

# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2023

Short Term and Income Fund  
**NBI High Yield Bond Fund**

## 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.

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This interim management report of fund performance contains financial highlights, but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-888-270-3941 or 514-871-2082, by writing to us at National Bank Investments Advisory Service, 500, Place d'Armes, 12th floor, Montreal, Quebec, H2Y 2W3, by visiting our website at [www.nbinvestments.ca](http://www.nbinvestments.ca), by visiting SEDAR's website at [www.sedar.com](http://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

### Results of Operations

For the six-month period ended June 30, 2023, the NBI High Yield Bond Fund's Investor Series units returned 2.97% compared to 5.01% for the Fund's benchmark, the ICE BofA U.S. High Yield Constrained Index (CAD Hedged). Unlike the benchmark, the Fund's performance is calculated after fees and expenses. Please see the *Past Performance* section for the returns of all of the Fund's series, which may vary mainly because of fees and expenses.

Certain series of the Fund, as applicable, may make distributions at a rate determined by the manager. This rate may change from time to time. If the aggregate amount of distributions in such series exceeds the portion of net income and net realized capital gains allocated to such series, the excess will constitute a return of capital. The manager does not believe that the return of capital distributions made by such series of the Fund have a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objective.

The Fund's net asset value rose by 8.54% over the period, from \$963.01 million as at December 31, 2022 to \$1.045 billion as at June 30, 2023.

Following the second worst annual return in the history of the high yield market, high yield, and risk assets more broadly, posted solid 1Q23 gains despite the continued macro headwinds.

Central banks continued their rhetoric on the dangers of runaway inflation versus a hard landing scenario and now face new challenges as the second-largest bank failure in US history occurred. Subsequent contagion risk/fears emerged across US regional banks, only a few days before UBS acquired Credit Suisse in a government-backed deal, marking the first time two Systemically Important Banks merged. Prior to March, high yield outperformed in January, on no real news other than speculation that the Fed would not follow through with continued hikes and that inflation was moderating.

High yield generated carry returns during the second quarter, fuelled by the risk-on rally in June. The quarter began with concerns over US regional banks and tighter lending standards, with spillover into the Swiss banks following UBS's acquisition of Credit Suisse that reset US interest rates roughly one percentage point lower. While macro sentiment was cautious, high yield was largely out of the eye of the storm as it entered an earnings season that yet again met/beat weak expectations. Sector and issuer dispersion continued to percolate; consumer experience sectors are posting record numbers and backlogs while telecom faces a higher capex environment amid elevated borrowing costs and chemical companies' end markets struggle to find demand.

Issuance is now outpacing 2022 low levels but remains below historical averages. Default activity continued to climb through the quarter but has yet to cause concern in the market given the very low starting point. High yield's carry return outperformed higher quality areas of fixed income but lagged leverage loans and equities.

In this context, the fund underperformed its benchmark with security selection in the leisure and wirelines sectors as well as an overweight to cable satellite detracted from relative performance.

Oppositely, security selection in automotive, packaging, and pharmaceuticals led the contributors in the period. The overweights to Cooper-Standard Holdings, Bausch Health, Mauser Packaging, and JELD-WEN as well as avoiding Icahn Enterprises added to relative performance during the period.

### Recent Developments

During the period the portfolio manager increased the yield and spread relative to the benchmark, partly through purchases and partly due to longer duration, former fallen angels that returned to investment grade. The fund's involvement in Cooper-Standard's refinancing, which we structured and backstopped, increased our exposure to the automotive sector and was the leading contributor to performance in the first half of 2023. The portfolio remained shorter in duration given the inverted US Treasury yield curve, which has resulted in little to no yield pick up in certain names for extending out credit curves.

Relative to the benchmark the fund was overweight cable satellite, automotive, consumer products, and pharmaceuticals due to our view of the relative value opportunities within those sectors. Conversely, the fund was underweighting the finance companies, electric utilities, insurance P&C and retailer sectors. The fund manager does not find these sectors attractive due to challenging fundamental outlooks or rich valuations.

While defaults have picked up, and are likely to continue to rise, the trailing twelve-month default rate is still below 2%, compared to the long-term average of 3-3.5%. Despite the outperformance of lower quality assets, dispersion has been a theme year-to-date and will persist throughout the remainder of the year.

Thus far, fundamentals have proved resilient with modest revenue and EBITDA growth, and while margins have deteriorated off all-time highs, they have held steady the last few quarters. Low issuance, modest outflows, and rising stars outpacing fallen angels have provided technical support for the asset class and are expected to continue for the remainder of the year. Given the favourable fundamental and technical backdrop, the fund manager believes high yield will continue to provide attractive carry for the second half of 2023.

