JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

# Quarterly Report

**March 31, 2022**

## Account

University of Winnipeg Foundation

JF11508

RBC Investor & Treasury Services *

139113002

* Custodian holding the securities for you

Prepared For:

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## Notice of Changes to JF Pooled Fund Investment Policy Guidelines

**We wish to advise you of the following changes that will come into effect as of April 30, 2022:**

### JF Fossil Fuel Free Global Equity Fund

- Asset mix ranges will be:

| | Minimum | Maximum |
|---|---|---|
| - U.S. Equities | **20%** | **80%** |
| - Non-U.S. Equities | **20%** | **80%** |

- The JF Fossil Fuel Free Global Equity Fund **may invest up to 10% of the fund in Canadian equities**.

**Should you have any questions or would like to have a copy of the complete investment policy guidelines, please speak with your portfolio manager.**

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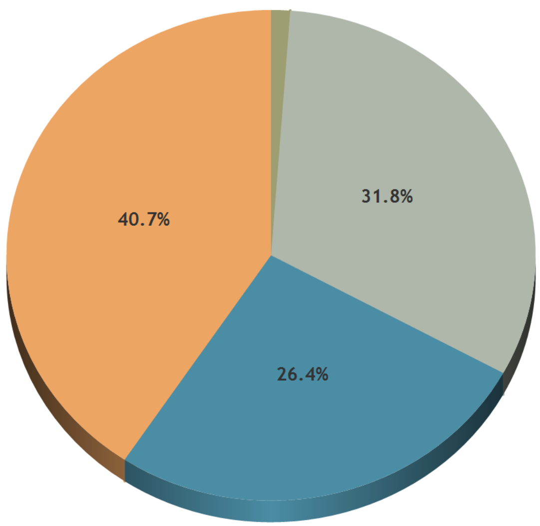
# Portfolio Overview

Canadian Dollars
As of Trade Dates: 12/31/2021 - 3/31/2022

| Asset Mix | 31-Dec-2021 Market Value | 31-Dec-2021 % Assets | 31-Mar-2022 Market Value | 31-Mar-2022 % Assets | Policy Range | Annual Income Estimate | Curr. Yield % |
|---|---|---|---|---|---|---|---|
| **Fixed Income** | **50,407** | **32.3** | **46,879** | **33.0** | **30% - 50%** | **1,160** | **2.5** |
| Cash and Equivalents | 1,892 | 1.2 | 1,649 | 1.2 | **0% - 10%** | 0 | 0.0 |
| Bonds | 48,515 | 31.1 | 45,230 | 31.8 | **30% - 50%** | 1,160 | 2.6 |
| **Equity** | **105,665** | **67.7** | **95,344** | **67.0** | **50% - 70%** | **1,244** | **1.3** |
| Canadian Equity | 40,515 | 26.0 | 37,505 | 26.4 | **15% - 35%** | 727 | 1.9 |
| Foreign Equity Funds | 65,150 | 41.7 | 57,839 | 40.7 | | 517 | 0.9 |
| **Total** | **156,072** | **100.0** | **142,223** | **100.0** | | **2,404** | **1.7** |

## Asset Mix as of 3/31/2022




## Activity Summary

| | Month to Date | Quarter to Date | Year to Date |
|---|---|---|---|
| **Beginning Value** | **143,453** | **156,072** | **156,072** |
| Contributions | 0 | 0 | 0 |
| Withdrawals | 0 | (243) | (243) |
| Income | 461 | 461 | 461 |
| Change in Market Value | (1,692) | (14,068) | (14,068) |
| Due to price variations | (1,692) | (14,068) | (14,068) |
| Due to foreign exchange variations | 0 | 0 | 0 |
| **Ending Value** | **142,223** | **142,223** | **142,223** |

## Performance Summary

| | Month To Date | Quarter To Date | Year To Date |
|---|---|---|---|
| University of Winnipeg Foundation | -0.86 | -8.72 | -8.72 |
| Benchmark | 0.20 | -4.05 | -4.05 |
| Value Added | -1.06 | -4.67 | -4.67 |

**Benchmark as of:**
07/31/2018 35.00% MSCI World Index C$ - Net & 40.00% FTSE Canada Universe Bond Index & 25.00% S&P/TSX Composite Index

**Note:** For more details please refer to the Performance Overview page

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# Performance Overview

Gross of Fees | Canadian Dollars
3/31/2022

## Performance History

| | Month To Date | Quarter To Date | Year To Date | Latest 1 Year | Annualized Latest 2 Years | Annualized Latest 3 Years | Annualized Since Inception 1/31/2019 |
|---|---|---|---|---|---|---|---|
| **TOTAL PORTFOLIO** | **-0.86** | **-8.72** | **-8.72** | **2.00** | **12.46** | **8.41** | **9.53** |
| *Benchmark* | *0.20* | *-4.05* | *-4.05* | *6.24* | *14.38* | *8.17* | *9.16* |
| *Value Added* | *-1.06* | *-4.67* | *-4.67* | *-4.24* | *-1.92* | *0.23* | *0.37* |
| **Bonds** | **-2.81** | **-6.77** | **-6.77** | **-4.33** | **-0.78** | **1.14** | **1.89** |
| *FTSE Canada Universe Bond Index* | *-2.99* | *-6.97* | *-6.97* | *-4.52* | *-1.50* | *0.45* | *1.22* |
| **Canadian Equity** | **0.57** | **-7.43** | **-7.43** | **4.87** | **22.81** | **11.56** | **12.59** |
| *S&P/TSX Composite Index* | *3.96* | *3.82* | *3.82* | *20.19* | *31.67* | *14.15* | *14.86* |
| **Foreign Equity Funds** | **-0.23** | **-11.22** | **-11.22** | **4.83** | **17.33** | **12.17** | **13.73** |
| *MSCI World Index C$ - Net* | *1.18* | *-6.21* | *-6.21* | *9.44* | *22.00* | *12.43* | *13.89* |

***Note(s)**

**Benchmark as of:**

07/31/2018 35.00% MSCI World Index C$ - Net & 40.00% FTSE Canada Universe Bond Index & 25.00% S&P/TSX Composite Index

**Performance Calculation Methodology**

- Rates of return are time-weighted, which is a method of measuring performance that is not sensitive to contributions or withdrawals. Returns are calculated daily, using the gross (prior to the deduction of fees) modified Dietz method.
- As of 1/01/2010, returns and index data have been converted using the London 4pm exchange rates. Prior to this date, the Bank of Canada noon exchange rates were used.

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

# Investment Review and Outlook

## HIGHLIGHTS

### Economic Review

- With inflation rising to levels last seen in the 1970s, there are natural comparisons to that era's stagflationary economic environment, although situations where we simultaneously see weak growth and strong inflation are extremely unusual and typically temporary.
- Bond markets posted their worst performance in decades as interest rates rose sharply in the quarter primarily due to inflation and inflation expectations moving higher.
- The conflict in Ukraine, rapidly rising commodity prices, inflationary pressures and rising interest rates to quell those pressures were all factors that contributed to the weakness in most equity markets.

### Investment Outlook

- A lot of change has catalyzed the world in a short period of time; the favourable geopolitical, commodity, and economic policy backdrop of the past few decades may be most likely behind us.
- We continue to manage our portfolios according to the same investment philosophy that has always guided our decisions and weathered through many market cycles: only invest in businesses that meet our strict investment criteria for quality and sustainable growth.

### Economic Review

As inflation has risen to levels last seen in the 1970s, there are natural comparisons to that era's stagflationary economic environment. Situations where we simultaneously see weak growth and strong inflation are extremely unusual and are typically temporary. Rather than the 1970s, we see this economic environment being more comparable to the late 1940s. At that time, demand for goods surged with household formations following the return of WWII soldiers and an end to war-time mentality. However, this swell in demand confronted an economy that was outfitted to supply the war effort, not new homes, appliances and furniture. This resulted in Canadian inflation increasing and peaking at 17.5% in 1948, before declining to 0% by early 1950.

