NBI Funds

The funds listed below offer units of the *Advisor, F, O* and *ETF Series*.

Simplified Prospectus dated August 10, 2026

SHORT-TERM AND INCOME FUND

NBI Target 2032 Investment Grade Bond Fund

GLOBAL EQUITY FUNDS

NBI *SmartData* U.S. Equity Covered Call Fund
NBI *SmartData* International Equity Covered Call Fund

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

The funds and the units offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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Introduction

At National Bank Investments Inc., we want you to understand the funds you are investing in and to be comfortable with your investments. This Simplified Prospectus is written in easy to understand language and any complicated terms are explained.

The words "*you*" and "*your*" in this Simplified Prospectus refer to the investor. In addition, the words "*us*", "*we*" and "*our*" refer to National Bank Investments Inc, as manager of the funds. We refer to the mutual funds we offer pursuant to this Simplified Prospectus as "**NBI Funds**" and, individually, a "**NBI Fund**", or as "**funds**" or "**Funds**" and, individually, a "**fund**" or "**Fund**".

"**ETF Series**" refers to exchange-traded series of units offered by a NBI Fund.

"**Mutual Fund Series**" refers to all other series of units offered by the NBI Funds.

If you invest in the funds, you purchase units of a trust and are a "**unitholder**" or, collectively, "**unitholders**".

This Simplified Prospectus contains important information about mutual funds in general and deals specifically with the funds. This information will help you understand your rights as an investor and make informed investment decisions.

We have divided the document into two parts. The first part, from page 1 to page 36, contains information about all the funds and information that applies to funds in general. The second part, from page 39 to page 69, is called *Specific information about each fund described in this document* and contains detailed information about each fund described in this document.

You can find more information about each fund in:

- the most recently filed fund facts for each of its Mutual Fund Series, if applicable;
- the most recently filed ETF facts for the ETF Series, if applicable;
- the most recently filed annual financial statements;
- any interim financial report filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus and are legally considered to be a part of this document just as if they were printed in it.

You can get a copy of the aforementioned documents, at your request and at no cost, from your dealer, by emailing us at investments@nbc.ca or visiting the funds' designated website http://www.nbinvestments.ca. You can also get copies by calling National Bank Investments Advisory Service at 514 871-2082 or, toll-free, at 1 888 270-3941. National Bank Investments Advisory Service is a unit of National Bank Investments Inc. that enables investors to communicate directly with National Bank Investments Inc. in order to, among other things, obtain information concerning the products and services offered and obtain copies of information documents related to the funds.

You may also view the various documents mentioned above and obtain other information about the funds on the website of the *System for Electronic Document Analysis and Retrieval + (SEDAR+)* at www.sedarplus.ca or on our website at www.nbinvestments.ca.

Responsibility for Fund Administration

Management of the funds

National Bank Investments Inc., an investment fund manager (the "**Manager**" or "**we**") in each of the Canadian provinces and territories, acts as the investment fund manager of each fund. We are responsible for the management of the business and affairs of the funds. We are also responsible for the investment decisions for the funds, but have retained the services of portfolio managers to assist us in discharging this duty. We are also responsible for office space and facilities, clerical help, statistical, bookkeeping and internal accounting, and internal auditing services.

The funds are responsible for paying us management fees, which vary by fund and series and are a percentage of the daily average net asset value of each fund and series as applicable. For more information on this subject and the various operating expenses, please refer to the section *Fees and Expenses - Fees and charges payable by the funds*.

The head office of National Bank Investments Inc. is located at 800 Saint-Jacques Street, Transit 43671, Montreal, Quebec, H3C 1A3. You can reach the National Bank Investments Advisory Service at the following telephone numbers: 514 871-2082 or toll-free at 1 888 270-3941. Our website is www.nbinvestments.ca and our e-mail address is investments@nbc.ca.

National Bank Investments Inc. has entered into a management agreement with Natcan Trust Company and National Bank Trust Inc. for the management of the funds. The management agreement for the funds may be terminated by either party at any time with at least sixty (60) days' notice.

Generally, the manager of a fund cannot be changed without the approval of a majority of the unitholders at a meeting of unitholders of the fund. However, such approval is not required to change the manager to an affiliate of National Bank Investments Inc.

Directors and Executive Officers of National Bank Investments Inc.

The following table lists the directors and executive officers of the Manager. We have included their names, the municipalities in which they live and their positions with the Manager.

Name and Municipality of Residence	***Position with the Manager***
Corinne Bélanger[1] Saint-Bruno-de-Montarville, Quebec	Vice-President, Investment Solutions and Advanced Analytics, and Director
Marie Brault[1] Montreal, Quebec	Vice-President, Governance, Investments and Legal Affairs
Jean-Philippe Cadieux Longueuil, Quebec	Vice-President, Governance and *MaaS*, and Director
The Giang Diep Candiac, Quebec	Director
Eve Marie Durocher[1] Montréal, Quebec	Director
Martin Felton[1, 3] Candiac, Quebec	Vice-President, National Sales
Nathalie Fournier[2] Laval, Quebec	Chief Compliance Officer
Olivier Goyette[3] Sainte-Julie, Quebec	Director
Nadine Labbé[1] Candiac, Quebec	Director
Nancy Paquet[1, 2, 3, 4] La Prairie, Quebec	Chair of the Board of Directors and Director
Sébastien René[1,3, 4] Saint-Bruno-de-Montarville, Quebec	Chief Financial Officer
Eric-Olivier Savoie[1] Montreal, Quebec	President, Chief Executive Officer, Director and Ultimate Designated Person
Martin Lefebvre[1] Montréal, Quebec	Chief Investment Officer and VP Strategist
Terry Dimock Montréal, Quebec	Chief Officer of Risk and Execution and Chief Portfolio Manager

[1] Also a director or officer of National Bank of Canada, which is affiliated with the Manager and provides services to the Manager with respect to the funds.

[2] Also a director or officer of National Bank Trust Inc. and/or Natcan Trust Company, which are affiliated with the Manager and provide services to the Manager with respect to the funds.

[3] Also a director or officer of National Bank Savings and Investments Inc., which is affiliated with the Manager and provides services to the Manager with respect to the funds.

[4]Also a director or officer of National Bank Financial Inc., which is affiliated with the Manager and provides services to the Manager with respect to the funds.

The Corporate Secretary of the Manager is Shoushan Mercier.

Manager of the funds

Established in 1987, National Bank Investments Inc. is the investment fund manager of the funds. Our overall objective is to maximize the return on your investments. From an operational perspective, our role is to ensure the day-to-day valuation of the funds, and manage the money deposited into and withdrawn from the funds and transfers between the funds. We establish the investment objectives and strategies for the funds and monitor portfolio management. You can get further information about the funds from the National Bank Investments Advisory Service or your dealer.

Fund on fund investments

The funds are allowed to invest in other mutual funds, subject to certain conditions. Where we are the Manager of both the top fund and the underlying fund, we will not vote the securities of the underlying fund. Instead, where applicable, we may arrange for such units to be voted by the beneficial unitholders of the top fund.

Portfolio Managers

1. National Bank Investments Inc.

We have retained National Bank Investments Inc. ("**NBI**") as portfolio manager of the funds.

The investment management agreement with NBI, acting as portfolio manager with respect to the NBI Funds, may be terminated at any time by either party upon thirty (30) days' prior written notice. The agreement may also be terminated without prior notice and at any time by either of the parties in certain specific circumstances.

The head office of NBI is located at 800 Saint-Jacques Street, Transit 43671, Montreal, Quebec, H3C 1A3. The funds do not pay any fees to NBI, acting as portfolio manager.

The following table lists the persons acting on behalf of NBI who are responsible for the day-to-day portfolio management activities of the funds. Included are their respective names and titles.

Name	***Title***
Sandrine Théroux	Managing Director, Indexing and Systematic Strategies
Terry Dimock	Chief Officer of Risk and Execution and Chief Portfolio Manager
Christian Nols	Senior Manager, Manager Monitoring and Senior Portfolio Manager
Joshua Hu	Associate Director, Indexing and Systematic Strategies
Simon-Carl Dunberry	Chief Portfolio Manager

Decisions relating to portfolio securities are subject to the oversight, approval or ratification of a committee.

NBI, acting as portfolio manager, has retained the services of AlphaFixe Capital Inc. ("**AlphaFixe**") to act as portfolio sub-advisor of the assets of the NBI Target 2032 Investment Grade Bond Fund.

1.1 AlphaFixe Capital Inc.

NBI has retained AlphaFixe as portfolio sub-advisor for the assets of the NBI Target 2032 Investment Grade Bond Fund. The head office of AlphaFixe is located at 1800 McGill College Avenue, Suite 2420, Montreal, Quebec H3A 3J6.

As portfolio manager of the NBI Target 2032 Investment Grade Bond Fund, NBI will, at all times, have overall responsibility for the management of the investment portfolio of the fund, subject to the control and direction of the trustee and the Manager of the fund.

The sub-advisory agreement entered into between NBI and AlphaFixe may be terminated at any time by either party, upon giving a sixty (60) days' prior written notice. The agreement may also be terminated without prior notice and at any time by either of the parties in certain specific circumstances.

The following table provides the list of the individuals employed by AlphaFixe who are responsible for the daily fund activities. Included are their respective names and titles.

Name	***Title***
Sébastien Rhéaume	CIO and Managing Director
Michel Bourque	Senior Portfolio Manager, Partner

Decisions relating to portfolio securities are subject to the oversight, approval or ratification by the AlphaFixe Investment Committee, which considers the reports prepared by the research team in making decisions.

Decisions Regarding Brokerage Arrangements

1. Decisions Regarding Brokerage Arrangements for all the funds

The portfolio manager and the portfolio sub-advisor of the funds make all decisions related to the purchase and sale of portfolio securities and the execution of those transactions, including the selection of the market and dealer and the negotiation of commissions, where applicable. Decisions as to the selection of dealers are based on price, volume, type of execution, speed of execution, certainty of execution and total transaction costs. In certain cases, the nature of the markets, the degree of anonymity and dealer administrative resources may be taken into account. Our objective is to minimize transaction costs, including commissions.

The portfolio manager and the portfolio sub-advisor of the funds may negotiate most portfolio transactions directly with the issuer of the securities, Canadian banks or other securities dealers. Brokerage fees are usually paid at the most favourable rate available to the fund, as permitted by the rules of the appropriate stock exchange, where applicable. The portfolio manager and the portfolio sub-advisor may hire various types of brokers to carry out securities transactions on behalf of the funds, such as National Bank Financial Inc. (including its division, National Bank Direct Brokerage) and Société Générale Capital Canada Inc. These transactions must be carried out in accordance with all regulatory requirements. The portfolio manager and the portfolio sub-advisor are not under a contractual obligation to any party to allocate brokerage business. The portfolio manager and portfolio sub-advisor take all reasonable measures to ensure best execution and obtain the best outcome possible for order execution.

The portfolio manager and the portfolio sub-advisor of the funds may direct certain brokerage transactions involving client brokerage commissions to dealers in return for the provision of goods and services by the dealer or a third party (commonly referred to as "**soft dollars**"). These commissions may only be used to pay the costs of order execution goods and services or research goods and services provided by dealers, including affiliated dealers.

The portfolio manager or the portfolio sub-advisor makes a good faith determination that the fund(s) it manages receives or receive reasonable benefit considering the use of the goods or services received and the amount of commissions paid, and, in certain cases, considering the scope of services and the quality of research obtained.

Principal Distributor

National Bank Savings and Investments Inc. for the Mutual Fund Series of NBI Funds

National Bank Savings and Investments Inc. ("**NBSI**") is the principal distributor of the Mutual Fund Series of the NBI Funds. NBSI is responsible for decisions regarding the distribution and sale of these funds. NBSI acts in accordance with the terms of the distribution agreement entered into between NBI and NBSI. The distribution agreement may be terminated at any time at the request of either party on thirty (30) days' prior notice.

The head office of NBSI is located at 800, Saint-Jacques Street, Transit 66031, Montreal, Quebec, H3C 1A3.

NBSI receives fees from the Manager for services rendered in connection with the role it plays in distributing the units of the NBI Funds. These fees are calculated on the net asset value of the units of the NBI Funds held by NBSI's clients.

The NBI Funds may be purchased directly from the principal distributor or from registered dealers or brokers. We have entered into distribution agreements with National Bank Financial Inc. and other authorized dealers for the distribution of the NBI Funds.

Trustee, Custodian, Registrar and Transfer Agent

Natcan Trust Company is the trustee and custodian of the funds and, as such, holds the securities and other assets of the funds. Natcan Trust Company acts in accordance with the terms of the custodian agreement entered into between NBI and Natcan Trust Company. The assets, other than foreign assets, are held by Natcan Trust Company at its head office indicated hereinafter. The fees owed to Natcan Trust Company for the services it renders pursuant to the aforementioned agreement are calculated based on a fee schedule. This agreement may be terminated by either party upon ninety (90) days' prior written notice, or immediately in the event of either party's insolvency. Sub-custodians appointed by Natcan Trust Company may hold certain assets, as provided by the sub-custodian agreements.

National Bank Financial Inc. is the principal sub-custodian of the funds' assets pursuant to a services agreement between National Bank Trust Inc. and Natcan Trust Company.

Natcan Trust Company is also registrar and transfer agent of the Mutual Fund Series of the NBI Funds, in accordance with the terms of the Registrar Agreement entered into with NBI. This agreement may be terminated by either party upon thirty (30) days' prior notice. The head office of Natcan Trust Company is located at 800 Saint-Jacques Street, Transit 17791, Montreal, Quebec, H3C 1A3.

TSX Trust Company acts as registrar and transfer agent for the ETF Series of NBI Funds. TSX Trust Company maintains the register of registered unitholders, in accordance with the terms of the transfer agency and service agreement entered into with NBI. The registers of the ETF Series of NBI Funds are kept in Toronto, Ontario.

The names and municipalities of residence of the principal executive officers of Natcan Trust Company in charge of the trust administration of the funds, as well as their positions with Natcan Trust Company, are as follows:

Name and Municipality of Residence	***Position and Office Held with Natcan Trust Company***
Marie-Soleil Lemieux Montreal, Quebec	President and Chief Executive Officer
Nathalie Fournier Laval, Quebec	Chief Compliance Officer

Auditors

Raymond Chabot Grant Thornton LLP is the auditor of the NBI Funds.

The head office of Raymond Chabot Grant Thornton LLP is located at 600 De La Gauchetière Street West, Suite 2000, Montreal, Quebec, H3B 4L8.

Exchange

The Manager, on behalf of each ETF Series of the NBI Funds, has applied to list the units of each ETF Series of the NBI Funds on the Toronto Stock Exchange (the "**TSX**" or the "**Exchange**"). This listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has conditionally approved the listing of each ETF Series of the NBI Funds.

Listing of each ETF Series of the NBI Funds is subject to fulfilling all the listing requirements of the TSX on or before July 17, 2028.

Securities Lending Agent

The Manager has retained the services of Natcan Trust Company, as agent for securities lending transactions. Natcan Trust Company is an affiliate of the Manager and its head office is in Montreal, Quebec.

Under the securities lending agreement, Natcan Trust Company, acting as agent of the Manager, may lend available securities of the funds to borrowers previously identified by the Manager.

The agreement provides that the amount of the collateral required to be delivered in connection with securities lending transactions must be equivalent to 102% of the market value of the loaned securities. Natcan Trust Company may not be held liable for losses sustained by the funds subject to the agreement provided such losses do not result from its gross negligence, bad faith or wilful misconduct. Either party may terminate the agreement by giving at least sixty (60) days' written notice to the other party.

Administrative and Operational Services

In accordance with a service agreement between the Manager and National Bank Trust Inc., National Bank Trust Inc. provides administrative and operational services (including the net asset value calculation) to the NBI Funds, performs valuation of their units and performs the accounting. This agreement may be terminated by either party upon sixty (60) days' prior notice. The head office of National Bank Trust Inc. is located at 800 Saint-Jacques Street, Transit 17791, Montreal, Quebec, H3C 1A3.

Independent Review Committee

As required by *Regulation 81-107 respecting Independent Review Committee for Investment Funds* ("**Regulation 81-107**"), the funds have an independent review committee (the "**IRC**"). The IRC reviews conflict of interest matters submitted by the Manager with which the Manager is confronted in operating the funds it manages and reviews and comments on the Manager's written policies and procedures regarding conflict of interest matters. The IRC is fully compliant with Regulation 81-107.

The members of the IRC all have expertise in the financial services industry:

- Marie Desroches, Chair of the IRC, has over thirty (30) years of experience in finance and operations management and has held several executive positions in the mutual fund industry. Ms. Desroches, a chartered financial analyst (CFA), holds an MBA from Concordia University and was designated as a certified corporate director (CCD) by Université Laval's Collège des administrateurs de sociétés.

- Paul Béland has acquired more than thirty (30) years of experience in finance, mainly in the securities brokerage industry. He became an investment advisor after first having worked in corporate financing as well as in mergers and acquisitions. Mr. Béland holds an MBA from the University of Chicago.

- Stéphanie Raymond-Bougie has more than fifteen (15) years of experience in finance, securities and business law sector. Over the years, she has sat on the boards of directors of several entities, including the Société des alcools du Québec and the non-profit organizations Les Amis du Devoir and Entreprendre Ici. Ms. Raymond-Bougie has been a member of the Quebec Bar Association since 2004 and holds a master's degree in business law from McGill University.

- Yanic Chagnon has more than twenty-five (25) years of experience at major financial institutions where he has been responsible for developing and managing a wide range of investment products. Mr. Chagnon has a master's degree in applied Economics and Financial Engineering from HEC Montréal.

The IRC has a written mandate describing its powers, duties and standard of care.

Pursuant to Regulation 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- The Manager's policies and procedures regarding conflict of interest matters;
- Any standing instruction the IRC has provided to the Manager for the conflict of interest matters related to the funds;
- The compliance of the Manager and the funds with any conditions imposed by the IRC in a recommendation or approval;
- Any sub-committee to which the IRC has delegated any of its functions.

In addition, the IRC reviews and assesses, at least annually, the independence and compensation of its members, its effectiveness as a committee, and the contribution and effectiveness of each member.

The IRC prepares an annual report of its activities within the time period prescribed under Regulation 81-107. You may obtain this report free of charge for all the funds by calling us at 514 871-2082 or, toll-free, at 1 888 270-3941 or by asking your dealer. You may also obtain a copy of this report by visiting our website at www.nbinvestments.ca, by sending an e-mail to investments@nbc.ca, or by visiting the website www.sedarplus.ca.

Affiliated Companies

National Bank Financial Inc. (including its National Bank Direct Brokerage division ("**NBDB**")) is a dealer through which units may be acquired and is a member of the National Bank of Canada (the "**Bank**") group of companies. It may receive commissions from or

charge fees to unitholders who buy fund units from it, in the same way as any dealer that is not affiliated with us. See section *Dealer compensation* for more information about our arrangements with them. Additionally, National Bank Financial Inc. (through NBIN) is the principal sub-custodian of the assets of the Mutual Fund Series of the NBI Funds and Designated Broker of the ETF Series of the NBI Funds.

NBSI is a mutual fund dealer through which units may be acquired and is a member of the Bank's group of companies. It may receive commissions from or charge fees to unitholders who buy NBI Funds units from it, in the same way as any dealer that is not affiliated with us. See section *Dealer compensation* for more information about our arrangements with them.

Natcan Trust Company is the trustee of the funds and the custodian of the funds. Natcan Trust Company is also registrar and transfer agent of the Mutual Fund Series of the NBI Funds.

National Bank Trust Inc. provides administrative and operational services to the NBI Funds.

With the exception of the Bank, no other person or company that provides services to the funds, or to us in our capacity as Manager of the funds, is affiliated with us.

NBI is wholly-owned by NBSI which is owned by National Bank Acquisition Holding Inc. Natcan Trust Company and NBSI are indirect wholly-owned subsidiaries of the Bank via its subsidiary National Bank Acquisition Holding Inc. National Bank Trust Inc. and National Bank Financial Inc. are direct and indirect wholly-owned subsidiaries of the Bank.

Please see the audited financial statements of the funds for the amount of fees paid by the funds to NBI and other group members.

Dealer Manager Disclosure

We manage the funds in accordance with applicable securities laws. Except as described hereinafter, each fund has adopted the standard investment restrictions and practices imposed by applicable law, including *Regulation 81-102 respecting Investment Funds* ("**Regulation 81-102**"). These restrictions and practices are designed in part to ensure that the investments of each fund are diversified and relatively liquid, and to ensure that the funds are properly managed. The funds are subject, namely, to section 4.1 of Regulation 81-102, which prohibits certain investments when certain related parties may have an interest in such investments.

The funds are dealer-managed investment funds. As such, and subject to certain exceptions or prior authorizations to the contrary, the funds may not knowingly make an investment in securities of an issuer if a partner, director, officer or employee of the portfolio manager, or an affiliate's partner, director, officer or employee is also a partner, director or officer of the issuer, unless that partner, officer or employee:

- did not participate in the investment decisions;
- did not have prior access to information concerning the investment decisions; and
- did not influence the investment decision other than through research, statistical and other reports generally available to clients.

This rule does not apply if the affected securities are issued or guaranteed fully and unconditionally by the Government of Canada or by the Government of a Canadian jurisdiction;

Moreover, subject to certain exceptions or prior authorizations to the contrary, a dealer-managed fund may not knowingly make an investment in securities of an issuer if the portfolio manager, a partner or an affiliate of the portfolio manager acted as an underwriter in the distribution of such securities within sixty (60) days prior to the investment, unless:

- the securities are fully and unconditionally issued or guaranteed by the government of Canada or the government of a Canadian jurisdiction; or
- the portfolio manager's affiliate is a member of a selling group distributing 5% or less of the securities.

Policies and Practices

1. Policies for Derivative Transactions

The funds may use derivative instruments that are consistent with their investment objectives and not contrary to their investment restrictions, to the extent, and for the purposes, permitted by Canadian Securities Administrators.

The Manager is responsible for setting policies that set out the objectives and goals for the use of derivatives by the funds as well as the risk management procedures applicable to the use of derivatives. The portfolio manager or an affiliate of the Manager engaged to manage the use of derivatives by the funds (either, the "**derivatives specialist**") will be required to comply with the policies set by the Manager with respect to the use of derivatives and adopt procedures related to the measuring, monitoring and reporting of fund leverage and cash cover requirements. All derivative trade entries are made at the time of the initial entry by a qualified staff member of the derivatives specialist. All derivative instruments will be checked specifically by the derivatives specialist for compliance with derivatives rules and to ensure that they are suitable for a portfolio within the context of that portfolio's investment objective and strategies. The derivatives specialist will be required to comply with any trading limits and other controls established by the Manager for the use of derivatives by the funds.

Valuation of derivative securities will be carried out on each Valuation Day. On a daily basis, the derivatives specialist will review any variations in the value of an instrument held by the funds. Variations beyond a prudent threshold level will result in a review of the pricing of the individual instrument to verify the accuracy of the price.

The Manager will review, every three (3) years, the policies and procedures regarding the use of derivatives by the funds to ensure the risks associated with these transactions are being properly managed.

2. Risk Management

We use a variety of methods to manage risk, including:

- mark-to-market security valuation;
- fair-value accounting;
- effective market and currency exposure reporting;
- daily reconciliation of cash balances; and
- monthly reconciliation of security and cash positions.

3. Securities Lending, Repurchase and Reverse Repurchase Transactions

NBI entered into an agency agreement in connection with securities lending transactions (the "**Agreement**") on behalf of the funds with the custodian of the funds, Natcan Trust Company, as agent (the "**Agent**"). Natcan Trust Company will manage securities lending transactions for the funds. The Agreement complies with the relevant provisions of Regulation 81-102.

NBI manages the risks associated with securities lending transactions as set out under the heading "Risks relating to securities lending transactions" under the part entitled *Specific information about each fund described in this document*. The Agreement also provides that the agent must:

- ensure that the applicable provisions of Regulation 81-102 are complied with, and in particular that the aggregate value of the securities loaned in lending transactions does not exceed fifty percent (50%) of its net asset value;
- engage in securities lending transactions with dealers and institutions in Canada and abroad that have solid credentials and have first undergone a stringent credit evaluation (the "**Counterparties**");
- maintain controls, risk management policies and procedures, internal books (including a list of approved counterparties based on generally accepted solvency standards), limits pertaining to operations and credit for each counterparty and diversification standards for property given as security; and
- determine daily the market value of the securities lent by the funds concerned in connection with a securities lending transaction and the liquid assets or other securities held by the funds concerned. In the event the value of the security is less than 102% of the market value of the loaned or sold securities, the Agent will ask the Counterparty to provide other liquid assets or securities given as security to the funds concerned to cover the shortage.

At least once a year, NBI and the Agent will review the Agent's policies and procedures so that the risks associated with securities lending operations are duly managed. At the present time, NBI does not resort to risk assessment procedures or conduct simulations to test portfolio solidity in difficult conditions. NBI instead imposes certain limits and controls, such as those described above in regard to securities lending operations.

Before initiating any securities repurchase and reverse repurchase operations for the funds, the Manager will enter into a written agreement. The agreement will comply with the applicable provisions of Regulation 81-102 and will also provide for the control measures described above, with the necessary adaptations.

Proxy Voting Policies

1. AlphaFixe Capital Inc.

AlphaFixe, as portfolio sub-advisor of the NBI Target 2032 Investment Grade Bond Fund, is responsible for managing the proxy voting for the fund in accordance with the proxy voting policy adopted by AlphaFixe (the "**AlphaFixe Policy**").

Since the fund is generally composed of non-voting securities, decisions on future proxies and corporate events will be made on a case-by-case basis by one member of the AlphaFixe Investment Committee. The decisions of the Investment Committee shall be documented in writing.

AlphaFixe will comply with the AlphaFixe Policy, whether on routine matters (e.g. election of directors, appointment of auditors or receipt of financial statements) and extraordinary circumstances (e.g. changes in structure, control, management, etc.).

In general, AlphaFixe will vote in accordance with the recommendations of the issuer's management to the extent that AlphaFixe believes that they promote the long-term financial strength of the issuer and are in the best interests of the fund. However, special circumstances may lead AlphaFixe to vote differently from these recommendations, or to abstain from voting.

AlphaFixe aims to avoid material conflicts of interest in the management of the exercise of voting rights and has a set of policies and procedures establishing rules and principles designed, in particular, to effectively manage conflicts of interest that may arise in its activities. On an ongoing basis, AlphaFixe will identify any material conflicts of interest between AlphaFixe and its clients, including the fund, and will treat them in the best interests of its clients in accordance with its policies and procedures and applicable legislation.

The AlphaFixe Policy is available upon request, free of charge, by calling the toll-free number 1 888 270 3941 or by emailing the following address: investments@nbc.ca. Any unitholder may also obtain, free of charge, the proxy voting records of the fund for the most recent period ended June 30, upon request at any time after August 31 of the same year. The AlphaFixe Policy and proxy voting record are also available on the National Bank Investments website at www.nbinvestments.ca.

2. National Bank Investments Inc.

NBI, acting as portfolio manager, is responsible for managing proxy voting on behalf of the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund, in accordance with guidelines established in proxy voting policy. NBI has adopted this policy to ensure that all votes in respect of securities held by the fund are exercised in accordance with the best interests of the fund. The following text is a summary of the NBI Proxy Voting Policy.

