

Award recipient
for the 5th
consecutive year

2020 Awards of Excellence
Portfolio Management Excellence
Montreal

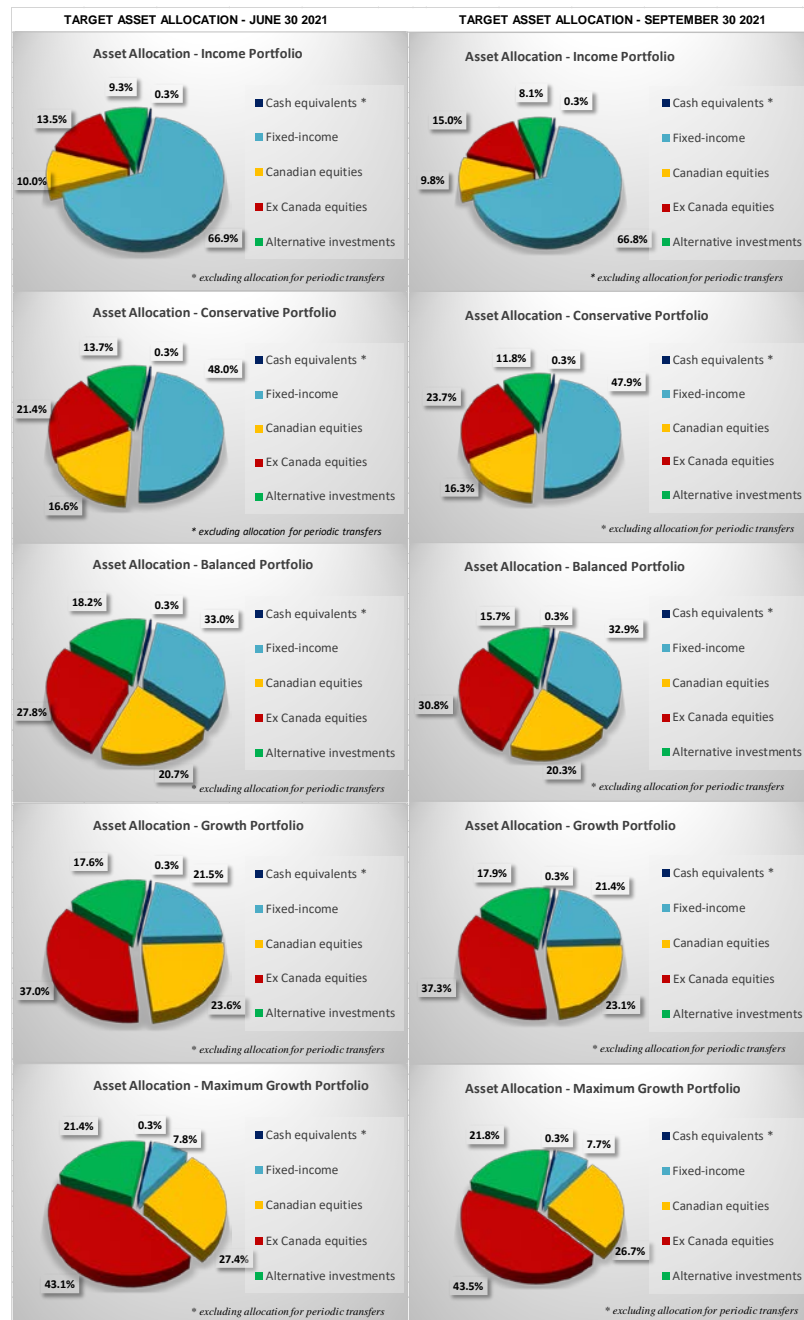


Our expertise, your success

3rd QUARTER 2021 SUMMARY

Asset Allocation Strategy:

To increase the exposure to Non-Canadian equities, we decreased the exposure to infrastructure investments (alternative investments) in the Income, Conservative and Balanced profiles. For the Growth and Maximum Growth profiles, the allocation remains unchanged except for some variations due to market movements. Infrastructure investments are now presented in the Alternative sub-model.

















Portfolio Model Revisions:

As mentioned in the previous section, we have reduced the exposure to infrastructure investments by selling the global infrastructure fund managed by Russell Investments in the Income, Conservative and Balanced profiles. Proceeds were reinvested in the NBI U.S. High Conviction Equity private portfolio managed by Fiera Capital.

