

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Short-term and Income Funds

Altamira High Yield Bond Fund

For the period ended December 31, 2011

This annual management report of fund performance contains financial highlights, but does not contain the annual financial statements of the mutual fund. A copy of the annual financial statements can be obtained on request, and at no cost, by calling 1-888-270-3941 or 514-871-2082, by writing to us at National Bank Securities Advisory Service, 500, Place d'Armes, 12th floor, Montreal, Quebec, H2Y 2W3, by visiting our website at www.nbc.ca/financial_reports, 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 Objectives and Strategies

The purpose of the Altamira High Yield Bond Fund is to achieve high long-term returns. The Fund invests primarily in high-yield debt securities of foreign (American and Western European) and Canadian companies, such as medium to long-term bonds. It may also invest in convertible debentures, preferred shares and mortgage-backed securities.

Risks

Credit risk predominated throughout the year during the financial crisis in Europe, as investors favoured less risky issues, weakening the value of high-yield bonds.

The global investment risk of the Fund remains as described in the simplified Fund prospectus. The Fund is suitable for investors with long-term investment objectives who can tolerate low to moderate volatility.

Results of Operations

For the 12-month period ended December 31, 2011, the Altamira High Yield Bond Fund Investor Series units returned 3.24% compared to 4.54% for the Fund's blended benchmark, composed of 85% of the Merrill Lynch BB-B US Cash Pay Only Index (return of 5.66%) and 15% of the Merrill Lynch C US Cash Pay Only Index (CDN\$ Hedged) (return of -1.81%). Unlike the index, the Fund's performance is calculated after fees and expenses. Please see the *Past Performance* section for the returns of the Advisor Series, F Series, O Series and R Series. Returns of the Advisor Series, F Series, O Series and R Series may vary, mainly because of fees and expenses.

While markets were particularly volatile, high-yield bonds nevertheless generated a positive return over the period. This situation stemmed mainly from the substantial decline in U.S. government bond rates used to value high-yield bonds, as bond valuations are inversely correlated with rates. The valuations of U.S. government bonds rose, with high-yield bonds following suit, albeit to a lesser extent. In this context, higher-quality BB- and B-rated issues generated the most lucrative returns at 6.12% and 4.72% respectively, while riskier CCC-rated issues ended the period in the red (-1.33%).

Growth in high-yield bonds was strongly influenced by prevailing uncertainty overseas, including geopolitical tensions in the Middle East/North Africa, the earthquake in Japan and the sovereign debt crisis in Europe, as well as economic developments in the United States. While high-yield bonds turned in excellent performances early and late in the year, their yields were rather modest in the middle two quarters.

More specifically, economic data and better-than-expected corporate quarterly results, combined with heightened investor interest for issues offering superior returns, helped boost high-yield bonds early in the year. However, in subsequent months, a high level of aversion to risk-triggered by the overseas economic climate-revived demand for lower-risk issues to the detriment of high-yield bonds. Fears of a double-dip recession south of the border when disappointing economic indicators were released for the second and third quarters also had a negative impact on high-yield bonds, which tend to perform better when the economy is on the upswing. Over the past quarter, multiple concerted actions by European authorities, the International Monetary Fund and various central banks to attempt to resolve the European sovereign debt crisis, combined with more encouraging economic data, reassured investors somewhat. High-yield bond valuations therefore increased over the past quarter.

Over the period, the portfolio manager reduced the portfolio's position in higher quality BB issues while increasing the holdings in lower quality B and CCC-rated bonds. Although considered defensive, compared to the combined benchmark's position, this strategy did not prove as lucrative as expected, as BB-rated issues posted the most lucrative returns. These circumstances, combined with a selection of less performing issues such as Armtec Holdings, Gentiva Health Services, ATO Oil & Gas, American Achievement, Lantheus Medical Imaging, Vertellus Specialties, CEDC, Millar Western Forest Products, Alliance, One International and Xinergy Corp diminished the Fund's performance somewhat.

In contrast, a sound selection that included such issues as (BTA Bank, Level 3, Alon Refining, Spint/Nextel, Speedy Cash, Hercules, AEC, HCA) and lack of Harrahs Operations and Cemex generated a positive contribution over the year. A number of transactions were also completed to enhance the portfolio's return. Securities that had increased substantially in price were sold and replaced with other issues that offer a better risk/return ratio.