To assist with proxy monitoring, analysis and voting, NBI calls upon Institutional Shareholder Services Canada Corp. ("**ISS**"), an independent third party that provides end-to-end voting services through specialized agents who offer companies support in managing proxy voting. NBI has adopted custom proxy voting guidelines generally aligned with the ISS Sustainability Proxy Voting Guidelines. For further details on NBI's custom proxy voting guidelines, please refer to the NBI Proxy Voting Policy. NBI will identify, on an ongoing basis, any significant conflicts of interest between NBI and its clients. Such conflicts may occur when, for example, an employee or NBI holds a personal interest in the outcome of a vote or if the issuer is a client of NBI or has a relationship with NBI or with a client of NBI. Such significant conflicts of interest will be reviewed and addressed in accordance with the applicable regulations and legislation.

Even though the services of ISS have been called upon for the proxy voting of common shares, NBI will continue to monitor voting decisions and reserves the right to deviate from its proxy voting guidelines in situations including, but not limited to, conflicts of interest. In all cases, NBI will record information on each instance where the voting process deviates from this policy.

A copy of the NBI Proxy Voting Policy may be obtained on request, at no cost, by calling toll-free 1 888 270-3941 or by e-mail at investments@nbc.ca. Any unitholder may also obtain free of charge the funds' proxy voting records for the most recent period ended June 30 upon request at any time after August 31 of each year. The proxy voting records are also available on the NBI website at www.nbinvestments.ca.

Material Contracts

The material contracts entered into by or on behalf of the funds are as follows:

- Master Declaration of Trust (NBI-E) for the NBI Target 2032 Investment Grade Bond Fund, the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund, dated August 10, 2026;
- Amended and Restated Master Management Agreement between National Bank Trust Inc., Natcan Trust Company and National Bank Investments Inc., for the NBI Funds, dated August 10, 2026;
- Distribution Agreement between National Bank Savings and Investments Inc. and National Bank Investments Inc. for the Mutual Fund Series of the NBI Funds, dated August 10, 2026;
- Amended and Restated Portfolio Management Agreement between National Bank Investments Inc., acting as Manager, and National Bank Investments Inc., acting as portfolio manager, for the NBI Funds, dated August 10, 2026;
- Amended and Restated Sub-Advisory Management Agreement between National Bank Investments Inc., acting as Manager and portfolio manager, and AlphaFixe Capital Inc. for the NBI Target 2032 Investment Grade Bond Fund dated August 10, 2026;
- Amended and Restated Depositary and Custodial Services Agreement between National Bank Investments Inc. and Natcan Trust Company, for the NBI Funds, dated August 10, 2026;
- Amended and Restated Transfer Agency and Service Agreement between National Bank Investments Inc. and TSX Trust Company, for the ETF Series, dated as of August 10, 2026; and
- Amended and Restated Service Agreement between National Bank Investments Inc. and National Bank Trust Inc., dated August 10, 2026.

You can examine any of these agreements during regular business hours at the following address:

National Bank Investments Inc.
National Bank Investments Advisory Service
800 Saint-Jacques Street, Transit 44331
Montreal, Quebec
H3C 1A3

Legal and Administrative Proceedings

From time to time, the Manager, the NBI Funds and/or the principal distributor (the "**Entities**") are a party to legal proceedings and regulatory matters in the ordinary course of business. While there is inherent difficulty in predicting the outcome of these proceedings, management does not expect the outcome of any of these proceedings, individually or in the aggregate, to have a material adverse effect on the consolidated financial position or the results of operations of the Entities.

Designated Website

A mutual fund is required to post certain regulatory disclosure documents on a designated website. We provide a website to our clients at www.nbinvestments.ca. This site is equipped with security features to ensure the confidentiality of transactions. We have also taken steps to comply with the rules of the Canadian Securities Administrators, including rules relating to trading on the Internet and electronic delivery of documents.

Valuation of Portfolio Securities

We use the following principles in calculating the net asset value of the fund:

- for cash, subscriptions receivable, demand notes, proceeds from sale of investments receivable, prepaid expenses, interest receivable, dividends receivable and other assets receivable, we use their face value which is deemed to correspond to their full amount or what the Manager believes to be the fair value for NBI Funds;
- the value of foreign currency accounts is expressed in Canadian dollars taking into account:

- the value of investments and other assets established based on the exchange rate in effect on the valuation date;
- the value of purchases and sales of investments, income and expenses recognized based on the exchange rate in effect on the date of these transactions;

- for bonds, mortgage-backed securities, loans and debentures held by the funds we proceed as follows: we use the closing price on the Valuation Day established by market makers when the closing price is within the security's bid-ask spread. If the last traded price is not within the bid-ask spread, we establish the price within the bid-ask spread that represents fair value when available. These prices are obtained from a recognized valuation service. For notes and other money market instruments, we use the total of the cost and accrued interest, which approximates the fair value;

- for mortgages purchased from the Bank, we use the market value, determined according to a method that will produce a principal amount based on prevailing market rates at the time the valuation is made;

- for securities traded on a stock exchange, including common shares, preferred shares and exchange-traded fund securities, we use:
  - the closing price on the stock exchange on which the securities are primarily listed on the Valuation Day (except for exchange-traded funds securities whose manager is NBI, we use the price calculated by NBI);
  - if no closing price on the stock exchange is available, we generally use, for each security, the average of the latest bid or ask price or most recent closing sale price or any other similar quote that we determine best reflects the value of the asset, unless decided otherwise and approved by the board of directors of the Manager;

- for securities traded on stock exchanges located outside North America, including common shares, preferred shares and exchange-traded fund securities, we use the closing price on the stock exchange on which the securities are primarily listed on the Valuation Day, plus a fair value adjustment factor obtained from an independent pricing provider in the case of NBI Funds only;

- for securities that are not listed on a stock exchange, we use a price that we determine best reflects the value of the asset concerned. The method used depends on the asset to be measured;

- in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Manager on such basis and in such manner as may be approved by the board of directors of the Manager; for underlying mutual fund securities, other than exchange-traded fund securities, we use the net asset value per security of the underlying mutual fund provided by the underlying mutual fund's manager for the relevant day or, where that day is not a Valuation Day for the underlying mutual fund, the net asset value per security as of the most recent Valuation Day of the underlying mutual fund. If the net asset value per security of an underlying mutual fund is not provided in a timely manner by the fund's manager, the value of the securities of the underlying mutual fund will be estimated using benchmark indexes;

- for exchange-traded option positions and debt-like securities, we use the average of the bid and ask prices on the Valuation Day;

- for options on futures, we use the settlement price;

- for over-the-counter options, we use the price that in our opinion best reflects the value of the asset concerned;

- for listed warrants, we use the closing price on the Valuation Day when available;

- we show the premium received when a covered clearing corporation option, option on futures or over-the-counter option is written as a deferred credit. The value of the deferred credit is equal to the current market value of an option that would have the effect of closing the position. We treat any difference resulting from the revaluation as an unrealized gain or loss. We deduct the deferred credit when we calculate the net asset value of each fund;

- for a forward contract or a futures contract listed on a North American securities exchange, the value is determined based on the gain or loss, if any, that would arise as a result of closing the position, as of the Valuation Day. For stock index futures traded on securities exchanges located outside North America, we attribute values to those securities that reflect their fair value as faithfully as possible at the time the net asset value is calculated. The information used to determine the fair value is provided by a recognized source;

- for interest rate swaps, we use the applicable discount rate based on the Canadian Overnight Repo Rate Average (CORRA) or other relevant indices depending on the currency of the swap to determine the present value of the cash flows of each leg of the swap. The net sum of these discounted cash flows is the price of the swap. The discount rate comes from a recognized source;

- foreign currency hedging contracts are valued at their current market value on a Valuation Day, with any difference resulting from revaluation being treated as an unrealized gain or loss on investment;

- the value of a standardized future is: (a) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on a valuation date, the position in the standardized future was closed out; or (b) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future;

- margin paid or deposited on standardized futures or forward contracts is reflected as an account receivable, and margin consisting of assets other than cash is noted as held as margin; and

- portfolio securities, the resale of which are restricted or limited by means of a representation, undertaking or agreement by a fund or its predecessor in title or by law, are valued at the lesser of: (a) their value based upon reported quotations in common use on a valuation date; (b) that percentage of the market value of portfolio securities of the same class or series of a class, the resale of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage of the fund's acquisition cost of the market value of the securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted securities.

Where we cannot apply these principles, for instance because there is an interruption of normal trading of a security at a securities exchange, we will determine the net asset value in a manner that we think is fair. In the last three years, the Manager has not exercised its discretion to deviate from the valuation practices described in this section.

Liabilities

The liabilities of the funds include, as per each fund's declaration of trust and without limitation:

- Bank overdraft;
- Redeemed units payable;
- Bills, notes and accounts payable;
- Accrued expenses, including management and administration fees;
- Interests payable;
- Dividends payable;
- Investments payable;
- Distributions payable;
- Value of the security deposit payable on future contracts.

Units of the funds are always deemed to be outstanding on the day we receive a request for their redemption. They are valued at the redemption price per unit in effect on that date, but are only considered fund liabilities after the close of business on that date.

How We Calculate Net Asset Value of Units

The net asset value of a NBI Fund and the net asset value per security of a NBI Fund are calculated in accordance with *Regulation 81-106 respecting Investment Fund Continuous Disclosure* ("**Regulation 81-106**"). Thus, each net asset value is established (in Canadian dollars) at Cut-Off Time. The net asset value of a NBI Fund and the net asset value per security of a NBI Fund may be obtained free of charge by contacting National Bank Investments Advisory Service at 1 888 270-3941.

The net asset value per unit (the "**NAVPU**") for each series of a NBI Fund is calculated, on each Valuation Day, as follows:

- We allocate to each series in the NBI Fund the NBI Fund's property that is referable to that series less an amount equal to the total liabilities of the NBI Fund that is referable to that series and less the aggregate amount of any distributions paid to investors of that series;
- We divide the net asset value per series by the total number of units held by investors in that series.

The purchase or redemption price per unit is the next NAVPU of the series determined after the receipt of the purchase or redemption order at our head office.

We calculate a separate price for each series of units of a NBI Fund.

The price of each series of units of a NBI Fund will generally increase or decrease on each Valuation Day as a result of changes in the value of the portfolio securities owned by the NBI Fund. When distributions are declared by a NBI Fund, the NAVPU is reduced by the distribution amount per unit on the payment date.

The net asset value of NBI Funds that invest in other mutual funds is based, in whole or in part, on the net asset value of the underlying funds.

Except as set out hereinafter, the accounting methods used to determine the fair value of the securities in the NBI Fund in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter the "**IFRS Accounting Standards**") are similar to the methods used to determine the net asset value for purposes of fund transactions.

The fair value of fund investments (including derivatives) in a NBI Fund under IFRS Accounting Standards corresponds to the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants at the date of the financial statements ("**financial reporting date**"). In calculating the net asset value, the fair value of fund financial assets and liabilities that are traded on active markets (such as derivatives and listed negotiable securities) is based on market prices at the close of trading on the financial reporting date. For purposes of IFRS Accounting Standards, the NBI Funds use the closing price for assets and liabilities, provided the closing price falls within the bid-ask spread for the day. If the closing price does not fall within the bid-ask spread, investments are valued at the bid price. Furthermore, management exercises its judgment in selecting the appropriate valuation technique for financial instruments that are not listed on an active market. The valuation techniques used are those that are currently applied by market participants. Following such an adjustment, the fair value of fund financial assets and liabilities determined according to IFRS Accounting Standards could differ from the values used to calculate the net asset value of the NBI Funds.

Reporting of net asset value

The NAVPU of each ETF Series of the NBI Funds and the aggregate net value of those NBI Funds, will be available to the public at no cost on the Manager's website at www.NBInvestments.ca.

Purchases, switches, conversions and redemptions of units

Mutual Fund Series of NBI Funds

Units of Mutual Fund Series of NBI Funds may be bought, switched, converted and redeemed through one or more of the following dealers (depending on the NBI Fund or series selected):

- NBSI, a mutual fund dealer;
- National Bank Financial Inc. (including its division NBDB), an investment dealer;
- other authorized dealers.

To open an account with NBSI or to buy or redeem fund units in person, go to your National Bank of Canada branch. A mutual fund representative operating on behalf of NBSI will help you to fill out the appropriate forms. You can open an account, buy, switch, convert or redeem fund units by telephone from 8:00 a.m. to 6:00 p.m., Eastern Time, Monday to Thursday and from 8:00 a.m. to 5:00 p.m., Eastern Time, Friday. Contact NBSI at 1 888 270-3941 or 514 871-2082. You can also open an account, buy, switch, convert or redeem fund units by using the Internet, but only for the NBI Fund or NBI Funds that you hold. Our fully secure site is www.nbc.ca. Just choose the option that corresponds to your situation.

If you trade your units through another dealer, the dealer must send a written request to us to buy, redeem, convert or switch them on your behalf. Your dealer may also provide this information to us electronically in accordance with our requirements. In case of a redemption, your dealer will credit your account with the proceeds of the redemption.

Processing an order to buy or redeem units of Mutual Fund Series of a NBI Fund

When you purchase units of Mutual Fund Series of NBI Funds through NBSI, payment must be received no later than the day after a purchase order is received.

When you purchase units through another dealer, we must receive payment no later than the second (2nd) day (or such shorter period as may be determined by us in response to changes to applicable law or general changes to settlement procedures in applicable markets) after a purchase order is received.

You may pay by cheque, bank draft or money order. If the purchase order is received from the dealer at our head office before 4:00 p.m., Eastern Time, on Valuation Day, the request will go through the same day. If the purchase order arrives at our head office after 4:00 p.m., Eastern Time, the request will go through the following Valuation Day.

Under some circumstances, we may refuse part or all of an order to buy Mutual Fund Series units of a NBI Fund. We will exercise our right to refuse instructions to purchase Mutual Fund Series of a NBI Fund within one (1) Business Day and we will return your money to you. The unitholders likely to be refused are those who frequently transact in NBI Funds' securities in a short period of time. Mutual Fund Series of NBI Funds have policies and procedures designed to prevent and detect short-term trading. These policies and procedures include surveillance measures allowing detection and follow-up on short-term trading, as well as providing the possibility to impose short-term trading fees in certain circumstances. For more details, please see section Short-term Trading of Mutual Fund Series of a NBI Fund below. Any decision to reject an order or to impose short-term trading fees will be made within one (1) day of receipt of the order. If we reject an order, all money received will be returned immediately without interest.

Under some circumstances, we may redeem on your behalf the Mutual Fund Series units of a NBI Fund you bought. This will happen if we do not receive your payment within the deadlines set out above. If we redeem the units for more than you paid for them, we will pay the excess to the NBI Fund. If we redeem the units for less than you paid for them, we will collect the difference plus costs, charges and expenses directly from you or from the dealer who placed the buy order. The dealer may have the right to collect this amount from you under the terms of your account agreement with the dealer.

We do not issue certificates when you purchase Mutual Fund Series units of the NBI Funds.

The minimum initial investment required minimum balance and minimum amounts for purchases and redemptions are indicated in the section *Purchases, switches, conversions and redemptions of units - Minimum Purchase and Redemption Amounts for Mutual Fund Series of a NBI Fund*. You can purchase units in amounts less than the minimum if you purchase them through our Systematic Investment Plan.

If you bought your units through another registered dealer, you may instruct the dealer to send us a request to redeem units. This request may be sent to us electronically in accordance with our requirements. Your dealer will send the request to us on the day he receives your request. We will mail the money from the redemption to the dealer or deposit it into the dealer's account without charge.

You may redeem all your units. If you hold less than the minimum amount for a particular NBI Fund, you will be required to redeem your investment in that NBI Fund or invest an additional amount in that NBI Fund to meet the minimum amount.

When we receive your request to redeem units of a NBI Fund, we will redeem the units at their net asset value. If we receive the request to redeem from your dealer at our head office after 4:00 p.m., Eastern Time, we will redeem the units at their net asset value calculated on the following Valuation Day. We mail you the proceeds of the redemption, or deposit them into your bank account or in the account with your dealer, as the case may be, within two (2) Business Days after we calculate the redemption price of your units.

Under some circumstances, we may purchase back on your behalf the units you redeemed before we pay you for the units. This will happen if we do not receive the instructions necessary to complete the transaction within ten (10) Business Days of the redemption. If we buy the units back for less than you redeemed them for, we will pay the excess to the NBI Fund. If we purchase the units back for more than you redeemed them for, we will collect the difference plus costs, charges and expenses from the dealer who placed the order. The dealer may have the right to collect this amount from you under the terms of your account agreement.

We may also redeem Mutual Fund Series units of a NBI Fund on your behalf or refuse part or all of an order to buy units of a NBI Fund if your participation, in the reasonable opinion of NBI, has the potential to cause regulatory or tax liability to it, including if you do not provide a valid taxpayer identification number or self-certification for purposes of a NBI Fund's compliance with the Foreign Account Tax Compliance Act as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Income Tax Act (Canada) (the "**Tax Act**") (referred to as "**FATCA**"), or the Organization for Economic Co-operation and Development's Common Reporting Standard as implemented in Canada by Part XIX of the Tax Act (referred to as "**CRS**"). These measures are necessary to preserve the intended tax treatment of a fund. Redeeming units of a NBI Fund is considered a disposition for income tax purposes and may trigger a capital gain or capital loss. See sections *Additional considerations regarding information reporting*, *Non-Resident Unitholders* and *Income tax considerations* for more information.

Generally, we do not charge any fees when you redeem Mutual Fund Series units of a NBI Fund, except for (i) short-term trading fees (which may apply in certain cases should you attempt to effect operations on units of the NBI Funds too often). Please refer to the section *Short-term trading* below for more information.

For more details on some exceptional circumstances, please see section *Purchases, switches, conversions and redemptions of units - Right to refuse the redemption of Mutual Fund Series units of a NBI Fund* below.

Establishing the price of a Mutual Fund Series unit of a NBI Fund

Whether you're buying, switching, converting or redeeming Mutual Fund Series units of a NBI Fund, we base the transaction on the value of a unit of the relevant series. The price of a unit is called the "net asset value per unit" or the "NAVPU". The NAVPU of each series of a NBI Fund is established (in Canadian dollars) at 4:00 p.m. Eastern Standard Time on each Valuation Day.

The NAVPU of each series remains in effect until the following Valuation Day.

Please refer to the section *How We Calculate Net Asset Value of Units* for more specific details and information.

Minimum purchase and redemption amounts for Mutual Fund Series of a NBI Fund

Advisor and F Series

For most NBI Funds, the minimum initial investment for units of the *Advisor* and *F Series* is $500. After the initial investment, you can make additional purchases in the NBI Fund for a minimum of $50. You may also set up a NBI Fund Systematic Investment Plan for as little as $25 per purchase. For additional information regarding this option, please see *Optional services – Systematic Investment Plan*.

In general, if you are redeeming units of a NBI Fund, the lowest amount you can redeem is $50. If your investment falls below the minimum balance set out below, we may ask you to either increase your investment or redeem the balance of your investment in that NBI Fund. In such a case, you will be notified by mail or by telephone that the value of your investment in the NBI Fund is less than the required amount. You will then have thirty (30) days to add to your investment or redeem all your units. At the end of the thirty-day (30-day) period, we may redeem your units and/or close your account without further notice.

Moreover, if your account balance falls below $500 for a period of one (1) year or more, we may redeem the balance of your units and close your account without notice. In this case, we will send the value of your investment on the day of redemption at the last address on file or to the dealer acting on your behalf. The current paragraph applies to all types of accounts, except RESP's.

O Series

The minimum purchase and redemption amounts for *O Series* units are determined by contract.

Short-term trading of Mutual Fund Series of a NBI Fund

Most mutual funds are considered long-term investments, so we discourage investors from redeeming or switching units frequently.

Some investors may seek to trade fund units frequently in an effort to benefit from differences between the value of a fund's units and the value of the securities in the fund's portfolio (market timing). These activities, if undertaken by unitholders, can negatively impact the value of the fund to the detriment of other unitholders. Excessive short-term trading can also reduce a fund's return because the fund may be forced to hold additional cash to pay redemption proceeds or, alternatively, to sell portfolio holdings at an inopportune time to fund the redemption and incur additional trading costs.

Depending on the fund and the particular circumstances, we will employ a combination of preventative and detective measures to discourage and identify excessive short-term trading in the funds, including:

- issuance of a warning letter to inform clients about the consequences of continuing this type of trading activity;
- imposition of short-term trading fees;
- monitoring of trading activity and refusal of trades;
- fair value pricing of securities held by a fund.

See *Fees and charges payable directly by you* for the short-term trading fees that can be charged.

Right to refuse the redemption of Mutual Fund Series units of a NBI Fund

As authorized by the Canadian Securities Administrators, we can suspend your right to redeem your units:

- if there is an interruption of normal trading on a securities or derivatives exchange within or outside Canada where the NBI Fund has securities or certain derivatives representing more than 50% of its total assets, and if these securities or derivatives are not traded on any other exchange that is a reasonably practical alternative for the NBI Fund;
- if the approval of the Canadian Securities Administrators is obtained.

In such a case, you may withdraw your request to redeem or wait until the suspension is over to redeem your units. If your right to redeem your units is suspended and you do not withdraw your request to redeem, we will redeem your units at their net asset value determined as soon as the suspension is over.

Switching Mutual Fund Series units of a NBI Fund

You may ask for your Mutual Fund Series units in a NBI Fund to be redeemed in order to purchase units in the same series (and under the same purchase option, if applicable) of another Mutual Fund Series of a NBI Fund, provided you meet the minimum initial investment requirements and the minimum account balance for the new NBI Fund. This transaction is called switching units.

When we receive your switch order, we will redeem your units in the initial NBI Fund and use the proceeds to buy units in the new NBI Fund. You may also switch units of one NBI Fund for units of another NBI Fund through your dealer, who may charge you switch fees. In that case, your dealer must send a written request to us to switch units on your behalf. Your dealer may also provide this information to us electronically in accordance with our requirements. See *Fees and expenses* for more information about switch fees.

You may switch units only between NBI Fund units offered in the same currency. It may not be possible to switch the units of series if the NBI Funds concerned do not offer the series in the same currency.

Switching units of a NBI Fund to another NBI Fund is a disposition for tax purposes and may result in a capital gain or capital loss. See *Income tax considerations* for more information.

Converting Mutual Fund Series units of a NBI Fund

You may convert units of one (1) Mutual Fund Series of a NBI Fund into units of another Mutual Fund Series of the same NBI Fund, provided you meet the requirements applicable to the new series. This transaction is called "converting" units. You may convert your units through your dealer or advisor.

If you convert units of a NBI Fund into *Advisor Series* units, an initial sale charge will apply for your new units.

You cannot convert between units of series or purchase options that are not in the same currency (i.e. go from one currency to the other).

The value of your investment in the NBI Fund will be the same after the conversion. You will, however, likely own a different number of units because each series could have a different unit price.

Converting securities of one Mutual Fund Series of a NBI Fund into units of another Mutual Fund Series of the same NBI Fund does not constitute a disposition for income tax purposes and does not result in a capital gain or capital loss.

See *Fees and expenses* and *Income tax considerations* for more information.

ETF Series of NBI Funds

Units of ETF Series of NBI Funds are being offered on a continuous basis and there is no maximum number of units that may be issued.

Designated Broker for ETF Series of NBI Funds

On behalf of each ETF Series of a NBI Fund, we have entered into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to one or more of the ETF Series of NBI Funds including, without limitation: (i) to subscribe for a sufficient number of units to satisfy the TSX's original listing requirements; (ii) to subscribe for units on an ongoing basis in connection with any rebalancing event or other Actions Affecting Constituent Issuers and when cash redemptions of units occur as described under *Redemption of units of ETF Series of NBI Funds*; and (iii) to post a liquid two-way market for the trading of units on the TSX.

In accordance with the designated broker agreement, we may from time to time require the Designated Broker to subscribe for units of an ETF Series of a NBI Fund for cash.

Issuance of units of ETF Series of NBI Funds to the Designated Broker and Dealers

Generally, all orders to directly purchase units of an ETF Series of a NBI Fund from the fund must be placed by its Designated Broker or a dealer. Each fund reserves the absolute right to reject any subscription order placed by its Designated Broker or a dealer. No fees will be payable by a fund to its Designated Broker or a dealer in connection with the issuance of units. On the issuance of units of a fund, an amount may be charged to its Designated Broker or a dealer to offset the expenses incurred in issuing the units. The initial

issuance of units of the ETF Series of NBI Funds will not occur until they have received, in aggregate, subscriptions sufficient to satisfy the TSX's original listing requirements.

After the initial issuance of units to the Designated Broker to satisfy the TSX's original listing requirements, on any Trading Day, a dealer (who may also be the Designated Broker) may place a subscription order for a Prescribed Number of Units (and any additional multiple thereof) of a fund. If a subscription order is received by the fund by the applicable Cut-Off Time on a Trading Day, the fund will issue to the dealer a Prescribed Number of Units (and any additional multiple thereof) by no later than the second (2nd) Business Day (or such shorter period as may be determined by us in response to changes to applicable law or general changes to settlement procedures in applicable markets) after the date on which the subscription order is accepted based on the NAVPU determined on the applicable Trading Day. If a subscription order is not received by the applicable Cut-Off Time on a Trading Day, subject to our discretion, the subscription order will be deemed to be received only on the next Trading Day.

For each Prescribed Number of Units issued, a dealer must deliver payment consisting of cash in an amount sufficient so that the value of the cash received is equal to the aggregate NAVPU of the Prescribed Number of Units next determined following the receipt of the subscription order or, in the Manager's discretion a Basket of Securities with an amount of cash equal to the difference between the aggregate NAVPU of the Prescribed Number of Units next determined following the receipt of the subscription order.

We will make available to the Designated Broker and the dealers information as to the Prescribed Number of Units and any Basket of Securities for each ETF Series of a NBI Fund for each Trading Day. We may, at our discretion, increase or decrease the Prescribed Number of Units from time to time.

Issuance of units of ETF Series of NBI Funds to the Designated Broker in special circumstances

Units may also be issued by a NBI Fund, with respect to its ETF Series, to the Designated Broker in certain special circumstances, including the following for ETF Series of a NBI Fund, when we have determined that the fund should acquire Constituent Securities or other securities in connection with a rebalancing event; and for all ETF Series of NBI Funds when cash redemptions of units occur as described under *Redemption of units of ETF Series of NBI Funds*.

Issuance of units of ETF Series of NBI Funds to unitholders

Units may be issued by a NBI Fund, with respect to its ETF Series, to unitholders as a reinvestment of certain distributions as described under *ETF Series of NBI Funds' distribution policy*, and *Income Tax Considerations*.

Buying and selling units of ETF Series of NBI Funds

The Manager, on behalf of each ETF Series of the NBI Funds has applied to list the units of each ETF Series of the NBI Funds on the TSX.

Listing of each ETF Series of the NBI Funds is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has conditionally approved the listing application of each ETF Series of the NBI Funds. Listing of each ETF Series of the NBI Funds is subject to fulfilment all the listing requirements of the TSX on or before July 17, 2028.

