

# Annual Management Report of Fund Performance

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For the period ended December 31, 2016



## **ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

For the period ended December 31, 2016

Short-Term and Income Funds

### **NBI Jarislowsky Fraser Select Income Fund** (formerly Jarislowsky Fraser Select Income Fund)

#### **Notes on forward-looking statements**

This report may contain forward-looking statements concerning the Fund, its future performance, its strategies or prospects or about future events or circumstances. Such forward-looking statements include, among others, statements with respect to our beliefs, plans, expectations, estimates and intentions. The use of the expressions "foresee", "intend", "anticipate", "estimate", "assume", "believe" and "expect" and other similar terms and expressions indicate forward-looking statements.

By their very nature, forward-looking statements imply the use of assumptions and necessarily involve inherent risks and uncertainties. Consequently, there is a significant risk that the explicit or implicit forecasts contained in these forward-looking statements might not materialize or that they may not prove to be accurate in the future. A number of factors could cause future results, conditions or events to differ materially from the objectives, expectations, estimates or intentions expressed in such forward-looking statements. Such differences might be caused by several factors, including changes in Canadian and worldwide economic and financial conditions (in particular interest and exchange rates and the prices of other financial instruments), market trends, new regulatory provisions, competition, changes in technology and the potential impact of conflicts and other international events.

The foregoing list of factors is not exhaustive. Before making any investment decision, investors and others relying on our forward-looking statements should carefully consider the foregoing factors and other factors. We caution readers not to rely unduly on these forward-looking statements. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so provides.

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This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-888-270-3941 or 514-871-2082, by writing to us at National Bank Investments Advisory Service, 500, Place d'Armes, 12th floor, Montreal, Quebec, H2Y 2W3, by visiting our website at [www.nbc.ca/financial\\_reports](http://www.nbc.ca/financial_reports), by visiting SEDAR's website at [www.sedar.com](http://www.sedar.com), or by contacting your advisor. You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The NBI Jarislowsky Fraser Select Income Fund's investment objective is to provide regular income and to achieve moderate capital growth by investing, directly and indirectly, in a diversified portfolio comprised primarily of Canadian fixed income and equity securities.

The portfolio manager analyzes investment-grade fixed-income securities denominated in Canadian or foreign currency and invests this portion of the fund mainly in corporate and government bonds. The Fund may also invest in equity securities, such as common and preferred shares and the portfolio manager selects mainly high quality equities of Canadian issuers. The Fund may invest approximately 30% of its net assets in equity or fixed-income securities of foreign issuers.

### Risks

The global investment risk of the Fund remains as described in the simplified prospectus or any amendments thereto and Fund Facts.

### Results of Operations

For the twelve-month period ended December 31, 2016, the NBI Jarislowsky Fraser Select Income Fund's Advisor Series units returned 5.89% compared to 6.28% for the Fund's blended benchmark. The broad-based index, the FTSE TMX Canada Universe Bond Index (CAD), returned 1.66%. Please see the *Past Performance* section for the returns of all of the Fund's series, which may vary mainly because of fees and expenses.

The Fund's net asset value rose by 18% over the period, from \$179.6 million as at December 31, 2015 to \$212.5 million as at December 31, 2016.

The increase stemmed mainly from unit purchases by investors in the Fund.

Markets were beleaguered with periods of heightened volatility in 2016, as various events such as the emerging market crisis at the onset of the year, the "Brexit" vote (the U.K.'s exit from the European Union) and the U.S. presidential elections weighed on overall sentiment. Despite these uncertainties, global equities yielded strong returns during the year, with every sector of the economy but Health Care posting gains.

Global equities on the whole started the year off poorly amid weaker-than-expected U.S. economic data and fears of a global economic slowdown due to China. The European Central Bank ("ECB") announced that it was expanding its asset purchasing program to 80 billion euros per month starting in April. The ECB's actions, as well as higher oil and gold prices and a dovish U.S. Federal Reserve (the "Fed") allowed market sentiment to improve and equities to recover most of their losses in the first quarter.

