

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2021

Specialized Fund
NBI Resource 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 annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual 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

Investment Objective and Strategies

The NBI Resource Fund aims to achieve capital growth primarily by investing in equities of Canadian natural resource companies and companies that support resource companies.

The portfolio manager analyzes stocks from companies that engage in natural resource activities, such as mining, oil and gas, energy, forest products, water resources and fishing, and companies that support those industries. The portfolio manager uses a combination of growth and value styles and a mix of investment strategies to select investments for the Fund. It is expected that investments in foreign securities will not exceed approximately 30% of the Fund's assets.

Risks

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

Results of Operations

For the twelve-month period ended December 31, 2021, the NBI Resource Fund's Investor Series units returned 24.67% compared to 25.61% for the Fund's blended benchmark. The broad-based index, the S&P/TSX Composite Index (CAD), returned 25.09%. Unlike the indices, 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 9.90% over the period, from \$48.82 million as at December 31, 2020 to \$53.65 million as at December 31, 2021.

The increase stemmed mainly from market fluctuations.

2021 was a year with many pockets of strength and very few areas of weakness when it came to natural resource stocks. There would be few complaints from energy investors this year and the same could be said when it came to most of the base metals, uranium, forest products and agriculture stocks. On the other hand, the price of gold was down slightly from US\$1,898 at the beginning of the year to US\$1,822 to close the year. A slightly weaker gold price and strength in other areas of the resource universe led to significant pressure on most gold equities.

In terms of the Energy sector, the outlook dramatically improved over the course of 2021. We began the year with elevated global inventories, which were drawn down with the return to global growth. The recovery in demand combined with OPEC+ maintaining supply discipline has propelled the price of oil (WTI) from just below US\$50 per barrel at the beginning of the year to US\$75 by the end of 2021. This has been welcome news for an industry which has been trying to adjust to lower oil prices since the last peak of \$100 in 2014. Natural gas prices were also strong with NYMEX beginning the year at US\$2.54, peaking at roughly US\$6.00 in the third quarter before closing the year at US\$3.73.

The Energy sector was up +49% in 2021 and every stock in the sector had a positive return ranging from +16% to +467%, except for Parkland which was down 11%. The industry continues to deal with headwinds from the energy transition and the pressure to reduce greenhouse gas (GHG) emissions. To that end, companies in both Canada and around the world have been announcing emission reduction targets and deploying capital towards achieving those goals.

On another note, the Materials sector managed a return of +4% as the Index was weighted down by the weakness in the precious metals equities. Non-precious metals stocks exhibited strong gains on the back of positive underlying commodity prices. For example, the entire base metals complex saw strong appreciation including Copper (+26%), Aluminum (+42%), Nickel (+26%) and Zinc (32%). Some of the strongest stocks in their respective areas included Capstone Mining (+134%) in base metals, Interfor (+81%) in forest products and Nutrien (+60%) in agriculture.

Unlike the strength shown in base metals and energy prices, the gold price was down -4% in 2021. Rising inflation expectations are typically positive for gold and increasing inflation was clearly a theme throughout 2021. In addition, the continued economic risks associated with the pandemic such as supply chain disruptions would typically be supportive of gold as well. However, the risk of rising inflation prompted the U.S. Federal Reserve (Fed) to take action and reverse course on monetary policy and quantitative easing. Subsequently, the market has experienced rising interest rates and a stronger U.S. Dollar which has put some pressure on the price of gold. Taking these factors into account, the gold price ended just slightly below where it started the year. General malaise in gold prices, an improving economy and the strength exhibited in other areas of the market, especially in energy and base metals stocks, has contributed to the underperformance of the gold equities versus the broader market. The S&P/TSX Gold Sub-Index had a return of -10% for 2021.

Gold stocks were broadly weak including some of the largest companies: Barrick Gold (-14%), Kinross (-20%) and Agnico Eagles Mines (-23%). Among the few large-cap stocks that posted gains were Franco-Nevada (+11%) and Wheaton Precious Metals (+3%).