If the units of each ETF Series of the NBI Funds are listed on the TSX, investors will be able to buy or sell those units on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the investor resides.

Unitholders may incur customary brokerage commissions in buying or selling units. No fees are paid by a unitholder to us or the NBI Funds with respect to ETF Series, in connection with the buying or selling of units on the TSX or another exchange or marketplace. Unitholders may trade units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

Units may not be purchased by nor transferred to US Persons, as defined in Regulation S under the United States *Securities Act of 1933*, as amended.

For each ETF Series of the NBI Funds, the following table identifies: the Exchange on which the units of the ETF Series of NBI Funds are or will be listed for trading, each type of exchange-traded units offered or to be offered by that fund, and the ticker under which the units of the ETF Series of NBI Funds may or will be traded.

Fund	Exchange	Type of Units	Ticker
NBI Target 2032 Investment Grade Bond Fund	TSX	ETF Series	NTGG
NBI *SmartData* U.S. Equity Covered Call Fund	TSX	ETF Series	NUCC
NBI *SmartData* International Equity Covered Call Fund	TSX	ETF Series	NICC

Special considerations for unitholders of the ETF Series of NBI Funds

The provisions of the so-called "early warning" reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the units of a NBI Fund's ETF Series. The NBI Fund's ETF Series have obtained exemptive relief to permit unitholders to acquire more than 20% of the units of any NBI Fund's ETF Series through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the units of a NBI Fund at any time during which more than 10% of the property of a NBI Fund consists of certain "taxable Canadian property" (as defined in the Tax Act). The Manager shall inform the registrar and transfer agent of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the units of a NBI Fund then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of such units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their units or a portion thereof within a specified period of not less than thirty (30) days. If the unitholders receiving such notice have not sold the specified number of units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such unitholders, sell such units and, in the interim, shall suspend the voting and distribution rights attached to such units. Upon such sale, the affected holders shall cease to be beneficial holders of units and their rights shall be limited to receiving the net proceeds of sale of such units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager reasonably determines that the failure to take any such action would not adversely impact the status of the NBI Fund as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the NBI Fund as a mutual fund trust for purposes of the Tax Act. Such action may include, without limitation, causing the NBI Fund to redeem the units of that unitholder for a redemption price equal to their net asset value on the redemption date.

Redemption of units of ETF Series of NBI Funds

On any Trading Day, unitholders may redeem units of any ETF Series of a NBI Fund in any number for cash at a redemption price per unit equal to 95% of the closing price for the units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAVPU. Because unitholders will generally be able to sell units at the market price on the TSX or another exchange or marketplace through a registered broker or dealer subject only to customary brokerage commissions, unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their units for cash.

For such cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by us from time to time must be delivered through a CDS Participant by 9:00 a.m. (Toronto time) on that day to the applicable NBI Fund at its head office or as we may otherwise direct. If a cash redemption request is received after 9:00 a.m. (Toronto time) on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made by no later than the second (2^{nd}) Business Day (or such shorter period as may be determined by us in response to changes to applicable law or general changes to settlement procedures in applicable markets) after the effective day of the redemption. The cash redemption request forms may be obtained from us.

A unitholder that exercises this cash redemption right during the period that is one Trading Day before a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those units.

In connection with the redemption of units, a NBI Fund with respect to ETF Series, will generally dispose of securities or other assets in order to fund the required redemption proceeds. Subject to limits imposed by the ATR Rule, capital gains of a NBI Fund with respect to ETF Series, may be allocated to a unitholder as part of the price paid to the unitholder on the redemption of units. The remaining portion of the redemption price will be proceeds of redemption.

We reserve the right to cause a NBI Fund, with respect to ETF Series, to redeem the units held by a unitholder at a price equal to the NAVPU on the effective date of such redemption if we believe it is in the best interests of the NBI Fund to do so.

Exchange of Prescribed Number of Units of ETF Series of NBI Fund

On any Trading Day, unitholders may exchange a number of units of ETF Series of a NBI Fund equal to the Prescribed Number of Units, or any multiple thereof, for cash or, with our consent, for a Basket of Securities and cash. To effect an exchange of units, a unitholder must submit an exchange request in the form prescribed by us from time to time to the fund, at its head office or as we may otherwise direct by the applicable Cut-Off Time on a Trading Day. The exchange price will be equal to the aggregate NAVPU of the

Prescribed Number of Units on the effective day of the exchange request, payable in cash or, with our consent, by delivery of a Basket of Securities (constituted prior to the receipt of the exchange request) and cash. At the time of the exchange, we may, at our discretion, require the unitholder to pay or reimburse the fund for the trading expenses incurred or expected to be incurred by the fund in connection with the sale by the fund of securities in order to obtain the necessary cash to fund the exchange price. At the time of the exchange, the applicable units will be redeemed.

If an exchange request is not received by the applicable Cut-Off Time on a Trading Day, subject to our discretion, the exchange request will be deemed to be received only on the next Trading Day. Settlement of exchanges for cash or, with our consent, for a Basket of Securities and cash, as the case may be, will be made by no later than the second (2nd) Business Day (or such shorter period as may be determined by us in response to changes to applicable law or general changes to settlement procedures in applicable markets) after the effective day of the exchange request.

We will make available to the Designated Broker and the dealers information as to the Prescribed Number of Units and any Basket of Securities for each NBI Fund, with respect to ETF Series, for each Trading Day. We may, at our discretion, increase or decrease the Prescribed Number of Units from time to time.

A unitholder that exchanges or redeems units during the period that is one Trading Day before a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those units.

If securities held in the portfolio of a NBI Fund, with respect to ETF Series, are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a unitholder at the time of the exchange may be postponed until such time as the transfer of the securities is permitted by law.

Suspension of exchanges and redemptions of units of ETF Series of NBI Funds

We may suspend the exchange and/or redemption of units or the payment of the exchange or redemption price of ETF Series of a NBI Fund: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the fund; or (ii) with the prior permission of the securities regulatory authorities. The suspension shall apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. We will advise all unitholders making such requests of the suspension and that the exchange or redemption will be effected at a price determined on the first valuation date following the termination of the suspension. All such unitholders shall have, and shall be advised that they have, the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first (1st) day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the official rules and regulations promulgated by any government body having jurisdiction over the funds, any declaration of suspension made by us shall be conclusive.

Exchange and redemption of units of ETF Series of NBI Funds through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds units. Beneficial owners of units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify us or as we may direct prior to the relevant cut-off time.

Short-term trading of units of ETF Series of NBI Funds

We do not believe that it is necessary to impose any short-term trading restrictions on the ETF Series of NBI Funds at this time, as the ETF Series of NBI Funds are exchange-traded series of mutual funds, being primarily traded in the secondary market.

Switching and converting units of ETF Series of NBI Funds

You may not switch nor convert to or from the ETF Series of NBI Funds.

Optional services

Systematic Investment Plan

Our Systematic Investment Plan allows you to invest a fixed amount into one or a group of Mutual Fund Series at regular intervals. We will withdraw the requested amount directly from your bank account to invest it in the Mutual Fund Series of your choice. All systematic purchases must be made from a bank account denominated in the same currency as the Mutual Fund Series being purchased. You may contribute weekly, bi-weekly, monthly or quarterly. The plan is available by filling out the appropriate application form.

You can change the amount or the frequency of the withdrawals or you can cancel your enrolment in the plan at any time.

The minimum amount you may invest in a fund through the Systematic Investment Plan is shown below:

Terms for Mutual Fund Series Systematic Investment Plan

NBI Funds	Minimum initial investment	Minimum subsequent purchase
All NBI Funds (except the *O Series*)	-	$25

O Series

The minimum initial investment and the minimum subsequent purchases applicable to *O Series* units are determined by contract.

You may request that a copy of the funds' Simplified Prospectus and the Mutual Fund Series' Fund Facts and any amendments be sent to you when you enroll in the Systematic Investment Plan or at any time following your enrolment, by calling us toll-free at 1 888 270-3941, by e-mailing us at investments@nbc.ca or by contacting your dealer. You may also obtain the Simplified Prospectus, Mutual Fund Series Fund Facts and any amendments at www.sedarplus.ca or through our website at www.nbinvestments.ca.

When you make subsequent purchases under the Systematic Investment Plan, you will only receive a copy of the funds' Simplified Prospectus and/or the Mutual Fund Series Fund Facts and any amendments if you so request when you join the plan or at any time thereafter.

You have the legal right to withdraw from an agreement to buy an initial amount of Mutual Fund Series units but not subsequent amounts of Mutual Fund Series units under the Systematic Investment Plan. However, you retain all of the other rights provided under securities legislation, including in the event of misrepresentation, as described under '*What are your legal rights?*', whether or not you requested a Simplified Prospectus or Mutual Fund Series Fund Facts.

Systematic Withdrawal Plan

You may opt to make systematic withdrawals from a Mutual Fund Series if you want a regular fixed payment to meet your financial needs. A withdrawal can be done weekly, bi-weekly, monthly or quarterly. The plan is available by filling out the appropriate application form. For most Mutual Fund Series, you must have invested at least $10,000 to benefit from this service. All systematic withdrawals must be made to a bank account denominated in the same currency as the series being redeemed. The terms of the plan are set out in the following table:

Terms for Mutual Fund Series Systematic Withdrawal Plan

NBI Funds	Minimum initial investment	Minimum that must be kept in fund	Minimum periodic withdrawal
All NBI Funds (except the *O Series*)	$10,000	$500	$50

O Series

The minimum initial investment, the minimum that must be kept in the NBI Fund and the minimum periodic withdrawal applicable to *O Series* units are determined by contract.

Registered plans

Units of a fund are expected to be qualified investments for registered plans at any time that (i) the fund qualifies or is deemed to qualify as a mutual fund trust under the Tax Act or (ii) the units are listed on a "designated stock exchange" (which includes the TSX). In accordance with the Qualified Investments Tax Proposals, effective November 4, 2025, units of a fund will also be qualified investments at any time that the fund is subject to, and substantially complies with, the requirements of Regulation 81–102.

Under the Tax Act, registered plans benefit from special tax treatment. Their main advantage is generally that they allow you to avoid paying tax on the gains and income produced by the plans until you make a withdrawal. Moreover, in the case of RRSPs, your contributions are deductible from your taxable income, up to the maximum allowable contribution. You should consult with your tax advisor regarding whether an investment in any fund could be a prohibited investment for your registered plan.

We offer the following registered plans:

- registered retirement savings plan (RRSP)
- registered retirement income fund (RRIF)
- locked-in retirement account (LIRA)
- life income fund (LIF)

- locked-in retirement income fund (LRIF)
- registered education savings plan (RESP)
- tax-free savings account (TFSA)
- first home savings account (FHSA)
- prescribed retirement income fund (PRIF)
- restricted retirement income fund (RLIF)
- restricted locked-in registered retirement savings plan (RLSP)

There are no annual administration fees for our registered plans.

The fees associated with terminating these plans are shown under *Fees and expenses – Other fees and charges*.

Fees and expenses

The following refers to the fees and expenses that you may have to pay if you invest in the funds. You may have to pay some of these fees directly. The funds pay some of these fees and charges, before the price per unit is calculated, which will therefore reduce the value of your investment in the funds. Management fees are charged as a percentage of the net asset value of the funds.

We will have to obtain the approval of the NBI Funds' *Advisor Series* unitholders for the following changes: (i) a change in the way of calculating the fees and expenses charged to a fund or directly to its unitholders by a fund or by us which has the effect of increasing the charges for the series or the unitholders of the series; or (ii) the addition of fees or expenses to be charged to a fund or directly to its unitholders which has the effect of increasing the charges for the series or the unitholders of the series, unless the fees or expenses are charged by an entity at arm's length from the fund. If the fees or expenses are charged by such an entity, we will not seek the approval of the unitholders of the NBI Funds' *Advisor Series*, but will send them a notice of the change in writing at least sixty (60) days before the effective date of the change.

For all other series of NBI Funds, we may change the basis of calculation of the fees or expenses or introduce new fees or expenses in a way that may result in an increase in the charges for these series by giving a notice of the change in writing at least sixty (60) days before the effective date of the change.

For more information concerning the particularities of each Series you may hold, please see section *Description of Units Offered by the Funds - Description of Series*.

Fees and charges payable directly by the funds

Management fees	Each fund pays annual management fees to NBI in consideration of its management services. These fees cover, in particular, investment restriction and/or policy drafting services, investment fund management, office facilities and equipment, administrative personnel costs, the payment of trailing commissions to your dealer in connection with the distribution of units, when applicable, and marketing and promotional activities relating to the sale of the funds. Management fees also cover the fees for the services of the portfolio manager, the portfolio sub-advisor, the trustee, the custodian, the registrar, the transfer agent, when applicable, and other services providers of the funds. Part of the management fees paid to NBI may be paid to the Bank in relation to the sale of the Mutual Fund Series of NBI Funds; this payment is similar to a trailing commission. Management fees vary by fund and series and are a percentage of the daily average net asset value of each series. The management fees are paid monthly, and are subject to applicable taxes. Please see *Fund details* under *Specific information about each NBI Fund described in this document* for the maximum management fee for each fund. For the *O Series* units of NBI Funds, no management fees are charged directly to the funds; instead, management fees are negotiated with and paid directly by investors. In certain cases, we may reduce the management fees or the fund expenses for certain unitholders of a specific series of a fund. For more information, please see *Fees and Expenses - Management fee reduction*.

Operating expenses

Fixed-fee funds

NBI pays, with the exception of the "**fixed-fee fund expenses**" defined below, the operating expenses of all the fixed-fee funds, including but not limited to, legal fees, audit fees, custodial costs, transfer agency and recordkeeping costs, accounting and valuation fees, the costs of preparing and distributing financial reports, prospectuses, fund facts or ETF facts, continuous disclosure materials and other investor communications and the costs of trustee services relating to registered tax plans, NBI will pay these operating expenses, provided such expenses are incurred in the normal course of business of the funds. In exchange for paying the operating expenses, NBI receives a fixed rate administration fee ("**administration fee**") in respect of each series of each fund. The amount of the operating expenses paid by NBI in exchange for payment of the administration fee may be more or less than the administration fee in a given period.

The fixed-fee fund expenses borne by the funds are comprised of:

- sales and income taxes;
- fees, costs and expenses associated with compliance with any changes or new governmental or regulatory requirements;
- interest and borrowing costs;
- fees, costs and expenses associated with external services that were not commonly charged in the Canadian mutual fund industry;
- fees and expenses of the IRC, including compensation paid to IRC members, travel expenses, insurance premiums and costs associated with their continuing education (see .

  Independent Review Committee compensation and reimbursement of the funds hereinafter for more information on IRC fees and expenses); and
- fees, costs and expenses relating to operating expenses that will be paid by NBI beyond the normal course of business of the funds.

Fixed-fee fund expenses are allocated among the funds and among each series of a fund in a fair and equitable manner. NBI may decide to bear a portion of the administration fee and/or fixed-fee fund expenses. This decision will be made each year, based on the Manager's assessment, without notifying the unitholders. The administration fee paid to NBI in exchange for payment of the operating expenses is equal to a percentage of the net asset value of a series of the funds and is calculated and paid in the same manner as the management fee for each series. The administration fee is subject to applicable sales taxes. The administration fee for each series of NBI Funds is set out in the following table.

	Administration fee rate for each series of NBI Funds[1]	
NBI Funds	**All series [2] (except the series in the columns to the right)**	**O Series**
NBI Target 2032 Investment Grade Bond Fund	0.05%	0.02%
NBI *SmartData* U.S. Equity Covered Call Fund	0.05%	0.02%
NBI *SmartData* International Equity Covered Call Fund	0.10%	0.02%

[1] This fee is subject to sales taxes.
[2] The series in this category are the *Advisor*, *F* and *ETF Series*, depending on the series offered by the fund.

Portfolio transaction costs

The funds pay their portfolio transaction costs, which include brokerage commissions and other unit transaction fees, including the costs of derivatives (including, but not limited to, forward contracts), foreign exchange transactions and transaction costs from the underlying funds, as applicable. Portfolio transaction costs are not considered to be operating expenses and are not included in the MER of a series of a fund.

Independent Review Committee compensation and reimbursement of the funds

Each member of the IRC currently receives an annual retainer of $41,097 and the chair of the committee receives an annual retainer of $59,482.50. However, if more than seven (7) meetings are held in a particular year, each member of the IRC will receive an additional $1,892.63 and the chair will receive an additional $2,163 for each meeting held after the seventh (7^{th}) meeting they attend. Members are reimbursed for the expenses they incur to attend meetings.

	Currently, the Manager reimburses the funds for IRC fees and expenses. This decision to reimburse the funds may be cancelled without prior notice or approval. If the decision is cancelled, a fund will bear its proportionate share of the fees and expenses of the IRC, as previously described.
Fees relating to the underlying funds or private equity fund issuers	In addition to the fees and expenses directly payable by the funds, certain fees and expenses are payable by the underlying funds held by the funds. Each fund indirectly bears its share of such fees and expenses. However, a fund does not pay management fees or incentive fees that, to a reasonable person, would duplicate a fee payable by an underlying fund of that fund for the same service. In addition, a fund does not pay any sales charges or redemption fees in relation to its purchases or redemptions of securities of an underlying fund that is managed by us or an affiliate or an associate if such fees, to a reasonable person, would duplicate a fee payable by an investor in the fund. However, brokerage commissions may apply to the purchase or sale of securities of investment funds traded on an exchange.
Fees and charges payable directly by you	
Sales charges, redemption fees, switch fees and conversion fees	***O Series of NBI Funds*** For units of *O Series* you do not pay any fees when you buy, switch, convert or redeem your units.
	F Series of NBI Funds For units of *F Series* you pay your dealer an annual fee based on the asset value of your account instead of paying commissions or fees on each purchase, switch, conversion or redemption.
	Advisor Series of NBI Funds For units of *Advisor Series* purchased under the initial sales charge option through a dealer other than NBSI or NBDB (a division of National Bank Financial Inc.), you negotiate the fees with your dealer. These fees may not be greater than 5% of the purchase price of the units. If you switch or convert your units of these series, you may have to pay your dealer fees of up to 2% of the value of the units switched or converted. You negotiate these fees with your dealer. We deduct the fees from the amount of your transaction and pay it to your dealer. Service or transaction fees, including redemption fees, may be charged by your dealer. You negotiate these fees with your dealer. There are never any sales charges, redemption fees, switch fees and conversion fees when you purchase units through NBSI or NBDB (a division of National Bank Financial Inc.). If you switch or convert your units through a dealer other than NBSI or NBDB (a division of National Bank Financial Inc.), you may have to pay your dealer fees of up to 2% of the value of the switched or converted units. You negotiate these fees with your dealer. You will not be charged any switch or conversion fees if you switch or convert your units through NBSI or NBDB (a division of National Bank Financial Inc.). For more information on purchases, redemptions, switches and conversions, see *Purchases, switches, conversions and redemptions of units*.
Short-term trading fees	If you redeem or switch Mutual Fund Series units of a NBI Fund within ninety (90) days of purchase, you may be charged a short-term trading fee of 2% of the value of the units. In this case, we may impose or waive the fee in other appropriate circumstances at our discretion. In determining whether a short-term trade is inappropriate, we will consider relevant factors, including: • *bona fide* changes in investor circumstances or intentions • unanticipated financial emergencies • the nature of the fund • past trading patterns. For the purposes of determining whether the fee applies, we will consider the units that were held the longest to be the units which are redeemed first. Short-term trading fees are paid to the fund and are in addition to any initial sales charge or switch fee. The fee is deducted from the amount you redeem or switch, or is charged to your account, and is retained by the fund. The fee will not apply in the following circumstances: • redemption of units pursuant to a Systematic Withdrawal Plan or purchase of units pursuant to a Systematic Investment Plan • redemptions of units purchased by the reinvestment of distributions, or

	• conversion of units from one series to another series of the same fund. This fee is designed to protect unitholders from investors moving quickly in and out of the funds. See *Short-term trading of Mutual Fund Series of NBI Funds* for more information.
Negotiated management fees	***O Series*** A negotiated management fee is paid by holders of *O Series* units of NBI Funds. For holders of *O Series* units of the NBI Funds, the percentage does not exceed the management fee for the *Advisor Series.* The percentage varies according to the value of the investor's initial investment. These negotiated management fees are in addition, if applicable, to the fixed-rate administration fees.
Other Charges	An amount may be charged to the Designated Broker or a dealer to offset certain transactions and other costs associated with the listing, issue, exchange and/or redemption of units of ETF Series of a NBI Fund. This charge is payable to the applicable fund. See "*Buying and selling units of ETF Series of NBI Funds*" and "*Redemption of units of ETF Series of NBI Funds*". A unitholder may have to pay a commission every time it buys and sells units of ETF Series of a NBI Fund. Commissions may vary by brokerage firm. Some brokerage firms may offer commission-free exchange-traded funds or require a minimum purchase amount.

These fees are subject to sales taxes, if applicable.

Management fee reduction

In certain cases, we may reduce the management fee for certain unitholders of a particular series of any fund. Our decision to reduce the customary management fee depends on a number of factors, including the size of the investment, the expected level of activity in the account and the investor's total investments. We may raise or lower the amount of the reduction for certain investors from time to time.

We reduce the management fee charged to the fund or we reduce the amount charged to the fund for certain expenses and the fund pays an amount equivalent to the reduction to the investors concerned as a special distribution (the "**management fee distribution**"). For Mutual Fund Series of NBI Funds, these distributions are reinvested in additional units of the same series of the fund. For ETF Series of NBI Funds and for NBI ETFs, these distributions are paid in cash. Management fee distributions are paid first out of net income and net realized capital gains of the fund and then out of capital. The income tax consequences of management fee distributions will generally be borne by the qualifying investors receiving them.

For more information about the tax treatment of management fee distributions, see the section *Income Tax Considerations* or consult your own tax advisor.

The availability, amount and timing of the management fee distributions with respect to the funds will be determined from time to time at our sole discretion.

Dealer compensation

The Bank is paid fees by the Manager for services rendered in connection with its participation in the distribution of units of Mutual Fund Series of NBI Funds. Such fees are based upon the net asset value of the units of the funds held by the Bank's clients.

For more information concerning the particularities of each Series you may hold, please see section *Description of Units Offered by the Funds - Description of Series*.

Commissions

F, O and *ETF Series of NBI Funds*

No commission is paid to your dealer for the distribution of these units. Your dealer does not receive any compensation for *F, O* and *ETF Series* units other than the annual fee that you pay based on the value of the assets in your account.

Advisor Series of NBI Funds

Your dealer normally receives a commission each time you buy units in the *Advisor Series* of a NBI Fund. This commission is based on the initial sales charge option under which you invest in the NBI Fund.

You and your dealer agree on the percentage you will pay as a fee at the time you buy units of these series. This percentage varies between 0 and 5%. There are no fees when you purchase units through NBSI or NBDB (a division of National Bank Financial Inc.) See *Fees* for more information.

Switch and conversion fees

You may have to pay fees to your dealer when you switch or convert your Mutual Fund Series units of NBI Funds. Refer to the sections *Switching Mutual Fund Series units of a NBI Fund* and *Converting Mutual Fund Series units of a NBI Fund* under *Purchases, switches, conversions and redemptions of units* and *Fees and charges payable directly by you* under *Fees and Expenses* for more information.

Trailing commissions for Mutual Fund Series of NBI Funds

At the end of each month, we may pay an ongoing trailing commission to your dealer. We assume that the dealers will pay part of that commission to their advisors to compensate them for the services they provide to their clients. These commissions represent a percentage of the average daily value of the Mutual Fund Series units of each NBI Fund held by a dealer's clients.

The terms of payments on such units may also be changed from time to time as long as they comply with Canadian securities rules and regulations. We may change or cancel the terms of the trailing commissions at any time without notice and we also reserve the right to change the frequency of these payments at our discretion.

The maximum trailing commission rates are as follows:

Funds	Advisor Series Initial sales charge option[1]
Short Term and Income Fund	
NBI Target 2032 Investment Grade Bond Fund	0.50%
Global Equity Funds	
NBI *SmartData* U.S. Equity Covered Call Fund	1.00%
NBI *SmartData* International Equity Covered Call Fund	1.00%

[1] Rate applicable for all investments, including systematic investment programs, reinvested distributions and switches.

F, O and ETF Series of NBI Funds

Your dealer does not receive any trailing commission whatsoever with respect to *F*, *O* and *ETF Series* units of NBI Funds.

Dealer support plan

Joint marketing — We may pay up to 50% of your dealer's direct costs associated with:

- the publication and distribution of advertising;
- holding a seminar for investor education and/or for the promotion of NBI and its funds.

Conferences and seminars — In addition to joint marketing, we may:

- organize and hold educational conferences for dealer representatives;
- pay registration fees for dealer representatives attending educational conferences organized and held by third party persons or companies;
- pay industry organizations up to 10% of expenses directly related to the organization and holding of educational conferences;
- pay dealers up to 10% of expenses related to the dealer conducting its own educational conferences.

Dealer compensation from management fees

During the last financial year of NBI, which ended on October 31, 2025, 4.49% of the management fees of the Mutual Fund Series of NBI Funds were used to pay dealer sales and trailing commissions and for promotional activities.

Income tax considerations

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the funds and for prospective unitholders who, for the purposes of the Tax Act, are individuals (other than trusts) resident in Canada, hold units of the funds directly or in a registered plan as capital property, are not affiliated with any of the funds and deal with the funds at arm's length. This summary is based upon the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof ("**Tax Proposals**"), and the current published administrative and assessing policies and practices of the Canada Revenue Agency (the "**CRA**"). This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial or foreign income tax legislation or considerations. In particular, this summary does not address Quebec provincial income tax legislation or considerations for the funds, or prospective unitholders who are subject to tax in Quebec, although it is not expected that such provincial tax considerations would be materially different than the federal income tax considerations discussed below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. The income and other tax consequences of acquiring, holding or disposing of units of the funds will vary depending on the particular circumstances applicable to each prospective unitholder. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular prospective unitholder. Prospective unitholders should therefore consult their own tax advisors about their individual circumstances.

This summary is based on the assumptions that (i) none of the funds will be a "**SIFT trust**" as defined in section 122.1 of the Tax Act at any time, (ii) none of the funds will invest or hold an interest in a trust (or a partnership which holds such an interest) which would require the fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.1 of the Tax Act; (iii) none of the funds will invest in securities of an issuer that would be treated as a "foreign affiliate" or a "controlled foreign affiliate" of the fund for the purposes of the Tax Act; and (iv) none of the funds will enter into any "dividend rental arrangement" within the meaning of the Tax Act. The Manager is of the view that these assumptions are reasonable.

Status of the funds

This summary assumes that each of the funds will qualify, or be deemed to qualify, as a "mutual fund trust" within the meaning of the Tax Act at all material times. If a fund were not to qualify or be deemed to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different than would be the case if it were a mutual fund trust. See "Risks relating to mutual fund trust status" below for more information.

This summary also assumes that each of the funds will at all times be subject to, and substantially compliant with, the requirements of NI 81-102.

