

Annual Management Report of Fund Performance

For the period ended December 31, 2021

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2021

NBI Exchange-Traded Funds
NBI Global Private 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 annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the ETF. You can get a copy of the annual 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.sedar.com, 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

Investment Objective and Strategies

The NBI Global Private Equity ETF's investment objective is to generate long-term capital growth by replicating, to the extent possible and before fees and expenses, the performance of a global private equity index that measures the investment returns of publicly-listed private equity issuers. Currently, the ETF tracks the performance of the Morningstar® PitchBook Developed Markets Listed Private Equity Select IndexSM (or any successor thereto). To do this, it invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio comprised primarily of securities of globally listed private equity companies and investment vehicles.

The ETF seeks to achieve its objective by following a passive investment strategy designed to replicate the performance of a listed private equity index. The ETF will generally be managed using a full replication strategy in which the ETF will generally hold the same investments and in the same proportion as the target index.

Risks

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

Results of Operations

For the twelve-month period ended December 31, 2021, the NBI Global Private Equity ETF's units returned 40.10% compared to 41.40% for the ETF's benchmark, the Morningstar® PitchBook Listed Private Equity 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 49.88% over the period, from \$197.76 million as at December 31, 2020 to \$296.40 million as at December 31, 2021.

The increase stemmed mainly from market fluctuations.

Reflecting the real economic boom in 2021, the second year of the global pandemic resulted in significant divergences between and within the major asset classes.

Canadian equity markets (+25.09% for the S&P/TSX Composite Index during the period) far outperformed traditional bonds (-2.54% for the FTSE Canada Universe Bond Index), which ended the year in the red for the first time since 2013. Within equities, more cyclical sectors such as Energy, Real Estate and Financials sectors were among the best performers - a situation that benefited Canadian equities, which posted their best total return since 2009.

Despite this, U.S. equities (+27.61% return for the S&P 500 Index) still managed to take the top spot, supported, among other things, by the spectacular resilience of their leading technology stocks.

In contrast, conditions proved more challenging for emerging markets, which, after delivering the best performance of the major regions in 2020, ended 2021 in negative territory (-3.37% return for the MSCI Emerging Markets Index during the period), held back by increased regulatory and economic uncertainty in China.

On the commodities side, gold prices ended the year slightly lower while oil prices surged higher during the period, supported by the strong recovery in global demand. Finally, as a result of the strength of oil, the Canadian dollar ended the year almost unchanged against the USD, not far from its long-term equilibrium value.

In this environment, the NBI Global Private Equity ETF underperformed its benchmark, the Morningstar® PitchBook Listed Private Equity Index, in 2021.

Recent Developments

2022 should see the economic cycle converge to a more sustainable pace as the imbalances exacerbated by the pandemic begin to wind down, paving the way for the gradual normalization of ultra-accommodative monetary policies. This backdrop remains supportive for risk assets, with corporate earnings growth set to remain strong, while Treasury yields should trend higher. That said, we should expect returns closer to historical averages and more volatility as significant uncertainty surrounds this base-case outlook. For instance, the arrival of Omicron suggests greater downside risks, with potential new and prolonged severe lockdowns that could exacerbate existing economic imbalances. Persistent price pressures leading to earlier and faster monetary tightening also remain a key risk factor for 2022.

Under these circumstances, the portfolio manager is starting the year with a preference for North American stocks, which offer diversified exposure to all sectors of the economy. In addition, U.S. equities provide added resilience, notably due to the lack of political will for new severe public health restrictions south of the border. For emerging markets, the headwinds (regulatory risks, tightening monetary conditions, slowing global growth, strong USD) are piling up and the trend does not appear to be changing for now. Finally, despite its cyclical characteristics, the EAFE region has almost consistently underperformed in 2021 as reflected in the manager's relative momentum model. Structural factors seem to be holding the region back and it is not clear that this will be different in 2022.

On April 30, 2021, the ETF'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 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 December 31, 2021
Total brokerage fees	51,653.48
Brokerage fees paid to National Bank Financial	10,636.68

Holdings

As at December 31, 2021, the Non-Traditional Capital Appreciation Pooled Fund held approximately 96.44% ownership of the of the redeemable units outstanding of the ETF. Transactions between the Non-Traditional Capital Appreciation 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 March 4, 2020 (commencement of operations) to December 31, 2020.

