



## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2017

Diversified Funds

### **NBI Jarislowsky Fraser Select Balanced Fund** (formerly Jarislowsky Fraser Select Balanced 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 interim management report of fund performance contains financial highlights, but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim 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

### Results of Operations

For the six-month period ended June 30, 2017, the NBI Jarislowsky Fraser Select Balanced Fund's Advisor Series units returned 1.14% compared to 3.00% for the Fund's blended benchmark. The broad-based indices, the FTSE TMX Canada Universe Bond Index (CAD) and the S&P/TSX Capped Composite Index (CAD), returned 2.36% and 0.74% respectively. Unlike the indices, the Fund's performance is calculated after fees and expenses. 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 10% over the period, from \$176.7 million as at December 31, 2016 to \$194.8 million as at June 30, 2017.

Certain series of the Fund, as applicable, may make distributions at a rate determined by the manager. This rate may change from time to time. If the aggregate amount of distributions in such series exceeds the portion of net income and net realized capital gains allocated to such series, the excess will constitute a return of capital. The manager does not believe that the return of capital distributions made by such series of the Portfolio have a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objective.

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

Regarding fixed income, bond markets posted gains since the beginning of the year in several regions of the world, despite two key rate increases by the U.S. Federal Reserve and a change in rhetoric from some of the world's major central banks in June. Against this backdrop, bond performance was mixed in terms of region and issuer credit quality. Emerging market bonds, high-yield bonds and Investment grade corporate bonds were among the best performing issues. However, the bonds of several European countries (except Portugal) and the Asia/Pacific region (Japan, China and South Korea in particular) displayed the least lucrative performances.

In Canada, the FTSE TMX Canada Universe Bond Index ended the period on a positive note, with longer-term bonds outperforming those with shorter maturities. Provincial and municipal bonds performed better than corporate and federal bonds. Among corporate bonds, the Infrastructure and Energy sectors outperformed, as did A-rated issues. The Financials sector and investment grade issuers rated AAA/AA, on the other hand, posted modest returns.

Canadian equities displayed a lackluster showing in the first half of the year, as the S&P/TSX Composite Index closed the period with modest gains. Small-cap equities also faced a series of headwinds, pulling back over the first six months of the year. While the year had started off quite well, rising uncertainty surrounding the North American Free Trade Agreement helped reverse the gains the Canadian equity market had achieved at the onset of the period.

On a positive note, some sectors performed very well, particularly Utilities, Industrials, Consumer Discretionary and Information Technology.

Given this context, the Fund failed to keep up with its benchmark due in part to the allocation effect. The negative tone came from the fixed income component of the Fund underperforming, in relative terms, over the first six months of 2017. The Energy sector's weak performance also hindered returns for the Fund.

Regarding the Fund's equity component, both Canadian and U.S. holdings within the Fund generated positive returns. Positive contribution to performance came from the Health Care positions within the Fund, with names like Bayer AG and Becton Dickinson.

The fixed income component of the Fund has duration pegged at seven years and three months, while the equity exposure of the Fund is overweight Industrials, Information Technology, Health Care and Consumer Staples.

### Recent Developments

Regarding the Fund's key transactions in fixed income, positions were initiated in Anheuser-Busch Inbev and Government of Canada bonds. Throughout the same period, the Fund also exited several names including Molson Coors International LP., Toronto Dominion Bank, Westcoast Energy Ltd., Bank of Nova Scotia, AltaGas Ltd., Hydro One, Cogeco Cable Inc. and Industrial Alliance.

Within equities, the Fund initiated a position in Roche Holdings Limited American Depositary Receipts (ADR). Positions in BHP Billiton Limited ADR, Corus Entertainment Inc. and Sanofi ADR were liquidated.

Moving forward, the portfolio manager feels that in Canada, investors will be looking at the effect of expected interest rate increases on the housing market in Vancouver and Toronto, but will also consider how the large amount of consumer debt, most of which is at variable rates, affects consumer spending. He cites that the banks are well provisioned, but that there will undoubtedly be some effect on their consumer loan portfolios. In addition, commodity prices, especially oil and natural gas, will have an outsized influence on the performance of Canadian markets.