Taxation of the Funds

Each fund will be subject to tax under Part I of the Tax Act on its taxable income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of amounts paid or payable to unitholders in the year. Each fund will distribute a sufficient amount of its net income and net realized capital gains to unitholders in each year so that the fund will not be liable in any taxation year for ordinary income tax under Part I of the Tax Act on such net income and net realized capital gains (after taking into account any applicable losses of the fund and any capital gains tax refunds to which the fund is entitled).

Each of the funds is required to compute its net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act and may, as a consequence, realize income or capital gains by virtue of changes in the value of the U.S. dollar or other relevant currency relative to the Canadian dollar.

A fund is generally required to include in the calculation of its income interest as it accrues, dividends when they are received and capital gains and losses when they are realized. Foreign source income received by a fund is generally received net of any taxes withheld in the foreign jurisdiction. The foreign taxes so withheld are included in the calculation of the fund's income. Trust income that is paid or becomes payable to a fund in a calendar year is generally included in income for the taxation year of the fund that ends in the calendar year. Trust income paid or payable to a fund by a Canadian-resident trust (a "**Sub-Fund**") may have the character of ordinary property income, foreign source income, dividends received from a taxable Canadian corporation or capital gains. A Sub Fund that pays foreign withholding tax may make designations such that the fund may be treated as having paid its share of such foreign tax. The fund will be required to reduce the adjusted cost base of units of such Sub Fund by any amount paid or payable by the Sub Fund to the fund except to the extent that the amount was included in calculating the income of the fund or was the fund's share of the non-taxable portion of capital gains of the Sub Fund, the taxable portion of which was designated in respect of the fund. If the adjusted cost base to the fund of such units would otherwise become a negative amount at any time in a taxation year of the fund, the negative amount will be deemed to be a capital gain realized by the fund in that taxation year and the fund's adjusted cost base of such units will be increased by the amount of such deemed capital gain to zero.

Gains or losses realized by a fund on the disposition of securities held as capital property constitute capital gains or capital losses. Securities will generally be considered to be held by a fund as capital property unless the fund is considered to be trading or dealing in securities, or otherwise carrying on a business of buying and selling securities, or has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Manager is of the view that each fund purchases securities (other than derivative instruments) with the objective of earning income thereon and takes the position that gains and losses realized on the disposition of these securities are capital gains and capital losses.

Generally, a fund will include gains and deduct losses on income account in connection with its derivative activities entered into as a substitute for direct investment, including forward contracts, futures contracts and options. Generally, when a sufficient link can be established between derivatives used for hedging purposes on capital assets, the gains and losses resulting therefrom will take on the same tax characteristics as the hedged element (subject to the application of the derivative forward agreement rules as described below in "*What are the risks relating to derivatives?*"). Consequently, gains and losses can be current in nature if the underlying interest is on revenue account, or capital in nature if the underlying interest is on capital account and there is sufficient linkage. Gains and losses resulting from securities lending and repurchase agreements entered into by a fund will be included in the income of the fund, rather than being treated as capital gains and capital losses.

A fund will generally recognize gains or losses under a derivative contract (including on covered call options written by a fund) when it is realized by the fund upon partial settlement or upon maturity. This may result in significant gains being realized by the fund at such times and such gains may be taxed as ordinary income (as described above). To the extent such gains are not offset by any available deductions or losses, it would be distributed to applicable unitholders in the taxation year in which it is realized and included in such unitholders' income for the year. As a result, such distributions to a particular unitholder may not correspond to the economic gains and losses which such unitholder may experience.

Premiums received on call options written by the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund, which are not exercised prior to the end of the taxation year, will constitute capital gains of the funds in the taxation year received (subject to the application of the derivative forward agreement rules as described below in "*What are the risks relating to derivatives?*"), unless such premiums are received by the funds as income from a business or the funds have engaged in a transaction or transactions considered to be an adventure or concern in the nature of trade. The NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund will purchase equity securities with the objective of earning income thereon over the life of the funds, and the funds will write covered call options on an index with the objective of hedging the risk of loss on the equity securities. Having regard to the foregoing, transactions undertaken by the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund in options writing will be reported on capital account, in accordance with either the CRA's published administrative policies or the presence of sufficient linkage between the options written by the funds and such equity securities held by the funds. However, there can be no assurances that the CRA will agree with the tax treatment adopted by the funds in this regard. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from the CRA. If some or all of the transactions undertaken by the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund in respect of options, currency hedges and securities in the funds' portfolio were treated on income rather than capital account, the net income of the funds for tax purposes and the taxable component of distributions to unitholders could increase. Any such redetermination by the CRA may result in the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund being liable for unremitted withholding taxes on prior distributions made to unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the net asset value of, or trading prices of, the units.

Premiums received by the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund on covered call options that are on capital account which are subsequently exercised will be added in computing the proceeds of disposition to the fund of the securities disposed of by the fund upon the exercise of such call options. In addition, where such a covered call option is exercised after the end of the taxation year in which it was granted and where this results in the fund disposing of securities, the fund's capital gain in the previous taxation year in respect of the receipt of the option premium will be reversed.

A fund cannot allocate losses to unitholders; however, it may generally deduct losses from capital gains and income realized and earned in future years, subject to the rules in the Tax Act. In certain circumstances, the recognition of losses realized by a fund may be suspended or restricted, and therefore the losses would be unavailable to shelter capital gains or income. For example, a capital loss realized by a fund will be suspended if, during the period that begins thirty (30) days before and ends thirty (30) days after the date on which the capital loss was realized, the fund (or a person affiliated with the fund for the purposes of the Tax Act) acquires a property that is the same as or is identical to the particular property on which the loss was realized and owns that property at the end of the period.

In computing its income for purposes of the Tax Act, a fund may generally deduct reasonable administrative costs, interest and other expenses of a current nature incurred by it for the purpose of earning income. However, the deductibility of interest and financing expenses incurred by a fund may be subject to limitations in certain circumstances pursuant to the excessive interest and financing expenses limitation rules in the Tax Act. All of a fund's deductible expenses, including expenses common to all series and management and other fees, charges and expenses specific to a particular series of the fund, will be taken into account in determining the income or loss of the fund as a whole.

In the event a fund that is a mutual fund trust would otherwise be liable for tax on its net taxable capital gains realized in a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability, if any, for such tax by an amount determined under the Tax Act based on the redemption of units during the year and accrued gains on the fund's assets. In certain circumstances, the capital gains refund in a particular taxation year may not completely offset a fund's tax liability for the taxation year arising in connection with the disposition of its property on the redemption of units. To alleviate this issue, the declaration of trust for a fund may provide that all or a portion of any capital gain realized by the fund in connection with such redemptions may, at the discretion of the Manager, be treated as capital gains paid to, and designated as capital gains of, the redeeming unitholder. An amount so allocated and designated to a redeeming unitholder will generally only be deductible to a fund that is a mutual fund trust to the extent permitted by the Tax Act. The Manager does not intend to allocate capital gains to redeeming unitholders in a manner that would result in the allocated amounts being non-deductible to a fund under the Tax Act.

In connection with the termination of a fund (including, for greater certainty, a termination in respect of the NBI Target 2032 Investment Grade Bond Fund if a tax-deferred merger with another fund managed by us is not pursued), the fund will dispose of all property and realize all accrued income or capital gains and accrued income or capital losses on those properties. To the extent necessary, the fund

will distribute to its investors a sufficient amount of the fund's income and/or net realized capital gains for its final taxation year to ensure that the fund will not be required to pay any income tax. Unitholders will then be subject to the same tax consequences on distributions for the taxation year in which the fund is terminated as are applicable to regular distributions made by the fund, as described below under the section *"Taxation of Unitholders"*. On the date a fund is terminated, all of the units of the fund will be redeemed, and unitholders will be deemed to have disposed of their units. The tax consequences to investors in connection with distributions and the redemption of units are described below under the section *"Taxation of Unitholders"*.

Taxation of Unitholders

A unitholder will generally be required to include in the unitholder's income for tax purposes for any year the amount (computed in Canadian dollars) of income and the taxable portion of net capital gains, if any, paid or payable by a fund to the unitholder or on the unitholder's behalf in the year (including any management fee distributions paid out of the fund's income or net capital gains), whether or not such amounts are reinvested in additional units of the fund. Where the amount of distributions paid by a fund in a year exceeds the fund's income and capital gains, such excess amount will not be included in the income of unitholders (unless the fund elects to treat the excess amount as income) but will be treated as a return of capital and will reduce the adjusted cost base of their units of the fund. To the extent a unitholder's adjusted cost base of a unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the unitholder in that taxation year and the unitholder's adjusted cost base of the unit will then be increased by the amount of such deemed capital gain to zero.

Each fund will designate to the extent permitted by the Tax Act the portion of amounts distributed to unitholders as may reasonably be considered to consist of taxable dividends (including eligible dividends, where applicable), received by the fund on shares of taxable Canadian corporations and net taxable capital gains of the fund. Any such designated amounts will be deemed for tax purposes to be received or realized by unitholders in the year as taxable dividends (and eligible dividends, where applicable) and as taxable capital gains, respectively. The dividend gross-up and tax credit treatment applicable to taxable dividends paid by a taxable Canadian corporation will apply to amounts so designated as taxable dividends, including in certain instances the enhanced dividend tax credit treatment that applies to eligible dividends received by an individual from a taxable Canadian corporation. Capital gains so designated by a fund will be subject to the general rules relating to the taxation of capital gains described below. In addition, each fund will make designations in respect of its income from foreign sources, if any, so that, for the purpose of computing any foreign tax credit available to a unitholder, and subject to the rules in the Tax Act, the unitholder will be deemed to have paid as tax to the government of a foreign country that portion of the taxes paid by the fund to that country that is equal to the unitholder's share of the fund's income from sources in that country.

Negotiated management fees paid on *O Series* units will not be deductible for tax purposes.

Upon the actual or deemed disposition of a unit, including on the redemption of a unit by a fund and the switching of an unitholder's investment from one fund to another fund, a capital gain (or a capital loss) will generally be realized by the unitholder to the extent that the proceeds of disposition of the unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the unitholder of the unit and any reasonable costs of disposition, all of which will be calculated in Canadian dollars. In the case of a fund with multiple series, a conversion of units from one series to units of another series of the fund that is not effected as a redemption or cancellation of units pursuant to the declaration of trust for the fund is not considered to be a disposition of the converted units, and consequently, such a conversion does not give rise to a capital gain (or capital loss). While an unitholder's adjusted cost base per unit will change as a result of such a conversion, the total adjusted cost base of the unitholder's units will not.

A unitholder will be considered to realize a capital gain as a result of distributions designated as such by a fund.

Generally, one-half of a capital gain (a "**taxable capital gain**") realized or deemed to be realized by a unitholder will be included in the unitholder's income and one-half of a capital loss (an "**allowable capital loss**") realized or deemed to be realized by a unitholder may be deducted from the unitholder's taxable capital gains subject to the detailed rules of the Tax Act. Generally, one-half of any unused capital losses may generally be deducted by a unitholder against taxable capital gains arising in the three immediately preceding taxation years or in any subsequent taxation year, subject to the detailed rules in the Tax Act.

If a unitholder exchanges units of ETF Series of a NBI Fund for a Basket of Securities, the proceeds of disposition of such units would generally equal the aggregate fair market value of the distributed property. A unitholder's cost of any property received in exchange for units of ETF Series of a NBI Fund will generally be equal to the fair market value of such property at the time of the distribution.

Adjusted cost base

The adjusted cost base ("**ACB**") of a unitholder's units is an important concept for income tax considerations. This term is used throughout this summary and can be calculated, for a particular series of a fund, according to the following formula in most situations:

Calculation of ACB

- The amount of your initial investment, including any sales charges paid to your dealer, *plus*
- additional investments, including sales charges paid to your dealer, *plus*
- reinvested distributions, *less*
- the portion of any distribution that is a return of capital, *less*
- the ACB of any previous redemptions

equals

the aggregate ACB of your units of a fund.

The adjusted cost base of a unitholder's units is determined separately for each series. When the investor acquires a unit of a particular series of a fund, whether on the reinvestment of distributions or otherwise, the cost of the newly acquired unit is averaged with the adjusted cost base to the unitholder of all other units of the same series of such fund held by the unitholder immediately before that time.

Minimum Tax

Individuals are subject to an alternative minimum tax and may be liable for this alternative minimum tax in respect of amounts designated by a fund to a unitholder as taxable capital gains or Canadian dividends, and taxable capital gains realized on the disposition of units of a fund.

Buying Units Before a Distribution Date

The net asset value of a fund will reflect income and gains of the fund that have accrued or have been realized but have not yet been made payable. Accordingly, a unitholder of who acquires units of a fund, including on a reinvestment of distributions, may become taxable on the unitholder's share of such income and gains of the fund. In particular, a unitholder who acquires units of a fund at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the unitholders for the units.

Funds with a high portfolio turnover rate

The turnover rate of securities held in a fund indicates how actively the fund's portfolio manager manages the fund's investments. A turnover rate of 100% is equivalent to the fund buying and selling all of the securities in its portfolio at least once in the course of a year. The higher a fund's portfolio turnover rate, the greater the likelihood that a unitholder will receive a capital gain distribution from the fund that must be included in computing that unitholder's income for tax purposes for that year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a fund.

Tax Statements

Taxable unitholders will be informed each year of the composition of the amounts distributed to them (in terms of net income, taxable dividends, including eligible dividends, net taxable capital gains, foreign source income and non-taxable amounts such as returns of capital, where applicable) and of the amount of any foreign taxes considered to be paid by a fund in respect of which the unitholder may claim a credit for tax purposes to the extent permitted by the Tax Act, where those items are applicable.

Registered Plans

Distributions from a fund to a unitholder that is a RRSP, RRIF, deferred profit sharing plan, registered disability savings plan ("**RDSP**"), RESP, TFSA or FHSA will not be taxable, except in certain limited circumstances; however, amounts withdrawn from such entities will generally be taxable, except for withdrawals from TFSAs and certain withdrawals from RESPs, RDSPs and FHSAs.

A unit of a fund that is a "qualified investment" under the Tax Act may nevertheless be a "prohibited investment" for a RRSP, RRIF, TFSA, RESP, FHSA or RDSP, which will subject the holder of the TFSA, FHSA, or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP to a penalty tax, as set out in the Tax Act. Provided that the holder, annuitant or subscriber, as the case may be, (i) deals at arm's length with the fund and (ii) does not have a "significant interest" in the fund (as defined in the Tax Act), the units of the fund will not be prohibited investments for a RRSP, RRIF, TFSA, RESP, FHSA or RDSP. In addition, the units will not be a prohibited investment if they are considered "excluded property" as defined in the Tax Act. Under a safe harbour for newly established mutual funds, units of a fund will not be a prohibited investment under the Tax Act for a RRSP, RRIF, TFSA, RESP, FHSA or RDSP (as a result of being "excluded property" within the meaning of the Tax Act) at any time during the first 24 months of the fund's existence if the fund is, or is deemed to be, a mutual fund trust under the Tax Act and is subject to, and substantially complies with, the requirements of National Instrument 81–102. Unitholders should obtain independent advice as to whether units of a fund would be a "prohibited investment" under the Tax Act if held in their RRSP, RRIF, TFSA, RESP, FHSA or RDSP in their particular circumstances.

In the case of an exchange of units of an ETF Series for a Basket of Securities, a unitholder may receive securities that are not qualified investments under the Tax Act for registered plans. If such securities are not qualified investments for registered plans, such registered plans (and, in the case of certain registered plans, the annuitants, beneficiaries or subscribers thereunder or unitholders thereof) may be

subject to adverse tax consequences. Unitholders should consult their own tax advisor as to whether or not such securities would be qualified investments for registered plans.

Additional considerations regarding information reporting

Generally, unitholders (or in the case of certain unitholders that are entities, the "controlling persons" thereof) will be required to provide their advisor or dealer with information related to their citizenship and tax residence including their foreign taxpayer identification number (if applicable). If a unitholder (or, if applicable, any of its controlling persons) (i) is identified as a "specified U.S. person" for FATCA purposes (including a U.S. resident or a U.S. citizen residing in Canada or other non-U.S. country); (ii) is identified as a tax resident of a country other than Canada or the U.S.; or (iii) does not provide the required information and indicia of U.S. or non-Canadian status is present, information about the unitholder (or, if applicable, its controlling persons) and their investment in a fund generally will be reported to the CRA unless the investment is held within a registered plan. The CRA will provide that information to the U.S. Internal Revenue Service in the case of "specified U.S. persons" or persons who have not provided the required information and for whom indicia of U.S. status is present, and, in all other cases, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under the CRS.

What are your legal rights?

Mutual Fund Series of NBI Funds

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual fund securities within two (2) Business Days of receiving the Simplified Prospectus or the Fund Facts or to cancel your purchase within forty-eight (48) hours of receiving confirmation of your purchase order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund securities and get your money back or to make a claim for damages, if the Simplified Prospectus, Fund Facts or financial statements misrepresent any facts about the mutual fund. You must usually take these actions within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

ETF Series of NBI Funds

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF Series units within forty-eight (48) hours after receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or if there is non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

We have obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*. As such, purchasers of units of ETF Series units of NBI Funds will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of Canadian securities legislation and the decision referred to above for the particulars of their rights or consult with a legal adviser.

No Designated Broker or dealer has been involved in the preparation of this Simplified Prospectus or has performed any review of the contents of this Simplified Prospectus and, as such, the Designated Broker and the dealers do not perform many of the usual underwriting activities in connection with the distribution by ETF Series of the NBI Funds of their units under this Simplified Prospectus. Units of the ETF Series of the NBI Funds do not represent an interest or an obligation of the Designated Broker, any dealer or any affiliate thereof and a unitholder does not have any recourse against any such parties in respect of amounts payable by the NBI Funds, with respect to their ETF Series, to such Designated Broker or dealers.

Additional information

Conflicts of Interest

The funds may be subject to various conflicts of interest given that their respective portfolio manager and/or portfolio sub-advisor are involved in many management and advisory activities. The portfolio manager and/or portfolio sub-advisor make investment decisions or give advice relating to assets of any fund independently of other clients or their own investments, if any.

However, the portfolio manager and/or portfolio sub-advisor may make the same investment or give the same advice for a fund and one or more other clients. They may sell a security for one client and buy it for another at the same time. The portfolio manager and/or portfolio sub-advisor or their employees may have an interest in securities bought or sold for a client.

Where there is a limited supply of a security, the portfolio manager and/or portfolio sub-advisor use their best efforts to divide investment opportunities fairly, but cannot guarantee absolute equality. In some cases, these and other conflicts of interest could adversely affect one or more funds.

Investments in portfolio assets purchased by the portfolio manager and the portfolio sub-advisor on behalf of each fund will be aggregated with orders to purchase portfolio assets on behalf of other investment funds or other accounts managed by the Manager and will be allocated to the funds and such other investment funds and accounts on a pro rata basis according to the size of the order and the applicable investment restrictions and policies of the relevant fund and the other investment funds and accounts.

National Bank Financial Inc., an affiliate of the Manager, has agreed to act as Designated Broker and as a dealer for each NBI Fund, with respect to ETF Series. One or more other registered dealers act or may act as a dealer for each NBI Fund, with respect to ETF Series. These relationships may create actual or perceived conflicts of interest that investors should consider in relation to an investment in ETF Series units of a NBI Fund. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of units. The Designated Broker, as market maker of each ETF Series of NBI Fund in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with a NBI Fund, with respect to ETF Series, with the issuers of portfolio assets making up the investment portfolio of a NBI Fund, with respect to ETF Series, or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

Registration and transfer through CDS for ETF Series of NBI Funds

Registration of interests in, and transfers of, the units of ETF Series of NBI Funds will be made only through the book-entry system of CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such units. Upon purchase of any units, the owner will receive only the customary confirmation. All distributions and redemption proceeds in respect of units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants and, thereafter, by such CDS Participants to the applicable unitholders. References in this Simplified Prospectus to a holder of units of ETF Series of NBI Funds means, unless the context otherwise requires, the owner of the beneficial interest in such units.

Neither the NBI Funds, with respect to ETF Series, nor the Manager will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this Simplified Prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the units must look solely to CDS Participants for payment made by the NBI Funds, with respect to ETF Series, to CDS.

The ability of a beneficial owner of units to pledge such units or otherwise take action with respect to such owner's interest in such units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The NBI Funds, with respect to ETF Series, have the option to terminate registration of the units through the book-entry only system, in which case certificates for units in fully registered form will be issued to beneficial owners of such units or to their nominees.

Trading ranges and volumes of units of ETF Series of NBI Funds

The monthly market price range and monthly trading volume of the units of each ETF Series of the NBI Funds are not available yet because these ETF Series of NBI Funds are new.

Responsible Investing

Responsible investing refers to the integration of environmental, social and governance criteria ("**ESG Criteria**") in the selection and management of investments, as well as in active ownership practices. ESG refers to environmental, social, and governance criteria related to an investment. They represent three (3) major groups of non-financial criteria used to identify material risks and/or growth opportunities in various investments. The environmental criterion evaluates environmental risks/opportunities that a company might face and how the company is managing them. This criterion may consider various aspects such as energy use, waste, pollution, or contaminated land. The social criterion covers the business' relationships with clients, suppliers, employees, the community, and any other relevant stakeholders. Employees' working conditions, personal data protection or relations with local communities are examples of social aspects evaluated by this criterion. Finally, the governance criterion evaluates a company's corporate structure and culture.

Transparency, Board composition, executive compensation, ethical standards, conflict of interest management or political contributions can be various examples of governance criteria. NBI believes that the consideration of ESG Criteria, in conjunction with traditional financial analysis, allow for a better assessment of risks and long-term growth opportunities.

The portfolio manager and portfolio sub-advisor that have been selected to manage the funds each have their own approach to responsible investing, which may be at the firm-level and/or at the fund-level. As such, each portfolio manager and portfolio sub-advisor prioritizes different approaches, ranging from avoiding exposure to companies or economic sectors deemed harmful to aligning portfolios with themes related to sustainable development. Sustainable development, as defined by the United Nations, refers to developments that meet the needs of the present without compromising the ability of future generations to meet their own needs. In the context of investing, this means seeking to obtain a return on investment while making a positive contribution to sustainable development. This plurality in responsible investment approaches brings richness to the platform of our funds and allows NBI to consider the particularities of each asset class, since certain investment instruments do not permit responsible investment approaches. For more information, please consult NBI's Responsible Investment Policy available on our website nbinvestments.ca.

Responsible investing Approach

NBI's approach to responsible investment relies on the following components:

1. Portfolio manager and portfolio sub-advisor selection and monitoring processes
2. Portfolio manager's and portfolio sub-advisor's responsible investment approaches
3. Funds whose investment objectives reference responsible investment or sustainable investment ("**NBI Sustainable Funds**")) – not offered under this Simplified Prospectus
4. Funds with no fundamental investment objectives related to ESG or responsible investment.

1. Portfolio manager and portfolio sub-advisor selection and monitoring processes

As part of NBI's process of selecting and monitoring the portfolio manager and the portfolio sub-advisor, NBI evaluates the maturity of their responsible investment approaches at the firm level as well as on the specific ESG approaches applied to the fund being managed. NBI uses a proprietary scoring system with a scale of 1 to 5, where the higher the score the better. The proprietary scoring system is based on various criteria such as, the corporate strategies and policies guiding responsible investment, the ESG expertise within the investment teams and at the firm, and how the investment process incorporates ESG Criteria. Among other elements considered in the overall evaluation of the portfolio manager and the portfolio sub-advisor and their respective responsible investment practices are the use of stewardship activities such as proxy voting and dialogues. These are used as levers to manage risks and in corporate social responsibility. Responsible investment may be done in various ways, tailored to the investment style and approach of the portfolio manager or the portfolio sub-advisor.

2. Portfolio manager's and portfolio sub-advisor's responsible investment approaches

The portfolio manager and the portfolio sub-advisor selected and monitored by NBI may adopt different responsible investment approaches depending on their investment objectives, strategies, styles and philosophies.

The approaches below are not mutually exclusive and may be combined or used in conjunction with other conventional investment approaches. The approaches mentioned below are not exhaustive. NBI can add or make changes to the responsible investment approaches described below at its discretion in order to reflect NBI's changing positions on ESG and other related issues. Please see the part entitled *Specific information about each fund described in this document* for more information regarding specific approaches used by each fund.

a) ESG integration:

Ongoing consideration of material ESG Criteria into investment analysis and decision-making processes with the aim to improve risk-adjusted returns.

b) Negative screening (or Exclusions):

Exclude issuers, certain companies, sectors or countries based on a set of ESG Criteria, norms or standards. The NBI negative screening (exclusion) criteria fall under two (2) groups as listed below: "NBI Normative Exclusions" or "Exclusions applicable to NBI Sustainable Funds." Information about which funds apply either of these groups of exclusions can be found under the part entitled *Specific information about each fund described in this document* of each fund's Simplified Prospectus.

NBI Normative Exclusions:

The portfolio manager or portfolio sub-advisor aims to exclude from the investible universe, for the securities which the portfolio manager or portfolio sub-advisor has full discretion, companies that generate, from direct involvement, more than:

- 5% of their revenue from the production of tobacco;
- 5% of their revenue from extraction of thermal coal;
- 5% of their revenue from the exploration and/or extraction of oil & gas in offshore Arctic regions;

- 0% revenue from the manufacturing of tailor-made and essential components of controversial weapons. Controversial weapons are: cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons and incendiary weapons.
- The portfolio manager or portfolio sub-advisor also seeks to exclude companies that have violated UN Global Compact principles ("**UN Global Compact**", see section *Glossary* for more details), based on the evaluation framework from an outside ESG data provider or based on a portfolio manager and portfolio sub-advisor's ESG evaluation framework.

Exclusions applicable to NBI Sustainable Funds (not offered under this Simplified Prospectus)**:**

The portfolio manager or portfolio sub-advisor aims to exclude from the investible universe, for the securities which the portfolio manager or portfolio sub-advisor has full discretion, companies that generate, from direct involvement, more than:

- 5% of their revenue from the production of tobacco or 15% from the distribution and/or retail of tobacco;
- 5% of their revenue from extraction of thermal coal or 10% from generating electricity from thermal coal;
- 5% of their revenue from the exploration and/or extraction of oil & gas in offshore Arctic regions;
- 0% of their revenue from the manufacturing of tailor-made and essential components of controversial weapons. Controversial weapons are: cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons and incendiary weapons.
- 10% of their revenue from the manufacturing, distribution and/or retail of assault weapons to civilians;
- 10% of their revenue from owning and/or operating a gambling establishment;
- 10% of their revenue from the production and/or distribution of adult entertainment;
- 10% of their revenue from the production, distribution and/or retail of recreational cannabis;
- 10% of their revenue from exploration, production, refining, transportation and/or storage of oil and gas for companies in "oil and gas producers" and "refiners and pipelines" industries.
- The portfolio manager or portfolio sub-advisor also seeks to exclude companies that have violated UN Global Compact, see section *Glossary* for more details), based on the evaluation framework from an outside ESG data provider or based on a portfolio manager and portfolio sub-advisor's ESG evaluation framework.

