

## NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)

### PERFORMANCE REVIEW (%)

Annualized for periods greater than 1 year

Annualized Returns / March 31, 2017	3 months	1 year	3 years	5 years	S.I.
NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)	1.9	9.3	5.7	7.7	6.8
Benchmark	2.7	10.7	6.7	7.9	n/a

Calendar Year Returns / December 31	2016	2015	2014	2013	2012
NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)	7.5	1.8	9.8	13.5	8.1
Benchmark	10.7	4.3	6.7	8.0	7.9

### PORTFOLIO

#### REPRESENTATIVE HOLDINGS

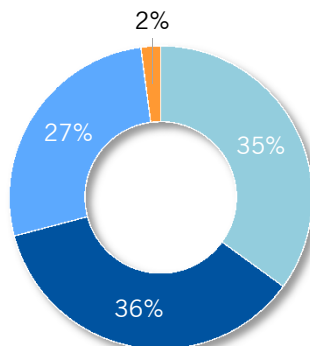
##### EQUITIES

Holdings	Industry
Canadian Natural Resources	Energy
Colgate-Palmolive	Consumer Staples
CA Inc.	Technology
Siemens	Industrials
TD Bank	Financial Services

##### BONDS

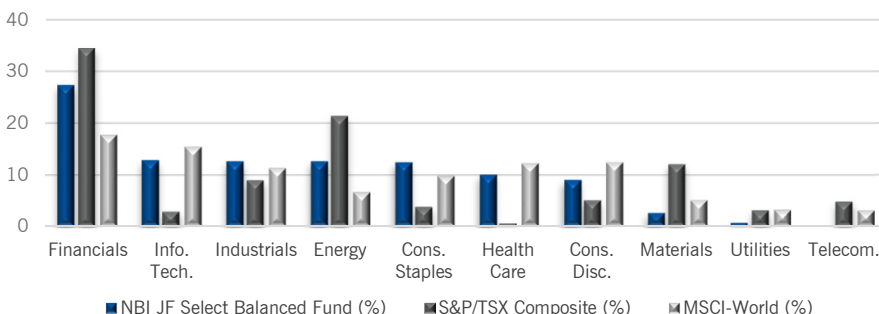
Issuer	Coupon/Maturity
CIBC	1.70%, 10/09/18
Shaw Comm.	5.65%, 10/01/19
Telus	5.05%, 07/23/20
Capital Desjardins (call/21)	4.95%, 12/15/26
TransCanada Pipelines	4.55%, 11/15/41

#### ASSET MIX



- Bonds (35%)
- Canadian Equity (36%)
- Global Equity (27%)
- Cash (2%)

#### EQUITY SECTOR MIX



### FUND OBJECTIVE

This Fund's investment objective is to achieve moderate capital growth. The Fund invests, directly or indirectly, in a diversified portfolio comprised mainly of Canadian fixed income and equity securities.

### FUND FACTS

Inception Date	October 7, 2010
Price Per Unit	\$13.84
AUM (\$ Millions)	\$191.9

### MER:

Advisor Series/LSC	2.00%
F-Series	0.87%

### FUND CODES:

Advisor Series	NBC3401
LS	NBC3601
F-Series	NBC3701

### BENCHMARK:

- FTSE TMX Universe Bond (40%)
- S&P/TSX Capped Composite (32%)
- MSCI-World ex-Canada (23%)
- FTSE TMX 91 Day T-Bills (5%)

### ABOUT JARISLOWSKY, FRASER LIMITED

Founded in 1955, Jarislowsky, Fraser Limited is one Canada's largest independent investment management firms. Our primary goal is growing capital, over the long term, for our clients in a low risk manner. The firm's philosophy is founded upon time-proven principles of fundamental investing. This investment approach has produced consistent returns through changing economic environments and has been effective in minimizing the volatility prevalent in today's global markets.

