

# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2023

Canadian Equity Fund  
**NBI Quebec Growth Fund**

## Notes on forward-looking statements

This report may contain forward-looking statements concerning the Fund, its future performance, its strategies or prospects or about future events or circumstances. Such forward-looking statements include, among others, statements with respect to our beliefs, plans, expectations, estimates and intentions. The use of the expressions "foresee", "intend", "anticipate", "estimate", "assume", "believe" and "expect" and other similar terms and expressions indicate forward-looking statements.

By their very nature, forward-looking statements imply the use of assumptions and necessarily involve inherent risks and uncertainties. Consequently, there is a significant risk that the explicit or implicit forecasts contained in these forward-looking statements might not materialize or that they may not prove to be accurate in the future. A number of factors could cause future results, conditions or events to differ materially from the objectives, expectations, estimates or intentions expressed in such forward-looking statements. Such differences might be caused by several factors, including changes in Canadian and worldwide economic and financial conditions (in particular interest and exchange rates and the prices of other financial instruments), market trends, new regulatory provisions, competition, changes in technology and the potential impact of conflicts and other international events.

The foregoing list of factors is not exhaustive. Before making any investment decision, investors and others relying on our forward-looking statements should carefully consider the foregoing factors and other factors. We caution readers not to rely unduly on these forward-looking statements. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so provides.

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

## Management Discussion of Fund Performance

### Results of Operations

For the six-month period ended June 30, 2023, the NBI Quebec Growth Fund's Investor Series units returned 8.08% compared to -0.33% 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.

The Fund's net asset value rose by 12.39% over the period, from \$477.73 million as at December 31, 2022 to \$536.92 million as at June 30, 2023.

The increase stemmed mainly from unit purchases by investors in the Fund and market fluctuations.

Equity markets ended the half year of 2023 on a positive note as investors focused on recent economic data hinting to a soft landing and a stabilization in interest rates. Despite these favourable market conditions, uncertainty surrounding the long-term economic outlook persists as inflation and higher interest rates will eventually slow consumer spending. In this context, large-cap equities posted better returns as investors remain generally risk averse and tentative. The climate of economic uncertainty was detrimental to Canadian small-cap stocks as the energy and materials sectors were under pressure.

Under these circumstances, the Fund outperformed its benchmark.

The Fund's major positive contributors to performance during the period came from Logistec, Stella-Jones, CGI, Richelieu Hardware and IA Financial. The major negative contributors came from Champion Iron, GDI Integrated Facilities, Canadian Net REIT, Innergex Renewable and Jamieson Wellness.

### Recent Developments

During the period, we initiated a new position in CBIZ, MTY Food Group, and Neogen.

CBIZ provides professional business services to corporations to better manage finances, employees, and insurance needs. Its services include accounting, tax, financial advisory, government healthcare consulting, risk advisory and valuation services. It offers its services in more than 33 states in the United States. We like its long-term growth profile as it competes in a large, fragmented, and growing market. Most of its services are recurring in nature and offer cross-selling opportunities across its expanding client base.

We like MTY Food Group's free cash flow model. We are impressed by the resiliency of the recent results. MTY has been able to adjust prices to offset increases and has not seen a material impact on traffic. The company recently announced a large acquisition (Wetzel Pretzels) that will further expand its presence in the United States and diversify its portfolio of brands

Neogen develops, manufactures and markets products and services for the food and animal safety industry. In addition, Neogen is the largest animal genomics company in the world. The company continues to grow internally with newly developed products and inorganically with acquisitions. It recently closed the largest acquisition in its history when it acquired 3M's Food safety business. We believe that this acquisition has the potential to be transformative once it's integrated. The food and animal safety have large addressable markets that are growing and benefiting from numerous investments. We believe that Neogen has lots of room to grow and increase profitability meaningfully from current levels.

During the quarter, we sold our positions in Lassonde Industries (disappointing results and outlook), Premium Brands (higher debt levels) and Wesdome Mines (disappointing results and outlook).

In terms of changes to existing positions, we increased our weighting in Uni Select, Heroux-Devtek, Andlauer Healthcare, Intact Financial, and GDI Integrated Facility. On the other hand, we decreased our weighting in TFI International, CGI, Nuvei, Stella Jones and Cargojet.

- On a sector level, our biggest weightings at the end of the period were in Industrials, Financials, and Consumer Discretionary.

- On a security level, our top holdings at the end of the period were WSP Global, IA Financial, GDI Integrated Facilities, Richelieu Hardware and Uni Select.

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.

We have limited exposure to commodity sectors (notwithstanding a small exposure to gold) and no exposure to the energy sector. Also, we have minimal exposure to Canadian banks (except for our investment in National Bank of Canada), which differentiates us from most existing Canadian equity funds.

- 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 monitor closely 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.

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

### Related Party Transactions

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

#### Trustee, Custodian, and Registrar

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

NTC acts as registrar for the Fund's securities and the names of securityholders. NTC also acts as the Fund's custodian. The fees for NTC's custodial services are based on the standard rates in effect at NTC.