As an exception to all the exclusions mentioned above that relate to fossil fuels, entities that are engaged in ambitious transitions to low-carbon energy may be considered for investment in NBI Sustainable Funds if they meet specific requirements set by the portfolio manager or portfolio sub-advisor. For details on these requirements, where applicable, please see the part entitled *Specific information about each fund described in this document.*

NBI relies on determinations by third-party data providers to define the aforementioned exclusions. NBI will also not be deemed in breach of any obligation to this restriction resulting from the acts or omissions of third-party data providers. Omission includes but is not limited to new issues or new issuers to which data providers would not yet have data mapped at a security level. During the period of time that ESG data is not available for an issuer, such issuer will be excluded from compliance with the above normative exclusions. In the course of gathering their data, providers, portfolio manager and portfolio sub-advisor may assume certain value judgements (e.g. regarding the adequacy of a company's program for addressing an ESG issue or exclusion). NBI does not verify those judgements, nor quantify their impact upon the aforementioned normative exclusions.

The portfolio manager and portfolio sub-advisor with whom NBI does business will also not be deemed in breach of any obligation to this restriction and shall incur no liability for losses resulting from the reliance on third-party data providers or on another methodology, providing that they have made reasonable efforts to apply the aforementioned normative exclusions.

The portfolio manager and portfolio sub-advisor with whom NBI does business may sometimes impose additional restrictions on their investment decisions. For example, they may exclude investing in certain sectors or certain companies that are deemed harmful based on their proprietary criteria. These investment restrictions may apply at the fund's investment strategy level or at the firm level. We generally support the exclusions applied by the portfolio manager and the portfolio sub-advisor including, but not limited to, those based on national and international legislation, bans or treaties or norms.

c) Stewardship activities:

The portfolio manager and the portfolio sub-advisor use their rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their assets depend. Stewardship activities include, among others, proxy voting and dialogue.

- Proxy voting:

The exercise of voting rights attached to shares owned by an investor. Proxy voting enables shareholders to participate in corporate governance decisions. The portfolio manager and portfolio sub-advisor are mandated to exercise their voting rights in the best interests of their investors and in accordance with the fund's investment strategy and their internal proxy voting policies.

For the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund, managed solely by NBI, acting as portfolio manager, NBI exercises its proxy votes in accordance with the NBI Proxy Voting Policy, which utilizes a

custom voting policy generally based on the Institutional Shareholder Services (ISS) Sustainability Proxy Voting Guidelines (see section *Proxy Voting Policies* for more details about the proxy voting policies).

Information about the proxy voting policies of the portfolio manager and the portfolio sub-advisor can be found under the section *Responsibility for Mutual Fund Administration – Proxy Voting Policies* above.

- Dialogue:

The engagement of investors with companies on various ESG issues, either individually or collectively, to communicate their views and expectations, and to monitor and influence the company's practices and disclosures. Dialogue can also involve collaboration with other stakeholders. Along with NBI's internal engagement activities, NBI also encourages the portfolio manager and the portfolio sub-advisor to participate in dialogues with companies to improve their ESG practices, on an individual level or via collaborative initiatives and to report on these activities annually.

d) Positive screening (or Best-in-class):

The inclusion of certain sectors, companies or practices in a fund or portfolio based on pre-defined ESG Criteria that are desirable relative to industry peers. This can be achieved by applying filters to a universe of securities, issuers, investments, sectors or other financial instruments to rule them in, based on their positive performance on ESG Criteria relative to industry peers or specific ESG Criteria.

e) Thematic investing:

The investment in companies, organizations, or funds that stand to benefit from one or many disruptive themes or assets specifically related to sustainability (e.g. clean energy, climate change mitigation, sustainable agriculture, health system, green bonds, social bonds, etc.).

f) Impact investing:

The investment in companies, organizations or funds with the intention to generate positive measurable social and/or environmental impact alongside a financial return. It requires accounting for whether-and to what extent-intended environmental or social improvements actually occur. Examples of improvements include renewable electricity capacity added, increase in water treated, saved, or provided, increase in affordable housing units, etc.

3. Funds whose investment objectives reference responsible investment or sustainable investment (NBI Sustainable Funds) (not offered under this Simplified Prospectus)

NBI Sustainable Funds have a fundamental investment objective related to a responsible approach to investing or an aspect of sustainable development. The portfolio manager of NBI Sustainable Funds use ESG integration, negative screening (exclusion), and stewardship activities, as defined in section *Portfolio manager's and portfolio sub-advisor's responsible investment approaches*. In addition, the portfolio manager also use one or more responsible investment approaches between positive screening (Best-in-class), thematic investing and impact investing, as defined in section *Portfolio manager's and portfolio sub-advisor's responsible investment approaches*.

This is evaluated through a due diligence process that complies with NBI's Responsible Investment Policy and NBI's *Portfolio manager and portfolio sub-advisor selection and monitoring process* (see section 1 above). NBI evaluates responsible investment approaches that are part of the portfolio manager or the portfolio sub-advisor's investment strategies (see section *Portfolio managers' and portfolio sub-advisors' responsible investment approaches* above).

Please refer to the funds' investment objectives and investment strategies which articulate their responsible investing parameters.

4. Funds with no fundamental investment objectives related to responsible investing

For funds with no fundamental investment objectives related to responsible investing, the applicable fund's portfolio manager and portfolio sub-advisor have full discretion in determining whether to use one or more responsible investment approaches as defined in section *Portfolio manager's and portfolio sub-advisor's responsible investment approaches* and to what extent. These approaches may be used in a manner consistent with their investment objectives, investment strategies and investable universe. Please refer to each fund's investment strategies which articulate responsible investing parameters, if applicable.

A fund with no fundamental investment objectives related to ESG may use a responsible investment approach, as defined in section *Portfolio manager's and portfolio sub-advisor's responsible investment approaches* above. This approach being one of many components of the investment strategies used to help achieve the fund's investment objective. The responsible investment approach and ESG Criteria are not part of the fund's investment objective and, therefore, are not the principal strategy of the fund.

Exemptions and Approvals

Below are the exemptions from, or approvals in relation to, Regulation 81-102 and other applicable securities legislation that the Manager, the portfolio manager, the portfolio sub-advisor or the funds may rely on.

Debt securities

Each of the funds has received an exemption from the Canadian Securities Administrators allowing it to engage in certain transactions in debt securities which, without the exemption, would be prohibited. Pursuant to such exemption, a fund may, with the approval of the IRC as described in Regulation 81-107 and subject to compliance with certain other provisions of Regulation 81-107, purchase from or sell to related dealers that are principal dealers in the Canadian debt securities market, non-government debt securities or government debt securities in the secondary market, provided that the purchase or sale is consistent with, or is necessary to meet, the investment objectives of the fund.

Investments in certain exchange-traded funds

Leveraged ETFs

Each of the funds has obtained exemptive relief from the Canadian Securities Administrators allowing it to invest in certain exchange-traded funds, the securities of which are not index participation units according to securities legislation. These exchange-traded funds seek to provide returns similar to a benchmark market index or an industry sector. Unlike typical exchange-traded funds, some of these exchange-traded funds utilize leverage in an attempt to magnify returns by either a multiple or an inverse multiple of the particular benchmark (the "**Leveraged ETFs**").

Actively Managed Exchange-Traded Funds

Each fund has received an exemption from the Canadian Securities Authorities to permit the fund to invest a portion of its net asset value in Canadian and U.S. actively managed exchange-traded funds that are not index participation units under securities laws and are not subject to Regulation 81-101 (the "**Actively Managed ETFs**"). The aforementioned exemption is subject to certain conditions, including that a fund is not be entitled to purchase securities of such Actively Managed ETFs if, immediately after the purchase, more than 30% of the net asset value of the fund, taken at market value at the time of purchase, would consist of securities of such Actively Managed ETFs; or more than 10% of the net asset value of the fund, taken at market value at the time of purchase, would consist of securities of U.S. Actively Managed ETFs. A fund is not entitled to purchase securities of Actively Managed ETFs if, immediately after the purchase, more than 10% of the net asset value of the fund, taken at market value at the time of purchase, would consist of a combination of securities of Actively Managed ETFs, the purchase and holding of which are also subject to the above-described Leveraged ETFs exemption.

Inter-fund trades

Pursuant to exemptions received from the Canadian Securities Administrators, the funds may purchase or sell securities (including debt securities) from or to the investment portfolio of an associate of a responsible person or of an investment fund (including investment funds not subject to Regulation 81-102) for which a responsible person acts as an advisor (the "**inter-fund trades**"). In addition, pursuant to these exemptions, each of the funds is authorized to engage in inter-fund trades in respect of exchange-traded securities with another fund that is subject to Regulation 81-102 at the current market price instead of the closing price. Without these exemptions, such inter-fund trades would be prohibited. The exemptions are subject to various conditions. In particular, the inter-fund trades must be consistent with the fund's investment objective and must be submitted to the funds' IRC in compliance with Regulation 81-107 and must also comply with certain provisions of Regulation 81-107.

Takeover bid requirements

The NBI Funds that offer ETF Series and the NBI ETFs have obtained exemptive relief from the Canadian securities regulatory authorities to permit the purchase by a unitholder of more than 20% of the units of any NBI Fund that offers ETF Series or any NBI ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

Certificate of underwriters relief

Each NBI Fund that offers ETF Series and each NBI ETF has obtained exemptive relief from applicable Canadian securities legislation to relieve the funds from the requirement that a prospectus offering units of NBI ETFs or of ETF Series of NBI Funds contain a certificate of the underwriters.

Underwriting by a related party

Each of the funds has received an exemption from the Canadian Securities Administrators allowing it to engage in certain transactions in debt securities which, without the exemption, would be prohibited. Pursuant to such exemption and the conditions it sets, a fund may, with the approval of the IRC as described in Regulation 81-107 and subject to compliance with certain other provisions of Regulation 81-107, purchase debt securities of non-reporting issuers in Canada and debt securities of both reporting and non-reporting issuers outside of Canada, with a designated rating, during the period of the distribution (the "**Distribution**") or during the period of sixty (60) days after the

Distribution, notwithstanding that an affiliate of the Manager acts or has acted as underwriter in the Distribution, provided that the purchase or sale is consistent with, or is necessary to meet, the investment objectives of the fund.

Margin deposit concentration limit

Each of the funds has obtained exemptive relief from the Canadian securities regulatory authorities allowing it to deposit as margin portfolio assets of up to 35% of the fund's net asset value as at the time of deposit with any one dealer in Canada or the United States (each a "**Dealer**") and up to 70% of each fund's net asset value at the time of deposit with all Dealers in the aggregate, for transactions involving standardized futures, clearing corporation options, options on futures, or cleared specified derivatives, such as cleared swaps, that are traded or cleared on or through a stock exchange or futures exchange, a recognized clearing agency, or a swap execution facility.

Investments in Rule 144A Securities

Each of the funds has obtained exemptive relief from certain requirements relating to the purchase and holding of illiquid assets under Regulation 81-102 for fixed-income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the Securities Act of 1933, as amended (the "**US Securities Act**"), as set out in Rule 144A of the US Securities Act for resales of certain fixed income securities (the "**144A Securities**") to "qualified institutional buyers" (as defined in the US Securities Act). With the relief, subject to certain conditions, the funds can invest in 144A Securities without the need to factor these fixed income securities into the limits on holdings of illiquid assets under Regulation 81-102.

ETF Series Relief

The Manager, on behalf of the funds, has obtained exemptive relief from the Canadian Securities Administrators from applicable Canadian securities legislation to permit a NBI Fund that offers both ETF Series and Mutual Fund Series to treat the ETF Series and Mutual Fund Series as if such series were separate funds in connection with their compliance with the provision of part 9, 10 and 14 of Regulation 81-102.

Fundamental changes

In accordance with Regulation 81-102 and to the extent permitted under the funds' declarations of trust, securityholders' approval may not be sought with respect to fundamental changes in the following circumstances:

(i) a fund undertakes a reorganization with, or transfers its assets to, another mutual fund to which Regulation 81-107 applies which is managed by the manager of NBI Funds or an affiliate of such manager, and ceases to continue after the reorganization or transfer of assets; and the transaction results in the securityholders of the mutual fund becoming securityholders in the other mutual fund;

(ii) a fund changes its auditor.

Though unitholders may not be called upon to approve such changes, which will, however, require the approval of the IRC, unitholders will be notified at least sixty (60) days before the date the changes take effect.

Certificate of the Funds, the Manager and the Promoter

This Simplified Prospectus and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

NBI Target 2032 Investment Grade Bond Fund
NBI *SmartData* U.S. Equity Covered Call Fund
NBI *SmartData* International Equity Covered Call Fund

(the "**Funds**")

August 10, 2026

National Bank Investments Inc., as manager, promoter of the Funds
and on behalf of the trustee of the Funds

"Eric-Olivier Savoie"	*"Sébastien René"*
Eric-Olivier Savoie President and Chief Executive Officer	Sébastien René Chief Financial Officer

On behalf of the board of directors of **National Bank Investments Inc.**, as manager, promoter of the Funds and on behalf of the trustee of the Funds

"Corinne Bélanger"	*"The Giang Diep"*
Corinne Bélanger Director	The Giang Diep Director

Certificate of the Principal Distributor of the Funds with NBSI as Principal Distributor

To the best of our knowledge, information and belief, this Simplified Prospectus and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of all provinces and territories of Canada and do not contain any misrepresentations.

NBI Target 2032 Investment Grade Bond Fund
NBI *SmartData* U.S. Equity Covered Call Fund
NBI *SmartData* International Equity Covered Call Fund

(collectively, the "**Funds with NBSI as Principal Distributor**")

August 10, 2026

National Bank Savings and Investments Inc.,
as principal distributor of the Funds with NBSI as Principal Distributor

"Sébastien René"

Sébastien René
Chief Financial Officer

Specific information about each fund described in this document

What is a mutual fund and what are the risks of investing in a mutual fund?

A mutual fund is a pool of money contributed to by many investors having similar investment objectives. The management of the investment is provided by experts acting as portfolio managers. The portfolio manager invests the assets according to the investment objective of the mutual fund. The portfolio that is built up may be invested in several different securities at the same time, enabling investors to diversify their investments in a manner they might not be able to achieve on their own.

What is a mutual fund and what are funds of funds?

A mutual fund is a pool of money contributed by people with similar investment objectives. People who contribute money become unitholders of the mutual fund.

Funds of funds are mutual funds that are designed to offer dynamic asset allocation and diversification by investing their assets in other mutual funds. These other mutual funds are referred to as underlying funds. Underlying funds may be trusts, corporations or classes of corporations.

A professional portfolio manager of a mutual fund uses the money contributed by investors to buy securities, which in the case of the funds of funds are securities of underlying funds and in the case of the underlying funds are generally stocks, bonds, cash or a combination of these, depending on the underlying fund's investment objective. The portfolio manager makes all the decisions about which securities to buy and when to buy and sell them. Mutual fund securityholders share the fund's income, expenses, and any gains and losses the fund makes on its investments in proportion to the securities they own. The value of an investment in a mutual fund is realized by securityholders when they redeem the securities held.

A mutual fund can be set up as a trust or as a corporation. Both allow you to pool your money with other investors, but there are some differences. When you buy a mutual fund, you purchase units if the mutual fund is a trust or shares if the mutual fund is a corporation. The price of a unit or a share is its net asset value. In mutual funds that have multiple series of units or shares such as the funds, the NAVPU is calculated by adding up all of the assets of the series, subtracting the liabilities allocated to that series, and dividing the balance by total number of units or shares outstanding for that series.

Mutual funds may issue different series of securities. Each series is intended for different kinds of investors and has different fees and expenses.

Risk-return trade-off

Risk and return are closely related. This means that to obtain a higher return, you may have to accept a higher level of risk. A higher-risk mutual fund is generally less stable and fluctuates more. The more a mutual fund's return fluctuates, the more risk is associated with the mutual fund. It is therefore important to understand what we mean by "fluctuation": within a given period of time, a security may fluctuate, that is, it may suffer losses and realize gains.

High-risk investments generally offer higher long-term returns than safer ones. Since they fluctuate more, high-risk investments may post more negative short-term returns, compared to lower-risk investments.

What are the advantages of investing in a mutual fund?

Professional management. Mutual funds allow you to take advantage of the knowledge and expertise of seasoned portfolio managers. They have access to the research and information required to make sound investment decisions.

Diversification. Most investors do not have enough money to properly diversify their portfolio. Diversification means that you invest in many different securities. With mutual funds, you can invest simultaneously in various securities. If the performance of one security is poor, it may be offset by the better performance of another.

Variety. You can choose from several types of mutual funds, ranging from income and equity funds to balanced and specialized funds. A wide variety of mutual funds are available to meet your investment objectives.

Liquidity. You may purchase or redeem securities quickly and easily.

Monitoring. When you invest in mutual funds, you'll receive regular statements, financial reports and tax slips. These records allow you to easily keep track of your investments.

What are the risks of investing in a mutual fund?

Your investment in any mutual fund is not guaranteed. Therefore, the greatest risk to you as an investor is that you could lose all or part of your investment. Unlike bank accounts or guaranteed investment certificates, mutual fund units are not covered by the Canada Deposit

Insurance Corporation or any other government deposit insurer. Furthermore, your investment in a NBI Fund is not guaranteed by the Bank, Natcan Trust Company, National Bank Trust Inc. or any other affiliated entity.

Mutual funds own different kinds of investments depending on their investment objectives. The value of investments in a mutual fund will fluctuate on a daily basis, reflecting changes in interest rates, economic conditions and markets as well as company news. Therefore, the value of a mutual fund's securities may go up and down. This means that the value of your investment in a mutual fund when you redeem it may be more or less than when you bought it. Also, under certain exceptional circumstances, you may not be able to redeem securities of a mutual fund. Please see *Purchases, switches, conversions and redemptions of units - Right to refuse the redemption of fund securities*.

Some of the most usual risks that can affect the value of the securities of a mutual fund are described below.

See *What are the risks of investing in this fund?* in the part that applies to each fund in this Simplified Prospectus for a list of the risks to which the fund is exposed.

Risks relating to absence of an active market for the units

The ETF Series of the NBI Funds are newly organized exchange-traded funds or series with no previous or a limited operating history. The TSX has conditionally approved the listing application of the ETF Series of the NBI Funds. Listing of each ETF Series of the NBI Funds is subject to fulfilling all the listing requirements of the TSX on or before July 17, 2028. Although the ETF Series of the NBI Funds will be listed on the TSX, there can be no assurance that an active public market for the units will develop or be sustained.

Risks relating to capital erosion

Certain distributions may include a return of capital component. **All distributions paid in excess of the net income and realized net capital gains of the fund constitute a return of capital for the investor.** A return of capital reduces the value of your original investment and is not the same as the return on your investment. Returns of capital that are not reinvested may reduce the net asset value of the portfolio and the portfolio's subsequent ability to generate income.

Risks relating to cease trading of constituent securities

If Constituent Securities are cease-traded at any time by order of the TSX, a securities regulatory authority or other relevant regulator or stock exchange, we may, subject to any required regulatory approvals, suspend the exchange or redemption of units of NBI ETFs or ETF Series of NBI Funds until such time as the transfer of the securities is permitted by law.

Risks relating to concentration

If a mutual fund invests a large proportion of its assets in securities issued by one or a few issuers, it will have risk relating to concentration. Because its portfolio is not diversified, it could experience greater volatility and will be strongly affected by changes in the market value of these securities.

Canadian Securities Administrators have established guidelines and restrictions for investments by mutual funds. Among the restrictions is an investment limit of 10% of net assets in a single issuer.

Regulation 81-102 allows index mutual funds to invest more than 10% of their net asset value in the securities of a given issuer. However, mutual funds may be authorized to invest more than 10% of their net assets in the securities of a particular issuer if certain conditions are met.

Risks relating to convertible securities

Convertible securities are fixed-income securities, preferred shares or other securities that are convertible into common shares or other securities. The market value of convertible securities tends to decline when interest rates increase and, inversely, to increase when interest rates decline. However, the market value of convertible securities tends to mirror the price of the issuer's common shares when the common share price approaches or exceeds the "conversion price" of the convertible security. The conversion price is defined as the predetermined price at which the convertible security may be exchanged for the related share. When the price of the common share declines, the price of the convertible security tends to depend more on the convertible security's return. Therefore, the price may not drop to the same extent as the underlying common share. If the issuer company is liquidated, holders of convertible securities will be paid before holders of common shares of the company, but after holders of senior debt securities. Consequently, an investment in an issuer's convertible securities generally entails less risk than an investment in the issuer's common shares, but more risk than an investment in the issuer's debt securities.

Risks relating to counterparties

Risks relating to counterparties are associated with the possibility of a counterparty, pursuant to a derivative contract in which a clearing house does not intervene, not being able to fulfill its obligations on time or at all, which may result in a loss for the mutual fund.

Risks relating to credit

A mutual fund can lose money if the issuer of a bond or other fixed-income security can't pay interest or repay principal when it is due. This risk is higher if the fixed-income security has a low credit rating or no rating at all. Fixed-income securities with a low credit rating usually offer a better return than securities with a high credit rating, but they also have the potential for substantial loss. These are known as "**high-yield securities**".

Risks relating to currency

Whenever a mutual fund must buy its assets in a currency other than the currency in which it is offered, there are risks relating to exchange rates. As different currencies change in value in relation to each other, the value of the mutual fund securities purchased in those other currencies will fluctuate.

Some mutual funds determine the value of their securities in U.S. and/or Canadian dollars. These mutual funds may buy and sell assets in different currencies. The value of their securities determined in Canadian dollars and/or in U.S. dollars will fluctuate according to the value of the Canadian dollar and/or U.S. dollar, whichever applies, in relation to the various currencies.

Portfolio managers may use derivatives to reduce the risk of currency fluctuations. See *Risks relating to derivatives* for more information.

The CRA requires that capital gains and losses be converted into Canadian dollars. As a result, when you redeem securities in U.S. dollars, you need to calculate gains or losses based on the Canadian dollar value of your securities when they were purchased and when they were sold.

In addition, although certain funds distribute their income in U.S. dollars, it must be converted into Canadian dollars for purposes of the Tax Act. Consequently, all investment income will be converted into Canadian dollars for income tax purposes. For more information, you may want to consult your own tax advisor.

Risks relating to cybersecurity

With the increased use of technologies such as the internet to conduct business, the manager, the service providers and the mutual fund are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital computer systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cybersecurity breaches may also stem from cyber attacks carried out in a manner that does not require gaining unauthorized access to systems, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the mutual fund, the manager or the mutual fund's service providers (including, but not limited to, the portfolio manager or the portfolio sub-advisor, as the case may be, the registrar and transfer agent, the custodian and any sub-custodian) may cause disruptions and impact each of their respective business operations, potentially resulting in financial losses, interference with the mutual fund's ability to calculate its net asset value, impediments to trading, the inability of unitholders to transact business with the mutual fund and the inability of the mutual fund to process transactions including redeeming securities, violations of applicable privacy and other laws, regulatory fines or penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs associated with the implementation of any corrective measures. Similar adverse consequences resulting from cyber incidents could also affect the issuers of units in which the mutual fund invests and counterparties with which the mutual fund engages in transactions. In addition, substantial costs may be incurred to prevent any cyber incidents in the future.

While the manager and the NBI Funds have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, inherent limitations exist in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the manager and the NBI Funds cannot control the cyber security plans and systems of the NBI Funds' service providers, the issuers of units in which the NBI Funds invest or any other third parties whose operations may affect the NBI Funds or their unitholders. As a result, the NBI Funds and their unitholders could be negatively affected.

The rapid development and increasingly widespread use of artificial intelligence technologies could increase the effectiveness of cyber-attacks and exacerbate the risks.

Risks relating to a declining yield

During the final year of certain fund's operations, as the bonds held by that fund mature and the fund's portfolio transitions to cash and cash equivalents, the fund's yield will generally tend to move toward the yield of cash and cash equivalents and thus may be lower than the yields of the bonds previously held by the fund and/or prevailing yields for bonds in the market.

Risks relating to depositary receipts

Banks or other financial institutions, known as depositaries, issue depositary receipts that represent the value of securities issued by foreign companies. These receipts are better known as ADRs (American Depositary Receipts), GDRs (Global Depositary Receipts), or EDRs (European Depositary Receipts), according to the location of the depositary. Mutual funds invest in depositary receipts to obtain indirect ownership of foreign securities without trading on foreign markets. There is a risk that the value of the depositary receipts may

be less than the value of the foreign securities. This difference can result from several factors: fees and expenses related to the depositary receipts; fluctuations in the exchange rate between the currency of the depositary receipts and the currency of the foreign securities; differences in taxes between the depositary receipts' and the foreign securities' jurisdictions; and the impact of the tax treaty, if any, between the depositary receipts' and the foreign securities' jurisdictions. Also, a mutual fund faces the risk that depositary receipts may be less liquid, that the holders of depositary receipts may have fewer legal rights than if they held the foreign securities directly, and that the depositary may change the terms of a depositary receipt, including terminating the depositary receipt, in such a way that a mutual fund would be forced to sell at an inopportune time.

Risks relating to derivatives

What are derivatives?

Derivatives are investment instruments generally seen in the form of a security or an asset. Usually, derivatives grant the right or require the holder to buy or sell a specific asset during a certain period of time for an agreed-upon price. There are several types of derivatives, each based on an underlying asset sold in a market or on a market index. A stock option is a derivative in which the underlying asset is the security of a major corporation. There are also derivatives based on currencies, commodities and market indexes.

How do the funds use derivatives?

All NBI Funds may acquire and use derivatives that comply with their investment objectives and the guidelines set out by the Canadian Securities Administrators on the use of derivatives by mutual funds. Portfolio managers may use derivatives to offset or reduce a risk associated with investments in the mutual fund. Portfolio managers seek to improve the portfolio's rate of return by using derivatives and accepting a lower, more predictable rate of return through hedging transactions, rather than a higher but less predictable potential rate of return. This is called hedging.

Derivatives may not be used for speculation or for the creation of portfolios with excess leverage.

Portfolio managers use derivatives to reduce the risk of currency fluctuations, stock market volatility and interest rate fluctuations. However, there is no guarantee that using derivatives will prevent losses if the value of the underlying investments falls. In some cases, portfolio managers may use derivatives instead of direct investments. This reduces transaction costs and can improve liquidity, increase the flexibility of a portfolio, all the while increasing the speed with which a mutual fund can change such portfolio.

Portfolio managers may also use derivatives for non-hedging purposes, or what is also called "**effective exposure**". This strategy makes it possible to gain exposure to a security, index, region or sector, to decrease transaction costs or to provide increased liquidity. In accordance with this concept, derivatives, such as futures contracts, forward contracts, options and swaps, are used instead of the underlying asset. Definitions for such derivative types follow:

Forward contracts: A customized contract between two parties to buy or sell an asset at a specified price on a future date. Unlike futures contracts, a forward contract can be customized to any commodity, amount and delivery date. A forward contract settlement can occur on a cash or delivery basis. Forward contracts do not trade on a centralized exchange and are therefore regarded as over-the-counter (OTC) instruments.

Futures contracts: A contract, generally traded on a centralized exchange, to buy or sell a particular financial instrument at a pre-determined price in the future. Futures contracts detail the quality and quantity of the underlying asset; they are standardized to facilitate trading on a futures exchange. Futures contracts settlement can occur on a cash or delivery basis.

