JARISLOWSKY FRASER
MUTUAL FUNDS

NBI JF SELECT FUNDS
Q3 2020 REVIEW

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

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

Annualized Returns / September 30, 2020	3 months	1 year	3 years	5 years	S.I.
NBI Jarislowsky Fraser Select Canadian Equity (E/F Series)	5.5	0.0	4.4	6.6	7.2
Benchmark	4.5	0.2	4.2	6.9	-

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

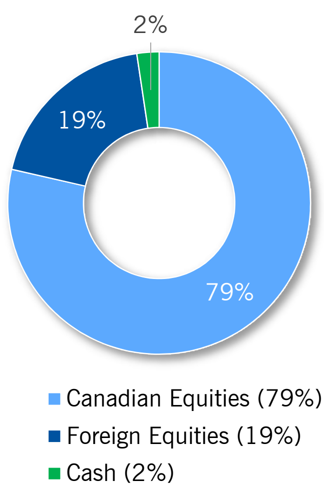
CANADIAN EQUITIES

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

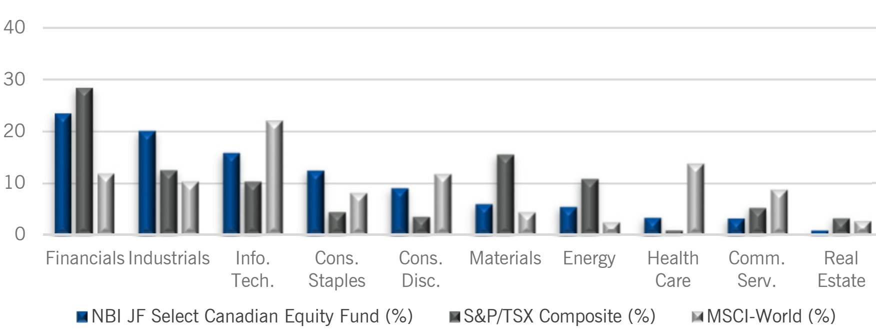
FOREIGN EQUITIES

Holdings	Industry
Alphabet	Comm. Services.
Unilever	Consumer Staples
Microsoft	Technology
Relx Plc	Industrials
Chubb Limited	Financials

ASSET MIX



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	$17.38
AUM ($ Millions)	$134.4

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.

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

PORTFOLIO REVIEW

The Canadian equity portfolio made solid gains, outperforming the S&P/TSX Index (4.7%) and offsetting some of the portfolio's underperformance in the first six months. The index rebound was quite widespread, with Industrials (+13.6%) leading the way, followed by Utilities (+9.2%), Consumer Staples (+9.1%) and Materials (+9.0%). Financials (+4.0%) continued to lag while Energy (-8.1%) was the only notable sector to decline.

CCL Industries (+17%), our specialty packaging and labeling company, was one of our main contributors, due to a much better than expected quarter. **Gildan** (+25%), who manufactures and markets basic active wear globally, rebounded nicely following a very difficult start of the year. **Canadian National Railway** (+19%), which has proved to be remarkably resilient during this crisis, appreciated strongly this quarter. The resilience is attributable to its much improved productivity ratio and better ability to adjust costs to a weaker environment. The improvement of rail volumes back to pre-COVID-19 levels, as well as multiple expansions, drove the stock price.

Pembina (-15%) was a detractor to the portfolio's performance, impacted by weak sentiment for energy stocks and fear that this difficult environment could impact the financial condition of its clients. While a large portion of the company's pipelines and facilities are protected by contracts, lower volumes do affect a portion of revenue. With the rebound in oil price, it is our view that this risk has diminished considerably. **CAE** (-12%) continued to perform poorly as it is associated with the financial health of airlines, which of course is currently a major concern. Lastly, our lack of exposure to gold stocks such as Kinross (+20%) and Agnico Eagle (+23%) continued to be a headwind to performance, but we maintain that the price of gold is unsustainable at these levels over the long term.

On a year-to-date basis, the portfolio is underperforming the benchmark due to negative contribution from Technology and Materials sectors. While we are quite overweight the technology sector and continue to like the expected returns of the companies in our portfolio, we remain underweight Shopify for now as its stock price has nearly tripled since the start of the year. For Materials, the negative contribution comes from our lack of exposure to gold stocks. This sector has a mixed record of creating shareholder value over the long term, and we question the sustainability of the price of gold in what we expect will be an improving environment over the next 12-24 months.

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.

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