

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2019

Short Term and Income Fund

NBI Dividend 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.

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 Dividend Fund's investment objective is to provide high dividend income while preserving capital. The Fund invests primarily in preferred and common shares of Canadian corporations that pay dividend income.

The portfolio manager uses a value and growth style to pick common shares with a high dividend yield and low risk of loss. The common stock portfolio is mainly composed of the largest companies in the S&P/TSX Composite Index. It is expected that investments in foreign securities will not exceed approximately 20% of the Fund's assets.

Risks

The Fund's risk level was modified from "low to medium" to "low" 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 Dividend Fund's Investor Series units returned 6.95% compared to 7.59% for the Fund's blended benchmark. The broad-based index, the S&P/TSX Preferred Share Index (CAD), returned 3.48%. Unlike the indices, 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 dropped by 26.87% over the period, from \$441.20 million as at December 31, 2018 to \$322.67 million as at December 31, 2019.

The decline stemmed mainly from net redemptions by unitholders of the Fund.

Along with most of the rest of the world, the Canadian equity market performed very well in 2019. The S&P/TSX index, which gain 22.8% throughout the year, reached several all-time highs during the period, lastly on December 20th, boosted by upbeat economic data from China amid growing optimism over an initial U.S.-China trade deal.

The index was mainly driven by the Information Technology sector increasing by 64.1% and Utilities names gaining 37.5%. The only detractors this year was the Health Care sector losing 10.9% thanks to the unimpressive performance of names in the cannabis sector.

On the fixed income front, the Canadian yield curve briefly inverted in March for the first time since 2007 then stayed inverted for as long as seven months, reaching its most prominent inversion in August and recovering slowly since then. While bond yields declined regardless of their respective maturities over the year, the 10-year rate fell by 27 bps to 1.7% and reached its lowest point of 1.09% in August. High yield bonds (lower than BBB-rated) outperformed other corporate bonds, returning about 10.4% all in, compared to 8.1% for all Canadian corporate bonds. Sector-wise, the Energy and Infrastructure sectors outperformed, gaining respectively 11.2% and 11.4% whereas the Securitized and Financial sectors underperformed, gaining, however, 4.7% and 5.2%. Provincials and Municipals largely outperformed the Federal bonds while longer-term issues outpaced their short and mid-term counterparts.

Meanwhile, the Canadian preferred share market underperformed other major asset classes such as corporate bonds and common equities in the country, with a return of only 3.48%. Despite a very strong final quarter of the year, it wasn't enough to erase what was a very difficult summer for the preferred share space. Fixed rate perpetuals were the best performers, gaining about 11.4% thanks to the fall in 5-year Canada bond yields, with banks outperforming the other sectors; floating rate issues underperformed the asset classes by losing 6.6%, with the Energy sector getting hurt the most.

In this context, the Fund managed to post a positive return, which was slightly lower than its benchmark, after fees. Most of the asset classes in the portfolio ended the period in positive territory, but common equities were the main contributors, as they gained significantly along with the rest of the Canadian stock market. Major gainers included TMX Group, Power Financial and Thomson Reuters while Nutrien, Manulife and TD detracted some value. Preferred shares also hindered some returns, as they underperformed the other asset classes. Security selection in fixed-reset and fixed rate perpetuals (especially in the Energy and Financial sectors) as well as the overweight exposure to floating rate issues didn't help either. Security selection in both fixed rate and floating rate Utilities issues has fortunately offset somewhat. The fixed income component of the Fund did well overall with in the declining rate environment.

Recent Developments

As policy uncertainty dissipates, the portfolio manager expects the environment of stabilizing growth prospects to boost risk assets in the coming year. What's more, central bankers have assumed an increased tolerance for exceeding their inflation targets and a willingness to let the economy run hot in order to sustain the record-long expansion, with positive implications for stocks, commodities (ex-gold) and other riskier asset classes at the expense of bonds and the U.S. dollar.

