

For the period from January 1st, 2017 to December 31, 2017

Dear Investor:

An independent committee was established for the NBI Funds in 2004 to provide advice to the manager regarding certain conflicts of interest in mutual fund management. On April 30, 2007, National Bank Investments Inc., the manager of the NBI Funds, reconstituted the independent committee as the Independent Review Committee of the NBI Funds (the "IRC") in accordance with *National Instrument 81-107, Independent Review Committee for Investment Funds*.

Pursuant to National Instrument 81-107, the IRC is required to review the conflict of interest matters submitted to it by the manager of the NBI Funds. The IRC's focus is on the question of whether the manager's proposed action achieves a fair and reasonable result for the funds. In performing its duties, the IRC meets regularly and ends each meeting in camera, without the attendance of any representative of the manager or any entity related to the manager.

This report provides information regarding the activities of the IRC for the period from January 1st, 2017 to December 31, 2017.

At least once per year, the IRC reviews and assesses the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the NBI Funds, and also conducts a self-assessment of the IRC's independence, compensation and effectiveness.

The members of the IRC look forward to continue working with the manager in the best interest of each of the NBI Funds.

Yves Julien
Chair of the Independent Review Committee
of the NBI Funds

Members of the Independent Review Committee of the NBI Funds

Members of the Independent Review Committee	Residence	First Appointed to the Independent Review Committee
Jean-François Bernier ¹	Boucherville, Quebec	April 30 th , 2007
Jean Durivage ¹	Lac-Brome, Quebec	April 30 th , 2007
André D. Godbout ¹	Montreal, Quebec	April 30 th , 2007
Yves Julien (Chair) ¹	Westmount, Quebec	April 30 th , 2007
Jacques Valotaire ¹	Boucherville, Quebec	April 30 th , 2007

1. The Independent Review Committee of the NBI Funds is also the Independent Review Committee of the Meritage Portfolios.

There were no changes in the composition of the independent review committee since its inception on April 30th, 2007.

Holdings of Securities

(a) NBI Funds

On the date hereof, the percentage of securities of each series of the NBI Funds beneficially owned, directly or indirectly, in aggregate, by all members of the independent review committee of the NBI Funds did not exceed ten per cent.

(b) Investment Fund Manager

On the date hereof, the percentage of securities of each class or series of voting or equity securities of National Bank Investments Inc. (the manager of the NBI Funds) or National Bank of Canada (its parent company) beneficially owned, directly or indirectly, in aggregate, by all members of the independent review committee was less than 0.05 per cent.

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(c) Service providers

On the date hereof, the percentage of securities of each class or series of voting or equity securities of any company or other entity providing services to the NBI Funds or National Bank Investments Inc. (the manager of the NBI Funds) beneficially owned, directly or indirectly, in aggregate, by all members of the independent review committee was less than 0.05 per cent.

Compensation and Indemnities

For the period from January 1st to December 31, 2017, the aggregate compensation paid to the members of the independent review committee of the NBI Funds (the "IRC") (in this capacity and in their capacity as members of the independent review committees of other investment funds managed by National Bank Investments Inc. and/or its affiliates) was \$152,000. This amount was allocated among the NBI Funds and other investment funds managed by National Bank Investments Inc. and/or its affiliates in a manner that is considered to be fair and reasonable by the manager of the NBI Funds.

In compliance with National Instrument 81-107, the compensation paid to the IRC during the period from January 1st to December 31, 2017 was set by the members of the IRC.

At least annually, the IRC reviews its compensation, giving consideration to the following, *inter alia*:

1. the best interests of the funds;
2. industry best practices, including industry averages and surveys on IRC compensation;
3. the number, nature and complexity of the funds for which the IRC acts; and
4. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member.

The NBI Funds paid no indemnities to the IRC during the period.

Conflict of Interest Matters

The manager of the NBI Funds has policies and procedures in place to address each of the conflict of interest matters listed below. The IRC has issued standing instructions to the manager of the NBI Funds that require the manager to comply with its policies and procedures and to report periodically, and at least annually, to the IRC.

During the period from January 1st to December 31, 2017, the manager of the NBI Funds has relied on the following approvals and recommendations (within the meaning of such terms under National Instrument 81-107) granted by the IRC in accordance with National Instrument 81-107.