On May 1, 2023, the Fund's independent review committee (the "IRC") was increased to four members when Stéphanie Raymond-Bougie was appointed as IRC member.

### Related Party Transactions

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

#### Trustee, Custodian, and Registrar

Natcan Trust Company ("NTC"), a direct or indirect wholly-owned subsidiary of the Bank, is the Fund's trustee. In this capacity, it is the legal owner of the Fund's investments.

NTC acts as registrar for the Fund's securities and the names of securityholders. 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.

#### Agent for securities lending transactions

NTC acts as the agent for securities lending transactions acts on behalf of the Fund in administering securities lending transactions entered into by the Fund. NTC is an affiliate of the Manager.

#### Fund Manager

The Fund is managed by National Bank Investments Inc. ("NBII"), which is a wholly-owned subsidiary of the Bank. Therefore, NBII 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 Manager pays the operating expenses of the Fund other than its "Fund costs" (defined below) (the "variable operating expenses"), in exchange for the Fund's payment to the Manager of annual fixed-rate administration fees with respect to each series of the Fund.

The administration fees are equal to a specified percentage of the net asset value of each series of the Fund, calculated and paid in the same manner as the Fund's management fees. The variable operating expenses payable by the Manager include, but are not limited to: transfer agency and recordkeeping costs; custodial costs; accounting and valuation fees; audit fees and legal fees; costs of preparing and distributing financial reports, simplified prospectuses, annual information forms, Fund Facts, continuous disclosure material and other securityholder communications; and costs of trustee services relating to registered tax plans, as applicable.

In addition to administration fees, the Fund shall also pay certain Fund costs, namely: taxes (including, but not limited to, GST/HST and income taxes); costs of compliance with any changes to existing governmental or regulatory requirements introduced after August 1, 2013; costs of compliance with any new governmental or regulatory requirements, including any new fees introduced after August 1, 2013; interest and borrowing costs; costs related to external services that were not commonly charged in the Canadian mutual fund industry as at August 1, 2013; Independent Review Committee costs, including compensation paid to IRC members, travel expenses, insurance premiums and costs associated with their continuing education; and variable operating expenses incurred outside of the normal course of business of the Fund.

The Manager may, from time to time and at its sole discretion, decide to absorb a portion of a series' management fees, administration fees or Fund costs.

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

#### Portfolio Manager

The Manager has appointed National Bank Trust Inc. ("NBT"), an indirect wholly-owned subsidiary of the Bank, as the portfolio manager for the Fund. A flat fee is payable annually to NBT for its management services.

#### Distribution and Dealer Compensation

NBII acts as principal distributor for the Fund. In this capacity, NBII buys, sells and swaps securities through Bank branches and the National Bank Investments Advisory Service in Canadian provinces and territories, and through external registered representatives. Fund securities are also offered by National Bank Financial Inc. (including its division National Bank Direct Brokerage), CABN Investments (a division of NBII) and other affiliated entities. Brokers may receive, depending on the distributed series, a monthly commission representing a percentage of the average daily value of the securities held by their clients.

#### Brokerage Fees

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

|   | Period ended<br>June 30, 2023 |
|---|-------------------------------|
| <b>Total brokerage fees</b>                           | 117,369.41                    |
| <b>Brokerage fees paid to National Bank Financial</b> | 117,369.41                    |

#### Holdings

As at June 30, 2023, National Bank Investments Inc. held 1,033.79 Fund securities for a value of \$7,691.11, which represented close to 0.0007% of the net asset value of the Fund at that date. Transactions between National Bank Investments Inc. 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.

As at June 30, 2023, National Bank Trust Inc. held 1.05 Fund securities for a value of \$6.71, which represented close to 0.0000% of the net asset value of the Fund at that date. Transactions between National Bank Trust Inc. 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 provision of certain services was delegated by the Fund Manager, NBII, to National Bank Trust Inc. ("NBT"), a wholly-owned indirect subsidiary of the Bank. These include accounting, reporting and portfolio valuation services. The fees incurred for these services are paid to NBT by the Fund manager.

#### Management Fees

The Fund pays annual management fees to the Fund manager for its management services. As the Fund invests in underlying funds, the fees and expenses payable in connection with the management of the underlying funds are in addition to those payable by the Fund. However, the Fund manager makes sure that the Fund does not pay any management (or operating) fees that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service.

