale or retention of any security or other property of the NBI ETF, the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the NBI ETF may be paid out or invested, or any diminution in the NAV of the NBI ETF;

(ii) the misconduct of any person, firm or corporation employed or engaged by the Manager pursuant to the Management Agreement other than the Manager or any associate or affiliate of the Manager or any of their respective directors, officers or employees;

(iii) the Manager's reliance and acting in accordance with any statement, report, opinion or advice furnished by any agent, representative, employee, independent contractor or other person acting on behalf of the NBI ETF or on behalf of the Manager that is within the professional competence of the person furnishing the same, or the Manager's omission to act in accordance therewith;

(iv) any action taken or thing suffered by the Manager in reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement or other paper or document believed by it to be genuine and to have been passed, sealed or signed by proper parties; or

(v) any error in judgment on the part of the Manager or other execution by the Manager of its duties under the Management Agreement.

The Manager shall be responsible for any loss that arises out of the failure of the Manager, or of any person or company retained by the Manager or the NBI ETF, to discharge any of the Manager's responsibilities to the NBI ETF or to exercise the required degree of care.

In no event shall the Manager be liable to the NBI ETF or to any unitholder for joining in any receipt or act of conformity, or for any loss, damage or expense arising from the bankruptcy, insolvency, or tortious or other act of any person, firm or corporation with whom or with which any moneys, securities or property of the NBI ETF shall be lodged or deposited.

The Management Agreement may be terminated by the Manager or by the NBI ETF upon sixty (60) days' prior written notice. Except as may be otherwise provided in the Declaration of Trust of the NBI ETF, the Management Agreement may be immediately terminated by a party by notice in writing to the other if: i) the other party shall cease to carry on business, become bankrupt or insolvent, resolve to wind up or liquidate or if a receiver of any of the assets of the other party is appointed; or ii) the other party shall commit any material breach of the provisions thereof, including with respect to the Manager ceasing to be registered pursuant to applicable legislation to provide the services thereunder, and shall not have remedied such breach within thirty (30) days after written notice requiring the same to be remedied.

In consideration for the management and administrative services performed by the Manager pursuant to the terms of the Management Agreement, the Manager shall be entitled to receive a management fee in respect of the NBI ETF at an annual rate equal to the percentage of the average of the daily NAV of the NBI ETF as described under "Fees and Expenses – Management Fee".

The Management Agreement provides that the Manager shall at all times be indemnified and saved harmless by the NBI ETF severally, from and against all legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by the Manager in connection with the services provided by the Manager to the NBI ETF if: (i) the NBI ETF has reasonable grounds to believe that the action or inaction that caused the payment of the fees, judgments and amounts paid in settlement was in the best interest of the NBI ETF; and (ii) those fees, judgments and amounts were not incurred as a result of a breach by the Manager of the standard of care described above.

Directors and Executive Officers of the Manager

The name and municipality of residence of each of the directors and executive officers of the Manager, and their principal occupations, are as follows:

Name and Municipality of Residence	***Position with the Manager***	***Principal Occupation within the Last Five Years***
Lucie Blanchet Greenfield Park, Québec	Executive Vice-President, Chief Distribution Officer and Ultimate Designated Person (for the activities of National Bank Investments Inc. as a mutual fund dealer)	Executive Vice-President, Personal Banking and Marketing, National Bank of Canada. Prior thereto, Senior Vice-President, Distribution, Solutions and Processes Retail Banking, National Bank of Canada; Senior Vice-President, Solutions, Processes and Distribution Model, Personal Banking, National Bank of Canada; Senior Vice-President, Distribution Strategy, P&C, National Bank of Canada; Vice-President, Sales and Service, Personal and Commercial, National Bank of Canada.
Philip Boudreau Saint-Lazare, Québec	Assistant Corporate Secretary	Senior Legal Advisor, National Bank of Canada.
Marie Brault Montreal, Québec	Vice-President, Legal Services	Senior Manager, Legal and Regulatory Affairs, National Bank of Canada.
The Giang Diep Candiac, Québec	Director	Senior Manager, Fund Administration, National Bank of Canada. Prior thereto, Manager, Review, Support and Taxation, National Bank of Canada.
Bianca Dupuis Varennes, Québec	Officer responsible for approval of publication and Director	Senior Manager, National Bank of Canada. Prior thereto, Assistant Vice-President, Laurentian Bank of Canada.
Jonathan Durocher[1] Outremont, Québec	President, Chief Executive Officer, Director and Ultimate Designated Person (for the activities of National Bank Investments Inc. as an investment fund manager)	Senior Vice-President, Investment Solutions and President and Chief Executive Officer, National Bank Investments Inc., National Bank of Canada. Prior thereto, Vice-President, National Bank Financial Inc. and National Bank Financial Ltd.
Martin Gagnon[1, 3] Montreal, Québec	Chairman of the Board and Director	Executive Vice-President, Wealth Management, and Co-President and Co-Chief Executive Officer, National Bank Financial, National Bank of Canada. Prior thereto, Executive Vice-President, Intermediary Business Solutions, National Bank of Canada.
Joe Nakhle[1, 2] Saint-Laurent, Québec	Vice-President, Investment Solutions and Business Strategy and Director	Vice-President, Investment Solutions and Business Strategy, National Bank of Canada. Prior thereto, Senior Manager, Investment Solutions, National Bank of Canada; Principal, Roland Berger Strategy Consultants Inc.

Name and Municipality of Residence	***Position with the Manager***	***Principal Occupation within the Last Five Years***
Nancy Paquet[1] La Prairie, Québec	Officer responsible for financial planning and Director	Vice-President, Investments, National Bank of Canada. Prior thereto, Vice-President, Partnerships, National Bank of Canada, President, National Bank Direct Brokerage Inc. and President and Vice-Chairman of the Board, National Bank Direct Brokerage Inc.
Sébastien René[2] Saint-Bruno-de-Montarville, Québec	Chief Financial Officer	Senior Manager, National Bank of Canada.
Annamaria Testani[1] Westmount, Québec	Vice-President, National Sales	Vice-President, National Sales (NBI), National Bank of Canada.
Léna Thibault Montreal, Québec	Chief Compliance Officer	Senior Manager, Compliance, National Bank Financial Inc.
Tina Tremblay-Girard Toronto, Ontario	Director	Vice-President, Service Delivery, MFDA and IFM, National Bank Financial Inc. Prior thereto, Vice-President, Administration and Strategy, National Bank Investments Inc. and Senior Manager, Administration and Strategy, National Bank of Canada; Senior Advisor, National Bank of Canada.
Myriam Tsaousakis Roxboro, Québec	Corporate Secretary	Manager, Legal Affairs – Governance, National Bank of Canada. Prior thereto, Legal Advisor, Legal Affairs – Governance, National Bank of Canada.

