JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

JF DIVIDEND GROWTH FUND

PROFILE | MARCH 31, 2019

Inception Date	June 30, 2012
NAV per Unit	$12.2250
Quarterly Distribution	$0.089614
Fund Size ($M)	$31.9
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.

Diversification is enhanced by investing in dividend-paying foreign companies in sectors not available in Canada that exhibit consistent growth, high returns, dominant market positions either globally or in their own region, and strong balance sheets in order to reduce financial risks.

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 up to 30% in non-Canadian North American equities.

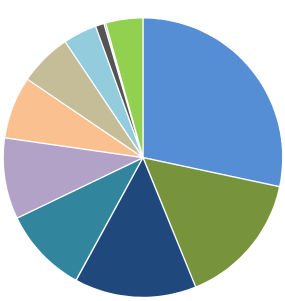
ANNUALIZED PERFORMANCE (%)

As of March 31, 2019	3 mos.	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	Since Inception (06/12)
JF Dividend Growth Fund	11.5	10.7	5.2	8.8	6.6	7.3	11.0
S&P/TSX Composite	13.3	8.1	4.9	9.3	5.1	5.4	8.2

CALENDAR YEAR PERFORMANCE (%)

To December 31st	2018	2017	2016	2015	2014	2013
JF Dividend Growth Fund	-3.8	4.2	19.3	-1.4	13.0	24.7
S&P/TSX Composite	-8.9	9.1	21.1	-8.3	10.6	13.0

SECTOR WEIGHTINGS



- Financials 28.3%
- Industrials 15.5%
- Energy 14.1%
- Cons. Staples 9.9%
- Info. Tech. 9.4%
- Cons. Disc. 7.2%
- Materials 6.1%
- Healthcare 3.9%
- Comm. Services 1.0%
- Utilities 0.2%
- Cash & Equivalents 4.3%

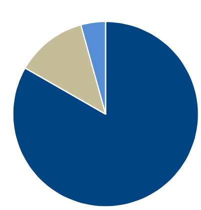
PORTFOLIO CHARACTERISTICS

* 5-year period	Fund	Benchmark
Yield (%)	3.4	3.1
Market Cap (weighted avg. in $B)	$86.8	$48.6
Turnover (5-yr avg. to 12/31/18)	14.1	-
Sharpe Ratio*	0.8	0.5
Standard Deviation*	8.3	10.8
Upside Capture*	90.8	100.0
Downside Capture*	70.8	100.0
Batting Average*	0.6	-

TOP 10 HOLDINGS

	% of Fund
Toronto-Dominion Bank	6.5
Enbridge	5.4
Royal Bank of Canada	5.0
Bank of Nova Scotia	4.8
Alimentation Couche-Tard	4.2
Nutrien	3.9
Manulife	3.9
Canadian National Railway	3.7
Thomson Reuters	3.3
Open Text	3.3
Total for Top 10	**43.8**

ASSET MIX



- Canadian Equities 83.3%
- Foreign Equities 12.4%
- Cash & Equivalents 4.3%

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. The effect on the U.K. economy and markets hangs in the balance. In the U.S., uncertainties around trade with China, the ratification of the "new" USMCA and slowing economic growth are cause for concern.

Almost without exception, markets were strong in the first quarter, with many of December's laggards leading the charge upward. The Canadian dollar saw some strength during the quarter, finishing at 0.7485 USD for a gain of +2.2% for the period, reducing gains on foreign equities for Canadian investors. For the quarter, the S&P/TSX saw a strong gain of 13.3%.

PORTFOLIO REVIEW

In the first quarter, our portfolio slightly underperformed the S&P/TSX Composite Index, which generated a return of 13.3% .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 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. 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. Our performance in Industrials (+10.0%) was below benchmark, mostly due to SNC-Lavalin (-26%).

A surprising "volte-face" from the U.S. Federal Reserve on interest rates and a perceived thaw in trade relations between the U.S. and China led to a strong preference in the market for cyclically-exposed sectors and growth stocks in the foreign equity portfolio. The top performing sectors were Information Technology (+13.7%), Consumer Discretionary (+15.5%) and Energy (+17.1%). More speculative stocks like Facebook, Netflix and Apple handily outpaced the index. In contrast, Health Care (+8.7%) significantly underperformed. The top detractor to performance this quarter was Walgreens (-9%).

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.

In Canada, we will follow the impacts of federal and provincial elections in 2019. 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.