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. Under the *Distribution* heading, expenses include the broker's compensation consisting of the maximum annual trailer fees and sales commissions paid to brokers. Under the *Other* heading, the fees relate mainly to investment management, investment advisory services, general administration and profit. 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 Fees | Distribution | Others <sup>†</sup> |
|-------------------------------|-----------------|--------------|---------------------|
| Investor Series               | 1.50%           | 33.33%       | 66.67%              |
| Advisor Series and Series T5* |                 |              |                     |
| Front-end load**              | 1.50%           | 33.33%       | 66.67%              |
| Back-end load - 1 to 6 years  | 1.50%           | 16.67%       | 83.33%              |
| Low load - 1 to 3 years       | 1.50%           | 16.67%       | 83.33%              |
| Low load - 4 years and more   | 1.50%           | 33.33%       | 66.67%              |
| Series F and Series F5        | 0.80%           | —            | 100.00%             |
| Series O                      | N/A***          | —            | 100.00%             |

<sup>(†)</sup> Includes all costs related to management, investment advisory services, general administration and profit.

<sup>(\*)</sup> Excluding sales commissions paid on the Advisor Series and Series T5 with low sales charges option and deferred sales charge option, which are not paid for out of the management fees.

<sup>(\*\*)</sup> Rate applicable for all investments, including Advisor Series existing before May 14, 2015, systematic investment programs, reinvested distributions and switches.

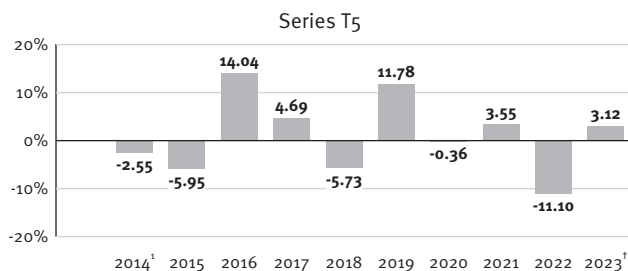
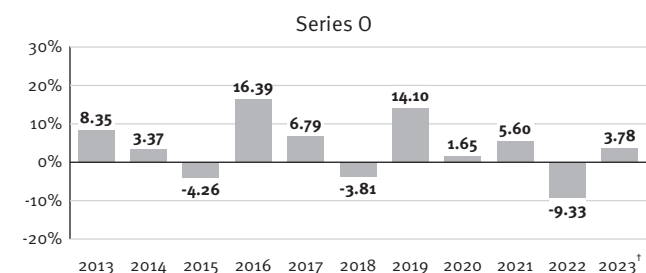
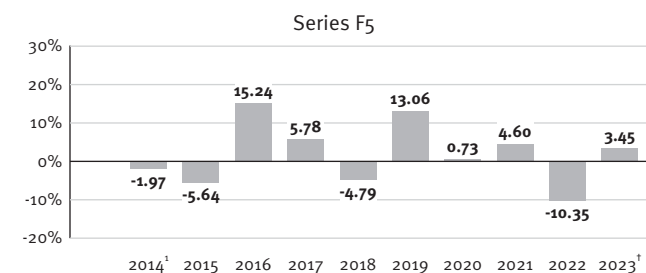
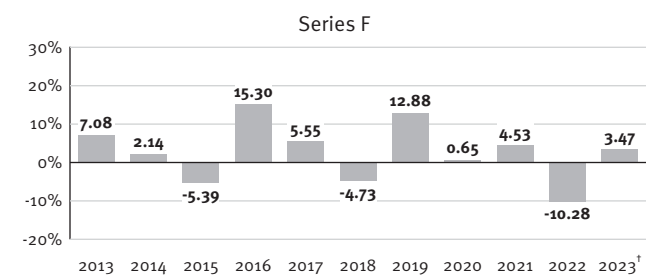
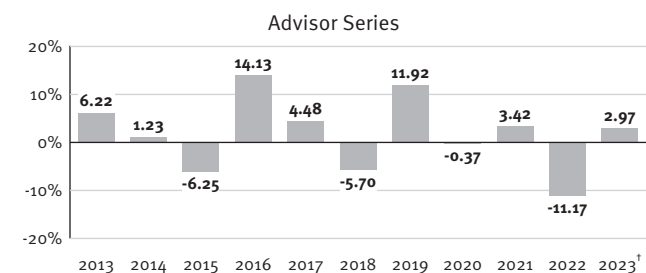
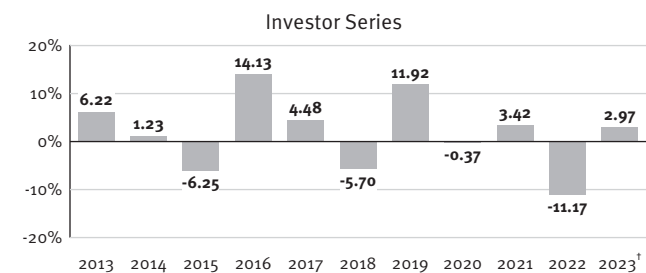
<sup>(\*\*\*)</sup> There are no management fees paid by the Fund with respect to the Series O. Instead, Series O securityholders pay a negotiated administration fee directly to National Bank Investments.