In the U.S., the Information Technology sector has led the markets in 2017. While the portfolio manager feels this is unlikely to carry on, at least at this pace, he continues to carry a meaningful weight in the sector. How the economy performs in the face of rising interest rates is obviously an important factor to watch.

Allocations to equities, especially foreign, have been near the high end of allowable ranges for a number of years. The portfolio manager has occasionally made slight reductions to lower risk but these have generally been somewhat masked by the relatively strong performance of stocks over subsequent periods. Looking forward, not only are the markets nine years into this bullish phase, but there is also an increasing list of potential challenges that could potentially derail them. Some are fundamental, such as high valuations and rising interest rates, while some are broader in scope and less obvious as to their impact, such as terrorism, travel bans, trade negotiations, geopolitics and elections. Given this, he feels that risk or volatility, therefore, is on the rise.

### 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. ("NBI"), which is a wholly-owned subsidiary of the Bank. Therefore, NBI 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 NBI 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 NBI 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 NBI. The brokerage fees paid by the Fund for the period are as follows:

	Period ended June 30, 2017
<b>Total brokerage fees</b>	\$15,320.96
<b>Brokerage fees paid to National Bank Financial</b>	-

### 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, NBI, 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 and Series T5*			
Front-end load	1.70%	58.82%	41.18%
Low load - 1 to 3 years	1.70%	29.41%	70.59%
Low load - 4 years and more	1.70%	58.82%	41.18%
Series E	0.70%	-	100.00%
Series F and Series F5	0.70%	-	100.00%

<sup>†</sup>Includes all costs related to management, investment advisory services, general administration and profit.

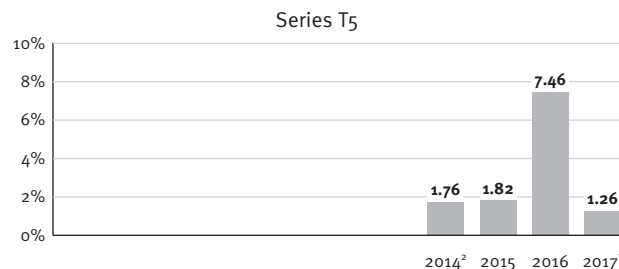
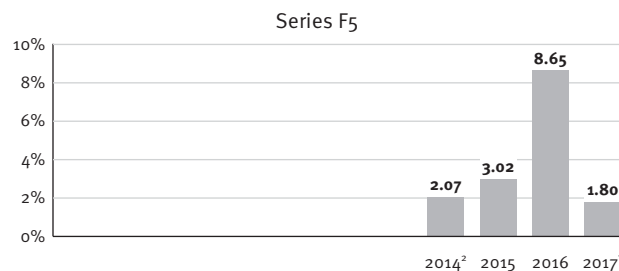
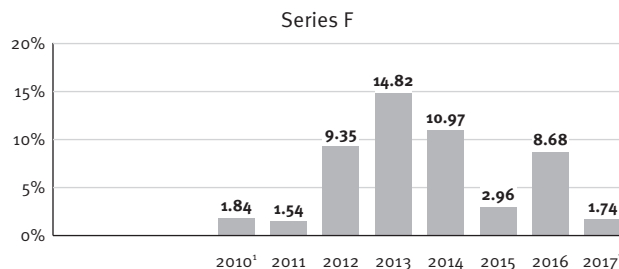
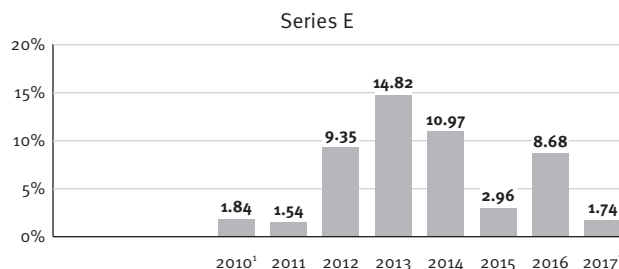
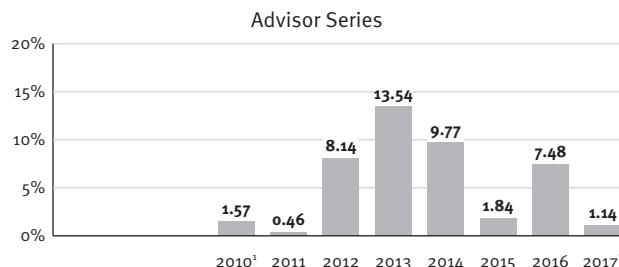
<sup>\*</sup>Excluding sales commissions paid on the Advisor Series and Series T5 with the low sales charge option, which are not included in the management fees.