[1] Also a director or officer of National Bank of Canada, which is affiliated with the Manager and provides services to the NBI ETF or the Manager with respect to the NBI ETF. The principal occupation of this person is referred to under “Principal Occupation within the Last Five Years”.

[2] Also a director or officer of National Bank Trust Inc. and/or Natcan Trust Company, which are affiliated with the Manager and provide services to the NBI ETF or the Manager with respect to the NBI ETF. The position of this person is referred to under “Principal Occupation within the Last Five Years”.

[3] Also a director or officer of National Bank Financial Inc., which is affiliated with the Manager and provides services to the NBI ETF or the Manager with respect to the NBI ETF. The position of this person is referred to under “Principal Occupation within the Last Five Years”.

Portfolio Manager

National Bank Trust Inc. has been appointed by the Manager as Portfolio Manager to the NBI ETF to provide investment management services in respect of the NBI ETF. The head office of National Bank Trust Inc. is located in Montreal Québec.

The investment management agreement may be terminated at any time by either party, upon giving 60-days’ prior written notice to the other party. The agreement may also be terminated without prior notice and at any time by either party in certain specific circumstances.

The individuals principally responsible for providing advice to the NBI ETF on behalf of the Portfolio Manager are as follows:

Name	*Title*	*Length of Service*	*Principal Occupation Within the Last Five Years*
Sandrine Théroux	Director, Global Equity Derivatives, R&D	6 years	N/A
Jean-Sébastien Chbani	Associate Director, Global Equity Derivatives, R&D	1 year	Senior Analyst, Liability-Driven Investment, Fiera Capital Corporation

Decisions Regarding Brokerage Arrangements

The Portfolio Manager makes all decisions related to the purchase and sale of portfolio assets of the NBI ETF and the execution of those transactions, including the selection of the market and dealer and the negotiation of commissions, where applicable. Decisions as to the selection of dealers are based on price, volume, type of execution, speed of execution, certainty of execution, total transaction costs. In certain cases, the nature of the markets, the degree of anonymity and dealer administrative resources may be taken into account. Our objective is to minimize transaction costs, including commissions.

The Portfolio Manager may negotiate most portfolio transactions directly with the issuers, Canadian banks or other dealers. Brokerage fees are usually paid at the most favourable rate available to the NBI ETF, as permitted by the rules of the appropriate stock exchange, where applicable. The Portfolio Manager may hire various types of brokers to carry out portfolio transactions on behalf of the NBI ETF, such as National Bank Financial Inc. These transactions must be carried out in accordance with all regulatory requirements. The Portfolio Manager is not under a contractual obligation to any party to allocate brokerage business. The Portfolio Manager takes all reasonable measures to ensure best execution and obtain the best outcome possible for order execution. The Portfolio Manager may direct certain brokerage transactions involving client brokerage commissions to dealers in return for the provision of goods and services by the dealer or a third party (commonly referred to as "**soft dollars**"). These commissions may only be used to pay the costs of order execution goods and services or research goods and services provided by dealers, including affiliated dealers.

The types of goods and services which could be paid out of the client brokerage commissions include those provided by financial data providers, rating agencies, credit research services or research tools that are of use in the investment and decision-making process with respect to all transactions or order executions, including advice and recommendations, analyses and reports regarding various subject matter relating to investments, facilitation of company meetings, conferences, trading software, market data, rating services, custody, clearing and settlement services directly related to executed orders, databases and software that support these goods and services, company financial data, risk analysis, strategic and economic analysis and market and trading information. National Bank Financial Inc. could provide research goods and services.

The Portfolio Manager makes a good faith determination that the NBI ETF receives reasonable benefit considering the use of the goods or services received and the amount of commissions paid, and, in certain cases, considering the scope of services and the quality of research obtained.

The names of all brokers, dealers or third parties that provide such goods or services (other than order execution) to the Portfolio Manager for the NBI ETF are available on request by calling 1 866-603-3601 or emailing investments@nbc.ca.

Conflicts of Interest

The NBI ETF may be subject to various conflicts of interest given that the Manager and the Portfolio Manager are involved in many management and advisory activities. The Portfolio Manager makes investment decisions or gives advice to the NBI ETF independently from the decisions and advice it provides other clients or its own investments, if any. However, the Portfolio Manager may make the same investment or give the same advice for the NBI ETF and one or more other clients. It may sell a security for one client and buy it for another at the same time. The Manager, the Portfolio Manager, their affiliates, or directors, officers or employees of any of them may have an interest in portfolio assets bought or sold for a client. Where there is a limited supply of an asset, the Portfolio Manager uses its best efforts to divide investment opportunities fairly, but cannot guarantee absolute equality. In some cases, these and other conflicts of interest could adversely affect the NBI ETF.

Investments in portfolio assets purchased by the Portfolio Manager on behalf of the NBI ETF will be aggregated with orders to purchase portfolio assets on behalf of other investment funds or other accounts managed by the Manager and will be allocated to the NBI ETF and such other investment funds and accounts on a *pro rata* basis according to the size of the order and the applicable investment restrictions and policies of the NBI ETF and the other investment funds and accounts.

The Manager, on behalf of the NBI ETF, has entered into a designated broker agreement with the Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to the NBI ETF including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the TSX's original listing requirements; (ii) to subscribe for Units when cash redemptions of Units occur as described under "Redemption of Units"; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

National Bank Financial Inc., an affiliate of the Manager, has agreed to act as Designated Broker and as a Dealer for the NBI ETF. One or more other registered dealers act or may act as a Dealer for the NBI ETF. These relationships may create actual or perceived conflicts of interest that Unitholders should consider in relation to an investment in the NBI ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of the NBI ETF in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with the NBI ETF, with the issuers of portfolio assets making up the investment portfolio of the NBI ETF or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the NBI ETF of their Units under this prospectus. Units of the NBI ETF do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the NBI ETF to such Designated Broker or Dealers.

