

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2022

Canadian Equity Fund  
**NBI Small Cap 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 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](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

### Investment Objective and Strategies

The NBI Small Cap Fund's investment objective is to provide long-term capital growth and preservation. The Fund invests primarily in common shares of companies chosen for their growth potential. The Fund may also invest in money market instruments and securities of Canadian federal and provincial governments. The Fund makes investments in small capitalization companies which provide investors with additional dynamic growth potential for a diversified portfolio.

The portfolio manager analyzes securities with growth potential. The portfolio manager initially invests a limited proportion of assets in these companies, making further investments if the company lives up to expectations. Generally, the portfolio manager does not invest in medium or large capitalization unless they show earnings growth potential, and favours security selection over sector rotation. The Fund may invest approximately 25% of its assets in foreign equities.

### Risks

The global investment risk of the Fund remains as described in the simplified prospectus or any amendments thereto and Fund Facts.

### Results of Operations

For the twelve-month period ended December 31, 2022, the NBI Small Cap Fund's Investor Series units returned -16.25% compared to -9.29% for the Fund's benchmark, the S&P/TSX Small Cap 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 dropped by 45.96% over the period, from \$1.060 billion as at December 31, 2021 to \$573.04 million as at December 31, 2022. The decline stemmed mainly from a rebalancing of the managed solutions offered by National Bank and market fluctuations.

Canadian Small Cap stocks rebounded nicely in the fourth quarter but still posted their worst annual drop since the global financial crisis. Some pressures eased in the final months of the year and stocks rallied as inflation started to diminish and central banks eased tightening conditions. Furthermore, China's decision to cease isolation restrictions tied to COVID-19 was beneficial to cyclical stocks like energy and materials. Although investor sentiment has improved recently, no clear direction has been set between pessimism and optimism and the lingering prospects of economic slowdown remains top of mind for many. Except in the final quarter of the year, this difficult market backdrop has generally been worst for small cap stocks as investors have been risk averse since the start of the year. Supply chain issues leading to production delays, labour shortages affecting productivity levels and higher cost structures pressuring profit margins in the context of a potential slowing of demand will be some of the things to watch in our investments during the upcoming year. Mergers and acquisitions will also continue to be topical as better valuations could stimulate consolidation activity.

Over the course of the year, the S&P/TSX Index was down 5.8%; Energy and Consumer staples were the best performing sectors, gaining 30.9% and 10.1% respectively. Real Estate and Utilities were the worst-performing sectors, losing 61.6% and 52.0% respectively throughout 2022.

Canadian small caps underperformed their larger peers this year, with the S&P/TSX Small Cap index losing 9.0%. The Energy sector was the only positive contributor to the index's performance, returning 30.5%, while the Communications and Health Care sectors lost 41.4% and 25.8% respectively.

Under these circumstances, the Fund underperformed its benchmark.

- Our relative underperformance is mostly explained by the negative contribution from our stock selection in the Real Estate, Consumer Discretionary, and Energy sectors. Our underweight in the Energy sector was also detrimental during the period.

- On the positive side, our stock selection in the Materials, Financials and in the Healthcare sectors were beneficial to the relative performance. Our underweight in the Materials sector was also a positive during the period.

- Our major positive contributors came from ARC Resources, Enerplus, Champion Iron, Topaz Energy, and Pet Valu Holdings.

- Our major negative contributors came from Hayward Holdings, Park Lawn, Tricon Residential, Colliers International and ECN Capital.

### Recent Developments

During the period, we initiated positions in AutoCanada, Logistec, Mainstreet Equity, Secure Energy Services Shawcor, Sleep Country Canada, Uni Select and Winmark.

AutoCanada is the only publicly listed automobile dealership group in Canada. It operates 80 dealerships, representing 15 original equipment manufacturers and 22 automotive brands across 8 Canadian provinces and the state of Illinois in the United States. It generates revenues from new-vehicle sales, used vehicle sales, parts and service, collision repair, finance and insurance. We believe that the company will be benefitting from numerous tailwinds in the upcoming quarters including elevated used car prices, pent-up demand for new cars and a low inventory availability.

