

NBI Jarislowsky Fraser Select Balanced Fund (E/F Series)

PERFORMANCE REVIEW (%)

Annualized for periods greater than 1 year

Annualized Returns / June 30, 2019	3 months	1 year	3 years	5 years	S.I.
NBI Jarislowsky Fraser Select Balanced Fund (E/F Series)	2.9	7.2	6.7	5.6	7.2
Benchmark	2.4	5.7	6.9	6.0	-

Calendar Year Returns / December 31	2018	2017	2016	2015	2014
NBI Jarislowsky Fraser Select Balanced Fund (E/F Series)	-2.4	4.5	8.7	3.0	11.0
Benchmark	-2.8	7.8	8.2	3.2	10.5

PORTFOLIO

REPRESENTATIVE HOLDINGS

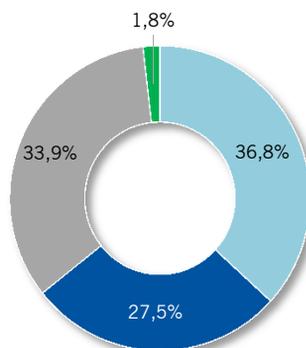
EQUITIES

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

BONDS

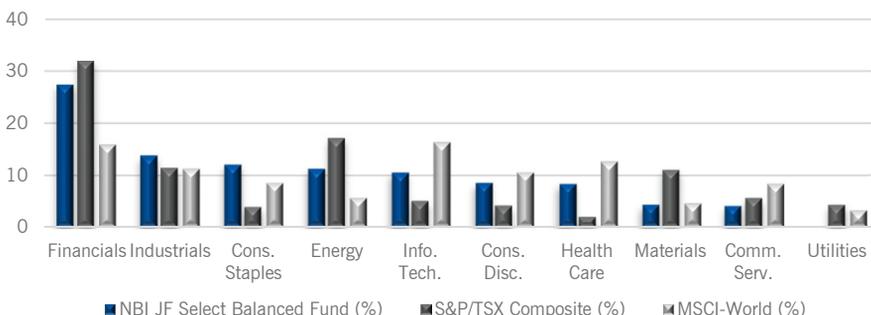
Issuer	Coupon/Maturity
Royal Bank of Canada	2.03%, 03/15/21
CIBC	2.90%, 09/14/21
Bank of Nova Scotia	3.27%, 01/11/21
Province of Ontario	2.90%, 06/02/28
Canada Housing Trust	2.35%, 06/15/27

ASSET MIX



- Canadian Equity (36.8%)
- Foreign Equity (27.5%)
- Fixed Income (33.9%)
- Cash (1.8%)

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	\$14.70
AUM (\$ Millions)	\$71.7

MER:

E-Series	0.84%
F-Series	0.84%

FUND CODES:

E-Series	NBC3901
F-Series	NBC3701

BENCHMARK:

- FTSE Canada Universe Bond (40%)
- S&P/TSX Capped Composite (32%)
- MSCI-World ex-Canada (23%)
- FTSE Canada 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 second quarter of the year continued to build on the positive momentum shown by financial markets in the previous quarter. The more dovish stance taken by the world's key central banks implied that the next move in administered rates is likely to be downward. Confronted by weaker data, stubbornly low inflation and further risks to trade, the European Central Bank (ECB), the U.S. Federal Reserve (Fed) and the Bank of Canada all pointed towards further monetary stimulus. Relatively bad economic news, therefore, ended up being good news for the markets.

The one area of concern that remains is the apparent weakness in the manufacturing industry in the U.S., Germany, China and Japan. The fear is that this will lead to job losses and falling consumer confidence, which explains the reversal in central bank sentiment. The trade picture improved somewhat near the end of the quarter, with China and the U.S. at least agreeing to resume talks, although the possibility of the U.S. shifting focus to the eurozone may still be enough to induce volatility.

PORTFOLIO REVIEW

The Fund was relatively flat against the benchmark in the second quarter. The Canadian Equities portfolio performed reasonably well for the quarter. The main positive contributors were CCL, CGI, CAE, Manulife and TD Bank. CCL, the global labelling company, saw better growth rates during the period with fundamentals pointing to an improved outlook for 2020. TD Bank, the largest over-weighted bank, had better results than others in terms of growth, with contribution from the U.S., and improved credit quality. In the Foreign Equities portfolio, Microsoft, Mastercard, Boston Scientific, and RELX were top contributors to performance. RELX exhibited strong performance despite the broader economic trade related fears that permeated the markets.

The fixed income portfolio performed well against the benchmark. The portfolio's overweight position in corporate bonds was the key contributor to positive relative quarterly performance. Selected utility holdings did particularly well along with continued narrowing spread performance from financial corporate holdings.

STRATEGY & INVESTMENT
OUTLOOK

The remainder of 2019 should provide many points for discussion and debate that will have a meaningful impact on how capital markets perform over the coming years. The Federal election in Canada and the U.S. Presidential election in November 2020 will likely cause some volatility in stock markets. Trade will also be a key driver or sticking point.

For some time now, we have suggested that the next meaningful shift in asset mix would likely be a reduction in the allocation to equities as the economy reaches the end of its long expansionary phase and earnings growth slows. Central bankers have indicated that they will pour fuel on the glowing embers of the expansion by reducing interest rates in order to keep it going. As a result, we have maintained our overweight position in stocks based on past history that shows some of the best returns provided by stock markets have come in the last months of the expansion. We expect to reduce the overweight in equities, however we will let the fundamentals decide the timing.

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