JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

JF GLOBAL EQUITY FUND

PROFILE | DECEMBER 31, 2018

A Focus on Global High-Quality Growth

Global equity management focuses primarily on large U.S. and multinational companies that demonstrate global leadership in their sector. These companies generally have steady growth rates, high returns on invested capital, dominant positions in world markets or their region and strong balance sheets to reduce financial risk.

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

Inception Date	**September 30, 2005**
NAV per Unit	**C$15.1738**
Semi-Annual Distribution	**C$0.1231**(12/31/18)
Fund Size ($M)	**C$261.8**
Benchmark	**MSCI World Net[1]**

PORTFOLIO CONSTRUCTION

- Market capitalization > U$1B; EM market capitalization > U$500M.
- Non-index emerging market limited to 10% 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%.

PORTFOLIO CHARACTERISTICS

*5-year period	Fund	Benchmark
Yield (%)	2.2	2.7
Weighted Avg. Market Cap ($B)	$227.8	$190.1
Turnover (5-yr avg. to 12/31/18)	10.9	-
Sharpe Ratio*	1.0	0.9
Standard Deviation*	8.9	9.6
Upside Capture*	100.4	100.0
Downside Capture*	95.6	100.0
Batting Average*	0.5	-

ANNUALIZED PERFORMANCE (%)

As of December 31, 2018	3 mos.	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	Since Inc. (09/05)
JF Global Equity Fund	-6.6	1.5	6.8	10.5	14.6	11.8	7.5
MSCI World Net C$[1]	-8.6	-0.5	5.7	9.9	13.7	10.8	7.2

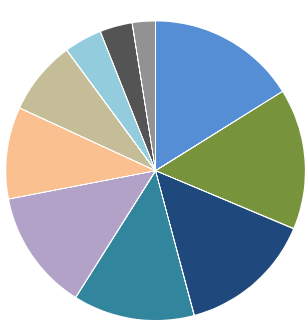
TOP 10 HOLDINGS

	% of Fund
Alphabet (Class A&C)	4.4
Microsoft	3.8
Comcast Corporation	3.1
Abbott Laboratories	2.9
UnitedHealth Group	2.8
Berkshire Hathaway	2.7
Verisk Analytics	2.6
Relx PLC	2.6
Mastercard	2.5
Fiserv Inc.	2.5
Total for Top 10	**29.9**

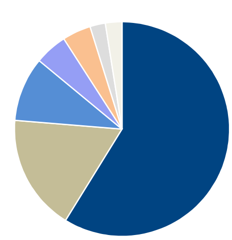
CALENDAR YEAR PERFORMANCE (%)

To December 31st	2018	2017	2016	2015	2014	2013	2012
JF Global Equity Fund	1.5	14.6	4.6	18.7	14.0	34.0	17.3
MSCI World Net C$[1]	-0.5	14.4	3.8	19.5	15.0	35.9	14.0

SECTOR WEIGHTINGS



GEOGRAPHICAL BREAKDOWN



MARKET & ECONOMIC REVIEW

In many ways, 2018 was the antithesis of 2017; volatility returned with a vengeance, both in terms of day-to-day fluctuations and in the form of two "corrections" of greater than 10%. Despite relatively strong economic fundamentals, generally accommodative monetary policy and a corporate tax cut in the U.S., the world's equity markets suffered their worst year since the global financial crisis. Markets do not react well to uncertainty, and, in the final quarter of 2018, we certainly experienced much of that. While the USMCA agreement settled and will replace NAFTA, the trade dispute between the U.S. and China and Brexit negotiations continue. The world's central banks, led by the U.S. Federal Reserve (Fed), are on the path towards interest rate normalization. As expected, the Fed announced the fourth increase of 2018 in mid-December, but lowered its projections for future hikes, estimating that there will be an additional two increases in 2019. Outside of economic fundamentals, markets were buffeted by the ongoing China-US trade war and the approaching denouement of the Brexit saga. The Fed and, to a lesser extent, the Bank of Canada, contributed to heightened volatility as they backtracked from the hawkish path they were on early in the quarter. US financial conditions, i.e. the combination of interest rates, credit spreads, equity market and exchange rate movements, progressed notably higher (tighter) in the quarter. If the tightening in financial conditions persists, it could knock US growth down by 0.75-1% in 2019. The fact that the Fed pushed ahead with another interest rate increase in the quarter, seemingly ignoring that financial conditions in the aggregate may have already done the tightening for them, only added to the equity market uncertainty.

PORTFOLIO REVIEW

The Global Equity Portfolio outperformed a weak MSCI World Index for both the fourth quarter, and also the full year of 2018.The high growth/momentum dynamic that dominated the first half of the year had a complete reversal in the last two quarters as investors shifted into more defensive areas. Top-performing sectors in the Q4 included Utilities (+6%), and Real Estate (+1%). Our absence from those sectors, despite overweight positions in highly conservative sectors like Consumer Staples (-1.3%) and Health Care (-4.2%), did not protect the portfolio from volatility. While the defensive characteristics of both Utilities and Real Estate can be appealing in times such as these, the longer term outlook generally lacks the type of secular growth and return we look for over the long run.

Financials fell by (-9%) as investors fretted about a flattening yield curve, inferring a quick end to the business cycle and rising credit losses. Our holdings in the sector typically possess the best balance sheets and the most conservative loan underwriting practices, outperformed their peers significantly. We continue to have high conviction in Berkshire Hathaway (+1%), Banco Santander (-4%) and AIA Group Ltd (-2%). In the Technology (-13%) and Communication Services (-7%) sectors, our avoidance of Apple (-26%) and Facebook (-16%) (fears over product cycles and growth/regulatory risk, respectively) coupled with our confidence of Microsoft (-6%) and Oracle (-7%) (strong cloud growth and cheap with a growth option, respectively) led to a more defensive stock performance in a negative momentum market. Our intra sector positioning was more favourable, with an overall positive stock selection driving returns in the quarter. Stocks which performed well were generally found in more defensive sectors and included names such as Diageo (+6%) and Roche (+7%).

INVESTMENT STRATEGY

While the U.S. midterm results came out largely as expected, the prospects of further discord in Washington provided caution and was manifested in the largest government shutdown. Meanwhile, in the UK the situation surrounding Britain's exit from the euro-zone continued to play out with no clear solution. Trade tensions continued between China and the U.S. although there appears to be some mutual desire to iron out a lasting solution. While daily market swings can be alarming at times, it is always important to remember that equity is an ownership in a real business with attractive long-term potential to earn returns above its cost of capital. For a patient long-term investor, these carefully chosen businesses can provide attractive long-term risk adjusted returns, which will thrive in a variety of economic scenarios. We believe Jarislowsky Fraser's high quality/low risk approach provides superior downside protection, while benefitting when the markets turn upwards. The current volatility also provides opportunities to acquire securities at better valuations.

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 01/01/2016, the benchmark was MSCI World C$ 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.

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