

# Annual Financial Statements

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For the period ended December 31, 2016



# NBI Jarislowsky Fraser Select Canadian Equity Fund

(formerly Jarislowsky Fraser Select Canadian Equity Fund)

## Financial Statements

### Statements of Financial Position

(in thousands canadian dollars, except per unit amounts)

	Note	December 31, 2016	December 31, 2015
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Investments	5	87,880	64,488
Cash		2,513	1,614
Subscriptions receivable		136	509
Dividends receivable		119	85
<b>Total assets</b>		<b>90,648</b>	<b>66,696</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Redeemed units payable		20	48
Investments payable		1,142	666
Accrued expenses		108	85
<b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b>		<b>1,270</b>	<b>799</b>
<b>Net assets attributable to holders of redeemable units</b>		<b>89,378</b>	<b>65,897</b>
<b>Net assets attributable to holders of redeemable units per series</b>			
Advisor Series	2	35,896	33,234
Series F/E		49,611	32,661
Series F5		15	1
Series T5		82	1
Private Series		3,774	n/a
		<b>89,378</b>	<b>65,897</b>
<b>Net assets attributable to holders of redeemable units per unit, per series</b>			
Advisor Series	2	15.39	13.48
Series F/E		15.74	13.72
Series F5		10.24	9.26
Series T5		9.96	9.12
Private Series		11.44	n/a

Approved on the behalf of the board of directors of National Bank Investments Inc.  
**Jonathan Durocher**  
*President, Chief Executive Officer and Chairman of the Board*  
**Tina Tremblay-Girard**  
*Director*

### Statements of Comprehensive Income for the Year Ended December 31

(in thousands canadian dollars, except per unit amounts)

	Note	2016	2015
		\$	\$
<b>Income</b>			
Interest income for distribution purposes	2	9	4
Dividends income		2,140	1,972
Other income		31	26
Changes in fair value			
Net realized gains (losses) on sale of investments		1,164	2,615
Net realized gains (losses) on foreign currencies		(3)	36
Net realized gains (losses) on forwards currency		5	4
Change in net unrealized appreciation/depreciation on investments		9,351	(5,032)
Change in unrealized gains/losses on foreign currencies		(11)	14
<b>Total income</b>		<b>12,686</b>	<b>(361)</b>
<b>Expenses</b>			
Management fees	8	1,037	955
Custodial fees		19	12
Audit fees		5	4
Legal fees		3	3
Rights and deposits		25	24
Securityholder reporting costs		45	30
Professional fees		5	5
Fees paid by the manager		(5)	-
Withholding taxes	2	57	55
Transaction costs on purchase and sale of investments	8	14	15
<b>Total expenses</b>		<b>1,205</b>	<b>1,103</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		<b>11,481</b>	<b>(1,464)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per series</b>			
Advisor Series	2	4,830	(965)
Series F/E		6,400	(499)
Series F5		1	-
Series T5		14	-
Private Series		236	n/a
		<b>11,481</b>	<b>(1,464)</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit, per series</b>			
Advisor Series	2	1.98	(0.39)
Series F/E		2.30	(0.23)
Series F5		2.85	(0.13)
Series T5		1.87	(0.26)
Private Series		1.68	n/a

► Canadian Equity Funds

## NBI Jarislowsky Fraser Select Canadian Equity Fund *(continued)*

*(formerly Jarislowsky Fraser Select Canadian Equity Fund)*

### Financial Statements

#### Statements of Changes in Net Assets Attributable to Holders of Redeemable Units per Series for the Year Ended December 31

(in thousands canadian dollars)

Note	Advisor Series		Series F/E		Series F5		Series T5		Private Series
	2016	2015	2016	2015	2016	2015	2016	2015	2016 (294 days)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	33,234	35,434	32,661	29,045	1	1	1	1	-
<b>Net assets attributable to holders of redeemable units, beginning of the year</b>									
	4,830	(965)	6,400	(499)	1	-	14	-	236
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>									
<b>Redeemable units transactions</b>									
6	6,753	7,892	15,390	10,176	13	-	70	-	3,681
Proceeds from redeemable units issued									
Reinvestments of distributions to holders of redeemable units	190	450	567	747	-	-	3	-	-
Redemption of redeemable units	(8,914)	(9,106)	(4,812)	(6,026)	-	-	(3)	-	(133)
<b>Total redeemable units transactions</b>	(1,971)	(764)	11,145	4,897	13	-	70	-	3,548
<b>Distributions to investors</b>									
2	194	278	592	592	-	-	-	-	10
Net investment income	-	193	-	190	-	-	-	-	-
Net realized gain	-	-	-	-	-	-	3	-	-
Return of capital	3	-	3	-	-	-	-	-	-
Management fees rebate									
<b>Total distributions to investors</b>	197	471	595	782	-	-	3	-	10
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	2,662	(2,200)	16,950	3,616	14	-	81	-	3,774
<b>Net assets attributable to holders of redeemable units, end of the year</b>	35,896	33,234	49,611	32,661	15	1	82	1	3,774
<b>Redeemable units transaction</b>									
Redeemable units outstanding, beginning of the year	2,465,886	2,523,107	2,380,039	2,034,770	107	101	107	101	-
Redeemable units issued	487,661	561,421	1,072,391	712,945	1,350	-	8,050	-	342,361
Redeemable units issued on reinvestments	12,259	32,748	35,714	53,422	5	6	354	6	15
Redeemable units redeemed	(632,940)	(651,390)	(336,939)	(421,098)	-	-	(313)	-	(12,381)
<b>Redeemable units outstanding, end of the year</b>	2,332,866	2,465,886	3,151,205	2,380,039	1,462	107	8,198	107	329,995

