

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Index Funds

Altamira U.S. Index 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 Altamira U.S. Index Fund aims to generate long-term growth and match the return of a recognized U.S. index. The Fund invests primarily in securities, options and futures contracts linked to a U.S. equity index, such as the Dow Jones Industrial average. The portfolio advisor uses quantitative analysis to track the index on a daily basis.

The Fund also invests in options and futures contracts linked to the exchange rate between the Canadian dollar and the U.S. dollar, Canadian Treasury bills and other high quality short-term money market issues.

Risks

The Fund was exposed to an increase in investor sentiment volatility that translated into an abnormal increase in the level of equity volatility during the latter part of the year. Investors, fearing a sovereign default in Europe and a potential breakup of the common currency, as well as an economic slowdown in the U.S., became risk averse and caused equity prices to tumble.

The Fund was also subject to currency risk; as the Canadian dollar, which is considered a risk currency declined versus the more defensive U.S. dollar.

The global investment risk of each of the Fund's securities remains as described in the latest simplified prospectus. It suits investors who are seeking higher returns, who do not require regular interest income, and who are willing to tolerate a medium level of risk.

Results of Operations

For the twelve-month period ended December 31, 2011, the Altamira U.S. Index Fund Investor Series units returned 9.60% compared to 10.81% for the Fund's benchmark, the DOW Jones Industrial Average Index (CA\$). Unlike the index, the Fund's performance is calculated after fees and expenses. Please see the *Past Performance* section for returns of the O Series. Returns of the O Series may vary mainly because of fees and expenses.

U.S. stocks endured a year of extreme volatility, brought on by persistently high unemployment, a stagnant housing market, as well as political uncertainty that caused the rating agency Standard and Poor's to downgrade the country's credit rating by a notch. Investors in the U.S. also worried about the worsening financial situation in Europe and the potential for contagion into other mainstream countries such as Italy. To sum up, equities rose during the first quarter but then declined through September and as a result turned negative on the year. However, markets staged a major turnaround during October, as investors began to react to positive actions taken by European authorities, as well as to improving economic conditions in the U.S. Volatility returned to the markets during November and December, in reaction to mixed headline news, however, most equities, except small cap issues managed to hold on to their October gains to end the year in the black. Overall, the DOW Jones Industrial Average returned 10.81%, on widespread strength that saw the majority of sectors end with gains.

Despite the improving economic environment, investors kept buying defensive issues, which helped the Utilities, Consumer Staples and Health Care stocks post some of the best sector returns. Individual gainers within these areas included McDonalds Corp., Pfizer, Home Depot and Kraft Foods, which increased by 30.71%, 23.59%, 19.91% and 18.57% respectively.

On the other hand, investors continued to sell Financial Services and Materials stocks on fears of a financial contagion and worries about an economic slowdown in China. Some of the individual stocks within these two sectors that recorded the worst declines included Bank of America, Alcoa and JPMorgan Chase, which declined by 58.32%, 43.79% and 21.62%, respectively.

Amid these conditions and in compliance with its mandate, the Fund's return tracked those of the broad based Index. The slight discrepancy between the two returns is primarily due to tracking errors.

Recent Developments

Heading into 2012, the portfolio manager expects markets to remain fragile in the short-term on a number of fronts and to be subject to significant event risk. In this respect he points out to the recession, austerity measures and debt crisis in Europe, as well as the possibility of over slowing in China. In addition, the portfolio manager believes that markets will have to contend with general political concerns in the Middle East, as well as presidential elections in the U.S., France and Russia. The portfolio manager also believes that markets will have to contend with rising oil prices, which could become a drag on an already anaemic growth picture.

Over the medium to long term, he expects the U.S. Federal Reserve to keep interest rate policy unchanged throughout the upcoming year, which should keep rates on bonds from rising too much. Additionally, he is encouraged by the recent pick-up in U.S. economic activity, which is keeping him relatively positive. That being said, he expects continued volatility, stemming from the risk of financial contagion and potential blockade of oil exports from Iran.

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	\$9,453.59
Brokerage paid to National Bank Financial	—

Holdings

As at December 31, 2011, National Bank Trust held 91,829.78 Fund units for a value of \$864,118.20, which represented 4.89% of the net asset value of the Fund at that date. Transactions between National Bank Trust and the Fund were carried out in the normal course of business and at the Fund’s net asset value as at the transaction date.

