

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 December 31, 2019

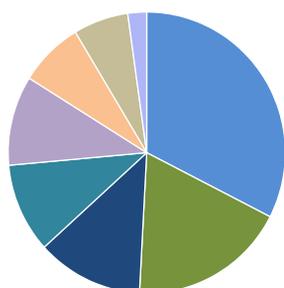
| | 3 mth | 1 yr | 3 yrs | 5 yrs | 7 yrs | 10 yrs | 15 yrs |
|-------------------------|-------|------|-------|-------|-------|--------|--------|
| JF Canadian Equity Fund | 3.3 | 20.5 | 6.3 | 6.9 | 9.8 | 8.3 | 8.4 |
| S&P/TSX Composite | 3.2 | 22.9 | 6.9 | 6.3 | 7.8 | 6.9 | 7.2 |

CALENDAR YEAR PERFORMANCE (%)

To December 31st

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------------|------|------|------|------|------|------|------|
| JF Canadian Equity Fund | 20.5 | -6.3 | 6.4 | 18.8 | -2.5 | 12.8 | 22.6 |
| S&P/TSX Composite | 22.9 | -8.9 | 9.1 | 21.1 | -8.3 | 10.6 | 13.0 |

SECTOR WEIGHTINGS



- Financials 32.5%
- Industrials 18.3%
- Energy 12.4%
- Consumer Staples 10.3%
- Information Technology 10.3%
- Materials 7.5%
- Consumer Discretionary 6.4%
- Cash & Equivalents 2.2%

| | |
|------------------------|-------------------|
| Inception Date | April 1, 1997 |
| NAV per Unit | \$32.8272 |
| Quarterly Distribution | \$0.2649650 |
| Fund Size (\$M) | \$4,823.9 |
| Benchmark | S&P/TSX Composite |

PORTFOLIO CHARACTERISTICS

*5-year period

| | Fund | Benchmark |
|----------------------------------|--------|-----------|
| Yield (%) | 2.7 | 3.0 |
| Weighted Avg. Market Cap (\$B) | \$55.4 | \$50.6 |
| Turnover (5-yr avg. to 12/31/19) | 12.4 | - |
| Sharpe Ratio* | 0.7 | 0.6 |
| Standard Deviation* | 8.8 | 10.5 |
| Upside Capture* | 92.7 | 100.0 |
| Downside Capture* | 84.2 | 100.0 |
| Batting Average* | 0.6 | - |

TOP 10 HOLDINGS

| | % of Fund |
|-----------------------------|-------------|
| Toronto-Dominion Bank | 6.9 |
| Brookfield Asset Management | 5.8 |
| Enbridge | 5.6 |
| Canadian National Railway | 5.5 |
| Bank of Nova Scotia | 5.1 |
| Manulife Financial | 4.8 |
| Royal Bank of Canada | 4.6 |
| Alimentation Couche-Tard | 4.4 |
| CGI Groupe | 3.9 |
| Open Text Corp. | 3.9 |
| Total for Top 10 | 50.5 |

MARKET & ECONOMIC REVIEW

Looking back on 2019, the year started under a dark cloud, with fears that interest rates had risen too far, too fast, and a number of risks needing to be addressed politically, including U.S.-China trade tensions, the USMCA and Brexit, among others. The year finished with movement on all three fronts, as well as lower interest rates in most of the world's major economies, which provided the stimulus for financial markets to generate strong returns for the fourth quarter and for 2019 as a whole.

On the economic front, growth could be characterized as “tepid”, with global real GDP growth tracking at 2.8% – the lowest pace in a decade. The US continues to lead the developed economies by a good margin, and will be helped by progress in trade negotiations with China, although policy uncertainty remains in place with Europe. In Canada, growth is trending at around +1.7% per annum, and there is nothing on the near term horizon that is likely to push that significantly higher. The Bank of Canada has refrained from cutting rates this year, preferring to more carefully assess the balance between external issues and domestic resilience; however, the markets are betting on at least one rate cut in 2020.

The fourth quarter saw very strong equity returns, which took many indexes to all-time highs. Positive catalysts in the quarter included tempering of Brexit uncertainty due to a significant majority in the UK election results, progress on the trade front with a U.S.-China “phase one” deal reached, and ongoing monetary accommodation from key central banks globally. The Canadian market was a relative laggard, although still posted strong gains for the full year. U.S. markets continued to be very strong, and maintained their lead globally. Over the full year, despite a degree of nervousness and uncertainty, equity markets also generated exceptional returns.

PORTFOLIO REVIEW

For the fourth quarter of 2019, the Canadian Equity portfolio slightly outperformed the S&P/TSX, which gained 3.2%. Our performance was driven by the Information Technology (+10.8%) and the Energy sectors (+7.1%).

Notable in the quarter was the strong rebound of SNC (+61%), based on improved fundamentals regarding cash flows and margins, along with its strategic decision to gradually exit the construction business that has been responsible for disappointing earnings (because SNC was assuming responsibility for cost overruns). The recently announced legal settlement finally puts an end to that chapter, and enables management to focus on the future. Stantec (+26%) was also a top contributor following a well-received and credible 3-year strategic plan. The company is now well positioned to benefit from the tailwind of numerous engineering projects (water, infrastructure etc...). Another solid contributor was Industrial Alliance (+19%) as it executes on its strategy to grow more through acquisitions. The main detractors in the quarter were the absence of Canadian Pacific Railway (+13%) and Shopify (+25%) from the portfolio, as well as weakness from Gildan (-18%).

INVESTMENT STRATEGY

Market returns came in well ahead of our (and most others') expectations. The overweight allocation to equities was maintained and this was beneficial to both absolute and relative returns, particularly given that our conservative approach frequently makes it difficult to keep up when markets are “on fire”. It is unlikely that the market will be as generous in 2020. If economies see growth deteriorate, then 2020 is likely to be a challenging year for stocks and a better year for bonds.

In Canada, we have an increasing exposure to Canadian global leaders that operate in non-cyclical industries with secular growth drivers. These companies have strong management teams, balance sheet and cash flow generation providing opportunities for consolidation.

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.

The Bank of Nova Scotia (BNS) is the parent company of Jarislowsky, Fraser Limited. BNS securities held in your portfolio are related securities.

Returns for the JF Pooled Funds have been calculated using the net asset value (NAV), are gross of management fees and in Canadian dollars. 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.

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