#### Past Performance

The performance of each series of the Fund is presented below and calculated as at December 31 of each year. It assumes that all distributions made in the periods shown were reinvested in additional securities and does not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of a series of a Fund does not necessarily indicate how it will perform in the future.

## Annual Returns

The bar charts indicate the performance for each the Fund's series in existence greater than one year during the years shown, and illustrate how the performance has changed from year to year. They show, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the series) 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.



<sup>(†)</sup> Returns for the period from May 21, 2014 (commencement of operations) to December 31, 2014.

<sup>(†)</sup> Returns for the period from January 1, 2023 to June 30, 2023.

## 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 accounting periods shown.

### Investor / Advisor\* Series

<sup>(1)</sup> The Advisor Series was created on February 8, 2002.

| Accounting Period Ended  | Commencement of operations: December 19, 2001 |                     |                     |                     |                     |                     |
|--|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2023<br>June 30                               | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
| <b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup> | 5.84  | 6.92                | 6.98                | 7.32                | 6.86                | 7.66                |
| <b>Increase (Decrease) from Operations (\$)</b>                        |   |                     |                     |                     |                     |                     |
| Total revenue  | 0.17  | 0.37                | 0.35                | 0.37                | 0.48                | 0.53                |
| Total expenses   | (0.03)  | (0.08)              | (0.09)              | (0.10)              | (0.15)              | (0.15)              |
| Realized gains (losses)  | (0.09)  | 0.10                | 1.68                | (1.20)              | (0.12)              | (0.23)              |
| Unrealized gains (losses)  | 0.13  | (1.25)              | (1.75)              | 0.87                | 0.68                | (0.51)              |
| <b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>   | 0.18  | (0.86)              | 0.19                | (0.06)              | 0.89                | (0.36)              |
| <b>Distributions (\$)</b>  |   |                     |                     |                     |                     |                     |
| From net investment income (excluding dividends)                       | 0.11  | 0.31                | 0.30                | 0.30                | 0.34                | 0.38                |
| From dividends   | —   | —                   | —                   | —                   | —                   | —                   |
| From capital gains   | —   | —                   | —                   | —                   | —                   | —                   |
| Return of capital  | —   | —                   | —                   | —                   | —                   | —                   |
| <b>Total Annual Distributions (\$)</b> <sup>(3)</sup>                  | 0.11  | 0.31                | 0.30                | 0.30                | 0.34                | 0.38                |
| <b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>  | 5.90  | 5.84                | 6.92                | 6.98                | 7.32                | 6.86                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | Commencement of operations: December 19, 2001 |                     |                     |                     |                     |                     |
|--|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2023<br>June 30                               | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
| Total net asset value (ooo's of \$) <sup>(5)</sup>         | 16,744  | 18,222              | 43,185              | 173,677             | 226,550             | 338,518             |
| Number of units outstanding <sup>(5)</sup>                 | 2,835,895                                     | 3,119,809           | 6,240,444           | 24,898,517          | 30,966,525          | 49,321,753          |
| Management expense ratio (%) <sup>(6)</sup>                | 1.76  | 1.99                | 1.98                | 2.01                | 2.06                | 2.06                |
| Management expense ratio before waivers or absorptions (%) | 2.40  | 2.69                | 2.54                | 2.58                | 2.07                | 2.07                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.02  | 0.01                | 0.01                | 0.02                | —                   | —                   |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 11.68   | 6.23                | 21.68               | 165.46              | 42.54               | 69.04               |
| Net asset value per unit (\$)                              | 5.90  | 5.84                | 6.92                | 6.98                | 7.32                | 6.86                |