There are other similarities between this period and our current environment such as an extremely stimulative fiscal policy, very high debt levels, and interest rates held at unusually low levels by central banks, all in order to finance the war effort. In contrast, aside from the parallel drawn from the increase in commodity prices, there are notable differences between the 1970s and today's economy: labour unionization was 100% higher, debt levels were lower, and there was a demographics boom compared to now. Ultimately, we expect the current stagflation-light environment to be relatively short-lived as central banks seem committed to reining in inflation, which we do not doubt they will be able to, through the channel of higher interest rates to depress consumer demand.

### Bond Markets

Bond markets posted their worst performance in decades as interest rates rose sharply in the quarter. The 7% loss was across all bonds, with the longer maturities suffering the most as their prices are the most sensitive to changes in interest rates. Short-term interest rates on federal government bonds shot up almost 1.3%, while the interest rate on 30-year Government of Canada bonds rose 0.7%. Provincial and corporate bonds continued to underperform federal government bonds as economic uncertainty increased. Central banks began their campaign to normalize interest rates at higher levels with the Bank of Canada raising the overnight rate by 0.25% to 0.50% in early March. As inflation has risen to 5.7%, there is still a wide spread between the policy rate and inflation.

The weakness in bond markets was primarily due to rising inflation and expectations moving higher. Thoughts that inflation would gradually decline with the re-opening of economies as the virus transitioned to an endemic phase were dashed when commodity prices jumped higher on the Russian invasion of Ukraine. After exercising patience with the dramatic rise in inflation last year, central banks have shifted closer to what looks like panic, prodding the bond markets to price in 250 bps of interest rate increases. The shocks of the invasion and shift in central bank rhetoric were too much for markets to absorb gradually, hence the abrupt move in the quarter. Towards the end of the quarter, China's dramatic increase in COVID cases re-ignited concerns over the supply of goods, which reinforced the inflation trend. Much of the expected interest rate increases are, at this point, priced into the bond market, and with valuations much more attractive, we expect more favourable returns going forward.

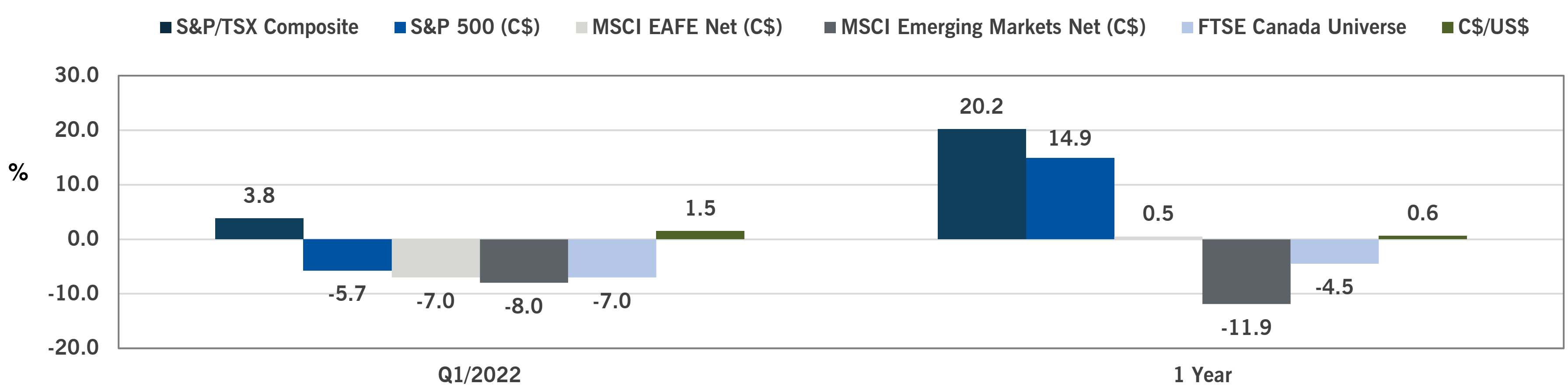
**Equity Markets**

After closing 2021 near all-time highs, most global equity markets saw declines in the first quarter with the notable exception of Canada posting a positive return. The conflict in Ukraine, rapidly rising commodity prices, inflationary pressures and rising interest rates to quell those pressures were all factors that contributed to the weakness in most markets.

The Canadian equity market was strong as a result of the surge in commodity prices driving returns in the Energy and Materials sectors. Conversely, US markets posted their first negative quarter since the onset of the pandemic in 2020, with the technology-heavy Nasdaq (-10.1% in USD) faring notably worse than other equity indices. International developed markets were generally weaker than those in the US, primarily a result of the proximity to the conflict in Ukraine along with rising energy prices. The Japanese market performed relatively well in local terms, however, significant weakness in the yen made returns in foreign currencies less compelling. Emerging markets on aggregate were weakest, as continuing weakness in Chinese equities along with spillover effects from Russian markets dampened sentiment. In contrast, commodities were extremely strong: the Bloomberg Commodity Index jumped 25% (in USD) for its best quarterly performance since 1990.

The Energy sector led markets globally as benchmark crude prices spiked higher (Brent Crude Oil up 39% in USD) on geopolitical concerns. The Materials sector was also strong, notably the commodity space, as metals and agricultural prices rose significantly. Conversely, the Technology sector was among the weakest as valuations retracted from higher levels with the rise in interest rates. The Consumer Discretionary sector was also weaker on concerns spending may contract with higher interest rates and rising energy prices affecting discretionary consumption.

**Market Performance (Periods Ending March 31, 2022)**



## Outlook

A lot of change has catalyzed the world in a short period of time. The favourable geopolitical, commodity, and economic policy backdrop of the past few decades may be most likely behind us. Companies will no longer easily trade off resilience for efficiency as safeguarding supply chains becomes more of a necessity for countries and customers. This will create inflationary pressures, but we expect it to eventually dissipate when productivity eventually improves and innovations ultimately allow us to reduce our dependence on commodities. That has been the case historically, and we have no reason to think that this time will be any different. In the short run, we expect that interest rate increases will reduce near-term inflation as our highly leveraged economy slows down in the face of the higher interest rates. Leading economic indicators are already pointing to slower growth and, in addition to the tightening in monetary policy, we face a decline in fiscal stimulus. A protracted crisis in Ukraine furthers the risk of persistent inflation as the return to a more normal global environment would be hindered.

Today's environment continues to be unpredictable and fluid. While we have always positioned our portfolios prudently, steering away from perceived cyclical risk and seeking companies that we believe provide the most prospect for secular growth, we are not insulated from world events and market volatility. Our portfolios will continue to have ups and downs, but we have strong conviction that they will provide long-term capital preservation and growth for our clients. We continue to manage our portfolios according to the same investment philosophy that has always guided our decisions and weathered through many market cycles: only invest in businesses that meet our strict investment criteria for quality and sustainable growth, and hold these companies for the long term as they continue to be resilient with strong fundamentals and excellent return profiles.