In this environment, the NBI Resource Fund underperformed its blended benchmark for the period. During the year, the Fund was slightly overweight in the Energy sector and slightly underweight in the Materials sector. Stock selection in both the Materials and Energy sectors added value during the period. Not owning several large precious metals companies including Pan American Silver (-27%) and Yamana Gold (-25%) was also lucrative.

On the individual stock level, Tourmaline Oil, Canadian Natural Resources and Cenovus Energy were among the top positive contributors to relative performance. On the other hand, Agnico Eagle Mines and Kinross Gold were among the top detractors during the period.

Recent Developments

The portfolio manager added several key positions the Energy space during the year including Headwater Exploration, Kelt Exploration, Advantage Energy, NexGen Energy, MEG Energy, and Tamarack Valley. He also sold several Energy and Mining positions to finance both new and existing positions during the period. Within the Energy sector, he added to existing positions in Methanex, Gibson Energy and Parkland, Imperial Oil and Parex Resources. On the mining side, he exited B2Gold, Endeavour Mining, Wesdome Gold, SilverCrest and Alamos.

In terms of the Energy sector, he remains constructive, and his view is relatively unchanged. His discussions with senior management teams continue to suggest the sector needs an oil price of at least \$45-\$50 per barrel to deploy capital at attractive returns. He's currently seeing prices well above this range based on increasing demand as the global economy recovers and supply discipline holds. These higher prices are helping companies generate significant levels of free cash flow which is being used to reduce leverage and return capital to shareholders.

On a go forward basis, the key signposts for energy prices for 2022 have changed slightly since 2021 as OECD inventory levels have come down. OPEC+ will eventually need to bring back incremental supply into the market in a disciplined manner as crude oil and refined product demand continues to recover which is clearly dependent on economic growth and the ongoing impact of the pandemic. Capital discipline from the U.S. shale oil producers will continue to be as important as it was in 2021.

In terms of the Materials sector, he continues to have a positive outlook on the copper, agriculture and iron ore stocks with a global recovery in mind. Additionally, he sees a longer-term opportunity for copper given what he believes will be significant growth in the electric vehicle market over time. Electric vehicles require a significant amount of copper in the production process.

Finally, with regards to gold and gold equities he remains cautious. As mentioned earlier, the general malaise in the gold price has led to underperformance in the gold equities relative to the strength exhibited by most other sectors in 2021. The key signposts for gold will continue to be the U.S. Fed policy, investor inflation expectations, the U.S. dollar and real rates.

In this context, the portfolio is well positioned given the current outlook on the commodities complex. The framework remains unchanged as the portfolio manager focuses on capital preservation, quality and valuation. He will continue to look for companies with strong management teams and proven track records to add to the portfolio.

On April 30, 2021, the Fund's independent review committee (the "IRC") was reduced to three members when Yves Julien resigned as IRC member. On May 1, 2021, the Fund's IRC was increased to four members when Paul Béland was appointed as IRC member.

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.

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 December 31, 2021
Total brokerage fees	60,687.35
Brokerage fees paid to National Bank Financial	3,896.91

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	2.00%	62.50%	37.50%
Advisor Series*			
Front-end load	2.00%	62.50%	37.50%
Back-end load - 1 to 6 years	2.00%	25.00%	75.00%
Back-end load - 7 years and more	2.00%	62.50%	37.50%
Low load - 1 to 3 years	2.00%	25.00%	75.00%
Low load - 4 years and more	2.00%	50.00%	50.00%
Series F	0.75%	—	100.00%