The directors and officers of the Manager and its affiliates may be directors, officers or securityholders of one or more issuers in which the NBI ETF may acquire portfolio assets. The Manager and its affiliates may be securityholders of, or managers or portfolio managers of, one or more issuers in which the NBI ETF may acquire portfolio assets and may be managers or portfolio managers of funds that invest in the same portfolio assets as the NBI ETF. Such transactions will only be undertaken where permitted by applicable securities legislation and upon obtaining any required regulatory or IRC approvals. See "Exemptions and Approvals".

Affiliates of the Manager may earn fees and spreads in connection with services provided to, or transactions with, the NBI ETF, including in connection with brokerage and derivatives transactions.

Circumstances may occur where the NBI ETF has a potential conflict of interest relative to a particular proxy voting matter relating to a security held by the NBI ETF. Conflicts may arise when the Manager, the Portfolio Manager or any affiliate of the Manager or Portfolio Manager is related to the issuer of securities or has a material business relationship with the issuer of securities (including without limitation other mandates that are related to the issuer of securities). The proxy voting policy of the Portfolio Manager takes into account how conflicts of interest matters may be resolved. See "Proxy Voting Disclosure for Portfolio Securities Held – Conflicts of Interest".

The NBI ETF has the ability to engage in principal trading with related dealers. See "Exemptions and Approvals".

Other Sales Incentives

The Manager may pay for marketing materials the Manager provides to Dealers to help support the sale of the NBI ETF. These materials may include reports and commentaries on the financial markets, securities in general or on the NBI ETF itself. In addition, the Manager may organize and present educational conferences for Dealers to attend or pay the registration costs for Dealers to attend conferences hosted by third parties.

The Manager may share with Dealers some of the costs they incur in publishing and distributing sales communications for investors, organizing and presenting seminars to educate investors about mutual funds or organizing and presenting conferences or seminars that Dealers may attend.

Independent Review Committee

As required by Regulation 81-107, the NBI ETF has an IRC. The IRC reviews conflict of interest matters submitted by the Manager with which the Manager is confronted in operating the mutual funds it manages and reviews and comments on the Manager's written policies and procedures regarding conflict of interest matters. The IRC is fully compliant with Regulation 81-107.

The members of the IRC all have expertise in the financial services industry:

- André D. Godbout was Senior Executive Vice-President and a corporate director of a securities brokerage firm. He has an MBA and a background as a lawyer.
- Yves Julien, Chair of the IRC, is a corporate financial consultant and has held a number of executive positions in a securities brokerage firm.
- Jacques Valotaire is a Fellow of the Ordre des comptables agréés du Québec. Having first practiced as an auditor and a consultant, he later migrated towards the insurance industry, where he held several executive positions with a prominent Canadian property and casualty insurance group.

The IRC has a written mandate describing its powers, duties and standard of care.

Pursuant to Regulation 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- The Manager’s policies and procedures regarding conflict of interest matters;
- Any standing instruction the IRC has provided to the Manager for the conflict of interest matters related to the funds;
- The compliance of the Manager and the funds with any conditions imposed by the IRC in a recommendation or approval;
- Any sub-committee to which the IRC has delegated any of its functions.

In addition, the IRC reviews and assesses, at least annually, the independence and compensation of its members, its effectiveness as a committee, and the contribution and effectiveness of each member.

Each member of the IRC currently receives an annual retainer of $27,500 and the chair of the IRC receives an annual retainer of $42,000. However, if more than seven meetings are held in a particular year, each member of the IRC will receive an additional $1,750 and the chairman will receive an additional $2,000 for each meeting held after the seventh meeting they attend. Members are reimbursed for the expenses they incur to attend meetings. Such costs are allocated by the Manager among all of the funds managed by the Manager in a manner that the Manager considers fair and reasonable.

The IRC prepares an annual report of its activities within the time period prescribed under Regulation 81-107. You may obtain this report free of charge by calling us, toll-free, at 1 866-603-3601 or by asking your dealer. You may also obtain a copy of this report by visiting our website at www.NBInvestments.ca, by sending an e-mail to investments@nbc.ca, or by visiting the website www.sedar.com.

Trustee

Pursuant to the Declaration of Trust, the trustee of the NBI ETF is Natcan Trust Company.

The Trustee may resign upon 60 days’ notice to the Manager. If the Trustee resigns, is removed or becomes incapable of acting as trustee of the NBI ETF, the Manager may appoint a successor trustee. If the Manager fails to appoint a successor trustee, the Manager shall, or should the Manager fail to do so, any Unitholder may, call a meeting for the purpose of appointing a successor trustee. If no successor trustee is appointed by the Unitholders, the NBI ETF will be terminated.

The Declaration of Trust provides that the Trustee shall act honestly, in good faith and in the best interests of the NBI ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out the Trustee’s duties.

Custodian

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is Custodian of the assets of the NBI ETF pursuant to the Custodian Contract. The Custodian has a qualified foreign sub-custodian in each jurisdiction in which the NBI ETF has securities. The initial term of Custodian Contract is two years, and after the expiry of the initial term, the Custodian Contract renewal for successive one year terms and may be terminated by either the Manager or the Custodian, such termination to take effect not sooner than 90 days (if terminated by the Manager) or 150 days (if terminated by the Custodian).

The Custodian is entitled to receive fees from the Manager as described under "Fees and Expenses" and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the NBI ETF.

Securities Lending Agent

Before engaging in any securities lending transaction, a Securities Lending Agreement in connection with securities lending transactions will be entered into on behalf of the NBI ETF with a securities lending agent who is the Custodian or a sub-custodian of the NBI ETF. The securities lending agent will manage securities lending operations for the NBI ETF. The Securities Lending Agreement will comply with the relevant provisions of Regulation 81-102.

Auditor

The auditor of the NBI ETF is PricewaterhouseCoopers LLP, 1250 René-Lévesque Blvd. West, Montreal, Québec, H3B 4Y1.