The accompanying notes are an integral part of these financial statements.

► Canadian Equity Funds

# NBI Jarislowsky Fraser Select Canadian Equity Fund *(continued)*

*(formerly Jarislowsky Fraser Select Canadian Equity Fund)*

## Financial Statements

### Statements of Cash Flows for the Year Ended December 31

(in thousands canadian dollars)

Note	2016	2015
	\$	\$
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	11,481	(1,464)
Adjustments for:		
Net realized (gains) losses on sale of investments	(1,164)	(2,615)
Net realized (gains) losses on foreign currencies	3	(36)
Net realized (gains) losses on forwards currency	(5)	(4)
Change in net unrealized appreciation/depreciation on investments	(9,351)	5,032
Change in unrealized gains/losses on foreign currencies	11	(14)
Purchases of investments	(18,570)	(13,267)
Proceeds from sale and maturity of investments	6,174	10,680
Dividends receivable	(34)	(24)
Accrued expenses	23	(4)
<b>Net cash from operating activities</b>	<b>(11,432)</b>	<b>(1,716)</b>
<b>Cash flows used in financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	(45)	(56)
Proceeds from issuances of redeemable units	26,280	17,637
Amounts paid on redemption of redeemable units	(13,890)	(15,250)
<b>Net cash used in financing activities</b>	<b>12,345</b>	<b>2,331</b>
Net realized gains (losses) on foreign currencies	(3)	36
Change in unrealized gains/losses on foreign currencies	(11)	14
Net increase (decrease) for the year	913	615
Cash (bank overdraft), beginning of year	1,614	949
<b>Cash (bank overdraft), end of year</b>	<b>2,513</b>	<b>1,614</b>
<b>Included in cash flows from operating activities</b>		
Interest received	9	4
Dividends received, net of withholding taxes	2,049	1,893

## Funds' Specific Notes

### General Information

	Date Operations Commenced (Note 1)	Distribution of Net Income (Note 2)	Distribution of Gains (Note 2)	Annual Management Fees (Maximum) (Note 8)	Administration Fees (Note 8)
Advisor Series	October 7, 2010	A	A	1.75 %	0.10 %
Series E	October 7, 2010	A	A	0.75	0.10
Series F	October 7, 2010	A	A	0.75	0.10
Series F5	September 30, 2014	M	A	0.75	0.10
Series T5	September 30, 2014	M	A	1.75	0.10
Private Series	March 11, 2016	A	A	*	*

\* This series is private series

### Net Assets/Equity Attributable to Holders of Redeemable Securities per Securities (Note 2)

	As at December 31, 2016		
	Transactional Net Asset Value per Unit/Share	Adjustment per Unit/Share	Net Assets per Unit/Share
	\$	\$	\$
Advisor Series	15.39	-	15.39
Series F/E	15.74	-	15.74
Series F5	10.24	-	10.24
Series T5	9.96	-	9.96
Private Series	11.44	-	11.44
	As at December 31, 2015		
	Transactional Net Asset Value per Unit/Share	Adjustment per Unit/Share	Net Assets per Unit/Share
	\$	\$	\$
Advisor Series	13.48	-	13.48
Series F/E	13.72	-	13.72
Series F5	9.26	-	9.26
Series T5	9.12	-	9.12

### Currency Risk (Note 5)

Currency	December 31, 2016		December 31, 2015	
	Exposure	Net Assets Attributable to Holders of Redeemable Units	Exposure	Net Assets Attributable to Holders of Redeemable Units
	\$	%	\$	%
American Dollar	14,116,538	15.8	11,635,766	17.7
Euro	2,023,954	2.3	1,742,263	2.6
Swiss Franc	331,265	0.4	304,859	0.5

This fund has no investments in other mutual funds.