## Past Performance

The performance of each series of the Fund presented below are calculated as of December 31 of each year. They assume 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 the 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.

<sup>2</sup>Returns for the period of September 30, 2014 (commencement of operations) to December 31, 2014.

<sup>†</sup>Returns for the period from January 1, 2017 to June 30, 2017.

## 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	2017 June 30 \$	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>	13.60	12.76	12.87	11.87	10.69	10.02
<b>Increase (Decrease) from Operations</b>						
Total revenue	0.19	0.37	0.40	0.40	0.37	0.36
Total expenses	(0.14)	(0.26)	(0.27)	(0.26)	(0.23)	(0.20)
Realized gains (losses)	(0.10)	0.08	0.28	0.24	0.17	0.14
Unrealized gains (losses)	0.21	0.77	(0.25)	0.72	1.14	0.52
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>0.16</b>	<b>0.96</b>	<b>0.16</b>	<b>1.10</b>	<b>1.45</b>	<b>0.82</b>
<b>Distributions</b>						
From net investment income (excluding dividends)	—	—	—	—	0.01	—
From dividends	0.05	0.11	0.13	0.12	0.17	0.16
From capital gains	—	—	0.22	0.04	0.08	—
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions<sup>(3)</sup></b>	<b>0.05</b>	<b>0.11</b>	<b>0.35</b>	<b>0.16</b>	<b>0.26</b>	<b>0.16</b>
<b>Net Assets, End of Accounting Period Shown<sup>(4)</sup></b>	<b>13.71</b>	<b>13.60</b>	<b>12.76</b>	<b>12.87</b>	<b>11.87</b>	<b>10.67</b>

<sup>1</sup> This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited 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	2017 June 30	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>	93,432	88,811	79,485	56,869	28,752	15,859
Number of units outstanding <sup>(1)</sup>	6,814,189	6,532,368	6,228,773	4,419,942	2,421,579	1,483,524
Management expense ratio (%) <sup>(2)</sup>	2.03	2.00	2.02	2.04	2.04	1.94
Management expense ratio before waivers or absorptions (%)	2.03	2.01	2.02	2.04	2.09	2.08
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.01	0.03	0.03	0.03	0.01
Portfolio turnover rate (%) <sup>(4)</sup>	13.05	18.73	17.04	14.12	22.31	24.03
Net asset value per unit (\$)	13.71	13.60	12.76	12.87	11.87	10.69

<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	2017 June 30 \$	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>	13.85	12.99	13.09	12.06	10.73	10.05
<b>Increase (Decrease) from Operations</b>						
Total revenue	0.19	0.38	0.41	0.41	0.37	0.36
Total expenses	(0.06)	(0.12)	(0.12)	(0.12)	(0.11)	(0.09)
Realized gains (losses)	(0.10)	0.09	0.28	0.24	0.17	0.14
Unrealized gains (losses)	0.20	0.84	(0.28)	0.73	1.16	0.51
<b>Total Increase (Decrease) from Operations <sup>(2)</sup></b>	<b>0.23</b>	<b>1.19</b>	<b>0.29</b>	<b>1.26</b>	<b>1.59</b>	<b>0.92</b>
<b>Distributions</b>						
From net investment income (excluding dividends)	0.04	0.07	0.01	0.06	0.05	0.09
From dividends	0.08	0.17	0.26	0.19	0.13	0.17
From capital gains	—	—	0.23	0.04	0.08	—
Return of capital	—	—	—	—	—	—
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>0.12</b>	<b>0.24</b>	<b>0.50</b>	<b>0.29</b>	<b>0.26</b>	<b>0.26</b>
<b>Net Assets, End of Accounting Period Shown <sup>(4)</sup></b>	<b>13.97</b>	<b>13.85</b>	<b>12.99</b>	<b>13.09</b>	<b>12.06</b>	<b>10.72</b>

