

Annual Management Report of Fund Performance

For the period ended December 31, 2024

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2024

NBI Exchange-Traded Funds

NBI Unconstrained Fixed Income 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.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

Investment Objective and Strategies

The NBI Unconstrained Fixed Income ETF's investment objective is to maximize total return, consistent with preservation of capital. It invests, directly or indirectly through investments in securities of one or many other mutual funds or through the use of derivatives, in a diversified portfolio composed mainly of fixed-income securities of issuers located throughout the world with various maturities and credit ratings.

The ETF seeks to achieve its objective by managing portfolio duration, credit risk, and volatility. It has significant latitude to pursue opportunities across the fixed-income spectrum, and is not managed or compared to any specific index. It has the flexibility to invest across different sectors, credit ratings, maturities and geographic regions, including moving between sectors or across credit risks, and may have long, short or negative duration. The ETF may invest a significant portion of its net assets in a specific type of securities, by weighting one or other of the above criteria more heavily. The portfolio sub-advisor also integrates financially material environmental, social and governance factors as part of its investment process ("ESG Integration").

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, 2024, the NBI Unconstrained Fixed Income ETF's units returned 2.13% compared to 2.41% for the ETF's benchmark, the Bloomberg Global Aggregate Index (CAD hedged). 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 ETF's net asset value dropped by 2.03% over the period, from \$2.516 billion as at December 31, 2023 to \$2.465 billion as at December 31, 2024.

2024 was another impressive year for risk assets. The first half of 2024 saw broad-based disinflation and over the summer central banks felt confident they could start normalizing policy. However, the last mile proved harder than markets anticipated given resilient growth and sticky inflation and, outside of Europe, investors pared back their hopes for rate cuts, particularly in the US. Over the year

The Fund generated positive returns driven by its exposure to high yield as corporate fundamentals remained robust and spreads tightened. Investment grade credit also contributed to returns. For most of the period, the typically longer-dated bonds in the sector benefited from cooler inflation data, an impressive resilient US economy and the onset of developed market central bank cutting cycles. Securitized products contributed to returns, where the Fund's exposure is primarily concentrated in Agency MBS.

In this context, the Fund underperformed its benchmark for the period. The Fund benefited from its exposure to Emerging market debt, particularly hard currency sovereigns and corporates. Local currency bonds added to returns too, The Fund's duration positioning contributed to returns, primarily the short US Treasury futures positions, which were also used to hedge longer-duration bonds in the portfolio.

The Fund's FX positioning detracted over the year, as the US dollar strength negatively impacted some of the Fund's emerging market local currency debt exposure.

Recent Developments

Over the period, the Fund increased headline duration from 4.3 to 4.7 years. The Fund opened a long Australian government bond position, increased its short US Treasury and Japan government bond positions, and increased its long UK Gilt, German and Italy government bond positions.

Amidst speculation about fiscal policy under the incoming Trump administration, the US Federal Reserve must continue to manage monetary policy based on available economic data. Many measures of inflation indicate significant progress towards the 2% target level and while the economy remains healthy, there is evidence of some frailty in the labour market. In our view, the current level of interest rates offers a good point at which to rest, with further rate reductions motivated by developments in the labour market.

Our scenario expectations have rebalanced such that above-trend growth and below-trend growth are now our equal-weighted base cases; though the economy is on a path to a soft landing (sub-trend growth), broad measures of inflation have recently stalled above the Fed's target level, the unemployment rate remains low relative to history, and fourth-quarter US GDP is expected to remain above trend. The portfolio manager continues to favour sectors and markets that would prosper in risk-on environments: investment grade credit (especially financials and midstream energy companies); high yield bonds and bank loans; and emerging market sovereigns, corporates, and selective local markets.

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, 2024
Total brokerage fees	\$274,572.30
Brokerage fees paid to National Bank Financial	-

Holdings

As at December 31, 2024, ownership of the redeemable units outstanding of the ETF was held by the following NBI Funds as indicated below:

NBI Funds	Ownership of the redeemable units outstanding of the ETF %
NBI Unconstrained Fixed Income Fund	97.0200
NBI Global Balanced Growth Fund	0.1600

Transactions between the NBI Funds and the ETF were carried out in the normal course of business. The portfolio manager for these Funds is National Bank Trust Inc.

Independent Review Committee Approvals and Recommendations

The ETF has followed the standing instructions of its Independent Review Committee with respect to one or more of the following transactions:

- purchasing or selling government or other debt securities on the secondary market from related brokers that are main brokers in the Canadian debt securities market;
- purchasing on the secondary market securities of a related issuer that are not traded on an exchange;
- purchasing on the primary market non-exchange-related issuer debt securities having maturities of 365 days or more, other than asset-backed commercial paper.

The manager has implemented policies and procedures to ensure that the conditions that apply to each of the transactions identified above are met. The applicable standing instructions require that these transactions be carried out in accordance with the manager's policies. Notably, these instructions require that investment decisions pertaining to such related-party transactions must be made free from any influence from an entity related to the manager and without taking into account any consideration relevant to an entity related to the manager. Moreover, investment decisions must represent the business judgment of the portfolio manager, uninfluenced by considerations other than the interests of the ETF, and must achieve a fair and reasonable result for the ETF.

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.