Recent Developments

Markets remained turbulent in the final months of 2011, due to fears Greece could default on its sovereign debt and the risk of contagion to neighboring countries, particularly Italy and Spain. While a wide range of measures were put forward and severe austerity measures were adopted in the most heavily indebted countries, many pundits fear a recession in Europe, with potential repercussions on worldwide economic growth.

In 2012, the portfolio manager will monitor developments across the Atlantic closely. However, if the climate of uncertainty dissipates, then riskier asset classes are likely to find favour. However, this will not be the case if the crisis drags on. Because high-yield bonds do better in an economic recovery phase, worldwide data supporting a recovery will be crucial to future increases in their valuations. Sustained corporate profitability should also favour high-yield bond increases while lower-than-expected quarterly results would have a negative impact.

Given this context, the manager does not anticipate making any major changes to the portfolio in the short term. He will probably continue favouring a more defensive stance, as he believes the time is not yet ripe to increase the Fund's level of risk. Adjustments may be made later on, depending on how the situation in Europe plays out and what direction the U.S. economy takes. The Fund should therefore remain underweight in BB high-yield bonds and overweight in B and CCC issues. The overweight of 9.54% in Industrials should also remain unchanged in the short term.

Accounting Standards Changes

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that all publicly accountable enterprises would be required to report under International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) for fiscal years beginning on or after January 1, 2011. However, in January 2011, the AcSB approved a deferral of the effective date of entry in force of IFRS from January 1, 2011 to January 1, 2013 for investment companies that are currently applying the Accounting Guideline AcG-18 "Investment Companies".

In December 2011, the AcSB decided to defer the date of application of IFRS to January 1, 2014 to ensure that investment companies will not have to modify their actual accounting treatment for entities in which they have control while the IASB is completing the standard about investment companies it plans to publish.

Consequently, the Funds will publish their first audited financial statements in accordance with IFRS for the year ending December 31, 2014 and will present comparative figures in accordance with IFRS for the year ending December 31, 2013, including an opening balance sheet as at January 1, 2013.

In order to prepare for the transition to IFRS, management has established a project, formed a dedicated project team and put in place a formal governance structure. The project team reports on a regular basis to the executive committee and the steering committee, committees that are made up of senior levels of management from all relevant departments. To date, the project has proceeded as planned.

Management has developed a detailed project plan, assessed the resource requirements for its implementation and continued staff training. It has already identified the main differences between existing Canadian GAAP and current IFRS. Exceptions and optional exemptions on the transition date have also been analyzed. In addition, management has identified the following main differences that would likely affect the funds financial statements:

Scope	Current treatment under Canadian GAAP	IFRS treatment
Classification of holders' units/shares – Funds with more than one series.	Units/shares are presented as equity instruments.	Units/shares are presented in liabilities.
Classification of holders' units/shares – Funds with one series.	Units/shares are presented as equity instruments. No distinction is made between retained earnings and the capital issued.	Units/shares are presented as equity instruments. Distinction to be made between retained earnings and the capital issued.
Consolidation of financial statements of controlled entities in the financial statements of the Funds.	The Funds are exempt from consolidation with AcG-18.	Consolidation is applicable for controlling Funds. The financial statements of the two entities have to be consolidated. The Funds must meet very specific criteria to consolidate their financial statements. Consequently, only a minority of the Funds are affected by the consolidation. The consolidation will not affect the data of the Funds' daily evaluations. However, the IASB issued in August 2011 an exposure draft that will allow for the Funds to be exempt from consolidation under certain conditions.
Presentation of the statement of cash flows in the financial statements.	No statement of cash flows to be presented.	Presentation of the statement of cash flows in the financial statements of each of the Funds.
Future income taxes – Trust Funds.	No future income taxes to be presented.	Recognition of assets or future income taxes liabilities if applicable.

Management has completed an evaluation on how adoption of IFRS will impact information technology and required developments have been made. It is currently assessing how adoption of IFRS will impact operations, internal controls and preparing financial statements.