<sup>1</sup> This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited 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	2017 June 30	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>	95,928	85,099	58,466	41,113	23,892	13,230
Number of units outstanding <sup>(1)</sup>	6,864,694	6,143,582	4,502,692	3,141,969	1,981,286	1,232,319
Management expense ratio (%) <sup>(2)</sup>	0.90	0.87	0.90	0.92	0.92	0.87
Management expense ratio before waivers or absorptions (%)	0.91	0.87	0.90	0.92	0.92	0.89
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.01	0.03	0.03	0.03	0.01
Portfolio turnover rate (%) <sup>(4)</sup>	13.05	18.73	17.04	14.12	22.31	24.03
Net asset value per unit (\$)	13.97	13.85	12.98	13.09	12.06	10.74

<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 F5

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

Accounting Period Ended	2017 June 30	2016 December 31	2015 December 31	2014 December 31 (92 days)
	\$	\$	\$	\$
Net Assets, Beginning of Accounting Period Shown <sup>(4)</sup>	10.16	9.84	10.07	10.00
<b>Increase (Decrease) from Operations</b>				
Total revenue	0.14	0.28	0.30	0.09
Total expenses	(0.05)	(0.09)	(0.09)	(0.02)
Realized gains (losses)	(0.08)	0.07	0.16	0.11
Unrealized gains (losses)	0.08	0.84	(0.41)	0.03
<b>Total Increase (Decrease) from Operations <sup>(2)</sup></b>	<b>0.09</b>	<b>1.10</b>	<b>(0.04)</b>	<b>0.21</b>
<b>Distributions</b>				
From net investment income (excluding dividends)	0.03	0.05	0.01	0.01
From dividends	0.05	0.11	0.17	0.03
From capital gains	—	—	0.04	0.01
Return of capital	0.17	0.33	0.33	0.08
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>0.25</b>	<b>0.49</b>	<b>0.55</b>	<b>0.13</b>
<b>Net Assets, End of Accounting Period Shown <sup>(4)</sup></b>	<b>10.09</b>	<b>10.16</b>	<b>9.84</b>	<b>10.07</b>

<sup>1</sup> This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited 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 are calculated in accordance with IFRS.

### Ratios and Supplemental Data

Accounting Period Ended	2017 June 30	2016 December 31	2015 December 31	2014 December 31 (92 days)
Total net asset value (000's of \$) <sup>(1)</sup>	4,312	2,570	401	1
Number of units outstanding <sup>(1)</sup>	427,450	252,914	40,809	101
Management expense ratio (%) <sup>(2)</sup>	0.92	0.88	0.90	0.83
Management expense ratio before waivers or absorptions (%)	0.92	0.88	0.90	0.83
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.01	0.03	0.03
Portfolio turnover rate (%) <sup>(4)</sup>	13.05	18.73	17.04	14.12
Net asset value per unit (\$)	10.09	10.16	9.83	10.07