Logistec is based in Montreal and provides specialized cargo and handling services to the marine community and to industrial companies. Its marine business operates in more than 54 ports and over 80 terminals in North America. Furthermore, Logistec operates in the environmental industry where it offers creative solutions including contaminated site remediation and water main rehabilitation. We believe that the company is well positioned to growth in each of its divisions. On the cargo handling side, it is benefitting from a rebound in global trade. Its assets are strategically positioned and are protected with high barriers to entry. Its environmental division is growing rapidly and should benefit from the replacement of aging municipality infrastructure and a push towards better water management systems.

Mainstreet Equity owns a diversified portfolio of multifamily residential properties across Western Canada. It has grown to more than 15,000 units focused on the older, mid-market rental category. It identifies and acquires underperforming units at attractive prices and creates value through renovations in order to improve operational efficiency and operating income. We believe that the company will be benefitting from numerous tailwinds in the upcoming quarters including strong immigration a rebounding Western economy.

Secure Energy Services is a leading oilfield services company which provides several services including oilfield waste management, midstream services, drilling and completion fluids and environmental related services. We believe that the company is well positioned to increase its profitability as stronger commodity prices increases drilling and completions activity. Also, the company remains focused on asset optimization and synergy realization following the acquisition of Tervita in 2021. We expect that cost reductions and free cash flow generation will translate to debt reduction and a better valuation on the stock

Shawcor is a leading energy and infrastructure technology company that specializes in products, services and solutions utilized in oil and gas, water and wastewater, transportation and other industrial applications. Shawcor operates globally and a market leader in most of its business lines. It recently announced its intention to sell its oil and gas business and focus on its industrial segment. We believe that the repositioning of the business along will lead to increased profitability and better predictability which should translate to a better valuation.

Sleep Country Canada is the leading Canadian mattress and sleep products retailer with a market share near 40%. The company benefits from strong brand awareness, purchasing power and a nationwide reach. With a strong balance sheet, we believe the company is well positioned to continue to grow its presence in its less mature accessories and online markets. Its recently announced partnerships with Wal-Mart and BestBuy will further enhance its leading positioning. At current prices, we believe the stocks offers great value.

Uni Select is a leading distributor of automotive paint in the United States and of automotive products in Canada, the USA and the UK. It recently proceeded with a management change. Brian McManus was appointed chairman and CEO of the company. Since his appointment, the company has returned to historical profitability levels and has prioritized debt reduction. We believe that margin improvement can continue. The company should benefit from strong demand for automotive replacement parts in the short to midterm as new car sales are slow to recover. Its solid balance sheet puts them also in an enviable position to consider growing by acquisitions again.

Winmark is an American franchisor of five retail businesses that specialize in buying and selling used goods. Its subsidiaries include Plato's Closet (clothing for teens and adults), Once Upon a Child (children's clothing, toys and accessories), Play It Again Sports (sporting goods), Style Encore (casual and business apparel for women) and Music Go Round (musical instrument and equipment). Winmark has ample room to grow with a strong pipeline of stores expected to open in the next year. We also like the robustness of its business model and strong demand for the resale category even during a slowing economy.

During the period, we sold our positions in ARC Resources (valuation), Badger Infrastructure (poor execution), Dye & Durham (increased leverage), Enerflex (increased leverage), IAA (received a takeover offer), Lifeworks (received a takeover offer), InterRent REIT (better investment opportunity), Mercury Systems (poor execution), Omnicell (valuation concerns), Ortho Clinical Diagnostics (received a takeover offer), Repay Holdings (valuation concerns) and Trean Insurance Group (poor execution).

In terms of changes to existing positions during the period, we increased our weighting in Adentra (previously Hardwoods Distribution), MainStreet Equity, Richelieu Hardware and Trisura Group. We decreased our weighting in Enerplus, Parex Resources, Parkland Corporation, SSR Mining and Wesdome Mines.