Options: Options are exchange-traded or private contracts involving the right – but not the obligation – of a holder to sell (put) or buy (call) certain assets (such as a security, index, or currency) from another party at a set price and at a set time. A premium, which is a cash payment, is normally paid between parties in order to exchange the option.

Swaps: A swap is a private contract between two or more parties used to exchange periodic payments in the future based on a formula that the parties have agreed upon. Swaps are generally equivalent to a series of forward contracts packaged together. They are not traded on organized exchanges and are not subject to standardized terms and conditions.

Derivatives can help mutual funds increase the speed and flexibility with which they trade, but there is no guarantee that using derivatives will result in positive returns. Mutual funds that use derivatives also face a credit risk. All NBI Funds face this risk when they use derivatives.

What are the risks relating to derivatives?

The following are examples of risks relating to the use of derivatives:

- The use of derivatives to reduce risk associated with foreign markets, currencies or specific stocks, called hedging, is not always effective. There may be an imperfect correlation between changes in the market value of the investment being hedged and the hedging derivative. Furthermore, any past correlation may not be maintained during the hedging period.

- There is no assurance that portfolio managers will be able to sell the derivatives to protect a portfolio. It may not always be possible to close out a derivative position quickly or easily. An over-the-counter market may not exist or may not be liquid. Derivatives traded on foreign markets may be less liquid and take longer to close out and therefore have more risk than derivatives traded on North American markets.
- Speculation in the derivative by investors can affect the price upwards or downwards.
- The change in price of the derivative may be more significant than the change in price of the underlying asset.
- A halt or interruption affecting the trading of a large number of stocks or bonds in an index may affect the derivatives (more specifically the standardized futures contracts and options) that are based on the underlying asset.
- There may be a credit risk associated with those who trade in derivatives. The mutual fund may not be able to complete settlement because the other party cannot honour the terms of the contract.
- There may be credit risk related to the other party to the contract, such as dealers who trade in derivatives. Indeed, if such party went bankrupt, it would lead the mutual fund to lose any deposits made as part of the contract.
- A securities exchange could impose daily limits on trading of derivatives, making it difficult to complete an option, forward or futures contract. Such trading limits can also be imposed by government authorities.
- If the mutual fund is unable to close out its position on options and futures contracts, this can affect its ability to hedge against losses or implement its investment strategy.
- When a price change is expected by the market, it may not be possible to buy or sell the derivative at the desired price.
- If trading in stock index options or futures contracts is restricted by a stock exchange, the mutual fund could experience substantial losses.
- Should a mutual fund be required to give a security interest in order to enter into a derivative transaction, such security interest may be enforced by the other party against the mutual fund's assets.
- Currency hedging does not result in the impact of the currency fluctuations being eliminated altogether.
- Hedging may be expensive.
- Regulation with respect to derivatives is subject to modification which may make it more difficult, or even impossible, for a mutual fund to use certain derivatives.
- The Tax Act contains rules (the "**DFA Rules**") that target certain financial arrangements (described in the DFA Rules as "**derivative forward agreements**") that seek to deliver a return based on an "**underlying interest**" (other than certain excluded underlying interests) for purposes of the DFA Rules. The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain option contracts). If the DFA Rules were to apply in respect of any options written by a fund, gains realized in respect of the property underlying such options could be treated as ordinary income rather than capital gains.
- The Tax Act, or its interpretation, may change in respect of the tax treatment of derivatives.

What are the risks relating to options strategy?

When a fund writes a call option, it may be required to sell the underlying asset (or settle in cash an amount of equal value) at a strike price that is below market price, resulting in a loss. Certain transaction costs associated with purchasing and writing options may also impact a fund's returns. When call options are written on an index rather than on the securities held by the fund, the options may not move in the same direction or to the same extent as the fund's portfolio. As a result, the option strategy may not fully offset movements in the portfolio, and the fund may be required to make a cash settlement payment even when the portfolio has not realized corresponding gains.

When writing call options, a fund is also exposed to volatility risk. Volatility refers to how much the price of an asset is expected to move. When volatility increases, it suggests bigger price swings are expected, making options more valuable because there is a higher chance it could end up in the money. A call option writer is negatively affected by increases in volatility because the cost to close out or buy back the option increases, and the risk of the option maturing with the market price of the reference asset being higher than the strike price of the option increases.

There can be no assurance that a liquid exchange or over-the-counter market will exist to permit a fund to write call options on desired terms or to close out option positions should it wish to do so. The ability of a fund to close out its positions may also be affected by exchange-imposed daily trading limits. In addition, exchanges may suspend the trading of options in volatile markets. If a fund is unable to repurchase a call option that is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option it has written becomes exercisable or expires.

Writing call options generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer should mitigate the effects of a price increase. At the same time, because a call writer must be prepared to deliver the underlying asset or make a net cash settlement payment, as applicable, in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in price increases. Out-of-the-money call options have lower premiums but are less likely to cap potential gains compared to at-the-money or in-the-money call options.

There is a risk that the call option writing strategy utilized by a fund will cause it to underperform relative to the same portfolio without such an options strategy. For example, in rising markets, the premiums associated with writing call options may not exceed the returns that would have resulted if a fund had been directly invested in the securities subject to the call options. The use of options may have the effect of limiting or reducing the total returns of a fund if the portfolio management team's expectations concerning future events or market conditions prove to be incorrect.

Risks relating to the Designated Broker and Dealer concentration

Only the Designated Broker and dealers may engage in subscription or redemption transactions for Prescribed Number of Units directly for ETF Series of NBI Funds. ETF Series of NBI Funds have a Designated Broker and a limited number of institutions that act as dealer. To the extent that these institutions exit the business or are unable to proceed with subscription and/or redemption orders for Prescribed Number of Units and no other Designated Broker or dealers are able to step forward to subscribe for or redeem a Prescribed Number of Units, the units of such ETF Series of NBI Fund may trade at a discount to net asset value and possibly face trading halts and/or delisting. This risk may be more pronounced in volatile markets, potentially where there are significant redemptions in such fund generally.

Risks relating to equity securities

The net asset value of mutual fund securities will increase or decrease with the market value of the securities in the mutual fund portfolio. If a mutual fund holds stocks, the value of its securities will fluctuate with the market value of the stocks it holds. The market value of a stock will fluctuate according to the performance of the company that issued the stock, economic conditions, interest rates, stock market tendencies and other factors.

Certain funds may invest in shares issued by way of an initial public offering ("**IPO shares**"). The market value of IPO shares may be subject to greater fluctuations due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares available for trading and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. IPO shares are subject to liquidity risk.

Common shares are the most frequent type of equity securities. However, equity securities also include preferred shares, securities convertible into common shares and warrants.

A company may distribute part of its income to shareholders in the form of dividends, but is not obliged to do so. In the event that an issuer experiences financial difficulties, its equity securities may decline in value, especially due to the reduced likelihood that its board of directors will declare a dividend.

Historically, equity securities are more volatile than fixed-income securities. Securities of small-market-capitalization companies can be more volatile than securities of large-market-capitalization companies.

Risk relating to ESG integration strategy

Each portfolio manager or sub-advisor uses its own ESG integration process with its own methods to integrate material ESG factors into their investment analysis and decision making, with different sources and types of ESG information. Furthermore, ESG data is known to vary widely and risks being incomplete, outdated, estimated, or modeled, and/or subjectively interpreted, which may impact the portfolio manager or portfolio sub-advisor's ESG assessment. Therefore, the funds or underlying funds may invest in issuers that do not align with convictions and assessments of any given investor. In addition, integrating ESG factors in an investment strategy does not eliminate exposure to issuers that may be perceived as having negative ESG characteristics.

Risks relating to exchange-traded funds

Some mutual funds may invest some or all of their assets in other funds that are traded on a North American stock exchange ("**exchange-traded funds**"). Mutual funds may invest in exchange-traded funds that issue index participation units, which means that the only purpose of the exchange-traded fund is to hold the securities that are included in a specified widely quoted market index in substantially the same proportions as the index or to invest in a manner so as to replicate the performance of the index. As such, exchange-traded funds seek to provide returns similar to the performance of a particular market index or industry sector. Exchange-traded funds may not achieve the same return as their benchmark index due to differences in the actual weighting of securities held in the exchange-traded fund versus the weighting in the relevant index and due to operating and management expenses of the exchange-traded funds.

The funds obtained exemptive relief from the Canadian Securities Administrators to allow them to invest in certain exchange-traded funds, the securities of which are not index participation units. These exchange-traded funds seek to provide returns similar to a benchmark market index or industry sector. However, unlike typical exchange-traded funds, some of these exchange-traded funds utilize leverage in an attempt to magnify returns by either a multiple or an inverse multiple of the particular benchmark. Although investment

in these exchange-traded funds creates the possibility for greater gains, the investment techniques utilized may also result in magnified losses during adverse market conditions, as well as the potential for increased volatility.

Risks relating to floating-rate debt securities

The liquidity of floating-rate debt securities, including the volume and frequency of trading in these securities on the secondary market, can vary significantly over time and from one floating-rate debt security to the next. For example, if the credit rating of a floating-rate debt security is significantly and unexpectedly downgraded, trading in that floating-rate debt security on the secondary market may also decline for a certain time. During periods of irregular trading, it may be hard to determine a floating-rate debt security's valuation and buying or selling the security could be difficult and even delayed. Difficulty in selling a floating-rate debt security may result in a loss. Some floating-rate debt securities may be redeemed before maturity. In such an event, the floating-rate debt security may yield less income or provide less potential for capital gains, or both.

Risks relating to foreign investments

Mutual funds that invest in foreign countries may face increased risk because the standards of accounting, auditing and financial reporting in these countries are not as stringent as in Canada and the U.S. These countries may be less regulated and portfolio managers may get less complete information on the securities they buy.

A change of government or a change in the economy can affect foreign markets. Foreign governments may enter into economic, swap or currency agreements. A fund may be adversely affected by a country's withdrawal from or addition to such an agreement. Governments may impose exchange controls or devalue currencies. This would restrict the ability of a portfolio manager to withdraw investments. Some foreign stock markets are less liquid and more volatile than the North American markets. If a market has lower trading volumes, it can restrict the portfolio manager's ability to buy or sell securities. This increases the risk for mutual funds that invest mainly or exclusively in securities listed on foreign markets.

The units of a fund will also generally be affected by the imposition of withholding taxes on dividends, interest and distributions received from issuers of foreign securities. The income available to be distributed by a fund will generally be reduced by the existence of such withholding taxes.

A fund may file claims to recover withholding tax on dividend and interest income, or distributions (if any) received from issuers in certain countries where such withholding tax reclaim is possible. Whether or when the fund will receive a withholding tax refund in the future is within the control of the tax authorities in such countries. Where the fund expects to recover withholding tax based on a continuous assessment of probability of recovery, the net asset value of the fund generally includes accruals for such tax refunds. The fund will continue to evaluate tax developments for potential impact to the probability of recovery. If the likelihood of receiving refunds materially decreases, for example due to a change in tax regulation or approach, accruals in the fund's net asset value for such refunds may need to be written down partially or in full, which will adversely affect that fund's net asset value. Investors in a fund at the time an accrual is written down will bear the impact of any resulting reduction in net asset value regardless of whether they were investors during the accrual period. Conversely, if a fund receives a tax refund that has not been previously accrued, investors in that fund at the time the claim is successful will benefit from any resulting increase in the net asset value. Investors who sold their units prior to such time will not benefit from such net asset value increase.

Risks relating to fund on fund investments

When a mutual fund (a "**top fund**") invests some or all of its assets in securities of another mutual fund (an "**underlying fund**"), the underlying fund may have to dispose of its investments at unfavorable prices to meet the redemption requests by the top fund. This could have a harmful effect on the performance of the underlying fund that meets a large redemption. Furthermore, the performance of the top fund is directly linked to the performance of the underlying fund and is therefore subject to the risks of the underlying fund in proportion to the amount of its investment in the underlying fund.

Risks relating to halted trading of units

Trading of units on the TSX may be halted by the activation of individual or market-wide "circuit breakers" (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of units may also be halted if: (i) the units are delisted from the TSX without first being listed on another exchange; or (ii) TSX officials determine that such action is appropriate in the interest of a fair and orderly market or to protect unitholders.

Risks relating to income trusts

Income trusts generally hold securities in, or are entitled to receive royalties from, an underlying active business or investment in property. To the extent that an underlying active business or investment in property is subject to industry risks, interest rate fluctuations, commodity prices and other economic factors, investment returns from an income trust may be similarly affected. Although their returns are neither fixed nor guaranteed, income trusts are structured in part to provide a constant stream of income to investors. As a result, an investment in an income trust may be subject to interest rate risk. There is also a remote risk that where claims against an income trust are not satisfied by that trust, investors in that trust could be held liable for any outstanding obligations.

Risks relating to information technology

The portfolio manager of the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund relies on various electronic systems (such as computers, networks, etc.) that could fail for a short (or longer) period. During those times, the portfolio manager might have a limited access to the quantitative investment models, the investment data allowing the portfolio manager to make investment decisions, along with the order management systems allowing trades to be done within the NBI *SmartData* U.S. Equity Covered Call Fund and the NBI *SmartData* International Equity Covered Call Fund.

Risks relating to interest rates

Interest rate risk is the risk that fixed income securities and other instruments, such as preferred shares, in a mutual fund's portfolio will decline in value because of an increase in interest rates. As nominal interest rates rise, the value of certain securities held by the mutual fund, directly or indirectly, is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The values of equity and other non-fixed income securities may also decline due to fluctuations in interest rates.

Certain fixed-income securities, including mortgage-backed or other asset-backed securities, can be prepaid before maturity. If the prepayment is unexpected or if it occurs faster than predicted, the fixed-income security may pay less income and its value may decrease. In addition, because issuers generally choose to repay when interest rates are falling, a mutual fund may have to reinvest this money in securities that have lower rates.

Risks relating to investments exclusion

The investment policy of a fund may exclude potential investments where they do not meet certain criteria (e.g. financial criteria such as minimum credit ratings, or non-financial criteria such as ESG screens). This may cause that fund to perform differently compared to similar funds that are permitted to invest in those investments.

Risks relating to large investments

Rules in the Tax Act that apply to "loss restriction events" (as defined in the Tax Act) of certain trusts ("**LRE Rules**") may have an impact on a fund in certain circumstances. If a fund experiences a "loss restriction event", (i) the fund will be deemed to have a year-end for tax purposes (which could result in the fund being subject to tax unless it distributes its income and capital gains prior to such year-end), and (ii) the fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, a fund will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the fund, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of a fund will be a beneficiary whose interest, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the fund. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of beneficiaries, of a fund if the fund has met certain investment requirements and has qualified as an "investment fund" under the LRE Rules at all times. An "investment fund" for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a "mutual fund trust" for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. No assurance can be given that any particular fund will meet or continue to meet the "investment fund" definition.

Risks relating to large investments in the ETF Series of a NBI Fund

A large purchase of units of a ETF Series of a NBI Fund could result in a subscription of additional units by the Designated Broker or dealer, which could create a relatively large cash position in that portfolio. The presence of this cash position may adversely impact the performance of such fund. The investment of this cash position may also result in significant incremental trading costs, although these costs are generally borne by the applicable dealer.

Risks relating to large redemptions

A mutual fund may have one or more investors who hold a significant amount of securities of the mutual fund. For example, financial institutions or another mutual fund may make significant principal investments in a mutual fund or buy or sell significant numbers of securities of a mutual fund to hedge their obligations relating to guaranteed investment products whose performance is linked to the performance of one or several mutual funds. In addition, several services offered may give rise to large flows into or out of a mutual fund as units are bought and sold. Lastly, retail investors may also own a significant number of securities of a mutual fund.

If an investor or group of investors in a mutual fund make a large transaction, the mutual fund's cash flow may be affected. For example, if an investor or group of investors request the redemption of a large number of units of a mutual fund, the mutual fund may be forced to sell securities at unfavourable prices to pay for the redemption. Such an unexpected sale may have a negative impact on the value of the mutual fund.

Please see under *Additional information — Conflicts of Interest* for a description of considerations relating to certain large holders in particular.

Risks relating to legal, tax and regulatory matters

Changes to laws, regulations or administrative practices could adversely affect the mutual funds and the issuers of securities in which the funds invest. Furthermore, there can be no assurance that any Tax Proposals (including the Qualified Investments Tax Proposals) will be enacted in their current form or at all.

There also can be no assurances that the CRA or a court will agree with the tax treatment adopted by a fund in filing its tax return. The CRA could reassess a fund on a basis that results in tax being payable by that fund or in an increase in the taxable component of distributions considered to have been paid to unitholders. A reassessment by the CRA may result in a fund being liable for unremitted withholding tax on prior distributions to non-resident unitholders. Such liability may reduce the net asset value of, or trading price of, units of the fund.

Moreover, a fund that has an ETF Series will be a SIFT trust (as defined in the Tax Act) if it holds a "non-portfolio property" (as defined in the Tax Act) and there is a public market for its units. If a fund is a SIFT trust, it will generally be subject to tax at rates applicable to a Canadian corporation on income from a non-portfolio property and net taxable capital gains realized on the disposition of a non-portfolio property. Unitholders who receive distributions from a fund of this type of income and capital gains are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by a fund on its non-portfolio earnings and the tax payable by a unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the tax rules that apply to a SIFT trust. The declaration of trust requires each fund to restrict its investments and activities so that it will not be a SIFT trust.

Risks relating to limited partnership investments

Investments in securities of publicly-traded limited partnerships involve risks that differ from investments in common stock, including risks related to limited control and limited rights to vote on matters affecting the publicly-traded limited partnership, risks related to potential conflicts of interest between the publicly-traded limited partnership and its general partner, cashflow risks, and tax related risks.

Publicly-traded limited partnerships for U.S. tax purposes that distribute effectively connected income are subject, since January 1st, 2023, to tax withholdings on distributions and on the sale of securities. The general partner must, in order for the limited partners to be exempted from withholding taxes at the source, issue a qualified notice every ninety (90) days when eligible. There is no guarantee that a general partner will complete the qualified notice on time or that our funds, in this case the limited partners, will not be subject to withholding taxes at the source. If the publicly-traded limited partnership does not issue a qualified notice, the funds could be subject to withholding taxes, which would reduce the returns.

In addition to risks related investments in publicly-traded limited partnerships, investments in securities of master limited partnerships for U.S. tax purposes involve particular risks, including dilution risks and risks related to the general partner's right to require partnership unitholders to sell their units at an undesirable time or price. Certain master limited partnership securities may trade in lower volumes due to their smaller capitalization. Accordingly, those master limited partnerships may be subject to more abrupt or erratic price movements, may lack sufficient market liquidity to enable the funds to effect sales at an advantageous time or without a substantial drop in price, and investment in those master limited partnerships may restrict the funds' ability to take advantage of other investment opportunities. Master limited partnerships are generally considered to be interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns. Master limited partnerships are also subject to a specific tax regime which may be disadvantageous for foreign investors. Withholding taxes, special taxes, or other fees that could be imposed on Canadian limited partners by the U.S. tax authorities may reduce the total return from an investment in a master limited partnership.

Risks relating to liquidity

Liquidity refers to the speed and ease with which an asset may be sold and converted into cash. Most of the securities held by a mutual fund may be sold easily at a fair price and thus represent investments which are relatively liquid. However, a mutual fund may invest in securities which are not liquid, i.e., which may not be sold quickly or easily. Some securities may not be liquid because of legal restrictions, the nature of the investment or certain characteristics of the security. The lack of purchasers interested in a given security or market could also explain why a security may be less liquid. The difficulty of selling illiquid securities may result in a loss or a reduced return for a mutual fund.

A mutual fund may invest a limited amount of its portfolio in illiquid assets in accordance with its investment objectives and regulatory requirements. Illiquid assets may be purchased in the public marketplace or may be purchased privately. The valuation of illiquid assets that have not had recent trading activity or for which market quotations are not publicly available has inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. The fair value process has an inherent degree of subjectivity and, to the extent that these valuations are inaccurate, investors in a mutual fund that invest in illiquid assets may gain a benefit or suffer a loss when they purchase or redeem securities of the mutual fund.

Risks relating to market disruptions

The market value of a mutual fund's investments may fluctuate depending on corporate-specific events, general market conditions (including the economic conditions of the countries in which the investments are made) or other factors. Political, regulatory, economic and other events or disruptions that affect global markets, including war and any resulting occupation, foreign invasion, armed conflict, terrorism and related geopolitical risks, market manipulations, natural and environmental catastrophes, climate change and public health emergencies (such as outbreaks of infectious diseases, epidemics and pandemics) may cause markets to be more volatile in the short term, lead to unusual concern as to liquidity, and have long-term adverse effects on global economies and markets in general, including in Canada, the United States and other countries. The repercussions of these or other similar events on the economies and markets of various countries cannot be anticipated. These events could also have a significant impact on individual issuers or related groups of issuers. These risks may also adversely affect securities markets, fixed-income markets, inflation and other factors relating to mutual fund securities.

Risks relating to models

A fund relying on quantitative investment models are always at risk, with such models, that an error, a misspecification, an improper calibration or any other malfunction of a model causes the fund's portfolio manager to receive incorrect results from the quantitative analysis made by the models. This risk is mitigated by having multiple models analyzing the same dataset and having the portfolio manager constantly reviewing the investment models and confirming model calibration. The portfolio manager may also use its own judgement when it receives mixed signals from the models.

Risks relating to mutual fund trust status

If a fund fails or ceases to qualify as a "mutual fund trust" for the purposes of the Tax Act, the tax consequences described under "*Income Tax Considerations*" would in some respects be materially and adversely different. If a fund is not a "mutual fund trust" under the Tax Act throughout a taxation year the fund, *inter alia* (i) may become liable for alternative minimum tax under the Tax Act in such year (unless the fund qualifies for another exemption from alternative minimum tax, such as if (a) it is an "investment fund" for purposes of the LRE Rules or (b) it is a "unit trust" under the Tax Act and the total fair market value of the units of the fund that are listed on a "designated stock exchange" (which includes the TSX) represents all or substantially all of the total fair market value of all the units of the fund), (ii) may be subject to a special tax under Part XII.2 of the Tax Act in such year, (iii) may be subject to the mark-to-market rules applicable to financial institutions under the Tax Act (as discussed further below), and (iv) would not be eligible for the capital gains refund under the Tax Act in such year.

As mentioned above, if more than 50% (based on fair market value) of the units of any fund that fails to or ceases to qualify as a mutual fund trust under the Tax Act are held by one or more unitholders that are considered "financial institutions" for the purposes of certain "mark-to-market" rules in the Tax Act, then such fund will be treated as a financial institution under those rules. In that case, the fund will be required to recognize on income account any gains and losses accruing on certain types of debt obligations and equity securities that it holds and also will be subject to special rules with respect to income inclusion on these securities. Any income arising from such treatment will be included in amounts to be distributed to unitholders. Each time the fund becomes or ceases to be a financial institution in accordance with the mark-to-market rules, the tax year of the fund will be deemed to end immediately before that time and any gains or losses accrued on certain securities before that time will be deemed realized by the fund and will be distributed to unitholders. A new taxation year for the fund will then begin and for that and subsequent taxation years, for so long as not more than 50% of the units of the fund are held by financial institutions or the fund qualifies as a mutual fund trust for the purposes of the Tax Act, the fund will not be subject to these mark-to-market rules. As units of the ETF Series of a NBI Fund are publicly-traded on an exchange, the fund may not know with certainty who the owners of its units are, or may have difficulty ascertaining the number of its units owned by any particular beneficial owner, at any given point in time. Accordingly, there will be circumstances in which it will not be possible to control or may be difficult to identify whether the fund has, or has ceased to, become a "financial institution". In addition, financial institutions such as Designated Brokers and other market makers may hold units of a fund for their own account and/or in connection with their market making activities. As a result, there can be no assurance that if a fund is not a "mutual fund trust" it will not be a "financial institution" or will not in the future become, or cease to be, a "financial institution" and no assurance as to when and to whom any distributions arising on the change in "financial institution" status of the fund will be made, or that the fund will not be required to pay tax on any undistributed income or taxable capital gains realized by it on such event. This may result in additional or adverse tax consequences to unitholders.

Risks relating to real estate investment trust investments

Real estate investment trusts are pooled investment vehicles that hold, and usually manage, real estate investments. Investments in real estate investment trusts are subject to the general risks associated with real property investments. Real property investments are affected by various factors including general economic conditions (such as the availability of long-term mortgage funds) and local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space, etc. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A real estate investment trust's income and funds available for distributions to its securityholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the real estate investment

trust or if the real estate investment trust were unable to lease a significant amount of available space in its properties on economically favorable lease terms.

Certain real estate investment trusts may invest in a limited number of properties, in a restricted market or in a single type of property, which increases the risk that the funds will be adversely affected by the poor performance of a single investment or market or a single type of investment. Finally, real estate investment trusts may be affected by changes to their tax status and may be disqualified from preferential tax treatment and other exemptions.

Risks relating to reliance on the manager, portfolio manager and portfolio sub-advisor

Unitholders will be dependent on the ability of the manager, the portfolio manager and the portfolio sub-advisor to effectively administer and manage the fund in a manner consistent with the investment objective, strategies and restrictions of the fund. There is no certainty that the individuals who are principally responsible for providing administration and portfolio management services to the fund will continue to be employed by the manager, the portfolio manager or the portfolio sub-advisor.

Some funds are actively managed, which means they are dependent on the portfolio manager or the portfolio sub-advisor to select individual securities or other investments are subject to the risk that poor security selection or market allocation will cause the funds to underperform relative to their benchmark index or to other mutual funds with similar investment objectives.

Risks relating to repurchase agreements and reverse repurchase agreements

Repurchase agreements enable the portfolio manager to sell securities in the mutual fund portfolio to a purchaser for cash at one price, with an agreement to buy an identical quantity of the same securities back at a later date for a higher price. These securities are sold to obtain liquidity for the mutual fund. Such a transaction does not normally exceed thirty (30) days. To protect the interests of a mutual fund in a repurchase transaction, the mutual fund will receive, as collateral for the securities sold, a cash consideration equal to 102% of the market value of the securities sold. It should be mentioned that if the value of the securities sold increases, the purchaser would be required to pay an additional amount of money to maintain the collateral at 102% of the market value of the securities sold at all times.

The risk for the mutual fund associated with a repurchase agreement is mainly the purchaser's inability to pay the necessary consideration to maintain the collateral at 102%. If the purchaser is unable to deliver the securities sold by the end of the agreed upon period for the repurchase transaction and the market value of the securities sold increases during this same period, the collateral will no longer be adequate to buy back these same securities on the market. The portfolio manager will then have to use the money in the mutual fund to repurchase the securities and will sustain a loss. The market value of the securities forming part of a repurchase transaction by a mutual fund may not exceed 50% of its net asset value, excluding the value of the collateral.

Reverse repurchase agreements enable the portfolio manager to buy securities for a mutual fund from a seller at one price with an agreement to sell an identical quantity of the same securities back at a higher price at a later date. Such a transaction does not normally exceed thirty (30) days. To protect the interests of a mutual fund in a reverse repurchase agreement, the bought securities must have a market value equal to at least 102% of the amount paid by the mutual fund to purchase them.

