

# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2024

Global Equity Fund

## **NBI International Equity Fund**

### **Notes on forward-looking statements**

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

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

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

---

This interim management report of fund performance contains financial highlights, but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-888-270-3941 or 514-871-2082, by writing to us at National Bank Investments Advisory Service, 800 Saint-Jacques Street, Transit 44331, Montreal, Quebec, H3C 1A3, by visiting our website at [www.nbinvestments.ca](http://www.nbinvestments.ca), by visiting SEDAR+'s website at [www.sedarplus.ca](http://www.sedarplus.ca), or by contacting your advisor. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Results of Operations

For the six-month period ended June 30, 2024, the NBI International Equity Fund's Advisor Series units returned 11.33% compared to 9.31% for the Fund's benchmark, the MSCI EAFE Index (CAD). Unlike the benchmark, the Fund's performance is calculated after fees and expenses. Please see the *Past Performance* section for the returns of all of the Fund's series, which may vary mainly because of fees and expenses.

The Fund's net asset value rose by 41.87% over the period, from \$229.06 million as at December 31, 2023 to \$324.97 million as at June 30, 2024.

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

International equity markets began the year with a continuation of the positive market sentiment that concluded 2023. Artificial Intelligence (AI) remained a key theme for the market. The Japanese equity market experienced some fluctuations, having begun the year delivering solid results, driven by an increase in nominal GDP growth and solid corporate earnings. Japanese equities later gave up some of their gains, while the U.K. market delivered strong performance, driven by the news that the country exited its recession and grew GDP by the most in three years. Furthermore, French equities sold off in June in light of elevated domestic political uncertainty. Additionally, the European Central Bank (ECB) cut rates by 25 basis points at its June meeting despite lingering inflation pressures. Central banks in Switzerland and Sweden also cut rates over the period.

In this context, the Fund outperformed its benchmark.

Security selection in the Information Technology and Health Care sectors were particularly successful, while selection within the Financials and Industrials sectors detracted from relative performance. Additionally, an overweight allocation to Information Technology further contributed to the relative performance.

Among the top relative contributors to performance over the period were Taiwan Semiconductor and Novo-Nordisk.

TSMC continues to benefit from significant AI investments as the world's number one supplier of the leading-edge nodes. The company is seeing and expects rapid growth as their advanced manufacturing and packaging capabilities enable them to be a trusted global supplier. Despite efforts from competitors, TSMC believes its chips' better performance, capacity, and track record will allow them to consistently capture AI demand.

As for Novo-Nordisk, the Danish pharmaceutical giant continues to perform strongly as share price appreciation is being supported by recent financial results. Notably, the company made good progress on the supply side of their GLP-1 drugs such as Wegovy. Also, pricing adjustments from prior years are helping profit margins. Additionally, guidance was revised slightly upward, and the company continues making notable efforts to increase access of their weight-loss drugs to all potential customers.

Among the top relative detractors to performance over the period were Nestle and Diageo.

Nestle reported a headline and guidance miss. More specifically, the company's Volume/Mix results came in below expectations, mostly driven by EU volumes that declined as pricing actions were implemented in 2023, leading to some elasticity in demand. While volumes have relatively come down post-covid strength, and following two years of strong inflation, the company anticipates volumes to revert to pre-pandemic levels. The stock price was further impacted by recent business disruptions in its small Health Sciences division, that negatively impacted investor sentiment. The company has, however, assumed responsibility and has taken actions to remedy the situation, including implementing management changes.

As for Diageo, investors continue to digest recent disappointing results, namely with their Latin America segment and market share losses in North America. After several years of strength buoyed by COVID, growth has normalized with elevated inventory positions across many of their customers. The company did announce a new Chief Financial Officer (CFO), Nik Jhangiani, who will also join the Diageo board. This change will officially take place in the fall of 2024.

### Recent Developments

During the second quarter, we exited our existing position in Roche in order to use the proceeds to initiate a new position in Amadeus IT Group. We believe that Amadeus, a major player in the travel technology ecosystem, has a positive outlook given its dominant market position, high barriers to entry, strong operational prowess, and attractive financials. The company has three key divisions—airline ticket distribution, airline IT systems, and hospitality IT systems. In short, Amadeus bridges the distribution network between airlines, hotels, and car rental companies with travel industry buyers such as travel agencies or online booking platforms. With long-standing network effects of having suppliers and buyers seamlessly connected, we believe the company is well positioned for the future as travel volume growth continues, and the business captures market share gains. Furthermore, it has enabled the company to generate high free cashflow and return on invested capital.

