

A Focus on High Quality Global Leaders

The international equity portfolio is comprised primarily of large multinational companies that demonstrate global leadership in their industry and have at least US\$1 billion in market capitalization. These companies generally have steady growth rates, high returns on invested capital, dominant world market positions and strong balance sheets, reducing their financial risk.

Our approach targets international companies that benefit from exposure to economies growing at a rate higher than global GDP. The emphasis is on non-cyclical companies with a competitive advantage in their industry.

PORTFOLIO CONSTRUCTION

- Market capitalization > US\$1B; EM market capitalization > US\$500M.
- Non-index emerging market limited to 15% weighting; non-index emerging country limited to 5% weighting.
- 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%.

ANNUALIZED PERFORMANCE (%)

As of September 30, 2018

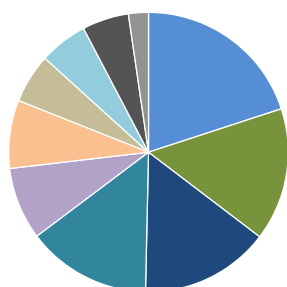
	3 mos.	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	15 yrs
JF Intl Pooled Fund	-0.6	4.4	8.7	9.7	12.4	9.1	6.9
MSCI EAFE Net C\$ ¹	-0.2	6.3	7.9	9.3	11.7	7.6	6.7

CALENDAR YEAR PERFORMANCE (%)

To December 31st

	2017	2016	2015	2014	2013	2012	2011
JF Intl Pooled Fund	19.2	-1.2	17.0	3.4	28.2	20.2	-1.0
MSCI EAFE Net C\$ ¹	16.8	-2.5	19.0	3.7	31.0	14.7	-10.0

SECTOR WEIGHTINGS



- Financials 20.0%
- Consumer Staples 15.4%
- Industrials 15.0%
- Health Care 14.4%
- Materials 8.4%
- Information Technology 7.9%
- Communication Services 5.7%
- Consumer Discretionary 5.6%
- Energy 5.4%
- Cash & Equivalents 2.3%

Inception Date	April 1, 1995
NAV per Unit	C\$31.0058 US\$23.9870
Semi-Annual Distribution	C\$0.5978 (06/30/18)
Fund Size (\$M)	C\$1622.95
Benchmark	MSCI EAFE Net ¹

PORTFOLIO CHARACTERISTICS

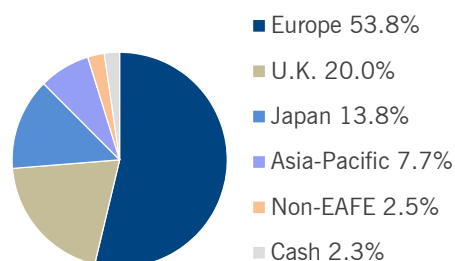
* 5-year period

	Fund	Benchmark
Yield (%)	3.0	3.2
Weighted Avg. Market Cap (\$B)	130.6	81.9
Turnover (5-yr avg. to 12/31/17)	12.7	-
Sharpe Ratio*	0.8	0.8
Standard Deviation*	10.4	10.6
Upside Capture*	101.9	100.0
Downside Capture*	99.3	100.0
Batting Average*	0.5	-

TOP 10 HOLDINGS

	% of Fund
Novartis AG	3.8
Fresenius Medical Care	3.5
Nestle	3.4
SAP SE	3.3
Relx PLC	3.3
Unilever	3.2
Air Liquide	3.0
Royal Dutch Shell PLC	2.9
Keyence Corp.	2.8
Diageo	2.8
Total for Top 10	32.0

GEOGRAPHICAL BREAKDOWN



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 Q3, 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 Eurosceptic¹ 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. Elections will likely be called in short order if the budget does not pass, which will add increased uncertainty.

The Bank of Canada raised rates in July, while the U.S. Federal Reserve waited until near quarter end. Central banks are trying to be reasonably transparent in terms of the pace of rate increases, while the general trend continues upward.

PORTFOLIO REVIEW

The portfolio marginally lagged the index return in the quarter. Positive relative returns were achieved in the Financials sector, where Jardine Lloyd Thompson (JLT) (45%) was announced to be acquired by larger U.S. based rival Marsh and McLellan at a 34% premium to the prevailing market price. Other financials such as Nordea (+11%) and Axa (+8%) also achieved good returns in the quarter.

The Health Care sector was generally a strong performer in the quarter, where both Novartis (12%) and Roche (8%) posted solid increases while Bayer (-21%) was a notable laggard.

Ongoing trade tensions between the U.S. and China resulted in some adverse effects on equities focused on emerging Asian markets. Notable among those was Tencent (-19%), a leading Chinese game developer and social media/ payment platform company. Similarly, Japanese industrial SMC's (-14%) share price was negatively impacted by rising trade fears and the potential for weakening factory investment by its customers. In both cases, we believe sentiment as opposed to fundamentals are impacting the current share movements.

INVESTMENT STRATEGY

Headlines continue to focus on the ongoing trade disputes globally, and no doubt, sentiment played a part in increasing risk aversion in equity markets. As long term investors, we are often faced with the task of separating fundamentals from reality, as markets tend to overreact on both the upside and the downside. To make this distinction, we assess what is happening in the businesses we own and how the current environment is affecting the long term fundamentals of the company's business prospects.

Looking forward, there are always risks to manage and, as such, it is important to keep an open perspective and to continually update our perceptions. We continue to believe that a balanced approach at this point is prudent, given a global expansion that has now lasted over eight years. That said, we think there is no cause for panic, and that the environment remains broadly supportive for risk assets. Volatility may increase in the future, but this should provide good opportunities for long term investors to take advantage of the disconnect between sentiment and reality.

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.

¹ Prior to Dec. 31, 2010 the index used was MSCI EAFE gross.

Returns for the JF Pooled Funds have been calculated using the net asset value (NAV), are gross of management fees and in Canadian dollars. C\$ Index returns and NAV values have been calculated using the London 4PM closing FX rates. 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.