The risk for the mutual fund associated with a reverse repurchase agreement is mainly the inability of the seller to maintain the collateral at 102% of the cash consideration paid for the securities. The mutual fund could sustain a loss if the seller is unable to buy back the securities sold at the end of the agreed upon period for the reverse repurchase transaction and the market value of the securities sold decreases during this same period. The amount obtained by selling securities forming part of a reverse repurchase transaction will be less than the cash consideration given by the mutual fund in exchange for the securities, resulting in a loss for the mutual fund.

The risks described above can be minimized by selecting parties with solid credentials, which have undergone a stringent credit evaluation.

Risks relating to Rule 144A under the United States Securities Act of 1933

In the case of securities sold to certain funds as a qualified institutional buyer in reliance on Rule 144A under the *U.S. Securities Act of 1933*, as amended ("**Rule 144A Securities**"), there can be no assurance that a liquid exchange or over-the-counter market will exist to permit the funds to realize their profit. There is no established public trading market for Rule 144A Securities and the resale of such securities is subject to legal restrictions.

Risks relating to securities lending transactions

The fund may, for a fixed period of time, lend securities of its portfolio in exchange for collateral. This collateral may be in cash, qualified securities or securities that may be immediately converted into the same securities that have been loaned. To limit the risks, the value of the assets given as collateral and held by the fund must at all times be equal to at least 102% of the market value of the loaned securities.

The risk associated with a securities lending transaction is mainly the borrower's inability to pay the necessary consideration to maintain the collateral at 102%. The fund could sustain a loss if the borrower is unable to return the loaned securities by the end of the agreed

upon period and the market value of the securities loaned increases before the fund buys back the securities. In this case, the collateral will no longer be sufficient to purchase the same securities on the market. Consequently, the portfolio manager will have to use the money in the fund to buy back the securities and will sustain a loss. The market value of the securities forming part of a securities lending transaction by a fund may not exceed 50% of its net asset value, excluding the value of the collateral.

This risk can be minimized by selecting borrowing parties with solid credentials, which have undergone a stringent credit evaluation.

The securities lent out may not always be recalled in advance of a shareholder vote. In such case, the portfolio manager and/or the portfolio sub-advisor of a fund may be limited in its capacity to advance its priorities disclosed in its proxy voting policy, including its ESG priorities, as it may not be able to cast its proxy voting rights during a shareholder vote. Notwithstanding the foregoing, all funds have the option to recall any securities lent out on demand. For more information, see the sections entitled *Securities Lending*, *Repurchase and Reverse Repurchase Transactions* and *Proxy Voting Policies* under *Responsibility for Mutual Fund Administration.*

Risks relating to series

A number of NBI Funds are offered in more than one series, some of which may be offered by way of private placement. Each series has its own fees, which are monitored separately. However, if a series is not able to meet its financial obligations, the other series in that fund will be required to make up any deficiency since the fund as a whole is liable for the financial obligations of all the series.

Risks relating to small companies

Small companies can be riskier investments than larger companies. For one thing, they are often newer and may not have a track record, extensive financial resources or a well-established market. This risk is especially true for private companies or companies that have recently become publicly traded. They generally don't have as many shares trading in the market, so it could be difficult for a fund to buy or sell small companies' stock when it needs to. All of this means their share prices can change significantly in a short period of time.

Risks relating to specialization

Some mutual funds have a mandate to invest in a particular sector, asset class, industry or geographical area. When a mutual fund specializes in this way, it can be more volatile. Specialization lets the portfolio manager focus on specific areas of the economy, which will affect the performance of the mutual fund depending upon changes in the sector and the companies in the sector. An economic downturn affecting that sector, asset class, industry or geographical area may have a greater effect on the mutual fund than if the mutual fund had been more diversified.

Risk relating to trading price of units

Units of ETF Series of NBI Funds may trade in the market at a premium or discount to the NAVPU. There can be no assurance that units will trade at prices that reflect their net asset value. The trading price of the units will fluctuate in accordance with changes in the fund's net asset value, as well as market supply and demand on the TSX. However, given that generally only a Prescribed Number of Units are issued to the Designated Broker and dealers, and that holders of a Prescribed Number of Units (or an integral multiple thereof) may redeem such units at their net asset value, the Manager believes that large discounts or premiums to the NAVPU of an ETF Series of a NBI Fund should not be sustained. If a unitholder purchases units of an ETF Series of a NBI Fund at a time when the market price of a unit is at a premium to the NAVPU or sells units of an ETF Series of a NBI Fund at a time when the market price of a Unit is at a discount to the NAVPU, the unitholder may sustain a loss.

Investment Restrictions

Exceptions Regarding Investment Restrictions and Regular Practices

Except as described below and in the section "*Exemptions and Approvals*", the funds are managed in accordance with the restrictions and requirements contained in securities legislation, including Regulation 81-102, which are designed in part to ensure that the investments of the funds are diversified and relatively liquid and to ensure the proper administration of the fund.

Standing Instructions by the Independent Review Committee

- Under Regulation 81-107, we established an IRC. The IRC complies with applicable securities legislation, including Regulation 81-107. For more information about the IRC, please see the section entitled *Independent Review Committee* under *Responsibility for Mutual Fund Administration*.

- Subject to obtaining the approval of the IRC and compliance with the conditions set out in Regulation 81-102 and Regulation 81-107, Canadian securities legislation allows certain standard practices and investment restrictions to be modified. In accordance with the requirements of Regulation 81-102 and Regulation 81-107, the IRC has provided its approval of the following actions in respect of the funds:

a) Purchasing or holding securities of a related issuer, including those of the Bank;

b) Investing in the securities of an issuer where a related entity acts as an underwriter during the offering of the securities or at any time during the sixty-day (60-day) period following the completion of the offering of such securities;

c) Purchasing securities from or selling securities to another investment fund or a managed account that is managed by the Manager or an affiliate of the Manager;

d) Purchasing debt securities from, or selling debt securities to, related dealers that are principal dealers in the Canadian debt securities market (in accordance with the exemption regarding debt securities described herein).

The Manager has implemented policies and procedures to ensure that the conditions applicable to each of the transactions noted above are met. The IRC has granted its approval in respect of such transactions in the form of standing instructions. The IRC reviews these related party transactions at least annually.

Description of Units Offered by the Funds

The Funds

The funds may issue an unlimited number of units. The funds issue units in more than one series. The units of a series belonging to the same fund carry equal rights and privileges. All units of a particular series have the right to participate equally in the distributions the fund makes (except in regard to management fee distributions). When a fund is liquidated, all units of a particular series have the right to participate equally in the assets remaining in the fund after payment of any liabilities.

Unitholders of each series are entitled to one vote per whole unit at a meeting of unitholders of the particular series. Fractions of units may be issued and they carry the same rights and privileges and are subject to the same restrictions and conditions applicable to whole units, but do not carry any voting rights.

These rights may only be changed as permitted by applicable law and the funds' declaration of trust.

Voting

A fund holding securities of an underlying mutual fund can exercise the voting rights associated with those securities. However, we may, if necessary, cause the voting rights attached to the securities of the underlying mutual fund to be flowed through to the unitholders of the relevant fund in proportion to the unitholders' holdings in this fund. The funds will not exercise the voting rights attached to the securities of underlying mutual funds that are managed by the Manager, an affiliate or a related party.

Investor Meetings

None of the funds hold regular meetings. In accordance with securities regulations, we are required to convene a meeting of unitholders to ask them to consider and approve, by not less than a majority of the votes cast at the meeting (either in person or by proxy), any of the following material changes, if they are ever proposed for a fund:

- a change in the basis of the calculation of the fees or expenses charged to the fund or directly to unitholders by the fund or its manager in connection with the holding of securities of a fund in a way that may result in an increase in these charges to the fund or its unitholders, unless certain conditions under Regulation 81-102 are met;
- the introduction of new fees or expenses charged to the fund or which must be charged directly to unitholders by the fund or its manager in connection with the holding of securities of the fund and which may result in an increase in charges to the fund or securityholders, unless certain conditions under Regulation 81-102 are met;
- a change in the fund's manager, unless the new manager is affiliated with the current Manager;
- a change in the fundamental investment objectives of the fund;
- a reorganization with another fund or transfer of assets to another mutual fund, if, as a result:
  - the fund no longer exists; and
  - the unitholders become unitholders of the other fund;

  (unless the IRC of the fund has approved the change and all other conditions set forth under Regulation 81-102 have been met, in which case unitholder approval will not be required, but a written notice will be sent to you at least sixty (60) days before the effective date of the merger or transfer of assets);
- a reorganization with another fund or acquisition of assets of this other mutual fund, if, as a result:
  - the fund continues to exist;
  - the unitholders of the other fund become unitholders of the fund; and

- the change would be considered material by a reasonable investor in determining whether to purchase or continue to hold units of the fund;

- a reduction in the frequency that we calculate the net asset value of the fund's units;
- the fund restructures into a non-redeemable investment fund or an issuer that is not an investment fund;
- any other matter which is required to be submitted to a vote of the unitholders by the Fund's constating documents, or any other document, or by applicable law.

If permitted by the fund's constating documents and the laws applicable to the fund, unitholder approval will not be sought in the following circumstances: (i) prior to certain reorganizations that result in a transfer of the property of the fund to another mutual fund, or from another mutual fund to the fund; or (ii) prior to a change of auditors. However, in each such circumstance, unitholders of that fund will receive written notice at least sixty (60) days before the effective date of any such change. The IRC of the fund must also approve the change, and all other applicable conditions under Regulation 81-102 must have been met.

We will have to obtain the approval of *Advisor Series* unitholders for the following changes: (i) a change in the way of calculating the fees and expenses charged to a fund which has the effect of increasing the charges for the series or the unitholders of the series; or (ii) the introduction of fees or expenses to be charged to a fund or directly to its unitholders which has the effect of increasing the charges for the series or the unitholders of the series, unless the fees or expenses are charged by an entity at arm's length from the fund. If the fees or expenses are charged by such an entity, we will not seek the approval of the unitholders of the *Advisor Series*, but will send them a notice of the change in writing at least sixty (60) days before the effective date of the change.

For all other series of NBI Funds, we may change the basis of calculation of the fees or expenses or introduce new fees or expenses in a way that may result in an increase in the charges for these series by giving a notice of the change in writing at least sixty (60) days before the effective date of the change.

Description of Series of NBI Funds

The funds are offered in one or more series. Please see the section called "Fund details" relating to each fund or the cover page of the Simplified Prospectus to determine which series are offered for each fund. Please see the section called "Distribution policy" relating to each fund for more information about the distribution rights.

The series are described hereinafter:

Advisor Series	This series is offered under the initial sales charge option. Under the initial sales charge option, you pay an initial sales charge which you negotiate with your dealer when you purchase a Fund's units. There are no fees when you purchase units through NBSI or NBDB (a division of National Bank Financial Inc.). If the Manager notes that an investor no longer meets the criteria established for holding the *Advisor* Series units, the Manager may redeem the investor's *Advisor* Series units or redesignate the investor's *Advisor* Series units into units of another series. The Manager will give the investor thirty-day (30-day) notice before proceeding, unless that change is required in order to comply with regulatory requirements. The Manager will not proceed with the resignation or redemption if the investor informs the Manager, within the notice period, that the investor once again meets the criteria for holding *Advisor* Series units or, in the case to comply with regulatory requirements, the redesignation or redemption will be immediate without prior notice.
F Series	This series is offered to investors with a fee-based account with dealers who have entered into an agreement with us. These investors pay their dealer annual compensation based on asset value instead of commissions on each trade. This series is also offered to certain other groups of investors for whom we do not incur significant distribution expenses and to independent investors who have accounts with discount brokers that have an arrangement with us or any other broker or investors NBI may determine, at its discretion. This series was created for investors taking part in programs where they were already being charged a fee for services and which did not require us to incur distribution expenses. We can reduce our management fee since our distribution expenses are lower and investors who buy the units of this series have, among other things, already entered into an agreement to pay fees directly to their dealer. Your dealer is

	responsible for deciding whether you are eligible to subscribe for and continue to hold *F Series* units. If you or your dealer is no longer eligible to hold the units of this series, we can convert them to *Advisor Series* units of the same Fund (depending on the initial sales charge option) upon thirty-day (30-day) notice or redeem them.
O Series	This series is only available to selected investors that have been approved by us and have entered into an *O Series* units account agreement with NBI. The criteria for approval may include the size of the investment, the expected level of account activity and the investor's total investments with us. No management fees are charged to the Fund with respect to the *O Series* units. Management fees are negotiated with and paid directly by investors and are in addition to the fixed-rate administration fee. We don't pay any commissions or service fees to dealers who sell *O Series* units. There are no sales charges payable by investors who purchase *O Series* units.
ETF Series	The *ETF Series* units are an exchange-traded series of units offered on a continuous basis by the NBI Funds.

Your choice of series will have an impact on the fees you pay and the compensation your dealer receives. Please see "Fees" and "Dealer compensation" sections for more information. Expenses of each series are tracked separately and a separate NAVPU is calculated for each series of a fund. Although the money you and other investors pay to purchase units of any series is tracked on a series by series basis in a fund's records, the assets of all series of a fund are combined into a single pool to create one portfolio for investment purposes.

When the funds were Formed and Other Major Events

The NBI Funds were created under declarations of trust pursuant to the laws of the Province of Ontario. The following table shows the date each fund was established. The head office of NBI is located at 800 Saint-Jacques Street, Transit 43671, Montreal (Quebec) H3C 1A3.

Name of Fund	***Date Established***	***Former Name(s) (where applicable)***	***Changes (where applicable)***
NBI Target 2032 Investment Grade Bond Fund	August 10, 2026	N/A	N/A
NBI *SmartData* U.S. Equity Covered Call Fund	August 10, 2026	N/A	N/A
NBI *SmartData* International Equity Covered Call Fund	August 10, 2026	N/A	N/A

How to read the fund descriptions

Here is a guide to help you read the detailed description of each fund.

Fund details

This section gives you an overview of each fund, and includes the following information:

- type of fund
- type of units the fund offers you
- whether securities are qualified investments under the Tax Act for registered plans
- annual management fees
- portfolio manager and portfolio sub-advisor (if applicable).

Additional information may be included depending on the fund.

What does this fund invest in?

Investment objective

This section outlines the investment objective of a fund. This will allow you to choose the funds that best match your personal financial objectives.

Investment strategies

This section outlines the strategies we use to achieve the fund's investment objective. For example, we may invest in foreign companies or derivatives to achieve a fund's objective. If we do, we inform you in this section.

What are the risks of investing in this fund?

There are certain risks associated with investing in mutual funds. The degree of risk varies depending on the type of fund. This section lists the risks specific to the fund.

Investment risk classification methodology

To help you determine if a fund is suitable for you, the Manager classifies the risk of investing in the fund in one or the other of the following categories: low, low to medium, medium, medium to high or high. The risk level of investing in a fund is reviewed at least once a year and each time a material change is made to the fund's investment objective and/or strategies.

The methodology used to determine the risk ratings of the funds for purposes of disclosure in this Simplified Prospectus is the one provided in the regulations adopted by the Canadian Securities Administrators.

The purpose of the adoption of a standardized mutual fund risk classification method applicable to all mutual funds is to improve the transparency and consistency of risk levels so that investors can more easily compare the investment risk levels of the various mutual funds. This new standardized method is useful to investors, as it provides a consistent and comparable basis for measuring the risk levels of the different mutual funds.

The methodology consists in grading the risk associated with a fund on the five-category scale mentioned above based on the historical volatility of that mutual fund's performance, as measured by the standard deviation of the mutual fund's performance over a 10-year period. A mutual fund's standard deviation is calculated by determining the differential between a mutual fund's yield and its average yield over a given timeframe. A mutual fund with a high standard deviation is usually classified as being risky.

If the historical performance falls short of the 10-year period required by regulation to calculate the standard deviation of a fund, the Manager will substitute the data of a recognized reference index to make up for the fund's missing historical performance. The reference index retained by the Manager must be a recognized index, and have a composition similar to that of the fund's investment portfolio with performances that positively correlate with or bear a resemblance to those of the fund.

You may obtain a copy of the methodology used by the fund manager by calling the toll-free number 1 888 270-3941 or by emailing us at investments@bnc.ca.

Distribution policy

This section outlines how frequently the fund distributes its net income and net realized capital gains. The funds may also make distributions at other times during the year at the discretion of the Manager.

Distributions from certain series or from certain funds may include a return of capital component. A return of capital reduces the value of your original investment and is not the same as the return on your investment. Returns of capital that are not reinvested may reduce the net asset value of the fund and the fund's subsequent ability to generate income.

All distributions payable to investors relative to Mutual Fund Series of a NBI Fund will be invested in additional units of the same fund, unless you ask to be paid in cash, in which case a minimum amount of $25 may be required. However, no distribution may be paid in cash if you hold your units in a registered tax plan. Any special year-end distribution must be re-invested in additional units of the NBI Fund.

ETF Series of NBI Funds' distribution policy

Cash distributions on units of ETF Series of the NBI Funds will be payable periodically to unitholders, if appropriate. The frequency of these distributions can be found under the part entitled *Specific information about each fund described in this document* of each fund's Simplified Prospectus.

The Manager may, at its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made. The Manager may also make additional distributions in any year if determined to be appropriate.

Depending on the underlying investments of a NBI Fund, with respect to ETF Series, distributions on units of a NBI Fund, with respect to ETF Series, are expected to consist of income (Canadian dividend, Canadian interest or foreign income) but may also include net realized capital gains, in any case, less the expenses of that NBI Fund, with respect to ETF Series, and may include returns of capital. Distributions are not fixed or guaranteed.

To the extent that the expenses of a NBI Fund, with respect to ETF Series, exceed the income generated by such fund in any given month, quarter or year, as the case may be, it is not expected that a monthly, quarterly, or annual distribution will be paid. If a NBI Fund, with respect to ETF Series, distributes more than its net income or net realized capital gains, the distribution will be constituted of a return of capital and reduce the adjusted cost base of the units.

Each NBI Fund, with respect to ETF Series, should distribute a sufficient amount of its net income and net realized capital gains to unitholders for each taxation year so that the fund will not be liable for ordinary income tax. To the extent that a NBI Fund, with respect to ETF Series, has not otherwise distributed a sufficient amount of its net income or net realized capital gains, a distribution will be paid or made payable to unitholders at the end of the year and that distribution will be automatically reinvested in additional units. Immediately following such reinvestment, the number of ETF Series units outstanding will be consolidated so that the NAVPU following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. These reinvestment distributions may be subject to withholding tax.

The income tax treatment to unitholders of distributions is discussed under the heading "Income Tax Considerations".

NBI Target 2032 Investment Grade Bond Fund

Fund details

Type of fund	Global Corporate Fixed Income
Type of securities this fund offers you*	*Advisor, F, O and ETF Series* mutual fund trust units.
Eligibility for registered plans	The units are expected to be qualified investments for registered plans.
Management fees	*Advisor Series*: 0.65%
	F and *ETF Series*: 0.15%
Portfolio manager	National Bank Investments Inc.
Portfolio sub-advisor	AlphaFixe Capital Inc.

** The fund offers one or more series by way of private placement*

What does this fund invest in?

Investment objective

The NBI Target 2032 Investment Grade Bond Fund's investment objective is to provide current income and preserve capital. The fund invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio comprised primarily of investment-grade bonds of North American companies with an effective maturity in 2032. As bonds reach maturity, it is expected that the portfolio will transition primarily to cash and cash equivalents by its target date, which is on or about November 30, 2032 (the "**2032 Target Date**").

Any change to this objective must be approved by a majority of votes cast at a meeting of the unitholders of the fund specifically held for that purpose.

Investment strategies

In order to achieve its investment objective, the fund invests in a portfolio comprised primarily of investment-grade bonds of North American companies with an effective maturity in 2032.

As bonds reach maturity, the fund will transition the portfolio to cash and cash equivalents, and it is expected that the portfolio will consist primarily of cash and cash equivalents by the 2032 Target Date. Subject to the approval of the IRC, once the 2032 Target Date is reached, within a period of no more than six months, the fund may be merged on a tax deferred basis into a fund managed by us, or one of our affiliates, with an investment objective that is substantially similar to the fund's investment objective. Any merger of the fund will be subject to compliance with applicable regulatory requirements and we will send you a written notice 60 days prior to such merger. In the alternative, the fund may be terminated on the 2032 Target Date, or upon such earlier or later date as determined by us. If this termination occurs earlier or later than the 2032 Target Date, we will send you a written notice at least 60 days prior to this termination date.

The fund may also invest in:

- Bonds trading at a discount to potentially improve the tax efficiency of the distribution
- Canadian municipal, federal and provincial government debt securities
- Treasury bills, short-term notes and other money market instruments.

The portfolio sub-advisor may choose to invest up to 100% of the net assets of the fund in securities of underlying funds managed by the Manager or by third parties, including exchange-traded funds (exchange-traded funds and other types of mutual funds are collectively designated "**Underlying Funds**"). The criteria used for selecting Underlying Fund securities are the same as the criteria used for selecting other types of securities. The portfolio sub-advisor has the discretion to select Underlying Funds, allocate assets among them, change the percentage of holdings held in an Underlying Fund, remove an Underlying Fund or add others. When selecting an Underlying Fund in which to invest, the portfolio sub-advisor will consider the degree of exposure to the asset class that the Underlying Fund will provide to the fund, the performance of the Underlying Fund, and the expenses (if any) payable by the fund which may be associated with the investment. There will be no duplication of fees, particularly sales charges, between the fund and any Underlying Fund.

The fund may invest up to 5% of its net assets in sub-investment grade securities.

The portfolio sub-advisor may choose to invest up to 100% of the net assets of the fund in North American securities. The fund may engage, at the discretion of the portfolio sub-advisor, in currency management strategies to hedge against the risk of currency fluctuations between the Canadian dollar and the currencies of securities held by the fund. Where this hedging strategy is used, the fund will not generally suffer or benefit from any fluctuation in the value of the foreign currencies against the Canadian dollar. While the portfolio

sub-advisor generally expects to utilize a currency hedging strategy for the fund, it may choose not to use such strategy where it believes that the foreign currencies to which the fund is exposed are likely to appreciate in value relative to the Canadian dollar.

When selecting securities, the portfolio sub-advisor uses a bottom-up approach. It selects issuers based on fundamental analysis. This strategy is deployed within a robust risk management framework. The portfolio sub-advisor uses four different systems to monitor and manage risk. Those are credit quality, integration of Environmental, Social and Governance ("**ESG**") (see section *Glossary* for more details) factors, a default risk monitoring system and a risk budget system that informs the portfolio sub-advisor in real time about a portfolio's active risk.

The portfolio sub-advisor also carries out a credit analysis on each issuer which is combined to a rigorous ESG analysis to determine the issuer's weighting in the portfolio. ESG issues are assessed using relevant indicators that vary from one sector to another (in accordance with the relevant ESG issues of the sector). This analysis could include elements such as energy efficiency, greenhouse gas emissions, water management, waste management, human capital, diversity and inclusion, health and safety, board composition, compensation and financial governance among other issues.

The portfolio sub-advisor follows NBI's normative exclusions for this fund, as described in section Responsible Investing in the first part of the Simplified Prospectus (Part A). The fund may use a responsible investment approach, as described above, this approach being one of many components of the investment strategies used to help achieve the fund's investment objective. The responsible investment approach and ESG factors are not part of the fund's investment objective and, therefore, are not the principal strategy of the fund.

The fund may use derivatives in accordance with its investment objective and in compliance with applicable laws. These derivatives may include options, futures, forward contracts, swaps and other similar instruments used for hedging and non-hedging purposes. The fund may use these instruments to gain exposure to securities, indices or currencies without investing in them directly. Derivatives may also be used to manage the risks to which the investment portfolio is exposed. See *Risks relating to derivatives* for a description of the risks associated with their use.

The fund may engage in repurchase and reverse repurchase agreements and carry out securities lending transactions. These transactions will be used in combination with the fund's other investment strategies in the manner deemed most appropriate to allow the fund to meet its investment objective and improve its performance. See *Risks relating to repurchase agreements and reverse repurchase agreements* and *Risks relating to securities lending transactions* for a description of these transactions and the strategies to be used by the fund to reduce the risks related to these transactions.

In anticipation of or in response to adverse market conditions, for cash management purposes, for defensive purposes or for purposes of a merger or other transaction, the fund may temporarily hold all or a portion of its assets in cash, money market instruments, securities of affiliated money market funds, bonds or other debt securities. As a result, the fund may not be fully invested in accordance with its investment objective.

What are the risks of investing in this fund?

The risks of investing in this fund are:

- concentration
- counterparties
- credit
- currency
- cybersecurity
- declining yield
- derivatives
- ESG integration strategy
- floating-rate debt securities
- fund on fund investments
- interest rate
- investments exclusion
- large investments
- large redemptions
- legal, tax and regulatory matters
- liquidity

- market disruptions
- reliance on the manager, portfolio manager and portfolio sub-advisor
- repurchase agreements and reverse repurchase agreements
- securities lending transactions
- series
- specialization

Additional risks associated with an investment in ETF Series units include:

- absence of an active market for the units
- cease trading of constituent securities
- Designated Broker and Dealer concentration
- halted trading of units
- large investments in the ETF Series of a NBI Fund
- trading price of units

For more details on these risks, as well as the risks of investing in mutual funds, please see page 39.

The fund's level of risk is low. Because the fund has less than 10 years of performance history, to calculate the level of risk, the Manager uses a reference index similar to the fund's strategy. This reference index is composed of 50% ICE BofA 1-5 Year Canada Corporate Index and 50% ICE BofA 1-5 Year US Corporate Index (CAD Hedged). The ICE BofA 1-5 Year Canada Corporate Index is a subset of the ICE BofA Canada Corporate Index that tracks the performance of CAD denominated investment grade corporate, securitized and collateralized debt publicly issued in the Canadian domestic market, with a remaining term to final maturity less than 5 years. The ICE BofA 1-5 Year US Corporate Index (CAD Hedged) is a subset of the ICE BofA US Corporate Index (CAD Hedged) that tracks the performance of US dollar denominated investment grade corporate debt publicly issued and settled in the US domestic market, with a remaining term to final maturity less than 5 years. For more information, see *Investment risk classification methodology* in the section *Specific information about each fund described in this document*.

Distribution policy

For units of its Mutual Fund Series, the fund distributes its net income at the end of each month. It distributes net income for December and net realized capital gains for the year between December 14 and December 31 of each year. All distributions payable to investors of the Mutual Fund Series of the fund will be reinvested in additional Mutual Fund Series units of the same fund, unless you ask to be paid in cash, in which case a minimum amount of $25 may be required. If you ask for your distributions to be paid in cash, the payment will be made through direct deposit to your bank account.

For units of ETF Series, cash distributions on units will be payable monthly. For more information about the fund's distributions, see the section *ETF Series of NBI Funds' distribution policy*.

Please refer to the *Description of Units Offered by the Funds* for more information on the units offered by the fund.

The fund may be terminated on the 2032 Target Date. Prior to such termination, the fund will make a cash distribution to unitholders of its net income and net realized capital gains that have not previously been distributed to unitholders.

NBI *SmartData* U.S. Equity Covered Call Fund

Fund details

Type of fund	U.S Equity
Type of securities this fund offers you	*Advisor, F, O,* and *ETF Series* mutual fund trust units
Eligibility for registered plans	The units are expected to be qualified investments for registered plans
Management fees	*Advisor Series*: 1.40%
	F and *ETF Series*: 0.40%
Portfolio manager	National Bank Investments Inc.