Our investment horizon is best measured in years, conceivably decades, not months or quarters. Our focus continues to be on identifying what we believe to be high-quality companies with sustainable competitive advantages, operating in industries with high barriers to entry, and contributing to durable pricing power.

### Related Party Transactions

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

#### Trustee, Custodian, and Registrar

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

NTC acts as registrar for the Fund's securities and the names of securityholders. NTC also acts as the Fund's custodian. The fees for NTC's custodial services are based on the standard rates in effect at NTC.

#### Agent for securities lending transactions

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

#### Fund Manager

The Fund is managed by National Bank Investments Inc. ("NBII"), which is a wholly-owned subsidiary of the Bank. Therefore, NBII provides or ensures the provision of all general management and administrative services required by the Fund's current operations, including investment consulting, the arrangement of brokerage contracts for the purchase and sale of the investment portfolio, bookkeeping and other administrative services required by the Fund.

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

The administration fees are equal to a specified percentage of the net asset value of each series of the Fund, calculated and paid in the same manner as the Fund's management fees. The variable operating expenses payable by the Manager include, but are not limited to: transfer agency and recordkeeping costs; custodial costs; accounting and valuation fees; audit fees and legal fees; costs of preparing and distributing financial reports, simplified prospectuses, annual information forms, Fund Facts, continuous disclosure material and other securityholder communications; and costs of trustee services relating to registered tax plans, as applicable.

In addition to administration fees, the Fund shall also pay certain Fund costs, namely: taxes (including, but not limited to, GST/HST and income taxes); costs of compliance with any changes to existing governmental or regulatory requirements introduced after August 1, 2013; costs of compliance with any new governmental or regulatory requirements, including any new fees introduced after August 1, 2013; interest and borrowing costs; costs related to external services that were not commonly charged in the Canadian mutual fund industry as at August 1, 2013; Independent Review Committee costs, including compensation paid to IRC members, travel expenses, insurance premiums and costs associated with their continuing education; and variable operating expenses incurred outside of the normal course of business of the Fund.

The Manager may, from time to time and at its sole discretion, decide to absorb a portion of a series' management fees, administration fees or Fund costs.

As described under the heading *Management Fees*, the Fund pays annual management fees to NBII as consideration for its services.

#### Portfolio Manager

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

#### Distribution and Dealer Compensation

NBII acts as principal distributor for the Fund. In this capacity, NBII buys, sells and swaps securities through external registered representatives. Fund securities are also offered by National Bank Financial Inc. (including its division National Bank Direct Brokerage), CABN Investments (a division of NBII) and other affiliated entities. Brokers may receive, depending on the distributed series, a monthly commission representing a percentage of the average daily value of the securities held by their clients.

#### Brokerage Fees

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

	Period ended June 30, 2024
<b>Total brokerage fees</b>	54,569.01
<b>Brokerage fees paid to National Bank Financial</b>	-

#### Registered Plan Trust Services

NTC receives a fixed amount per registered account for services provided as trustee for registered plans.

#### Administrative and Operating Services

The provision of certain services was delegated by the Fund Manager, NBII, to National Bank Trust Inc. ("NBT"), a wholly-owned indirect subsidiary of the Bank. These include accounting, reporting and portfolio valuation services. The fees incurred for these services are paid to NBT by the Fund manager.

## Management Fees

The Fund pays annual management fees to the Fund manager for its management services. The fees are calculated based on a percentage of the Fund's daily net asset value before applicable taxes and are paid on a monthly basis. Under the *Distribution* heading, expenses include the broker's compensation consisting of the maximum annual trailer fees and sales commissions paid to brokers. Under the *Other* heading, the fees relate mainly to investment management, investment advisory services, general administration and profit. The breakdown of major services provided in consideration of the management fees, expressed as an approximate percentage of the management fees is as follows:

Series	Management Fees	Distribution	Others <sup>†</sup>
Advisor Series and Series H			
Front-end load	1.75%	57.14%	42.86%
Series F and Series FH	0.75%	—	100.00%
Series O	N/A*	—	100.00%

<sup>(†)</sup> Includes all costs related to management, investment advisory services, general administration and profit.

