JARISLOWSKY FRASER
MUTUAL FUNDS

NBI JF SELECT FUNDS
Q4 2020 REVIEW

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

PERFORMANCE REVIEW (%)
Annualized for periods greater than 1 year

Annualized Returns / December 31, 2020	3 months	1 year	3 years	5 years	S.I.
NBI Jarislowsky Fraser Select Balanced Fund (E/F Series)	6.5	8.9	7.0	6.9	7.4
Benchmark	5.6	9.7	7.4	7.6	-

Calendar Year Returns / December 31	2020	2019	2018	2017	2016
NBI Jarislowsky Fraser Select Balanced Fund (E/F Series)	8.9	15.4	-2.4	4.5	8.7
Benchmark	9.7	16.2	-2.8	7.8	8.2

PORTFOLIO

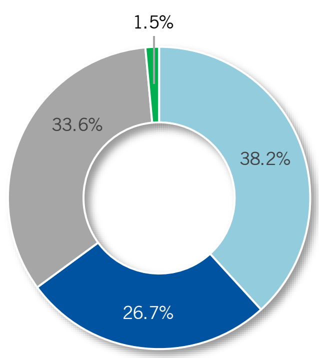
REPRESENTATIVE HOLDINGS

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

BONDS

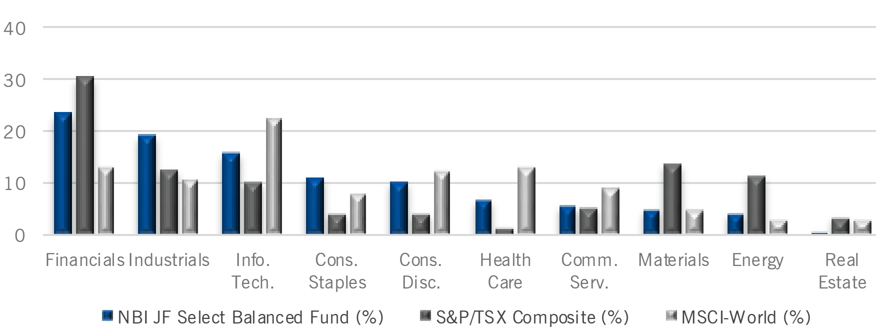
Issuer	Coupon/Maturity
Desjardins	3.06%, 09/11/23
Wells Fargo & Co.	3.87%, 05/21/25
TD Bank	1.91%, 07/18/23
Province of Ontario	2.90%, 06/02/28
Canada Housing Trust	1.75%, 06/15/22

ASSET MIX



- Canadian Equities (3.8%)
- Foreign Equities (2.7%)
- Fixed Income (3.4%)
- Cash (0.1%)

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	$16.21
AUM ($ Millions)	$141.0

MER:

E-Series	0.84%
F-Series	0.86%

FUND CODES:

E-Series	NBC3901
F-Series	NBC3701

BENCHMARK:

- FTSE Canada Universe Bond (40%)
- S&P/TSX Capped 10% Composite (35%)
- MSCI-World ex-Canada (25%)

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.

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

PORTFOLIO REVIEW

Balanced portfolios continued to perform well in the fourth quarter, driven by strong equity market returns. Relative outperformance was mainly due to the overweight in stocks and performance from the Canadian and US equity sections.

Our top contributors this quarter were CAE (+81%), Gildan (+36%) and Magna (+49%), all of which were caught in the economic throes of the pandemic. CAE benefitted from improved sentiment given the COVID-19 vaccine announcements, and government help toward many airlines in the world. Gildan continued to progress strongly from its lows, producing a much better than expected recent quarter that showed sales and company fundamentals were firmly improving and trending strongly. The company seems to be taking market share with heavy promotions and access to new retail and e-commerce sales channels, as corporate promotional spend, travel and events are still under pressure. Magna is benefitting from a recovery in global vehicle production that is ramping up more quickly than expected following Q2 shutdowns, as OEMs (original equipment manufacturers) rebuild inventories.

During the quarter, the Canadian bond market increased 0.6%, registering a more modest return for the quarter but a solid 8.7% gain for the year. Corporate and provincial bonds continued to outperform their federal counterparts. The improving economic prospects raised risk appetites, as did the negative real yields on the highest quality bonds around the world. In general, interest rates rose in the quarter although the increases were concentrated in longer maturities as central banks continue to anchor short rates at very low levels. Within the corporate sector, the strongest returns came from past laggards, as shown by the outperformance of energy and real estate companies. The more defensive names trailed the broader market, in particular corporate bonds of utility and telecommunications companies.

For the calendar year, portfolio returns verged on the extraordinary, especially given the lows reached in March. All of the asset classes performed well, although the substantial weight in the poor performing Energy sector in Canada meant that the Canadian market lagged. Strong absolute performance from the US section, along with excellent relative and absolute returns from the international developed markets portfolio also added substantial value. Finally, bond market returns continue to exceed expectations, nearly reaching double digits for the year, driven by falling (and even negative) yields.

STRATEGY & INVESTMENT OUTLOOK

The outlook for financial markets is positive as we believe the economic recovery is self-sustaining, and there is significant visibility that the monetary and fiscal policy will remain stimulative. Of course, this is with the current “normal” caveats that the virus does not take a more troubling path and that there will be a vaccine available in the first half of next year.

We proceed cautiously into the final quarter of the year. As ever, discipline around what to buy and how much to pay is critical given significant bifurcations in valuations in markets today. We have seen in previous periods the danger of extrapolating temporary trends on a more permanent basis, both to the positive and negative. In this context, we find now more than ever that the case for an active approach to security selection will be invaluable.

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