

A Focus on "High-Quality Multinational Leaders"

The U.S. equity portfolio is comprised of primarily of large multinationals that demonstrate global leadership in their industry which helps increase liquidity and reduce currency risk. These companies generally have steady growth rates, high returns on invested capital, dominant world market positions and strong balance sheets, reducing their financial risk.

PORTFOLIO CONSTRUCTION

- Securities of the Fund are categorized as follows with the holdings limited to the ranges set forth: High-Quality Growth 80%-100%; Cyclical & Junior Growth 0%-20%.
- 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 December 31, 2019

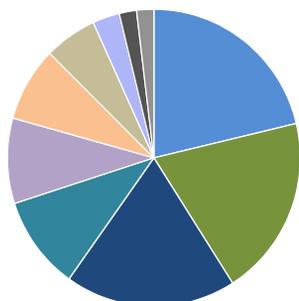
	3 mth	1 yr	3 yrs	5 yrs	7 yrs	10 yrs	15 yrs
JF U.S. Equity Fund	5.2	18.7	10.8	12.4	17.8	14.8	9.2
S&P 500	6.8	24.8	14.0	14.2	19.1	16.0	9.6

CALENDAR YEAR PERFORMANCE (%)

To December 31st

	2019	2018	2017	2016	2015	2014	2013
JF U.S. Equity Fund	18.7	5.4	8.6	6.2	24.2	23.7	42.1
S&P 500	24.8	4.2	13.8	8.1	21.6	23.9	41.3

SECTOR WEIGHTINGS



- Information Technology 21.3%
- Health Care 19.7%
- Financials 18.9%
- Consumer Staples 10.2%
- Communication Services 9.3%
- Industrials 8.1%
- Consumer Discretionary 5.8%
- Energy 3.0%
- Materials 1.9%
- Cash & Equivalents 1.9%

Inception Date	November 1, 1998
NAV per Unit	C\$14.6086
Quarterly Distribution	C\$0.039719
Fund Size (\$M)	C\$684.7
Benchmark	S&P 500

PORTFOLIO CHARACTERISTICS

* 5-year period

	Fund	Benchmark
Yield (%)	1.3	1.8
Weighted Avg. Market Cap (\$B)	\$380.6	\$377.6
Turnover (5-yr avg. to 12/31/19) ¹	20.7	-
Sharpe Ratio*	1.0	1.2
Standard Deviation*	9.3	10.2
Upside Capture*	91.3	100.0
Downside Capture*	99.3	100.0
Batting Average*	0.4	-

TOP 10 HOLDINGS

	% of Fund
Microsoft	8.4
Alphabet Class (A&C)	6.3
Berkshire Hathaway	5.4
UnitedHealth Group	4.6
JPMorgan Chase & Co.	3.9
Oracle Corporation	3.5
Becton Dickinson & Co.	3.5
Verisk Analytics	3.3
Fiserv Inc.	3.2
Pepsi Co.	3.1
Total for Top 10	45.3

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. Bond markets gave a little back in the fourth quarter, with the FTSE Bond Universe falling by -0.9%. However, for the full year the market exceeded expectations significantly, generating a return of 6.9%.

PORTFOLIO REVIEW

The U.S. Equity portfolio's performance lagged the S&P 500 in the fourth quarter of 2019, which had a return of 6.8%. The quarter capped an exceptionally strong year for the U.S. market, which rose by 24.8% (CAD), led by the Technology sector rising 43%. Health Care was the best performing sector in the fourth quarter as fears of regulatory reform dissipated along with Elizabeth Warren's momentum and Americans' enthusiasm for "Medicare for All". The top detractors to performance this quarter were Dollar Tree (-19%) and Interactive Brokers (-15%).

During this quarter, UnitedHealth (+33%) and DaVita (+29%) helped to offset some downside. These two U.S. health care services names would be most affected if dramatic health care reform took place in the U.S. as has been debated among Democratic Presidential nominee hopefuls.

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".

The Portfolio continues to take a balanced and defensive stance in the face of late cycle signals including elevated valuations and slowing economic growth. While it features select growth names like Boston Scientific, Tyler Technologies, and Verisk that enjoy lasting tailwinds, the overweight in Consumer Staples and Health Care, in addition to our near absence in the traditional Industrial sector, suggest insulation from a downturn when the time comes. The current late cycle environment is not conducive to outperformance, but the balanced and defensive approach is designed to provide strong returns through an entire cycle.

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 The model-based average turnover was 12.1% for the same time period. The pooled fund's turnover was higher due to trades related to strict parameters for cash management. 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.

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