The rally in global stocks slowed a few weeks before the Brexit referendum vote, with uncertainty at its peak for the future of the United Kingdom's membership in the European Union ("EU"). Britain's vote to leave the EU triggered a flight to quality which greatly benefited U.S. equities.

For their part, U.S. stocks experienced rising volatility once again in the weeks leading up to the U.S. elections and investor's sentiment that a possible Trump victory could be devastating for the economy. The outcome of the election brought the exact opposite of what most analysts had anticipated, sending gold prices plunging in anticipation of increased growth for the U.S. economy under Trump and his fiscal stimulus projects. On the central bank front, the Fed hiked the federal funds rate by a quarter of a percentage point in December after holding off on interest rate hikes throughout the year.

Meanwhile, Canadian equities had a great year in 2016 due to a rebound in oil prices. An agreement among the Organization of Petroleum Exporting Countries (OPEC) members to cut oil production in 2017, with even a few non-members such as Russia joining in on the deal a few days later, sent oil prices surging.

In Canada, the FTSE TMX Canada Universe Index ended the year in positive territory, with long-term bonds outpacing their shorter-term counterparts. Under these circumstances, corporate bonds outperformed provincial, municipal and federal bonds. Federal bonds, in particular, displayed a modest showing throughout the year due to a drastic rise in interest rates in the fourth quarter.

Given this context, the Fund failed to keep up with its benchmark due in part to the allocation effect. Having an excess position in Health Care, along with an underweight position in Materials detracted from performance.

Regarding the Fund's fixed income allocation, an overweight position in corporate bonds positively contributed to performance, being one of the best performing constituents in the fixed income universe this year. In addition, inflation-linked bonds posted very strong relative returns as inflation expectations rose with the improving growth outlook.

Regarding the Fund's Canadian equity component, it was lucrative given the strong performance of this asset class throughout the year. The Fund, at the end of the year, had an overweight position in Consumer Staples, Industrials and Health Care.

### Recent Developments

Regarding the Fund's key transactions in fixed income, positions were initiated in Wells Fargo Canada Corp., Royal Bank of Canada and the Province of Ontario, to name a few. Throughout the year, the Fund also exited several names including Enbridge Gas Distribution Inc., Shaw Communications Inc. and Canada Housing Trust.

Within equities, the Fund initiated positions in Microsoft Corporation and Comcast Corporation, to name a few. Positions in Suncor Energy Inc., Sanofi ADR and Corus Entertainment Inc., among others, were liquidated.

Going forward, the portfolio manager states that despite the positive outlook, there are plenty of events that could derail stock markets. Political upheaval in the euro zone, the civil war in Syria, and renegotiation of trade deals such as NAFTA could have very negative effects on global trade.

From an investment standpoint he understands that this cannot be controlled and that the most important step in structuring a portfolio is to ensure a sufficient level of diversification – by asset class, geography and sector. As interest rates rise, bond returns are likely to be lower than those experienced since the end of the financial crisis. He reiterates that in order to generate the level of balanced fund returns we have seen in the past 10 years, equity returns will have to be higher than the recent trend. As a result, he will likely continue to hold a higher weight in equities through the remainder of this cycle than he typically has at the same point in previous cycles. He believes he can use the experience and skill in fundamental analysis to build a portfolio of the best companies that will provide an above benchmark return, at below average risk.

On August 31, 2016, the Jarislowsky Fraser Select Income Fund was renamed NBI Jarislowsky Fraser Select Income Fund.

The Fund's blended benchmark was changed in 2016. Formerly, the blended benchmark was composed of the FTSE TMX Canada Universe Bond Index (CAD) (75%) and the S&P/TSX Capped Composite Index (CAD) (25%). The new blended benchmark is composed of the FTSE TMX Canada Universe Bond Index (CAD) (70%), the S&P/TSX Capped Composite Index (CAD) (25%) and the FTSE TMX Canada 91 Day T-Bill Index (CAD) (5%).

