

## NBI Jarislowsky Fraser Select Canadian Equity Fund (E/F 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 Canadian Equity (E/F Series)	1.8	15.3	7.8	11.1	9.1
Benchmark	2.3	17.7	5.6	7.5	n/a

Calendar Year Returns / December 31	2016	2015	2014	2013	2012
NBI Jarislowsky Fraser Select Canadian Equity (E/F Series)	16.1	-1.5	12.1	23.9	9.7
Benchmark	17.7	5.1	5.6	7.9	7.5

### PORTFOLIO

#### REPRESENTATIVE HOLDINGS

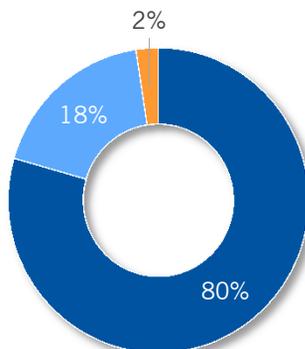
##### CANADIAN EQUITIES

Holdings	Industry
Canadian Natural Resources	Energy
Thomson Reuters	Consumer
TD Bank	Financials
Metro	Consumer
Enbridge	Pipelines

##### FOREIGN EQUITIES

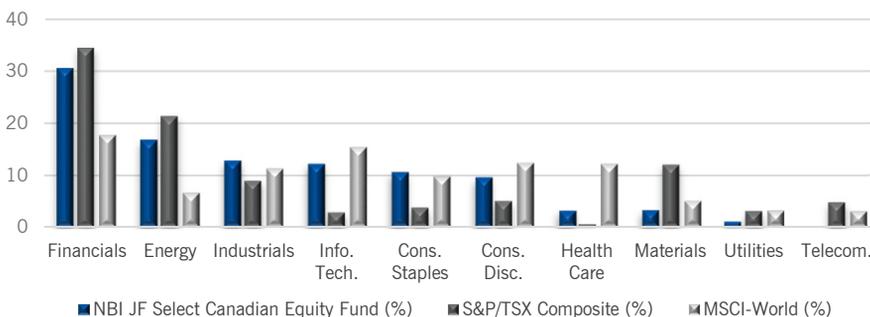
Holdings	Industry
EOG Resources	Energy
Colgate-Palmolive	Consumer Staples
CA Inc.	Technology
Siemens	Industrials
Wells Fargo	Financial Services

#### ASSET MIX



- Canadian Equity (80%)
- Global Equity (18%)
- Cash (2%)

#### EQUITY SECTOR MIX



### FUND OBJECTIVE

This Fund's investment objective is to achieve long-term capital growth. The Fund invests, directly or indirectly, in a diversified portfolio comprised mainly of large capitalization Canadian and selected global equity securities.

### FUND FACTS

Inception Date	October 7, 2010
Price Per Unit	\$16.03
AUM (\$ Millions)	\$96.7

### MER:

E-Series	0.99%
F-Series	0.99%

### FUND CODES:

E-Series	NBC3902
F-Series	NBC3702

### BENCHMARK:

- S&P/TSX Capped Composite (95%)
- 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. Thus far, the risks associated with the administration's isolationist/protectionist view seem to have been ignored, as many of the markets that are likely to be negatively affected have, in fact, performed well.

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 indices, generating a return of 2.4%. A pull back in the price of oil was the main detractor. The Canadian dollar gained 0.56% versus the U.S. dollar during the quarter, finishing at US\$0.7498.

## PORTFOLIO REVIEW

The NBI JF Select Canadian Equity Fund generated a return of 1.8%, slightly lagging the return of the S&P/TSX Composite (2.4%). Overall stock selection was positive and it was therefore the underweight in the Materials sector (+6.2%) that was responsible for most of the underperformance. Once again, the majority of this was caused by the portfolio's lack of exposure to gold producers. Energy (-5.7%) was the poorest performing sector, as the price of oil fell, and our holdings in the sector varied in performance.

Over the twelve months ended March 31, 2017, the portfolio lagged the benchmark in a very strong, commodity-driven market. This was primarily the result of our overweight in Consumer Staples and our focus on larger, more integrated names in the Energy sector. The portfolio returned 15.3% while the S&P/TSX Composite returned 18.6%.

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