

For the period from January 1st, 2018 to December 31, 2018

Dear Securityholder:

An independent committee was established for the NBI Funds in 2004 to provide advice to the investment fund manager regarding certain conflicts of interest in investment funds 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 in accordance with *National Instrument 81-107, Independent Review Committee for Investment Funds* (the "**National Instrument 81-107**").

The Independent Review Committee of the Meritage Portfolios was created on April 30th, 2007 by Altamira Investment Services Inc. (now National Bank Investments Inc.), then manager of the Meritage Portfolios, in accordance with National Instrument 81-107. As of November 1, 2008, Altamira Investment Services Inc., until then manager of the Meritage Portfolios, consolidated its activities with Altamira Financial Services Ltd. and National Bank Securities Inc. (now National Bank Investments Inc.). The activities of the above-mentioned entities, all subsidiaries of National Bank of Canada, were consolidated. Pursuant to said merger, National Bank Investments Inc. became the manager of the Meritage Portfolios.

Pursuant to National Instrument 81-107, the Independent Review Committee of the NBI Funds and the Meritage Portfolios (the "**IRC**") is required to review the conflict of interest matters submitted to it by the manager of the NBI Funds and the Meritage Portfolios. 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, 2018 to December 31, 2018.

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 the Meritage Portfolios, 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 and the Meritage Portfolios.

" Yves Julien "

Yves Julien

Chair of the Independent Review Committee
of the NBI Funds and the Meritage Portfolios

Members of the Independent Review Committee

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

Jean Durivage's mandate ended on April 30, 2018. Mr. Durivage has been a member of the Committee since its inception and the Committee wishes to acknowledge his valuable contribution to the work of the Committee and to thank him for his insightful advice. There were no other changes in the composition of the independent review committee since its inception on April 30th, 2007.

Holdings of Securities

(a) NBI Funds and the Meritage Portfolios

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On the date hereof, the percentage of securities of each series of the NBI Funds and the Meritage Portfolios beneficially owned, directly or indirectly, in aggregate, by all members of the independent review committee 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 and the Meritage Portfolios) 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.

(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 and the Meritage Portfolios) 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, 2018, the aggregate compensation paid to the members of the IRC of the NBI Funds and the Meritage Portfolios was \$138,250. This amount was allocated among the NBI Funds and the Meritage Portfolios in a manner that is considered to be fair and reasonable by the manager.

In compliance with National Instrument 81-107, the compensation paid to the IRC during the period from January 1st to December 31, 2018 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 and the Meritage Portfolios paid no indemnities to the IRC during the period.

Conflict of Interest Matters

The manager of the NBI Funds and the Meritage Portfolios 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 and the Meritage Portfolios 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, 2018, the manager of the NBI Funds and the Meritage Portfolios 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 and the Meritage Portfolios 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 and the Meritage Portfolios, 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 and the Meritage Portfolios to purchase and sell, in compliance with the IRC's standing instructions, securities amongst the NBI Funds and the Meritage Portfolios 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 and the Meritage Portfolios 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 and the Meritage Portfolios to purchase, in compliance with the IRC's standing instructions, debt securities from, and sell debt securities to, a related party acting as principal.

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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 one NBI Fund. The IRC has been informed that no transactions occurred during the referenced period as a result of this item.

The IRC is not aware of any instance in which the manager of the NBI Funds and the Meritage Portfolios 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 and the Meritage Portfolios 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 and the Meritage Portfolios' portfolio securities to reflect their fair market value.
10. *Dividend allocation for National Bank Funds Corporation:* The IRC has provided its positive recommendation in respect of the allocation of dividends of National Bank Funds Corporation among its investors.
11. *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.
12. *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 the Meritage Portfolios and, on the other hand, between the NBI Funds and the Meritage Portfolios, 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.
13. *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 and the Meritage Portfolios of National Bank of Canada and other related counterparties as approved counterparties for the NBI Funds and the Meritage Portfolios' foreign exchange transactions.
14. *Correcting material errors:* The IRC has provided its positive recommendation in respect of correcting material errors made by the manager of the NBI Funds and the Meritage Portfolios, namely in calculating net asset value, the wholesale process, and processing purchases, redemptions and exchanges of securities of the funds.
15. *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.
16. *Changing Portfolio Managers:* The IRC has provided its positive recommendation in respect of portfolio manager replacements.
17. *Termination of the NBI Short Term Canadian Income Fund:* The IRC has provided its positive recommendation in respect of the termination of this fund. No standing instruction was issued for this recommendation.

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

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NBI Funds covered by this report:

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

Meritage Portfolios covered by this report:

Meritage Canadian Equity Portfolio	Meritage Dynamic Growth Portfolio
Meritage Canadian Equity Class Portfolio	Meritage Dynamic Growth Class Portfolio
Meritage Global Equity Portfolio	Meritage Diversified Fixed Income Portfolio
Meritage Global Equity Class Portfolio	Meritage Conservative Income Portfolio
Meritage American Equity Portfolio	Meritage Moderate Income Portfolio
Meritage International Equity Portfolio	Meritage Balanced Income Portfolio
Meritage Conservative Portfolio	Meritage Growth Income Portfolio
Meritage Moderate Portfolio	Meritage Dynamic Growth Income Portfolio
Meritage Balanced Portfolio	Meritage Global Conservative Portfolio
Meritage Growth Portfolio	Meritage Global Moderate Portfolio
Meritage Growth Class Portfolio	Meritage Global Balanced Portfolio

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Meritage Global Growth Portfolio
Meritage Global Growth Class Portfolio
Meritage Global Dynamic Growth Portfolio
Meritage Global Dynamic Growth Class Portfolio
Meritage Tactical ETF Fixed Income Portfolio
Meritage Tactical ETF Moderate Portfolio
Meritage Tactical ETF Balanced Portfolio
Meritage Tactical ETF Growth Portfolio
Meritage Tactical ETF Equity Portfolio