

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2020

Short Term and Income Fund
NBI Global Bond 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, 500, Place d'Armes, 12th floor, Montreal, Quebec, H2Y 2W3, by visiting our website at www.nbinvestments.ca, by visiting SEDAR's website at www.sedar.com, or by contacting your advisor. You may also contact us using one of these methods to request a copy of the 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, 2020, the NBI Global Bond Fund's Investor Series units returned 10.16% compared to 9.86% for the Fund's benchmark, the JP Morgan World Government Bond 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 dropped by 14.46% over the period, from \$106.55 million as at December 31, 2019 to \$91.15 million as at June 30, 2020.

The decline stemmed mainly from net redemptions by unitholders of the Fund.

The new year got off to a dreadful start. Fear gripped investors and financial markets were roiled against the backdrop of the escalating COVID-19 pandemic and the economic fallout from the aggressive countermeasures to contain it. Meanwhile, the global oil price war added to a fragile and panic-stricken backdrop, which emboldened the risk-off trade. The gloomy mood sent shockwaves through the marketplace and global equity markets slid into bear market terrain before paring almost all its losses due to unconditional support from central banks and fiscal stimulus.

In this context, the majority of global government bonds posted positive returns in the first half of 2020 as yields headed lower worldwide as dovish central bankers stimulus across the globe fueled the bond market rally. On the currency front, the U.S. dollar appreciated vs the Canadian dollar but remain mostly unchanged versus other G7 currencies.

Under these circumstances, the Fund outperformed its benchmark for the period, mainly due to overweight's exposure in U.S. and Italy. The strategy to benefit from a yield curve steepening in Europe was also profitable.

Recent Developments

Looking into the second half of 2020, the portfolio manager thinks that the bond market has priced a lot of negativity and to see yields go much lower would be surprising as economies across the globe are slowly re-opening their industries. If a second wave happens, he believes that the most probable approach would be one like Sweden used: protect the most vulnerable and apply social distancing, but let the economy keep running. The big question is how fast a reliable vaccine can be available. We are also entering a very important period politically in the United States as the elections are coming. Understanding the economic platform of the candidate will be key. As the economies re-open, he anticipates that economic conditions will improve which should result in higher yield, but central banks won't let yield go that high as fiscal deficits are at record highs and will probably apply yield curve control to help the government servicing their debt. At this point, he prefers to keep a shorter duration in countries where yields are negative or close to zero as there is so little upside. He will favor countries with higher yield with attractive yield curve slope. He continues to recommend being underweight European and Japanese bonds as risk/reward is not attractive and favors higher-yielding countries such as Australia, the U.S. and Norway.

His approach is to combine strategic and tactical positions to maximize the risk/reward of the Fund. The biggest risk on a relative basis is that the fact that the Fund doesn't have any exposure in Japan and almost none in core Europe as he finds the risk/reward is clearly skewed to the downside. Over the year, he added some Italian debt as spread vis-à-vis Germany was looking attractive and he expected the Italian government to reach an agreement with the European Union.

In June, he trimmed the exposition to Italian bonds to go back to neutral. For most of the year, the Fund was overweight in U.S. treasuries, considering the relative attractiveness of the U.S. bond yields vs any other developed nation. He still doesn't hold negative yielding bonds and won't own any in the coming months as it doesn't add value to the Fund's return.

The Fund's duration is shorter than the benchmark by about 2.09 years, but 2.15 of those years is due to not holding Japanese bonds. In terms of countries, he favors Australia in the long end as this is where he sees more value. He favors also the United-States and Norway. He doesn't like Japanese, German. Holding negative yielding bonds will over the long run, destroy wealth, and as an active manager, he prefers not to invest in an asset that for sure will generate losses for the portfolio. On the currency front, the Fund is neutral across all currency pairs.

On April 30, 2020, the Fund's independent review committee (the "IRC") was reduced to three members when Jacques Valotaire and Jean-François Bernier resigned as IRC members.

Related Party Transactions

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

Trustee, Custodian, and Registrar

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

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

Agent for securities lending transactions

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

Fund Manager

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

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

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

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

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

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

Distribution and Dealer Compensation

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

Holdings

As at June 30, 2020, National Bank Investments Inc. held 160.50 Fund securities for a value of \$1,585.71, which represented close to 0.0017% of the net asset value of the Fund at that date. Transactions between National Bank Investments Inc. and the Fund were carried out in the normal course of business and at the Fund's net asset value as at the transaction date.