Registrar and Transfer Agent

State Street Trust Company Canada will act as the registrar and transfer agent for the Units of the NBI ETF. The register of the NBI ETF is kept in Toronto, Ontario.

Promoter

The Manager has taken the initiative in founding and organizing the NBI ETF and is, accordingly, the promoter of the NBI ETF within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the NBI ETF, receives compensation from the NBI ETF. See "Fees and Expenses".

Fund Administrator

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the NBI ETF, including NAV calculations, accounting for net income and net realized capital gains of the NBI ETF and maintaining books and records with respect to the NBI ETF.

CALCULATION OF NET ASSET VALUE

The NAV of the Units and the NAV per Unit of the NBI ETF are calculated by the Fund Administrator as of the Valuation Time on each Valuation Date. The NAV of the NBI ETF as a whole on a particular date is equal to the aggregate of the market value of the NBI ETF's assets less its liabilities. The NAV of the Units is calculated by adding up the Units' proportionate share of the cash, portfolio securities and other assets of the NBI ETF, subtracting the liabilities applicable to the Units and dividing the net assets by the total number of Units owned by Unitholders.

The NAV per Unit will generally increase or decrease on each Trading Day as a result of changes in the value of the portfolio securities owned by the NBI ETF. When distributions (other than management expense distributions) are declared on the Units, the NAV per Unit will decrease by the per Unit amount of the distributions on the distribution payment date.

Valuation Policies and Procedures of the NBI ETF

The value of the portfolio securities and other assets of the NBI ETF is determined by applying the following rules:

(i) the value of any cash or its equivalent on hand, on deposit or on call, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued and not yet received will be its face amount, unless the Manager determines that another value is more appropriate and such deemed value is approved by the board of directors of the Manager;

(ii) the value of any security or interest in a security which is listed or dealt in upon a stock exchange will be determined by:

(a) in the case of a security traded on the day as of which the NAV is being determined, the closing sale price on the principal exchange on which it is traded;

(b) in the case of a security not traded on the day as of which the NAV is being determined because such exchange is closed for business on such day, unless decided otherwise by the board of directors of the Manager, the most recent closing sale price; and

(c) in the case of any other security not traded on such exchange on the day as of which the NAV is being determined, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved by the board of directors of the Manager, such price being between the closing ask and bid prices for the security or interest therein as reported by any report in common use or authorized as official by a stock exchange;

(iii) the value of any security or interest therein which is not listed or dealt in upon any stock exchange will be determined as nearly as may be possible in the manner described in paragraph (ii) above, except that there may be used, for the purpose of determining the sale price or the asked and bid prices, any public quotations in common use which may be available;

(iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Manager on such basis and in such manner as may be approved by the board of directors of the Manager;

(v) if an asset cannot be valued under the above rules or under any valuation rules set out in securities legislation or if any of the valuation rules adopted by the Manager but not set out in securities legislation are at any time considered by the Manager to be inappropriate in the circumstances then the Manager shall use a valuation that it considers to be fair in the circumstances;

(vi) where the NBI ETF owns securities issued by another investment fund, the securities of the other investment fund are valued at either the price calculated by the manager of the other investment fund for the applicable series of securities of the other investment fund for that Valuation Date in accordance with the constating documents of the other investment fund if such securities are acquired by the NBI ETF from the other investment fund or at their close price or last sale price reported before the Valuation Time on a Valuation Date if such securities are acquired by the NBI ETF on a public stock exchange;

(vii) long positions in options, debt-like securities and warrants are valued at the current market value of their positions;

(viii) where an option is written by the NBI ETF, the premium received by the NBI ETF for the option is reflected as a deferred credit. The deferred credit is valued at an amount equal to the current market value of the option which would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in calculating the net asset value of the NBI ETF. The NBI ETF's portfolio securities which are the subject of a written option shall continue to be valued at the current market value as determined by the Manager;

(ix) foreign currency hedging contracts are valued at their current market value on a Valuation Date, with any difference resulting from revaluation being treated as an unrealized gain or loss on investment;

(x) the value of a forward contract or swap is the gain or loss on the contract that would be realized if, on that Valuation Date, the position in the forward contract or the swap were to be closed out;

(xi) the value of a standardized future is: (a) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on a Valuation Date, the position in the standardized future was closed out; or (b) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future;

(xii) margin paid or deposited on standardized futures or forward contracts is reflected as an account receivable, and margin consisting of assets other than cash is noted as held as margin;

(xiii) portfolio securities that are quoted in foreign currencies are converted to Canadian dollars using the prevailing rate of exchange as determined by the Manager on the Valuation Date;

(xiv) portfolio securities, the resale of which are restricted or limited by means of a representation, undertaking or agreement by the NBI ETF or its predecessor in title or by law, are valued at the lesser of: (a) their value based upon reported quotations in common use on a Valuation Date; (b) that percentage of the market value of portfolio securities of the same class or series of a class, the resale of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage of the NBI ETF's acquisition cost of the market value of the securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted securities; and

(xv) notwithstanding the forgoing, portfolio securities and other assets for which market quotations are, in the opinion of the Manager, inaccurate, unreliable, not reflective of all available material information or not readily available, are valued at their fair value as determined by the Manager.

If a portfolio security cannot be valued under the forgoing rules or under any other valuation rules adopted under applicable securities laws, or if any rule the Manager has adopted is not set out under applicable securities laws but at any time is considered by the Manager to be inappropriate under the circumstances, then the Manager shall use a valuation that the Manager considers to be fair, reasonable and in the interest of Unitholders. In those circumstances, the Manager would typically review current press releases concerning the portfolio security, discuss an appropriate valuation with other portfolio managers and analysts and consult other industry sources to set an appropriate fair value. If at any time the foregoing rules conflict with the valuation rules required under applicable securities laws, the Manager will follow the valuation rules required under applicable securities laws.

The Declaration of Trust of the NBI ETF contains details of the liabilities to be included in calculating the NAV for the Units. The liabilities of the NBI ETF include, without limitation, all bills, notes and accounts payable, all management fees and fund costs payable or accrued, all contractual obligations for the payment of money or property, all allowances authorized or approved by the Manager for taxes (if any) or contingencies and all other liabilities of the NBI ETF.