# JF Fossil Fuel Free Bond Fund Portfolio Report | First Quarter 2022

## Portfolio Review

| FTSE Canada Universe Sector Performance<br>March 31, 2022 | | |
|---|---|---|
| **Sector Index** | **Q1** | **1 Year** |
| Short-term | -3.0 | -3.3 |
| Mid-term | -6.8 | -5.0 |
| Long-term | -11.7 | -5.6 |
| **Universe** | **-7.0** | **-4.5** |

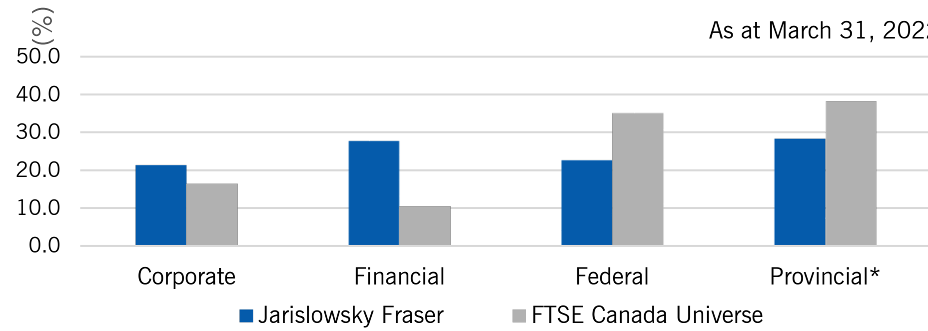
For the quarter, the Fossil Fuel Free Bond Fund outperformed the FTSE Canada Universe Bond Index, returning -6.8% compared to the index's -7.0% in the quarter. The underperformance of corporate bonds was a detractor from the relative performance while provincial bond underperformance helped as we were underweight in terms of risk. With the weakness in provincial and corporate bonds, valuations improved and we started adding to positions to take advantage of better opportunities presented.

| Annualized Returns for Periods Ending March 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|
| | **Q1** | **1 Year** | **2 Years** | **3 Years** | **4 Years** | **S.I.*** |
| | (%) | (%) | (%) | (%) | (%) | (%) |
| **Total Portfolio** | **-6.8** | **-4.4** | **-0.8** | **1.1** | **2.2** | **1.9** |
| FTSE Canada Universe | -7.0 | -4.5 | -1.5 | 0.4 | 1.6 | 1.6 |

| Annual Returns for Years Ending December 31st | | | | |
|---|---|---|---|---|
| | **2021** | **2020** | **2019** | **2018** |
| | (%) | (%) | (%) | (%) |
| **Total Portfolio** | **-2.4** | **10.0** | **7.5** | **1.6** |
| FTSE Canada Universe | -2.5 | 8.7 | 6.9 | 1.4 |

*Since Inception date: 03/31/17
Returns have been calculated using the net asset value (NAV), are gross of management fees and in Canadian dollars. Returns for periods greater than 1 year are annualized.

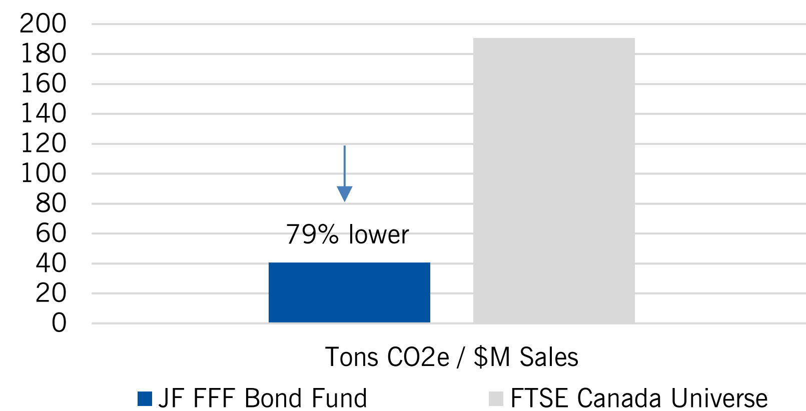
As at March 31, 2022




*Includes Municipal

## Carbon Footprint

As at March 31, 2022




Holdings as at March 31, 2022. Carbon metrics and reporting generated on April 11, 2022. Portfolio weights are ex cash. Carbon Intensity = t CO2e/$M USD Sales. Emissions include Scope 1 and Scope 2 Emissions. For portfolio, data availability is 56.3% with 14.4% comprised of MSCI estimates; for benchmark, data availability is 35.4% with 13.2% comprised of MSCI estimates. Data availability is lower for bond funds because of the inclusion of government bonds. Weighted Average Carbon Intensity is the recommended metric for Fixed Income portfolios.

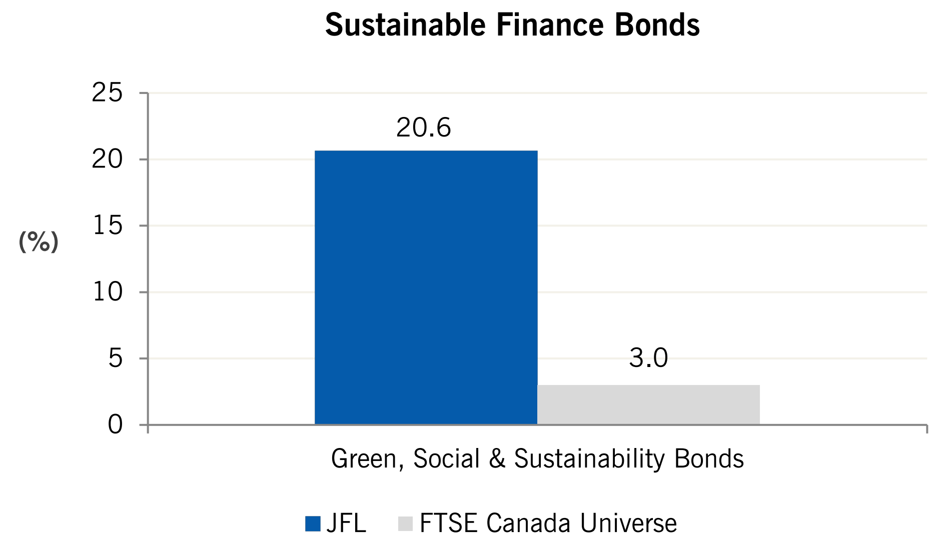
## Sustainable Finance Bonds

During the quarter, we participated in the Government of Canada's inaugural Green Bond offering, a 7-year, $5 billion issue. As the first labelled bond from the Federal Government, it was a welcome addition to the sustainable finance market in Canada and was 2.5x oversubscribed. The transition to net zero will require substantial investment from both the public and private sectors. A transparent and efficient sustainable finance market is key, and the presence of a AAA rated green bond will enable greater diversification within the sector. It also offers investors the opportunity to support Canada in working towards its ambitious goals including:

- Climate: reduce carbon emissions 40-45% by 2030; net zero by 2050.
- Biodiversity: conserve 25% of land and oceans by 2025; 30% by 2030.
- Plastics: zero plastic waste by 2030

As at March 31, the fund holds 20.6% in sustainable finance bonds, with 16.5% in green and 4.1% in sustainability-labelled bonds. Green bonds are a way for issuers to raise money specifically for environmentally friendly projects, such as renewable energy, energy efficiency, or clean transportation. Sustainability bonds are bonds whose proceeds are used for both environmental and social impact projects. Importantly, Sustainable Finance bonds function just like standard bonds, with a credit profile linked to that of the issuer.

As at March 31, 2022




Sources: JFL, Scotia, Bloomberg

## Portfolio Review

The Fossil Fuel Free Canadian equity portfolio was down in the first quarter, and while it outperformed many other equity asset classes, it underperformed the S&P/TSX Composite Index, which benefitted from the sudden, strong rally in the Energy (+28.7%) and Materials (+20.1%) sectors. We think that it is very temporary as the worst thing that can happen for commodities longer term is higher commodity prices. Consumer Discretionary (-7.7%) and Industrials (+3.6%) also contributed negatively this quarter, without any negative company-specific news, after very strong performance in 2021.