<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 T5

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

Accounting Period Ended	2017 June 30	2016 December 31	2015 December 31	2014 December 31 (92 days)
	\$	\$	\$	\$
Net Assets, Beginning of Accounting Period Shown <sup>(4)</sup>	9.80	9.59	10.04	10.00
<b>Increase (Decrease) from Operations</b>				
Total revenue	0.14	0.27	0.31	0.09
Total expenses	(0.10)	(0.19)	(0.21)	(0.05)
Realized gains (losses)	(0.09)	0.06	0.23	0.11
Unrealized gains (losses)	(0.06)	0.64	(0.44)	0.03
<b>Total Increase (Decrease) from Operations <sup>(2)</sup></b>	<b>(0.11)</b>	<b>0.78</b>	<b>(0.11)</b>	<b>0.18</b>
<b>Distributions</b>				
From net investment income (excluding dividends)	—	—	—	—
From dividends	0.02	0.08	0.09	0.03
From capital gains	—	—	0.14	0.01
Return of capital	0.23	0.40	0.41	0.10
<b>Total Annual Distributions <sup>(3)</sup></b>	<b>0.25</b>	<b>0.48</b>	<b>0.64</b>	<b>0.14</b>
<b>Net Assets, End of Accounting Period Shown <sup>(4)</sup></b>	<b>9.68</b>	<b>9.80</b>	<b>9.59</b>	<b>10.04</b>

<sup>1</sup> This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited 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 are calculated in accordance with IFRS.

#### Ratios and Supplemental Data

Accounting Period Ended	2017 June 30	2016 December 31	2015 December 31	2014 December 31 (92 days)
Total net asset value (000's of \$) <sup>(1)</sup>	1,168	248	172	1
Number of units outstanding <sup>(1)</sup>	120,651	25,338	17,933	101
Management expense ratio (%) <sup>(2)</sup>	2.03	1.99	2.06	1.94
Management expense ratio before waivers or absorptions (%)	2.03	1.99	2.06	1.94
Trading expense ratio (%) <sup>(3)</sup>	0.02	0.01	0.03	0.03
Portfolio turnover rate (%) <sup>(4)</sup>	13.05	18.73	17.04	14.12
Net asset value per unit (\$)	9.68	9.80	9.59	10.04

<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 June 30, 2017

### Portfolio Top Holdings

	% of Net Asset Value
Toronto-Dominion Bank	3.2
Cash, Money Market and Other Net Assets	3.1
Royal Bank of Canada	2.7
Bank of Nova Scotia	2.6
Government of Canada, 1.50%, due June 1, 2026	2.5
Province of Ontario, 2.40%, due June 2, 2026	2.2
Enbridge Inc.	2.1
Canadian National Railway Co.	1.9
Canadian Natural Resources Ltd.	1.6
Manulife Financial Corp.	1.5
Royal Bank of Canada, 2.03%, due March 15, 2021	1.4
Alimentation Couche-Tard Inc., Class B	1.3
Microsoft Corp.	1.3
US Bancorp	1.3
Canada Housing Trust, 1.15%, due December 15, 2021	1.2
SNC-Lavalin Group Inc.	1.2
Open Text Corp.	1.2
Quintiles Transnational Holdings Inc.	1.2
Walgreens Boots Alliance Inc.	1.2
3M Co.	1.1
AXA	1.1
Bank of Montreal, 2.12%, due March 16, 2022	1.1
Gildan Activewear Inc.	1.1
Canadian Tire Ltd., Class A	1.1
Verisk Analytics Inc.	1.1
	41.3

Net asset value ..... \$194,840,301

### Asset Mix

	% of Net Asset Value
Canadian Equity	36.0
Corporate Bonds	18.7
US Equity	17.6
International Equity	8.0
Provincial Bonds	7.5
Federal Bonds	6.8
Foreign Bonds	2.0
Municipal Bonds	0.3
Cash, Money Market and Other Net Assets	3.1

### Regional Allocation

	% of Net Asset Value
Canada	69.3
United States	19.6
France	2.5
Germany	1.9
Switzerland	1.5
Mexico	1.1
United Kingdom	1.0
Cash, Money Market and Other Net Assets	3.1

### Sector Allocation

	% of Net Asset Value
Bonds	35.3
Financials	16.6
Industrials	8.4
Consumer Staples	8.1
Energy	7.7
Information Technology	7.3
Health Care	6.3
Consumer Discretionary	5.4
Materials	1.4
Utilities	0.4
Cash, Money Market and Other Net Assets	3.1

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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