

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%.

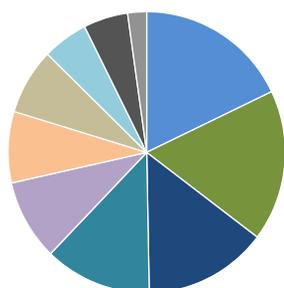
ANNUALIZED PERFORMANCE (%)

As of December 31, 2018	3 mos.	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	15 yrs
JF Intl Pooled Fund	-7.2	-6.7	3.2	5.9	10.8	9.1	5.6
MSCI EAFE Net C\$ ¹	-7.7	-6.0	2.3	5.7	10.3	7.5	5.3

CALENDAR YEAR PERFORMANCE (%)

To December 31 st	2018	2017	2016	2015	2014	2013	2012
JF Intl Pooled Fund	-6.7	19.2	-1.2	17.0	3.4	28.2	20.2
MSCI EAFE Net C\$ ¹	-6.0	16.8	-2.5	19.0	3.7	31.0	14.7

SECTOR WEIGHTINGS



- Financials 17.9%
- Consumer Staples 17.4%
- Industrials 14.4%
- Health Care 12.5%
- Materials 9.3%
- Information Technology 8.2%
- Consumer Discretionary 7.6%
- Communication Services 5.3%
- Energy 5.2%
- Cash & Equivalents 2.2%

Inception Date	April 1, 1995
NAV per Unit	C\$25.6771 US\$18.8000
Semi-Annual Distribution	C\$3.1026 (12/31/18)
Fund Size (\$M)	C\$1,437.98
Benchmark	MSCI EAFE Net ¹

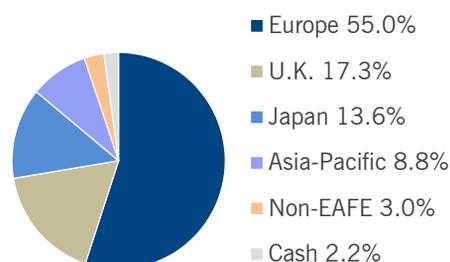
PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
* 5-year period		
Yield (%)	3.4	3.7
Weighted Avg. Market Cap (\$B)	\$131.6	\$78.8
Turnover (5-yr avg. to 12/31/18)	13.6	-
Sharpe Ratio*	0.5	0.5
Standard Deviation*	10.5	11.0
Upside Capture*	102.5	100.0
Downside Capture*	101.4	100.0
Batting Average*	0.5	-

TOP 10 HOLDINGS

	% of Fund
Novartis AG	4.3
Nestle	4.0
Relx PLC	3.8
Unilever	3.8
Diageo	3.4
Air Liquide	3.3
Keyence Corp.	3.2
Roche Holdings	3.2
SAP SE	3.1
Royal Dutch Shell	2.8
Total for Top 10	34.9

GEOGRAPHICAL BREAKDOWN



MARKET & ECONOMIC REVIEW

Brexit negotiations continue even if an agreement was reached in principle. Despite May's support for the proposal, it has been publicly criticized across the political spectrum in the U.K. and has a limited chance of passing in its current form. Theresa May plans to bring the agreement to a vote in January which should be a pivotal time for the UK/ EU relationship. After winning French elections with the promise of change, President Macron's agenda appears to have stalled, with his popularity rating plunging. Significant protests, known colloquially as the "Gilets Jaunes", have forced a re-think of reformists policies and are a setback to his more progressive agenda. In Italy, the situation around the budget has placated for now, as concessions made by the coalition government there have resulted in the approval by the European Commission avoiding sanctions. Benchmark yields have responded favorably in the short term; however, the market is still focused on ensuring the amendment is approved in the Italian Parliament. It has become apparent that some of the ongoing issues in both the euro-zone and elsewhere have filtered into the real economic data and have affected confidence. It is not a significant slowing, however it has prompted some caution from ECB in their updates. Despite this acknowledgement, Mr. Draghi continues to stay the course and announced the scheduled end to the ECB's bond buying program. This was widely expected and while it signals the ongoing removal of liquidity in the global marketplace, monetary accommodation is still expected via negative rates, maturing bond reinvestment programs and bank re-financing mechanisms (TLTRO's).

PORTFOLIO REVIEW

The portfolio was slightly ahead of the index return of -7.7% for the quarter. All sectors, with the exception of Utilities (+6%) and Real Estate (+0.1%), posted negative returns while more cyclically oriented sectors like Energy (-13%), Technology (-12%) and Materials (-10%) were the laggards.

Despite a conservative sector positioning, our overweight positions in both Consumer Staples (-3%) and Health Care (-5%) were not enough to offset our absence in the Utilities and Real Estate sectors. Our intra sector positioning was more favourable, with an overall positive stock selection driving returns in the quarter. Our less cyclical positioning in areas such as Materials, Industrials (-10%) and Energy helped to offset the negative absolute performance in those areas. Stocks which held up well were generally found in more defensive sectors and included names such as Diageo (+6%), Roche (+7%) and Unilever (+4%). But Fresenius Medical (-34%) was a notable laggard in the quarter as a result of a profit warning and rebasing of mid- and long-term expectations. Tsuruha (-26%), the Japanese drug retailer, also had a more challenging year-end update with the integration of some recent acquisitions and the tight employment market in Japan resulting in greater than expected labour inflation. Anheuser-Busch InBev (-20%) also had a challenging quarter as a result of a weak quarterly update and a rebasing of the dividend in order to rapidly reduce leverage. With the acquisition of SAB, the company has further tilted its exposure to faster growing emerging markets, however increased currency volatility in those regions has led to earnings below expectations.

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 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.