### Series F

| Accounting Period Ended  | Commencement of operations: April 16, 2008 |                     |                     |                     |                     |                     |
|--|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2023<br>June 30                            | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
| <b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup> | 7.18                                       | 8.42                | 8.58                | 8.99                | 8.43                | 9.39                |
| <b>Increase (Decrease) from Operations (\$)</b>                        |  |                     |                     |                     |                     |                     |
| Total revenue  | 0.21                                       | 0.43                | 0.46                | 0.46                | 0.59                | 0.66                |
| Total expenses   | (0.01)                                     | (0.02)              | (0.02)              | (0.02)              | (0.09)              | (0.09)              |
| Realized gains (losses)  | (0.11)                                     | 0.19                | 2.79                | (0.05)              | (0.10)              | (0.26)              |
| Unrealized gains (losses)  | 0.16                                       | (1.35)              | (2.70)              | 0.99                | 0.69                | (0.55)              |
| <b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>   | 0.25                                       | (0.75)              | 0.53                | 1.38                | 1.09                | (0.24)              |
| <b>Distributions (\$)</b>  |  |                     |                     |                     |                     |                     |
| From net investment income (excluding dividends)                       | 0.17                                       | 0.38                | 0.54                | 0.44                | 0.50                | 0.54                |
| From dividends   | —  | —                   | —                   | —                   | —                   | —                   |
| From capital gains   | —  | —                   | —                   | —                   | —                   | —                   |
| Return of capital  | —  | —                   | —                   | —                   | —                   | —                   |
| <b>Total Annual Distributions (\$)</b> <sup>(3)</sup>                  | 0.17                                       | 0.38                | 0.54                | 0.44                | 0.50                | 0.54                |
| <b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>  | 7.26                                       | 7.18                | 8.42                | 8.58                | 8.99                | 8.43                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | Commencement of operations: April 16, 2008 |                     |                     |                     |                     |                     |
|--|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2023<br>June 30                            | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
| Total net asset value (ooo's of \$) <sup>(5)</sup>         | 12,208                                     | 13,068              | 6,715               | 44,975              | 9,921               | 11,004              |
| Number of units outstanding <sup>(5)</sup>                 | 1,681,593                                  | 1,819,588           | 797,453             | 5,243,963           | 1,103,782           | 1,305,805           |
| Management expense ratio (%) <sup>(6)</sup>                | 0.97                                       | 0.97                | 0.92                | 0.92                | 1.10                | 1.10                |
| Management expense ratio before waivers or absorptions (%) | 1.62                                       | 1.68                | 1.50                | 1.51                | 1.13                | 1.17                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.02                                       | 0.01                | 0.01                | 0.02                | —                   | —                   |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 11.68                                      | 6.23                | 21.68               | 165.46              | 42.54               | 69.04               |
| Net asset value per unit (\$)                              | 7.26                                       | 7.18                | 8.42                | 8.58                | 8.99                | 8.43                |

## Series F5

Net Assets per Unit<sup>(4)</sup>

Commencement of operations: May 21, 2014

| Accounting Period Ended   | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
|---|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b> | 6.56            | 7.78                | 7.90                | 8.29                | 7.76                | 8.66                |
| <b>Increase (Decrease) from Operations (\$)</b>                       |                 |                     |                     |                     |                     |                     |
| Total revenue   | 0.21            | 0.41                | 0.45                | 0.35                | 0.54                | 0.60                |
| Total expenses  | (0.01)          | (0.02)              | (0.02)              | (0.02)              | (0.08)              | (0.09)              |
| Realized gains (losses)   | (0.04)          | 0.14                | 0.80                | (0.30)              | (0.06)              | (0.28)              |
| Unrealized gains (losses)   | (0.06)          | (1.31)              | (0.88)              | 0.81                | 0.58                | (0.63)              |
| <b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>   | 0.10            | (0.78)              | 0.35                | 0.84                | 0.98                | (0.40)              |
| <b>Distributions (\$)</b>   |                 |                     |                     |                     |                     |                     |
| From net investment income (excluding dividends)                      | 0.14            | 0.39                | 0.42                | 0.32                | 0.47                | 0.50                |
| From dividends  | —               | —                   | —                   | —                   | —                   | —                   |
| From capital gains  | —               | —                   | —                   | —                   | —                   | —                   |
| Return of capital   | 0.03            | 0.04                | 0.06                | 0.10                | —                   | —                   |
| <b>Total Annual Distributions (\$)<sup>(3)</sup></b>                  | 0.17            | 0.43                | 0.48                | 0.42                | 0.47                | 0.50                |
| <b>Net Assets, End of Accounting Period Shown<sup>(4)</sup></b>       | 6.62            | 6.56                | 7.78                | 7.90                | 8.29                | 7.76                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
|--|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 2               | 11                  | 12                  | 12                  | 1                   | 1                   |
| Number of units outstanding <sup>(5)</sup>                 | 339             | 1,648               | 1,550               | 1,460               | 146                 | 138                 |
| Management expense ratio (%) <sup>(6)</sup>                | 0.97            | 0.94                | 0.93                | 0.90                | 1.00                | 1.03                |
| Management expense ratio before waivers or absorptions (%) | 1.60            | 1.63                | 1.48                | 1.79                | 1.61                | 1.82                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.02            | 0.01                | 0.01                | 0.02                | —                   | —                   |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 11.68           | 6.23                | 21.68               | 165.46              | 42.54               | 69.04               |
| Net asset value per unit (\$)                              | 6.62            | 6.56                | 7.78                | 7.90                | 8.29                | 7.76                |