### Related Party Transactions

National Bank of Canada ("the Bank") and its affiliated companies' roles and responsibilities related to the Fund are as follows:

#### Trustee, Custodian and Registrar

Natcan Trust Company ("NTC"), a direct or indirect wholly-owned subsidiary of the Bank, is the Fund's trustee. In this capacity, it is the legal owner of the Fund's investments.

NTC also acts as registrar and custodian for the Fund and is remunerated by the Fund manager for these services.

#### Fund Manager

The Fund is managed by National Bank Investments Inc. ("NBII"), which is a wholly-owned subsidiary of the Bank. Therefore, NBII provides or ensures the provision of all general management and administrative services required by the Fund's current operations, including investment consulting, the arrangement of brokerage contracts for the purchase and sale of the investment portfolio, bookkeeping and other administrative services required by the Fund.

The Fund reimbursed NBII for operating expenses, at cost, incurred in administering the Fund, including trustee, recordkeeping, custodial, legal, audit, investor servicing, and securityholder reporting fees.

As described under the heading *Management Fees*, the Fund pays annual management fees to NBII as consideration for its services.

#### Distribution and Dealer Compensation

Fund securities are offered by National Bank Direct Brokerage Inc., CABN Investments Inc. National Bank Financial Inc. and other affiliated entities. Each month, brokers receive a commission representing a percentage of the average daily value of the securities held by their clients.

#### Brokerage Fees

The Fund may pay broker's commissions at market rates to a corporation affiliated with NBII. The brokerage fees paid by the Fund for the period are as follows:

	Period ended December 31, 2016
<b>Total brokerage fees</b>	\$23,818.18
<b>Brokerage fees paid to National Bank Financial</b>	-

#### Independent Review Committee Approvals and Recommendations

The Fund followed the standing instructions of its Independent Review Committee with respect to one or more of the following transactions:

- Purchasing or holding the securities of a related issuer, in particular, those of National Bank of Canada;
- Investing in the securities of an issuer when an entity related to the manager acts as an underwriter for the placement or at any time during the 60-day period after the end of the placement;
- Purchasing or selling securities to another investment fund managed by the manager or a company in the same group;
- Purchasing or selling debt securities on the secondary market, through related brokers that are main brokers in the Canadian debt securities market (in accordance with an exemption received from the Canadian Securities Administrators);
- Entering into foreign exchange transactions (including both spot transactions and forward transactions) with National Bank of Canada.

The manager has implemented policies and procedures to make sure that the conditions applicable to each of the above transactions are met. The applicable standing instructions require that these transactions be carried out in accordance with NBII policies, which specify, in particular, that investment decisions pertaining to these related party transactions must be made free from any influence by an entity related to NBII and without taking into account any consideration relevant to an entity related to NBII. Furthermore, the investment decisions must represent the business judgment of the securities advisor, uninfluenced by considerations other than the best interest of the Fund and must achieve a fair and reasonable result for the Fund.

#### Registered Plan Trust Services

NTC receives a fixed amount per registered account for services provided as trustee for registered plans.

#### Administrative and Operating Services

The provision of certain services was delegated by the Fund manager, NBII, to National Bank Trust Inc. ("NBT"), a wholly-owned indirect subsidiary of the Bank. These include accounting, reporting and portfolio valuation services. The fees incurred for these services are paid to NBT by the Fund manager.