Numbers shown include monetary and non-monetary instruments.

Based on the assumption that the Canadian Dollar had risen or fallen by 5% in relation to all other currencies, with all other variables held constant, net assets and results of the fund would have varied by approximately \$823,588 (\$684,144 as at December 31, 2015).

*The accompanying notes are an integral part of these financial statements.*

► Canadian Equity Funds

## NBI Jarislowsky Fraser Select Canadian Equity Fund *(continued)*

*(formerly Jarislowsky Fraser Select Canadian Equity Fund)*

### Funds' Specific Notes

#### Price Risk (Note 5)

The Fund's Benchmark Composition	December 31, 2016		December 31, 2015	
	Impact on Net Assets and Results	Percentage of Net Assets	Impact on Net Assets and Results	Percentage of Net Assets
	\$	%	\$	%
S&P/TSX Index Capped TR (100%)	± 7,865,223	8.8	± 5,700,050	8.7

The impact is presented in the event that the benchmark's performance would rise or fall by 10%, with all variables held constant. This impact is presented on a 36-month historical correlation between the fund's fluctuating performance and the reference index.

#### Concentration Risk (Note 5)

Asset Mix	Percentage of Net Assets as at	
	December 31, 2016	December 31, 2015
	%	%
Canadian Equity	80.1	77.6
Cash, Money Market and Other Net Assets	1.5	2.1
International Equity	5.8	6.7
US Equity	12.6	13.6

#### Fair Value of Financial Instruments Table (Note 5)

December 31, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Common shares	87,879,542	n/a	n/a	87,879,542

During the year ended December 31, 2016, there were no significant transfers of investments between Level 1, Level 2 and Level 3.

December 31, 2015	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Common Shares	64,487,793	n/a	n/a	64,487,793

During the year ended December 31, 2015, there were no significant transfers of investments between Level 1, Level 2 and Level 3.

#### Positions Held by Related Parties (Note 8)

	December 31, 2016		December 31, 2015	
	Units	%	Units	%
Series F5	113	8	107	100
Series T5	113	1	107	100
Private Series	100	-	-	-

#### Brokerage Fees and Soft Dollars (Note 8)

(in thousands canadian dollars)	December 31, 2016	December 31, 2015
	\$	\$
Total Commissions	14	13
Commissions Paid to NBF	1	1

#### Losses (Note 9)

(in thousands canadian dollars)	December 31, 2016	December 31, 2015
	\$	\$
Capital Losses	107	107

► Canadian Equity Funds

# NBI Jarislowsky Fraser Select Canadian Equity Fund (continued)

(formerly Jarislowsky Fraser Select Canadian Equity Fund)

## Schedule of Investments as at December 31, 2016

(in canadian dollars)