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

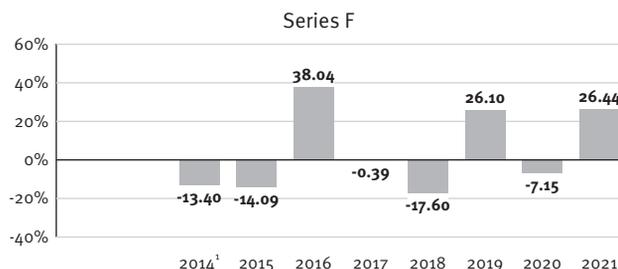
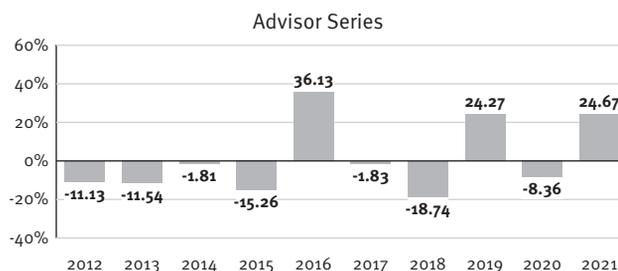
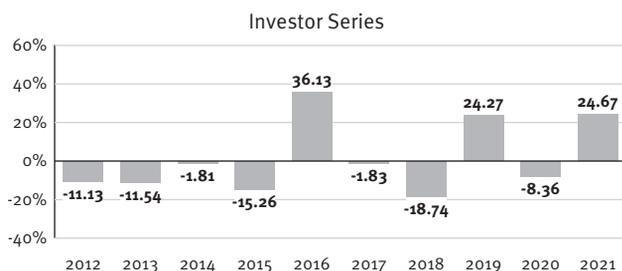
^(*) Excluding sales commissions paid on the Advisor Series with the low sales charge option and deferred sales charge option, which are not paid for out of the management fees.

Past Performance

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.

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.



⁽¹⁾ Returns for the period from May 21, 2014 (commencement of operations) to December 31, 2014.

Annual Compounded Performance

The following table shows the Fund's annual compound returns for each series in existence greater than one year and for each of the periods ended on December 31, 2021, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- S&P/TSX Composite Energy Sector Index (CAD) (50%)
- S&P/TSX Composite Material Sector Index (CAD) (50%)

The broad-based index is the S&P/TSX Composite Index (CAD).

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	1 year	3 years	5 years	10 years	Since inception
Investor Series¹	24.67%	12.39%	2.52%	0.09%	—
Benchmark	25.61%	14.45%	5.45%	2.01%	—
Broad-based index	25.09%	17.52%	10.04%	9.14%	—
Advisor Series²	24.67%	12.39%	2.52%	0.09%	—
Benchmark	25.61%	14.45%	5.45%	2.01%	—
Broad-based index	25.09%	17.52%	10.04%	9.14%	—
Series F³	26.44%	13.97%	3.97%	—	2.95%
Benchmark	25.61%	14.45%	5.45%	—	3.07%
Broad-based index	25.09%	17.52%	10.04%	—	8.94%

¹Commencement of operations: November 10, 1989

²Commencement of operations: June 12, 2009

³Commencement of operations: May 21, 2014

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

Index Descriptions

The **S&P/TSX Composite Energy Sector Index** measures the performance of securities in the Energy sector in Canada. The index is based on the securities' market capitalization. No security can exceed 25% of the total value of the index.

The **S&P/TSX Composite Material Sector Index** measures the performance of securities in the Materials sector in Canada. The index is based on the securities' market capitalization. No security can exceed 25% of the total value of the index.

The **S&P/TSX Composite Index** is a subset of the S&P/TSX and reflects share price fluctuations of a group of companies listed on the Toronto Stock Exchange (TSX) and weighted by market capitalization.

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

^(*) The Advisor Series was created on June 12, 2009.

Net Assets per Unit⁽¹⁾ Commencement of operations: November 10, 1989

Accounting Period Ended	2021 December 31	2020 December 31	2019 December 31	2018 December 31	2017 December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	31.25	34.10	27.44	33.77	34.40
Increase (Decrease) from Operations (\$)					
Total revenue	1.10	0.87	0.76	0.69	0.61
Total expenses	(0.92)	(0.81)	(0.81)	(0.86)	(0.90)
Realized gains (losses)	3.51	0.82	(0.62)	(0.94)	0.04
Unrealized gains (losses)	4.14	(3.78)	7.35	(5.09)	(0.43)
Total Increase (Decrease) from Operations (\$) ⁽²⁾	7.83	(2.90)	6.68	(6.20)	(0.68)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	—	—	—	—	—
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	38.96	31.25	34.10	27.44	33.77