In addition, during the quarter, the U.S. Market Income Note Security (NBC21135), introduced in March 2020, was entirely reimbursed in advance; in addition to delivering the three scheduled semi-annual coupon payments, it paid a final distribution of 2.08% to provide holders with an average annual return of just over 8.0% during the holding period. We have reinvested the proceeds of this redemption into a new income note security, **NBC Auto Callable Contingent ROC (NBC22376)**, linked to the U.S. equity market represented by the iShares Core S&P 500 Index ETF CAD-Hedged (XSP). The objective of the note is to provide its holder a 6.12% annual cash return, to be paid monthly; each coupon will be paid if the level of the XSP, on the monthly valuation date, is at least 75% of its initial level when the bill is issued.

Responsible investment is becoming increasingly attractive: Investors interest in responsible investing is at an all-time high. More and more investors want to be better informed about responsible investing and the investment opportunities it presents. We are proud to say that responsible investing is at the heart of our decision-making process when it comes to our clients' investment choices.

Over 2020 and the first quarter of 2021, Vancity, the manager of one of our socially responsible global equity funds, published a shareholder engagement report and demonstrates that it is getting involved with the key decision-makers of 42 companies in which it invests to help them align with the 17 goals of the United Nations Agenda for Sustainable Development (SDGs), some of which include:

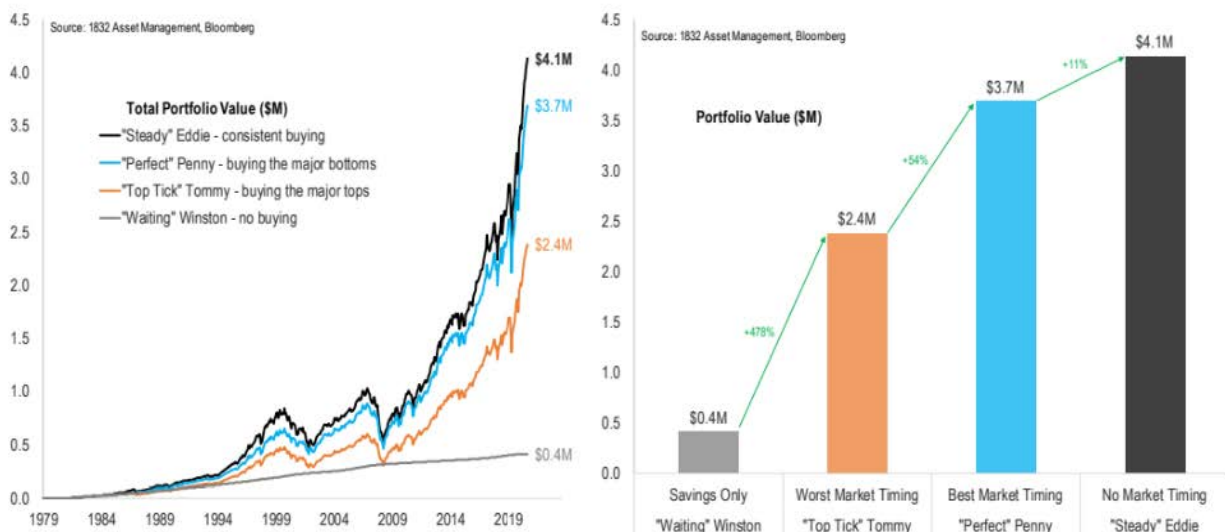
 	<p>Human Health7</p> <p>Access to Medicine7</p> <p>Anti-Microbial Resistance (AMR): Taking Action on the Next Health Crisis8</p> <p>Tobacco Marketing: Preventing Youth Smoking8</p> <p>COVID-19: Health & Safety in Medical Facilities Climate Risks9</p> <p>Companies engaged: Gilead Sciences, CVS Health, Novo Nordisk, Sanofi, Amazon, Apple, Disney, Netflix and CSL Industries</p>		<p>Ethical Governance 15</p> <p>Board Chair Independence: Improving Governance in the Pharmaceutical Sector 15</p> <p>Companies engaged: Gilead Sciences</p>
  	<p>Human Capital10</p> <p>Paying a Living Wage: Reducing Inequalities10</p> <p>Advocating for Paid Sick Leave for Retail Employees 11</p> <p>Companies engaged: NFI Group, Chartwell Retirement Residences and CVS Health</p>	 	<p>Racial Justice 16</p> <p>Environmental Justice: Addressing Inequities in Pollution Exposure16</p> <p>Evaluating Systemic Racism in Lending Practices17</p> <p>Companies engaged: Nutrien, Johnson Matthey, Cascades, CCL Industries, Royal DSM, Vulcan Materials, TD, Scotiabank and RBC</p>
 	<p>Human Rights12</p> <p>Increasing Supply Chain Transparency to Protect Human Rights: Uyghur Oppression and Forced Labour12</p> <p>Protecting Human Rights in Operations: Western Sahara and the Saharawi People13</p> <p>Mining Sector: Ensuring Indigenous Rights are Protected14</p> <p>Companies engaged: Cisco, Seagate Technology, Adidas, Inditex, Nike, Amazon, Apple, Alphabet, Microsoft, Sony, Siemens Gamesa, Nutrien and Agnico-Eagle</p>	  	<p>Biodiversity 18</p> <p>The Finance for Biodiversity Pledge: Taking Action on the Biodiversity Crisis18</p> <p>Moving Towards Safer Chemicals: Increasing Chemical Disclosures19</p> <p>Pesticide Use Reduction and Safer Chemicals Management19</p> <p>Companies engaged: Church & Dwight, Amazon, CVS Health and Costco</p>
  	<p>Climate change19</p> <p>Banning Project Finance for Arctic Oil and Gas Drilling19</p> <p>Increasing Climate Disclosures: The Carbon Disclosure Project20</p> <p>Reducing the Climate Footprint of Agriculture21</p> <p>Companies engaged: TD, Scotiabank, Aritzia, Boralex, Chartwell, Colliers, Constellation Software, Dollarama, Element Fleet Management, RioCan, TMX, Waste Connections and Saputo</p>	  	<p>Climate change19</p> <p>Banning Project Finance for Arctic Oil and Gas Drilling19</p> <p>Increasing Climate Disclosures: The Carbon Disclosure Project20</p> <p>Reducing the Climate Footprint of Agriculture21</p> <p>Companies engaged: TD, Scotiabank, Aritzia, Boralex, Chartwell, Colliers, Constellation Software, Dollarama, Element Fleet Management, RioCan, TMX, Waste Connections and Saputo</p>

