

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2022

Specialized Fund
NBI Resource 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 Resource Fund aims to achieve capital growth primarily by investing in equities of Canadian natural resource companies and companies that support resource companies.

The portfolio manager analyzes stocks from companies that engage in natural resource activities, such as mining, oil and gas, energy, forest products, water resources and fishing, and companies that support those industries. The portfolio manager uses a combination of growth and value styles and a mix of investment strategies to select investments for the Fund. It is expected that investments in foreign securities will not exceed approximately 30% of the Fund's assets.

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 Resource Fund's Investor Series units returned 13.48% compared to 16.58% for the Fund's blended benchmark. The broad-based index, the S&P/TSX Composite Index (CAD), returned -5.84%. 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.

The Fund's net asset value rose by 10.19% over the period, from \$53.65 million as at December 31, 2021 to \$59.12 million as at December 31, 2022.

The increase stemmed mainly from market fluctuations.

Russian invasion of Ukraine, record inflation, potential recession on the horizon; it's fair to say that 2022 has proven to be challenging on many fronts. For investors, this context has resulted in declines for stocks and bonds in the first half of the year, followed by six months of ups and downs with no clear direction.

In sum, global equities (-12.0% for the MSCI World CAD) have performed similarly to traditional Canadian bonds (-11.7% for the FTSE Canada Universe) in 2022, although for fixed income, this represents their worst annual performance in history. In terms of leadership, Canadian equities (-5.8% for the S&P/TSX) did significantly better than their peers, supported in part by generally high commodity prices. On the other hand, the environment was more difficult in emerging markets (-19.7% for the MSCI EM Index in USD), held back by slowing global growth, containment in China, a strong U.S. dollar and increasingly restrictive monetary policies.

Under these circumstances, the Fund underperformed its benchmark.

The Energy holdings provided positive relative performance and the Materials holdings lagged, more than offsetting the Energy returns. Over the longer term, we expect energy and many industrial commodities required for the green energy transition—copper, for example—to have incrementally higher demand with declining supply. Net net, this implies higher long-term commodity prices.

In the Energy sector, significant contributors to performance were Total Energy Services Inc., Enerflex Systems Ltd., and Pason Systems Inc.

The only detractor from performance in this sector was Imperial Oil Ltd., which continued to execute on its plans despite short-term price weakness.

In the Materials sector, the underperformance was a combination of strong returns among senior gold companies, in which the portfolio was underweight, and weak performance from other companies. Major detractors from performance were West Fraser Timber Co. Ltd. and Canfor Pulp Products Inc.

Recent Developments

Since the transition of management responsibility assumed in Q4, the portfolio was materially adjusted to reflect Foyston, Gordon & Payne's outlook and portfolio construction approach.

Given our investment philosophy, we focused our purchases on profitable companies with lower levels of debt and reasonable market valuations. We ended the quarter with what we believe to be high-quality, large-cap Energy and Materials companies, with select exposure to mid-cap companies that have demonstrated long-term profitability. The Fund is underweight gold producers because the cost of production is rising much faster than the underlying gold price, and valuations are very high relative to other Materials companies.

The Fund aims to generate long-term value from profitable resource companies that measure their performance on a per-share basis. We look for companies with long-life assets, low costs of production, and good operational execution, including safety. We like companies that grow intrinsically over time without diluting ownership.

2023 should see a sustained slowdown in inflationary pressures, prompting central banks to pause their interest rate hike cycle by the second quarter. Meanwhile, growth figures are likely to begin to slow further as the lagged effects of the large rate hikes work their way through the real economy. With this environment comes significant risks of recession, which in turn could ultimately force central banks to set the stage for potential interest rate cuts later in the year.

This scenario comes with a level of uncertainty that remains unusually high. For instance, a much faster-than-expected slowdown in inflation would represent the most optimistic scenario, provided that it prompts central banks to stop—and even reverse—their rate hike cycle earlier than expected, thereby reducing the likelihood of a recession. That said, an important risk factor remains excessive monetary tightening by a Federal Reserve that cannot afford to underestimate once again the persistence of inflationary pressures. One thing is certain: an important success factor in 2023 will be the ability to remain nimble in a constantly changing environment.

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 September 29, 2022, Foyston, Gordon & Payne Inc. replaced Fiera Capital Corporation as the Fund's portfolio sub-advisor. This change is in line with the governance process of NBI's open architecture structure. The investment objective of these funds remains unchanged.

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.

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, 2022
Total brokerage fees	129,238.31
Brokerage fees paid to National Bank Financial	7,509.68

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 [†]
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%

^(†) 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.

