

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2019

Global Equity Private Portfolio

NBI Real Assets Private Portfolio

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.

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual 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, 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 Objective and Strategies

The NBI Real Assets Private Portfolio's investment objective is to provide income and long-term capital growth while focusing on hedging against inflation.

The portfolio manager applies a bottom-up approach based on a disciplined valuation of high quality companies, while providing geographic diversification. This approach aims to achieve a balance between high income and opportunities for growth.

Risks

The Fund's risk level was modified from "medium" to "low to medium" during the year. This change aims to more accurately reflect the Fund's actual risk level.

Results of Operations

For the twelve-month period ended December 31, 2019, the NBI Real Assets Private Portfolio's Series N units returned 14.24% compared to 20.57% for the Fund's benchmark, the S&P Global Infrastructure Index (CAD). 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 65.14% over the period, from \$325.78 million as at December 31, 2018 to \$537.98 million as at December 31, 2019.

The increase stemmed mainly from unit purchases by investors in the Fund and a rebalancing of the managed solutions offered by National Bank Investments.

Equity markets performed positively overall during 2019 and aligned with strong employment numbers, positive global trade progress and favorable corporate fundamentals.

In the U.S., the House of Representatives voted to impeach President Donald Trump over abuse of power and obstruction of Congress, following his dealings with Ukraine. On the trade front, the Trump administration came to a "phase one" trade deal with China in December, which is expected to be signed by both countries in early 2020. The House also approved the U.S.-Mexico-Canada Agreement (USMCA), replacing NAFTA. Meanwhile, the U.S. Federal Reserve (the "Fed") cut interest rates three times in 2019, citing trade uncertainty and slowing global growth. Inflation fell slightly but remained below the Fed's 2% goal. The second quarter marked the longest economic expansion in market history. Consumer sentiment and the U.S. dollar both increased during the year.

Among developed markets, the European Central Bank (ECB) cut interest rates during the year, in line with market expectations. In the United Kingdom (UK), Boris Johnson replaced Theresa May as Prime Minister. In December, the Conservative Party secured a resounding majority over the Labour Party in the general election. The win assisted Johnson's push for the UK to leave the European Union by the January 31 Brexit date. UK inflation fell slightly during the year and remained below the Bank of England's target. Similarly, Eurozone annual inflation remained below the ECB's 2% target. Meanwhile, the Bank of Japan kept rates steady throughout the year and hinted at potential measures in 2020.

Emerging markets rose throughout the year despite ongoing global trade tensions. China's Caixin manufacturing PMI was relatively steady in 2019 and ended at 51.5 in December. In Bolivia, President Evo Morales announced his resignation following allegations of irregularities during last month's election. In Saudi Arabia, Saudi Aramco's initial public offering (IPO) marked the world's largest share offering months after the company suffered a drone attack, which forced the kingdom to shut down half of its oil production. Meanwhile, in India, Narendra Modi handily won re-election for another five-year term as Prime Minister, buoying market sentiment.

Commodities rose in 2019. Oil prices, specifically, have rallied in the quarter due to an improvement in the global growth outlook and production restraint promised by major energy producers. Commodities prices, though volatile throughout the year, benefited from global trade progress and a positive outlook for continued negotiations in 2020.

Under these circumstances, the Fund underperformed its benchmark. With a focus on high-dividend-yielding stocks, 100% of the strategy's holdings are in the top three dividend quintiles. By sector, Utilities, Real Estate and Communication Services contributed most while Industrials and Energy lagged.

In Utilities, effective stock selection drove relative and absolute results. Specifically, the standout performer was UK water and wastewater treatment outfit Pennon Group Plc. Shares moved higher on a more sanguine Brexit outlook, which resulted in a stronger UK pound along with a broker upgrade during the period.

Real Estate also contributed as healthcare infrastructure holdings fared well, continuing the steady momentum experienced throughout the year. Long-term care and senior living provider Omega Healthcare Investors, Inc. rose while inpatient rehab, long-term acute hospital and surgical center real estate investment trust (REIT) Medical Properties Trust, Inc. edged higher. The latter slightly exceeded third-quarter earnings expectations at the end of the month as the group continued to execute transactions at a compelling spread versus cost of capital; operating fundamentals also remained stable.

Recent Developments

Maintaining balanced positioning in the Fund remains a top priority. The portfolio manager remains overweight Industrials and Energy and continue to have an out-of-benchmark allocation to Real Estate.

With the "phase one" trade deal expected to be signed in mid-January 2020, global equities rallied sharply on anticipated reacceleration of the global economy. Key industries including the semiconductor supply chain and distinct segments within global manufacturing industries appear to have bottomed in the latter part of the year with global Purchasing Managers' Indexes (PMIs) poised for improvement over the coming months. The severe step-down in US 10-year rates in 2019 provided a compelling tailwind to interest rate-sensitive global infrastructure shares over the past year and has also abated. Rates ended the year just above 1.8% post-sub 1.5% lows in the fall. A rotation to value in recent months driven by central bank easing, movement on a trade deal and leading economic indicators pointing to an extension of the cycle, globally.