## Series O

Net Assets per Unit<sup>(4)</sup>

Commencement of operations: May 4, 2006

| Accounting Period Ended   | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
|---|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b> | 6.30            | 7.41                | 7.46                | 7.85                | 7.35                | 8.19                |
| <b>Increase (Decrease) from Operations (\$)</b>                       |                 |                     |                     |                     |                     |                     |
| Total revenue   | 0.18            | 0.39                | 0.45                | 0.41                | 0.51                | 0.57                |
| Total expenses  | 0.02            | 0.04                | 0.05                | 0.04                | —                   | —                   |
| Realized gains (losses)   | (0.12)          | 0.12                | 0.65                | (1.50)              | (0.05)              | (0.28)              |
| Unrealized gains (losses)   | 0.11            | (1.21)              | (0.73)              | 0.97                | 0.53                | (0.61)              |
| <b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>   | 0.19            | (0.66)              | 0.42                | (0.08)              | 0.99                | (0.32)              |
| <b>Distributions (\$)</b>   |                 |                     |                     |                     |                     |                     |
| From net investment income (excluding dividends)                      | 0.17            | 0.42                | 0.46                | 0.49                | 0.51                | 0.55                |
| From dividends  | —               | —                   | —                   | —                   | —                   | —                   |
| From capital gains  | —               | —                   | —                   | —                   | —                   | —                   |
| Return of capital   | —               | —                   | —                   | —                   | —                   | —                   |
| <b>Total Annual Distributions (\$)<sup>(3)</sup></b>                  | 0.17            | 0.42                | 0.46                | 0.49                | 0.51                | 0.55                |
| <b>Net Assets, End of Accounting Period Shown<sup>(4)</sup></b>       | 6.37            | 6.30                | 7.41                | 7.46                | 7.85                | 7.35                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
|--|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 450,058         | 269,821             | 226,929             | 156,513             | 264,850             | 203,664             |
| Number of units outstanding <sup>(5)</sup>                 | 70,604,481      | 42,861,098          | 30,621,363          | 20,969,844          | 33,722,358          | 27,699,299          |
| Management expense ratio (%) <sup>(6)</sup>                | 0.02            | 0.03                | 0.02                | 0.01                | 0.02                | 0.03                |
| Management expense ratio before waivers or absorptions (%) | 0.65            | 0.72                | 0.57                | 0.01                | 0.02                | 0.03                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.02            | 0.01                | 0.01                | 0.57                | —                   | —                   |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 11.68           | 6.23                | 21.68               | 165.46              | 42.54               | 69.04               |
| Net asset value per unit (\$)                              | 6.37            | 6.30                | 7.41                | 7.46                | 7.85                | 7.35                |

## Series T5

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: May 21, 2014

| Accounting Period Ended   | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
|---|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b> | 6.73            | 8.01                | 8.21                | 8.72                | 8.18                | 9.14                |
| <b>Increase (Decrease) from Operations (\$)</b>                       |                 |                     |                     |                     |                     |                     |
| Total revenue   | 0.20            | 0.25                | 0.46                | 0.44                | 0.57                | 0.63                |
| Total expenses  | (0.03)          | (0.10)              | (0.11)              | (0.12)              | (0.18)              | (0.18)              |
| Realized gains (losses)   | (0.10)          | 0.01                | 0.95                | (1.43)              | (0.08)              | (0.29)              |
| Unrealized gains (losses)   | 0.14            | (1.82)              | (1.00)              | 1.05                | 0.64                | (0.66)              |
| <b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>   | 0.21            | (1.66)              | 0.30                | (0.06)              | 0.95                | (0.50)              |
| <b>Distributions (\$)</b>   |                 |                     |                     |                     |                     |                     |
| From net investment income (excluding dividends)                      | 0.13            | 0.25                | 0.35                | 0.34                | 0.40                | 0.44                |
| From dividends  | —               | —                   | —                   | —                   | —                   | —                   |
| From capital gains  | —               | —                   | —                   | —                   | —                   | —                   |
| Return of capital   | 0.04            | 0.15                | 0.14                | 0.11                | 0.01                | 0.02                |
| <b>Total Annual Distributions (\$)<sup>(3)</sup></b>                  | 0.17            | 0.40                | 0.49                | 0.45                | 0.41                | 0.46                |
| <b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>  | 6.77            | 6.73                | 8.01                | 8.21                | 8.72                | 8.18                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 | 2020<br>December 31 | 2019<br>December 31 | 2018<br>December 31 |
|--|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 1               | 1                   | 60                  | 75                  | 80                  | 75                  |
| Number of units outstanding <sup>(5)</sup>                 | 161             | 157                 | 7,433               | 9,138               | 9,130               | 9,124               |
| Management expense ratio (%) <sup>(6)</sup>                | 1.60            | 2.02                | 1.99                | 2.01                | 2.04                | 2.04                |
| Management expense ratio before waivers or absorptions (%) | 2.23            | 2.71                | 2.54                | 2.59                | 2.05                | 2.05                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.02            | 0.01                | 0.01                | 0.02                | —                   | —                   |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 11.68           | 6.23                | 21.68               | 165.46              | 42.54               | 69.04               |
| Net asset value per unit (\$)                              | 6.77            | 6.73                | 8.01                | 8.21                | 8.72                | 8.18                |