The implementation phase has begun. The Funds will produce their statement of financial position (opening balance) as at January 1st, 2013 «transition date». In order to present the interim financial statements as at June 30, 2014 under IFRS, the comparative financial statements, those as at June 30, 2013, will be prepared with IFRS over the coming period.

At this point, management does not expect that the transition to IFRS will have a significant impact on net assets or net asset value per unit or the Funds commercial agreements. Rather, it expects that this transition will impact the presentation and disclosure of financial statements. Please note that the requirements in effect at the time of first publication of IFRS financial statements (December 31, 2014), economic conditions prevailing at that date, as well as various choices of accounting policies adopted are factors that will influence the final impact of IFRS on the statement of financial position of the Funds.

Related Party Transactions

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

Trustee

Natcan Trust Company (“NTC”), a wholly owned subsidiary of the Bank, is the Fund’s trustee. In this capacity, it is the legal owner of the Fund’s investments.

Fund Manager

The Fund is managed by National Bank Securities Inc. (“NBS”), which is a wholly-owned subsidiary of the Bank. Therefore, NBS 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 Fund reimbursed the Fund Manager for operating expenses, at cost, incurred in administering the Fund, including trustee, record-keeping, custodial, legal, audit, investor servicing, and securityholder reporting fees.

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

Portfolio Advisor

Management of the Fund’s portfolio has been delegated by NBS to Natcan Investment Management Inc. (“Natcan”), a corporation of which the Bank is the majority shareholder. In that capacity, Natcan provides the Fund with portfolio management services, including trading, carrying out transactions and brokerage services. The fees payable to Natcan are calculated by applying a percentage to the average net asset value under management for each month.

Performance fees may be payable by NBS if the performance criteria set for the National Bank Funds are met.

Distribution of Fund Units

NBS acts as Distributor for the Fund. In this capacity, NBS buys, sells and swaps securities through Bank branches and the National Bank Securities Advisory Service in Canadian provinces and territories, and through external registered representatives. Fund units are also offered by National Bank Direct Brokerage Inc., CABN Investments Inc. National Bank Financial Inc. and other affiliated entities. Each month, brokers receive a commission representing a percentage of the average daily value of the securities held by their clients.

Transfer Agent and Custodian

Natcan Trust Company (“NTC”) acts as registrar for the Fund’s securities and the names of unitholders. 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.

Brokerage Fees

The Fund may pay broker’s commissions at market rates to a corporation affiliated with NBS. The brokerage fees paid by the Fund for the period are as follows:

	Year ended December 31, 2011
Total brokerage fees	\$72,549.47
Brokerage paid to National Bank Financial	\$8,882.27

Independent Review Committee Approvals and Recommendations

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

- a) Purchasing or holding the securities of a related issuer, in particular, those of National Bank of Canada;
- b) Investing in the securities of an issuer when an entity related to the manager acts as an underwriter for the placement or at any time during the 60-day period after the end of the placement;
- c) Purchasing or selling securities to another investment fund managed by the manager or a company in the same group;
- d) Purchasing or selling debt securities on the secondary market, through related brokers that are main brokers in the Canadian debt securities market (in accordance with an exemption received from the Canadian Securities Administrators);
- e) Entering into foreign exchange transactions (including both spot transactions and forward transactions) with National Bank of Canada.

The manager has implemented policies and procedures to make sure that the conditions applicable to each of the above transactions are met. The applicable standing instructions require that these transactions be carried out in accordance with National Bank Securities policies, which specify, in particular, that investment decisions pertaining to these related party transactions must be made free from any influence by an entity related to National Bank Securities and without taking into account any consideration relevant to an entity related to National Bank Securities. Furthermore, the investment decisions must represent the business judgment of the securities advisor, uninfluenced by considerations other than the best interest of the Fund and must achieve a fair and reasonable result for the Fund.

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 Bank provides the Fund with certain services, including accounting, reporting and portfolio valuation services. The costs incurred for these services are paid by the manager to the Bank.

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 past five years.