3rd Quarter Highlights:

The third quarter continued to show that equity markets were resilient in the face of a still uncertain economic landscape. As of August 31st, the North American indices (S&P 500 and S&P/TSX) were up 5.2% and 2% respectively. In contrast, financial markets retreated in September, reducing gains for the quarter.

The shortages of electronic components, raw materials and workers are causing breaks in supply chains, therefor structural inflation is being challenged. Governments will likely taper off emergency support over the next quarter. The responsibility now lies with the central banks who must decide on their monetary policies. We are paying attention to global growth forecasts, which according to the IMF will be revised downward, which could slow down the progress of the stock markets in the short term. We remain optimistic since we are still far from a recessionary environment.

Although the economic environment will have an impact on our investments, it is important to remember that it is unproductive to wait for the "right time" to enter or exit the market, as shown in the charts below.



Even with extremely good predictions, we see that an investor ("Perfect" Penny) can still lag behind one ("Steady" Eddie) who is fully invested. Unsurprisingly, the other two will always be behind due to bad luck ("Top Tick" Tommy) or inaction ("Waiting" Winston). Investing consistently over time, through the highs and lows, is almost always the best solution.



We invest a portion of your portfolio in structured income notes, which are part of the Alternative Investments component of our allocation. We are proud to inform you that National Bank's Structured Solutions team has won the Best Performance in Canada award for its market-linked notes and GICs for the eighth time, and for the fifth consecutive year, at the 2021 SRP Americas Conference, the meeting of choice for alternative investment decision-makers in Canada, the United States and Latin America since it began in 2001.

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"A goal without a plan is just a wish." – Antoine de Saint-Exupéry