

NBI Jarislowsky Fraser Select Canadian Equity 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 Canadian Equity (E/F Series)	2.7	6.5	8.5	5.9	8.1
Benchmark	2.5	3.8	8.0	4.5	-

Calendar Year Returns / December 31	2018	2017	2016	2015	2014
NBI Jarislowsky Fraser Select Canadian Equity (E/F Series)	-5.5	5.0	16.1	-1.5	12.1
Benchmark	-8.4	8.7	20.0	-7.9	10.1

PORTFOLIO

REPRESENTATIVE HOLDINGS

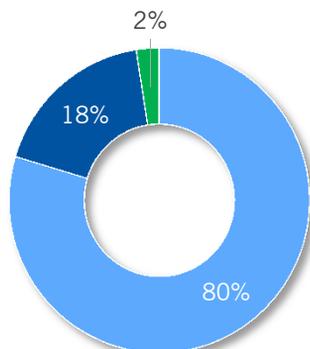
CANADIAN EQUITIES

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

FOREIGN EQUITIES

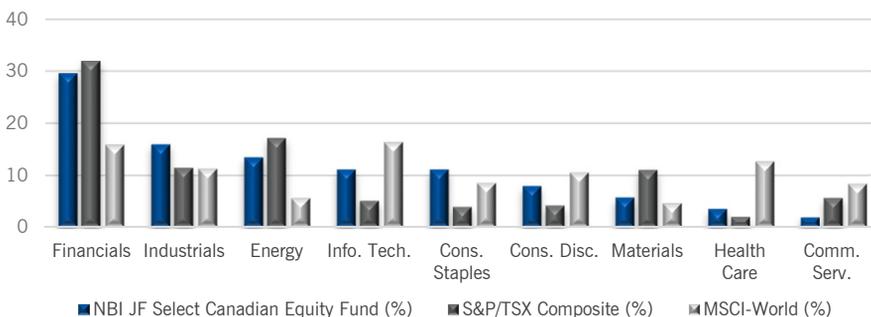
Holdings	Industry
EOG Resources	Energy
Unilever	Consumer Staples
Microsoft	Technology
Relx Plc	Industrials
Berkshire Hathaway	Financials

ASSET MIX



- Canadian Equities (80%)
- 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	\$17.35
AUM (\$ Millions)	\$58.4

MER:

E-Series	0.90%
F-Series	0.90%

FUND CODES:

E-Series	NBC3902
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

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 Canadian equity portfolio performed reasonably well for the quarter outperforming the benchmark over the same period. Several of the companies in the portfolio performed very strongly in the quarter following good results. Top contributors were CCL, CGI, Intact Financial Group, Industrial Alliance Financial Corporation, 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.

SNC-Lavalin and Saputo were some main detractors to performance. Saputo's underperformance was driven largely by swine fever lowering expectations of dry milk exports to China. SNC-Lavalin suffered as a result of investor capitulation following poor Q2 results announced on May 2nd. In June, the board announced management changes and a total reevaluation of all business lines. We expect this will lead to the contraction and/or elimination of part of its business that is causing much of the recent earnings volatility. SNC's value is underpinned by world class concession investments that are growing and top-ranked global design company, Atkins, that was acquired in 2016. At these valuation levels, with no net debt following the sale of part of the Highway 407 ETR.

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.

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.

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. This trend increasingly applies to a diverse set of industries, including technology, engineering, packaging and labels, dairy processing, nutrients to name a few.

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., Wilshire Analytics, Bloomberg.