

### 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%.

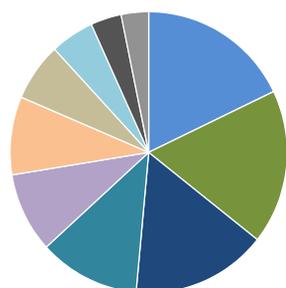
### ANNUALIZED PERFORMANCE (%)

| As of March 31, 2019           | 3 mos. | 1 yr | 3 yrs | 5 yrs | 7 yrs | 10 yrs | 15 yrs |
|--------------------------------|--------|------|-------|-------|-------|--------|--------|
| JF Intl Pooled Fund            | 9.3    | 1.8  | 9.8   | 7.3   | 10.9  | 11.4   | 6.0    |
| MSCI EAFE Net C\$ <sup>1</sup> | 7.6    | -0.2 | 8.4   | 6.3   | 10.1  | 9.7    | 5.4    |

### CALENDAR YEAR PERFORMANCE (%)

| To December 31 <sup>st</sup>   | 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\$ <sup>1</sup> | -6.0 | 16.8 | -2.5 | 19.0 | 3.7  | 31.0 | 14.7 |

### SECTOR WEIGHTINGS



- Consumer Staples 17.9%
- Financials 17.8%
- Industrials 15.8%
- Health Care 11.8%
- Materials 9.2%
- Information Technology 9.0%
- Consumer Discretionary 6.7%
- Energy 5.1%
- Communication Services 3.6%
- Cash & Equivalents 3.2%

|                          |                            |
|--------------------------|----------------------------|
| Inception Date           | April 1, 1995              |
| NAV per Unit             | C\$28.06567<br>US\$21.0080 |
| Semi-Annual Distribution | C\$3.1026 (12/31/18)       |
| Fund Size (\$M)          | C\$1,521.35                |
| Benchmark                | MSCI EAFE Net <sup>1</sup> |

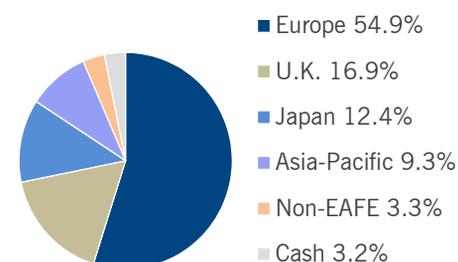
### PORTFOLIO CHARACTERISTICS

|                                  | Fund    | Benchmark |
|----------------------------------|---------|-----------|
| * 5-year period                  |         |           |
| Yield (%)                        | 3.1     | 3.5       |
| Weighted Avg. Market Cap (\$B)   | \$150.4 | \$85.8    |
| Turnover (5-yr avg. to 12/31/18) | 13.6    | -         |
| Sharpe Ratio*                    | 0.6     | 0.5       |
| Standard Deviation*              | 11.1    | 11.2      |
| Upside Capture*                  | 108.2   | 100.0     |
| Downside Capture*                | 101.9   | 100.0     |
| Batting Average*                 | 0.5     | -         |

### TOP 10 HOLDINGS

| Company                 | % of Fund   |
|-------------------------|-------------|
| Novartis AG             | 4.5         |
| Nestle                  | 4.3         |
| Unilever                | 3.7         |
| Relx PLC                | 3.6         |
| Keyence Corp.           | 3.6         |
| Diageo                  | 3.6         |
| SAP AG                  | 3.3         |
| Roche Holdings          | 3.3         |
| Air Liquide             | 3.1         |
| Fresenius Medical Care  | 2.9         |
| <b>Total for Top 10</b> | <b>36.0</b> |

### GEOGRAPHICAL BREAKDOWN



## 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.

Trade negotiations continue between the U.S. and China, and signs of progress served to improve sentiment throughout the quarter. Given the size of both the U.S. and Chinese economies, their progress towards a resumption of trade is a key factor in restoring some confidence to global trade. Both the EU and Japan have meaningful trade relationships with China which are key components of their growth. Business and investment activities have remained subdued as negotiations have intensified, and we expect an acceptable outcome to improve confidence in due course.

The Brexit saga dragged on in Britain with no clear resolution to date.

## PORTFOLIO REVIEW

The portfolio achieved strong returns in the quarter, outperforming the MSCI EAFE Net benchmark which generated a return of +7.6%. In stark contrast to the previous quarter, all sectors showed positive returns. Within the index, Information Technology (+13%), Real Estate (+12%) and Materials (+11%) led the way while Financials (+5%) and Consumer Discretionary (+5%) were laggards.

Regionally, Japan was relatively weaker than other global markets, and our underweight positioning coupled with good selection were positive contributors to our portfolio's relative performance. Despite subdued growth in the domestic economy, Japan boasts some exceptional world-class global companies that have meaningful exposure to faster growth Asian economies. Keyence (+20%), SMC (+22%) and Fanuc (+11%) are all helping businesses around the world to automate their operations and run more efficiently. With some signs of orders bottoming in the quarter, each of these names provided value to the portfolio. Anheuser-Bush InBev (+25%) and Fresenius Medical (+22%) posted strong quarters, both recovering after a challenging 2018. We continue to expect ongoing improvements from both companies. Vodafone (-6%) continued to suffer from fears around dividend sustainability as prices mounted for spectrum auctions in key markets. Despite recent difficult backdrop, our view remains that the shares are inexpensive and momentum should improve going forward as the Liberty Global deal nears completion and growth stabilizes in key markets. Another area of relative weakness in the quarter was found in global banks. While none of our portfolio names suffered disproportionately, ongoing macroeconomic concerns globally and interest rate dynamics have de-rated the shares on a relative basis.

## INVESTMENT STRATEGY

The positive change in market sentiment seen in the first quarter was a stark contrast to the doom and gloom which prevailed towards the end of 2018. An overarching factor in the mood change was undoubtedly a more dovish tilt from the U.S. central bank along with the progress on a trade deal with China also helped sentiment. Some also foresee an ending to the Brexit saga in the near future which will bring resolution to the current market uncertainty. Overall, we believe that the picture remains mixed.

The market on aggregate is a reflection of current sentiment in the shorter frames, however fundamentals bear out in the longer term. Our approach to building a resilient portfolio is to own a well-diversified collection of conservative businesses with attractive long-term characteristics. We take an engaged ownership approach in regards to these companies and do our best in filtering out the noise on a quarter-to-quarter basis in order to rigorously assess the fundamentals. By staying vigilant in our investment assessments, we ensure that our portfolio holdings continue to perform according to our fundamental expectations.

## 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.

<sup>1</sup> 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.