Reporting of Net Asset Value

Following the Valuation Time on each Valuation Date, the aggregate net asset value of the NBI ETF and the NAV per Unit will be available to the public on the Manager's website at www.NBInvestments.ca.

ATTRIBUTES OF THE UNITS

Description of the Units Distributed

The NBI ETF is authorized to issue an unlimited number of Units in an unlimited number of series, each of which represents an equal, undivided interest in the Units' proportionate share of the series net assets of the NBI ETF.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. The NBI ETF is a reporting issuer under the *Securities Act (*Ontario) and the NBI ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

Certain Provisions of the Units

Each Unit entitles the owner to one vote at all meetings of Unitholders and is entitled to participate equally with all other Units with respect to all distributions made by the NBI ETF to Unitholders, other than Management Fee Distributions and amounts paid on the exchange or redemption of Units. Units are issued only as fully paid and are non-assessable.

Exchange of Units Cash or Baskets of Securities

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for cash or, with the consent of the Manager, Baskets of Securities and cash. See “Redemption of Units – Exchange of Prescribed Number of Units”.

Redemption of Units for Cash

On any Trading Day, Unitholders may redeem Units in any number for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per Unit. See “Redemption of Units – Redemption of Units in any Number for Cash”.

Modification of Terms

All rights attached to the Units may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Amendments to the Declaration of Trust”.

The Manager may amend the Declaration of Trust from time to time to redesignate the name of the NBI ETF or to create a new class or series of units of the NBI ETF without notice to existing Unitholders, unless such amendment in some way affects the existing Unitholders’ rights or the value of their investment.

UNITHOLDER MATTERS

Meeting of Unitholders

Except as otherwise required by law, meetings of Unitholders of the NBI ETF will be held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting.

Matters Requiring Unitholders’ Approval

In accordance with securities regulations, we are required to convene a meeting of Unitholders to ask them to consider and approve, by not less than a majority of the votes cast at the meeting (either in person or by proxy), any of the following material changes, if they are ever proposed for the NBI ETF:

- a change in the basis of the calculation of the fees or expenses charged to the NBI ETF or directly to Unitholders by the NBI ETF or the Manager in connection with the holding of securities of the NBI ETF in a way that may result in an increase in these charges to the NBI ETF or its Unitholders, unless certain conditions under Regulation 81-102 are met;
- the introduction of new fees or expenses charged to the NBI ETF or which must be charged directly to Unitholders by the NBI ETF or the Manager in connection with the holding of securities of the NBI ETF and which may result in an increase in charges to the NBI ETF or Unitholders, unless certain conditions under Regulation 81-102 are met;
- a change in the Manager, unless the new manager is affiliated with the current Manager;
- a change in the fundamental investment objectives of the NBI ETF;
- a reorganization with another fund or transfer of assets to another fund, if, as a result:
    - the NBI ETF no longer exists; and
    - the Unitholders become unitholders of the other fund;

    (unless certain other conditions have been met – see “Permitted Mergers”);
- a reorganization with another fund or acquisition of assets of this other fund, if, as a result:
    - the NBI ETF continues to exist;
    - the unitholders of the other fund become unitholders of the NBI ETF; and

- the change would be considered material by a reasonable investor in determining whether to purchase or continue to hold securities of the NBI ETF;

- a reduction in the frequency that we calculate the NAV of the NBI ETF's Units;
- the NBI ETF restructures into a non-redeemable investment fund or an issuer that is not an investment fund;
- any other matter which is required to be submitted to a vote of the Unitholders by the NBI ETF's Declaration of Trust, or any other document, or by applicable law.

Approval of Unitholders of the NBI ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders duly called and held for the purpose of considering the same approve the resolution.

If permitted by the Declaration of Trust and the laws applicable to the NBI ETF, Unitholder approval will not be sought in the following circumstances: (i) prior to certain reorganizations that result in a transfer of the property of the NBI ETF to a mutual fund, or from another mutual fund to the NBI ETF; or (ii) prior to a change of auditors. However, in each such circumstance, unitholders of that fund will receive written notice at least 60 days before the effective date of any such change. The IRC of the NBI ETF must also approve the change, and all other applicable conditions under Regulation 81-102 must have been met.

We may change the basis of calculation of the fees or expenses or introduce new fees or expenses in a way that may result in an increase in the charges for these series by giving a notice of the change in writing at least 60 days before the effective date of the change.

Amendments to the Declaration of Trust

The Trustee at the request of the Manager may amend the Declaration of Trust from time to time, but it may not, without the approval of a majority of the votes of Unitholders of the NBI ETF voting at a meeting of Unitholders duly called for such purpose, make any amendment relating to any matter in respect of which Regulation 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders.

Unitholders are entitled to one vote per Unit held on the record date established for voting at any meeting of Unitholders.

Accounting and Reporting to Unitholders

The fiscal year end of the NBI ETF is December 31st. The NBI ETF will deliver or make available to Unitholders: (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See "Documents Incorporated by Reference".

Each Unitholder will also be mailed annually, by his, her or its broker, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by the NBI ETF owned by such Unitholder in respect of the preceding taxation year of the NBI ETF.

The Manager will ensure that the NBI ETF complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of the NBI ETF. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the NBI ETF during normal business hours at the offices of the Fund Administrator. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the NBI ETF.

Permitted Mergers

The NBI ETF may, without Unitholder approval, enter into a merger or other similar transaction that has the effect of combining the NBI ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the NBI ETF, subject to:

- approval of the merger by the IRC;
- compliance with certain merger pre-approval conditions set out in section 5.6 of Regulation 81-102; and

- written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with any such merger, the merging funds will be valued at their respective NAVs and Unitholders of the NBI ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

TERMINATION OF THE NBI ETF

The NBI ETF may be terminated by the Trustee at the request of the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The NBI ETF may also be terminated if the Trustee resigns, is removed or becomes incapable of acting and is not replaced. Upon such termination, the securities held by the NBI ETF, cash and other assets remaining after paying or providing for all liabilities and obligations of the NBI ETF and any termination-related expenses payable by the NBI ETF shall be distributed *pro rata* among the Unitholders of the NBI ETF.

The rights of Unitholders to exchange and redeem Units described under "Redemption of Units" will cease as and from the date of termination of the NBI ETF.