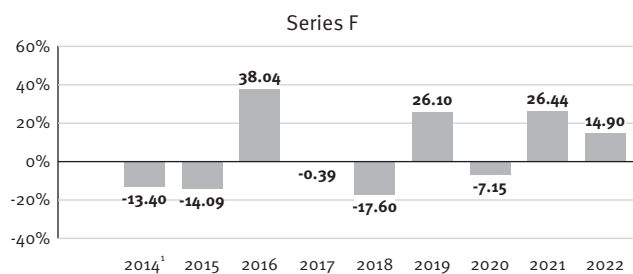
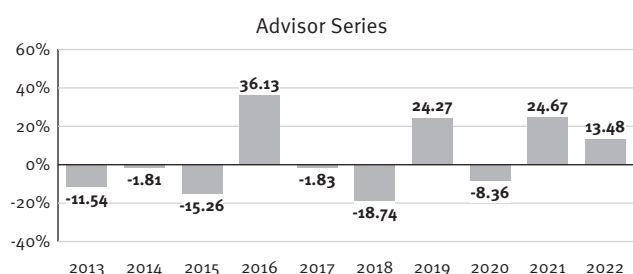
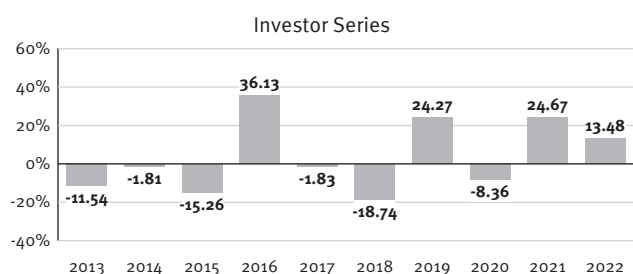
^(**) Rate applicable for all investments, including Advisor Series existing before May 14, 2015, systematic investment programs, reinvested distributions and switches.

Past Performance

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.

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.



⁽¹⁾ Returns for the period from May 21, 2014 (commencement of operations) to December 31, 2014.

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 benchmarks:

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

- S&P/TSX Composite Energy Sector Index (CAD) (50%)
- S&P/TSX Composite Material Sector Index (CAD) (50%)

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

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	1 year	3 years	5 years	10 years	Since inception
Investor Series¹	13.48%	9.04%	5.54%	2.56%	–
Benchmark	16.58%	12.21%	8.60%	3.88%	–
Broad-based index	(5.84)%	7.54%	6.85%	7.74%	–
Advisor Series²	13.48%	9.04%	5.54%	2.56%	–
Benchmark	16.58%	12.21%	8.60%	3.88%	–
Broad-based index	(5.84)%	7.54%	6.85%	7.74%	–
Series F³	14.90%	10.49%	6.99%	–	4.27%
Benchmark	16.58%	12.21%	8.60%	–	4.67%
Broad-based index	(5.84)%	7.54%	6.85%	–	6.98%

¹Commencement of operations: November 10, 1989

²Commencement of operations: June 12, 2009

³Commencement of operations: May 21, 2014

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 Composite Energy Sector Index** measures the performance of securities in the Energy sector in Canada. The index is based on the securities' market capitalization. No security can exceed 25% of the total value of the index.

The **S&P/TSX Composite Material Sector Index** measures the performance of securities in the Materials sector in Canada. The index is based on the securities' market capitalization. No security can exceed 25% of the total value of the index.

The **S&P/TSX Composite Index** is a subset of the S&P/TSX and reflects share price fluctuations of a group of companies listed on the Toronto Stock Exchange (TSX) and weighted by market capitalization.

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

⁽¹⁾ The Advisor Series was created on June 12, 2009.

Accounting Period Ended	Commencement of operations: November 10, 1989				
	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Net Assets per Unit ⁽¹⁾					
Net Assets, Beginning of Accounting Period Shown⁽⁴⁾	38.96	31.25	34.10	27.44	33.77
Increase (Decrease) from Operations (\$)					
Total revenue	1.47	1.10	0.87	0.76	0.69
Total expenses	(1.16)	(0.92)	(0.81)	(0.81)	(0.86)
Realized gains (losses)	6.14	3.51	0.82	(0.62)	(0.94)
Unrealized gains (losses)	1.40	4.14	(3.78)	7.35	(5.09)
Total Increase (Decrease) from Operations (\$)⁽²⁾	7.85	7.83	(2.90)	6.68	(6.20)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$)⁽³⁾	—	—	—	—	—
Net Assets, End of Accounting Period Shown (\$)⁽⁴⁾	44.21	38.96	31.25	34.10	27.44