We are overweighting the sectors with a low correlation with the commodity and energy sectors (Industrials, Consumer Staples, Information Technology, and Real Estate) because we believe in their long-term growth potential that does not depend on high commodity prices and constant access to equity markets to finance growth.

We continue to be underweight in the Energy sector. The recent run up in energy prices is clearly a positive but we remain cautious on the mid to long-term outlook as the green energy transition weighs on investor sentiment and multiples paid in the sector.

We are underweight in the Materials sector. This is mainly explained by our reduced exposure to gold, silver, and base metal companies. We have a difficult time finding suitable long-term investments in this sector.

- The growth of the global economy is presently challenged, and recession fears are among us. Pent-up demand exists for many products and services globally as economies reopen but many challenges have arisen that have the potential to slow demand.

- The rise of inflation, increased energy costs, the lack of productivity caused by labour shortages, supply chain disruptions leading to delays and rising interest rates have tempered growth expectations. Although supply chain issues have been resolved in some cases, we continue to closely monitor the availability of certain materials or goods that continue to be impacted by the war in Ukraine.

- As the trajectory of the economy is difficult to predict, we remain focused on investing in companies that have a strong balance sheet and a resilient business model.

- We expect our companies to be active on the acquisition front and further consolidate their marketplace. We also expect some of our investments to become takeover targets as larger companies or private equity funds deploy their excess capital.

- We are optimistic that the companies held in our portfolio will adapt to a somewhat challenging short-term environment and become stronger in their respective markets. Challenges can be surmounted and can even offer opportunities to grow and gain market share versus weaker competitors. Our companies have strong balance sheets and will be able to invest for growth while others won't be able to do so. With their strong balance sheets, they will also be on the lookout for M&A to create value for shareholders.

- Our current positioning is the result of our bottom-up, long-term investment approach. We are looking to invest in tomorrow's global leaders that have a clear and defined growth strategy. Our investment horizon is long-term if the business plan is evolving in the right direction.

On April 30, 2022, the Fund's independent review committee (the "IRC") was reduced to three members when Robert Martin resigned as IRC member. On May 1, 2022, the Fund's IRC was increased to four members when Line Deslandes was appointed as IRC member. However, on September 30, 2022, the Fund's IRC was reduced to three members when Line Deslandes resigned as IRC member.

On May 20, 2022, NBI discontinued the purchase offering of deferred sales charge and low sales charge purchase options for all new investments, including purchases made through systematic plans in all Canadian jurisdictions. Investors who purchased units under these sales charge options will continue to be subject to the redemption fee schedules under which they were purchased.

On June 17, 2022, National Bank Trust Inc. replaced Fiera Capital Corporation as portfolio manager of the fund, the latter which became the portfolio sub-advisor.

On or about October 1, 2022, the management fees and maximum annual trailing commissions for the Investor Series and Advisor Series of the Fund were reduced. The management fees were reduced to 1.75% and its maximum annual trailing commissions were reduced to 1.00%.

## 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.

## 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, 2022
<b>Total brokerage fees</b>	766,904.27
<b>Brokerage fees paid to National Bank Financial</b>	55,315.25

## Holdings

As at December 31, 2022, National Bank Investments Inc. held 298.82 Fund securities for a value of \$4,134.52, 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 December 31, 2022, National Bank Trust Inc. held 1.05 Fund securities for a value of \$24.23, 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.

## 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. 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	1.75%	57.14%	42.86%
Advisor Series*			
Front-end load**	1.75%	57.14%	42.86%
Back-end load - 1 to 6 years	1.75%	28.57%	71.43%
Low load - 1 to 3 years	1.75%	28.57%	71.43%
Low load - 4 years and more	1.75%	57.14%	42.86%
Series F	0.75%	—	100.00%
Series N and Series NR***	0.30%	—	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 with the low sales charge 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> For Series N and NR, offered only to investors using the NBI Private Wealth Management service ("PWM"), management fees only cover management of fund investments, i.e. the fees related to management of fund portfolios constituting the PWM profiles. 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.

