JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

JF DIVIDEND GROWTH FUND

PROFILE | SEPTEMBER 30, 2018

Inception Date	June 30, 2012
NAV per Unit	$11.9816
Quarterly Distribution	$0.074665
Fund Size ($M)	$21.1
Benchmark	S&P/TSX Composite

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.

Diversification is enhanced by investing in dividend-paying foreign companies in sectors not available in Canada that exhibit consistent growth, high returns, dominant market positions either globally or in their own region, and strong balance sheets in order to reduce financial risks.

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 up to 30% in non-Canadian North American equities.

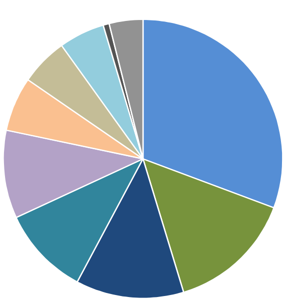
ANNUALIZED PERFORMANCE (%)

As of September 30, 2018	3 mos.	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	Since Inception (06/12)
JF Dividend Growth Fund	1.5	7.0	7.6	9.8	6.4	9.5	11.3
S&P/TSX Composite	-0.6	5.9	7.5	9.7	4.9	7.8	8.5

CALENDAR YEAR PERFORMANCE (%)

To December 31st	2017	2016	2015	2014	2013
JF Dividend Growth Fund	4.2	19.3	-1.4	13.0	24.7
S&P/TSX Composite	9.1	21.1	-8.3	10.6	13.0

SECTOR WEIGHTINGS



- Financials 30.7%
- Energy 14.6%
- Industrials 12.5%
- Technology 10.3%
- Cons. Staples 10.2%
- Materials 6.3%
- Cons. Disc. 5.5%
- Healthcare 5.3%
- Utilities 0.7%
- Cash & Equivalents 3.9%

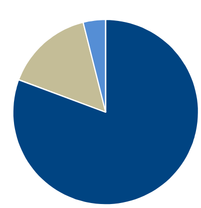
PORTFOLIO CHARACTERISTICS

* 5-year period	Fund	Benchmark
Yield (%)	2.8	2.9
Market Cap (weighted avg. in $B)	$102.9	$49.3
Turnover (5-yr avg. to 12/31/17)	17.3	-
Sharpe Ratio*	1.2	1.0
Standard Deviation*	6.8	8.4
Upside Capture*	91.8	100.0
Downside Capture*	63.5	100.0
Batting Average*	0.6	-

TOP 10 HOLDINGS

	% of Fund
Toronto-Dominion Bank	7.4
Royal Bank of Canada	6.2
The Bank of Nova Scotia	5.1
Enbridge	4.7
Nutrien	4.1
CN Railway	3.5
Manulife	3.5
Alimentation Couche-Tard	3.4
Open Text	3.1
Canadian Natural Resources	3.1
Total for Top 10	**44.1**

ASSET MIX



- Canadian Equities 80.7%
- Foreign Equities 15.4%
- Cash & Equivalents 3.9%

MARKET & ECONOMIC REVIEW

In the third quarter, the U.S. continued to lead the developed world with strong equity market results. Higher inflation and fears around the impact of tariffs and trade were overshadowed by solid economic growth, low unemployment, improved productivity and above-consensus corporate earnings. The U.S. Federal Reserve (Fed) increased the fed funds rate in June, and economic data continued to support additional tightening. This hawkish dynamic sustained the upward momentum in the U.S. dollar, and consequently has put several emerging market currencies under pressure. In Canada, quarterly results were muted given the weakness in the oil price and the instability over the Trans Mountain pipeline.

The ongoing arguments around trade and the implementation of additional tariffs by the U.S. and its trading partners were escalating concerns through the quarter. The risk is that negative sentiment begins to spread, creating volatility in the markets and filtering into the broader global landscape.

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. 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 main positive contributors to our outperformance this quarter came from our absence from gold stocks (some of which have declined by more than 25%) and the solid performance of Nutrien (+5%), as well as a good stock selection in Consumer Discretionary, attributable to Gildan (+6%) and our absence from Dollarama (-20%). The Financials sector's outperformance came from the banks, a solid rebound from Intact (+16%) and Thomson Reuters (+12%).

Foreign equities made excellent gains for the quarter, outperforming the S&P 500 over the same period. After many quarters where market leadership was held by the Technology and Discretionary sectors (the latter powered by tech company Amazon), the third quarter marked a sharp change. While both of those sectors were reasonably strong, the market's rally was led by a more diverse group of companies, with marked strength in Health Care and Industrials, for example. Providing some offset was the negative performance of Nielsen (-11%).

On a year-to-date basis, the portfolio gained 3.7%, outperforming the S&P/TSX Composite's return of 1.4%, mainly attributable to Materials (absence of gold stocks and presence in Nutrien), 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.

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