Annual Compounded Performance

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

- Morningstar Pitchbook Developed Markets Listed Private Equity Select Index

NBI Global Private Equity ETF

	1 year	3 years	5 years	10 years	Since inception
ETF Units ¹	40.10%	–	–	–	34.88%
Benchmark	41.40%	–	–	–	74.68%

¹Commencement of operations: March 4, 2020

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

Index Description

The **Morningstar Pitchbook Developed Markets Listed Private Equity Select Index** tracks the performance of listed companies that have significant exposure to Private Equity investments. These public companies with significant private equity or venture capital exposure are identifying using identifiers available on Pitchbook's research database. This Index does not incorporate Environmental, Social, or Governance (ESG) criteria.

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: March 4, 2020

Accounting Period Ended	2021	2020
	December 31	December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	31.27	—
Increase (Decrease) from Operations (\$)		
Total revenue	2.34	0.65
Total expenses	(0.24)	(0.23)
Realized gains (losses)	4.36	2.77
Unrealized gains (losses)	6.12	8.35
Total Increase (Decrease) from Operations ⁽³⁾	12.58	11.54
Distributions (\$)		
From net investment income (excluding dividends)	2.06	0.32
From dividends	—	0.01
From capital gains	4.69	0.55
Return of capital	—	—
Total Annual Distributions ⁽⁴⁾	6.75	0.88
Net Assets, End of Accounting Period Shown ⁽²⁾	43.27	31.27

Ratios and Supplemental Data

Accounting Period Ended	2021	2020
	December 31	December 31
Total net asset value (000's of \$) ⁽⁵⁾	296,415	197,761
Number of units outstanding ⁽⁵⁾	6,850,000	6,325,000
Management expense ratio (%) ⁽⁶⁾	0.63	0.63
Management expense ratio before waivers or absorptions (%)	0.63	0.63
Trading expense ratio (%) ⁽⁷⁾	—	—
Portfolio turnover rate (%) ⁽⁸⁾	55.50	39.19
Net asset value per unit (\$)	43.27	31.27
Closing market price ⁽⁹⁾	43.30	31.27

⁽¹⁾ This information is derived from the ETF's Annual Audited 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.

⁽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 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 December 31, 2021

Portfolio Top Holdings

	% of Net Asset Value
Partners Group Holding AG	7.5
T Rowe Price Group Inc.	7.4
Blackstone Group Inc./The	7.3
KKR & Co. Inc., Class A	7.3
3i Group PLC	6.7
Apollo Global Management Inc.	5.1
EQT AB	4.8
Intermediate Capital Group PLC	4.4
Ares Management Corp.	3.8
Onex Corp.	3.7
Carlyle Group Inc./The	3.6
Investment AB Latour, Series B	3.6
Brookfield Renewable Energy Partners LP	3.2
HG Capital Trust PLC	2.5
SBI Holdings Inc./Japan	2.4
Wendel SA	2.4
Encavis AG	2.3
Ratos AB	2.0
Stepstone Group inc.	1.9
3i Infrastructure PLC	1.8
Syncona Ltd.	1.7
AURELIUS Equity Opportunities SE	1.6
Jafco Co. Ltd.	1.6
Eurazeo SE	1.5
Cash, Money Market and Other Net Assets	(1.2)
	88.9

Net asset value \$296,415,105

Regional Allocation

	% of Net Asset Value
United States	38.6
United Kingdom	14.6
Sweden	12.8
Switzerland	7.5
Canada	6.9
Germany	5.2
France	4.0
Japan	4.0
Belgium	2.6
Guernsey	2.1
Jersey	1.8
Netherlands	0.3
Cayman Islands	0.6
Finland	0.2
Cash, Money Market and Other Net Assets	(1.2)

Sector Allocation

	% of Net Asset Value
Financials	91.4
Utilities	5.5
Industrials	3.6
Consumer Staples	0.7
Cash, Money Market and Other Net Assets	(1.2)

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 Web site at www.nbinvestments.ca.



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