

## A Focus on High Quality Global Leaders

The International Equity ADR portfolio focuses primarily on large multinational companies that demonstrate global leadership in their industry. They 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 non-cyclical international companies in developed (excluding U.S.) and emerging countries that benefit from exposure to economies typically growing at a rate higher than global GDP.

Jarislowsky Fraser integrates the analysis of material Environmental, Social and Governance (ESG) factors into our bottom-up fundamental analysis and investment decision-making process. We believe assessing investable companies through an ESG lens helps to gauge their quality, furthering our ability to invest in the most sound companies.

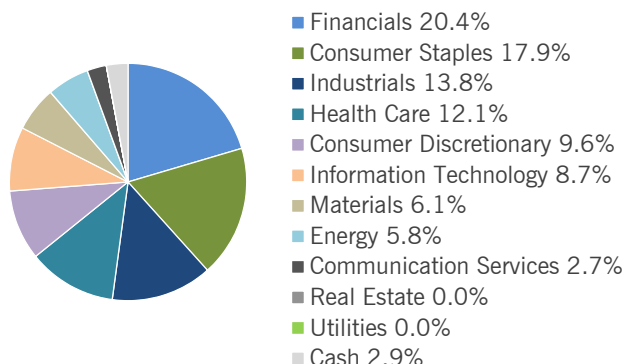
### PORTFOLIO CONSTRUCTION

- Market capitalization > \$1B; EM market capitalization > \$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%.
- Average turnover is typically 10% to 15%.

### COMPOSITE ANNUALIZED PERFORMANCE (%)

JF International Equity ADR As of December 31, 2019 (\$USD)	3 mos.	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	Since Inception (01/01/2008)
Total – Net <sup>3</sup>	8.1	25.8	10.1	5.5	5.6	6.3	3.4
Total – Gross	8.3	26.5	10.8	6.2	6.3	6.9	4.0
MSCI EAFE Net <sup>4</sup>	8.2	22.0	9.6	5.8	6.5	5.8	2.4

### SECTOR WEIGHTINGS<sup>5</sup>



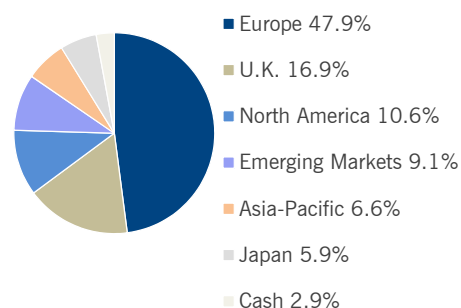
### PORTFOLIO CHARACTERISTICS<sup>2</sup>

	Portfolio	Index
Sharpe Ratio	0.46	0.35
Standard Deviation	14.00	14.31
Information Ratio	0.46	0.17
Turnover	13.30%	-
Yield	2.70%	3.10%
Capitalization (\$B)	\$138.8	\$64.5
Upside Capture	104.08	100.00
Downside Capture	91.45	100.00
Batting Average	0.60	-

### LARGEST 10 HOLDINGS<sup>5</sup>

	% of Portfolio
Roche Holdings Ltd. ADR	4.9
Novartis AG ADR	4.2
Relx Plc ADR	4.1
L’Air Liquide SA ADR	3.8
Unilever NV	3.6
Nestlé SA ADR	3.6
SAP AG ADR	3.4
LVMH ADR	3.1
Diageo Plc ADR	2.9
ASML Holdings NV	2.9
<b>Total % of Portfolio</b>	<b>36.4</b>
Total % MSCI EAFE Index	11.6

### GEOGRAPHICAL BREAKDOWN<sup>5</sup>



## SUSTAINABLE INVESTING

At Jarislowsky Fraser, sustainable investing is about widening the analysis beyond short-term profit, to favor factors that support long-term value creation. Our view is that a company's Environmental, Social and Governance (ESG) policies and track record are likely to be a helpful lens through which to gauge quality. For this reason, we integrate the analysis of material ESG risks and opportunities into our investment process, and have adopted a Sustainable Investment Policy that formalizes our commitment.