#### Agent for securities lending transactions

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

## Fund Manager

The Fund is managed by National Bank Investments Inc. (“NBII”), which is a wholly-owned subsidiary of the Bank. Therefore, NBII provides or ensures the provision of all general management and administrative services required by the Fund’s current operations, including investment consulting, the arrangement of brokerage contracts for the purchase and sale of the investment portfolio, bookkeeping and other administrative services required by the Fund.

The Manager pays the operating expenses of the Fund other than its “Fund costs” (defined below) (the “variable operating expenses”), in exchange for the Fund’s payment to the Manager of annual fixed-rate administration fees with respect to each series of the Fund.

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

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

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

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

## Portfolio Manager

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

## Distribution and Dealer Compensation

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

## Brokerage Fees

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

	Period ended June 30, 2023
<b>Total brokerage fees</b>	55,481.85
<b>Brokerage fees paid to National Bank Financial</b>	4,807.00

## 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%

<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.

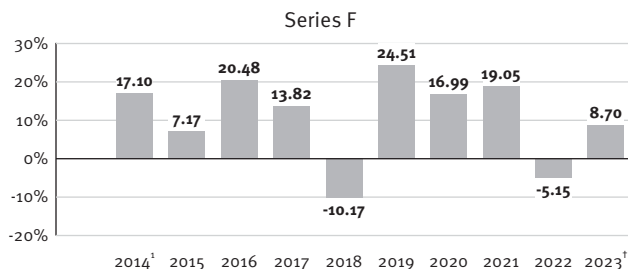
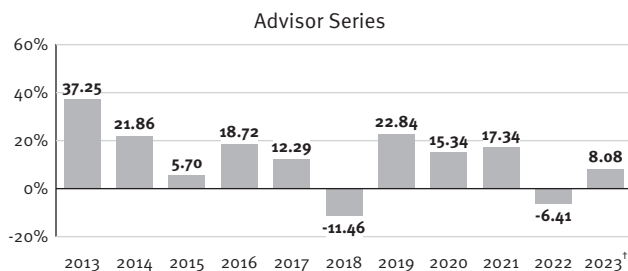
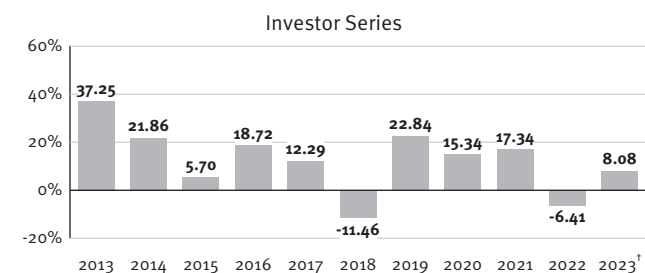
<sup>(†)</sup> Rate applicable for all investments, including Advisor Series existing before May 14, 2015, systematic investment programs, reinvested distributions and switches.

## Past Performance

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

## Annual Returns

The bar charts indicate the performance for each the Fund's series in existence greater than one year during the years shown, and illustrate how the performance has changed from year to year. They show, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the series) would have grown or decreased by December 31 of that year, in the case of the Annual management report of fund performance, or by June 30, in the case of the Interim management report of fund performance.



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

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

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the accounting periods shown.

### Investor / Advisor\* Series

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

Accounting Period Ended	Commencement of operations: July 23, 1999					
	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Net Assets per Unit <sup>(1)</sup>						
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	96.50	104.39	88.96	77.10	62.79	70.85
<b>Increase (Decrease) from Operations (\$)</b>						
Total revenue	1.03	1.86	1.40	1.24	1.78	1.16
Total expenses	(1.15)	(2.45)	(2.58)	(1.89)	(1.83)	(1.77)
Realized gains (losses)	0.90	5.55	6.26	0.96	(0.18)	0.62
Unrealized gains (losses)	7.06	(12.52)	10.05	11.02	14.58	(8.25)
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	7.84	(7.56)	15.13	11.33	14.35	(8.24)
<b>Distributions (\$)</b>						
From net investment income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	1.19	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	—	1.19	—	—	—	—
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	104.30	96.50	104.39	88.96	77.10	62.79

### Ratios and Supplemental Data

Accounting Period Ended	Commencement of operations: May 21, 2014					
	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (ooo's of \$) <sup>(5)</sup>	207,520	197,628	284,789	228,567	207,024	176,657
Number of units outstanding <sup>(5)</sup>	1,989,711	2,048,049	2,728,002	2,569,373	2,684,191	2,813,436
Management expense ratio (%) <sup>(6)</sup>	2.25	2.46	2.53	2.52	2.52	2.52
Management expense ratio before waivers or absorptions (%)	2.25	2.46	2.53	2.52	2.52	2.52
Trading expense ratio (%) <sup>(7)</sup>	0.02	0.03	0.03	0.05	0.04	0.04
Portfolio turnover rate (%) <sup>(8)</sup>	6.95	18.27	21.85	22.51	22.98	19.36
Net asset value per unit (\$)	104.30	96.50	104.39	88.96	77.13	62.79