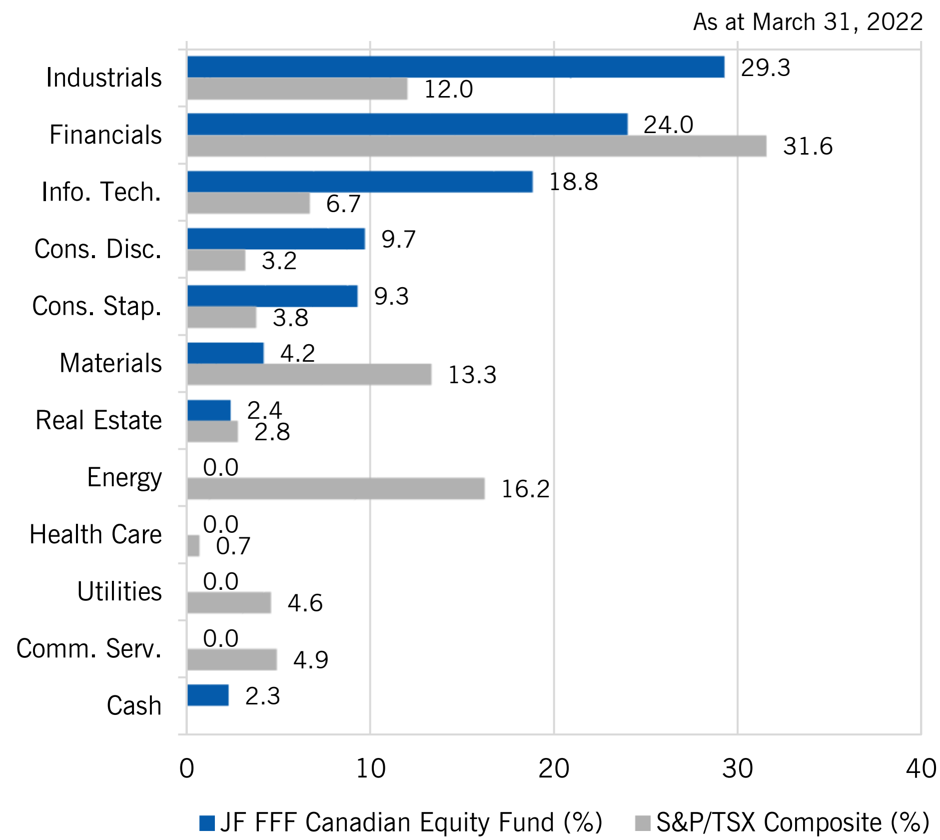
In the first quarter, some of the top contributors relative to the benchmark were **Shopify** (-51%), where we were underweight the position as it declined, **Canadian National Railway** (+8%) and **Intact Financial** (+13%). Intact continues to benefit from a hardening P&C cycle, driven by low interest rates and continued inadequate industry profitability, which is imposing discipline on underwriting and pricing. The RSA acquisition is progressing well, with synergies well on track to being achieved. CN Rail continues to perform well, with robust underlying volumes as well as expected continued improvement in productivity (operating ratio). The appointment of new CEO Tracy Robinson was also well received. Shopify continued its contraction which started in November 2021 despite posting some impressive fundamentals (Q4 revenues up 41%, monthly recurring revenues up 23%, significant new business wins). We believe the decline is explained by the rise in long-term interest rates and its impact on long-duration assets, as well as a return to more attractive valuations. We took the opportunity to move our positioning from underweight to overweight, as we believe Shopify has the best long-term growth prospects out of all the names in the portfolio.

The portfolio's absence from energy and commodities was a detractor from overall performance. Names such as Canadian Natural Resources (+46%) benefitted from the strong increase in oil prices, where the invasion of Ukraine exacerbated the already heightened price of oil affected by supply/demand dynamics, such that current prices are significantly higher than the marginal cost of producing a barrel. Declines in **CCL** (-17%) and **Magna** (-21%) also contributed to the portfolio's

| Annualized Returns for Periods Ending March 31, 2022 | Q1 (%) | 1 Year (%) | 2 Years (%) | 3 Years (%) | 4 Years (%) | S.I.* (%) |
|---|---|---|---|---|---|---|
| **Total Portfolio** | **-7.4** | **4.9** | **22.8** | **11.6** | **11.4** | **10.3** |
| S&P/TSX Composite | 3.8 | 20.2 | 31.7 | 14.1 | 12.6 | 10.9 |

| Annual Returns for Years Ending December 31st | 2021 (%) | 2020 (%) | 2019 (%) | 2018 (%) |
|---|---|---|---|---|
| **Total Portfolio** | **24.6** | **9.1** | **24.1** | **-4.4** |
| S&P/TSX Composite | 25.1 | 5.6 | 22.9 | -8.9 |

*Since Inception date: 05/31/17
Returns 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. Returns for periods greater than 1 year are annualized.



underperformance. CCL, a packaging company, posted good results with sales up 10.2%, but its margins were impacted by higher costs, namely freight, fuel and raw materials. The company is usually able to pass along those higher costs in subsequent quarters and normalize margins. Magna's decline is explained by continued supply chain issues, mainly involving a shortage of semiconductor chips. The prospect of a weaker economy due to higher interest rates could also weaken it further, but we believe this is unlikely given the very strong pent-up demand in automobiles globally.

## Noteworthy Changes

As noted, we were opportunistic in adding to our position in Shopify from approximately 300bps underweight at year-end to nearly 200bps overweight. The company continues to generate meaningful cash flow from operations and impressive revenue growth that we believe is sustainable in the medium term. The volatile equity markets gave us the opportunity to continue to build our position in **Colliers**. We believe they are able to maintain their impressive record of generating shareholder value through organic growth, acquisitions, as well as margin improvements from additional scale and shift in business mix to higher margin areas.

To fund these additions, we exited our position in Nutrien, which benefitted from the rocketing price of potash following the invasion of Ukraine. Potash prices are well above their marginal cost of production, which we believe is unsustainable, and we were concerned by the numerous management changes in the last two years. Also, our fairly large overweight position in **Manulife** was trimmed as it benefitted from rising long term interest rates.

Lastly, we initiated a position in **Ritchie Brothers Auctioneers**, a blend of a pure play live auction house and a global marketplace with value-added services.

### Ritchie Bros Auctioneers Inc. (RBA)

Industrial Services

**Market & Industry:** Ritchie Bros. describes its total addressable market to be all of the $300B global heavy equipment dispositions. It just processed about $5.5B of Gross Transaction Volume (GTV) through its various platforms in 2020 which gives it about a 2% market share. This has been pretty much the same story over its entire corporate life as a public company, never really seeing its share peak much above this. The future growth is not going to be in GTV which has been pretty consistent around 4-5% since 2015, but rather the other solutions offered on the platform. These other solutions such as Data monetization (Rouse acquisition), Parts and Service, Appraisal & Inspection, Financial Services, Logistics and finally advertising and search, are key to getting the take rate trending toward 20%. These are very fragmented end-markets within the heavy equipment space and Ritchie Bros. has the perfect platform to bring all these services together. The global used equipment market is pretty evenly split across the following four end-markets: Transportation, Construction, Agriculture and O&G, and other. This compares to RBA end-market exposures along the following rough allocation: Construction at 55%, Transportation 23% and the balance in O&G and other.

**Company:** Ritchie Bros. is a blend of a pure play live auction house and a global marketplace with value-added services (brokerage finance, estimation, beautification, asset management and data analytics). It started the auction house in an unreserved fashion (no minimum) and it is still run in its original form. It has over 40 physical auction sites (own 10x the acreage vs leased) across 12 countries which complement its now strong online presence (simulcast in most instances). Its platform benefits from robust network effects that healthy auction platforms provide as evidenced by an increasing take rate for the better part of 20 years as added services and bidder/consignor dynamics strengthen globally. It has added marketplace listing services adjacent to its core live auctions giving consignors the choice to list in a reserved (choose bid) fashion in a marketplace or list unreserved in any of the weekly live auctions taking place all over the world. It has been pivoting away from live to marketplaces since about 2016 with the Iron Planet acquisition and is now adding asset management solutions and data analytics. This pivot is allowing the company to open new addressable markets and add on services, increasing velocity to the core network effects.

**Management:** Ann Fandozzi, who is a trained engineer, has been CEO since January 2020 and prior to that, was CEO of ABRA auto body from 2016-2019. She currently doesn't own much stock but is clearly on the path to accumulating some. Sharon Driscoll has been CFO since 2015 and prior to that she held leading senior finance roles at Rexall, Sears and Loblaw.

**Valuation:** RBA is a simple business with a robust and unique platform. It has always traded at the higher end of what we have deemed to be expensive relative to its growth profile (approximately 5% GMV/Organic). However, when taking a step back to look at its market share and the long runway ahead to continue to push its platform globally, trading at a rich multiple quite consistently makes sense. We were fortunate to pay a mid-teens multiple during the volatility in the first quarter, lower end of their 3/5/10 year averages.