Ratios and Supplemental Data

Accounting Period Ended	Commencement of operations: May 21, 2014				
	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (ooo's of \$) ⁽⁵⁾	40,858	51,757	47,937	58,958	53,592
Number of units outstanding ⁽⁵⁾	924,259	1,328,551	1,533,782	1,728,993	1,953,322
Management expense ratio (%) ⁽⁶⁾	2.40	2.47	2.47	2.47	2.47
Management expense ratio before waivers or absorptions (%)	2.40	2.48	2.48	2.48	2.48
Trading expense ratio (%) ⁽⁷⁾	0.21	0.12	0.20	0.19	0.25
Portfolio turnover rate (%) ⁽⁸⁾	90.63	34.49	71.21	50.27	66.72
Net asset value per unit (\$)	44.21	38.96	31.25	34.10	27.44

Series F

Accounting Period Ended	Commencement of operations: May 21, 2014				
	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Net Assets per Unit ⁽¹⁾					
Net Assets, Beginning of Accounting Period Shown⁽⁴⁾	12.48	9.87	10.63	8.43	10.23
Increase (Decrease) from Operations (\$)					
Total revenue	0.52	0.36	0.28	0.24	0.21
Total expenses	(0.18)	(0.13)	(0.13)	(0.11)	(0.12)
Realized gains (losses)	1.84	1.07	0.27	(0.20)	(0.33)
Unrealized gains (losses)	(3.28)	1.22	(1.19)	2.25	(1.63)
Total Increase (Decrease) from Operations (\$)⁽²⁾	(1.10)	2.52	(0.77)	2.18	(1.87)
Distributions (\$)					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions (\$)⁽³⁾	—	—	—	—	—
Net Assets, End of Accounting Period Shown (\$)⁽⁴⁾	14.34	12.48	9.87	10.63	8.43

Ratios and Supplemental Data

Accounting Period Ended	Commencement of operations: May 21, 2014				
	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (ooo's of \$) ⁽⁵⁾	18,259	1,894	882	798	579
Number of units outstanding ⁽⁵⁾	1,272,965	151,809	89,338	75,079	68,678
Management expense ratio (%) ⁽⁶⁾	1.09	1.10	1.17	1.02	1.05
Management expense ratio before waivers or absorptions (%)	1.12	1.15	1.19	1.04	1.08
Trading expense ratio (%) ⁽⁷⁾	0.21	0.12	0.20	0.19	0.25
Portfolio turnover rate (%) ⁽⁸⁾	90.63	34.49	71.21	50.27	66.72
Net asset value per unit (\$)	14.34	12.48	9.87	10.63	8.43

- ⁽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.
- ⁽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.
- ⁽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, 2022

Portfolio Top Holdings

	% of Net Asset Value
Canadian Natural Resources Ltd.	9.0
Teck Resources Ltd., Class B	8.5
Cenovus Energy Inc.	7.8
Suncor Energy Inc.	7.6
SPROTT PHYSICAL GOLD	7.3
Imperial Oil Ltd.	7.2
Nutrien Ltd.	5.4
Cash, Money Market and Other Net Assets	4.8
West Fraser Timber Co. Ltd.	4.7
Canfor Corp.	3.1
CCL Industries Inc., Class B	3.1
Secure Energy Services Inc.	3.0
Methanex Corp.	2.7
Major Drilling Group International Inc.	2.6
PrairieSky Royalty Corp.	2.6
Transcontinental Inc., Class A	2.6
Labrador Iron Ore Royalty Corp.	2.4
SPROTT PHYSICAL URANIUM TRUST	2.4
Pason Systems Inc.	2.2
Total Energy Services Inc.	2.2
CES Energy Solutions Corp.	2.0
Winpak Ltd.	2.0
Western Forest Products Inc.	1.9
Canfor Pulp Products Inc.	1.7
Enerflex Ltd.	1.2
	100.0

Net asset value \$59,116,941

Regional Allocation

	% of Net Asset Value
Canada	95.2
Cash, Money Market and Other Net Assets	4.8

Sector Allocation

	% of Net Asset Value
Oil Gas & Consumable Fuels	34.3
Metals & Mining	20.8
Paper & Forest Products	11.4
Energy Equipment & Services	10.6
Chemicals	8.0
Containers & Packaging	7.7
Financial Services	2.4
Cash, Money Market and Other Net Assets	4.8

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.

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.