

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%.

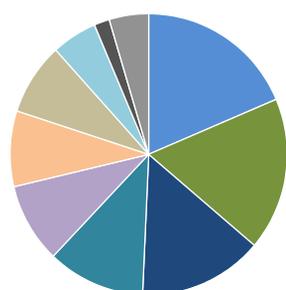
ANNUALIZED PERFORMANCE (%)

As of June 30, 2019	3 mos.	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	15 yrs
JF Intl Pooled Fund	4.5	5.4	11.0	8.0	11.8	10.5	6.0
MSCI EAFE Net C\$ ¹	1.4	0.4	9.3	6.5	11.2	8.2	5.4

CALENDAR YEAR PERFORMANCE (%)

To December 31 st	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\$ ¹	-6.0	16.8	-2.5	19.0	3.7	31.0	14.7

SECTOR WEIGHTINGS



- Consumer Staples 18.6%
- Financials 17.6%
- Industrials 14.5%
- Health Care 11.4%
- Information Technology 9.2%
- Consumer Discretionary 8.7%
- Materials 8.3%
- Energy 5.3%
- Communication Services 1.8%
- Cash & Equivalents 4.6%

Inception Date	April 1, 1995
NAV per Unit	C\$28.6717 US\$21.9413
Semi-Annual Distribution	C\$0.6546(06/30/19)
Fund Size (\$M)	C\$1,544.32
Benchmark	MSCI EAFE Net ¹

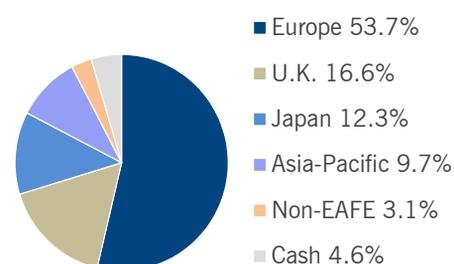
PORTFOLIO CHARACTERISTICS

	Fund	Benchmark
* 5-year period		
Yield (%)	2.8	3.5
Weighted Avg. Market Cap (\$B)	\$155.3	\$87.6
Turnover (5-yr avg. to 12/31/18)	13.6	-
Sharpe Ratio*	0.6	0.5
Standard Deviation*	11.1	11.2
Upside Capture*	109.4	100.0
Downside Capture*	100.4	100.0
Batting Average*	0.5	-

TOP 10 HOLDINGS

Company	% of Fund
Nestlé	4.5
Novartis AG	4.1
Unilever	3.8
Relx PLC	3.8
Roche Holdings	3.7
Diageo	3.6
SAP AG	3.5
Keyence Corp.	3.5
Air Liquide	3.3
AIA Group	2.9
Total for Top 10	36.8

GEOGRAPHICAL BREAKDOWN



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.

During the quarter, we witnessed increasing tariffs and protectionism rhetoric not only between China and the U.S., but also between the U.S. and Europe relating to automobiles and agricultural products. The G20 meeting seemed to result in a modest de-escalation of tensions, although a deal remains elusive. In the U.K., the Brexit drama continued to unfold as Prime Minister Theresa May was unable to pass her Brexit agreement and, as such, has stepped aside. Geopolitical tensions escalated in the Middle East between the U.S. and Iran, which raised energy prices, reversing their previous decline.

PORTFOLIO REVIEW

The international equity portfolio achieved strong returns in the quarter, solidly outperforming the MSCI EAFE Net, with positive returns and good broad-based stock selection coming from multiple sectors.

Almost all regions were positive in the quarter and our holdings in the U.K., France and Switzerland were notable outperformers. Conversely, Japanese markets were largely flat in the quarter, which also positively contributed to performance given our underweight position. Despite this, our selection in Japan remained strong and the portfolio benefitted from improved performance from drug store operator **Tsuruha** (+12%), which is making progress on labour cost inflation that has negatively impacted results the last several quarters.

Top performing sectors in the portfolio were Industrials (+8.7%) and Materials (+10.5%) as **Schneider** (+17%), **RELX** (+13%), **Intertek** (+10%), and **Sika** (+21%) all exhibited strong performance despite the broader economic trade related fears that permeated the markets. **LVMH** (+15%) continued to deliver excellent returns based on ongoing positive business momentum. LVMH's recent results continued to show organic revenue growth across all geographic regions and divisions with particular strength in its most profitable fashion/leather and spirits divisions. **SAP** (+18%) also posted strong results as its cloud offerings continue to progress and its base "on premise" business remains stable. Weakness in the quarter was found in global banks, namely **Mitsubishi UFJ Financial Group - MUFG** (-6%) and **Nordea** (-7%), as global yield curves have flattened

INVESTMENT STRATEGY

As is often the case, there are mixed signals on the global economy. Headwinds include certain leading indicators such as PMI surveys that are pointing to a slower growth, and an inverted U.S. yield curve (the difference between 3-month and 10-year rates). Some offsets were provided by globally positive labour markets and strength in consumer spending. On aggregate, the global economy is still in reasonable shape and the dovish pivot by key central banks is inducing confidence, and is indicative that monetary policy will not prematurely end the economic expansion.

We remain vigilant around risks such as rising corporate leverage, protectionism, and pronounced global wealth gaps – all factors that could create structural challenges for the global economy in the longer term. In the late stages of many economic expansions, market returns have tended to be robust, and in this context, we have been adequately managing risk. As we come towards the end of this historically lengthy expansion, it is important to be proactive. We continue to be cautious in our portfolio positioning and security selection with a strict adherence to our disciplined philosophy.

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.

¹ 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.