Approvals

1. *Transactions in securities of a related issuer*: The IRC has provided its approval for the NBI Funds to make or hold, in compliance with the IRC's standing instructions, an investment in the securities of an issuer related to the NBI Funds, the manager or an entity related to the manager (as defined in National Instrument 81-107).
2. *Inter-fund trading*: The IRC has provided its approval for the NBI Funds to purchase and sell, in compliance with the IRC's standing instructions, securities amongst the NBI Funds or with investment funds or managed accounts that are managed by the manager or any of its affiliates.
3. *Trading in securities underwritten by a related underwriter*: The IRC has provided its approval for the NBI Funds to invest, in compliance with the IRC's standing instructions, in securities of an issuer underwritten by an entity related to the manager (as defined in National Instrument 81-107).
4. *Transactions in debt securities with a related party*: The IRC has provided its approval for the NBI Funds to purchase, in compliance with the IRC's standing instructions, debt securities from, and sell debt securities to, a related party acting as principal.
5. *Trading in mortgages with a related entity*: The IRC has provided its approval for the NBI Tactical Mortgage & Income Fund to, in compliance with the IRC's standing instructions, purchase mortgages from or sell mortgages to entities related to the manager (as defined in National Instrument 81-107). The IRC has been informed that no transactions occurred during the referenced period as a result of this item.
6. *In kind transfers by/to Intact*: The IRC has provided its approval for the in kind transfers made by Intact Investment Management Inc. ("Intact") in the context of Intact's significant investments in two NBI Funds.

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The IRC is not aware of any instance in which the manager of the NBI Funds acted in a conflict of interest matter without meeting the conditions imposed by the IRC in its approval.

Recommendations

7. *Large Securityholders*: The IRC has provided its positive recommendation in respect of making special arrangements (regarding management fees, redemptions, seed capital, fund of fund investments, etc.) with entities related to the manager (as defined in National Instrument 81-107) and large securityholders.
8. *Expense eligibility and allocation*: The IRC has provided its positive recommendation in respect of charging the NBI Funds for eligible expenses incurred in operating the funds (*operating expenses*) and allocating such operating expenses among the funds.
9. *Fair Value Pricing*: The IRC has provided its positive recommendation in respect of fair value pricing of the NBI Funds' portfolio securities to reflect their fair market value.
10. *Related suppliers fees and quality monitoring*: The IRC has provided its positive recommendation in respect of monitoring by the manager of fees charged and quality of services provided by service providers that are related to the manager or in a material business relationship with the manager or by strategic partners that are arms' length suppliers and have contracted with the manager or an affiliate of the manager.
11. *Monitoring of portfolio managers' conflicts of interests*: The IRC has provided its positive recommendation in respect of monitoring by the manager of conflict of interest matters present at the portfolio manager and sub-adviser levels, including without limitation: (i) portfolio managers' and sub-advisers' employees' conflicts of interest (personal trading, disclosure and confidentiality and whistle-blowing), (ii) fair allocation of securities (among, on one hand, the NBI Funds and, on the other hand, between the NBI Funds and the portfolios of other clients of the portfolio managers or sub-advisers), (iii) broker selection and trade allocation, (iv) soft dollar arrangements, (v) proxy voting and other corporate actions regarding related issuers, and (vi) correction of portfolio manager or sub-adviser material errors.
12. *Foreign Exchange Transactions with a related party*: The IRC has provided its positive recommendation in respect of the addition by the portfolio managers of the NBI Funds of National Bank of Canada and other related counterparties as approved counterparties for the NBI Funds' foreign exchange transactions.
13. *Correcting material errors*: The IRC has provided its positive recommendation in respect of correcting material errors made by the manager of the NBI Funds, namely in calculating net asset value, the wholesale process, and processing purchases, redemptions and exchanges of securities of the funds.
14. *Manager's employees' conflicts of interest*: The IRC has provided its positive recommendation in respect of the treatment of certain conflicts such as personal trading, disclosure, confidentiality and whistle-blowing.
15. *Changing Portfolio Managers*: The IRC has provided its positive recommendation in respect of portfolio manager replacements.
16. *Fund line-up optimization*: The IRC has provided its positive recommendation in respect of various aspects of the manager's 2017 fund line-up optimization, including the termination and/or merger of certain NBI Funds.

The IRC is not aware of any instance in which the manager of the NBI Funds acted in a conflict of interest matter referred to the IRC for which it did not give a positive recommendation. The IRC is not aware of any instance in which the manager of the NBI Funds acted in a conflict of interest matter without meeting the conditions imposed by the IRC in its recommendation.