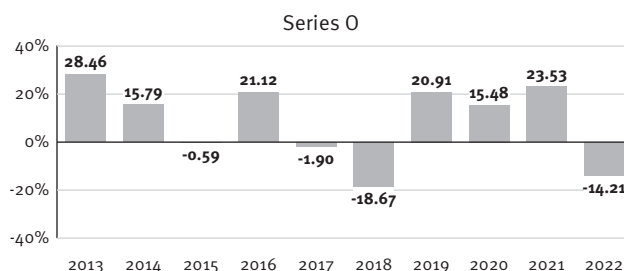
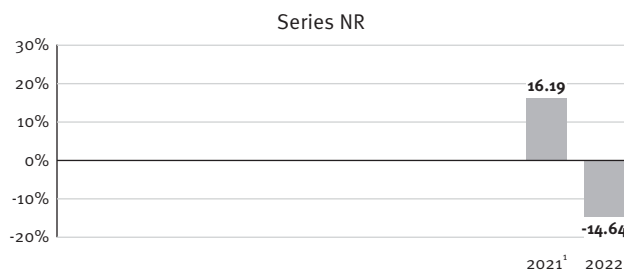
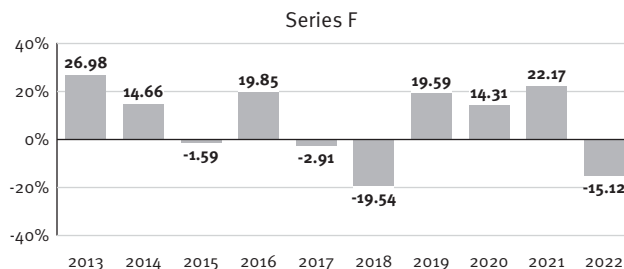
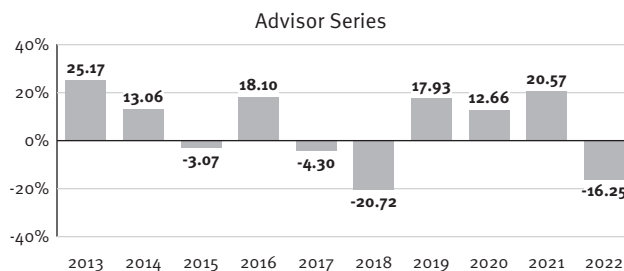
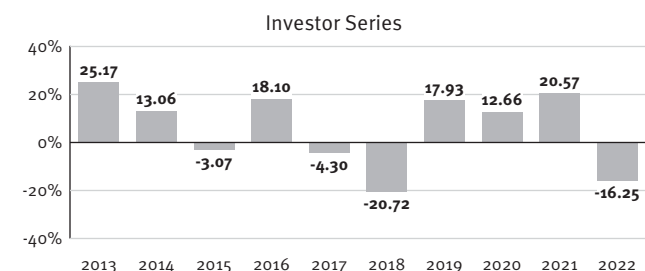
<sup>(\*\*\*\*)</sup> There are no management fees paid by the Fund with respect to the Series O. Instead, Series O securityholders pay a negotiated administration fee directly to National Bank Investments.

## 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>(1)</sup> Returns for the period from March 10, 2021 (commencement of operations) to December 31, 2021.

## 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, 2022, compared with the following benchmark:

- S&P/TSX Small Cap Index (CAD)

**NBI Small Cap Fund**

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>	<b>Since inception</b>
<b>Investor Series<sup>1</sup></b>	(16.25)%	4.39%	1.24%	5.13%	–
Benchmark	(9.29)%	7.19%	3.14%	4.23%	–
<b>Advisor Series<sup>2</sup></b>	(16.25)%	4.39%	1.24%	5.13%	–
Benchmark	(9.29)%	7.19%	3.14%	4.23%	–
<b>Series F<sup>3</sup></b>	(15.12)%	5.83%	2.67%	6.64%	–
Benchmark	(9.29)%	7.19%	3.14%	4.23%	–
<b>Series N<sup>4</sup></b>	(14.64)%	–	–	–	(0.48)%
Benchmark	(9.29)%	–	–	–	(3.66)%
<b>Series NR<sup>4</sup></b>	(14.64)%	–	–	–	(0.46)%
Benchmark	(9.29)%	–	–	–	(3.66)%
<b>Series O<sup>5</sup></b>	(14.21)%	6.96%	3.77%	7.78%	–
Benchmark	(9.29)%	7.19%	3.14%	4.23%	–