#### Management Fees

The Fund pays annual management fees to the Fund manager for its management services. The fees are calculated based on a percentage of the Fund's daily net asset value before applicable taxes and are paid on a monthly basis. A portion of the management fees paid by the Fund covers maximum annual trailer fees and sales commissions paid to brokers. The remainder of the management fees primarily covers investment management and general administration services. The breakdown of major services provided in consideration of the management fees, expressed as an approximate percentage of the management fees is as follows:

Series	Management Fees	Distribution	Others <sup>†</sup>
Advisor Series*			
Front-end load	1.40%	53.57%	46.43%
Low load - 1 to 3 years	1.40%	17.86%	82.14%
Low load - 4 years and more	1.40%	53.57%	46.43%
Series E	0.65%	-	100.00%
Series F	0.65%	-	100.00%

<sup>(\*)</sup>Includes all costs related to management, investment advisory services, general administration and profit.

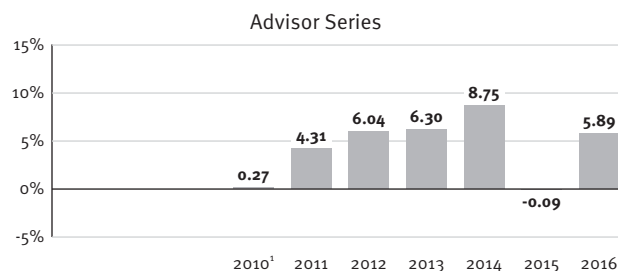
<sup>(†)</sup>Excluding sales commissions paid on the Advisor Series with the low sales charge option, which are not included in the management fees.

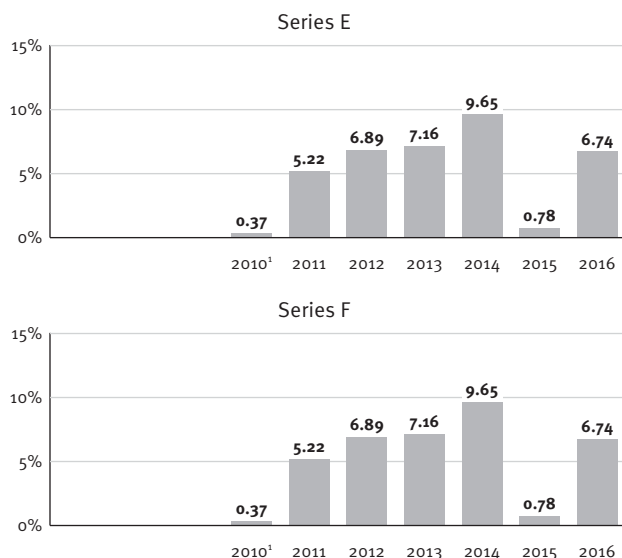
#### Past Performance

The performance of each series of the Fund presented below is calculated as of December 31 of each year. It assumes that all distributions made in the periods shown were reinvested in additional securities and does not take into account sales, redemption charges, distributions, or optional charges that would have reduced returns. Past performance of a series of a Fund does not necessarily indicate how it will perform in the future.

#### Annual Returns

The bar charts indicate the performance for each the Fund's series in existence greater than one year during the years shown, and illustrate how the performance has changed from year to year. They show, in percentage terms, how much an investment made on January 1 (or made commencing from the start of the series) would have grown or decreased by December 31 of that year, or by June 30, as applicable.





<sup>1</sup>Returns for the period of October 7, 2010 (commencement of operations) to December 31, 2010.

### Annual Compounded Performance

The following table shows the Fund's annual compound returns for each series in existence greater than one year and for each of the periods ended on December 31, 12, compared with the following benchmarks:

The blended benchmark (the "Benchmark") is composed of:

- FTSE TMX Canada Universe Bond Index (CAD) (75%)
- S&P/TSX Capped Composite Index (CAD) (25%)

The broad-based index is the FTSE TMX Canada Universe Bond Index (CAD).

