

Interim Management Report of Fund Performance

For the period ended June 30, 2024

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2024

NBI Exchange-Traded Funds
NBI Active U.S. Equity ETF

Notes on forward-looking statements

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

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

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

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

Management Discussion of Fund Performance

Results of Operations

For the six-month period ended June 30, 2024, the NBI Active U.S. Equity ETF's units returned 14.86% compared to 19.64% for the ETF's benchmark, the S&P 500 Index. Unlike the benchmark, the ETF's performance is calculated after fees and expenses. Please see the *Past Performance* section for the ETF's returns, which may vary mainly because of fees and expenses.

The Fund's net asset value rose by 88.86% over the period, from \$25.14 million as at December 31, 2023 to \$47.48 million as at June 30, 2024.

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

U.S. stocks jumped in the first half as investors snapped up shares in technology companies such as Microsoft, Amazon.com, Meta, and Apple on optimism that demand for artificial intelligence will continue to strengthen. The S&P 500 Index gained more than 15%.

Semiconductors led the way, soaring almost 75%, while makers of semiconductor equipment and electronic components both gained more than 30%. AI chipmaker Nvidia more than doubled in the space of six months, propelling its market capitalization past U.S.\$3 trillion. Utilities got a boost from expectations that soaring AI use will fuel demand for power, while drug retailers led declines.

Investor sentiment also benefited from the Federal Reserve's decision in May to leave interest rates unchanged. Economic growth in the U.S. is cooling along with underlying inflation, improving odds that policy-makers will start cutting interest rates by the end of the year.

Gross domestic product expanded by little more than 1% in the first quarter, a noticeable slowdown from the last two quarters of 2023. By the end of June, U.S. labour markets were starting to show signs of moving back toward balance, making hiring easier for companies and reducing employee turnover.

In this context, the Fund underperformed its benchmark.

Top performers

Nvidia: The chipmaker has been the main beneficiary of investor enthusiasm for all things AI, posting better-than-expected quarterly results and indicating that demand for its processors is broadening out.

Alphabet: The company formerly known as Google reported strong quarterly results as core search, YouTube, and the GCP cloud division performed ahead of consensus expectations. It also began paying a dividend, which was well received by investors.

Tesla: Not owned

Meta Platforms: Facebook's parent company outperformed after delivering quarterly results and guidance that exceeded consensus expectations.

Valero Energy: Valero outperformed after the U.S.-based marketer of transportation fuels and other petrochemical products announced strong first-quarter results and refining margins.

Bottom performers

Five Below: Five Below reported first-quarter results that missed consensus estimates across the board and materially cut full-year guidance to reflect the weaker macro environment.

Workday: Workday lowered its full-year forecast for subscription revenue and said customers were taking more time to place orders.

Lululemon Athletica: Lululemon announced the departure of its chief product officer and reported quarterly results that failed to dispel current headwinds.

Adobe: Adobe underperformed after it delivered disappointing guidance related to its projected annual recurring revenues and the amount of time it would take to recover investments in AI.

Lamb Weston Holdings: Lamb Weston reported weaker-than-expected results due to a shift to a new enterprise solution, which resulted in missing certain orders.

Recent Developments

Additions

Lululemon Athletica: Lululemon is a high-quality athleisure brand that is growing its store base and taking market share where we believe consensus underestimates its potential internationally.

Sherwin-Williams: Sherwin-Williams is a high-quality materials company in the U.S. that sells paints and paint-related products for architectural as well as industrial end markets who we believe is well positioned to overachieve consensus estimates and gain share in both end markets due to some miscues by certain competitors in the U.S. architectural market and to some investments that they have made in SG&A initiatives that should spur growth in their industrial markets.

Sysco: Sysco is a high-quality and very free cash flow generative player in the food industry who we believe will undergo a meaningful improvement in margins following the inflationary environment that the industry has experienced over the past few years and we expect them to continue to consolidate share and outgrow consensus expectations.

Enphase Energy: Enphase is a U.S.-domiciled company that sells microinverters for residential solar systems. We believe that the valuation is attractive given that consensus appears hyper-focused on the near-term cyclical headwinds given the high-interest-rate environment but is ignoring the mid-term structural growth drivers for the industry which remain intact and the company's international expansion strategy, and as such, we are ahead of consensus on our midterm revenue forecasts.

Mettler-Toledo International: Mettler-Toledo International is a high-quality medical equipment company that we believe represents an underappreciated mix shift story. We expect services revenue growth to outpace product revenues due to the faster adoption by customers of bioanalytic software and related services as existing business comes up for renewal. This, we believe, will lead to higher longer-term margins and more earnings visibility.

Deletions

Linde: Exited based on valuation, being below consensus on near-term estimates and to lock in outperformance.

TJX Companies: Based on forward estimates, the company does not meet our condition of being a growth company anymore.

Rockwell Automation: We were below consensus on margins given a view of headwinds in the medium term after a series of price hikes in the last several quarters suggested pricing power going forward would stagnate. Also, their exposure to China was being questioned by the government, and there were some signs of heightened regulatory risk.

Veralto: Based on forward estimates, the company no longer meets our condition of being a growth company.

Charles River Laboratories: Exited based on valuation and to reinvest in higher-conviction investment ideas.

Upcoming U.S. election candidate positioning could add to existing inflationary drivers such as aging demographics, a labour force reassessing its work/life balance, and regionalization trends. Consequently, we are focused on business models that have strong pricing power.

The uncertainty surrounding changes in supply chains, consumer behaviours, digitization, AI impacts and rising wages will have a lasting impact on business models.