<sup>1</sup>Commencement of operations: February 25, 1988

<sup>2</sup>Commencement of operations: February 8, 2002

<sup>3</sup>Commencement of operations: April 1, 2004

<sup>4</sup>Commencement of operations: March 10, 2021

<sup>5</sup>Commencement of operations: March 1, 2005

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/TSX Small Cap Index** is capitalization weighted and consists of small cap companies trading on the Toronto Stock Exchange that meet criteria relating to minimum size, liquidity and issuer rating.

## 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.

Net Assets per Unit<sup>(1)</sup> Commencement of operations: February 25, 1988

Accounting Period Ended	2022	2021	2020	2019	2018
	December 31	December 31	December 31	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	67.47	55.96	49.67	42.12	53.21
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	1.11	1.26	0.62	0.81	0.77
Total expenses	(1.52)	(1.57)	(1.25)	(1.23)	(1.34)
Realized gains (losses)	5.81	10.14	1.99	0.53	(2.50)
Unrealized gains (losses)	(17.95)	2.74	5.28	7.92	(7.64)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(12.55)	12.57	6.64	8.03	(10.71)
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.04	—	—	—	0.06
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.04	—	—	—	0.06
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	56.46	67.47	55.96	49.67	42.12

### Ratios and Supplemental Data

Accounting Period Ended	2022	2021	2020	2019	2018
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	50,279	102,321	225,461	257,545	287,637
Number of units outstanding <sup>(5)</sup>	890,555	1,516,602	4,028,911	5,184,886	6,828,311
Management expense ratio (%) <sup>(6)</sup>	2.43	2.49	2.51	2.53	2.53
Management expense ratio before waivers or absorptions (%)	2.43	2.49	2.51	2.53	2.53
Trading expense ratio (%) <sup>(7)</sup>	0.10	0.06	0.11	0.08	0.17
Portfolio turnover rate (%) <sup>(8)</sup>	34.46	38.66	31.63	37.85	53.83
Net asset value per unit (\$)	56.46	67.47	55.96	49.67	42.12

### Series N\*

<sup>(1)</sup> Series N securities have been issued or in circulation since March 10, 2021.

Net Assets per Unit<sup>(1)</sup> Commencement of operations: March 10, 2021

Accounting Period Ended	2022	2021
	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	11.58	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.23	0.24
Total expenses	(0.06)	(0.05)
Realized gains (losses)	0.97	1.12
Unrealized gains (losses)	(3.11)	0.22
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(1.97)	1.53
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	0.22	0.03
From capital gains	—	—
Return of capital	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.22	0.03
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	9.66	11.58

### Ratios and Supplemental Data

Accounting Period Ended	2022	2021
	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	257,826	474,824
Number of units outstanding <sup>(5)</sup>	26,680,861	40,989,944
Management expense ratio (%) <sup>(6)</sup>	0.52	0.52
Management expense ratio before waivers or absorptions (%)	0.52	0.52
Trading expense ratio (%) <sup>(7)</sup>	0.10	0.06
Portfolio turnover rate (%) <sup>(8)</sup>	34.46	38.66
Net asset value per unit (\$)	9.66	11.58

## Series NR\*

<sup>(1)</sup> Series NR securities have been issued or in circulation since March 10, 2021.