If interest rates have indeed hit cycle lows, investors could start looking more closely at relative valuations and sustainable dividend yield prospects, key features of our Global Infrastructure strategy. At the Fund level, the strategy maintains a compelling dividend yield premium and attractive relative valuation characteristics. As such, the portfolio manager believes the Fund remains well-positioned to weather an increase in rates compared with its index and broader peer group.

On April 30, 2019, the Fund's independent review committee (the "IRC") was reduced to three members when André Godbout resigned as an IRC member. On May 22, 2019, the Fund's IRC was increased to five members when Norman Turnbull and Robert Martin were appointed as IRC members.

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.

Distribution and Dealer Compensation

NBII acts as principal distributor for the Fund. Trailing commissions are covered by NBI Private Wealth Management’s service fees, which are paid directly by investors.

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 December 31, 2019
Total brokerage fees	914,992.00
Brokerage fees paid to National Bank Financial	-

Registered Plan Trust Services

NBT 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. 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. The management fees paid by the Fund only cover management of fund investments, i.e. the fees related to management of fund portfolios constituting the profiles of the NBI Private Wealth Management service (“PWM”). General administration services, trailer fees and sale commissions paid to brokers are covered by the PWM’s service fees, which are paid directly by investors. 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 [†]
Series N and Series NR	0.75%	—	100.00%

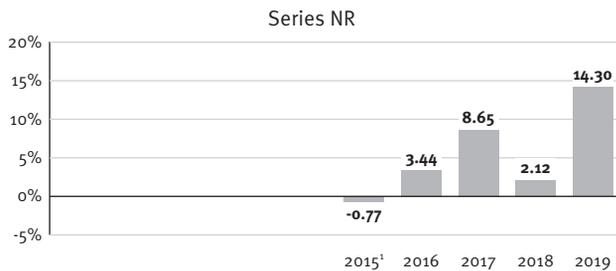
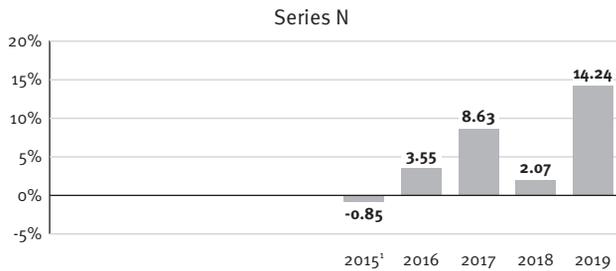
^(†) Includes all costs related to management, investment advisory services, general administration and profit.

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, or by June 30, as applicable.



⁽¹⁾ Returns for the period from November 3, 2015 (commencement of operations) to December 31, 2015.

Annual Compounded Performance

The following table shows the Fund's annual compound returns for each series in existence greater than one year and for each of the periods ended on December 31, 2019, compared with the following benchmark:

- S&P Global Infrastructure Index (CAD)

NBI Real Assets Private Portfolio

	1 year	3 years	5 years	10 years	Since inception
Series N¹	14.24%	8.20%	–	–	6.52%
Benchmark	20.57%	10.11%	–	–	9.38%
Series NR¹	14.30%	8.25%	–	–	6.55%
Benchmark	20.57%	10.11%	–	–	9.38%

¹Commencement of operations: November 3, 2015

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.

Index Description

The **S&P Global Infrastructure Index** is designed to track 75 companies from around the world selected to represent the listed infrastructure industry.

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.

Series N / Private Series*

^(*)Please note that the Private Series was created on November 28, 2016, and is offered by way of private placement.

Accounting Period Ended	Commencement of operations: November 3, 2015				
	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Net Assets per Unit ⁽¹⁾					
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	9.97	10.45	9.99	9.93	10.00
Increase (Decrease) from Operations (\$)					
Total revenue	0.48	0.54	0.48	0.51	0.09
Total expenses	(0.15)	(0.14)	(0.14)	(0.15)	(0.05)
Realized gains (losses)	0.42	0.34	0.38	(0.08)	(0.28)
Unrealized gains (losses)	0.69	(0.53)	0.11	0.28	0.43
Total Increase (Decrease) from Operations (\$) ⁽²⁾	1.44	0.21	0.83	0.56	0.19
Distributions (\$)					
From net investment income (excluding dividends)	0.04	0.04	0.02	—	—
From dividends	0.24	0.34	0.29	0.28	0.01
From capital gains	0.21	0.31	0.08	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	0.49	0.69	0.39	0.28	0.01
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	10.90	9.97	10.45	9.99	9.93

Ratios and Supplemental Data

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Total net asset value (000's of \$) ⁽⁵⁾	531,532	321,517	269,332	199,548	65,547
Number of units outstanding ⁽⁵⁾	48,706,209	32,256,134	25,774,898	19,996,411	6,611,793
Management expense ratio (%) ⁽⁶⁾	1.09	1.09	1.09	1.09	1.09
Management expense ratio before waivers or absorptions (%)	1.09	1.09	1.09	1.09	1.10
Trading expense ratio (%) ⁽⁷⁾	0.31	0.21	0.26	0.39	1.61
Portfolio turnover rate (%) ⁽⁸⁾	81.31	62.22	76.49	156.17	17.56
Net asset value per unit (\$)	10.91	9.97	10.45	9.98	9.91