### NBI Jarislowsky Fraser Select Income Fund

	1 year	3 years	5 years	10 years	Since inception
<b>Advisor Series<sup>1</sup></b>	5.89%	4.78%	5.34%	–	5.01%
Benchmark	6.28%	5.30%	4.54%	–	4.88%
Broad-based index	1.66%	4.61%	3.22%	–	4.14%
<b>Series E<sup>1</sup></b>	6.74%	5.66%	6.20%	–	5.87%
Benchmark	6.28%	5.30%	4.54%	–	4.88%
Broad-based index	1.66%	4.61%	3.22%	–	4.14%
<b>Series F<sup>1</sup></b>	6.74%	5.66%	6.20%	–	5.87%
Benchmark	6.28%	5.30%	4.54%	–	4.88%
Broad-based index	1.66%	4.61%	3.22%	–	4.14%

<sup>1</sup>Commencement of operations: October 7, 2010

A discussion of the Fund's relative performance in comparison to the index (or indices) can be found in the *Results of Operations* Section of this report.

### Index Descriptions

The **FTSE TMX Canada Universe Bond Index** is composed of over 900 bonds with a term to maturity of more than one year and reflects the Canadian Bond market.

The **S&P/TSX Capped Composite Index** is a subset of the S&P/TSX and reflects share price fluctuations of a group of companies listed on the Toronto Stock Exchange (TSX) and weighted by market capitalization.

The composition of the blended benchmark was modified to better reflect the categories of assets in which the Fund invests. The information related to the previous benchmarks is presented below.

The previous blended benchmark (the "Benchmark") is composed of:

- FTSE TMX Canada Universe Bond Index (CAD) (70%)
- S&P/TSX Capped Composite Index (CAD) (25%)
- FTSE TMX Canada 91 Day T-Bill Index (CAD) (5%)

The broad-based index remain the FTSE TMX Canada Universe Bond Index (CAD).

### NBI Jarislowsky Fraser Select Income Fund

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<sup>1</sup>Commencement of operations: October 7, 2010

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the accounting periods shown.

### Advisor Series

Net Assets per Unit <sup>(1)</sup>					
Accounting Period Ended	2016 December 31	2015 December 31	2014 December 31	2013 December 31	2012 December 31
	\$	\$	\$	\$	\$
Net Assets, Beginning of Accounting Period Shown <sup>(4)</sup>	10.43	10.87	10.40	10.17	9.96
<b>Increase (Decrease) from Operations</b>					
Total revenue	0.36	0.38	0.38	0.38	0.41
Total expenses	(0.17)	(0.18)	(0.17)	(0.17)	(0.16)
Realized gains (losses)	0.13	0.02	0.07	0.05	0.07
Unrealized gains (losses)	0.27	(0.28)	0.57	0.30	0.28
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>0.59</b>	<b>(0.06)</b>	<b>0.85</b>	<b>0.56</b>	<b>0.60</b>
<b>Distributions</b>					
From net investment income (excluding dividends)	0.09	0.09	0.09	0.10	0.14
From dividends	0.10	0.11	0.10	0.11	0.11
From capital gains	0.01	—	0.01	—	—
Return of capital	0.23	0.24	0.23	0.19	0.16
<b>Total Annual Distributions<sup>(3)</sup></b>	<b>0.43</b>	<b>0.44</b>	<b>0.43</b>	<b>0.40</b>	<b>0.41</b>
<b>Net Assets, End of Accounting Period Shown<sup>(4)</sup></b>	<b>10.61</b>	<b>10.43</b>	<b>10.87</b>	<b>10.40</b>	<b>10.15</b>

<sup>1</sup> This information is derived from the Fund's Annual Audited Financial Statements. The net assets per unit presented in the financial statements might differ from the net asset value calculated for fund pricing purposes. The differences are explained in the notes to the financial statements.

<sup>2</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the average number of units outstanding over the accounting period. The detailed calculation of the total Increase (Decrease) from Operations as at December 31, 2015 has been adjusted to reflect the proper allocation between the following items: Total revenue, Total expenses, Realized gain (losses) and/or Unrealized gain (losses). It is a non-material correction related to a programming error in the ratio calculation.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.