**ESG Considerations:** Ritchie Bros. published its first Sustainability Report in early 2021 while continuing its efforts to support circular economy for heavy equipment. They identified six material ESG issues including Climate Change, Diversity and Inclusion and Health and Safety. Following stakeholders' consultations, they are committed to improve their ESG approach and reporting in 2022.

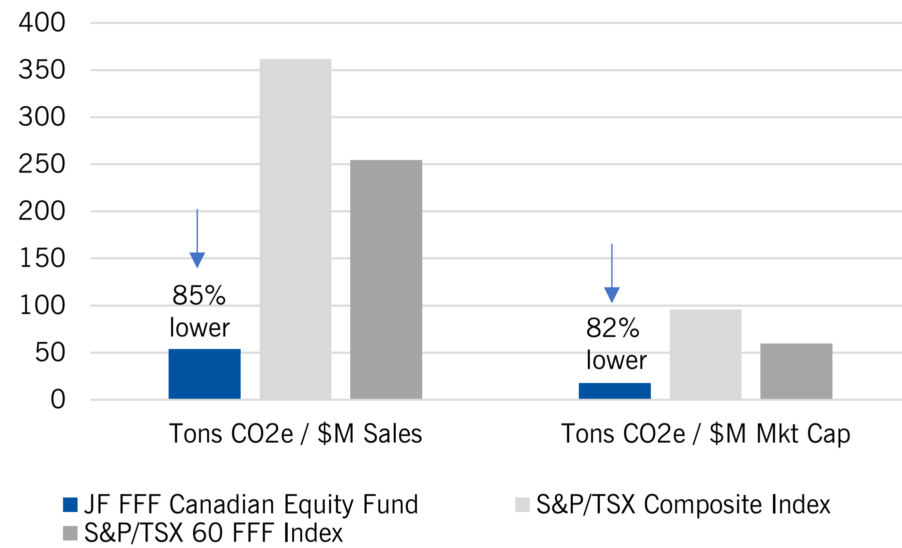
• *Governance*: Renewed its Board with additional skills and expertise aligned with their strategy while achieving gender parity. The board of directors is made up of eight independents plus the CEO, with an independent chair (Erik Olsson was appointed this year). He has been a director since 2013 and has extensive experience in the storage and equipment space as a corporate executive. The Nominating and Corporate Governance committee has the mandate to approve ESG strategies driven by management and report priorities, challenges, and progress to the full Board.

• *Social*: Ritchie Bros. has empowered employees for decades and has been a leader for women in the workforce, especially at the executive rank. They have sponsored various leadership development initiatives including the global initiative Women's LINK. They also identified health and safety as a strategic priority. They measure their safety performance to plan and improve their comprehensive training program and strategies. COO compensation includes a safety metric.

• *Environment*: Ritchie Bros. core business creates opportunities in circular economy. They support the transition to a low carbon economy by providing solutions and services to reuse and recycle previously owned assets, giving them a new life and avoiding landfill waste and limiting transportation needs through their virtual platform.

## Carbon Footprint

As at March 31, 2022




Holdings as at March 31, 2022. Carbon metrics and reporting generated on April 11, 2022. Portfolio weights are ex cash. Carbon Intensity = t $CO_2e$/$M USD Sales. Emissions include Scope 1 and Scope 2 Emissions. For portfolio, data availability is 100% with 16.7% comprised of MSCI estimates; for S&P/TSX Composite Index, data availability is 99.5% with 13.9% comprised of MSCI estimates; for S&P/TSX 60 FFF Index, data availability is 100% with 7.5% comprised of MSCI estimates.

## Climate Spotlight

In Q1 2022, **Gildan** increased its climate commitments, with a goal of reducing its scope 1 and 2 Greenhouse Gas (GHG) emissions by 30% by 2030 aligned and committed to the *Science-Based Target Initiative* (SBTi) and the level of decarbonization required to meet the goals of the Paris Agreement. See below Gildan's Climate Highlights:

• *TCFD:* Conducted an initial assessment using TCFD framework incorporating *International Energy Agency* scenarios to develop assumptions on business related risks following societal and economic shifts towards a low carbon economy, and plan to enhance climate disclosures through a subsequent TCFD stand-alone report in 2022

• *CDP:* Obtained B in their Climate Change report

• *Sustainability Linked:* Amended its 1-billion credit facility to incorporate sustainability-linked terms to annual performance against three recently announced ESG targets including GHG emissions reduction target (Scope 1 and 2).

• Renewable Footprint: Generated renewable energy by investing in biomass energy systems in the Dominican Republic and in Honduras textile facilities, since 2010. This process is considered carbon-neutral because it prevents organic materials from entering landfills and emitting GHG emissions as they decompose. These systems generate close to half of Gildan total energy needs.

## Portfolio Strategy

Our view on the Canadian portfolio has not changed: we continue to have a bottom-up approach and invest in solid companies that have a sustainable competitive advantage over the long term. History shows that most commodity-related companies generate very little shareholder returns over time, but can cause temporary underperformance when they rally meaningfully like they are now. We expect the stock market to be volatile in the near future, with the war in Ukraine exacerbating previously identified supply chain issues; Ukraine and Russia both export many agricultural products that affect the supply chain, in addition to being a key source of energy to Europe. This creates inflation, part of it cyclical, part of it structural, which triggers a response by central banks in the form of higher policy rates. It is difficult to predict an end to the conflict, but we expect it would materially change the composition of returns in the S&P/TSX when it does happen.

In our view, the Canadian investment universe has significantly changed from the mid-90s, when the Canadian market was dominated by energy, commodities and banks. These companies now all look very much value-biased given the low multiples. We believe this gives the wrong perception of value given that it is based on peak commodity prices and overstated rate increase expectations. The choices we have today in Canada are not comparable to 5-10 years ago, hence the gradual shift away from commodities and banks.

For the past decade, Canada has overall been a beneficiary of "talent immigration" in the world (based on level of education) and when combined with the quality of living and the government's strong balance sheet, Canada now boasts leading companies in the most attractive growth segments in the world. Part of the shift has resulted in attractive consumer and industrial companies but technology has also evolved significantly. When given the choice between two companies with equal return expectations but one is in a growing industry with higher barriers to entry and good visibility and the other is in commodities (capital intensive, very cyclical, low margin), we will choose the former due to its higher "quality".

Today we have choices in Canada that we never had before which has allowed us to move from commodities and banks to a more diversified quality portfolio that we think will perform better than in the past given the competitive positions of our companies. We want to stress that this is not only in Technology, but in many other sectors.

While this transition might seem like our portfolios are slightly tilting more toward growth, we continue to implement stock selection according to our longstanding investment philosophy and quality "growth at a reasonable price" (GARP) approach, as we always have. We believe some of our portfolio names, such as Shopify, Kinaxis, Descartes and Altus, are undervalued securities relative to their strong growth potential; however, when looking at multiples, they flash growth (high P/Es, P/S) while energy and banks screen "value" at peak earnings. We believe our Canadian equity portfolio is well-positioned for future growth and continue to be optimistic about the return expectation of our portfolio.

