

NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)

PERFORMANCE REVIEW (%)

Annualized for periods greater than 1 year

Annualized Returns / December 31, 2018	3 months	1 year	3 years	5 years	S.I.
NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)	-4.8	-3.5	2.3	3.7	5.1
Benchmark	-5.0	-2.8	4.3	5.3	-

Calendar Year Returns / December 31	2018	2017	2016	2015	2014
NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)	-3.5	3.3	7.5	1.8	9.8
Benchmark	-2.8	7.8	8.2	3.2	10.5

PORTFOLIO

REPRESENTATIVE HOLDINGS

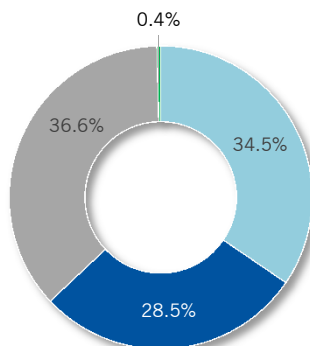
EQUITIES

Holdings	Industry
TD Bank	Financials
Enbridge	Energy
CN Railway	Industrials
Microsoft	Technology
IQVIA Holdings	Health Care

BONDS

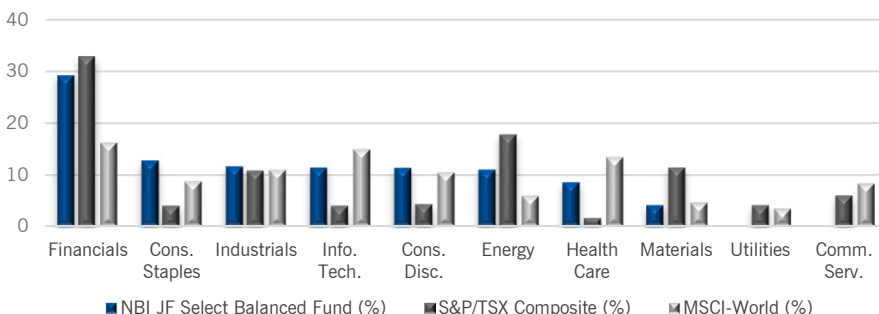
Issuer	Coupon/Maturity
Royal Bank of Canada	2.03%, 03/15/21
CIBC	1.85%, 07/14/20
Toronto-Dominion Bank	1.91%, 07/18/23
Province of Ontario	6.50%, 03/08/29
Government of Canada	3.50%, 12/01/45

ASSET MIX



- Canadian Equities (34.5%)
- Foreign Equities (28.5%)
- Fixed Income (36.6%)
- Cash (0.4%)

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	\$13.06
AUM (\$ Millions)	\$144.8

MER:

Advisor Series/LSC	2.01%
F-Series	0.89%

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.

NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)

QUARTERLY COMMENTARY

The final quarter of 2018 saw heightened volatility, erasing the gains in equity indices from the last three quarters. Despite relatively strong economic fundamentals, generally accommodative monetary policy and a corporate tax cut in the U.S., the world's equity markets suffered their worst year since the global financial crisis. While the USMCA trade agreement will replace NAFTA, the trade dispute between the U.S. and China continues, and Brexit negotiations are ongoing. Both involve massive trade relationships that will be affected for years into the future. The world's central banks, led by the Federal Reserve in the U.S. (Fed), are on the path towards interest rate normalization. However, there has been great uncertainty around how far they will go and how fast. As expected, the Fed announced the fourth increase of 2018 in mid-December, but lowered its projections for future hikes, estimating that there will be an additional two increases in 2019.

In Canada, the narrative continues to be focused on the Energy sector, an issue that became quite divisive late in the year. Differentials between Western Canadian Select and West Texas Intermediate crude reached all-time highs in November. Trade tensions and the strong U.S. dollar have been the source of great uncertainty in emerging markets. Any country that lives with a substantial deficit in its current account has been particularly affected because much of their debt tends to be USD-denominated.

Over the course of the fourth quarter, the world's stock markets all declined.

PORTFOLIO REVIEW

The Fund was essentially flat against the benchmark in the fourth quarter. The Canadian equity portfolio performed relatively well this quarter due to our large overweight in Consumer Staples with exposure to Metro and Alimentation Couche-Tard, followed closely by Consumer Discretionary due to our absence in declining Dollarama and good performance from Gildan. The Financials and Energy sectors also contributed strongly due to our conservative positioning. In the foreign equities, despite a conservative sector positioning, our overweight positions in both Consumer Staples and Health Care were not enough to offset our absence from the Utilities and Real Estate sectors. Our less cyclical positioning in areas such as Materials, Industrials and Energy helped to offset the negative absolute performance in those areas. Stocks which held up well were generally found in more defensive sectors and included names such as Roche and Unilever.

The fixed income portfolio underperformed the FTSE/TMX Universe Bond return in the quarter as a result of two factors. The overweight position in corporate bonds negatively impacted relative performance driven by the material widening in Canadian corporate spreads, and the portfolio's holdings in inflation-linked bonds also negatively contributed to its total return as Canadian inflation expectations declined.

The Bank of Nova Scotia (BNS) is the parent company of Jarislowsky, Fraser Limited. BNS securities held in the portfolio are related securities.

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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 -4.5%, 1 year -2.4%, 3 years 3.5%, 5 years 4.8%, Since Inception 6.2%. 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.

STRATEGY & INVESTMENT
OUTLOOK

At this time, we do not believe that the fourth quarter correction in stock markets will extend far into 2019. Economic fundamentals are still relatively sound and leading indicators, while pointing to slower growth, are not suggesting that the next global recession will occur within the 12-18 months. Albeit, as the signs of recession become stronger, a reduction of the allocation to equities in favour of bonds merits consideration. Although we still believe in the power of equities to generate superior returns over the long run, there is a time in the cycle when reducing equity exposure makes sense.

No matter what phase of the cycle we are in, we continue to pay a great deal of attention to portfolio risk. Within this context, we believe Jarislowsky Fraser's high quality/low risk approach provides superior downside protection, while benefitting when the markets turn upwards. The current volatility also provides excellent opportunities to acquire quality securities at better valuations, and ultimately increase potential gains.