Integration of ESG considerations is a component to our assessment of quality across all of our mandates. In addition, for clients with specific values-based restrictions, or other investment policy considerations, the firm offers a tailored approach to meet their needs. We presently manage over \$2.2 billion USD on behalf of clients with a variety of unique values-based restrictions and recently launched Fossil Fuel Free Funds.

## ENGAGED OWNERSHIP APPROACH

Acting as long-term stewards is our fiduciary duty and can be an opportunity to add value for shareholders. We seek constructive engagement with company management, and in some cases with Boards of Directors, on material business concerns including ESG issues. We believe that Jarislowsky Fraser has historically been viewed as a credible shareholder from whom managements seek counsel. This is further reinforced in our proxy voting decision-making:

- Proxy voting is fully integrated into our investment process;
- Our global investment team meets to consider each proxy;
- Decisions are made in-house by the investment professionals.

Our independent point of view is reflected in our voting statistics. Over the 12-month period ending June 30, 2019 we assessed 2,436 proposals and agenda items, and voted 191 meetings, in 31 different countries. Our independent point of view is reflected in our voting statistics. In total, we voted against management 15% of the time, and had at least one vote that was different from management at 50% of the meetings.

## KEY ASSOCIATIONS

Signatory of:



## INVESTMENT STRATEGY – Q4 2019

The fourth quarter of 2019 capped off a strong year for International Equities, where despite numerous headwinds, the market seemed to be continually climbing up the proverbial wall of worry. Despite what seems like an outsized return relative to economic performance, it is important to put this in the context of what was a considerable dip in the fourth quarter of 2018. Viewed in this context, the gains we have seen in the market appear more tempered. While asset markets were particularly vibrant in the fourth quarter, economic data from many core areas continues to be subdued. In the Eurozone, manufacturing and survey data continue to indicate a fairly muted environment. While this data is not generally forward looking, it points to a growing disconnect between asset prices and economic fundamentals, as well as the continued effects of accommodative monetary conditions underpinning much of the current market movements. We are monitoring the recent "stabilization" in European PMI's for a potential positive turn in economic activity in Europe as we move forward. We continue to maintain a measured approach to both positioning and selection with an emphasis on high quality conservative companies. With many of the key worries in the market seemingly moving towards resolution, sentiment has shifted considerably and some valuations have moved towards levels that are more elevated. This should be considered in the context of limited data pointing to any type of meaningful fundamental recovery, which will be needed to justify the recent strong move in equity markets.

## 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 adheres to the firm's long-standing philosophy and process.

<sup>1</sup> Strategy size includes assets in both the International Equity EAFE and EAFE Plus strategies; separate accounts outside these composites; and International ADR and All Countries ex-US strategies.

<sup>2</sup> Portfolio characteristics are based on the International Equity ADR composite; except for Turnover, which is based on a model portfolio, and Yield and Capitalization, which are based on a representative account. Data is for 10 years. Turnover is an average of last 7 calendar years to 12/31/19. Sharpe Ratio was calculated using the Citi 3 Mo. T-Bill. <sup>3</sup> Net-of-fees composite returns are calculated by deducting the maximum fee charged from the gross-of-fee return. <sup>4</sup> Prior to January 1, 2016, the benchmark was the MSCI EAFE Gross. The benchmark returns are calculated net of withholding taxes. <sup>5</sup> Data based on a representative account.

The International Equity ADR composite is made up of actual, discretionary portfolios. Past performance does not guarantee or indicate future results. The performance information shown reflects the performance of composites of accounts and does not necessarily reflect the performance that any particular account investing in the same or similar securities may have had during the period. Actual account performance is likely to differ from the composite performance shown for a variety of reasons, including but not limited to: differences in market conditions, portfolio turnover and in the number, types, availability and diversity of securities that can be purchased; economies of scale, regulations and other factors applicable to the management of large separate accounts and mutual funds, client-imposed investment restrictions, the timing of investments and cash flows, the deduction of taxes, and other factors. 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.