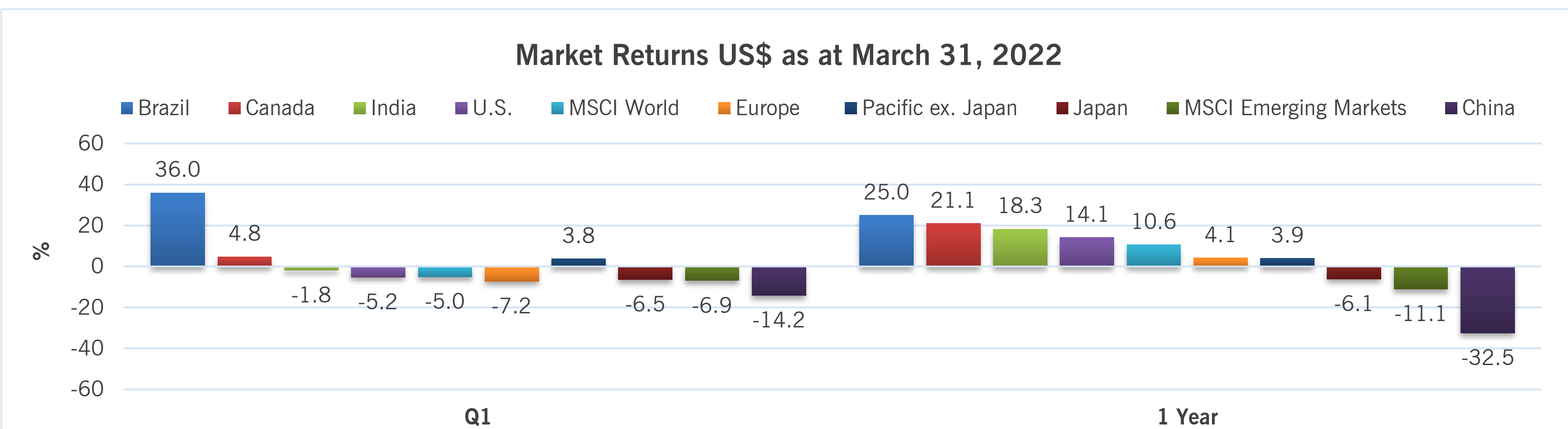
After closing 2021 near all-time highs, most global equity markets saw declines in the first quarter, with the MSCI World Index down by -5.2% (in USD). Inflation has increased globally and is acutely affecting economies across international developed markets. Price increases are broad based, inclusive of food and energy, which is transmitting negatively to consumer confidence. The conflict in Ukraine, rapidly rising commodity prices, inflationary pressures and rising interest rates to quell those pressures were all factors that contributed to the weakness in most markets.

US markets posted their first negative quarter since the onset of the pandemic in 2020, with the technology-heavy Nasdaq (-10.1% in USD) faring notably worse than other equity indices. International developed markets were generally weaker than those in the US, primarily a result of the proximity to the conflict in Ukraine along with rising energy prices. The Japanese market performed relatively well in local terms, however, significant weakness in the yen made returns in foreign currencies less compelling. Emerging markets on aggregate were weakest, as continuing weakness in Chinese equities along with spillover effects from Russian markets dampened sentiment. In contrast, commodities were extremely strong: the Bloomberg Commodity Index jumped 25% (in USD) for its best quarterly performance since 1990.

The Energy sector led markets globally as benchmark crude prices spiked higher (Brent Crude Oil up 39% in USD) on geopolitical concerns. The Materials sector was also strong, notably the commodity space, as metals and agricultural prices rose significantly. Conversely, the Technology sector was among the weakest as valuations retracted from higher levels with the rise in interest rates. The Consumer Discretionary sector was also weaker on concerns spending may contract with higher interest rates and rising energy prices affecting discretionary consumption.

## Portfolio Review

During the first quarter, the Fossil Fuel Free Global Equity portfolio underperformed the MSCI World Index. The Energy (+29.6%) sector and commodity-focused companies were the clear winners, with conflict in Europe exacerbating upward pressure that had been building as economies recovered briskly coming out of COVID. This commodity shock took place in the context of a market rotation already underway towards lower-quality, more cyclically-exposed firms, presenting a double headwind to our style of investing in higher-quality companies for the long term. Attractive sectors like Technology (-11.2%), Consumer Discretionary (-11.6%), and Communication Services (-11.4%) were the worst performers by a considerable margin. European markets like France and Germany and emerging markets like China fared poorly relative to the United States this quarter. Oil was rampant (Brent Crude Oil up 39% in USD) and rate markets also witnessed a sharp adjustment as investors grappled with inflation that no longer looks “transitory”.



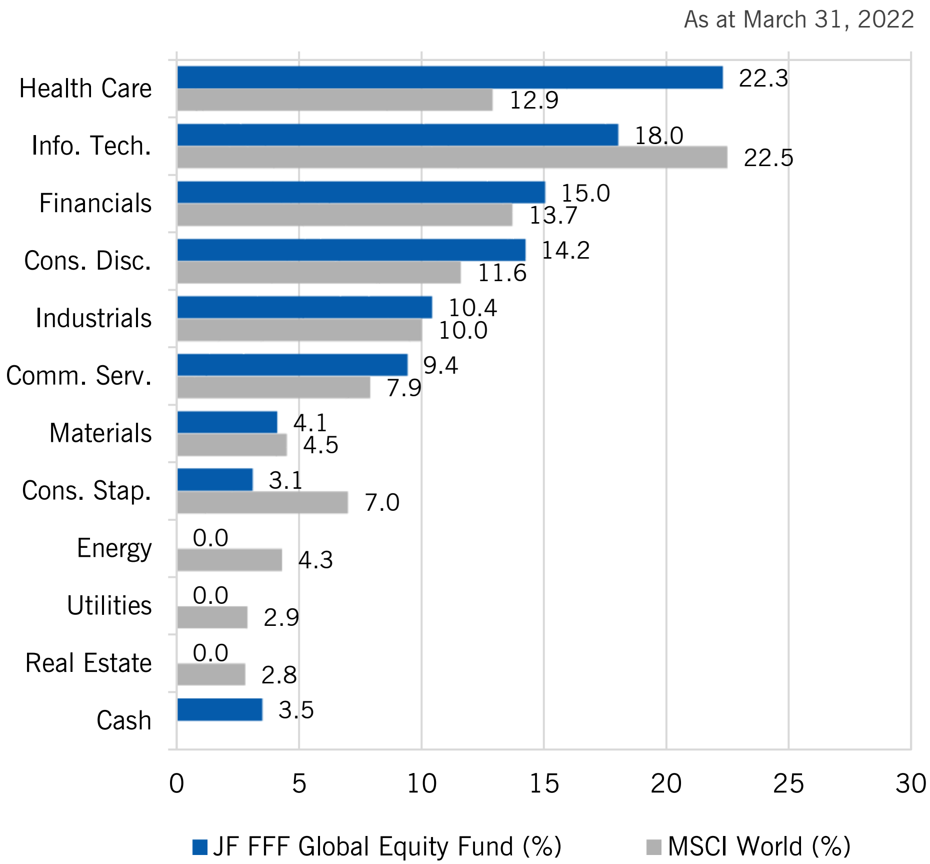

Gross returns. Source: MSCI.

| Annualized Returns for Periods Ending March 31, 2022 | Q1 (%) | 1 Year (%) | 2 Years (%) | 3 Years (%) | 4 Years (%) | S.I.* (%) |
|---|---|---|---|---|---|---|
| **Total Portfolio** | **-11.2** | **4.8** | **17.3** | **12.2** | **11.7** | **11.4** |
| MSCI World Net | -6.2 | 9.4 | 22.0 | 12.4 | 11.2 | 11.0 |

| Annual Returns for Years Ending December 31st | 2021 (%) | 2020 (%) | 2019 (%) | 2018 (%) |
|---|---|---|---|---|
| **Total Portfolio** | **21.4** | **16.1** | **23.2** | **2.3** |
| MSCI World Net | 20.8 | 13.9 | 21.2 | -0.5 |

*Since Inception date; 03/31/17

Returns have been calculated using the net asset value (NAV), are gross of management fees and in Canadian dollars. Returns for periods greater than 1 year are annualized. C$ Index returns and NAV values have been calculated using the London 4PM closing FX rates.




In this tough environment, our selective positioning in the Financials (-2.5%) sector with names such as **Chubb** (+10%) and **London Stock Exchange** (+10%) helped somewhat. However, the headwinds from not holding commodity-focused businesses and from having a higher-quality orientation were far too great to overcome. Lack of exposure to the Energy sector alone accounts for almost a quarter of the relative underperformance, while most of the rest comes from negative sentiment on great businesses like **ASML** (-16%), **Copart** (-18%), **Atlas Copco** (-25%), and **Keyence** (-26%). These names are indicative of the type of attractive growth, high return company that fell out of favour despite continued excellent performance. We remain true to our philosophy and continue to emphasize these businesses, confident in their ability to outperform over the long term. We remain equally confident that commodity sectors like Energy will struggle to add value over the long term and will eventually give up recent gains.