	Number of Shares	Average Cost	Fair Value		Number of Shares	Average Cost	Fair Value	
		\$	\$			\$	\$	
<b>Canadian Equities (80.1%)</b>				<b>International Equities (18.4%)</b>				
<b>Consumer Discretionary (7.9%)</b>				<b>Australia (0.3%)</b>				
Aimia Inc.	93,375	1,424,567	829,170	BHP Billiton Ltd., ADR	4,710	303,921	226,243	
Canadian Tire Ltd., Class A	15,595	1,356,927	2,171,916	<b>France (2.4%)</b>				
Corus Entertainment Inc., Class B	40,110	822,431	505,386	AXA	26,190	789,369	887,588	
Gildan Activewear Inc.	53,895	2,102,183	1,837,281	Louis Vuitton Moët Hennessy	1,980	348,849	507,503	
Thomson Reuters Corp.	29,390	1,169,962	1,726,956	Sanofi-Aventis, ADR	8,720	377,011	473,415	
		6,876,070	7,070,709	Schneider Electric SA	3,410	250,200	318,536	
						1,765,429	2,187,042	
<b>Consumer Staples (7.5%)</b>				<b>Germany (1.3%)</b>				
Alimentation Couche-Tard Inc., Class B	40,635	2,322,029	2,473,859	Bayer AG, ADR	2,785	358,525	389,889	
Jean Coutu Group Inc., Class A	25,665	329,019	536,912	Siemens Ag, ADR	4,430	542,287	728,065	
Loblaw Companies Ltd.	24,078	1,137,168	1,705,686			900,812	1,117,954	
Metro Inc.	39,395	781,414	1,582,103	<b>Switzerland (0.8%)</b>				
Saputo Inc.	7,590	313,936	360,601	LafargeHolcim Ltd.	4,400	364,823	310,327	
		4,883,566	6,659,161	Nestlé SA	3,440	214,987	331,264	
				Nestlé SA, ADR	570	35,866	54,897	
<b>Energy (17.4%)</b>						615,676	696,488	
AltaGas Ltd.	27,775	1,114,649	941,572	<b>United Kingdom (1.0%)</b>				
ARC Resources Ltd.	36,325	858,358	839,471	GlaxoSmithKline PLC, ADR	5,050	267,999	261,083	
Cameco Corp.	59,915	1,257,174	841,207	HSBC Holdings PLC, ADR	12,313	652,475	664,184	
Canadian Natural Resources Ltd.	83,516	3,274,313	3,573,650			920,474	925,267	
Cenovus Energy Inc.	99,945	2,737,866	2,028,884	<b>United States (12.6%)</b>				
Crescent Point Energy Corp.	51,229	940,184	934,929	3M Co.	2,660	311,788	638,075	
Enbridge Inc.	58,845	2,717,476	3,324,743	Alphabet Inc., Class A	271	245,042	288,369	
Keyera Corp.	22,125	548,888	895,178	Alphabet Inc., Class C	281	45,760	291,276	
Pembina Pipeline Corporation	21,870	645,669	917,665	Becton Dickinson and Co.	3,020	304,252	671,238	
Vermilion Energy Inc.	21,965	1,387,507	1,240,803	Berkshire Hathaway Inc., Class B	1,150	212,074	251,698	
		15,482,084	15,538,102	Borg Warner Inc.	5,770	348,750	305,511	
				CA Technologies Inc.	13,915	488,317	593,492	
<b>Financials (26.0%)</b>						8,200	791,307	960,382
Bank of Nova Scotia	61,589	3,699,624	4,604,394	Capital One Financial Corp.	2,510	215,792	232,979	
Great-West Lifeco Inc.	41,545	1,191,342	1,461,138	Comcast Corp., Class A	7,960	799,282	686,167	
Industrial Alliance, Insurance & Financial Services Inc.	27,565	1,158,504	1,471,695	DaVita Inc.	6,883	241,521	292,275	
Intact Financial Corp.	19,255	1,387,969	1,850,406	General Electric Co.	2,060	358,069	459,054	
Manulife Financial Corp.	109,130	1,954,945	2,609,298	International Business Machines Corp.	10,630	469,968	886,786	
Royal Bank of Canada	54,873	3,492,120	4,986,310	Microsoft Corp.	14,445	752,874	738,269	
Toronto-Dominion Bank	94,615	4,260,783	6,265,405	Noble Energy Inc.	12,035	439,712	621,236	
		17,145,287	23,248,646	PepsiCo Inc.	3,690	281,382	518,517	
				Quintiles Transnational Holdings Inc.	6,159	587,820	628,816	
<b>Industrials (9.6%)</b>						11,045	419,015	761,858
CAE Inc.	74,960	973,946	1,407,749	US Bancorp	5,180	478,286	564,468	
Canadian National Railway Co.	37,910	1,961,015	3,425,548	Verisk Analytics Inc.	7,840	353,457	871,276	
SNC-Lavalin Group Inc.	42,725	2,223,691	2,469,078	Walgreens Boots Alliance Inc.		8,144,468	11,261,742	
Stantec Inc.	37,530	1,136,157	1,273,018					
		6,294,809	8,575,393	<b>Total International Equities</b>				
						12,650,780	16,414,736	
<b>Information Technology (8.0%)</b>				<b>Total Investments (98.5%)</b>				
CGI Group Inc., Class A	26,140	1,456,295	1,684,462			71,718,572*	87,879,542	
Descartes Systems Group Inc.	43,600	681,115	1,248,268	<b>Cash and Other Net Assets (1.5%)</b>				
DH Corp.	70,460	1,620,668	1,569,849				1,497,987	
Open Text Corp.	31,495	1,454,697	2,611,565	<b>Net Assets (100%)</b>				
		5,212,775	7,114,144				89,377,529	
<b>Materials (2.6%)</b>				<b>Utilities (1.1%)</b>				
CCL Industries Inc., Class B	3,661	844,070	965,772	Innervex Renewable Energy Inc.	68,180	717,470	956,565	
Potash Corporation of Saskatchewan Inc.	55,015	1,611,661	1,336,314					
		2,455,731	2,302,086	<b>Total Canadian Equities</b>				
						59,067,792	71,464,806	

\* Average cost of Investments as of December 31, 2015 is \$57,677,479.

The accompanying notes are an integral part of these financial statements.



### **BANKING**

Simplifying your day-to-day banking transactions.



### **FINANCING**

Helping you carry out the projects that are important to you.



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Customizing solutions and advice for your short-term projects and retirement plans.



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Insuring you and your assets for your peace of mind.



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Making sure your estate is transferred to your loved ones.



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Helping decision-makers grow their business.



**NATIONAL  
BANK**

**INVESTMENTS**