<sup>4</sup> The net assets value at the end of the 2012 accounting period may differ from the value at the beginning of the 2013 accounting period. Since January 1, 2013, the net assets are calculated in accordance with IFRS. Previously, it was the accounting principles as set out in Part V of the CPA Canada Handbook - Accounting ("Canadian GAAP").

### Ratios and Supplemental Data

Accounting Period Ended	2016 December 31	2015 December 31	2014 December 31	2013 December 31	2012 December 31
Total net asset value (ooo's of \$) <sup>(1)</sup>	125,323	116,553	85,863	45,262	24,024
Number of units outstanding <sup>(1)</sup>	11,810,192	11,172,700	7,900,779	4,353,911	2,362,223
Management expense ratio (%) <sup>(2)</sup>	1.62	1.63	1.62	1.66	1.63
Management expense ratio before waivers or absorptions (%)	1.63	1.63	1.63	1.66	1.69
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.01	0.01	0.02
Portfolio turnover rate (%) <sup>(4)</sup>	39.74	15.95	20.89	19.77	35.62
Net asset value per unit (\$)	10.61	10.43	10.87	10.40	10.17

<sup>1</sup> This information is provided as at the last day of the accounting period shown.

<sup>2</sup> Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period. The trading expense ratio includes, if necessary, the trading expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106. Since calculating an average daily allocation of the trading expenses would take considerable effort, an average monthly allocation has been used instead for the accounting periods prior to 2016.

<sup>4</sup> The Fund's portfolio turnover rate indicates how actively the Fund portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher a Fund's portfolio turnover rate in an accounting period, the greater the trading costs payable by the Fund in the accounting period, and the greater the chance of an investor receiving taxable capital gains in the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

## Financial Highlights

### Series F/E

Net Assets per Unit<sup>(1)</sup>

Accounting Period Ended	2016 December 31 \$	2015 December 31 \$	2014 December 31 \$	2013 December 31 \$	2012 December 31 \$
Net Assets, Beginning of Accounting Period Shown <sup>(4)</sup>	10.92	11.28	10.69	10.36	10.06
<b>Increase (Decrease) from Operations</b>					
Total revenue	0.38	0.40	0.39	0.39	0.42
Total expenses	(0.09)	(0.09)	(0.09)	(0.09)	(0.08)
Realized gains (losses)	0.14	0.02	0.07	0.05	0.07
Unrealized gains (losses)	0.29	(0.31)	0.60	0.33	0.29
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>0.72</b>	<b>0.02</b>	<b>0.97</b>	<b>0.68</b>	<b>0.70</b>
<b>Distributions</b>					
From net investment income (excluding dividends)	0.19	0.18	0.18	0.19	0.22
From dividends	0.10	0.12	0.10	0.11	0.11
From capital gains	0.01	—	0.01	—	—
Return of capital	0.15	0.16	0.14	0.10	0.07
<b>Total Annual Distributions<sup>(3)</sup></b>	<b>0.45</b>	<b>0.46</b>	<b>0.43</b>	<b>0.40</b>	<b>0.40</b>
<b>Net Assets, End of Accounting Period Shown<sup>(4)</sup></b>	<b>11.20</b>	<b>10.92</b>	<b>11.28</b>	<b>10.69</b>	<b>10.34</b>

<sup>1</sup> This information is derived from the Fund's Annual Audited Financial Statements. The net assets per unit presented in the financial statements might differ from the net asset value calculated for fund pricing purposes. The differences are explained in the notes to the financial statements.

<sup>2</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the average number of units outstanding over the accounting period.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.

<sup>4</sup> The net assets value at the end of the 2012 accounting period may differ from the value at the beginning of the 2013 accounting period. Since January 1, 2013, the net assets are calculated in accordance with IFRS. Previously, it was the accounting principles as set out in Part V of the CPA Canada Handbook - Accounting ("Canadian GAAP").