For the year, the portfolio underperformed the index as well. The help from companies that came through COVID with flying colours, like **Copart** (+18%), **Microsoft** (+31%), and **Alphabet** (+34%), was not nearly enough to offset headwinds from the aforementioned commodity shock and rotation into lower-quality, more cyclically exposed areas. In addition, our overweight in payment technology companies like **Mastercard** (0%) and **Fiserv** (-15%) hurt as investors questioned future growth prospects. We continue to believe that the "cash-to-card" trend fueled by the convenience of e-commerce will continue to drive payments-focused companies, and the competitive positioning of our holdings will enable them to enjoy their fair share of that tailwind. It is worth highlighting that both of these companies should fare well in an inflationary environment, as they are in some ways "toll-takers" on electronic transactions, floating upward along with higher prices, and indeed both began to enjoy better performance as inflation concerns came to the fore in recent months.

## Noteworthy Changes

This quarter, we exited PepsiCo in favour of **B&M Value Retail** (think Dollarama or Dollar General), leaving a stable but slower growing food and drink manufacturer while welcoming a UK-based discounter to the portfolio. Both companies should play defense well in an economic downturn, but B&M should be able to keep up better in good times with its growth strategy at home and abroad. Led by the visionary Arora brothers, who own 10% of the company, we see a high likelihood of continued success in the UK with upside in France and the rest of the continent as they build new stores.

We also exited Hilton, having recovered well above pre-COVID levels without apparent concern over the potential for permanent demand destruction in corporate travel and the knock-on effects to new hotel construction. Funds were repurposed into health care powerhouse **Danaher**, which enjoys strong franchises in attractive and growing markets like diagnostics and bioprocessing. Its management team has a great track record of operational discipline and value-adding industry consolidation underpinned by a unique culture.

## B&M European Value Retail (BME LN)

Consumer Discretionary; Retailing

**Market & Industry:** B&M is a discount retailer with operations in UK and France. Physical retail has been a tough industry for most players but well-run discounters have been gaining share and winning across the world. UK's discounter retail market grew 8% CAGR from 2012-2018 while the rest of the market kept flat. We believe that is mainly driven by the shift in customers' shopping preference from destination-focused to value-for-money-focused, and we expect this trend to continue. Many discounters in the US are publicly listed, and most investors understand the competitive advantage of the business model, but in Europe, most discounters are privately held and B&M is one of the few publicly listed discounters.

**Company:** The two co-founder brothers bought B&M in 2005 with only 20 stores, and now it's a well-known brand in the UK with 680 stores (the long-term goal is to have at least 1,000 B&M in the UK), 300 Heron c-stores and 100 Babou discount stores in France. The company carries less numbers on SKUs vs hypermarkets and is able to sell these in-demand products 15-25% cheaper. This is the competitive advantage of B&M. We think B&M can maintain this price gap because B&M has strong direct relationships with Chinese factories (where B&M sources most of their products), vs going through a wholesale middleman. These factories love doing businesses with B&M because B&M orders items in bulk and always pays them on time. Because B&M operates their stores extremely efficiently, they can pass all of the savings to their customers. In addition, a new B&M store is profitable from day one, with a payback period of only 8 months (top tier in the retailer industry!).

**Management:** The two brothers (Simon Arora, CEO, and Bobby Arora, Trading Director) started their careers as middlemen between the UK retailers and Chinese factories many years ago and they were quite good. However, they wanted to own their own customers, and decided to buy B&M for £500,000 in 2005 when it was a small chain of 20 stores. Along the way, they also did M&A deals – bought value-based c-store chain Heron in UK and discounter Babou in France. The two brothers own ~10% of the company today.

**Valuation:** B&M trades at 14x forward earnings, vs historical average multiple of 16x. Our DCF (WACC 8.5%, TGR 3% & no M&A) suggests the intrinsic value of this stock is somewhere between £6.95 and £7.33, implying a 27%-34% upside potential based on today's stock price (£5.45).

**ESG Considerations:**

- *Environmental:* B&M is committed to being an environmentally responsible company. They created an Energy Manager role in FY21 and launched a new "controllable cost wheel" at all B&M UK stores. The goal for both initiatives is to drive further energy improvements and efficiencies and thus reduce store energy consumption. In addition, thanks to the new Bedford distribution center opened in FY20, B&M was able to save 2.7M delivery miles travelled (or equivalent to 3,700 tonnes CO2 emissions) compared to the year prior.

- *Social (workforce/Talent Management/Responsible sourcing):* According to the management team, B&M's employee turnover rate is below the industry average, which can be supported with the internal employee satisfaction score of 81%. Notably, B&M added 7,200 new jobs while the UK retail industry lost 67,000 jobs due to COVID-19. In addition, B&M has an internal Step-Up program to help outstanding employees move up within the company. In 2020, 124 employees were promoted to Deputy and Store Managers. With regards to responsible sourcing, we noted that both new and current suppliers are required to produce a social compliance audit carried out by an external specialist. This is a great practice and we encourage B&M to disclose the % of revenue from products that are third-party certified to environmental and/or social sustainability standards.

- *Governance* The company has a strong independent board with single class share structure. Interests are further aligned via the 10% combined ownership of the founding brothers.

## Danaher (DHR)

Healthcare; Life Science Tools & Services

**Market & Industry:** Danaher is a life science conglomerate with more than 20 independent business units. The company is exposed to attractive and growing end-markets. It has a significant presence in bioprocessing (#1 global player, crown jewel of the group), life science tools (major player), in-vitro diagnostics (#3 global player, strong in molecular, tissue and point-of-care), water quality and product identification. The spin-off of Fortive, a collection of businesses exposed to cyclical end-markets, happened in 2016.

**Company:** Danaher is a high-quality company with a strong track record of creating long-term value for shareholders. It has a unique corporate culture, which is defined by the Danaher Business System (DBS, a set of processes), the Danaher Playbook and their M&A philosophy. Each business unit within Danaher is independent with its own management team, and each unit will use the DBS to drive execution and operational excellence. The philosophy is about continuous improvement. M&A is an important element of the strategy. Danaher can convince management teams to sell their business since it will be kept as an independent entity within the group.

**Management:** Danaher's senior management team has extensive experience and has been with the firm for many years, though many members are fairly new in their roles. For example, Rainer Blair became CEO in September 2020 after being the Executive Vice President of Life Science since 2014. He joined Danaher in 2010 and has more than 30 years of experience. He is also one of the architects behind the GE Biopharma transaction (now Cytiva).

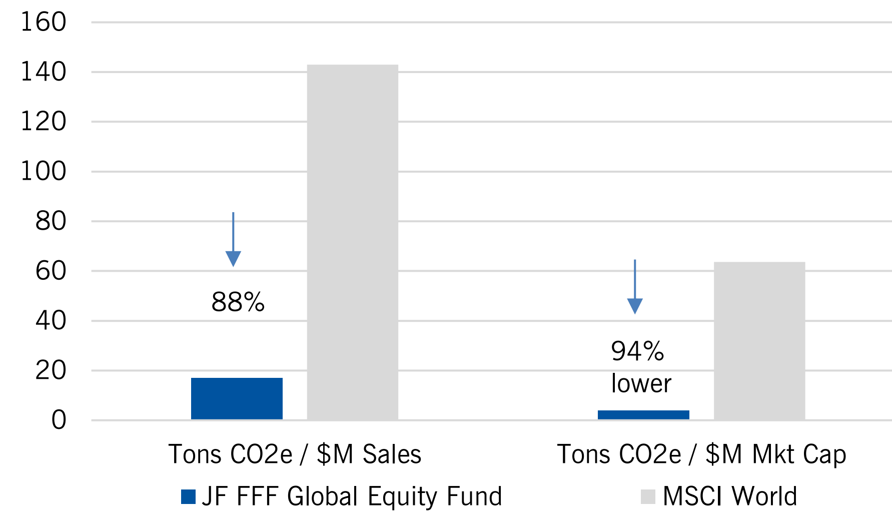
**Valuation:** Danaher trades at 27x FY2022 earnings and we see an attractive risk-reward profile at these levels. Organic growth will continue to be strong and the management should continue to create value through M&A.