After a solid performance through 2019, return prospects for fixed income appears less appealing heading into 2020. He expects yield curves to steepen, with only modest repricing at the short end of the curve as policymakers pursue a sideline approach. Meanwhile, the improved growth backdrop that fuels a modest revival in inflation expectations can put upward pressure on the long end of the curve. Within the asset class, he prefers maintaining a short duration and position the portfolio for a mildly steeper yield curve, while also looking further up the risk spectrum towards spread product and inflation protection – both of which should thrive in the pro-cyclical environment of negligible recession (default) risks and rising inflation expectations.

The portfolio manager also thinks that equity markets will continue grinding higher on the back of both multiple expansion and modest earnings growth. Notably, the "goldilocks" environment of supportive central bank policies will help to nurture the recovery and extend the duration of the expansion, which should ultimately increase what investors are willing to pay for equities. Moreover, he thinks that earnings will play a more meaningful role going forward and momentum should improve on the back of a revitalized global growth backdrop. With so much gloom on the state of the economy, the bar is low for upside surprises to earnings forecasts and accordingly, equity prices. From a valuation perspective, equities offer a compelling risk-reward proposition at this time. The earnings yield on stocks far exceeds that of the corresponding 10-year government bond, which suggests that patient investors will be rewarded in the long-run should near-term market gyrations subside.

His central scenario is for a sustained global expansion (65%), which encompasses a "goldilocks" environment of healthy, trend-like global growth, modestly higher inflation, and stimulative central bank policies. This reflationary scenario bodes well for stocks over bonds from an asset allocation perspective and he's positioned as such heading into the fourth quarter.

He thinks that Canadian equities should prosper in the environment of higher commodity prices that bolster resource stocks, while steeper yield curves should buoy profits in the financial sector. These sectors represent a sizable majority of the S&P/TSX, while recent underperformance has created a substantial valuation discount to the S&P 500 that should narrow and close the performance gap with U.S. equities. In this context, the portfolio manager will continue to look for opportunities to improve both the quality and valuation of the portfolio with a view towards ensuring a focus on dividend growers. As such, he executed several transactions during the year to achieve these objectives, by initiating positions in Toronto Industries, Canadian Utilities and Thomson Reuters, while selling several stocks, like Keyera, Emera and Great-West Life among them.

Despite the strong performance of the preferred share market in Q4, they lagged credit assets (Investment Grade and high yield bonds) and common equities. With the tax loss selling season behind us, the U.S. Federal Reserve and the Bank of Canada on the sidelines, and some positive development on trade deals, he's expecting a stronger performance than the average dividend yield, in 2020. During the period, he improved the quality of issues held in the portfolio and increased the average reset level of the fixed-reset issues. He also reduced the allocation to floating rate issues and took some profit by trimming the allocation to some expensive fixed rate perpetual issues.

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.

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 December 31, 2019
Total brokerage fees	74,885.76
Brokerage fees paid to National Bank Financial	359.84

Holdings

As at December 31, 2019, National Bank Investments Inc. held 123.29 Fund securities for a value of \$1,431.41, which represented close to 0.0004% 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.

Independent Review Committee Approvals and Recommendations

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

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

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

Registered Plan Trust Services

NTC receives a fixed amount per registered account for services provided as trustee for registered plans.

Administrative and Operating Services

The 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. A portion of the management fees paid by the Fund covers maximum annual 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 Fees	Distribution	Others [†]
Investor Series and Series R	1.50%	50.00%	50.00%
Investor-2 Series	1.20%	62.50%	37.50%
Advisor Series*			
Front-end load	1.50%	50.00%	50.00%
Back-end load - 1 to 6 years	1.50%	16.67%	83.33%
Back-end load - 7 years and more	1.50%	50.00%	50.00%
Low load - 1 to 3 years	1.50%	16.67%	83.33%
Low load - 4 years and more	1.50%	50.00%	50.00%
Series F	0.75%	—	100.00%
Series O	N/A**	—	100.00%

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

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

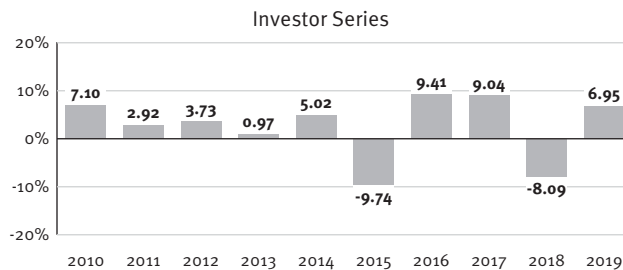
^(**) There are no management fees paid by the Fund with respect to the Series O. Instead, Series O securityholders pay a negotiated administration fee directly to National Bank Investments.