## Series PW\*

<sup>(1)</sup> Please note that this Series is offered by way of private placement.

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: March 12, 2021

| Accounting Period Ended   | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 |
|---|-----------------|---------------------|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b> | 8.45            | 9.97                | 10.00               |
| <b>Increase (Decrease) from Operations (\$)</b>                       |                 |                     |                     |
| Total revenue   | 0.25            | 0.52                | 0.48                |
| Total expenses  | 0.01            | 0.03                | 0.01                |
| Realized gains (losses)   | (0.14)          | 0.17                | 0.01                |
| Unrealized gains (losses)   | 0.14            | (1.65)              | (0.12)              |
| <b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>   | 0.26            | (0.93)              | 0.38                |
| <b>Distributions (\$)</b>   |                 |                     |                     |
| From net investment income (excluding dividends)                      | 0.21            | 0.56                | 0.47                |
| From dividends  | —               | —                   | —                   |
| From capital gains  | —               | —                   | —                   |
| Return of capital   | —               | —                   | —                   |
| <b>Total Annual Distributions (\$)<sup>(3)</sup></b>                  | 0.21            | 0.56                | 0.47                |
| <b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>  | 8.56            | 8.45                | 9.97                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 |
|--|-----------------|---------------------|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 514,850         | 350,756             | 396,724             |
| Number of units outstanding <sup>(5)</sup>                 | 60,166,503      | 41,495,085          | 39,779,788          |
| Management expense ratio (%) <sup>(6)</sup>                | 0.33            | 0.32                | 0.54                |
| Management expense ratio before waivers or absorptions (%) | 0.96            | 1.01                | 1.09                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.02            | 0.01                | 0.01                |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 11.68           | 6.23                | 21.68               |
| Net asset value per unit (\$)                              | 8.56            | 8.45                | 9.97                |

## Series PWO\*

<sup>(1)</sup> Please note that this Series is offered by way of private placement.

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: March 12, 2021

| Accounting Period Ended  | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 |
|--|-----------------|---------------------|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup> | 8.44            | 9.97                | 10.00               |
| <b>Increase (Decrease) from Operations (\$)</b>                        |                 |                     |                     |
| Total revenue  | 0.25            | 0.52                | 0.48                |
| Total expenses   | 0.03            | 0.05                | 0.03                |
| Realized gains (losses)  | (0.13)          | 0.18                | 0.01                |
| Unrealized gains (losses)  | 0.12            | (1.67)              | (0.11)              |
| <b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>   | 0.27            | (0.92)              | 0.41                |
| <b>Distributions (\$)</b>  |                 |                     |                     |
| From net investment income (excluding dividends)                       | 0.22            | 0.59                | 0.49                |
| From dividends   | —               | —                   | —                   |
| From capital gains   | —               | —                   | —                   |
| Return of capital  | —               | —                   | —                   |
| <b>Total Annual Distributions (\$)</b> <sup>(3)</sup>                  | 0.22            | 0.59                | 0.49                |
| <b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>  | 8.54            | 8.44                | 9.97                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 |
|--|-----------------|---------------------|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 49,164          | 35,936              | 47,505              |
| Number of units outstanding <sup>(5)</sup>                 | 5,755,905       | 4,258,330           | 4,765,748           |
| Management expense ratio (%) <sup>(6)</sup>                | 0.07            | 0.07                | 0.30                |
| Management expense ratio before waivers or absorptions (%) | 0.70            | 0.76                | 0.85                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.02            | 0.01                | 0.01                |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 11.68           | 6.23                | 21.68               |
| Net asset value per unit (\$)                              | 8.54            | 8.44                | 9.97                |

## Private Series\*

<sup>(1)</sup> Please note that this Series is offered by way of private placement.