What does this fund invest in?

Investment objective

The NBI *SmartData* U.S. Equity Covered Call Fund's investment objective is to generate income and to provide moderate long-term capital growth. The fund invests directly, or through investments in securities of other mutual funds, in a portfolio mainly composed of equity securities of U.S. companies while seeking to mitigate some downside risk through the use of covered call options.

Any change to this objective must be approved by a majority of votes cast at a meeting of the unitholders of the fund specifically held for that purpose.

Investment strategies

The fund invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio mainly composed of equity securities of U.S. companies. The portfolio manager will generally invest in common shares of large capitalization companies but may also invest in small- and mid-cap securities and in preferred shares.

The portfolio manager may choose to invest up to 100% of the net assets of the fund in securities of underlying funds managed by the manager or by third parties, including exchange-traded funds (exchange-traded funds and other types of mutual funds are collectively designated "**Underlying Funds**"). The criteria used for selecting Underlying Fund securities are the same as the criteria used for selecting other types of securities. The portfolio manager has the discretion to select Underlying Funds, allocate assets among them, change the percentage of holdings held in an Underlying Fund, remove an Underlying Fund or add others. When selecting an Underlying Fund in which to invest, the portfolio manager will consider the degree of exposure to the asset class that the Underlying Fund will provide to the fund, the performance of the Underlying Fund, and the expenses (if any) payable by the fund which may be associated with the investment. There will be no duplication of fees, particularly sales charges, between the fund and any Underlying Fund.

The portfolio manager selects Underlying Funds that incorporate a rigorous research process combining qualitative insights and information technology, to process and analyze significant amounts of company and market data. The Underlying Funds' research process is designed to add value through security selection and to manage risk. The Underlying Funds' security selection process analyzes data pertaining to certain investment themes, including, among others, fundamental mispricings, high quality business models, sentiment analysis and market themes and trends. The Underlying Funds then use a quantitative process to select and weigh portfolio securities. The approach aims to achieve a well-diversified portfolio with a focus on risk management.

To generate additional yield and to mitigate overall portfolio volatility, the fund employs a dynamic options strategy pursuant to which it writes call options on a portion of the market value of the portfolio. The fund generally intends to write call options on market indices rather than on individual securities. Under normal market conditions, the fund expects the option writing level to be between 30% and 60%. The option writing level means the percentage of the fund's portfolio on which call options are written, calculated as the notional value of call options sold divided by the market value of the portfolio. The portfolio manager may increase or decrease this level from time to time at its discretion.

In its investment process, the portfolio manager selects Underlying Funds that use one or more responsible investment approaches in their investment strategies whenever its underlying investment instruments allow it. This is evaluated through a due diligence process that complies with the Manager's Responsible Investment Policy (see section *Responsible Investing* in the first part of the Simplified Prospectus (Part A)).

The portfolio manager generally follows NBI's normative exclusions for this fund, as described in section *Responsible Investing* in the first part of the Simplified Prospectus (Part A). However, certain underlying investment instruments, including index funds, may not permit the portfolio manager to apply these exclusions. The fund may use a responsible investment approach, as described above, this approach being one of many components of the investment strategies used to help achieve the fund's investment objective. The responsible investment approach and ESG factors are not part of the fund's investment objective and, therefore, are not the principal strategy of the fund.

In accordance with an exemption received from the Canadian Securities Administrators, the fund may invest *inter alia* in certain exchange-traded funds, the securities of which are not index participation units under securities legislation. These exchange-traded funds seek to provide returns similar to a benchmark market index, or industry sector. In addition, unlike typical exchange-traded funds, some

of these exchange-traded funds utilize leverage in an attempt to magnify returns by either a multiple or an inverse multiple of the particular benchmark. The fund does not invest in exchange-traded funds whose reference index is based, directly or indirectly through a derivative or otherwise, on a physical commodity other than gold. The fund may also invest, pursuant to another exemption obtained from the Canadian Securities Administrators, a portion of its net asset value in actively managed Canadian and U.S. ETFs that do not qualify as index participation units under securities laws.

For more information regarding these exemptions, see the section *Additional information* in this Simplified Prospectus.

The fund may use derivatives consistent with its investment objective and in compliance with applicable legislation. Such derivatives may include options, futures, forwards, swaps and other similar instruments for hedging and non-hedging purposes. The fund may use such instruments to gain exposure to securities, indices or currencies without otherwise making a direct investment. Derivatives may also be used to manage the risks to which the investment portfolio is exposed. See *Risks relating to derivatives* for a description of the risks associated with their use.

The fund may engage in repurchase and reverse repurchase agreements and carry out securities lending transactions. These transactions will be used in combination with the fund's other investment strategies in the manner deemed most appropriate to allow the fund to meet its investment objective and improve its performance. See *Risks relating to repurchase agreements and reverse repurchase agreements* and *Risks relating to securities lending transactions* for a description of these transactions and the strategies to be used by the fund to reduce the risks related to these transactions.

In anticipation of or in response to adverse market conditions, for cash management purposes, for defensive purposes or for purposes of a merger or other transaction, the fund may temporarily hold all or a portion of its assets in cash, money market instruments, securities of affiliated money market funds, bonds or other debt securities. As a result, the fund may not be fully invested in accordance with its investment objective.

This fund may have a relatively high portfolio turnover rate, which means that the portfolio manager may buy and sell investments in the fund frequently. As buying and selling increases, the trading costs of the fund increase. You are also more likely to receive taxable income and/or capital gains during the year. A high portfolio turnover rate may affect the performance of the fund.

What are the risks of investing in this fund?

The risks of investing in this fund are:

- capital erosion
- concentration
- convertible securities
- counterparties
- currency
- cybersecurity
- depositary receipts
- derivatives
- equity securities
- ESG integration strategy
- exchange-traded funds
- foreign investments
- fund on fund investments
- income trusts
- information technology
- investments exclusion
- large investments
- large redemptions
- legal, tax and regulatory matters
- limited partnership investments
- liquidity
- market disruptions

- models
- mutual fund trust status
- real estate investment trust investments
- reliance on the manager, portfolio manager and portfolio sub-advisor
- repurchase and reverse repurchase agreements
- Rule 144A under the United States Securities Act of 1933
- securities lending transactions
- series
- small companies

Additional risks associated with an investment in ETF Series units include:

- absence of an active market for the units
- cease trading of constituent securities
- Designated Broker and Dealer concentration
- halted trading of units
- large investments in the ETF Series of a NBI Fund
- trading price of units

For more details on these risks, as well as the general risks of investing in mutual funds, please see page 39.

The fund's level of risk is medium. Because the fund has less than 10 years of performance history, to calculate the level of risk, the manager uses a reference index similar to the fund's strategy. The manager uses the S&P 500 Index. The S&P 500 Index is a float-adjusted market capitalization weighted index composed of 500 companies that measure the performance of the large-cap segment of the U.S. market.

For more information, see *Investment risk classification methodology* in the section *Specific information about each fund* described in this document.

Distribution policy

The fund makes monthly distributions at the end of each month. These monthly distributions are composed of net income and/or return of capital. The amount of the monthly distribution per unit is reset at the beginning of each calendar year. The amount of the monthly distribution is established based on the fund's payout rate, the NAVPU at the end of the previous calendar year and the number of units of the fund that you hold at the time of the distribution. The fund's payout rate is based on the manager's assessment of the prevailing market conditions and long-term market expectations. We may adjust the monthly distribution during the year, without prior notification, if market conditions significantly affect the ability to maintain the payout rate for the fund.

All distributions payable to investors of the *Advisor, F* and *O Series* of the fund will be reinvested in additional units of the same fund, unless you ask to be paid in cash, in which case a minimum amount of $25 may be required. If you ask for your distributions to be paid in cash, the payment will be made through direct deposit to your bank account.

Distributions payable to investors of the ETF Series will be paid in cash.

Any net income not distributed previously in the year and any capital gains will be distributed by the fund in a special distribution between December 14 and December 31 of each year. This special distribution must be reinvested in additional fund units of the same series.

The amount of the distributions for a year may exceed the net income of the fund. The excess amount will be treated as a return of capital in the unitholders' hands and will not be taxable in the year of receipt, but will reduce the adjusted cost base of the units and may, in certain circumstances, result in a capital gain. See *Income tax considerations* for more information.

For more information about the fund's distributions, see the section *ETF Series of NBI Funds' distribution policy*.

Please refer to the *Description of Units Offered by the Funds* for more information on the units offered by the fund.

NBI *SmartData* International Equity Covered Call Fund

Fund details

Type of fund	International Equity
Type of securities this fund offers you	*Advisor, F, O,* and *ETF Series* mutual fund trust units
Eligibility for registered plans	The units are expected to be qualified investments for registered plans
Management fees	*Advisor Series*: 1.50%
	F and *ETF Series*: 0.50%
Portfolio manager	National Bank Investments Inc.

What does this fund invest in?

Investment objective

The NBI *SmartData* International Equity Covered Call Fund's investment objective is to generate income and to provide moderate long-term capital growth. The fund invests directly, or through investments in securities of other mutual funds, in a portfolio mainly composed of equity securities of international companies while seeking to mitigate some downside risk through the use of covered call options.

Any change to this objective must be approved by a majority of votes cast at a meeting of the unitholders of the fund specifically held for that purpose.

Investment strategies

The fund invests, directly or indirectly through investments in securities of other mutual funds, in a portfolio mainly composed of equity securities of international companies. The portfolio manager will generally invest in common shares of large capitalization companies but may also invest in small- and mid-cap securities and in preferred shares.

The portfolio manager may choose to invest up to 100% of the net assets of the fund in securities of underlying funds managed by the manager or by third parties, including exchange-traded funds (exchange-traded funds and other types of mutual funds are collectively designated "**Underlying Funds**"). The criteria used for selecting Underlying Fund securities are the same as the criteria used for selecting other types of securities. The portfolio manager has the discretion to select Underlying Funds, allocate assets among them, change the percentage of holdings held in an Underlying Fund, remove an Underlying Fund or add others. When selecting an Underlying Fund in which to invest, the portfolio manager will consider the degree of exposure to the asset class that the Underlying Fund will provide to the fund, the performance of the Underlying Fund, and the expenses (if any) payable by the fund which may be associated with the investment. There will be no duplication of fees, particularly sales charges, between the fund and any Underlying Fund.

The portfolio manager selects Underlying Funds that incorporate a rigorous research process combining qualitative insights and information technology, to process and analyze significant amounts of company and market data. The Underlying Funds' research process is designed to add value through security selection and to manage risk. The Underlying Funds' security selection process analyzes data pertaining to certain investment themes, including, among others, fundamental mispricings, high quality business models, sentiment analysis and market themes and trends. The Underlying Funds then use a quantitative process to select and weigh portfolio securities. The approach aims to achieve a well-diversified portfolio with a focus on risk management.

To generate additional yield and to mitigate overall portfolio volatility, the fund employs a dynamic options strategy pursuant to which it writes call options on a portion of the market value of the portfolio. The fund generally intends to write call options on market indices rather than on individual securities. Under normal market conditions, the fund expects the option writing level to be between 30% and 60%. The option writing level means the percentage of the fund's portfolio on which call options are written, calculated as the notional value of call options sold divided by the market value of the portfolio. The portfolio manager may increase or decrease this level from time to time at its discretion.

In its investment process, the portfolio manager selects Underlying Funds that use one or more responsible investment approaches in their investment strategies whenever its underlying investment instruments allow it. This is evaluated through a due diligence process that complies with the Manager's Responsible Investment Policy (see section *Responsible Investing* in the first part of the Simplified Prospectus (Part A)).

The portfolio manager generally follows NBI's normative exclusions for this fund, as described in section *Responsible Investing* in the first part of the Simplified Prospectus (Part A). However, certain underlying investment instruments, including index funds, may not permit the portfolio manager to apply these exclusions. The fund may use a responsible investment approach, as described above, this approach being one of many components of the investment strategies used to help achieve the fund's investment objective. The responsible investment approach and ESG factors are not part of the fund's investment objective and, therefore, are not the principal strategy of the fund.

In accordance with an exemption received from the Canadian Securities Administrators, the fund may invest *inter alia* in certain exchange-traded funds, the securities of which are not index participation units under securities legislation. These exchange-traded funds

seek to provide returns similar to a benchmark market index, or industry sector. In addition, unlike typical exchange-traded funds, some of these exchange-traded funds utilize leverage in an attempt to magnify returns by either a multiple or an inverse multiple of the particular benchmark. The fund does not invest in exchange-traded funds whose reference index is based, directly or indirectly through a derivative or otherwise, on a physical commodity other than gold. The fund may also invest, pursuant to another exemption obtained from the Canadian Securities Administrators, a portion of its net asset value in actively managed Canadian and U.S. ETFs that do not qualify as index participation units under securities laws.

For more information regarding these exemptions, see the section *Additional information* in this Simplified Prospectus.

The fund may use derivatives consistent with its investment objective and in compliance with applicable legislation. Such derivatives may include options, futures, forwards, swaps and other similar instruments for hedging and non-hedging purposes. The fund may use such instruments to gain exposure to securities, indices or currencies without otherwise making a direct investment. Derivatives may also be used to manage the risks to which the investment portfolio is exposed. See *Risks relating to derivatives* for a description of the risks associated with their use.

The fund may engage in repurchase and reverse repurchase agreements and carry out securities lending transactions. These transactions will be used in combination with the fund's other investment strategies in the manner deemed most appropriate to allow the fund to meet its investment objective and improve its performance. See *Risks relating to repurchase agreements and reverse repurchase agreements* and *Risks relating to securities lending transactions* for a description of these transactions and the strategies to be used by the fund to reduce the risks related to these transactions.

In anticipation of or in response to adverse market conditions, for cash management purposes, for defensive purposes or for purposes of a merger or other transaction, the fund may temporarily hold all or a portion of its assets in cash, money market instruments, securities of affiliated money market funds, bonds or other debt securities. As a result, the fund may not be fully invested in accordance with its investment objective.

This fund may have a relatively high portfolio turnover rate, which means that the portfolio manager may buy and sell investments in the fund frequently. As buying and selling increases, the trading costs of the fund increase. You are also more likely to receive taxable income and/or capital gains during the year. A high portfolio turnover rate may affect the performance of the fund.

What are the risks of investing in this fund?

The risks of investing in this fund are:

- capital erosion
- concentration
- convertible securities
- counterparties
- currency
- cybersecurity
- depositary receipts
- derivatives
- equity securities
- ESG integration strategy
- exchange-traded funds
- foreign investments
- fund on fund investments
- income trusts
- information technology
- investments exclusion
- large investments
- large redemptions
- legal, tax and regulatory matters
- limited partnership investments

- liquidity
- market disruptions
- models
- mutual fund trust status
- real estate investment trust investments
- reliance on the manager, portfolio manager and portfolio sub-advisor
- repurchase and reverse repurchase agreements
- Rule 144A under the United States Securities Act of 1933
- securities lending transactions
- series
- small companies

Additional risks associated with an investment in ETF Series units include:

- absence of an active market for the units
- cease trading of constituent securities
- Designated Broker and Dealer concentration
- halted trading of units
- large investments in the ETF Series of a NBI Fund
- trading price of units

For more details on these risks, as well as the general risks of investing in mutual funds, please see page 39.

The fund's level of risk is medium. Because the fund has less than 10 years of performance history, to calculate the level of risk, the manager uses a reference index similar to the fund's strategy. The manager uses the MSCI EAFE Index. The MSCI EAFE Index comprises securities of companies located in 21 leading countries in Europe, Asia and the Pacific Rim.

For more information, see *Investment risk classification methodology* in the section *Specific information about each fund* described in this document.

Distribution policy

The fund makes monthly distributions at the end of each month. These monthly distributions are composed of net income and/or return of capital. The amount of the monthly distribution per unit is reset at the beginning of each calendar year. The amount of the monthly distribution is established based on the fund's payout rate, the NAVPU at the end of the previous calendar year and the number of units of the fund that you hold at the time of the distribution. The fund's payout rate is based on the manager's assessment of the prevailing market conditions and long-term market expectations. We may adjust the monthly distribution during the year, without prior notification, if market conditions significantly affect the ability to maintain the payout rate for the fund.

All distributions payable to investors of the *Advisor, F* and *O Series* of the fund will be reinvested in additional units of the same fund, unless you ask to be paid in cash, in which case a minimum amount of $25 may be required. If you ask for your distributions to be paid in cash, the payment will be made through direct deposit to your bank account.

Distributions payable to investors of the ETF Series will be paid in cash.

Any net income not distributed previously in the year and any capital gains will be distributed by the fund in a special distribution between December 14 and December 31 of each year. This special distribution must be reinvested in additional fund units of the same series.

The amount of the distributions for a year may exceed the net income of the fund. The excess amount will be treated as a return of capital in the unitholders' hands and will not be taxable in the year of receipt, but will reduce the adjusted cost base of the units and may, in certain circumstances, result in a capital gain. See *Income tax considerations* for more information.

For more information about the fund's distributions, see the section *ETF Series of NBI Funds' distribution policy*.

Please refer to the *Description of Units Offered by the Funds* for more information on the units offered by the fund.

Glossary

Actions Affecting Constituent Issuers

Corporate or other actions taken or proposed by a Constituent Issuer or by a third party that could affect a Constituent Issuer of an index. An example of such an action would be if a takeover bid or an issuer bid is made for a Constituent Security.

American Depositary Receipts (ADRs)

See Depositary Receipts.

Basket of Securities

In relation to a ETF Series of a NBI Fund means (i) a group of securities selected by a portfolio manager or by the applicable portfolio sub-advisor from time to time that collectively reflect the constituents of, and their weightings in, the portfolio of the ETF Series of a NBI Fund, or (ii) a group of securities selected by the portfolio manager or by the applicable portfolio sub-advisor from time to time;

Bonds

Debt securities issued by companies, governments and government agencies. The issuer of a bond promises to pay interest throughout the term of the bond on specific dates and to repay the principal at maturity.

Business Day

Any day other than a Saturday, Sunday or statutory holiday in Ontario or Québec.

Canadian Securities Administrators

Forum composed of the thirteen (13) securities regulators of Canada's provinces and territories.

Capital

The money or property used to carry out business transactions. For an investor, capital is the total amount invested in securities and other assets, plus cash.

Capital gain or capital loss

Profit or loss resulting from the sale of assets classified under the *Income Tax Act* (Canada) as capital assets. Capital assets include shares.

CDS

CDS Clearing and Depository Services Inc.

CDS Participant

A registered dealer or other financial institution that is a participant in CDS and that holds units on behalf of beneficial owners of units.

Closing price

Market price at the close of trading on a given day.

Commercial paper

Short-term debt security issued by a company. Commercial paper is usually not secured by a company's assets.

Common shares

Securities that represent ownership of a company. Owners of common shares usually have the right to vote in company affairs. When you own common shares, you expect to share in the profits of a company through dividend payments. You may also expect to profit by selling the common shares at a higher price. The words "share" and "stock" are often used interchangeably.

Constituent(s) Issuer(s)

For each ETF Series of a NBI Fund, the issuers included in the portfolio of that ETF Series of a NBI Fund.

Constituent Securities

The securities of a Constituent Issuer.

Credit rating

The evaluation of the credit worthiness of a person or company. A credit rating is based on ability to pay and past performance in paying debt.

Cut-Off Time

4:00 p.m. Eastern Standard Time on each Valuation Day, or, in any case, such later time as the Manager may agree to.

Debenture

A type of bond issued by companies and municipalities. A debenture is a promise to pay interest and repay the principal, but is not secured by any assets of the issuer.

Debt security

A security where the investor lends money to the issuer who promises to repay the principal plus interest. Debt securities include bonds, debentures, Treasury bills and commercial paper.

Depositary Receipts

Negotiable security issued by a depositary bank representing a specified number of shares of a foreign company that is listed on an exchange.

Depositary receipts issued by U.S. depositary banks are known as American Depositary Receipts (ADRs), are denominated in U.S. dollars and may be traded like regular shares. ADRs were specifically designed to facilitate the purchase, holding and sale of non-U.S. securities by U.S. investors.

Global depositary receipts (GDRs) are issued by international depositary banks. GDRs are commonly used by investors in developed markets to invest in companies from developing or emerging markets.

Derivative

An investment instrument whose value is based on an underlying asset, index or other investment.

Designated Broker

National Bank Financial Inc., an affiliate of the Manager and a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of one or more ETF Series of NBI Funds, pursuant to which the Designated Broker agrees to perform certain duties in relation to those ETF Series of NBI Funds.

Dialogue

The engagement of shareholders with companies on various ESG issues, either individually or collectively, to communicate their views and expectations, and to monitor and influence the company's practices and disclosures. Dialogue can also involve collaboration with other stakeholders.

Distribution

Payments made by a mutual fund to investors from interest or dividend income or from selling securities at a profit.

Dividend

The amount a company distributes from its profits to shareholders in proportion to the number of shares they hold. A preferred dividend is usually a fixed amount. A common dividend will fluctuate with the company's profits. A company has no legal obligation to pay dividends.

Duration

Duration is a measure used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to changes in interest rates. A portfolio with a negative duration generally incurs a loss when interest rates and yields fall.

ESG (or ESG Criteria)

ESG refers to environmental, social, and governance criteria related to an investment. They represent three major groups of non-financial criteria used to identify material risks and/or growth opportunities in various investments. The environmental criterion evaluates environmental risks/opportunities that a company might face and how the company is managing them. This criterion may consider various aspects such as energy use, waste, pollution or contaminated land. The social criterion covers the business' relationships with clients, suppliers, employees, the community, and any other relevant stakeholders. Employees' working conditions, personal data protection or relations with local communities are examples of social aspects evaluated by this criterion. Finally, the governance criterion

evaluates a company's corporate structure and culture. Transparency, Board composition, executive compensation, ethical standards, conflict of interest management or political contributions can be various examples of governance criteria.

ESG integration

Ongoing consideration of material ESG criteria into investment analysis and decision-making processes with the aim to improve risk-adjusted returns. This may be done in various ways, tailored to the investment style and approach of the portfolio manager or the portfolio sub-advisor.

Forward contract

The purchase or sale of investment instruments with delivery and payment at a specified date in the future.

Futures

A futures contract is an agreement to buy or sell an investment instrument or commodity at a specified price at a specified date in the future. Futures contracts are traded on commodity exchanges, including the Montreal Exchange.

Global Depositary Receipts (GDRs)

See Depositary Receipts.

Green bonds

Green bonds are fixed-income instruments that specifically target adaptation and/or mitigation to climate change, renewable energy and other environmentally friendly projects.

Hedging

An investment strategy used to offset or reduce risk due to future changes in price, interest rates and exchange rates.

Impact Investing

The investment in companies, organizations or funds with the intention to generate positive measurable social and/or environmental impact alongside a financial return. It requires accounting for whether-and to what extent-intended environmental or social improvements actually occur. Examples of improvements include renewable electricity capacity added, increase in water treated, saved, or provided, increase in affordable housing units, etc.

Index

An index tracks the performance of a number of stocks or other securities and is used to measure the performance of the economy or different types of investments.

Market capitalization

The total value of all shares issued by a company that are owned by investors. For example, a company with 10 million shares that trade at $10 each has a market capitalization of $100 million ($10 x 10 million shares).

Market value

The amount that an asset would probably sell for in an open market.

Maturity

The date that a bond, debenture or loan is due and must be paid off.

NAVPU

The NAVPU of a fund which also corresponds to the price per unit of a fund.

Option

A security that gives the investor the right, but not the obligation, to buy or sell certain securities at a specified price within a specified time.

Positive screening (or Best-in-class)

The inclusion of certain sectors, companies or practices in a fund or portfolio based on pre-defined ESG Criteria that are desirable relative to industry peers. This can be achieved by applying filters to a universe of securities, issuers, investments, sectors or other financial instruments to rule them in, based on their positive performance on ESG Criteria relative to industry peers or specific ESG Criteria.

Preferred shares

Securities that represent ownership of a company. Owners of preferred shares receive a specified annual dividend. They also have the first claim to the common shares of the company if the company is liquidated.

Prescribed Number of Units

In relation to a particular ETF Series of a NBI Fund, the number of units determined by the manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Proxy voting

The exercise of voting rights attached to shares owned by an investor. Proxy voting enables shareholders to participate in corporate governance decisions. The portfolio managers and portfolio sub-advisors are mandated to exercise their voting rights in the best interests of their investors and in accordance with the fund's strategy and their internal proxy voting policies.

Real Estate Investment Trust (REIT)

A company that owns and manages income-producing real estate. REITs raise funds to purchase real estate by issuing units to investors. A REIT normally makes regular distributions of a portion of its profits to investors.

Return

Income earned or capital gain made on an investment.

Security

An investment instrument offered by a company, government or other organization. Securities include common and preferred shares, debt securities and mutual fund units.

Social bonds

Social bonds are bonds whose proceeds will be allocated to raising funds for projects, both new and existing, that have positive social results. Social projects include, without limitation, affordable core infrastructure, access to essential services, affordable housing, job creation and food security.

Stewardship activities

The portfolio managers and portfolio sub-advisors use their rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their assets depend. Stewardship activities include, among others, proxy voting and dialogue.

Style — Bottom-up approach (Equities)

This approach focuses more on the companies than on the industry in which they operate. Contrary to the top-down approach, the proponents of this style believe that a better quality company will offer superior returns over the long term, regardless of its industry sector or the country in which it is located.

Term

The time period to maturity for a bond.

Thematic investing

The investment in companies, organizations, or funds that stand to benefit from one or many disruptive themes or assets specifically related to sustainability (e.g. clean energy, climate change mitigation, sustainable agriculture, health system, green bonds, social bonds, etc.).

Trading Day

A Business Day where the Toronto Stock Exchange is open for trading, and a Business Day where the primary market or exchange for the securities held is open for trading.

Treasury bill

Debt securities issued by governments, usually for terms of three months to a year.

UN Global Compact

A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.

Valuation Day

Each Business Day where the Toronto Stock Exchange is open for trading or any other day designated by the Manager on which the net asset value is calculated.

Volatility

The rate of change in the price of a security over a given time.

Notes

NBI Funds
National Bank Investments Inc.

800 Saint-Jacques Street
Transit 43671
Montreal, Quebec H3C 1A3
Telephone: 514 871-2082 or 1 888 270-3941

Additional information about the funds is available in the financial statements, the Fund Facts, ETF Facts and the annual and interim management reports of fund performance. These documents are incorporated herein by reference and are legally considered to be a part of this document just as if they were printed in it.

You can get a copy of the financial statements or the annual and interim management reports of fund performance at no cost from your dealer or by emailing us at investments@nbc.ca. You can also get copies by calling National Bank Investments Advisory Service at 514 871-2082 or, toll-free, at 1 888 270-3941 or by visiting the funds' website at www.nbinvestments.ca.

These documents (as well as proxy circulars and material contracts) and other information about the funds are also available at www.sedarplus.ca.

NBI Target 2032 Investment Grade Bond Fund
NBI *SmartData* U.S. Equity Covered Call Fund
NBI *SmartData* International Equity Covered Call Fund