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

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	\$ 6.00	\$ 5.58	\$ 5.74	\$ 7.30	\$ 7.79
Increase (decrease) from operations					
Total revenue	\$ 0.55	\$ 0.60	\$ 0.42	\$ (1.25)	\$ 1.11
Total expenses	\$ (0.04)	\$ (0.06)	\$ (0.06)	\$ (0.06)	\$ (0.10)
Realized gains (losses)	\$ 0.06	\$ (0.14)	\$ (0.14)	\$ 0.12	\$ (0.30)
Unrealized gains (losses)	\$ (0.01)	\$ 0.02	\$ (0.03)	\$ 0.11	\$ (0.17)
Transaction costs on purchase and sale investments	\$ —	\$ —	\$ —	\$ —	\$ —
Total increase (decrease) from operations⁽²⁾	\$ 0.56	\$ 0.42	\$ 0.19	\$ (1.08)	\$ 0.54
Distributions:					
From income (excluding dividends)	\$ 0.32	\$ —	\$ —	\$ 0.47	\$ 0.79
From dividends	\$ —	\$ —	\$ —	\$ —	\$ —
From capital gains	\$ —	\$ —	\$ —	\$ —	\$ —
Return of capital	\$ —	\$ —	\$ —	\$ —	\$ —
Total annual distributions⁽³⁾	\$ 0.32	\$ —	\$ —	\$ 0.47	\$ 0.79
Net Assets as at December 31, 2011 and last day of years shown	\$ 6.25	\$ 6.00	\$ 5.58	\$ 5.74	\$ 7.30

⁽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⁾	\$ 16,811	\$ 12,471	\$ 10,746	\$ 6,046	\$ 6,793
Number of units outstanding ⁽¹⁾	2,688,310	2,079,570	1,924,723	1,054,070	930,745
Management expense ratio ⁽²⁾	0.63 %	0.63 %	0.86 %	1.25 %	1.25 %
Management expense ratio before waivers or absorptions	0.91 %	1.07 %	1.36 %	1.65 %	1.65 %
Trading expense ratio ⁽³⁾	0.06 %	0.05 %	0.07 %	0.05 %	0.05 %
Portfolio turnover rate ⁽⁴⁾	—	3.65 %	62.22 %	N/A	N/A
Net asset value per unit	\$ 6.25	\$ 6.00	\$ 5.58	\$ 5.74	\$ 7.30

⁽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	\$ 9.07	\$ 8.40	\$ 8.54	\$ 10.40	\$ 10.70
Increase (decrease) from operations					
Total revenue	\$ 0.90	\$ 0.89	\$ (3.68)	\$ (1.73)	\$ 2.63
Total expenses	\$ —	\$ (0.04)	\$ —	\$ (0.08)	\$ (0.01)
Realized gains (losses)	\$ 0.09	\$ (0.21)	\$ 1.09	\$ 0.17	\$ (1.54)
Unrealized gains (losses)	\$ (0.04)	\$ 0.03	\$ 0.02	\$ 0.16	\$ (0.88)
Transaction costs on purchase and sale investments	\$ (0.01)	\$ —	\$ —	\$ (0.01)	\$ (0.01)
Total increase (decrease) from operations⁽²⁾	\$ 0.94	\$ 0.67	\$ (2.57)	\$ (1.49)	\$ 0.19
Distributions:					
From income (excluding dividends)	\$ 0.60	\$ —	\$ —	\$ 0.37	\$ —
From dividends	\$ —	\$ —	\$ —	\$ —	\$ —
From capital gains	\$ —	\$ —	\$ —	\$ —	\$ —
Return of capital	\$ —	\$ —	\$ —	\$ —	\$ —
Total annual distributions⁽³⁾	\$ 0.60	\$ —	\$ —	\$ 0.37	\$ —
Net Assets as at December 31, 2011 and last day of years shown	\$ 9.41	\$ 9.07	\$ 8.40	\$ 8.54	\$ 10.40

⁽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⁾	\$ 864	\$ 788	\$ 734	\$ 2,568	\$ 3,031
Number of units outstanding ⁽¹⁾	91,830	86,817	87,355	300,769	291,523
Management expense ratio ⁽²⁾	0.02 %	0.02 %	0.03 %	0.12 %	0.12 %
Management expense ratio before waivers or absorptions	0.97 %	1.28 %	0.64 %	0.38 %	0.39 %
Trading expense ratio ⁽³⁾	0.06 %	0.05 %	0.07 %	0.05 %	0.05 %
Portfolio turnover rate ⁽⁴⁾	— %	3.65 %	62.22 %	N/A	N/A
Net asset value per unit	\$ 9.41	\$ 9.07	\$ 8.40	\$ 8.54	\$ 10.40