Series NR

Accounting Period Ended	Commencement of operations: November 3, 2015				
	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Net Assets per Unit ⁽¹⁾					
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	9.12	9.79	9.61	9.89	10.00
Increase (Decrease) from Operations (\$)					
Total revenue	0.43	0.49	0.45	0.49	0.09
Total expenses	(0.13)	(0.13)	(0.13)	(0.14)	(0.05)
Realized gains (losses)	0.36	0.30	0.34	(0.08)	(0.27)
Unrealized gains (losses)	0.63	(0.47)	0.13	0.21	0.45
Total Increase (Decrease) from Operations (\$) ⁽²⁾	1.29	0.19	0.79	0.48	0.22
Distributions (\$)					
From net investment income (excluding dividends)	0.04	0.04	0.02	—	—
From dividends	0.27	0.32	0.30	0.33	—
From capital gains	0.18	0.28	0.07	—	—
Return of capital	0.24	0.23	0.25	0.26	0.05
Total Annual Distributions (\$) ⁽³⁾	0.73	0.87	0.64	0.59	0.05
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	9.66	9.12	9.79	9.61	9.89

Ratios and Supplemental Data

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Total net asset value (000's of \$) ⁽⁵⁾	6,449	4,263	4,081	2,762	1,038
Number of units outstanding ⁽⁵⁾	667,148	467,606	417,193	287,596	105,127
Management expense ratio (%) ⁽⁶⁾	1.09	1.09	1.09	1.09	1.09
Management expense ratio before waivers or absorptions (%)	1.09	1.09	1.09	1.10	1.14
Trading expense ratio (%) ⁽⁷⁾	0.31	0.21	0.26	0.39	1.61
Portfolio turnover rate (%) ⁽⁸⁾	81.31	62.22	76.49	156.17	17.56
Net asset value per unit (\$)	9.67	9.12	9.78	9.60	9.87

- ⁽¹⁾ This information is derived from the Fund's Annual Audited 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.
- ⁽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 accounting period. For all series created before 2017, the detailed calculation of the total Increase (Decrease) from Operations as at December 31, 2015 has been adjusted to reflect the proper allocation between the following items: Total revenue, Total expenses, Realized gain (losses) and/or Unrealized gain (losses). It is a non-material correction related to a programming error in the ratio calculation.
- ⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Fund, or both.
- ⁽⁴⁾ The net assets are calculated in accordance with IFRS.
- ⁽⁵⁾ This information is provided as at the last day of the accounting period shown.
- ⁽⁶⁾ Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period. For Series N and NR and the Private Series, the management expense ratio before waivers or absorptions as at December 31, 2015 has been adjusted to reflect a non-material correction related to a programming error in the ratio calculation.
- ⁽⁷⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period. The trading expense ratio includes, if necessary, the trading expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106. Since calculating an average daily allocation of the trading expenses would take considerable effort, an average monthly allocation has been used instead for the accounting periods prior to 2016. For series created before 2016, the trading expense ratio as at December 31, 2015 has been adjusted to reflect an adequate annualization. The ratio changed from 0.06% to 1.61%.
- ⁽⁸⁾ 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 December 31, 2019

Portfolio Top Holdings

	% of Net Asset Value
Inter Pipeline Ltd.....	7.9
Omega Healthcare Investors Inc.....	6.9
Atlantia SPA.....	6.4
PPL Corp.....	5.9
Enel SPA.....	5.8
Enagas SA.....	5.4
ACS, Actividades de Construcion Y Servicios SA.....	5.2
National Grid PLC.....	4.2
Italgas SpA.....	4.1
Gaz de France.....	4.0
Targa Resources Corp.....	3.9
Endesa SA.....	3.7
SFL Corp. Ltd.....	3.7
France Telecom.....	3.6
Medical Properties Trust Inc.....	3.5
Edison International.....	3.1
Dominion Resources Inc./VA.....	2.8
EnLink Midstream LLC.....	2.6
E.ON AG.....	2.5
Southern Co.....	2.1
Verizon Communications Inc.....	1.9
Cash, Money Market and Other Net Assets.....	1.7
Clearway Energy Inc., Class C.....	1.6
Exelon Corp.....	1.4
Royal Mail PLC.....	1.2
	95.1

Net asset value..... \$537,980,883

Regional Allocation

	% of Net Asset Value
United States.....	36.4
Italy.....	16.3
Spain.....	15.2
Canada.....	7.9
France.....	7.6
United Kingdom.....	6.5
Norway.....	3.7
Germany.....	2.5
Belgium.....	1.1
China.....	1.1
Cash, Money Market and Other Net Assets.....	1.7

Sector Allocation

	% of Net Asset Value
Utilities.....	49.3
Energy.....	18.1
Industrials.....	15.0
Real Estate.....	10.4
Communication Services.....	5.5
Cash, Money Market and Other Net Assets.....	1.7

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.