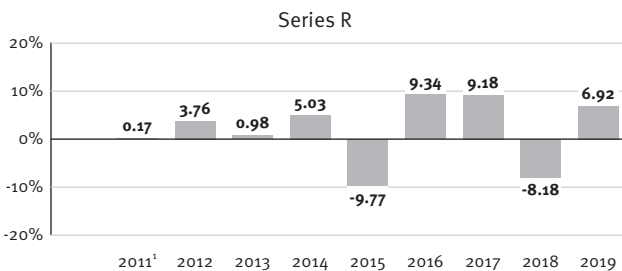
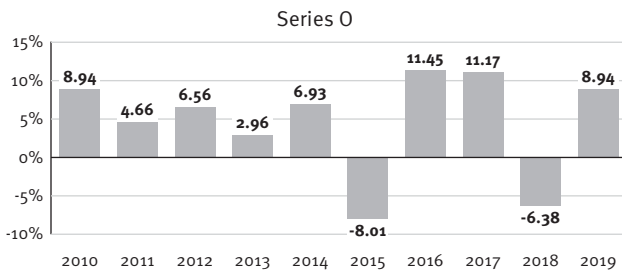
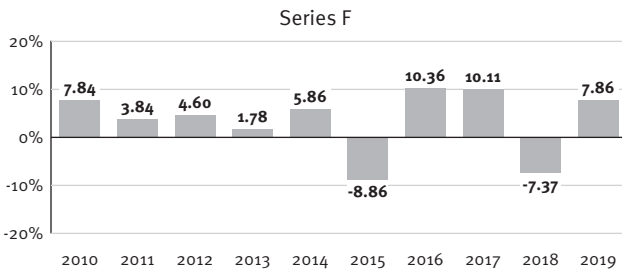
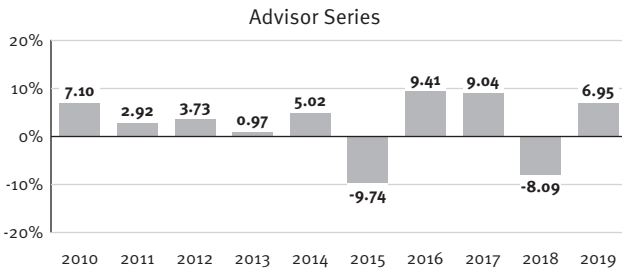
Past Performance

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, or by June 30, as applicable.





⁽¹⁾ Returns for the period from May 27, 2011 (commencement of operations) to December 31, 2011.

⁽²⁾ Returns for the period from May 19, 2017 (commencement of operations) to December 31, 2017.

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 benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- S&P/TSX Preferred Share Index (CAD) (60%)
- FTSE Canada Universe Bond Index (CAD) (25%)
- S&P/TSX Equity Income Index (CAD) (15%)

The broad-based index is the S&P/TSX Preferred Share Index (CAD).

NBI Dividend Fund

	1 year	3 years	5 years	10 years	Since inception
Investor Series¹	6.95%	2.34%	1.14%	2.53%	-
Benchmark	7.59%	3.59%	1.64%	3.67%	-
Broad-based index	3.48%	2.68%	(0.30)%	2.10%	-
Investor-2 Series²	7.18%	-	-	-	1.39%
Benchmark	7.59%	-	-	-	3.11%
Broad-based index	3.48%	-	-	-	1.19%
Advisor Series³	6.95%	2.34%	1.14%	2.53%	-
Benchmark	7.59%	3.59%	1.64%	3.67%	-
Broad-based index	3.48%	2.68%	(0.30)%	2.10%	-
Series F⁴	7.86%	3.23%	2.04%	3.40%	-
Benchmark	7.59%	3.59%	1.64%	3.67%	-
Broad-based index	3.48%	2.68%	(0.30)%	2.10%	-
Series O⁵	8.94%	4.27%	3.05%	4.51%	-
Benchmark	7.59%	3.59%	1.64%	3.67%	-
Broad-based index	3.48%	2.68%	(0.30)%	2.10%	-
Series R⁶	6.92%	2.34%	1.13%	-	1.80%
Benchmark	7.59%	3.59%	1.64%	-	2.97%
Broad-based index	3.48%	2.68%	(0.30)%	-	1.23%