There is no predetermined level of NAV per Unit at which the Fund will be wound up.

PRINCIPAL HOLDERS OF SECURITIES

CDS & Co., the nominee of CDS, is the registered owner of the Units of the NBI ETF, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, another investment fund managed by the Manager or an affiliate of the Manager may beneficially own, directly or indirectly, more than 10% of the Units of the NBI ETF.

As of December 31, 2018, the directors and executive officers of the Manager and the IRC members, in aggregate, owned less than 0.01% of the securities of National Bank of Canada, which provides services to the Manager and the NBI ETF.

RELATIONSHIP BETWEEN THE NBI ETF AND DEALERS

The Manager, on behalf of the NBI ETF, may enter into various continuous distribution dealer agreements with registered dealers (that may or may not be the Designated Broker) pursuant to which the Dealers may subscribe for Units of one or more of the NBI ETF as described under "Purchases of Units – Issuance of Units".

No Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the NBI ETF of their Units under this prospectus. The NBI ETF has obtained exemptive relief from the Canadian securities regulatory authorities to relieve it from the requirement that this prospectus contain a certificate of the underwriter or underwriters.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager has adopted the Portfolio Manager's proxy voting policies and procedures with respect to the securities held by the NBI ETF and has delegated the management and administration of the policies to the Portfolio Manager. The Portfolio Manager has adopted these policies to ensure that all votes in respect of securities held by the NBI ETF are exercised in accordance with the best interest of the NBI ETF. The following text is a summary of the procedure and policy.

Proxy Voting Procedures

To assist in monitoring, analyzing and voting the proxies, the Portfolio Manager retained ISS, an unaffiliated third-party that provides an end-to-end voting service. The Portfolio Manager has carefully reviewed the ISS proxy voting guidelines to ensure that proxies would be voted in the best interest of its clients. Thus, the Portfolio Manager's proxies will be voted in accordance with the ISS proxy voting guidelines. While the Portfolio Manager will generally vote in accordance with the ISS proxy voting guidelines, there may be circumstances where it believes it is in the best interests of its clients to vote differently. The ultimate decision how proxies will be voted rests entirely with the Portfolio Manager.

While ISS has been retained to provide proxy voting services, the Portfolio Manager will still monitor the voting decisions and will document each event where a vote deviated from this policy.

Summary of Proxy Voting Policies

The Portfolio Manager will generally vote in accordance with the ISS proxy voting guidelines for routine and non-routine matters. However, as mentioned previously, there may be circumstances where Portfolio Manager will vote differently than as indicated in this policy considering special circumstances (e.g. conflict of interest, cost, anticipated benefit, etc.).

Routine matters include proposals such as election of directors, appointment of auditors, indemnification of directors and receipt and approval of financial statements. Non-routine matters involve a variety of issues and may be proposed by a company's management or beneficial owners (e.g. shareholders, members, partners, etc.). These proxies may involve one or more of the following: (i) a measurable change in the structure, management, control or operation of the company; (ii) a measurable change in the terms of, or fees or expenses associated with, an investment in the company; or (iii) a change that is inconsistent with industry standards and/or the laws of the jurisdiction of formation applicable to the company.

Any routine and non-routine matters will be examined to assess the impact on the value of securities and in order to determine any adverse implications.

Conflicts of Interest

On an ongoing basis, the Portfolio Manager will identify any material conflicts of interest that exist between the interests of the Portfolio Manager and the interests of its clients. Such conflicts may arise where, for example, an employee or Portfolio Manager has a personal interest in the outcome of a vote, if the issuer is a client of the Portfolio Manager or has some other relationship with the Portfolio Manager or a client of the Portfolio Manager. Any such material conflict of interest will be reviewed and dealt with in accordance with any applicable regulations and laws.

Information Requests

A copy of the applicable National Bank Trust Inc. policy may be obtained on request, at no cost, by calling toll-free 1 866 603 3601 or by e-mail at investments@nbc.ca. Any Unitholder may also obtain free of charge the NBI ETF's proxy voting records for the most recent period ended June 30 upon request at any time after August 31 of each year. The proxy voting records are also available on the Manager website at www.NBInvestments.ca.

MATERIAL CONTRACTS

The following table sets out the material contracts for the NBI ETF.

Contract	Parties	Dated
Master Declaration of Trust	Natcan Trust Company	January 15, 2019
Management Agreement	Natcan Trust Company and National Bank Investments Inc.	January 15, 2019
Custodian Contract	National Bank Investments Inc. and State Street Trust Company Canada	January 15, 2019
Investment Management Agreement	National Bank Investments Inc. and National Bank Trust Inc.	January 15, 2019

Copies of the agreements referred to above may be inspected during business hours at the principal office of the Manager.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

The NBI ETF is not involved in any legal proceeding, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the NBI ETF.

EXPERTS

Borden Ladner Gervais LLP, legal counsel to the NBI ETF and the Manager, has provided certain legal opinions regarding the principal Canadian federal income tax considerations that apply to an investment in the Units by a Canadian resident individual and by a Registered Plan. See "Income Tax Considerations".

PricewaterhouseCoopers LLP, the auditor of the NBI ETF, has consented to the use of its audit report dated January 15, 2019 to the Unitholder and the trustee of the NBI ETF on the statement of financial position as at January 15, 2019. PricewaterhouseCoopers has confirmed that it is independent with respect to the NBI ETF within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Québec.

EXEMPTIONS AND APPROVALS

The NBI ETF has obtained exemptive relief from the Canadian securities regulatory authorities to permit:

- the NBI ETF to engage in certain principal trading transactions in debt securities which, without the exemption, would be prohibited. Pursuant to such exemption, the NBI ETF may, with the approval of the IRC in accordance with Regulation 81-107 and subject to compliance with certain other provisions of Regulation 81-107, purchase from or sell to related dealers that are principal dealers in the Canadian debt securities market, non-government debt securities or government debt securities in the secondary market, provided that the purchase or sale is consistent with, or is necessary to meet, the investment objective of the NBI ETF;
- the NBI ETF to purchase on the secondary market securities of a related issuer which are not exchange-traded if certain conditions are met. In particular, the investment must be consistent with, or necessary to meet, the investment objective of the NBI ETF. The investment must also be approved by the IRC as described in Regulation 81-107 and is subject to certain other provisions of Regulation 81-107;
- the NBI ETF to purchase non-exchange-traded related issuer debt securities having maturities of 365 days or more, other than asset-backed commercial paper, on the primary market if certain conditions are met, in particular the approval of the IRC;
- the purchase by a Unitholder of more than 20% of the Units of the NBI ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation; and
- the NBI ETF to prepare a prospectus without including a certificate of an underwriter.

