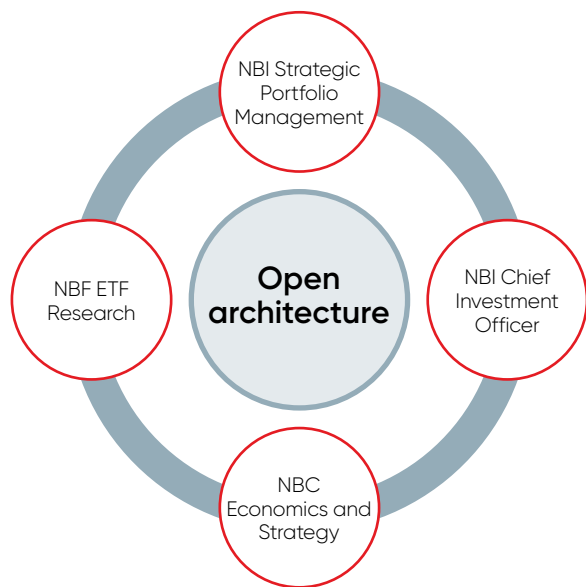


# OP4+ A rigorous governance process



National Bank Investments Inc.'s (NBI) open architecture structure relies on conducting ongoing due diligence and ensuring full accountability. Our monitoring efforts are based on a cycle during which the organization, the people, the process, the portfolio, the performance, and the integration of ESG criteria of external portfolio managers are assessed on an ongoing basis.

**Our accomplished team of investment specialists is dedicated to optimizing our open architecture structure**



The OP4+ criteria for excellence in portfolio management	
<b>Organization</b>	Strong organization with top-tier investment culture
<b>People</b>	Stable team of investment professionals
<b>Process</b>	Proven management processes to select securities, build portfolios and manage risk
<b>Portfolio</b>	Optimized portfolio construction that follows the investment process and ensures sound diversification
<b>Performance</b>	Strong and predictable risk-adjusted returns
<b>ESG+</b>	Integration of <b>E</b> nvironment, <b>S</b> ocial and <b>G</b> overnance criteria

## NBI overview\*

- › **Over \$78B** in assets under advisory
- › Managed by **77** separate teams
- › Divided across **48** portfolio management firms
- › Over **175** portfolio managers from around the world met annually.

\*As at September 30, 2023.

## The importance of diversification






We believe that our strategic asset allocation complemented by our tactical deviations represents the best long-term investment alternative. However, it is very difficult to predict short-term markets, which is why sound diversification among asset classes and geographic regions is vital to assembling a portfolio.

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## Portfolio creation: A two-step process

Step 1. Optimal asset allocation	
Strategic	Tactical
<p><b>Used to add value and manage risk for our clients.</b></p> <ul style="list-style-type: none"> <li>› Optimization factors and objectives of the solution are determined.</li> <li>› Expected returns, volatility and correlation are established.</li> <li>› Optimization using advanced software aims to maximize the expected return per unit of risk.</li> <li>› Annual optimizations are conducted to ensure that asset allocation remains ideal.</li> </ul>	<p><b>Accounts for market anomalies and protect ourselves against risks that appear to be low-reward.</b></p> <ul style="list-style-type: none"> <li>› A monthly committee determines the tactical biases.</li> <li>› Deviations are carried out by overweighting or underweighting the funds currently found in the solutions.</li> <li>› Monthly performance attribution ensures no risk dominates the portfolio.</li> </ul>

Step 2. Efficient portfolio manager selection	
Identifies portfolio managers with a competitive advantage.	
	Investment objective
	Quantitative filter
	Final analysis using the OP4+ criteria
	Portfolio Manager Selection Committee
	Final decision

## The Fund Watch List

Over time, funds that do not meet our expectations are added to a watch list. Listed funds will be subject to a complete review and a new analysis. A recommendation will then be made to the investment committee and, if necessary, an action plan that can include a change in portfolio manager will be put forward.



Open architecture.  
Endless opportunities.