

NBI Jarislowsky Fraser Select Canadian Equity Fund (Advisor Series)

PERFORMANCE REVIEW (%)

Annualized for periods greater than 1 year

Annualized Returns / December 31, 2019	3 months	1 year	3 years	5 years	S.I.
NBI Jarislowsky Fraser Select Canadian Equity (Advisor Series)	3.3	19.1	4.9	5.2	6.9
Benchmark	3.0	21.8	6.6	6.0	-

Calendar Year Returns / December 31	2019	2018	2017	2016	2015
NBI Jarislowsky Fraser Select Canadian Equity (Advisor Series)	19.1	-6.6	3.8	14.8	-2.6
Benchmark	21.8	-8.4	8.7	20.0	-7.9

PORTFOLIO

REPRESENTATIVE HOLDINGS

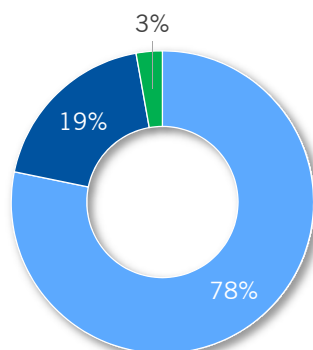
CANADIAN EQUITIES

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

FOREIGN EQUITIES

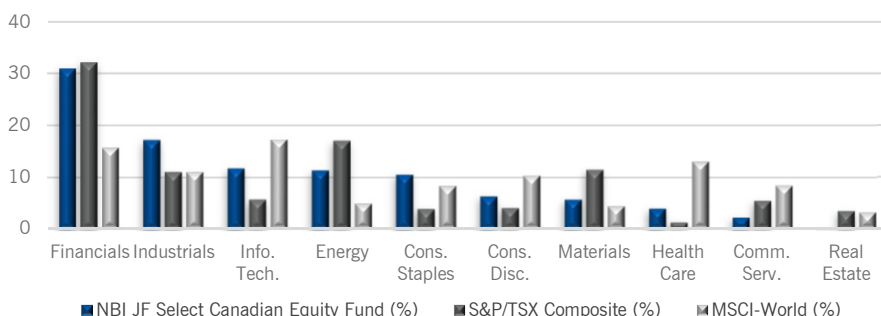
Holdings	Industry
EOG Resources	Energy
Unilever	Consumer Staples
Microsoft	Technology
Relx Plc	Industrials
Berkshire Hathaway	Financials

ASSET MIX



- Canadian Equities (78%)
- Foreign Equities (19%)
- Cash (3%)

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	\$17.52
AUM (\$ Millions)	\$139.0

MER:

Advisor Series/LSC	2.06%
F-Series	0.93%

FUND CODES:

Advisor Series	NBC3402
LS	NBC3602
F-Series	NBC3702

BENCHMARK:

-S&P/TSX Capped Composite (95%)
-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

Looking back on 2019, the year started under a dark cloud, with fears that interest rates had risen too far, too fast, and a number of risks needing to be addressed politically, including U.S.-China trade tensions, the USMCA and Brexit, among others. The year finished with movement on all three fronts, as well as lower interest rates in most of the world's major economies, which provided the stimulus for financial markets to generate strong returns for the fourth quarter and for 2019 as a whole.

On the economic front, growth could be characterized as "tepid", with global real GDP growth tracking at 2.8% – the lowest pace in a decade. The US continues to lead the developed economies by a good margin, and will be helped by progress in trade negotiations with China, although policy uncertainty remains in place with Europe. In Canada, growth is trending at around +1.7% per annum, and there is nothing on the near term horizon that is likely to push that significantly higher. The Bank of Canada has refrained from cutting rates this year, preferring to more carefully assess the balance between external issues and domestic resilience; however, the markets are betting on at least one rate cut in 2020.

The fourth quarter saw very strong equity returns, which took many indexes to all-time highs. Positive catalysts in the quarter included tempering of Brexit uncertainty due to a significant majority in the UK election results, progress on the trade front with a U.S.-China "phase one" deal reached, and ongoing monetary accommodation from key central banks globally.

PORTFOLIO REVIEW

Notable in the quarter was the strong rebound of SNC, based on improved fundamentals regarding cash flows and margins, along with its strategic decision to gradually exit the construction business that has been responsible for disappointing earnings (because SNC was assuming responsibility for cost overruns). The recently announced legal settlement finally puts an end to that chapter, and enables management to focus on the future. Stantec was also a top contributor following a well-received and credible 3-year strategic plan. The company is now well positioned to benefit from the tailwind of numerous engineering projects (water, infrastructure etc.). Another solid contributor was Industrial Alliance as it executes on its strategy to grow more through acquisitions.

The main detractors in the quarter were the absence of Canadian Pacific Railway and Shopify from the portfolio, as well as weakness from Gildan.

STRATEGY & INVESTMENT
OUTLOOK

Market returns came in well ahead of our (and most others') expectations. The overweight allocation to equities was maintained and this was beneficial to both absolute and relative returns, particularly given that our conservative approach frequently makes it difficult to keep up when markets are "on fire". It is unlikely that the market will be as generous in 2020. If economies see growth deteriorate, then 2020 is likely to be a challenging year for stocks and a better year for bonds.

In Canada, we have an increasing exposure to Canadian global leaders that operate in non-cyclical industries with secular growth drivers. These companies have strong management teams, balance sheet and cash flow generation providing opportunities for consolidation.

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 3.5%, 1 year 20.4%, 3 years 6.1%, 5 years 6.4%, Since Inception 8.2%. 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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Sources: MSCI Inc., S&P Financial Services LLC., TSX Inc., Wilshire Analytics, Bloomberg.