

NBI Small Cap Fund Series N

This document contains key information you should know about the NBI Small Cap Fund. You can find more detailed information in the fund's simplified prospectus. Ask your representative for a copy, contact the manager, National Bank Investments Inc. ("NBI"), at 1-888-270-3941 or send an email to investments@nbc.ca or visit our website at www.nbinvestments.ca.

Before you invest in any fund, consider how the fund would work with your other investments and your tolerance for risk.

Effective on or about March 1, 2021, the administration fees will be reduced to 0.15%.

Quick facts

| | | | |
|---|----------------------------------|----------------------------|--|
| Fund code: | NBC436 | Fund manager: | National Bank Investments Inc. ("NBI") |
| Date series started: | May 14, 2020 | Portfolio manager: | Fiera Capital Corporation |
| Total value of fund on January 31, 2021: | \$917.1 million | Distribution: | Net income and net realized capital gains for the year, December (automatically reinvested in additional securities, unless the investor chooses differently). |
| Management expense ratio (MER): | Not available, the Series is new | Minimum investment: | \$250,000 (initial), \$100 (additional), \$100 (systematic) |

What does the fund invest in?

The fund's investment objective is to provide long-term capital growth and preservation. The fund invests primarily in common shares of companies chosen for their growth potential. The fund may also invest in money market instruments and securities of Canadian federal and provincial governments. The fund may invest approximately 25% of its assets in foreign equities.

The charts below give you a snapshot of the fund's investments on January 31, 2021. The fund's investments will change over time.

Top 10 Investments (as at January 31, 2021)

| | |
|--|--------------|
| 1. Boyd Group Services Inc. | 4.1% |
| 2. Cargojet Inc. | 4.1% |
| 3. Morneau Shepell Inc. | 3.8% |
| 4. Tricon Capital Group Inc. | 3.8% |
| 5. FirstService Corp. | 3.6% |
| 6. ECN Capital Corp. | 3.2% |
| 7. Parex Resources Inc. | 3.0% |
| 8. DYE & DURHAM LTD | 2.9% |
| 9. Enghouse Systems Ltd. | 2.8% |
| 10. Altus Group Ltd. | 2.7% |
| Total percentage of top 10 investments: | 34.0% |
| Total number of investments: | 59 |

Investment Mix (as at January 31, 2021)

| Asset Allocation | | Sector Allocation | |
|------------------------------|-------|---|-------|
| Canadian Equity | 91.0% | Industrials | 28.2% |
| US Equity | 6.9% | Materials | 14.0% |
| Cash, Money Market and Other | | Information Technology | 13.1% |
| Net Assets | 1.2% | Financials | 11.6% |
| International Equity | 0.9% | Real Estate | 9.8% |
| | | Energy | 8.1% |
| | | Consumer Staples | 5.2% |
| | | Consumer Discretionary | 5.2% |
| | | Health Care | 2.9% |
| | | Cash, Money Market and Other Net Assets | 1.2% |
| | | Utilities | 0.7% |

How risky is it?

The value of the fund can go down as well as up. You could lose money. One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

NBI has rated the volatility of this fund as **medium**.

This rating is based on how much the fund's returns have changed from year to year. It doesn't tell you how volatile the fund will be in the future. This rating can change over time. A fund with a low risk rating can still lose money.

| | | | | |
|-----|---------------|---------------|----------------|------|
| LOW | LOW TO MEDIUM | MEDIUM | MEDIUM TO HIGH | HIGH |
|-----|---------------|---------------|----------------|------|

For more information about the risk rating and specific risks that can affect the fund's returns, see the Risk section of the fund's simplified prospectus.

No guarantees

Like most mutual funds, this fund doesn't have any guarantees. You may not get back the money you invest.

How has the fund performed?

This section tells you how Series N securities of the fund have performed since inception. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

Year-by-year returns

The year-by-year returns are not available for the Series N as it has not been distributed to the public under a simplified prospectus for a full calendar year.

Best and worst 3-month returns

The best and worst returns over a 3-month period for the Series N are not available as it has not completed a full calendar year of performance.

Average return

The average return is not available for Series N as it has not been distributed to the public under a simplified prospectus for 12 consecutive months.

Who is this fund for?

Investors who:

- are looking to invest for the long term (at least five years);
- wish to add an aggressive growth component to a fully diversified portfolio.

A word about tax

In general, you'll have to pay income tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan, such as a Registered Retirement Savings Plan (RRSP) or a Tax-Free Savings Account (TFSA).

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Series N units of the fund. The fees and expenses – including any commissions – can vary among series of the fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

1. Sales Charges

There are no charges when you purchase your securities through NBI.

2. Fund expenses

You don't pay these expenses directly. They affect you because they reduce the fund's returns. The fund's expenses are made up of the management fee, operating expenses (including fixed administration fee) and trading costs. The series' annual management fee is 0.30% and fixed administration fee is 0.15% of the series' value. Because this series of the fund is new, its operating expenses and trading costs are not yet available.

More about the trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own the fund. It is for the services and/or advice that your representative and their firm provide to you.

NBI pays the trailing commission to your representative's firm. It is paid from the fund's service fees and is based on the value of your investment. The rate for this series of the fund is up to 0.51% of the value of your investment each year. This equals \$5.10 each year for every \$1,000 invested.

3. Other fees

You may have to pay other fees when you buy, hold, sell, switch or convert securities of the fund.

| Fee | What you pay | |
|------------------------|--|-------|
| Short-term trading fee | 2% of the value of the securities you redeem or switch within 90 days of purchase may be charged by NBI. This fee goes to the fund. | |
| Service fees | Series N securities are only offered to investors who use the NBI Private Wealth Management Service. You pay the service fees directly to NBI according to a declining scale based on the total market value of your investments. The applicable rates are as follows: | |
| | First \$250,000 | 1.50% |
| | Next \$250,000 | 0.85% |
| | In excess of \$500,000 | 0.75% |
| Other fees | Registered Account termination fee, only if the registered investment account is with NBI. | \$100 |

What if I change my mind?

Under the securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund securities within two business days after you receive a simplified prospectus or Fund Facts document; or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact your representative or NBI for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

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To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at www.securities-administrators.ca.