¹Commencement of operations: August 10, 1992

²Commencement of operations: May 19, 2017

³Commencement of operations: February 8, 2002

⁴Commencement of operations: January 31, 2006

⁵Commencement of operations: November 15, 2002

⁶Commencement of operations: May 27, 2011

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 Descriptions

The **S&P/TSX Preferred Share Index** is comprised of preferred stocks trading on the Toronto Stock Exchange that meet criteria relating to minimum size, liquidity and issuer rating.

The **FTSE Canada Universe Bond Index** is composed of over 900 bonds with a term to maturity of more than one year and reflects the Canadian Bond market.

The **S&P/TSX Equity Income Index** is a strategy index focused on dividend income. The index is made up of 50 to 75 stocks selected from the S&P/TSX Composite, the headline index and principal broad market measure for the Canadian equity market.

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

^(*) The Advisor Series was created on February 8, 2002.

Net Assets per Unit⁽¹⁾ Commencement of operations: August 10, 1992

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	14.58	16.30	15.28	14.36	16.24
Increase (Decrease) from Operations (\$)					
Total revenue	0.65	0.66	0.62	0.64	0.65
Total expenses	(0.28)	(0.31)	(0.31)	(0.28)	(0.29)
Realized gains (losses)	(0.27)	(0.28)	0.07	(0.21)	(0.08)
Unrealized gains (losses)	0.96	(1.23)	1.04	1.07	(1.87)
Total Increase (Decrease) from Operations (\$) ⁽²⁾	1.06	(1.16)	1.42	1.22	(1.59)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.37	0.41	0.36	0.40	0.31
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	0.37	0.41	0.36	0.40	0.31
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	15.22	14.58	16.30	15.28	14.36

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 (ooo's of \$) ⁽⁵⁾	270,567	378,774	708,301	960,762	1,134,354
Number of units outstanding ⁽⁵⁾	17,777,798	25,962,475	43,442,299	62,842,436	78,979,034
Management expense ratio (%) ⁽⁶⁾	1.89	1.89	1.88	1.88	1.88
Management expense ratio before waivers or absorptions (%)	1.89	1.89	1.88	1.88	1.88
Trading expense ratio (%) ⁽⁷⁾	0.02	0.07	0.04	0.07	0.07
Portfolio turnover rate (%) ⁽⁸⁾	17.83	18.33	51.25	39.08	33.59
Net asset value per unit (\$)	15.22	14.59	16.30	15.29	14.36

Investor-2 Series

Net Assets per Unit⁽¹⁾ Commencement of operations: May 19, 2017

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	9.27	10.35	10.00
Increase (Decrease) from Operations (\$)			
Total revenue	0.42	0.43	0.25
Total expenses	(0.15)	(0.16)	(0.10)
Realized gains (losses)	(0.17)	(0.19)	0.07
Unrealized gains (losses)	0.57	(0.83)	0.26
Total Increase (Decrease) from Operations (\$) ⁽²⁾	0.67	(0.75)	0.48
Distributions (\$)			
From net investment income (excluding dividends)	—	—	—
From dividends	0.26	0.28	0.13
From capital gains	—	—	—
Return of capital	—	—	—
Total Annual Distributions (\$) ⁽³⁾	0.26	0.28	0.13
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	9.68	9.27	10.35