PURCHASER’S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or if there is non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory.

The Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter’s certificate in the prospectus under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*. As such, purchasers of Units of the NBI ETF will not be able to rely on the inclusion of an underwriter’s certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter’s certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decision referred to above for the particulars of their rights or consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the NBI ETF is in continuous distribution, additional information is available in:

- the most recently filed ETF Facts of the NBI ETF;
- the most recently filed comparative annual financial statements of the NBI ETF, together with the accompanying report of the auditor, if any;
- any interim financial statements filed after the most recently filed comparative annual financial statements of the NBI ETF;
- any annual MRFP of the NBI ETF, if any; and

- any interim MRFP of the NBI ETF.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. A Unitholder can get a copy of these documents upon request and at no cost by calling, toll-free, at 1 866-603-3601, or via e-mail at investments@nbc.ca, or by contacting its registered dealer.

These documents are available on the Manager's website at www.NBInvestments.ca

These documents and other information about the NBI ETF are available on the internet at www.sedar.com.

In addition to the documents listed above, any document of the type described above that are filed on behalf of the NBI ETF after the date of this prospectus and before the termination of the distribution of the NBI ETF are deemed to be incorporated by reference into this prospectus.

INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Trustee of

NBI Liquid Alternatives ETF
(the NBI **ETF**)

We have audited the accompanying statements of financial position of the NBI ETF as at January 15, 2019 (the "**financial statements**"), which comprises a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of the financial statement of the NBI ETF in accordance with those requirements of the International Financial Reporting Standards relevant to preparing such a statement, and for such internal control as management determines is necessary to enable the preparation of the financial statement of the NBI ETF is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement of the NBI ETF based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement of the NBI ETF is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement of the NBI ETF. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement of the NBI ETF, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement of the NBI ETF in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement of the NBI ETF.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement of the NBI ETF presents fairly, in all material respects, the financial position of the NBI ETF as at January 15, 2019 in accordance with IFRS relevant to preparing such a statement.

(signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Montreal, Québec

January 15, 2019

NBI LIQUID ALTERNATIVES ETF
Statement of Financial Position

As at January 15, 2019

Assets		
Current assets		
Cash	$	20
Total assets	$	20
Net assets attributable to holders of redeemable units	$	20
Net assets attributable to holders of redeemable units per Unit	$	20

(Issued and outstanding one unit)

Approved on behalf of the Board of Directors of
National Bank Investments Inc., as Manager of the NBI ETF

(signed) "*Jonathan Durocher*"
Jonathan Durocher
Director

(signed) "*Joe Nakhle*"
Joe Nakhle
Director

Notes to Statement of Financial Position

1. NBI Liquid Alternatives ETF (the "**NBI ETF**") is an exchange-traded fund established as a trust under the laws of the Province of Ontario effective January 15, 2019. The NBI ETF has been established pursuant to a declaration of trust. The NBI ETF's head office is 1100 Robert-Bourassa Blvd., 10th Floor, Montreal, Québec, Canada. This financial statement has been prepared in accordance with those requirements of IFRS relevant to preparing such a statement.
2. National Bank Investments Inc., the manager of the NBI ETF, has subscribed for one redeemable unit of the NBI ETF at $20 per unit on January 15, 2019.
3. Units of the NBI ETF are redeemable units which are puttable at the holders' option, and entitle the holder to a proportionate share of the NBI ETF's net assets.
4. The NBI ETF's functional and presentation currency is the Canadian dollar, which is the currency considered to most faithfully represent the economic effects of the NBI ETF's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the NBI ETF are measured.
5. As detailed in the prospectus, the NBI ETF pays a management fee, plus applicable taxes, including GST/HST, to the Manager based on an annual rate of 0.60% and the net asset value of the units of the NBI ETF. The management fee, plus applicable taxes, including GST/HST, will be accrued daily and paid monthly. The management fee is payable to the Manager in consideration of the services that the Manager provides to the NBI ETF in its capacity as the manager such as, managing the day-to-day business and affairs of the NBI ETF which includes:
    - calculating the net asset value;
    - determining the amount and the frequency of distributions to be made by the NBI ETF;
    - authorizing the payment of operating expenses incurred on behalf of the NBI ETF;

- drafting of the investment policies;
- ensuring that the portfolio manager respect the terms of the investments policies and
- ensuring that financial statements and other reports will be sent to unitholders.

The management fee also includes:

- the negotiation and the management of the contractual agreements with third-party service providers including the trustee, the designated broker, the custodian, the registrar and transfer agent, the fund administrator, the portfolio manager;
- the charges of the portfolio manager;
- the fees for the services of the trustee, the custodian, the registrar and transfer agent, the fund administrator and other service providers; and
- assuring the maintenance of the accounting records and the production of the financial statements (and other financial information documents).

Accounting Estimates

6. The preparation of financial statements in accordance with IFRS may require the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense reported during the periods. Actual results may differ from those estimates.

Risks associated with financial instruments

7. The NBI ETF's overall risk management program seeks to maximize the returns derived for the level of risk to which the NBI ETF is exposed and seeks to minimize potential adverse effects on the NBI ETF's financial performance.

Credit risk
The NBI ETF is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at January 15, 2019, the credit risk is considered limited as the cash balance represents a deposit with an A+ rated financial institution.

Liquidity risk
Liquidity risk is the risk that the NBI ETF will encounter difficulty in meeting obligations associated with financial liabilities. The NBI ETF maintains sufficient cash on hand to fund anticipated redemptions.

