JF US EQUITY FUND
PROFILE | DECEMBER 31, 2018

Inception Date	**November 1, 1998**
NAV per Unit	**C$12.7624**
Quarterly Distribution	**C$0.047819**
Fund Size ($M)	**C$567.6**
Benchmark	**S&P 500**

A Focus on "High-Quality Multinational Leaders"

The U.S. equity portfolio is comprised of primarily of large multinationals that demonstrate global leadership in their industry which helps increase liquidity and reduce currency risk. These companies generally have steady growth rates, high returns on invested capital, dominant world market positions and strong balance sheets, reducing their financial risk.

PORTFOLIO CONSTRUCTION

- Securities of the Fund are categorized as follows with the holdings limited to the ranges set forth: High-Quality Growth 80%-100%; Cyclicals & Junior Growth 0%-20%.
- 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%.

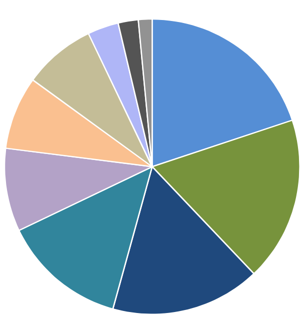
ANNUALIZED PERFORMANCE (%)

As of December 31, 2018	3 mos.	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	15 yrs
JF US Equity Fund	-6.7	5.4	6.7	13.3	17.2	13.6	8.0
S&P 500	-8.7	4.2	8.6	14.1	17.5	14.3	8.2

CALENDAR YEAR PERFORMANCE (%)

To December 31st	2018	2017	2016	2015	2014	2013	2012
JF US Equity Fund	5.4	8.6	6.2	24.2	23.7	42.1	14.3
S&P 500	4.2	13.8	8.1	21.6	23.9	41.3	13.4

SECTOR WEIGHTINGS



- Health Care 19.9%
- Information Technology 18.0%
- Financials 16.4%
- Consumer Staples 13.6%
- Communication Services 9.1%
- Industrials 8.0%
- Consumer Discretionary 7.9%
- Energy 3.4%
- Materials 2.2%
- Cash & Equivalents 1.5%

PORTFOLIO CHARACTERISTICS

* 5-year period	Fund	Benchmark
Yield (%)	2.2	2.7
Weighted Avg. Market Cap ($B)	$227.8	$189.7
Turnover (5-yr avg. to 12/31/18) [1]	22.5	-
Sharpe Ratio*	1.2	1.3
Standard Deviation*	9.6	9.8
Upside Capture*	95.6	100.0
Downside Capture*	98.5	100.0
Batting Average*	0.5	-

TOP 10 HOLDINGS

	% of Fund
Microsoft	7.1
Alphabet Class (A&C)	6.3
Berkshire Hathaway	5.2
Oracle	3.6
JPMorgan Chase & Co.	3.5
UnitedHealth Group	3.5
Verisk Analytics	3.4
DaVita Healthcare	3.2
Nielsen Holdings	3.0
Abbott Laboratories	2.9
Total for Top 10	**41.8**

MARKET & ECONOMIC REVIEW

The final quarter of 2018 erased all of the gains in equity indices from the previous three quarters and then some. 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%. Markets do not react well to uncertainty, and, in the final quarter of 2018, we certainly experienced much of that. While the USMCA trade agreement will replace NAFTA, the trade dispute between the U.S. and China continues, and Brexit negotiations are ongoing. Both involve massive trade relationships that will be affected for years into the future. The world’s central banks, led by the Federal Reserve in the U.S. (Fed), are on the path towards interest rate normalization. However, there has been great uncertainty around how far they will go and how fast. 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. They switched to a slightly more “dovish” tone, but not enough to satisfy those (including President Trump) who were calling for an end to increases due to a softening economy and stock market losses.

PORTFOLIO REVIEW

The U.S. equity portfolio generated returns of around 2.0% ahead of the S&P 500 for the fourth quarter. The market was notably weak during the quarter as fears over trade and the business cycle sent stocks into negative territory. As in the prior quarter, the high growth/momentum dynamic was weak as investors shifted into more defensive areas. Top-performing sectors included Utilities (+7%), Consumer Staples (+0.2%) and Real Estate (+2%). Despite our overweight in the Consumer Staples (+0.2%) and Health Care (-4%) sectors, the relative outperformance of the portfolio came primarily from stock selection in the hardest hit areas, a testament to our fundamental, bottom-up quality bias.

The Financials sector fell by -8.2% 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 possessing the best balance sheets and the most conservative loan underwriting practices, outperformed their peers significantly. In the Technology and Communication Services sectors, our avoidance of Apple (-26%) and Facebook (-16%) (fears over product cycles and growth/regulatory risk, respectively) coupled with our embrace of Microsoft (-6%) and Oracle (-7%) (strong cloud growth and cheap with a growth option, respectively) led to strong stock selection gains. A lack of exposure to the Utilities and Real Estate sectors provided an offset. While the Utilities sector, in particular, can be quite defensive, and was by far the best performing sector during the quarter, we have traditionally not been active in the sector. Years of low interest rates have pushed valuations up well above reasonable levels, considering the low regulated returns, and thus typically minimal value creation. For the full calendar year, the portfolio outperformed the benchmark mainly for similar reasons outlined above. In addition, strong stock selection in the technology sector was bolstered by the takeover of CA Technologies (+40%) earlier in the year, though this was more than offset by weak performance from Comcast (-5%) as it engaged in a bidding war over the summer with Disney for a package of media assets.

INVESTMENT STRATEGY

The U.S. stock market had been underpinned by strong corporate earnings growth and an economy stimulated by unusual late-cycle fiscal stimulus from the recent tax cut. With a weak fourth quarter, the market seems to have abandoned its prior complacency in view of the potential for a “crash” following the 2018 tax cut fueled “sugar high”, growing political risk especially around trade, and an uncertain exit from “Quantitative Easing” by the Fed. Market leadership shifted in Q3 and Q4 away from Technology to a broader representation of sectors. Our portfolio remains built from the bottom up on a diversified group of fundamentally sound companies with attractive prospects and reasonable valuations. We continue to find pockets of attractive investment opportunities in both stable growth and high quality U.S. cyclically exposed businesses. We also plan to concentrate the portfolio modestly and opportunistically by exiting select smaller positions, while retaining the overall defensive, high quality and sustainable approach that has long been our calling card.

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.

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[1] The model-based average turnover was 12.1% for the same time period. The pooled fund’s turnover was higher due to trades related to strict parameters for cash management.

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