Ratios and Supplemental Data

Accounting Period Ended	2019 December 31	2018 December 31	2017 December 31
Total net asset value (ooo's of \$) ⁽⁵⁾	47,044	55,378	75,134
Number of units outstanding ⁽⁵⁾	4,858,339	5,969,916	7,258,492
Management expense ratio (%) ⁽⁶⁾	1.59	1.50	1.52
Management expense ratio before waivers or absorptions (%)	1.59	1.50	1.52
Trading expense ratio (%) ⁽⁷⁾	0.02	0.07	0.04
Portfolio turnover rate (%) ⁽⁸⁾	17.83	18.33	51.25
Net asset value per unit (\$)	9.68	9.28	10.35

Series F

Net Assets per Unit⁽¹⁾

Commencement of operations: January 31, 2006

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	8.02	8.95	8.38	7.88	8.90
Increase (Decrease) from Operations (\$)					
Total revenue	0.36	0.37	0.35	0.36	0.36
Total expenses	(0.09)	(0.09)	(0.09)	(0.08)	(0.09)
Realized gains (losses)	(0.14)	(0.17)	0.05	(0.11)	(0.04)
Unrealized gains (losses)	0.47	(0.78)	0.52	1.11	(1.04)
Total Increase (Decrease) from Operations (\$) ⁽²⁾	0.60	(0.67)	0.83	1.28	(0.81)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.27	0.28	0.26	0.30	0.23
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	0.27	0.28	0.26	0.30	0.23
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	8.38	8.02	8.95	8.38	7.88

Ratios and Supplemental Data

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) ⁽⁵⁾	769	989	1,285	1,206	586
Number of units outstanding ⁽⁵⁾	91,758	123,129	143,495	143,906	74,270
Management expense ratio (%) ⁽⁶⁾	1.03	1.03	1.03	1.01	1.01
Management expense ratio before waivers or absorptions (%)	1.03	1.03	1.03	1.01	1.01
Trading expense ratio (%) ⁽⁷⁾	0.02	0.07	0.04	0.07	0.07
Portfolio turnover rate (%) ⁽⁸⁾	17.83	18.33	51.25	39.08	33.59
Net asset value per unit (\$)	8.38	8.03	8.96	8.38	7.89

Series O

Net Assets per Unit⁽¹⁾

Commencement of operations: November 15, 2002

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
Net Assets, Beginning of Accounting Period Shown ⁽⁴⁾	11.09	12.37	11.56	10.84	12.26
Increase (Decrease) from Operations (\$)					
Total revenue	0.50	0.51	0.48	0.49	0.49
Total expenses	—	(0.01)	—	(0.01)	(0.01)
Realized gains (losses)	(0.22)	(0.23)	0.06	(0.15)	(0.05)
Unrealized gains (losses)	0.71	(1.05)	0.73	0.88	(1.40)
Total Increase (Decrease) from Operations (\$) ⁽²⁾	0.99	(0.78)	1.27	1.21	(0.97)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.46	0.50	0.48	0.48	0.44
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$) ⁽³⁾	0.46	0.50	0.48	0.48	0.44
Net Assets, End of Accounting Period Shown (\$) ⁽⁴⁾	11.61	11.09	12.37	11.56	10.84

Ratios and Supplemental Data

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) ⁽⁵⁾	1	1	1	1	1
Number of units outstanding ⁽⁵⁾	123	118	113	109	105
Management expense ratio (%) ⁽⁶⁾	0.01	0.01	0.01	—	0.01
Management expense ratio before waivers or absorptions (%)	0.63	0.78	1.03	1.81	1.70
Trading expense ratio (%) ⁽⁷⁾	0.02	0.07	0.04	0.07	0.07
Portfolio turnover rate (%) ⁽⁸⁾	17.83	18.33	51.25	39.08	33.59
Net asset value per unit (\$)	11.61	11.10	12.37	11.57	10.84

