

NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)

PERFORMANCE REVIEW (%)

Annualized for periods greater than 1 year

Annualized Returns / March 31, 2019	3 months	1 year	3 years	5 years	S.I.
NBI Jarislowsky Fraser Select Balanced Fund (Advisor Series)	8.0	6.4	4.9	4.5	5.9
Benchmark	8.7	6.9	7.1	6.1	-

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

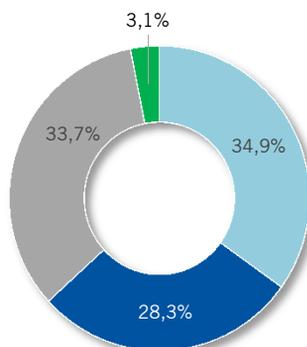
EQUITIES

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

BONDS

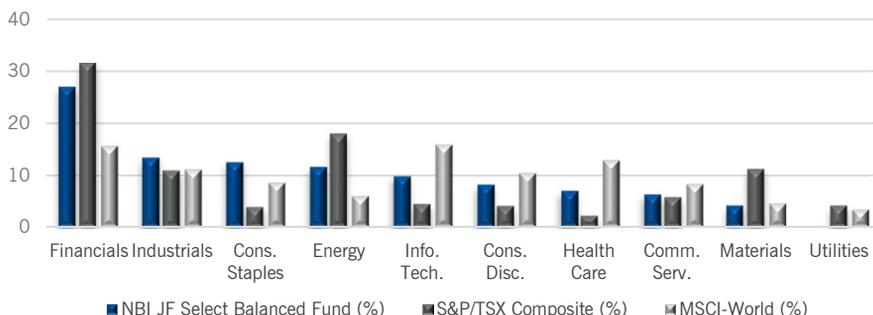
Issuer	Coupon/Maturity
Royal Bank of Canada	2.03%, 03/15/21
CIBC	1.85%, 07/14/20
Toronto-Dominion Bank	1.91%, 07/18/23
Province of Ontario	6.50%, 03/08/29
Government of Canada	3.50%, 12/01/45

ASSET MIX



- Canadian Equities (34.9%)
- Foreign Equities (28.3%)
- Fixed Income (33.7%)
- Cash (3.1%)

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	\$14.09
AUM (\$ Millions)	\$74.1

MER:

Advisor Series/LSC	1.96%
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.

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QUARTERLY COMMENTARY

The final month of the first quarter continued the positive trend in markets seen since the turn of the year. Almost all markets, both bond and equity saw strong returns, and for the quarter as a whole it would seem that the concerns felt in December 2018 have all but dissipated. The December collapse was driven predominantly by three factors: fears that higher interest rates would cause a premature end to U.S. economic expansion, concerns over the potential escalation of the trade war between the U.S. and China, and the potential for a broader-based slowdown in global GDP growth. The correction in December reduced the pressure on China to increase tariffs and led to a more considered approach on the part of the U.S. Federal Reserve, to the extent that the market is now betting that the next change in rates is most likely to be a cut.

With politics and economics so intertwined, there are a number of non-fundamental factors that investors have been watching closely. Brexit may be top of mind, with the already extended deadline for a deal fast approaching. The effect on the U.K. economy and markets hangs in the balance. In the U.S., the extended government shutdown came to an end, but uncertainties around trade with China, the ratification of the “new” USMCA and slowing economic growth are cause for concern.

PORTFOLIO REVIEW

The Fund was relatively flat against the benchmark in the first quarter. The Canadian equity portfolio performed very well this quarter due to our large overweight in Consumer Staples and Consumer Discretionary with exposure to Saputo and Restaurant Brands respectively. Saputo’s C\$1.7b acquisition of Dairy Crest (DCG) was well received and is consistent with the company’s vision of re-entering Europe with a strong branded player, leading market share (in the UK) and significant scale. A surprising “volte-face” from the U.S. Federal Reserve on interest rates and a perceived thaw in trade relations between the U.S. and China led to a strong preference in the market for cyclically-exposed sectors and growth stocks. With some signs of orders bottoming in the quarter, Anheuser-Bush InBev posted strong quarters, recovering after a challenging 2018.

The fixed income portfolio performed well against the benchmark. Within the portfolio’s corporate bond holdings, Canadian bank senior notes were particularly strong performers in the quarter. Provincial bonds outperformed federal bonds and thus our underweight was a detractor from performance as our slightly shorter term structure given the notable decline in yields.

STRATEGY & INVESTMENT
OUTLOOK

As is often the case with predicting the path of financial markets, it is hard to argue that all of the uncertainty that abounded in late 2018 has gone away. We still cannot be sure that the more dovish tone expressed by the U.S. and Canadian central banks means that we have reached the peak of short-term interest rates.

For the most part, the global economy still looks to be in reasonable shape. However, given the current and expected economic challenges, we believe it is prudent to be cautious in our portfolio positioning. A number of leading indicators are pointing to slower growth; a range of surveys of Purchasing Managers shows lower levels of confidence in the continuation of the current expansion, the U.S. yield curve (the difference between 3-month and 10-year rates) has inverted, and business investment is slowing. We also know that in the late stages of most economic expansions, market returns tend to be strong, therefore we will be ready to start taking a more defensive stance.

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 8.3%, 1 year 7.6%, 3 years 6.1%, 5 years 5.7%, Since Inception 7.1%. 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.