

Large Cap Dividend Growth Portfolio

June 30, 2018

Portfolio Manager:

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Basket Investment Strategy

The portfolio is invested primarily in low volatility, dividend-paying equities, with a history of dividend growth, in addition to earnings growth. The portfolio's mandate is to be primarily invested in Canada, but may also hold some U.S. and International stocks.

Top 10 Holdings

Issuer	Sector	%
ACCENTURE PLC CL-A	Technology	5.2%
PEPSICO INC	Consumer Staples	5.1%
HONEYWELL INTL INC	Industrials	5.0%
CANADIAN NATIONAL RAILWAY	Industrials	5.0%
CDN TIRE CORP LTD-A NV	Consumer Discretionary	4.9%
ROYAL BANK OF CANADA	Financials	4.8%
NATIONAL BANK OF CDA	Financials	4.8%
TORONTO DOMINION BANK	Financials	4.7%
ABBVIE INC	Health Care	4.6%
SAPUTO INC	Consumer Staples	4.6%

Performance:

Portfolio Performance						
	1 Month	3 Months	1 Year	3 Years	5 Years	Since Inception*
Portfolio Performance	1.5%	3.9%	5.1%	8.4%	10.9%	12.2%
Benchmark	1.7%	6.8%	10.4%	7.0%	9.2%	9.1%

*Annualized return. Portfolio inception date is June 1, 2012

Value of Portfolio June 30, 2018	90,172.40
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Fees: Returns presented are gross of fees.

Source:

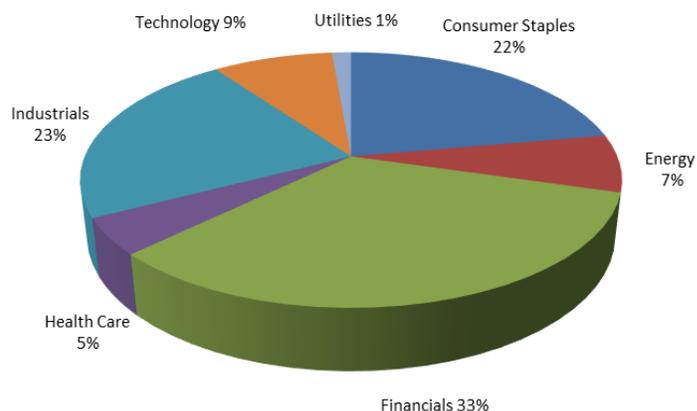
Index performance information from Morningstar Canada. Indices are shown for comparison purpose only.

Composition of the benchmark:

Benchmark is the TSX Total Return

Basket Geographical Breakdown

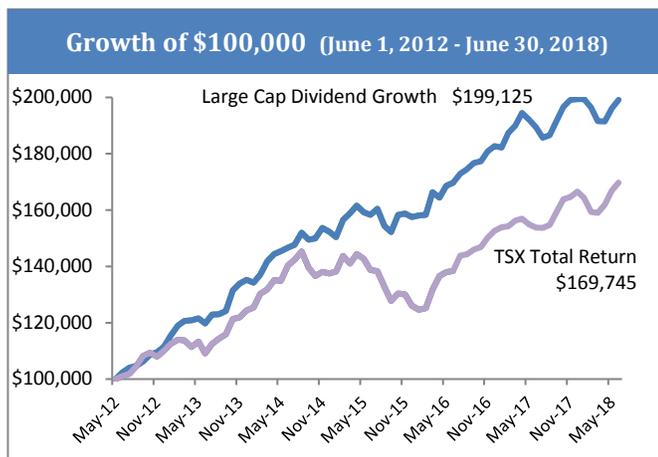
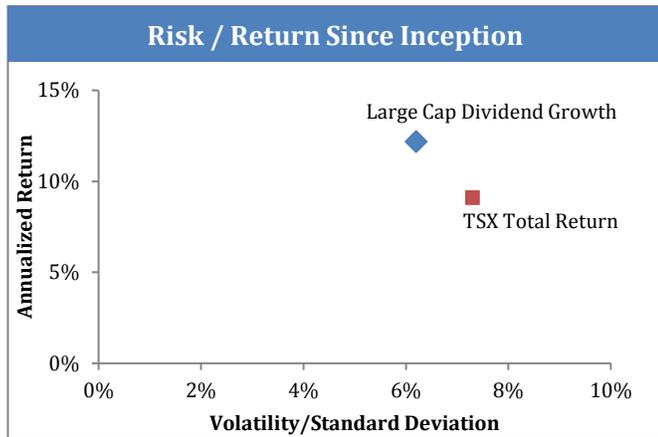
The Portfolio is comprised of 72% Canadian Equities, 22% US Equities, and 5% International Equities.



Performance Data

The average dividend increase for stocks in the portfolio over the past 12 months is 12.8%.

Since inception, the Basket has experienced 15% less volatility, while delivering 34% better performance than the benchmark (TSX).



Transactions Performed During the First Two Quarters of 2018

Purchase / Sold	Description	Quantity	Price (C\$)
BUY	ABBVIE INC	34	\$ 125.12
SELL	KIMBERLY CLARK CORP	24	\$ 140.33
BUY	CDN IMPERIAL BK OF COMMERCE	26	\$ 122.40
SELL	BCE INC	54	\$ 57.90
SELL	ACCENTURE PLC CL-A	2	\$ 196.19
SELL	ILLINOIS TOOL WORKS	2	\$ 209.70
BUY	JP MORGAN CHASE & CO	20	\$ 141.39
SELL	UNITED PARCEL SERVICE-B	22	\$ 134.37
SELL	RITCHIE BROTHERS AUCTIONR	84	\$ 42.27
BUY	TOROMONT INDUSTRIES LTD	60	\$ 58.35

Portfolio Manager's Comments

Our focus on companies with highly visible and steady growth, as well as strong and increasing dividends continues to be rewarded this year with excellent returns combined with low volatility.

Year to date 71% of the companies in the current portfolio increased their dividends.

This adds up to solid, risk-adjusted total returns derived from steady growth in our underlying companies combined with an average dividend yield of approximately 3.1%.

We are optimistic that our discipline of quality, value-based stock selection should provide superior risk-adjusted performance for investors.

Who is this Investment for?

This Basket is suitable for investors who:

- want to add a growth component to their portfolio.
- want to receive dividend income.
- are willing to tolerate a moderate level of risk.

I have prepared this commentary to give you my thoughts on various financial aspects and considerations. This commentary reflects my opinion alone, and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgement and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial. •National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF Inc.), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF Inc. NBF Inc. is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA)."