Series R

Net Assets per Unit⁽¹⁾

Commencement of operations: May 27, 2011

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
Net Assets, Beginning of Accounting Period Shown ^(a)	7.87	8.96	8.55	8.16	9.47
Increase (Decrease) from Operations (\$)					
Total revenue	0.35	0.36	0.35	0.36	0.37
Total expenses	(0.15)	(0.17)	(0.17)	(0.16)	(0.17)
Realized gains (losses)	(0.15)	(0.15)	0.04	(0.13)	(0.05)
Unrealized gains (losses)	0.52	(0.68)	0.58	0.55	(1.07)
Total Increase (Decrease) from Operations (\$) ^(a)	0.57	(0.64)	0.80	0.62	(0.92)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.19	0.21	0.19	0.22	0.19
From capital gains	—	—	—	—	—
Return of capital	0.14	0.17	0.17	0.13	0.21
Total Annual Distributions (\$) ^(a)	0.33	0.38	0.36	0.35	0.40
Net Assets, End of Accounting Period Shown (\$) ^(a)	8.07	7.87	8.96	8.55	8.16

Ratios and Supplemental Data

Accounting Period Ended	2019	2018	2017	2016	2015
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) ⁽⁵⁾	4,290	6,060	11,214	16,268	22,737
Number of units outstanding ⁽⁵⁾	531,438	769,962	1,252,107	1,901,615	2,785,621
Management expense ratio (%) ⁽⁶⁾	1.89	1.89	1.89	1.88	1.89
Management expense ratio before waivers or absorptions (%)	1.89	1.89	1.89	1.88	1.89
Trading expense ratio (%) ⁽⁷⁾	0.02	0.07	0.04	0.07	0.07
Portfolio turnover rate (%) ⁽⁸⁾	17.83	18.33	51.25	39.08	33.59
Net asset value per unit (\$)	8.07	7.87	8.96	8.55	8.16

⁽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 the Investor Series, Advisor Series, Series F, O and R, 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.

⁽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 history has been adjusted to include the trading expenses from its underlying funds and the calculation method described above has been used.

⁽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
NBI Strategic U.S. Income and Growth Fund, Series O	19.9
NBI Bond Fund, Series O	12.2
Cash, Money Market and Other Net Assets	2.8
Toronto-Dominion Bank, 4.85%, Series 14	1.4
Canadian Imperial Bank of Commerce, 4.40%, Series 45	1.1
Bank of Nova Scotia	1.0
Royal Bank of Canada	1.0
Power Financial Corp.	1.0
National Bank of Canada	0.9
Toronto-Dominion Bank	0.9
TC Energy Corp., 3.60%, Series 2	0.9
Bank of Montreal	0.8
Bank of Nova Scotia, 2.59%, Series 33	0.8
Royal Bank of Canada, 3.60%, Series BD	0.8
Toronto-Dominion Bank, 3.60%, Series 7	0.8
Toronto-Dominion Bank, 3.80%, Series 3	0.8
BCE Inc., 3.45%, Series AE	0.8
Canadian Utilities Ltd., Class A	0.8
TMX Group Ltd.	0.8
Pembina Pipeline Corporation	0.8
Bank of Nova Scotia, 4.85%, Series 38	0.7
Canadian National Railway Co.	0.7
Enbridge Inc., 4.00%, Series 3	0.7
Metro Inc.	0.7
TC Energy Corp.	0.7
	53.8

Net asset value \$322,671,164

Asset Mix

	% of Net Asset Value
Preferred Shares	44.9
Canadian Equity	18.2
US Bonds	7.6
US Equity	6.2
Corporate Bonds	5.4
Provincial Bonds	4.3
Foreign Bonds	2.8
Federal Bonds	2.0
International Equity	1.7
Municipal Bonds	1.3
Derivative Products	0.6
Mortgage Backed Securities	0.5
Asset Backed Securities	0.1
Cash, Money Market and Other Net Assets	4.4

Sector Allocation

	% of Net Asset Value
Financials	34.5
Bonds	23.4
Energy	13.4
Utilities	6.0
Communication Services	4.3
Consumer Staples	3.1
Industrials	3.1
Information Technology	1.7
Real Estate	1.4
Health Care	1.3
Consumer Discretionary	1.2
Materials	1.0
Mortgage Backed Securities	0.5
Asset Backed Securities	0.1
Cash, Money Market and Other Net Assets	5.0

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.