Investor Series / Advisor Series

The Fund's Net Assets per Unit⁽¹⁾

	2011 December 31	2010 December 31	2009 December 31 (15 months)	2008 September 30	2007 September 30
Net Assets, beginning of year	\$ 7.95	\$ 7.74	\$ 7.36	\$ 9.02	\$ 9.08
Increase (decrease) from operations					
Total revenue	\$ 0.68	\$ 0.65	\$ 0.77	\$ 0.86	\$ 0.69
Total expenses	\$ (0.15)	\$ (0.17)	\$ (0.10)	\$ (0.08)	\$ (0.18)
Realized gains (losses)	\$ (0.06)	\$ 0.50	\$ 0.33	\$ (0.75)	\$ (0.09)
Unrealized gains (losses)	\$ (0.23)	\$ 0.02	\$ 0.95	\$ (1.18)	\$ 0.12
Transaction costs on purchase and sale investments	\$ —	\$ —	\$ —	\$ —	\$ (0.10)
Total increase (decrease) from operations⁽²⁾	\$ 0.24	\$ 1.00	\$ 1.95	\$ (1.15)	\$ 0.44
Distributions:					
From income (excluding dividends)	\$ 0.53	\$ 0.47	\$ 0.56	\$ 0.51	\$ 0.82
From dividends	\$ —	\$ —	\$ —	\$ —	\$ —
From capital gains	\$ —	\$ 0.31	\$ 0.02	\$ 0.26	\$ —
Return of capital	\$ —	\$ —	\$ —	\$ —	\$ —
Total annual distributions⁽³⁾	\$ 0.53	\$ 0.78	\$ 0.58	\$ 0.77	\$ 0.82
Net Assets as at December 31, 2011 and last day of years shown	\$ 7.68	\$ 7.95	\$ 7.74	\$ 7.36	\$ 9.02

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The net asset value per security presented in the financial statements differ from the net asset value calculated for security 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 financial period.

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

	2011 December 31	2010 December 31	2009 December 31 (15 months)	2008 September 30	2007 September 30
Total net asset value (000's) ⁽¹⁾	\$ 440,507	\$ 408,346	\$ 139,308	\$ 33,896	\$ 22,980
Number of units outstanding ⁽¹⁾	57,103,894	51,178,952	17,923,331	4,582,699	2,536,188
Management expense ratio ⁽²⁾	1.90 %	1.91 %	1.88 %	1.90 %	1.93 %
Management expense ratio before waivers or absorptions	2.18 %	2.21 %	2.19 %	2.00 %	2.00 %
Trading expense ratio ⁽³⁾	— %	— %	— %	— %	— %
Portfolio turnover rate ⁽⁴⁾	28.82 %	41.27 %	40.66 %	7.68 %	44.33 %
Net asset value per unit	\$ 7.71	\$ 7.98	\$ 7.77	\$ 7.40	\$ 9.06

⁽¹⁾ This information is provided as at December 31, 2011 and last day of years shown.

⁽²⁾ Management expense ratio is based on total expenses for the period indicated (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of the daily average net asset value during the period.

⁽³⁾ 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 period.

⁽⁴⁾ The Fund's portfolio's turnover rate indicates how actively the Fund's portfolio adviser 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 period. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Financial Highlights

F Series

The Fund's Net Assets per Unit⁽¹⁾

	2011 December 31	2010 December 31	2009 December 31 (15 months)	2008 September 30 (167 days)
Net Assets, beginning of year	\$ 9.65	\$ 9.51	\$ 9.03	\$ 10.00
Increase (decrease) from operations				
Total revenue	\$ 0.83	\$ 0.80	\$ 1.11	\$ 0.80
Total expenses	\$ (0.11)	\$ (0.13)	\$ (0.15)	\$ (0.08)
Realized gains (losses)	\$ (0.14)	\$ 0.48	\$ 0.47	\$ (0.70)
Unrealized gains (losses)	\$ (0.22)	\$ 0.16	\$ 1.38	\$ (1.09)
Transaction costs on purchase and sale investments	\$ —	\$ —	\$ —	\$ —
Total increase (decrease) from operations⁽²⁾	\$ 0.36	\$ 1.31	\$ 2.81	\$ (1.07)
Distributions:				
From income (excluding dividends)	\$ 0.70	\$ 0.70	\$ 0.75	\$ 0.25
From dividends	\$ —	\$ —	\$ —	\$ —
From capital gains	\$ —	\$ 0.46	\$ —	\$ —
Return of capital	\$ —	\$ —	\$ —	\$ —
Total annual distributions⁽³⁾	\$ 0.70	\$ 1.16	\$ 0.75	\$ 0.25
Net Assets as at December 31, 2011 and last day of years shown	\$ 9.34	\$ 9.65	\$ 9.51	\$ 9.03

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The net asset value per security presented in the financial statements differ from the net asset value calculated for security 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 financial period.