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

Commencement of operations: March 10, 2021

Accounting Period Ended	2022	2021
	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(a)</sup>	11.09	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.21	0.23
Total expenses	(0.06)	(0.05)
Realized gains (losses)	0.92	1.09
Unrealized gains (losses)	(2.91)	0.25
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(a)</sup>	(1.84)	1.52
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	0.19	0.05
From capital gains	—	—
Return of capital	0.48	0.45
<b>Total Annual Distributions (\$)</b> <sup>(a)</sup>	0.67	0.50
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(a)</sup>	8.82	11.09

### Ratios and Supplemental Data

Accounting Period Ended	2022	2021
	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	2,542	5,034
Number of units outstanding <sup>(5)</sup>	288,249	453,824
Management expense ratio (%) <sup>(6)</sup>	0.51	0.52
Management expense ratio before waivers or absorptions (%)	0.51	0.52
Trading expense ratio (%) <sup>(7)</sup>	0.10	0.06
Portfolio turnover rate (%) <sup>(8)</sup>	34.46	38.66
Net asset value per unit (\$)	8.82	11.09

## Series F

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

Commencement of operations: April 1, 2004

Accounting Period Ended	2022	2021	2020	2019	2018
	December 31	December 31	December 31	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(a)</sup>	18.24	14.94	13.09	10.99	13.66
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.52	0.42	0.16	0.22	0.21
Total expenses	(0.18)	(0.19)	(0.15)	(0.14)	(0.16)
Realized gains (losses)	0.98	2.30	0.48	0.11	(0.68)
Unrealized gains (losses)	(3.04)	0.72	1.00	1.99	(1.88)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(a)</sup>	(1.72)	3.25	1.49	2.18	(2.51)
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.14	0.01	0.02	0.05	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(a)</sup>	0.14	0.01	0.02	0.05	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(a)</sup>	15.34	18.24	14.94	13.09	10.99

### Ratios and Supplemental Data

Accounting Period Ended	2022	2021	2020	2019	2018
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	34,408	3,064	1,645	1,854	1,624
Number of units outstanding <sup>(5)</sup>	2,243,453	167,972	110,121	141,621	147,802
Management expense ratio (%) <sup>(6)</sup>	1.10	1.09	1.07	1.11	1.10
Management expense ratio before waivers or absorptions (%)	1.12	1.13	1.10	1.13	1.12
Trading expense ratio (%) <sup>(7)</sup>	0.10	0.06	0.11	0.08	0.17
Portfolio turnover rate (%) <sup>(8)</sup>	34.46	38.66	31.63	37.85	53.83
Net asset value per unit (\$)	15.34	18.24	14.94	13.09	10.99



## Series O

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

Commencement of operations: March 1, 2005

Accounting Period Ended	2022	2021	2020	2019	2018
	December 31	December 31	December 31	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	27.54	22.50	19.61	16.38	20.14
<b>Increase (Decrease) from Operations (\$)</b>					
Total revenue	0.53	0.55	0.25	0.33	0.31
Total expenses	(0.03)	(0.02)	(0.03)	(0.02)	(0.04)
Realized gains (losses)	2.36	3.91	0.79	0.12	(1.07)
Unrealized gains (losses)	(7.13)	1.25	1.91	2.92	(3.01)
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(4.27)	5.69	2.92	3.35	(3.81)
<b>Distributions (\$)</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	0.65	0.25	0.15	0.19	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.65	0.25	0.15	0.19	—
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	23.01	27.54	22.50	19.61	16.38

### Ratios and Supplemental Data

Accounting Period Ended	2022	2021	2020	2019	2018
	December 31	December 31	December 31	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	223,512	467,342	696,048	691,931	531,163
Number of units outstanding <sup>(5)</sup>	9,714,389	16,967,591	30,939,962	35,291,622	32,434,529
Management expense ratio (%) <sup>(6)</sup>	0.02	0.02	0.02	0.02	0.02
Management expense ratio before waivers or absorptions (%)	0.02	0.02	0.02	0.02	0.02
Trading expense ratio (%) <sup>(7)</sup>	0.10	0.06	0.11	0.08	0.17
Portfolio turnover rate (%) <sup>(8)</sup>	34.46	38.66	31.63	37.85	53.83
Net asset value per unit (\$)	23.01	27.54	22.50	19.61	16.38

