

NBI Jarislowsky Fraser Select Canadian Equity Fund (E/F Series)

PERFORMANCE REVIEW (%)

Annualized for periods greater than 1 year

Annualized Returns / June 30, 2020	3 months	1 year	3 years	5 years	S.I.
NBI Jarislowsky Fraser Select Canadian Equity (E/F Series)	11.8	-4.0	3.1	4.7	6.8
Benchmark	16.1	-1.9	3.9	4.3	-

Calendar Year Returns / December 31	2019	2018	2017	2016	2015
NBI Jarislowsky Fraser Select Canadian Equity (E/F Series)	20.4	-5.5	5.0	16.1	-1.5
Benchmark	21.8	-8.4	8.7	20.0	-7.9

PORTFOLIO

REPRESENTATIVE HOLDINGS

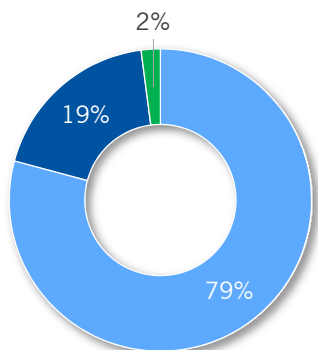
CANADIAN EQUITIES

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

FOREIGN EQUITIES

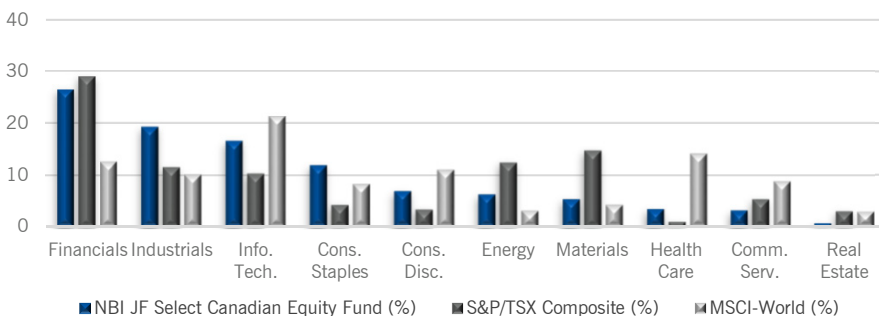
Holdings	Industry
Alphabet	Comm. Services.
Unilever	Consumer Staples
Microsoft	Technology
Relx Plc	Industrials
Berkshire Hathaway	Financials

ASSET MIX



- Canadian Equities (79%)
- Foreign Equities (19%)
- 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	\$16.48
AUM (\$ Millions)	\$132.8

MER:

E-Series	0.90%
F-Series	0.93%

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 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 provided an extremely sharp bounce back in equity markets, encouraged by unprecedented coordinated monetary and fiscal stimuli globally along with signs of improvement of the COVID-19 pandemic within certain regions.

From a sector standpoint, Information Technology continued to lead the way in most markets. The combination of recurring cash flows, wide-ranging capital deployment opportunities in a more digitized world, and the potential for continued “work from home” recommendations propelled many shares to all-time highs. Consumer Discretionary was also notable, as prospects for a gradual reopening of the global economy buoyed hopes of the return to consumer spending. Materials also performed well in many markets, with gold companies notably continuing to contribute to Canadian index returns. Consumer Staples and Banks failed to keep up with the rebound. The U.S. market continued to be a strong performer, with the technology heavyweights propelling benchmarks forward despite ongoing social unrest and a resurgence of COVID-19 cases in many states. Australia and South Africa, also showed gains, as commodity prices rebounded from their lows and their respective currencies recovered.

The corporate bond market rallied substantially in the second quarter on the back of actions by central bankers. With this unprecedented direct support, corporate bond spreads rallied strongly—a situation that is not typical during a very weak economic environment. Canadian corporate bonds posted strong gains with their yields declining by 88 bps on average while 10-year federal government bond yields declined by only 24 bps. Likewise, in April, the U.S. Federal Reserve also announced its support for high-yield credit markets, leading to a significant rally in high-yield corporate bonds (rated below investment grade or BBB) despite the likelihood of a substantial rise in default rates.

PORTFOLIO REVIEW

It was a difficult quarter for the Canadian equity portfolio which underperformed the S&P/TSX Composite Index, largely due to a substantial rally in gold and other precious metals stocks, as well as our underweight position in Shopify, which more than doubled during the quarter and now stands as the largest stock in the index. Notable contributors to performance were Restaurant Brands and Shopify. The three main positive contributors to the portfolio year-to-date are the absence of Suncor and BMO, as well as our overweight position in Stantec. Top detractors are our underweight position in Shopify and absence of Barrick, as well as our overweight position in Gildan.

STRATEGY & INVESTMENT
OUTLOOK

Financial markets are clearly anticipating a “V-shaped” economic recovery. Indeed, there are certain parts of the economy which can recover quicker, and signs of that have been seen in above-consensus job gains in the past two months. Yet there are other areas, such as travel and leisure, which will surely take much longer to return to normal.

Taking all of this into consideration, much will come down to the size and impact of the expected second wave of infections expected in the autumn months, and what further measures will be taken by governments and central banks as a response. Given this uncertainty, having a deep understanding of the companies we invest in is as important as ever. While the ability to weather the storm caused by the pandemic is important in the near-term, we continue to keep a long-term perspective, investing in solid companies that can both sustain the current period of economic uncertainty and excel competitively in a post COVID-19 world.

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.