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## QUARTERLY COMMENTARY

The months since the election of President Trump and his inauguration have been very good for the world's stock markets. Undoubtedly his administration's pro-business focus, along with promises of lower taxes and infrastructure spending have been well received, despite the struggles faced in the implementation.

On the economic front the numbers have been fairly strong. In Canada, fourth quarter real GDP growth handily surpassed expectations, coming in at an annualized rate of 2.6%. In the U.S., record high consumer confidence and strong job growth suggest that the Federal Reserve's (the "Fed") path towards "normalized" interest rates is appropriate. In Europe, despite the U.K.'s actions towards a complete "Brexit", the outlook for growth is improving and therefore the need for further stimulus is under review. All in all, the expectation for global economic growth in 2017 is a modest but healthy 3.4%, according to the IMF.

The above resulted in mostly above average market returns during the first quarter. The S&P/TSX was one of the weaker performing benchmarks, generating a return of 2.4% for the quarter. A pull back in the price of oil was the main detractor. In the U.S., the S&P 500 jumped 6.1% (in USD), while international developed markets, as measured by the MSCI EAFE Net Index, rose by 7.4% (in USD), helped by very strong performance from most European markets. Japan's Nikkei fell by 1.0% (in JPY). The best performing markets were generally those in developing countries, with the MSCI Emerging Markets Index gaining 11.1% (in USD). The Canadian dollar gained 0.56% versus the U.S. dollar, finishing at US\$0.7498, thus slightly reducing USD returns when converted back to Canadian dollars. On the bond side, the market rebounded after a poor fourth quarter, with the FTSE TMX Bond Universe generating a return of 1.2%. The 10-year Government of Canada bond yield finished at 1.63% while the 10-year U.S. Treasury was at 2.39%.

## PORTFOLIO REVIEW

Both institutional investors and households are carrying equity weights that are well above long-term averages, and this has historically been a good predictor of long-term returns. Despite somewhat elevated valuations, we continue to believe that there is still the potential for more upside in global equity markets.

Asset allocation was a positive contributor, with the overweight in both U.S. and international equities adding value. The underweight in bonds also helped as, despite the reasonable performance of the bond component, equities handily outperformed. On the negative side, the strong rally in the U.S. market made it difficult for our portfolio of higher quality, more conservative stocks to outperform.

STRATEGY & INVESTMENT  
OUTLOOK

It is fair to say that equity market returns exceeded expectations in the first quarter. Despite uncertainty on a variety of levels, economic growth is healthy and seemingly on an upward trajectory. Most equity markets look slightly expensive, although as we have noted before, with record low interest rates and little indication of inflation or impending recession, this is not surprising. Allocations to equities are high.

Our investment philosophy and process have remained essentially the same for over 60 years, and have allowed us to successfully navigate through numerous periods with similarities to the situation we find ourselves in today. Focusing on high quality companies, with strong balance sheets, that operate in a broad variety of industries, across wide geographies, helps to reduce the volatility that we expect to see as we move inexorably towards the end of this period of economic expansion. Neither bonds nor cash yet offer a truly good alternative to stocks, but as rates continue to normalize, this will change.

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Returns of the F Series may vary mainly because of the different fees and expenses: NBI Jarislowsky Fraser Select Balanced Fund 3 months 2.2%, 1 year 10.5%, 3 years 6.9%, 5 years 8.9%, Since Inception 8.0%. The NBI Jarislowsky Fraser Select Funds (the "Funds") are managed by National Bank Securities Inc., a wholly owned subsidiary of National Bank of Canada. **Commissions, trailing commissions, management fees and expenses all may be associated with investments in the Funds. Please read the prospectus of the Funds before investing. The Funds' securities are not insured by the Canada Deposit Insurance Corporation or by any other government deposit insurer. The Funds are not guaranteed, their values change frequently and past performance may not be repeated. The indicated rates of returns are based on the historical annual compounded total returns including changes in securities value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns.**

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Source of data: MSCI Inc., S&P Financial Services LLC., TSX Inc., PC Bond Analytics, Wilshire Analytics, Bloomberg.