Registered Plan Trust Services

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

Administrative and Operating Services

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

Management Fees

The Fund pays annual management fees to the Fund manager for its management services. The fees are calculated based on a percentage of the Fund's daily net asset value before applicable taxes and are paid on a monthly basis. A portion of the management fees paid by the Fund covers maximum annual trailer fees and sales commissions paid to brokers. The remainder of the management fees primarily covers investment management and general administration services. The breakdown of major services provided in consideration of the management fees, expressed as an approximate percentage of the management fees is as follows:

Series	Management Fees	Distribution	Others [†]
Investor Series	1.50%	33.33%	66.67%
Advisor Series*			
Front-end load	1.50%	33.33%	66.67%
Back-end load - 1 to 6 years	1.50%	16.67%	83.33%
Back-end load - 7 years and more	1.50%	33.33%	66.67%
Low load - 1 to 3 years	1.50%	16.67%	83.33%
Low load - 4 years and more	1.50%	33.33%	66.67%
Series O	N/A**	—	100.00%

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

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

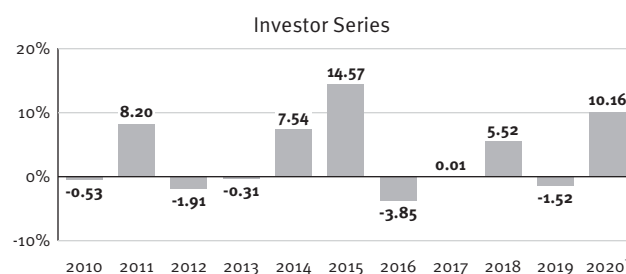
^(**) There are no management fees paid by the Fund with respect to the Series O. Instead, Series O securityholders pay a negotiated administration fee directly to National Bank Investments.

Past Performance

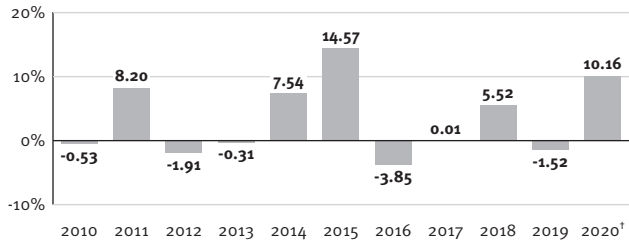
The performance of each series of the Fund is presented below and calculated as at December 31 of each year. It assumes that all distributions made in the periods shown were reinvested in additional securities and does not take into account sales, redemption charges, distributions, or optional charges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

Annual Returns

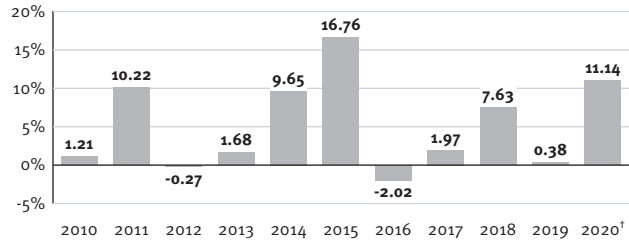
The bar charts indicate the performance for each the Fund's series in existence greater than one year during the years shown, and illustrate how the performance has changed from year to year. They show, in percentage terms, how much an investment made on January 1 (or made commencing from the start of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



Advisor Series



Series O



^(†) Returns for the period from January 1, 2020 to June 30, 2020.

Financial Highlights

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

Investor / Advisor* Series

⁽¹⁾ The Advisor Series was created on February 8, 2002.

Net Assets per Unit ⁽¹⁾		Commencement of operations: January 10, 1995				
Accounting Period Ended	2020 June 30	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	8.86	9.04	8.66	8.73	9.52	9.01
Increase (Decrease) from Operations (\$)						
Total revenue	0.05	0.20	0.26	0.25	0.28	0.29
Total expenses	(0.09)	(0.17)	(0.17)	(0.17)	(0.20)	(0.19)
Realized gains (losses)	0.66	0.17	(0.12)	(0.03)	0.02	0.81
Unrealized gains (losses)	0.37	(0.32)	0.49	(0.01)	(0.48)	0.38
Total Increase (Decrease) from Operations (\$) ⁽²⁾	0.99	(0.12)	0.46	0.04	(0.38)	1.29
Distributions (\$)						
From net investment income (excluding dividends)	—	0.03	0.11	0.07	0.08	0.10
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	0.35	0.69
Return of capital	—	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	—	0.03	0.11	0.07	0.43	0.79
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	9.76	8.86	9.04	8.66	8.73	9.52

Ratios and Supplemental Data

Accounting Period Ended	2020 June 30	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Total net asset value (000's of \$) ⁽⁵⁾	89,593	105,232	160,555	237,931	241,128	250,989
Number of units outstanding ⁽⁵⁾	9,183,227	11,874,735	17,778,316	27,482,161	27,634,084	26,341,596
Management expense ratio (%) ⁽⁶⁾	1.95	1.95	1.95	1.95	1.95	1.95
Management expense ratio before waivers or absorptions (%)	1.95	1.99	1.99	1.98	1.98	1.95
Trading expense ratio (%) ⁽⁷⁾	—	—	—	—	—	0.01
Portfolio turnover rate (%) ⁽⁸⁾	45.62	138.73	277.85	219.85	220.69	371.85
Net asset value per unit (\$)	9.76	8.86	9.03	8.66	8.73	9.53

