JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

JF DIVIDEND GROWTH FUND

PROFILE | JUNE 30, 2019

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.

Inception Date	June 30, 2012
NAV per Unit	$12.3954
Quarterly Distribution	$0.110077
Fund Size ($M)	$37.1
Benchmark	S&P/TSX Composite

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.

PORTFOLIO CHARACTERISTICS

* 5-year period	Fund	Benchmark
Yield (%)	3.3	3.1
Market Cap (weighted avg. in $B)	$95.4	$50.2
Turnover (5-yr avg. to 12/31/18)	14.1	-
Sharpe Ratio*	0.7	0.4
Standard Deviation*	8.2	10.6
Upside Capture*	91.5	100.0
Downside Capture*	71.5	100.0
Batting Average*	0.6	-

ANNUALIZED PERFORMANCE (%)

As of June 30, 2019	3 mos.	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	Since Inception (06/12)
JF Dividend Growth Fund	2.3	7.4	7.6	8.7	7.9	6.7	10.9
S&P/TSX Composite	2.6	3.9	7.1	8.4	6.2	4.7	8.3

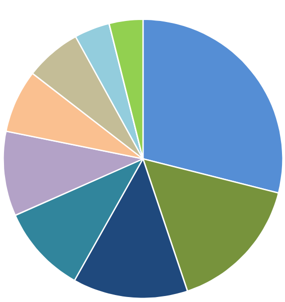
CALENDAR YEAR PERFORMANCE (%)

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

TOP 10 HOLDINGS

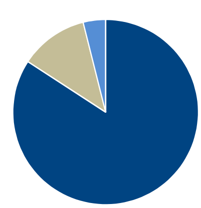
	% of Fund
Toronto-Dominion Bank	6.8
Enbridge	5.2
Royal Bank of Canada	5.1
Bank of Nova Scotia	4.6
Alimentation Couche-Tard	4.3
Manulife Financial	4.0
Nutrien	3.9
Brookfield Asset Mgmt.	3.7
Canadian National Railway	3.7
CGI Group	3.5
Total for Top 10	**44.9**

SECTOR WEIGHTINGS



- Financials 28.9%
- Industrials 15.9%
- Energy 13.3%
- Info. Tech. 10.2%
- Cons. Staples 9.8%
- Cons. Disc. 7.3%
- Materials 6.5%
- Healthcare 4.1%
- Comm. Services 0.0%
- Utilities 0.0%
- Cash & Equivalents 3.9%

ASSET MIX



- Canadian Equities 84.2%
- Foreign Equities 11.9%
- Cash & Equivalents 3.9%

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MARKET & ECONOMIC REVIEW

The second quarter of the year continued to build on the positive momentum shown by financial markets in the previous quarter. The more dovish stance taken by the world's key central banks implied that the next move in administered rates is likely to be downward. Confronted by weaker data, stubbornly low inflation and further risks to trade, the European Central Bank (ECB), the U.S. Federal Reserve (Fed) and the Bank of Canada all pointed towards further monetary stimulus. Relatively bad economic news, therefore, ended up being good news for the markets.

The one area of concern that remains is the apparent weakness in the manufacturing industry in the U.S., Germany, China and Japan. The fear is that this will lead to job losses and falling consumer confidence, which explains the reversal in central bank sentiment. The trade picture improved somewhat near the end of the quarter, with China and the U.S. at least agreeing to resume talks, although the possibility of the U.S. shifting focus to the eurozone may still be enough to induce volatility.

PORTFOLIO REVIEW

In the second quarter, the Canadian Equities portion of portfolio performed reasonably well, marginally outperforming the S&P/TSX Composite Index. The main positive contributors were **CCL** (+19%), **CGI** (+10%), **Manulife** (+6%) and **TD Bank** (+7%). CCL, the global labelling company, saw better growth rates during the period with fundamentals pointing to an improved outlook for 2020. TD Bank, the largest over-weighted bank, had better results than others in terms of growth, with contribution from the U.S., and improved credit quality. Manulife continues its bounce back with the tailwind from equity markets, progressing towards improved profitability, as well as excellent fundamentals from its Asian operations.

The top 2 detractors to performance this quarter were **SNC-Lavalin** (-22%) and **Saputo** (-14%). SNC-Lavalin suffered as a result of investor capitulation following poor Q2 results announced on May 2nd. In June, the board announced management changes and a total reevaluation of all business lines. We expect this will lead to the contraction and/or elimination of part of its business that is causing much of the recent earnings volatility. SNC's value is underpinned by world class concession investments that are growing and top-ranked global design company, Atkins that was acquired in 2016. At these valuation levels, with no net debt following the sale of part of the Highway 407 ETR, we believe there could be material upside and as a result have added to the position. Some holdings in the Energy sector such as, **ARC Resources** (-28%) and **Vermilion Energy** (-12%) performed poorly, largely because of unfavorable industry dynamics (pipeline approvals, commodity prices, poor sentiment), but damage was limited by our underweight positioning and higher quality companies.

Top contributor to performance in the Foreign Equities portion of the portfolio was **Microsoft** (+12%), the largest holding in the portfolio. **Nordea** (-8%) was a detractor to performance as global yield curves have flattened, generally creating revenue headwinds for most banks.

INVESTMENT STRATEGY

Central bankers have indicated that they will pour fuel on the glowing embers of the expansion by reducing interest rates in order to keep it going.

The remainder of 2019 should provide many points for discussion and debate that will have a meaningful impact on how capital markets perform over the coming years. The Federal election in Canada and the U.S. Presidential election in November 2020 will likely cause some volatility in stock markets. Trade will also be a key driver or sticking point.

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. This trend increasingly applies to a diverse set of industries, including technology, engineering, packaging and labels, dairy processing, nutrients to name a few.

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