<sup>(\*)</sup> The Series O is only available to selected investors that have been approved and have entered into an O Series units account agreement with National Bank Investments Inc. The criteria for approval may include the size of the investment, the expected level of account activity and the investor's total investments with NBII. No management fees are charged to the Fund with respect to the O Series units. Management fees are negotiated with and paid directly by investors and are in addition to the fixed-rate administration fee. NBII does not pay any commissions or service fees to dealers who sell O Series units. There are no sales charges payable by investors who purchase O Series units.

## Past Performance

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

## Annual Returns

The bar charts indicate the performance for each the Fund's series in existence greater than one year during the years shown, and illustrate how the performance has changed from year to year. They show, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the series) would have grown or decreased by December 31 of that year, in the case of the Annual management report of fund performance, or by June 30, in the case of the Interim management report of fund performance.



Series F



Series O



<sup>(1)</sup> Returns for the period from June 20, 2023 (commencement of operations) to December 31, 2023.

<sup>(1)</sup> Returns for the period from January 1, 2024 to June 30, 2024.

## Financial Highlights

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

### Advisor Series

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

Commencement of operations: June 20, 2023

Accounting Period Ended	2024 June 30	2023 December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	10.33	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.12	0.06
Total expenses	(0.13)	(0.15)
Realized gains (losses)	—	0.03
Unrealized gains (losses)	0.87	0.81
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	0.86	0.75
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	0.02
Return of capital	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	—	0.02
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	11.51	10.33

### Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	2,131	495
Number of units outstanding <sup>(5)</sup>	185,353	47,934
Management expense ratio (%) <sup>(6)</sup>	2.27	2.29
Management expense ratio before waivers or absorptions (%)	2.27	2.29
Trading expense ratio (%) <sup>(7)</sup>	0.14	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	4.08	8.46
Net asset value per unit (\$)	11.50	10.33

### Series F\*

<sup>(1)</sup> Please note that the data presented below is in CAD although this Series is also available under the USD purchase option.

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

Commencement of operations: June 20, 2023

Accounting Period Ended	2024 June 30	2023 December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	10.40	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.12	0.05
Total expenses	(0.07)	(0.09)
Realized gains (losses)	—	0.03
Unrealized gains (losses)	1.11	1.27
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.16	1.26
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	0.01
Return of capital	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	—	0.01
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	11.65	10.40

### Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	113,704	46,954
Number of units outstanding <sup>(5)</sup>	9,770,867	4,514,172
Management expense ratio (%) <sup>(6)</sup>	1.11	1.05
Management expense ratio before waivers or absorptions (%)	1.11	1.05
Trading expense ratio (%) <sup>(7)</sup>	0.14	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	4.08	8.46
Net asset value per unit (\$)	11.64	10.40

## Series FH

Net Assets per Unit<sup>(4)</sup>

Commencement of operations: July 12, 2023

Accounting Period Ended	2024 June 30	2023 December 31
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	10.30	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.10	0.06
Total expenses	(0.07)	(0.08)
Realized gains (losses)	0.11	0.08
Unrealized gains (losses)	1.30	0.13
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	1.44	0.19
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	0.13
Return of capital	—	—
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	—	0.13
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	11.67	10.30

### Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31
Total net asset value (ooo's of \$) <sup>(5)</sup>	3,284	3,604
Number of units outstanding <sup>(3)</sup>	281,784	349,872
Management expense ratio (%) <sup>(6)</sup>	1.14	1.14
Management expense ratio before waivers or absorptions (%)	1.14	1.14
Trading expense ratio (%) <sup>(7)</sup>	0.14	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	4.08	8.46
Net asset value per unit (\$)	11.65	10.30