## 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 23, 2021

Accounting Period Ended	2022	2021
	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(4)</sup>	11.65	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.23	0.28
Total expenses	(0.05)	(0.04)
Realized gains (losses)	0.98	0.96
Unrealized gains (losses)	(3.09)	0.23
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(2)</sup>	(1.93)	1.43
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	0.29	0.02
From capital gains	—	—
Return of capital	—	—
<b>Total Annual Distributions (\$)</b> <sup>(3)</sup>	0.29	0.02
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(4)</sup>	9.66	11.65

### Ratios and Supplemental Data

Accounting Period Ended	2022	2021
	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	3,017	5,813
Number of units outstanding <sup>(5)</sup>	312,339	499,115
Management expense ratio (%) <sup>(6)</sup>	0.40	0.41
Management expense ratio before waivers or absorptions (%)	0.40	0.41
Trading expense ratio (%) <sup>(7)</sup>	0.10	0.06
Portfolio turnover rate (%) <sup>(8)</sup>	34.46	38.66
Net asset value per unit (\$)	9.66	11.65

## 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 23, 2021

Accounting Period Ended	2022	2021
	December 31	December 31
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(a)</sup>	11.63	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.23	0.23
Total expenses	(0.06)	(0.05)
Realized gains (losses)	0.94	1.05
Unrealized gains (losses)	(2.87)	0.65
<b>Total Increase (Decrease) from Operations (\$)</b> <sup>(a)</sup>	(1.76)	1.88
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	0.21	0.03
From capital gains	—	—
Return of capital	—	—
<b>Total Annual Distributions (\$)</b> <sup>(a)</sup>	0.21	0.03
<b>Net Assets, End of Accounting Period Shown (\$)</b> <sup>(a)</sup>	9.71	11.63

## Ratios and Supplemental Data

Accounting Period Ended	2022	2021
	December 31	December 31
Total net asset value (000's of \$) <sup>(5)</sup>	1,460	2,078
Number of units outstanding <sup>(5)</sup>	150,378	178,747
Management expense ratio (%) <sup>(6)</sup>	0.52	0.47
Management expense ratio before waivers or absorptions (%)	0.52	0.47
Trading expense ratio (%) <sup>(7)</sup>	0.10	0.06
Portfolio turnover rate (%) <sup>(8)</sup>	34.46	38.66
Net asset value per unit (\$)	9.71	11.63

<sup>(1)</sup> 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.

<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 December 31, 2022

### Portfolio Top Holdings

	% of Net Asset Value
Cash, Money Market and Other Net Assets	5.5
Colliers International Group Inc.	3.9
Trisura Group Ltd.	3.8
ATS Corp.	3.5
EQB Inc.	3.5
Richelieu Hardware Ltd.	3.5
Park Lawn Corp.	3.4
GDI Integrated Facility Services Inc.	3.3
Pet Valu Holdings Ltd.	3.2
FirstService Corp.	3.1
Jamieson Wellness Inc.	3.0
Topaz Energy Corp.	3.0
Héroux-Devtek Inc.	2.9
Champion Iron Ltd.	2.8
Parkland Corp.	2.7
ADENTRA Inc.	2.4
Sleep Country Canada Holdings Inc.	2.4
Boyd Group Services Inc.	2.3
Calian Group Ltd.	2.1
Cargojet Inc.	2.1
Enerplus Corp.	2.1
Mainstreet Equity Corp.	2.1
Goeasy Ltd.	2.0
Savaria Corp.	2.0
Tricon Capital Group Inc.	2.0
	72.6

Net asset value ..... \$573,043,875

### Asset Mix

	% of Net Asset Value
Canadian Equity	90.4
International Equity	2.8
US Equity	1.3
Cash, Money Market and Other Net Assets	5.5

### Sector Allocation

	% of Net Asset Value
Industrials	24.3
Financials	13.4
Energy	12.1
Real Estate	11.5
Consumer Discretionary	11.2
Materials	9.7
Consumer Staples	6.8
Information Technology	3.1
Health Care	2.4
Cash, Money Market and Other Net Assets	5.5

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 website 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).