JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

JF CANADIAN EQUITY FUND

PROFILE | MARCH 31, 2019

Inception Date	April 1, 1997
NAV per Unit	$32.0856
Quarterly Distribution	$0.2185130
Fund Size ($M)	$4,963.1
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.

Canadian equities are prudently divided into three categories to manage risk while allowing for investment in growth opportunities. The companies in the portfolio tend to have steady growth, high returns on invested capital, a dominant position in their market and reduced balance sheet risk.

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 in the JF Special Equity Fund, up to a maximum of 10%.
- The Fund may invest up to 20% in non-Canadian North American equities.

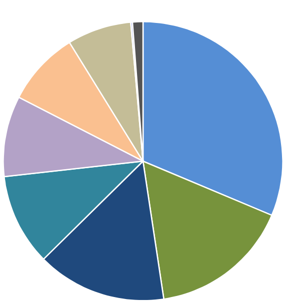
ANNUALIZED PERFORMANCE (%)

As of March 31, 2019	3 mos.	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	15 yrs
JF Canadian Equity Fund	12.0	9.4	8.1	7.0	9.5	10.4	8.9
S&P/TSX Composite	13.3	8.1	9.3	5.4	7.0	9.5	7.2

CALENDAR YEAR PERFORMANCE (%)

To December 31st	2018	2017	2016	2015	2014	2013	2012
JF Canadian Equity Fund	-6.3	6.4	18.8	-2.5	12.8	22.6	10.1
S&P/TSX Composite	-8.9	9.1	21.1	-8.3	10.6	13.0	7.2

SECTOR WEIGHTINGS



PORTFOLIO CHARACTERISTICS

*5-year period

	Fund	Benchmark
Yield (%)	3.2	3.1
Weighted Avg. Market Cap ($B)	$52.9	$48.6
Turnover (5-yr avg. to 12/31/18)	13.6	-
Sharpe Ratio*	0.7	0.5
Standard Deviation*	8.9	10.8
Upside Capture*	94.8	100.0
Downside Capture*	78.4	100.0
Batting Average*	0.6	-

TOP 10 HOLDINGS

	% of Fund
Toronto-Dominion Bank	7.4
Canadian National Railway	6.1
Enbridge	5.6
Bank of Nova Scotia	5.3
Royal Bank of Canada	4.8
Alimentation Couche-Tard	4.5
Nutrien	4.2
Manulife Financial	4.1
Open Text	3.8
Brookfield Asset Management	3.6
Total for Top 10	**49.5**

JF CANADIAN EQUITY FUND

Q1 2019

MARKET & ECONOMIC REVIEW

The final month of the first quarter continued the positive trend in markets seen since the turn of the year. Almost all markets, both bond and equity saw strong returns, and for the quarter as a whole it would seem that the concerns felt in December 2018 have all but dissipated. The December collapse was driven predominantly by three factors: fears that higher interest rates would cause a premature end to U.S. economic expansion, concerns over the potential escalation of the trade war between the U.S. and China, and the potential for a broader-based slowdown in global GDP growth. The correction in December reduced the pressure on China to increase tariffs and led to a more considered approach on the part of the U.S. Federal Reserve, to the extent that the market is now betting that the next change in rates is most likely to be a cut.

With politics and economics so intertwined, there are a number of non-fundamental factors that investors have been watching closely. Brexit may be top of mind, with the already extended deadline for a deal fast approaching. The effect on the U.K. economy and markets hangs in the balance. In the U.S., the extended government shutdown came to an end, but uncertainties around trade with China, the ratification of the "new" USMCA and slowing economic growth are cause for concern.

PORTFOLIO REVIEW

The Canadian equity portfolio generated very strong returns but slightly lagged the S&P/TSX index for the first quarter.

Several of the companies in the portfolio performed very strongly in the quarter following good results. Restaurant Brands' (+23%) performance is evidence of accelerating organic growth, especially at Tim Hortons, thereby increasing our confidence in the company's positive outlook. Thomson Reuters (+21%) was another top contributor in the first quarter as the market rerated the company post the disposition of 55% of the financial division to Blackstone. The two main remaining divisions in the financial operations are the legal and tax divisions, and they have higher organic growth and margins. Pembina Pipelines (+23%) benefited from strong execution as the profitability in the first full year of the combination with Veresen came in well above the original guidance level.

Saputo's (+17%) C$1.7b acquisition of Dairy Crest (DCG) was well received and is consistent with the company's vision of re-entering Europe with a strong branded player, leading market share (in the UK) and significant scale.

Our performance in Industrials (+11%) was below benchmark, mostly due to SNC-Lavalin (-26%). We are reviewing the overall impact of the news flow over the last few months, namely the earnings announcement in late January regarding the short-term impact of the loss related to the mining contract in Chile and the sale of 10% of its 16.67% stake in Highway 407 ETR.

INVESTMENT STRATEGY

As is often the case with predicting the path of financial markets, it is hard to argue that all of the uncertainty that abounded in late 2018 has gone away. We still cannot be sure that the more dovish tone expressed by the U.S. and Canadian central banks means that we have reached the peak of short-term interest rates.

For the most part, the global economy still looks to be in reasonable shape. However, a number of leading indicators are pointing to slower growth; a range of surveys of Purchasing Managers shows lower levels of confidence in the continuation of the current expansion, the U.S. yield curve (the difference between 3-month and 10-year rates) has inverted, and business investment is slowing. We also know that in the late stages of most economic expansions, market returns tend to be strong. Our strategy is to maintain our focus on Canada's best companies that have strong management and sustainable growth prospects.

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, FTSE TMX Global Debt Capital Markets Inc. and eVestment Alliance.