

A Focus on "High-Quality Canadian Leaders"

Our Canadian equity management focuses on large cap, blue chip stocks in non-cyclical industries with strong dividends and steady growth. We tend to de-emphasize cyclical industries and diversify assets across different industries to reduce the concentration in sectors exposed to commodity prices.

Canadian equities are prudently divided into three categories to manage risk while allowing for investment in growth opportunities. The companies in the portfolio tend to have steady growth, high returns on invested capital, a dominant position in their market and reduced balance sheet risk.

PORTFOLIO CONSTRUCTION

- Securities of the Fund are categorized as follows with the holdings limited to the ranges set forth: High-Quality Growth 50%-100%; Cyclical 0%-35%; and Mid to Junior Growth 0%-15%.
- Maximum sector weight of the Fund as defined by the Global Industry Classification Standard (GICS®) is the greater of 25% or Index sector weight plus 15%.
- Maximum market value in a single issuer: 10%.
- The Fund may invest in the JF Special Equity Fund, up to a maximum of 10%.
- The Fund may invest up to 20% in non-Canadian North American equities.

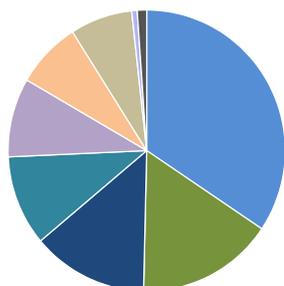
ANNUALIZED PERFORMANCE (%)

As of September 30, 2018	3 mos.	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	15 yrs
JF Canadian Equity Fund	0.2	5.9	9.7	9.2	10.6	7.9	9.9
S&P/TSX Composite	-0.6	5.9	9.7	7.8	7.9	6.3	8.2

CALENDAR YEAR PERFORMANCE (%)

To December 31 st	2017	2016	2015	2014	2013	2012	2011
JF Canadian Equity Fund	6.4	18.8	-2.5	12.8	22.6	10.1	-5.9
S&P/TSX Composite	9.1	21.1	-8.3	10.6	13.0	7.2	-8.7

SECTOR WEIGHTINGS



- Financials 34.5
- Energy 16.0
- Industrials 13.6
- Cons. Stap. 10.4
- Info. Tech. 9.1
- Cons. Disc. 7.7
- Materials 7.3
- Utilities 0.6
- Cash 1.1

Inception Date	April 1, 1997
NAV per Unit	\$33.7867
Quarterly Distribution	\$0.2349620
Fund Size (\$M)	\$5053.8
Benchmark	S&P/TSX Composite

PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
Yield (%)	2.8	2.9
Weighted Avg. Market Cap (\$B)	\$54.6	\$49.3
Turnover (5-yr avg. to 03/31/18)	13.6	-
Sharpe Ratio*	1.1	1.0
Standard Deviation*	6.9	8.4
Upside Capture*	94.6	100.0
Downside Capture*	72.6	100.0
Batting Average*	0.6	-

TOP 10 HOLDINGS

	% of Fund
Toronto-Dominion Bank	8.2
Royal Bank of Canada	6.7
Canadian National Railway	6.0
Bank of Nova Scotia	5.9
Enbridge	5.0
Nutrien	4.2
Alimentation Couche-Tard	3.8
Canadian Natural Resources	3.8
Open Text	3.7
Manulife Financial	3.5
Total for Top 10	50.8

MARKET & ECONOMIC REVIEW

In the third quarter, the U.S. continued to lead the developed world with strong equity market results. The U.S. Federal Reserve (Fed) increased the fed funds rate in June, and economic data continued to support additional tightening. In Canada, quarterly results were muted given the weakness in the oil price and the instability over the Trans Mountain pipeline.

Trade tension escalated between the U.S. and China during the quarter. On-and-off trade talks between the negotiators is creating volatility in the markets in the short term, filtering into the broader global landscape.

In Europe, Italian budget negotiations are an area of focus, as the two populist parties try to agree on a budget for October. The markets are monitoring whether the two "Eurosceptic" coalition populist parties keep to their spending plans and increase the deficit, which concerns the European Union (EU) and increased tensions with its northern partners.

PORTFOLIO REVIEW

The S&P/TSX Composite fell slightly by -0.6% in the third quarter, with our portfolio outperforming the benchmark. Notable in the quarter was the substantial 32% appreciation of the Health Care sector (which makes up only 2.0% of the index), driven by the frenzy towards what we believe are richly valued cannabis stocks. Industrials and Financials performed well, up 5.6% and 3.8%, respectively. The former was driven by railway companies and Air Canada (+30%), while the banks, Brookfield Asset Management (+8%) and Intact (+16%) were mainly responsible for Financials. Sectors that declined during the quarter were Energy (-5.8%), due mainly to pipeline congestion affecting spreads between the Canadian and international price of oil, and Materials (-13%) due to declining gold stocks.

The leading positive contributor to our outperformance this quarter came from our absence in gold stocks (some of which have declined by more than 25%) and the solid performance of Nutrien (+5%) (Potash and Agrium merger). This was followed by good stock selection in Consumer Discretionary, attributable to progression from Gildan (+6%) and our absence from pricy Dollarama (-20%).

On a year-to-date basis, the portfolio has outperformed the benchmark, mainly attributable to Materials (absence of gold stocks, presence in Nutrien, and, the timely sale of West Fraser), as well as our large overweight in IT and our absence in what we believe are the expensive high dividend yielding areas of Utilities and Communication Services. These have underperformed with rising long-term interest rates.

INVESTMENT STRATEGY

While leading economic indicators are not predicting a cyclical slowdown in the coming months, there are plenty of other things for investors to fret about. Trade (NAFTA, tariffs, Brexit) is probably the biggest one, but interest rates, elections and financial excess, are also factors demanding consideration.

The market will also be watching closely the results of the mid-term elections in the U.S.; a Republican victory paves the way for further fiscal stimulus, while a shift to the Democrats will result in a split government and lesser likelihood of highly partisan policy decisions.

We continue to focus on high-quality holdings with strong fundamentals and sustainable business models. Our time-tested investment process, which fully integrates a consideration of environmental, social and governance factors (or ESG) is critical to our risk assessment of a current or potential investment. Ultimately, we believe that this strategy and process will provide excess returns over the benchmark at a much lower level of risk.

INVESTMENT TEAM

Jarislowsky Fraser has a team-based approach that anchors a culture of collaborative decision-making. The Investment Strategy Committee (ISC), our central risk and investment oversight body, oversees the entire investment process to ensure that investment decisions adhere to the firm's long-standing philosophy and process.

The Bank of Nova Scotia (BNS) is the parent company of Jarislowsky, Fraser Limited. BNS securities held in your portfolio are related securities.

Returns for the JF Pooled Funds have been calculated using the net asset value (NAV), are gross of management fees and in Canadian dollars. Complete Investment Policy guidelines are available upon request.

JF Pooled Funds are only available to Canadian residents. Past performance is not a guide to future performance. Future returns are not guaranteed. Investment return and principal value of an investment in the fund will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost. This document is prepared by Jarislowsky, Fraser Limited (JFL) and is provided for information purposes only, it is not intended to convey investment, legal, tax or individually tailored investment advice. All opinions and estimates contained in this report constitute JFL's judgment as of the time of writing and are provided in good faith. All data, facts and opinions presented in this document may change without notification. No use of the Jarislowsky, Fraser Limited name or any information contained in this report may be copied or redistributed without the prior written approval of JFL.

Source: TD Securities, S&P, Bloomberg, FTSE TMX Global Debt Capital Markets Inc. and eVestment Alliance.