Ratios and Supplemental Data

Accounting Period Ended	2021 December 31	2020 December 31	2019 December 31	2018 December 31	2017 December 31
Total net asset value (000's of \$) ⁽⁵⁾	51,757	47,937	58,958	53,592	76,254
Number of units outstanding ⁽⁵⁾	1,328,551	1,533,782	1,728,993	1,953,322	2,258,042
Management expense ratio (%) ⁽⁶⁾	2.47	2.47	2.47	2.47	2.47
Management expense ratio before waivers or absorptions (%)	2.48	2.48	2.48	2.48	2.48
Trading expense ratio (%) ⁽⁷⁾	0.12	0.20	0.19	0.25	0.25
Portfolio turnover rate (%) ⁽⁸⁾	34.49	71.21	50.27	66.72	90.00
Net asset value per unit (\$)	38.96	31.25	34.10	27.44	33.77

Series F

Net Assets per Unit⁽¹⁾ Commencement of operations: May 21, 2014

Accounting Period Ended	2021 December 31	2020 December 31	2019 December 31	2018 December 31	2017 December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	9.87	10.63	8.43	10.23	10.27
Increase (Decrease) from Operations (\$)					
Total revenue	0.36	0.28	0.24	0.21	0.19
Total expenses	(0.13)	(0.13)	(0.11)	(0.12)	(0.13)
Realized gains (losses)	1.07	0.27	(0.20)	(0.33)	(0.05)
Unrealized gains (losses)	1.22	(1.19)	2.25	(1.63)	0.24
Total Increase (Decrease) from Operations (\$) ⁽²⁾	2.52	(0.77)	2.18	(1.87)	0.25
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	—	—	—	—	—
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	12.48	9.87	10.63	8.43	10.23

Ratios and Supplemental Data

Accounting Period Ended	2021 December 31	2020 December 31	2019 December 31	2018 December 31	2017 December 31
Total net asset value (000's of \$) ⁽⁵⁾	1,894	882	798	579	699
Number of units outstanding ⁽⁵⁾	151,809	89,338	75,079	68,678	68,329
Management expense ratio (%) ⁽⁶⁾	1.10	1.17	1.02	1.05	1.05
Management expense ratio before waivers or absorptions (%)	1.15	1.19	1.04	1.08	1.09
Trading expense ratio (%) ⁽⁷⁾	0.12	0.20	0.19	0.25	0.25
Portfolio turnover rate (%) ⁽⁸⁾	34.49	71.21	50.27	66.72	90.00
Net asset value per unit (\$)	12.48	9.87	10.63	8.43	10.23

- ⁽¹⁾ This information is derived from the Fund's Annual Audited 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.
- ⁽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 December 31, 2021

Portfolio Top Holdings

	% of Net Asset Value
Canadian Natural Resources Ltd.	9.2
TC Energy Corp.	9.2
Nutrien Ltd.	8.2
Enbridge Inc.	7.8
Franco-Nevada Corp.	7.8
Wheaton Precious Metals Corp.	5.4
Suncor Energy Inc.	5.1
Cenovus Energy Inc.	4.5
Kinross Gold Corp.	3.3
Agnico-Eagle Mines Ltd.	3.3
Barrick Gold Corp.	3.3
Tourmaline Oil Corp.	3.3
Teck Resources Ltd., Class B	3.0
Cash, Money Market and Other Net Assets	2.5
West Fraser Timber Co. Ltd.	2.5
First Quantum Minerals Ltd.	2.1
Pembina Pipeline Corporation	2.0
CCL Industries Inc., Class B	1.9
Champion Iron Ltd.	1.6
ARC Resources Ltd.	1.4
Keyera Corp.	1.2
Newmont Mining Corp.	1.2
Freeport McMoran Copper & Gold Inc.	1.1
MAG Silver Corp.	1.1
Headwater Exploration Inc.	1.0
	93.0

Net asset value \$53,651,182

Regional Allocation

	% of Net Asset Value
Canada	93.6
United States	2.3
Australia	1.6
Cash, Money Market and Other Net Assets	2.5

Sector Allocation

	% of Net Asset Value
Oil Gas & Consumable Fuels	48.8
Metals & Mining	36.1
Chemicals	8.2
Paper & Forest Products	2.5
Containers & Packaging	1.9
Cash, Money Market and Other Net Assets	2.5

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.