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Funds covered by this report:

NBI Money Market Fund
NBI Short Term Canadian Income Fund (formerly National Bank Short Term Canadian Income Fund)
NBI Floating Rate Income Fund (formerly National Bank Floating Rate Income Fund)
NBI Tactical Mortgage & Income Fund
NBI Bond Fund (formerly National Bank Bond Fund)
NBI Income Fund (formerly National Bank Income Fund)
NBI Dividend Fund (formerly National Bank Dividend Fund)
NBI Global Bond Fund (formerly National Bank Global Bond Fund)
NBI Global Tactical Bond Fund (formerly National Bank Global Tactical Bond Fund)
NBI Unconstrained Fixed Income Fund
NBI Corporate Bond Fund (formerly National Bank Corporate Bond Fund)
NBI High Yield Bond Fund (formerly National Bank High Yield Bond Fund)
NBI Preferred Equity Income Fund (formerly National Bank Preferred Equity Income Fund)
NBI Preferred Equity Fund (formerly National Bank Preferred Equity Fund)
NBI Jarislowsky Fraser Select Income Fund (formerly Jarislowsky Fraser Select Income Fund)
NBI Secure Portfolio
NBI Conservative Portfolio
NBI Moderate Portfolio
NBI Balanced Portfolio
NBI Growth Portfolio
NBI Equity Portfolio
National Bank Secure Diversified Fund
National Bank Conservative Diversified Fund
National Bank Moderate Diversified Fund
National Bank Balanced Diversified Fund
National Bank Growth Diversified Fund
NBI Jarislowsky Fraser Select Balanced Fund (formerly Jarislowsky Fraser Select Balanced Fund)
NBI Strategic U.S. Income and Growth Fund (formerly National Bank Strategic U.S. Income and Growth Fund)
NBI Jarislowsky Fraser Select Canadian Equity Fund (formerly Jarislowsky Fraser Select Canadian Equity Fund)
NBI *SmartBeta* Canadian Equity Fund
NBI Canadian Equity Fund (formerly National Bank Canadian Equity Fund)
NBI Canadian All Cap Equity Fund (formerly National Bank Canadian All Cap Equity Fund)
NBI Canadian Equity Growth Fund (formerly National Bank Canadian Equity Growth Fund)
NBI Small Cap Fund (formerly National Bank Small Cap Fund)
NBI Quebec Growth Fund (formerly National Bank Quebec Growth Fund)
NBI *SmartBeta* Global Equity Fund
NBI Global Equity Fund (formerly National Bank Global Equity Fund)
NBI Global Diversified Equity Fund (formerly National Bank Global Diversified Equity Fund)
NBI Global Real Assets Income Fund
NBI U.S. Dividend Fund (formerly National Bank U.S. Dividend Fund)
NBI *SmartData* U.S. Equity Fund (formerly National Bank Consensus American Equity Fund)
NBI U.S. Equity Fund (formerly National Bank U.S. Equity Fund)
NBI *SmartData* International Equity Fund (formerly National Bank Consensus International Equity Fund)
NBI Westwood Emerging Markets Fund (formerly Westwood Emerging Markets Fund)
NBI Resource Fund (formerly National Bank Resource Fund)
NBI Precious Metals Fund (formerly National Bank Precious Metals Fund)
NBI Science and Technology Fund (formerly National Bank Science and Technology Fund)
NBI Canadian Index Fund (formerly National Bank Canadian Index Fund)
NBI U.S. Index Fund (formerly National Bank U.S. Index Fund)
NBI U.S. Currency Neutral Index Fund (formerly National Bank U.S. Currency Neutral Index Fund)
NBI International Index Fund (formerly National Bank International Index Fund)
NBI International Currency Neutral Index Fund (formerly National Bank International Currency Neutral Index Fund)
NBI Canadian Short Term Income Private Portfolio
NBI Municipal Bond Plus Private Portfolio
NBI Canadian Bond Private Portfolio
NBI Canadian Diversified Bond Private Portfolio
NBI U.S. Bond Private Portfolio
NBI Corporate Bond Private Portfolio
NBI Non-Traditional Fixed Income Private Portfolio
NBI High Yield Bond Private Portfolio
NBI Canadian Preferred Equity Private Portfolio
NBI Tactical Fixed Income Private Portfolio
NBI Multiple Asset Class Private Portfolio
NBI Equity Income Private Portfolio
NBI Canadian Equity Private Portfolio
NBI Canadian High Conviction Equity Private Portfolio
NBI Canadian Small Cap Equity Private Portfolio
NBI North American Dividend Private Portfolio
NBI U.S. Equity Private Portfolio
NBI U.S. High Conviction Equity Private Portfolio
NBI International Equity Private Portfolio
NBI International High Conviction Equity Private Portfolio
NBI Tactical Equity Private Portfolio
NBI Non-Traditional Capital Appreciation Private Portfolio
NBI Emerging Markets Equity Private Portfolio
NBI Real Assets Private Portfolio