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

	2011 December 31	2010 December 31	2009 December 31 (15 months)	2008 September 30 (167 days)
Total net asset value (000's) ⁽¹⁾	\$ 3,861	\$ 2,749	\$ 2,372	\$ 544
Number of units outstanding ⁽¹⁾	411,655	283,733	248,192	59,998
Management expense ratio ⁽²⁾	1.13 %	1.11 %	1.11 %	1.24 %
Management expense ratio before waivers or absorptions	1.29 %	1.43 %	1.38 %	1.51 %
Trading expense ratio ⁽³⁾	— %	— %	— %	— %
Portfolio turnover rate ⁽⁴⁾	28.82 %	41.27 %	40.66 %	7.68 %
Net asset value per unit	\$ 9.38	\$ 9.69	\$ 9.56	\$ 9.08

⁽¹⁾ This information is provided as at December 31, 2011 and last day of years shown.

⁽²⁾ Management expense ratio is based on total expenses for the period indicated (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of the daily average net asset value during the period.

⁽³⁾ 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 period.

⁽⁴⁾ The Fund's portfolio's turnover rate indicates how actively the Fund's portfolio adviser 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 period. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Financial Highlights

O Series

The Fund's Net Assets per Unit⁽¹⁾

	2011 December 31	2010 December 31	2009 December 31 (15 months)	2008 September 30	2007 September 30
Net Assets, beginning of year	\$ 8.53	\$ 8.40	\$ 8.03	\$ 9.86	\$ 9.94
Increase (decrease) from operations					
Total revenue	\$ 0.73	\$ 0.70	\$ 0.76	\$ 0.62	\$ 0.76
Total expenses	\$ —	\$ (0.02)	\$ (0.10)	\$ (0.06)	\$ (0.01)
Realized gains (losses)	\$ (0.06)	\$ 0.41	\$ 0.32	\$ (0.55)	\$ 0.06
Unrealized gains (losses)	\$ (0.32)	\$ 0.12	\$ 0.95	\$ (0.85)	\$ (0.07)
Transaction costs on purchase and sale investments	\$ —	\$ —	\$ —	\$ —	\$ (0.08)
Total increase (decrease) from operations⁽²⁾	\$ 0.35	\$ 1.23	\$ 1.93	\$ (0.84)	\$ 0.66
Distributions:					
From income (excluding dividends)	\$ 0.72	\$ 0.70	\$ 0.81	\$ 0.74	\$ 0.63
From dividends	\$ —	\$ —	\$ —	\$ —	\$ —
From capital gains	\$ —	\$ 0.41	\$ 0.03	\$ 0.27	\$ —
Return of capital	\$ —	\$ —	\$ —	\$ —	\$ —
Total annual distributions⁽³⁾	\$ 0.72	\$ 1.11	\$ 0.84	\$ 1.01	\$ 0.63
Net Assets as at December 31, 2011 and last day of years shown	\$ 8.24	\$ 8.53	\$ 8.40	\$ 8.03	\$ 9.86

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The net asset value per security presented in the financial statements differ from the net asset value calculated for security 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 financial period.

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

	2011 December 31	2010 December 31	2009 December 31 (15 months)	2008 September 30	2007 September 30
Total net asset value (000's) ⁽¹⁾	\$ 111,515	\$ 95,945	\$ 76,534	\$ 37,639	\$ 41,137
Number of units outstanding ⁽¹⁾	13,469,923	11,228,106	9,065,875	4,662,043	4,156,728
Management expense ratio ⁽²⁾	0.02 %	0.02 %	0.02 %	0.07 %	0.07 %
Management expense ratio before waivers or absorptions	0.02 %	0.02 %	0.02 %	0.07 %	0.07 %
Trading expense ratio ⁽³⁾	— %	— %	— %	— %	— %
Portfolio turnover rate ⁽⁴⁾	28.82 %	41.27 %	40.66 %	7.68 %	44.33 %
Net asset value per unit	\$ 8.28	\$ 8.56	\$ 8.44	\$ 8.07	\$ 9.90

⁽¹⁾ This information is provided as at December 31 of years shown.

