

NBI Jarislowsky Fraser Select Canadian Equity 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 Canadian Equity (Advisor Series)	-8.2	-6.6	3.6	3.7	5.6
Benchmark	-9.6	-8.4	6.1	3.9	-

Calendar Year Returns / December 31	2018	2017	2016	2015	2014
NBI Jarislowsky Fraser Select Canadian Equity (Advisor Series)	-6.6	3.8	14.8	-2.6	10.8
Benchmark	-8.4	8.7	20.0	-7.9	10.1

PORTFOLIO

REPRESENTATIVE HOLDINGS

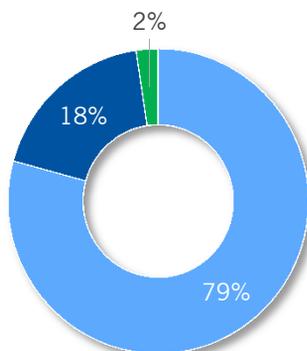
CANADIAN EQUITIES

Holdings	Industry
Enbridge	Energy
Canadian National Railway	Industrials
TD Bank	Financials
Alimentation Couche-Tard	Consumer
RBC	Financials

FOREIGN EQUITIES

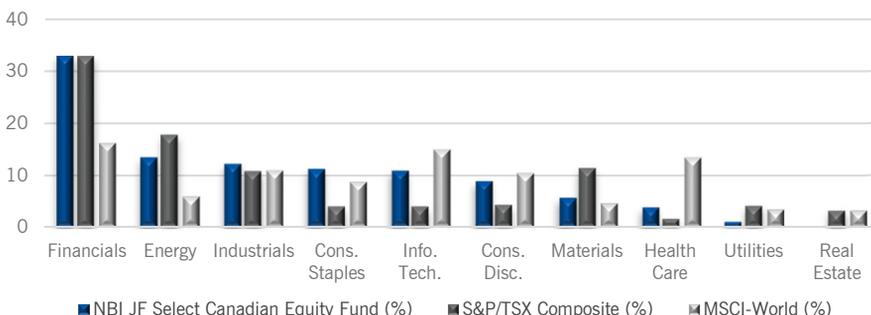
Holdings	Industry
EOG Resources	Energy
Walgreens Boots Alliance	Consumer Staples
Microsoft	Technology
Siemens	Industrials
Berkshire Hathaway	Financials

ASSET MIX



- Canadian Equities (79%)
- Foreign Equities (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	\$14.77
AUM (\$ Millions)	\$91.8

MER:

Advisor Series/LSC	2.09%
F-Series	0.95%

FUND CODES:

Advisor Series	NBC3402
LS	NBC3602
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 final quarter of 2018 saw heightened volatility, erasing the gains in equity indices from the last few quarters. In many ways, 2018 was the antithesis of 2017; volatility returned with a vengeance, both in terms of day-to-day fluctuations and in the form of two “corrections” of greater than 10%.

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 U.S./China trade tensions continue, and Brexit negotiations are ongoing. The world's central banks, led by the U.S. Federal Reserve are on the path towards interest rate normalization. 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 the price for Western Canadian Select and West Texas Intermediate crude reached all-time highs during November. Access to new markets is limited by a lack of pipeline capacity, and until that issue is addressed in some meaningful way, even the \$1.6 billion in federal assistance announced in December can only be seen as a “band aid” solution. In addition, the closing of the GM plant in Oshawa may turn out to be the canary in the coal mine for auto manufacturing in Canada.

PORTFOLIO REVIEW

The Canadian equity portfolio outperformed the benchmark for the quarter. Contributing strongly to our outperformance this quarter was 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. Financials and Energy sectors also contributed strongly due to our conservative positioning, where we are underweight in banks, overweight in Thomson Reuters and overweight in the pipelines at the expense of energy producers. This was partially offset by the negative contribution from Materials, mainly due to declining stock prices at Nutrien and CCL, two significant positions with favourable long-term return expectations, in our opinion. Our absence from Communication Services and Utilities also cost us a little during the quarter, due to the flight to safety, but we continue to believe there are better long-term risk/reward opportunities.

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. However, there is a great deal of uncertainty for investors to consider and markets will continue to be volatile. Our strategy is to maintain our focus on Canada's best companies that have strong management and sustainable growth prospects. It is an exciting time to be a Canadian investor, with many of our top companies taking leadership in their industries on a global scale.

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.

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 Canadian Equity Fund 3 months -8.0%, 1 year -5.5%, 3 years 4.8%, 5 years 4.9%, Since Inception 6.8%. 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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Sources: MSCI Inc., S&P Financial Services LLC., TSX Inc., Wilshire Analytics, Bloomberg.