We continue to see relative valuation dislocations caused by rapidly shifting market narratives that are offering compelling opportunities to book profits and reinvest in misunderstood and therefore mispriced stocks.

Related Party Transactions

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

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

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

Trustee

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

Designated Broker

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

Brokerage Fees

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

	Period ended June 30, 2024
Total brokerage fees	8,498.87
Brokerage fees paid to National Bank Financial	1,213.34

Holdings

As at June 30, 2024, the NBI Exclusive Income Pooled Fund held approximately 28.39% ownership of the redeemable units outstanding of the ETF. Transactions between the NBI Exclusive Income Pooled Fund and the ETF were carried out in the normal course of business. The portfolio manager for this Fund is National Bank Trust Inc.

Management Fees

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

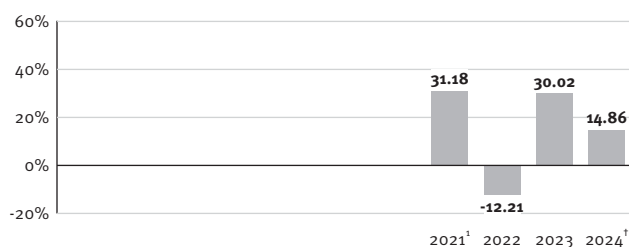
The ETF pays an annual management fee of 0.55% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general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

Past Performance

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

Year-by-Year Returns

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



⁽¹⁾ Returns for the period from February 11, 2021 (commencement of operations) to December 31, 2021.

⁽¹⁾ Returns for the period from January 1, 2024 to June 30, 2024.

Financial Highlights

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

Net Assets per Unit⁽¹⁾ Commencement of operations: February 11, 2021

Accounting Period Ended	2024 June 30	2023 December 31	2022 December 31	2021 December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	36.97	28.56	32.67	25.00
Increase (Decrease) from Operations (\$)				
Total revenue	0.17	0.35	0.37	0.24
Total expenses	(0.13)	(0.21)	(0.18)	(0.16)
Realized gains (losses)	2.63	2.06	0.71	3.30
Unrealized gains (losses)	2.53	6.41	(1.60)	4.40
Total Increase (Decrease) from Operations ⁽³⁾	5.20	8.61	(0.70)	7.78
Distributions (\$)				
From net investment income (excluding dividends)	0.07	0.14	0.12	0.10
From dividends	—	0.01	0.01	0.01
From capital gains	—	1.52	0.41	3.15
Return of capital	—	—	—	—
Total Annual Distributions ⁽⁴⁾	0.07	1.67	0.54	3.26
Net Assets, End of Accounting Period Shown ⁽²⁾	42.38	36.97	28.56	32.67

Ratios and Supplemental Data

Accounting Period Ended	2024 June 30	2023 December 31	2022 December 31	2021 December 31
Total net asset value (000's of \$) ⁽⁵⁾	47,477	25,139	14,850	1,307
Number of units outstanding ⁽⁵⁾	1,120,000	680,000	520,000	40,000
Management expense ratio (%) ⁽⁶⁾	0.62	0.63	0.63	0.64
Management expense ratio before waivers or absorptions (%)	0.62	0.63	0.66	0.76
Trading expense ratio (%) ⁽⁷⁾	0.05	0.03	0.04	0.04
Portfolio turnover rate (%) ⁽⁸⁾	46.94	64.81	45.97	66.64
Net asset value per unit (\$)	42.39	36.97	28.56	32.68
Closing market price ⁽⁹⁾	42.42	36.94	28.52	32.69

⁽¹⁾ This information is derived from the ETF'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 ETF pricing purposes. The differences are explained in the notes to the financial statements.

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

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

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

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

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

⁽⁷⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period. The trading expense ratio includes, if necessary, the trading expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106. Data for periods prior to 2023 have been restated.

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

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

Summary of Investment Portfolio

As of June 30, 2024

Portfolio Top Holdings

	% of Net Asset Value
Microsoft Corp.	9.7
Nvidia Corporation	7.1
Alphabet Inc., Class A	6.1
Apple Inc.	6.0
Amazon.com Inc.	5.6
Waste Connections Inc.	4.4
Amgen Inc.	4.3
Rollins Inc.	4.0
Valero Energy Corp.	3.8
Adobe Systems Inc.	3.5
Meta Platforms, Inc., Class A	3.4
Marsh & McLennan Cos Inc.	3.3
Cullen/Frost Bankers Inc.	3.2
Workday Inc.	3.1
MasterCard Inc., Class A	3.0
Danaher Corp.	2.9
CME Group Inc., Class A	2.8
ZOETIS INC.	2.8
Five Below Inc.	2.4
Lamb Weston Holdings Inc.	2.4
Public Storage	2.3
Sherwin-Williams Co./The	2.3
Sysco Corp.	2.3
Texas Instruments Inc.	2.1
Cash, Money Market and Other Net Assets	0.9
	93.7

Net asset value \$47,476,923

Asset Mix

	% of Net Asset Value
US Equity	92.6
Canadian Equity	6.5
Cash, Money Market and Other Net Assets	0.9

Sector Allocation

	% of Net Asset Value
Information Technology	34.2
Financials	12.4
Consumer Discretionary	10.1
Health Care	10.1
Communication Services	9.5
Industrials	8.4
Consumer Staples	6.0
Energy	3.8
Real Estate	2.3
Materials	2.3
Cash, Money Market and Other Net Assets	0.9

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

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



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