⁽²⁾ Management expense ratio is based on total expenses for the period indicated (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of the daily average net asset value during the period.

⁽³⁾ 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 period.

⁽⁴⁾ The Fund's portfolio's turnover rate indicates how actively the Fund's portfolio adviser 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 period. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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 past year.

R Series

The Fund's Net Assets per Unit⁽¹⁾

	2011
Net Assets, beginning of year	\$ —
Increase (decrease) from operations	
Total revenue	\$ 0.52
Total expenses	\$ (0.11)
Realized gains (losses)	\$ (0.69)
Unrealized gains (losses)	\$ 0.91
Transaction costs on purchase and sale investments	\$ —
Total increase (decrease) from operations⁽²⁾	\$ 0.63
Distributions:	
From income (excluding dividends)	\$ 0.26
From dividends	\$ —
From capital gains	\$ —
Return of capital	\$ 0.07
Total annual distributions⁽³⁾	\$ 0.33
Net Assets as at December 31, 2011 and last day of years shown	\$ 9.44

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The net asset value per security presented in the financial statements differ from the net asset value calculated for security 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 financial period.

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

	2011
Total net asset value (000's) ⁽¹⁾	\$ 584
Number of units outstanding ⁽¹⁾	61,526
Management expense ratio ⁽²⁾	1.88 %
Management expense ratio before waivers or absorptions	5.23 %
Trading expense ratio ⁽³⁾	— %
Portfolio turnover rate ⁽⁴⁾	28.82 %
Net asset value per unit	\$ 9.49

⁽¹⁾ This information is provided as at December 31 of years shown.

⁽²⁾ Management expense ratio is based on total expenses for the period indicated (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of the daily average net asset value during the period.

⁽³⁾ 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 period.

⁽⁴⁾ The Fund's portfolio's turnover rate indicates how actively the Fund's portfolio adviser 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 period. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

The Fund pays annual management fees to the 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 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 Fee	Distribution	Others [†]
Investor Series	1.75%	42.86%	57.14%
Advisor Series* and R Series	1.75%	Front end	14.29%
		Back end	42.86%
		Low-Load 1 to 3 years 4 years plus	14.29%
		42.86%	57.14%
F Series	1.00%	0.00%	100.00%
O Series	n.a.**	0.00%	100.00%

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

^(**) There are no management fees paid by the Fund. Unitholders in the O Series pay a negotiated administration fee directly to National Bank Securities.

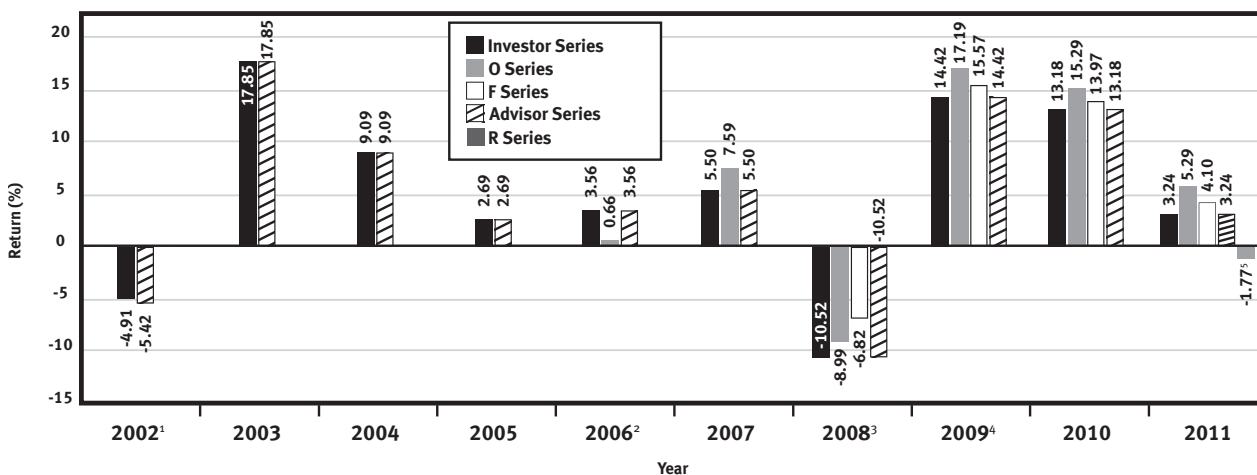
^(†) Includes all costs related to management, investment advisory services, general administration and profit.