## Series H

Net Assets per Unit<sup>(4)</sup>

Commencement of operations: July 12, 2023

Accounting Period Ended	2024 June 30	2023 December 31
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	10.29	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.12	0.07
Total expenses	(0.14)	(0.13)
Realized gains (losses)	0.15	0.09
Unrealized gains (losses)	0.87	0.18
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	1.00	0.21
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	0.08
Return of capital	—	—
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	—	0.08
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	11.60	10.29

### Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31
Total net asset value (ooo's of \$) <sup>(5)</sup>	801	205
Number of units outstanding <sup>(3)</sup>	69,154	19,956
Management expense ratio (%) <sup>(6)</sup>	2.29	2.29
Management expense ratio before waivers or absorptions (%)	2.29	2.29
Trading expense ratio (%) <sup>(7)</sup>	0.14	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	4.08	8.46
Net asset value per unit (\$)	11.58	10.29

## Series O

Net Assets per Unit<sup>(4)</sup>

Commencement of operations: June 20, 2023

Accounting Period Ended	2024 June 30	2023 December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	10.40	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.10	0.05
Total expenses	(0.01)	(0.03)
Realized gains (losses)	—	0.05
Unrealized gains (losses)	1.22	0.47
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	1.31	0.54
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	—	0.03
From capital gains	—	0.04
Return of capital	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	—	0.07
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	11.71	10.40

### Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31
Total net asset value (000's of \$) <sup>(5)</sup>	205,047	177,805
Number of units outstanding <sup>(5)</sup>	17,531,758	17,099,530
Management expense ratio (%) <sup>(6)</sup>	0.02	0.02
Management expense ratio before waivers or absorptions (%)	0.02	0.02
Trading expense ratio (%) <sup>(7)</sup>	0.14	0.60
Portfolio turnover rate (%) <sup>(8)</sup>	4.08	8.46
Net asset value per unit (\$)	11.70	10.40

<sup>(1)</sup> This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited Financial Statements. The net assets per unit presented in the financial statements might differ from the net asset value calculated for fund pricing purposes. The differences are explained in the notes to the financial statements.

<sup>(2)</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the average number of units outstanding over the accounting period.

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

<sup>(4)</sup> The net assets are calculated in accordance with IFRS.

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

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

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

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

## Summary of Investment Portfolio

As of June 30, 2024

### Portfolio Top Holdings

	% of Net Asset Value
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	8.9
Novo Nordisk A/S	7.8
Louis Vuitton Moët Hennessy	5.0
London Stock Exchange Group PLC	4.9
ASML Holding NV	4.3
Nestlé SA	4.3
Intercontinental Hotels Group PLC	4.2
Essilor International SA	3.8
Cie Financière Richemont SA, Class A	3.5
SAP SE	3.5
Keyence Corp.	3.3
L'Oréal SA	3.2
S&P Global Inc.	3.2
Canadian National Railway Co.	2.8
Alcon AG	2.6
Schindler Holding AG, PTG Cert.	2.5
Diageo PLC	2.4
Howden Joinery Group PLC	2.4
Air Liquide SA	2.2
Air Liquide SA	2.1
Ashtead Group PLC	1.9
Intertek Group PLC	1.9
Amadeus IT Holding SA	1.8
HDFC Bank Ltd., ADR	1.8
Cash, Money Market and Other Net Assets	1.0
	85.3

Net asset value ..... \$324,967,107

### Regional Allocation

	% of Net Asset Value
United Kingdom	24.4
France	16.3
Switzerland	14.7
Taiwan	8.9
Denmark	7.8
Japan	6.4
Germany	4.9
Netherlands	4.3
United States	3.2
Canada	2.8
Spain	1.8
India	1.8
Australia	1.7
Cash, Money Market and Other Net Assets	1.0

### Sector Allocation

	% of Net Asset Value
Information Technology	21.9
Industrials	18.0
Consumer Discretionary	14.3
Health Care	14.3
Financials	13.2
Consumer Staples	13.0
Materials	4.3
Cash, Money Market and Other Net Assets	1.0

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

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment Fund. A quarterly update is available. Please consult our website at [www.nbinvestments.ca](http://www.nbinvestments.ca).

If this investment Fund invests in other investment funds, please consult the prospectus and other information about the underlying investment funds on the website indicated above or on SEDAR+'s website at [www.sedarplus.ca](http://www.sedarplus.ca).