Series O

Net Assets per Unit ⁽¹⁾		Commencement of operations: March 1, 2005				
Accounting Period Ended	2020 June 30	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	8.89	9.05	8.58	8.58	9.39	8.85
Increase (Decrease) from Operations (\$)						
Total revenue	0.06	0.22	0.25	0.26	0.25	0.28
Total expenses	—	—	—	—	(0.02)	—
Realized gains (losses)	0.68	0.16	(0.16)	(0.04)	0.06	0.80
Unrealized gains (losses)	0.33	(0.33)	0.71	(0.11)	(0.78)	0.38
Total Increase (Decrease) from Operations (\$) ⁽²⁾	1.07	0.05	0.80	0.11	(0.49)	1.46
Distributions (\$)						
From net investment income (excluding dividends)	—	0.19	0.19	0.17	0.29	0.28
From dividends	—	—	—	—	—	—
From capital gains	—	—	—	—	0.36	0.65
Return of capital	—	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	—	0.19	0.19	0.17	0.65	0.93
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	9.88	8.89	9.05	8.58	8.58	9.39

Ratios and Supplemental Data

Accounting Period Ended	2020 June 30	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Total net asset value (000's of \$) ⁽⁵⁾	1,553	1,320	748	313	118	135
Number of units outstanding ⁽⁵⁾	157,182	148,418	82,736	36,476	13,808	14,403
Management expense ratio (%) ⁽⁶⁾	0.02	0.02	0.02	0.02	0.02	0.02
Management expense ratio before waivers or absorptions (%)	0.02	0.02	0.03	0.04	0.06	0.06
Trading expense ratio (%) ⁽⁷⁾	—	—	—	—	—	0.01
Portfolio turnover rate (%) ⁽⁸⁾	45.62	138.73	277.85	219.85	220.69	371.85
Net asset value per unit (\$)	9.88	8.89	9.04	8.58	8.58	9.40

- ⁽¹⁾ 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.
- ⁽²⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the average number of units outstanding over the accounting period.
- ⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Fund, or both.
- ⁽⁴⁾ The net assets are calculated in accordance with IFRS.
- ⁽⁵⁾ This information is provided as at the last day of the accounting period shown.
- ⁽⁶⁾ Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period.
- ⁽⁷⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period. The trading expense ratio includes, if necessary, the trading expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106. Since calculating an average daily allocation of the trading expenses would take considerable effort, an average monthly allocation has been used instead for the accounting periods prior to 2016.
- ⁽⁸⁾ The Fund's portfolio turnover rate indicates how actively the Fund portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher a Fund's portfolio turnover rate in an accounting period, the greater the trading costs payable by the Fund in the accounting period, and the greater the chance of an investor receiving taxable capital gains in the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Summary of Investment Portfolio

As of June 30, 2020

Portfolio Top Holdings

	% of Net Asset Value
Cash, Money Market and Other Net Assets	7.5
Government of the United States, 1.63%, due February 15, 2026	6.7
Government of the United States, 2.88%, due November 15, 2046	6.5
Government of Australia, 3.00%, due March 21, 2047	6.2
Government of the United States, 5.00%, due May 15, 2037	5.7
Government of the United Kingdom, 3.75%, due September 7, 2021	5.3
Government of the United States, 2.25%, due August 15, 2027	5.0
Government of the United States, 2.25%, due November 15, 2024	4.1
Government of Mexico, 6.50%, due June 10, 2021	3.8
Government of the United States, 2.00%, due February 15, 2025	3.7
Government of Spain, 0.60%, due October 31, 2029	3.4
Government of France, 0.10%, due July 25, 2021	3.3
City of Oslo, 2.30%, due December 1, 2027	3.3
Government of the United States, 0.25%, due May 31, 2025	3.0
Government of the United States, 0.63%, due May 15, 2030	3.0
Government of the United States, 1.50%, due February 15, 2030	2.9
Government of the United States, 2.13%, due November 30, 2023	2.9
Government of Italy, 2.10%, due September 15, 2021	2.8
Government of Canada, 4.25%, due December 1, 2026	2.1
Government of the United States, 2.75%, due November 15, 2047	2.0
Government of Italy, 2.95%, due September 1, 2038	2.0
United Kingdom Gilt, 1.75%, due January 22, 2049	1.8
Canadian Imperial Bank of Commerce, 0.30%, due October 18, 2024	1.4
French Republic Government Bond OAT, 0.75%, due May 25, 2052	1.3
City of Saint-Constant, 2.45%, due September 26, 2022	1.3
	91.0

Net asset value \$91,145,921

Asset Mix

	% of Net Asset Value
US Bonds	46.7
Foreign Bonds	36.1
Municipal Bonds	4.5
Canadian Corporate Bonds	2.8
Federal Bonds	2.4
Derivative Products	(0.2)
Cash, Money Market and Other Net Assets	7.7

Currency Allocation

	% of Net Asset Value
Norwegian Krone	(0.1)
South African Rand	0.1
New Zealand Dollar	0.2
Polish Zloty	0.2
Canadian dollar	0.6
Mexican Peso	0.7
Australian Dollar	1.8
Pound Sterling	6.7
Japanese Yen	19.7
Euro	26.2
American Dollar	43.9

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

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