⁽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	0.45%	0.00%	100.00%
O Series	N/A*	0.00%	100.00%

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

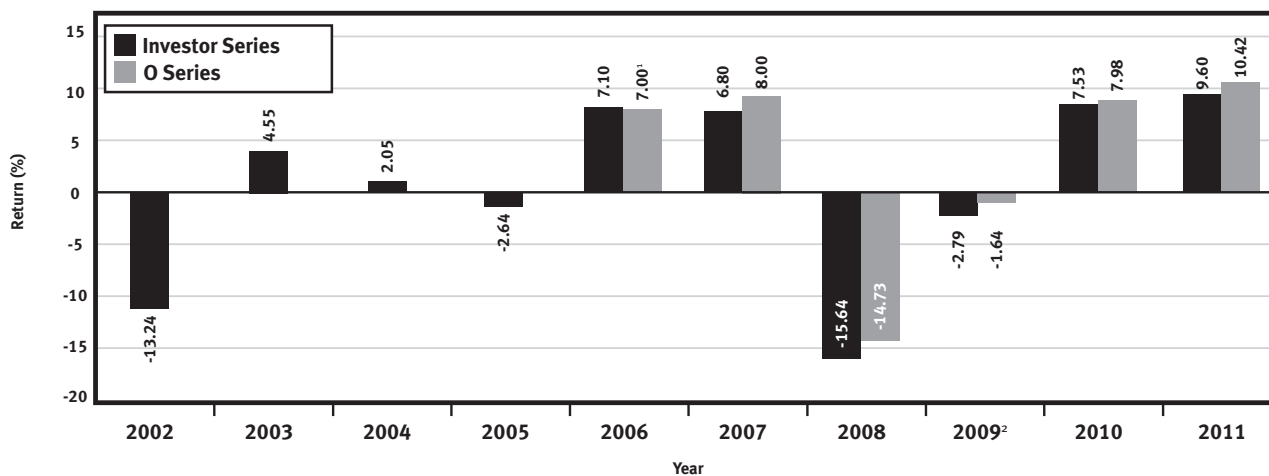
^(†) Includes all costs related to management, investment advisory services, general administration and profit.

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 period from January 31, 2006 to September 30, 2006.

²Returns for the 15-month period from October 1, 2008 to December 31, 2009.

Annual Compounded Performance

The following table shows the Altamira U.S. Index 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 benchmark, the Dow Jones Industrial Average Index (CA\$) 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	10 years	5 years	3 years	1 year
Altamira U.S. Index Fund	-1.34%	-1.55%	7.25%	9.60%
Dow Jones Industrial Average Index (CA\$)	-0.02%	-0.39%	8.20%	10.81%

¹Inception date: January 27, 1999.

O Series ²	Since inception	5 years	3 years	1 year
Altamira U.S. Index Fund	2.47%	0.70%	7.96%	10.42%
Dow Jones Industrial Average Index (CA\$)	2.82%	-0.39%	8.20%	10.81%

²Inception date: January 31, 2006.

The Dow Jones Industrial Index "DJIA" is one of the most quoted U.S. indexes and also the oldest; it is a basket of 30 blue-chip stocks of the New York Stock Exchange's largest and best known industrial stocks. The DJIA is priceweighted, meaning that higher-priced stocks affect index performance more than lower-priced ones.

Summary of Investment Portfolio

Portfolio Top Holdings

	% of Net Asset Value
Dow Jones Index, March 2012	66.5
Mini Dow Jones Index, March 2012	31.9
Dow Jones Industrial Average ETF Trust	1.8
Cash and cash equivalents	-0.2
	100.0

Fund net asset value \$17,674,635

Sector Allocation

	% of Net Asset Value
Industrials	21.0
Information Technology	17.2
Consumer Staples	14.5
Energy	11.8
Consumer Discretionary	11.1
Financials	9.1
Health Care	7.8
Telecommunication Services	4.3
Materials	3.4
Cash and cash equivalents	-0.2

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.