Net Assets per Unit<sup>(1)</sup>

Commencement of operations: March 12, 2021

| Accounting Period Ended  | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 |
|--|-----------------|---------------------|---------------------|
| <b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup> | 8.44            | 9.96                | 10.00               |
| <b>Increase (Decrease) from Operations (\$)</b>                        |                 |                     |                     |
| Total revenue  | 0.25            | 0.52                | 0.48                |
| Total expenses   | —               | 0.01                | (0.01)              |
| Realized gains (losses)  | (0.13)          | 0.19                | 0.01                |
| Unrealized gains (losses)  | 0.19            | (1.76)              | (0.14)              |
| <b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>   | 0.31            | (1.04)              | 0.34                |
| <b>Distributions (\$)</b>  |                 |                     |                     |
| From net investment income (excluding dividends)                       | 0.21            | 0.54                | 0.46                |
| From dividends   | —               | —                   | —                   |
| From capital gains   | —               | —                   | —                   |
| Return of capital  | —               | —                   | —                   |
| <b>Total Annual Distributions (\$)</b> <sup>(3)</sup>                  | 0.21            | 0.54                | 0.46                |
| <b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>  | 8.54            | 8.44                | 9.96                |

### Ratios and Supplemental Data

| Accounting Period Ended                                    | 2023<br>June 30 | 2022<br>December 31 | 2021<br>December 31 |
|--|-----------------|---------------------|---------------------|
| Total net asset value (000's of \$) <sup>(5)</sup>         | 2,209           | 2,105               | 2,946               |
| Number of units outstanding <sup>(5)</sup>                 | 258,819         | 249,417             | 295,662             |
| Management expense ratio (%) <sup>(6)</sup>                | 0.58            | 0.57                | 0.79                |
| Management expense ratio before waivers or absorptions (%) | 1.21            | 1.26                | 1.34                |
| Trading expense ratio (%) <sup>(7)</sup>                   | 0.02            | 0.01                | 0.01                |
| Portfolio turnover rate (%) <sup>(8)</sup>                 | 11.68           | 6.23                | 21.68               |
| Net asset value per unit (\$)                              | 8.54            | 8.44                | 9.96                |



- <sup>(1)</sup> This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited Financial Statements. The net assets per unit presented in the financial statements might differ from the net asset value calculated for fund pricing purposes. The differences are explained in the notes to the financial statements.
- <sup>(2)</sup> 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.
- <sup>(3)</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.
- <sup>(4)</sup> The net assets are calculated in accordance with IFRS.
- <sup>(5)</sup> This information is provided as at the last day of the accounting period shown.
- <sup>(6)</sup> 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.
- <sup>(7)</sup> 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.
- <sup>(8)</sup> The Fund's portfolio turnover rate indicates how actively the Fund portfolio's manager 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 accounting period. The higher a Fund's portfolio turnover rate in an accounting period, the greater the trading costs payable by the Fund 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 a Fund.

## Summary of Investment Portfolio

As of June 30, 2023

### Portfolio Top Holdings

|  | % of Net<br>Asset Value |
|--|-------------------------|
| NBI High Yield Bond ETF .....                    | 99.2                    |
| Cash, Money Market and Other Net Assets .....    | 0.6                     |
| iHeartMedia Inc., warrants due May 1, 2039 ..... | 0.2                     |
|  | 100.0                   |

Net asset value ..... \$1,045,236,454

### Term Allocation

|                                | % of Net<br>Asset Value |
|--------------------------------|-------------------------|
| Under one year .....           | 1.1                     |
| From 1 year to 5 years .....   | 57.0                    |
| From 5 years to 10 years ..... | 41.1                    |
| More than 10 years .....       | 0.8                     |

### Credit Quality

|                 | % of Net<br>Asset Value |
|-----------------|-------------------------|
| BBB .....       | 5.8                     |
| BB .....        | 40.5                    |
| B .....         | 41.1                    |
| CCC .....       | 9.7                     |
| CC .....        | 1.6                     |
| C .....         | —                       |
| D .....         | 0.1                     |
| Not rated ..... | 1.2                     |

The above table shows the top 25 positions held by the Fund. In the case of a Fund with fewer than 25 positions, all positions are indicated.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment Fund. A quarterly update is available. Please consult our Web site at [www.nbinvestments.ca](http://www.nbinvestments.ca).

If this investment Fund invests in other investment funds, please consult the prospectus and other information about the underlying investment funds on the website indicated above or on SEDAR's website at [www.sedar.com](http://www.sedar.com).