

JARISLOWSKY FRASER LIMITED

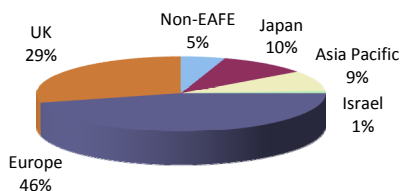
INTERNATIONAL EQUITY FUND REPORT

3rd QUARTER 2011

Details of the Fund

Inception Date	April 1, 1995
Net Asset Value per Unit	C\$ 18.91 US\$ 18.15
Distribution (06/30/2011)	C\$ 0.3343
Fund Size (\$ Million)	C\$ 1343.1

JF International Equity Fund - Regional Weightings



Global economic prospects continued to worsen this quarter. Europe is now heading for a recession, almost certainly to be followed by the United States. We've come full circle since the financial crisis of 2008/2009, as once again the global banking system is in trouble due to banks' widespread holdings of riskier sovereign credits on their balance sheets. The problem now involves not only central bankers but also the politicians. A consensus on policy and an action plan seems beyond reach at this point, making matters worse for all parties.

The Japanese economy is expected to rebound in the second half of the year, after shrinking 2.1% in the second quarter, due to supply chain disruptions caused by the March 11th earthquake. Export-driven industrial production continues to bounce back, but the outlook is threatened by the financial crisis in Europe, prospects of an economic slowdown in the U.S. and the strength of the Yen.

Emerging markets continue to lead the world with respect to economic growth as their GDP is expected to increase by 6.0% in 2011 and 2012. But with the developed world slowing, prospects are starting to fade as witnessed by China's latest manufacturing indicators showing a contraction is under way. China's ability to transition from export-oriented to a more sustainable internal growth economic model is unlikely to be as smooth as most investors seem to believe.

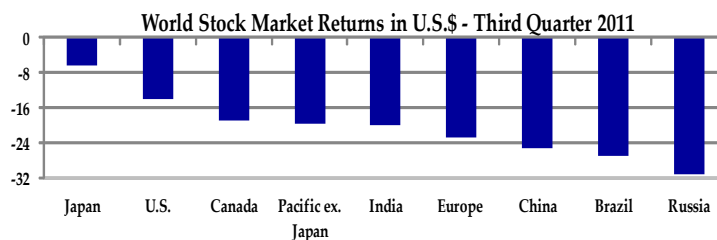
Performance Review

Sept 30th, 2011	3 mths (%)	YTD (%)	1 Yr (%)	3 Yr (%)	5 Yr (%)	10 Yrs (%)	15 Yrs (%)
JFIEF*	-10.3	-3.4	-0.2	1.6	-3.0	0.5	5.1
MSCI EAFE Net*	-12.5	-10.8	-7.9	-1.5	-4.4	1.2	1.8
JFIEF (US\$)	-17.0	-7.9	-1.8	2.3	-1.6	4.8	6.9
MSCI EAFE U\$ Net	-19.0	-15.0	-9.3	-0.8	-3.1	5.4	3.7
S&P/TSX	-12.0	-11.9	-3.6	2.7	2.6	8.0	7.6
S&P 500	-7.0	-4.2	2.7	0.6	-2.5	-1.4	3.4
MSCI World	-9.9	-7.5	-2.3	-0.2	-3.0	0.0	2.6

Compounded Annualized Returns: Sept. 30th, 2011 (CS unless otherwise indicated) *JFIEF: JF International Equity Fund. CS returns have been calculated using the London 4PMFX rates. Performance is gross of management fees. * Prior to Dec. 31, 2010 the index is the MSCI EAFE Index.

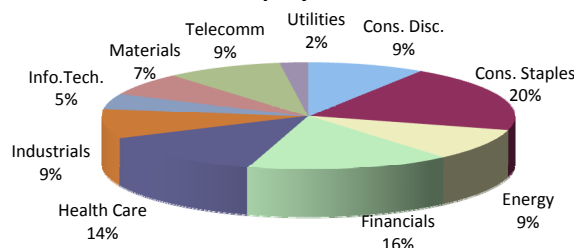
The portfolio continued to outperform the MSCI EAFE Net index declining -10.3% versus -12.6%. For the year ending September 30th, 2011, the index dropped by -7.9%. The portfolio on the other hand returned -0.2% outperforming by over 7%.

The top performer this quarter was **National Grid plc** (+9.2%), favoured for its substantial yield. The Yen's strength helped **Keyence Corporation** (+6.6%) and **Sumitomo Mitsui Trust Holdings, Inc** (+6.7%) outperform in Canadian dollars.



This quarter's outperformance came from sector allocation as investors fled to less economically sensitive companies at the expense of those in the Material, Financial and Industrial sectors. As a result, the portfolio's overweight exposure to Consumer Staples and Health Care paid off as did its underrepresentation to the three lower performing sectors.

JF International Equity Fund - Sector Allocations



We initiated new positions in **Israel Chemicals Limited** and **Oil Search Limited** with proceeds from **Gazprom OAO**. We also exited **Terumo Corporation** and **Synthes Inc.**, with some funds redeployed to **Bayer AG**. **Veolia Environment** was exited with funds allocated to **Standard Chartered plc** and **Anheuser-Busch Inbev NV**.

Strategy

We have been speaking of a slower economy for some time now, but it appears even our conservative outlook was overly optimistic. Global economic growth is now expected to deteriorate for some time as Western economies, led by Eurozone countries, are once again grappling with a banking crisis just three years after the last one. Consensus and action from European leaders is critical and delays will only worsen the situation and fuel volatility. That said, the portfolio has been positioned for a difficult environment for some time and is structured to protect value in a challenging economic environment at a lower level of risk.

Representative Holdings

Holdings	Country	Sector
Air Liquide	France	Materials
Diageo	UK	Consumer Staples
HSBC	Hong Kong	Financials
Nestle	Switzerland	Consumer Staples
Vodafone	UK	Telecommunications

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Sources: Jarislowsky, Fraser Limited, MSCI Inc., S&P Financial Services LLC., TSX Inc., PC Bond Analytics, Global Industry Classification Standard (GICS) by MSCI and Standard and Poor's, Wilshire Atlas Analytics, Bloomberg.