### Ratios and Supplemental Data

Accounting Period Ended	2016 December 31	2015 December 31	2014 December 31	2013 December 31	2012 December 31
Total net asset value (000's of \$) <sup>(1)</sup>	87,218	63,016	49,582	27,337	18,487
Number of units outstanding <sup>(1)</sup>	7,787,501	5,772,345	4,396,412	2,557,879	1,784,155
Management expense ratio (%) <sup>(2)</sup>	0.79	0.81	0.81	0.85	0.81
Management expense ratio before waivers or absorptions (%)	0.80	0.81	0.81	0.85	0.82
Trading expense ratio (%) <sup>(3)</sup>	0.01	0.01	0.01	0.01	0.02
Portfolio turnover rate (%) <sup>(4)</sup>	39.74	15.95	20.89	19.77	35.62
Net asset value per unit (\$)	11.20	10.92	11.28	10.69	10.36

<sup>1</sup> This information is provided as at the last day of the accounting period shown.

<sup>2</sup> Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period.

<sup>3</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period. The trading expense ratio includes, if necessary, the trading expenses from its underlying funds, as described in Article 15.2 of Regulation 81-106. Since calculating an average daily allocation of the trading expenses would take considerable effort, an average monthly allocation has been used instead for the accounting periods prior to 2016.

<sup>4</sup> The Fund's portfolio turnover rate indicates how actively the Fund portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher a Fund's portfolio turnover rate in an accounting period, the greater the trading costs payable by the Fund in the accounting period, and the greater the chance of an investor receiving taxable capital gains in the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

## Summary of Investment Portfolio

As of December 31, 2016

### Portfolio Top Holdings

	% of Net Asset Value
Province of Ontario, 2.40%, due June 2, 2026	3.0
TransCanada Corp., 4.90%, Series 15	3.0
Government of Canada, 1.50%, due June 1, 2026	2.7
Cash, Money Market and Other Net Assets	2.6
Toronto-Dominion Bank	2.0
Royal Bank of Canada, 2.86%, due March 4, 2021	1.8
Toronto-Dominion Bank, 4.85%, Series 14	1.8
Bank of Nova Scotia, 5.50%, Series 36	1.7
Royal Bank of Canada, 5.50%, Series BM	1.7
Royal Bank of Canada	1.6
Bank of Nova Scotia	1.5
Bell Canada, 4.95%, due May 19, 2021	1.5
Province of Ontario, 2.60%, due June 2, 2025	1.5
Government of Canada, 1.25%, due December 1, 2047	1.4
Province of Ontario, 6.50%, due March 8, 2029	1.4
Scotiabank Capital Trust, Floating, due June 30, 2108	1.4
Intact Financial Corp., 4.70%, due August 18, 2021	1.3
Province of Ontario, 1.95%, due January 27, 2023	1.3
Canadian Imperial Bank of Commerce, 1.70%, due October 9, 2018	1.2
Enbridge Inc.	1.2
National Grid Electricity Transmission PLC, 2.90%, due November 26, 2019	1.2
TransCanada Pipelines Ltd., 4.55%, due November 15, 2041	1.2
Wells Fargo & Co., 3.87%, due May 21, 2025	1.2
Anheuser-Busch Companies Inc., 3.38%, due January 25, 2023	1.1
Canadian Natural Resources Ltd.	1.0
	41.3

Net asset value ..... \$212,540,739

### Asset Mix

	% of Net Asset Value
Corporate Bonds	35.1
Canadian Equity	20.9
Provincial Bonds	13.9
Preferred Shares	10.7
Federal Bonds	6.3
Foreign Bonds	3.8
US Equity	3.6
International Equity	2.3
Municipal Bonds	0.8
Cash, Money Market and Other Net Assets	2.6

The above table shows the top 25 positions held by the Fund. In the case of a Fund with fewer than 25 positions, all positions are indicated.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the investment Fund. A quarterly update is available. Please consult our Web site at [www.nbc.ca/financial\\_reports](http://www.nbc.ca/financial_reports).





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