Past Performance

Information on the Fund's past performance is presented in the graphs below. The graphs assume that fund distributions during the periods presented were reinvested in full in additional fund securities and do not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of a Fund or series of a Fund does not necessarily indicate how it will perform in the future.

Annual Returns

The following bar chart shows the Fund's annual performance in each of the last years shown and illustrates how the Fund's performance has changed from year to year. It shows in percentage terms how an investment made on the first day of the period would have increased or decreased by the last day of the period for each year.



¹Returns for the Investor Series for the period from December 19, 2001 (inception date) to September 30, 2002.

Returns for the Advisor Series for the period from February 8, 2002 (inception date) to September 30, 2002.

²Returns for the O Series for the period from May 4, 2006 (inception date) to September 30, 2007.

³Returns for the F Series for the period from April 16, 2008 (inception date) to September 30, 2008.

⁴Returns for the 15-month period from October 1, 2008 to December 31, 2009.

⁵Returns for the R Series for the period from May 27, 2011 (inception date) to December 31, 2011.

Annual Compounded Performance

The following table shows the Altamira High Yield Bond Fund annual compound total return for the indicated periods ended on December 31, 2011. The annual compound total return is compared to the Fund's blended benchmark, the Merrill Lynch BB-B US Cash Pay Only Index (85%) and the Merrill Lynch C US Cash Pay Only Index (CDN\$ Hedged) (15 %) calculated on the same compound basis. 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.

Investor Series ¹	Since inception	5 years	3 years	1 year
Altamira High Yield Bond Fund	5.06%	4.16%	16.88%	3.24%
Merrill Lynch BB-B US Cash Pay Only Index (85%) Merrill Lynch C US Cash Pay Only Index (CDN\$ Hedged) (15 %)	—	5.69%	21.90%	4.54%
Merrill Lynch BB-B Cash Pay Only Index (CA\$ Hedged)	—	—	—	5.66%
Merrill Lynch C US Cash Pay Only Index (CA\$ Hedged)	—	—	—	-1.81%

¹Inception date: December 19, 2001.

Advisor Series ²	Since inception	5 years	3 years	1 year
Altamira High Yield Bond Fund	5.16%	4.16%	16.88%	3.24%
Merrill Lynch BB-B US Cash Pay Only Index (85%) Merrill Lynch C US Cash Pay Only Index (CDN\$ Hedged) (15 %)	—	5.69%	21.90%	4.54%
Merrill Lynch BB-B Cash Pay Only Index (CA\$ Hedged)	—	—	—	5.66%
Merrill Lynch C US Cash Pay Only Index (CA\$ Hedged)	—	—	—	-1.81%

²Inception date: February 8, 2002.

F Series ³	Since inception	5 years	3 years	1 year
Altamira High Yield Bond Fund	6.83%	—	17.82%	4.10%
Merrill Lynch BB-B US Cash Pay Only Index (85%) Merrill Lynch C US Cash Pay Only Index (CDN\$ Hedged) (15 %)	7.03%	—	21.90%	4.54%
Merrill Lynch BB-B Cash Pay Only Index (CA\$ Hedged)	—	—	—	5.66%
Merrill Lynch C US Cash Pay Only Index (CA\$ Hedged)	—	—	—	-1.81%

³Inception date: April 16, 2008.