Capital risk management
Units issued and outstanding are considered to be the capital of the NBI ETF. The NBI ETF does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

Classification of redeemable units

8. The NBI ETF's outstanding redeemable units' entitlements include a contractual obligation to distribute any net income and net realized capital gains annually in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the units' only contractual obligation. Consequently, the NBI ETF's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

Net asset value per unit

9. The net asset value of the Units and the net asset value per unit of the NBI ETF are calculated by the fund administrator as of the valuation time on each valuation date. The net asset value of the NBI ETF as a whole on a particular date is equal to the aggregate of the market value of the NBI ETF's assets less its liabilities. If the NBI ETF offers more than one series of units, a separate net asset value is determined for each series. The net asset value of the units is calculated by adding up the units' proportionate share of the cash, portfolio securities and other assets of the NBI ETF, subtracting the liabilities applicable to the units and dividing the net assets by the total number of units owned by holders of redeemable units. The net asset value per unit will generally increase or decrease on each trading day as a result of changes in the value of the portfolio securities owned by the NBI ETF. When distributions (other than management

expense distributions) are declared on the units, the net asset value per unit will decrease by the per unit amount of the distributions on the distribution payment date.

Cash policy

10. The carrying values of cash and the NBI ETF's obligation for net assets attributable to holders of redeemable units approximate their fair values.

Investment objective

11. The NBI ETF's investment objective is to provide a positive return while maintaining low correlation to, and lower volatility than, the return of the global equity markets. The NBI ETF will aim to achieve this investment objective regardless of prevailing market conditions or general market direction. The NBI ETF will seek to achieve this objective by investing primarily in long and short positions on financial derivatives that provide exposure to different major global asset classes, such as government bonds, currencies, equities or commodities.

Redeemable units

12. The NBI ETF is authorized to issue an unlimited number of units of multiple series that rank equally and are offered for sale under one prospectus.

The capital of the NBI ETF is comprised of its net assets attributable to holders of redeemable units. The NBI ETF's capital is managed in accordance with the investment objectives and policies and there are no externally imposed restrictions in relation to the NBI ETF's units. The NBI ETF has no specific restrictions or capital requirements on the subscriptions and redemption of units, other than minimum subscription requirements. Units of the NBI ETF are redeemable at the option of the unitholders in accordance with the provisions in the declaration of trust.

In addition to the ability to sell units on the Toronto Stock Exchange ("**TSX**") or other exchange or marketplace, unitholders may (i) redeem units in any number for cash for a redemption price per unit of 95% of the closing price for the units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable net asset value per unit, or (ii) exchange a minimum of a prescribed number of units (and any additional multiple thereof) for cash or, with the consent of the Manager, a group of securities selected by the portfolio manager and cash.

Certain operating expenses

13. Unless otherwise waived or reimbursed by the Manager, the NBI ETF pays its operating expenses, including:

- legal fees;
- audit fees;
- costs for the services provided to the unitholders;
- fees and expenses related to the independent review committee of the NBI ETF (the "**IRC**") (namely their compensation, travel expenses and the insurance premiums for the members);
- initial listing and annual stock exchange fees;
- index licensing fees, (if applicable);
- CDS fees;
- prospectus filing fees;
- bank related fees and interest charges;
- brokerage expenses and commissions;
- fees and other costs relating to derivatives;
- costs of complying with any new governmental or regulatory requirement imposed after the creation of the NBI ETF;
- income tax, including withholding taxes (foreign or Canadian); and
- any other the applicable taxes, including GST/HST.

The Manager may, from time to time, decide to reimburse to the NBI ETF, or directly pay, certain operating expenses that are chargeable to the NBI ETF.

Fees relating to the Underlying Funds

14. The NBI ETF may, in accordance with applicable securities laws and, if applicable, exemptive relief, invest in other investment funds managed by the Manager or its affiliates, as well as other investment funds managed by third parties. With respect to such investments, no management or incentive fees are payable by the NBI ETF that, to a reasonable person, would duplicate a fee payable by the other investment funds for the same service. No sales or redemption fees are payable by the NBI ETF in relation to any purchase or redemption of the securities of investment funds managed by the Manager or an affiliate. No sales or redemption fees are payable by the NBI ETF in relation to any purchase or redemption of securities of investment funds managed by third parties that would duplicate a fee payable by a unitholder. However, brokerage commissions may apply to the purchase or sale of securities of investment funds traded on an exchange.

Management fee distributions

15. To achieve effective and competitive management fees, the Manager may agree to charge a reduced management fee as compared to the management fee it would otherwise receive from the NBI ETF with respect to investments in the NBI ETF by certain unitholders. In such cases, the Manager will reduce the management fee charged to the NBI ETF or will reduce the amount charged to the NBI ETF for certain expenses and such NBI ETF will pay an amount equivalent to the reduction to the Unitholders concerned as a special distribution (the "**Management Fee Distribution**"). Management Fee Distributions, paid in cash, will be paid first out of net income and net realized capital gains of the NBI ETF and then out of capital. The availability, amount and timing of Management Fee Distributions with respect to units of the NBI ETF will be determined from time to time by the Manager in its sole discretion.

Distributions

16. Cash distributions on Units of the NBI ETF will be paid at the end of each year, if required. The Manager may, in its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made or the Manager may make additional distributions if determined to be appropriate. Cash distributions from the NBI ETF are expected to primarily consist primarily of income, but may include capital gains. Distributions are not fixed or guaranteed. The Manager reserves the right to make additional distributions for the NBI ETF in any year if determined to be appropriate.

To the extent that the NBI ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, a distribution will be paid to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

A Unitholder that subscribes for Units during the period that is one Trading Day before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those Units. Income and/or capital gains of the NBI ETF may be distributed to a Unitholder as part of the price paid to the Unitholder on the exchange or redemption of Units.

CERTIFICATE OF THE NBI ETF, THE MANAGER AND PROMOTER

Dated: January 15, 2019

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

National Bank Investments Inc.
as Manager, Promoter and on behalf of the Trustee of the NBI ETF

(signed) "*Jonathan Durocher*"	(signed) "*Sébastien René*"
Jonathan Durocher President and Chief Executive Officer	Sébastien René Chief Financial Officer

On behalf of the Board of Directors of National Bank Investments Inc.,
as Manager, Promoter and on behalf of the Trustee of the NBI ETF

(signed) "*Joe Nakhle*"	(signed) "*The Giang Diep*"
Joe Nakhle Director	The Giang Diep Director