### Series F

Accounting Period Ended	Commencement of operations: May 21, 2014					
	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Net Assets per Unit <sup>(1)</sup>						
<b>Net Assets, Beginning of Accounting Period Shown<sup>(4)</sup></b>	25.18	26.81	22.52	19.25	15.46	17.20
<b>Increase (Decrease) from Operations (\$)</b>						
Total revenue	0.27	0.50	0.37	0.32	0.44	0.29
Total expenses	(0.15)	(0.29)	(0.30)	(0.21)	(0.20)	(0.19)
Realized gains (losses)	0.25	1.51	1.58	0.27	(0.04)	0.15
Unrealized gains (losses)	1.80	(2.89)	2.26	2.90	3.65	(2.13)
<b>Total Increase (Decrease) from Operations (\$)<sup>(2)</sup></b>	2.17	(1.17)	3.91	3.28	3.85	(1.88)
<b>Distributions (\$)</b>						
From net investment income (excluding dividends)	—	—	—	—	—	—
From dividends	—	—	—	—	—	—
From capital gains	—	0.25	—	—	—	—
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions (\$)<sup>(3)</sup></b>	—	0.25	—	—	—	—
<b>Net Assets, End of Accounting Period Shown (\$)<sup>(4)</sup></b>	27.37	25.18	26.81	22.52	19.25	15.46

### Ratios and Supplemental Data

Accounting Period Ended	Commencement of operations: May 21, 2014					
	2023 June 30	2022 December 31	2021 December 31	2020 December 31	2019 December 31	2018 December 31
Total net asset value (ooo's of \$) <sup>(5)</sup>	329,398	280,097	202,330	105,651	81,616	65,954
Number of units outstanding <sup>(5)</sup>	12,035,642	11,124,869	7,547,205	4,690,908	4,239,054	4,267,215
Management expense ratio (%) <sup>(6)</sup>	1.11	1.11	1.11	1.11	1.11	1.11
Management expense ratio before waivers or absorptions (%)	1.11	1.11	1.11	1.11	1.11	1.11
Trading expense ratio (%) <sup>(7)</sup>	0.02	0.03	0.03	0.05	0.04	0.04
Portfolio turnover rate (%) <sup>(8)</sup>	6.95	18.27	21.85	22.51	22.98	19.36
Net asset value per unit (\$)	27.37	25.18	26.81	22.52	19.25	15.46

- <sup>(1)</sup> This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited Financial Statements. The net assets per unit presented in the financial statements might differ from the net asset value calculated for fund pricing purposes. The differences are explained in the notes to the financial statements.
- <sup>(2)</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the average number of units outstanding over the accounting period.
- <sup>(3)</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.
- <sup>(4)</sup> The net assets are calculated in accordance with IFRS.
- <sup>(5)</sup> This information is provided as at the last day of the accounting period shown.
- <sup>(6)</sup> Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period.
- <sup>(7)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period. The trading expense ratio includes, if necessary, the trading expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106.
- <sup>(8)</sup> The Fund's portfolio turnover rate indicates how actively the Fund portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher a Fund's portfolio turnover rate in an accounting period, the greater the trading costs payable by the Fund in the accounting period, and the greater the chance of an investor receiving taxable capital gains in the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

## Summary of Investment Portfolio

As of June 30, 2023

### Portfolio Top Holdings

	% of Net Asset Value
Cash, Money Market and Other Net Assets	6.7
WSP Global Group Inc.	5.2
iA Financial Corp Inc.	5.0
GDI Integrated Facility Services Inc.	4.7
Richelieu Hardware Ltd.	4.4
Uni-Select Inc.	4.2
Alimentation Couche-Tard Inc.	4.0
Héroux-Devtek Inc.	3.8
Logistec Corp., Class B	3.8
CGI Group Inc., Class A	3.7
Savaria Corp.	3.5
National Bank of Canada	3.3
Stella-Jones Inc.	3.3
Parkland Corp.	2.9
Dollarama Inc.	2.6
TFI International Inc.	2.6
Sleep Country Canada Holdings Inc.	2.4
TECSYS Inc.	2.4
Quebecor Inc., Class B	2.3
CAE Inc.	2.1
Gildan Activewear Inc.	2.1
Champion Iron Ltd.	1.9
Jamieson Wellness Inc.	1.9
Boralex Inc., Class A	1.8
Metro Inc.	1.8
	82.4

Net asset value ..... \$536,917,867

### Asset Mix

	% of Net Asset Value
Canadian Equity	90.0
International Equity	1.9
US Equity	1.4
Cash, Money Market and Other Net Assets	6.7

### Sector Allocation

	% of Net Asset Value
Industrials	34.7
Consumer Discretionary	13.9
Financials	10.8
Consumer Staples	8.5
Information Technology	7.4
Materials	6.8
Energy	2.9
Communication Services	2.8
Utilities	2.6
Real Estate	1.5
Health Care	1.4
Cash, Money Market and Other Net Assets	6.7

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

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