O Series ⁴	Since inception	5 years	3 years	1 year
Altamira High Yield Bond Fund	3.55%	6.12%	19.12%	5.29%
Merrill Lynch BB-B US Cash Pay Only Index (85%) Merrill Lynch C US Cash Pay Only Index (CDN\$ Hedged) (15 %)	—	5.69%	21.90%	4.54%
Merrill Lynch BB-B Cash Pay Only Index (CA\$ Hedged)	—	—	—	5.66%
Merrill Lynch C US Cash Pay Only Index (CA\$ Hedged)	—	—	—	-1.81%

⁴Inception date: May 4, 2006.

R Series ⁵	Since inception
Altamira High Yield Bond Fund	-1.77%
Merrill Lynch BB-B US Cash Pay Only Index (85%) Merrill Lynch C US Cash Pay Only Index (CDN\$ Hedged) (15 %)	0.09%
Merrill Lynch BB-B Cash Pay Only Index (CA\$ Hedged)	-0.18%
Merrill Lynch C US Cash Pay Only Index (CA\$ Hedged)	-7.64%

⁴Inception date: May 27, 2011.

The Merrill Lynch U.S. High Yield Master Cash Pay Only Index, hedged in CA\$ tracks the performance of below investment-grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. The Merrill Lynch High Yield BB-B U.S. Cash Pay Index represents the portion of the Bank of America Merrill Lynch U.S. Cash Pay High Yield Index in bonds with a credit rating between BB1 and B3 inclusively. The Merrill Lynch High Yield C U.S. Cash Pay Index represents the portion of the Bank of America Merrill Lynch U.S. Cash Pay High Yield Index in bonds with a maximum credit rating of CCC1.

Summary of Investment Portfolio

Portfolio Top Holdings

	% of Net Asset Value
Cash and cash equivalents	5.0
CIT Group Inc., 7.00%, due May 1, 2017	1.7
Hospital Corporation of America Inc., 7.88%, due February 15, 2020	1.6
National Mentor Inc., 12.50%, due February 15, 2018	1.5
International Lease Finance Corp., 8.75%, due March 15, 2017	1.5
Sherritt International Corp., 8.00%, due November 15, 2018	1.3
Amc Entertainment, 9.75%, due December 1, 2020	1.3
AES Corp., 8.00%, due October 15, 2017	1.2
Trident Exploration Corp., 8.25%, due April 13, 2018	1.2
Level 3 Communications Inc., 11.88%, due February 1, 2019	1.2
Cequel Communications Holdings I LLC and Cequel Capital Corp., 8.63%, due November 15, 2017	1.2
CCO Holdings Capital Corp., 7.25%, due October 30, 2017	1.2
Ford Credit Canada Ltd., 8.00%, due December 15, 2016	1.2
Linn Energy Finance Corp., 7.75%, due February 1, 2021	1.2
Icahn Enterprises LP / Icahn Enterprises Finance Corp., 7.75%, due January 15, 2016	1.1
Windstream Corp., 7.75%, due October 15, 2020	1.1
Hornbeck Offshore Services Inc., 8.00%, due September 1, 2017	1.1
WireCo WorldGroup, 9.50%, due May 15, 2017	1.1
Speedy Cash Inc., 10.75%, due October 15, 2018	1.1
CHC Helicopter SA, 9.25%, due October 15, 2020	1.1
Cincinnati Bell Inc., 8.38%, due October 15, 2020	1.1
Precision Drilling Corp., 6.50%, due March 15, 2019	1.1
Kratos Defense & Security Solutions Inc., 10.00%, due June 1, 2017	1.1
BioScrip Inc., 10.25%, due October 1, 2015	1.1
Seneca Gaming Corp., 8.25%, due December 1, 2018	1.1
	32.4

Fund net asset value \$556,466,621

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available. Consult our Web site www.nbc.ca/financial_reports.

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.

Sector Allocation

	% of Net Asset Value
Financials	62.4
Energy	12.6
Telecommunication Services	6.6
Materials	5.5
Utilities	3.6
Consumer Staples	3.2
Consumer Discretionary	3.1
Industrials	3.0

Asset Mix

	% of Net Asset Value
Preferred Shares	38.5
Common Shares	32.3
Bonds	21.7
Trust Units	2.5
Cash and cash equivalents	5.0