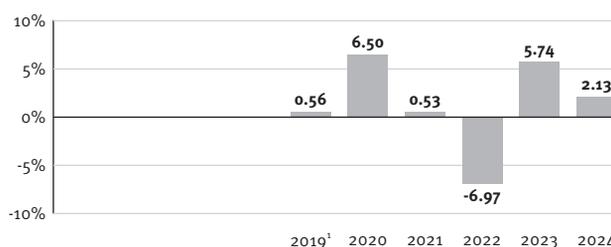
The ETF pays an annual management fee of 0.75% to the ETF manager for its management services. The fees are calculated based on a percentage of the ETF's daily net asset value before applicable taxes and are paid on a monthly basis. The management fees primarily covers investment management and general 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 October 18, 2019 (commencement of operations) to December 31, 2019.

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, 2024, compared with the following benchmark:

- Bloomberg Global Aggregate Index (CAD Hedged)

NBI Unconstrained Fixed Income ETF

	1 year	3 years	5 years	10 years	Since inception
ETF Units ¹	2.13%	0.16%	1.47%	-	1.52%
Benchmark	2.41%	(1.23)%	0.01%	-	0.00%

¹Commencement of operations: October 18, 2019

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 **Bloomberg Global Aggregate Index**, hedged in CAD, is a market capitalization weighted index which is designed to measure the broad global markets for corporate, government, governmental agency, supranational, mortgage-backed and asset backed fixed income securities.

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: October 18, 2019

Accounting Period Ended	2024 December 31	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Net Assets, Beginning of Accounting Period Shown ⁽²⁾	21.50	21.18	25.32	26.25	25.07
Increase (Decrease) from Operations (\$)					
Total revenue	1.15	0.70	2.32	1.27	1.04
Total expenses	(0.17)	(0.19)	(0.21)	(0.23)	(0.22)
Realized gains (losses)	(0.79)	(1.15)	(1.86)	(0.19)	1.71
Unrealized gains (losses)	0.25	1.82	(2.03)	(0.72)	0.47
Total Increase (Decrease) from Operations ⁽³⁾	0.44	1.18	(1.78)	0.13	3.00
Distributions (\$)					
From net investment income (excluding dividends)	0.91	0.73	2.40	1.07	0.43
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	0.70
Return of capital	—	0.13	—	—	—
Total Annual Distributions ⁽⁴⁾	0.91	0.86	2.40	1.07	1.13
Net Assets, End of Accounting Period Shown ⁽²⁾	21.02	21.50	21.18	25.32	26.25

Ratios and Supplemental Data

Accounting Period Ended	2024 December 31	2023 December 31	2022 December 31	2021 December 31	2020 December 31
Total net asset value (000's of \$) ⁽⁵⁾	2,465,265	2,516,316	2,029,462	2,369,562	1,809,462
Number of units outstanding ⁽⁵⁾	117,200,000	117,025,000	95,825,000	93,575,000	68,925,000
Management expense ratio (%) ⁽⁶⁾	0.78	0.86	0.86	0.86	0.86
Management expense ratio before waivers or absorptions (%)	0.78	0.86	0.86	0.86	0.86
Trading expense ratio (%) ⁽⁷⁾	0.01	—	—	—	—
Portfolio turnover rate (%) ⁽⁸⁾	99.57	51.07	37.68	45.17	59.98
Net asset value per unit (\$)	21.03	21.50	21.18	25.32	26.25
Closing market price ⁽⁹⁾	21.08	21.58	21.24	25.22	26.17

⁽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. 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.

⁽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, 2024

Portfolio Top Holdings

	% of Net Asset Value
Interest Rate Swap, due July 15, 2028	15.3
Interest Rate Swap, due December 18, 2026	13.4
Interest Rate Swap, 3.95%, due April 19, 2029	8.6
Interest Rate Swap, due December 18, 2034	5.6
Interest Rate Swap, due August 15, 2034	3.7
Interest Rate Swap, due July 15, 2036	3.6
Credit default swap, due December 20, 2029	3.2
Fannie Mae Pool, 4.50%, due August 1, 2052	2.6
Government National Mortgage Association, 4.50%, due June 20, 2053	2.5
Interest Rate Swap, due December 18, 2034	2.3
Interest Rate Swap, due April 19, 2037	2.1
Fannie Mae Pool, 5.50%, due July 1, 2053	1.4
Cash, Money Market and Other Net Assets	1.4
Brazil Notas do Tesouro Nacional Serie B, 10.00%, due January 1, 2027	1.3
Republic of South Africa Government Bond, 9.00%, due January 31, 2040	1.1
Government National Mortgage Association, 5.00%, due July 20, 2053	1.0
Interest Rate Swap, due January 2, 2026	1.0
Mexican Bonos, 7.50%, due May 26, 2033	0.9
Mexican Bonos, 8.00%, due May 24, 2035	0.9
Mexican Bonos, 7.75%, due May 29, 2031	0.7
Interest Rate Swap, due January 4, 2027	0.7
Interest Rate Swap, due January 4, 2027	0.7
Czech Republic Government Bond, 4.90%, due April 14, 2034	0.6
Interest Rate Swap, due January 2, 2026	0.6
Interest Rate Swap, due January 4, 2027	0.6
	75.8

Net asset value\$2,465,265,004

Asset Mix

	% of Net Asset Value
Foreign Bonds	50.1
US Bonds	30.4
Mortgage Backed Securities	10.0
Floating Rate Loans	3.3
Corporate Bonds	1.7
Asset Backed Securities	1.4
Convertible Bonds	0.3
Common Shares	0.1
Derivative Products	(0.6)
Cash, Money Market and Other Net Assets	3.3

Term Allocation

	% of Net Asset Value
Under one year	3.4
From 1 year to 5 years	39.3
From 5 years to 10 years	24.8
More than 10 years	32.5

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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