**ESG Considerations:**

- *Governance:* Co-Founders Mitchell and Steven Rales remain on the Board, and own 5% and 6% of the shares respectively, providing strong alignment with us. Executive compensation is also aligned with long-term shareholders, and the management team is excellent and stewards a unique and proven culture.
- *Social:* "The Best Team Wins" is the first core value of Danaher, therefore talent development is paramount to the company. "Customers Talk, We Listen" is the second core value. Danaher makes sure that it continuously delivers value to its customers. Product quality is a material business risk/driver and we consider Danaher to have among best-in-class quality control systems.
- *Environment:* Efficiency is important in the day-to-day operations since it is part of the Danaher Business System. Also, the Water Quality business is positively exposed to environmental trends.

## Carbon Footprint

As at March 31, 2022




Holdings as at March 31, 2022. Carbon metrics and reporting generated on April 11, 2022. Portfolio weights are ex cash. Carbon Intensity = t CO2e/$M USD Sales. Emissions include Scope 1 and Scope 2 Emissions. For portfolio, data availability is 100% with 13.7% comprised of MSCI estimates; for benchmark, data availability is 99.9% with 11.4% comprised of MSCI estimates.

## Climate Spotlight

**London Stock Exchange** is a member of United Nations Climate Change 'Race to Zero' - first global exchange group to commit to net zero by 2040. They have set near-term targets for 2030 and developed a Climate Transition Plan through six specific activities. As an example, LSEG will ensure 100% of the electricity consumed is from renewable sources by increasing green tariffs across their portfolio, exploring on-site generation, and purchasing Energy Attribute Certificates.

***2021 Highlights:***

- LSEG's targets are aligned to 1.5°C ambition scenario and validated by Science-Based Target initiative (SBTi):
  - GHG reduction target: 50% reduction of their absolute Scope 1, Scope 2 & Scope 3 by 2030

- Supplier engagement target: 67% of their suppliers will have set science-based targets by 2026
- Launched a dedicated Transition Bond Segment, within its sustainable bond market, supporting issuers that have robust and credible transition strategies[1] to raise capital for transition-related activity
- Obtained "A-" in Carbon Disclosure Project (CDP) climate change report for six consecutive years

***London Stock Exchange Green Economy Mark***

- LSEG's Green Economy Mark (GEM)[2] recognizes firms with over 50% of their revenues coming from products and services that contribute to the global green economy.
- In 2021, there are 115 GEM companies with market capitalisation of over £165 billion, approximately 3% of the total market capitalisation of the London Stock Exchange.
- GEM companies outperform the FTSE All Share by 115% over last five years[3].

## Portfolio Strategy

We remain firmly focused on the fundamentals of our companies and how they are likely to evolve over the coming years. The most important considerations for us have always been strong competitive advantage, quality management and financial strength via a strong balance sheet.

We avoid businesses that will suffer permanent impairment from rising commodity prices, higher inflation, and higher rates, but realize that volatility caused by these factors should not impact the higher quality businesses we own or their cash flows over the long term. Higher costs will be passed through to customers, commodity prices will fall, and the enthusiasm over cyclically exposed companies will fade with the cycle. As always, despite the ongoing macroeconomic and geopolitical headlines, we continue to focus our abilities where we can add the most value: seeking out higher quality companies with resilient and growing earnings power. By being patient and opportunistic in our decision making, we aim to provide our investors protection against external shocks and grow capital in a lower risk manner.

[1] Issuers that have a corporate strategy or transition framework that is aligned to the Paris Agreement, including approved targets to achieve net zero, and disclose, manage and address climate-related risks in line with global standards such as the Climate Transition Finance Handbook, the CBI Transition Certification Framework and the Transition Pathway Initiative.

[2] Green Economy Mark is a program for London Stock Exchange issuers. In 2021, LSEG launched the third cohort of the Green Economy Mark companies – 30% increase from the 2020 cohort

[3] Although the Green Economy Mark was launched in 2019, this GEM index covers the price performance of the current GEM cohort of companies for the last five years – Refinitiv, December 2021

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

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, RBC Capital Markets.

JARISLOWSKY FRASER
GLOBAL INVESTMENT MANAGEMENT

University of Winnipeg Foundation
JF11508

# Portfolio Appraisal

Canadian Dollars
As of Trade Date: 3/31/2022

| | Book Value | | Market Value at 31-Dec-2021 | | Market Value at 31-Mar-2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Security Description | Local Unit Cost | Total Cost (CAD) | Quantity | Market Value (CAD) | Quantity | Price | Market Value (CAD) | % of Asset Class | % of Total | Annual Income Estimate (CAD) | Current Yield % |
| **FIXED INCOME** | | **48,929** | | **50,407** | | | **46,879** | | **33.0** | **1,160** | **2.5** |
| **Cash and Equivalents** | | **1,649** | | **1,892** | | | **1,649** | **100.0** | **1.2** | **0** | **0.0** |
| Canadian Dollars | | 1,649 | | 1,892 | | | 1,649 | 100.0 | 1.2 | | 0.0 |
| **Bonds** | | **47,280** | | **48,515** | | | **45,230** | **100.0** | **31.8** | **1,160** | **2.6** |
| JF Fossil Fuel Free Bond Fund | 9.96 | 47,280 | 4,716 | 48,515 | 4,747 | 9.53 | 45,230 | 100.0 | 31.8 | 1,160 | 2.6 |
| **EQUITY** | | **69,639** | | **105,665** | | | **95,344** | | **67.0** | **1,244** | **1.3** |
| **Canadian Equity** | | **28,707** | | **40,515** | | | **37,505** | **100.0** | **26.4** | **727** | **1.9** |
| **Group 1** | | **28,707** | | **40,515** | | | **37,505** | **100.0** | **26.4** | 727 | **1.9** |
| **Pooled Funds** | | **28,707** | | **40,515** | | | **37,505** | **100.0** | **26.4** | 727 | **1.9** |
| JF Fossil Fuel Free Canadian Equity Fund | 10.62 | 28,707 | 2,692 | 40,515 | 2,704 | 13.87 | 37,505 | 100.0 | 26.4 | 727 | 1.9 |
| **Foreign Equity Funds** | | **40,932** | | **65,150** | | | **57,839** | **100.0** | **40.7** | **517** | **0.9** |
| **Group 1** | | **40,932** | | **65,150** | | | **57,839** | **100.0** | **40.7** | 517 | **0.9** |
| **Pooled Funds** | | **40,932** | | **65,150** | | | **57,839** | **100.0** | **40.7** | 517 | **0.9** |
| JF Fossil Fuel Free Global Equity Fund C$ | 10.92 | 40,932 | 3,747 | 65,150 | 3,747 | 15.44 | 57,839 | 100.0 | 40.7 | 517 | 0.9 |
| **Total Portfolio** | | **118,568** | | **156,072** | | | **142,223** | | **100.0** | 2,404 | **1.7** |

# Portfolio Appraisal

JARISLOWSKY FRASER
GLOBAL INVESTMENT MANAGEMENT

University of Winnipeg Foundation
JF11508

Canadian Dollars
As of Trade Date: 3/31/2022

| | Book Value | | Market Value at 31-Dec-2021 | | Market Value at 31-Mar-2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Security Description | Local Unit Cost | Total Cost (CAD) | Quantity | Market Value (CAD) | Quantity | Price | Market Value (CAD) | % of Asset Class | % of Total | Annual Income Estimate (CAD) | Current Yield % |
| **SUMMARY** | | | | | | | | | | | |
| **Fixed Income** | | **48,929** | | **50,407** | | | **46,879** | | **33.0** | 1,160 | **2.5** |
| **Equity** | | **69,639** | | **105,665** | | | **95,344** | | **67.0** | 1,244 | **1.3** |

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

## FIXED INCOME

### Purchases

| Trade Date | Settle Date | Quantity | Security | Unit Cost | Total Cost |
|---|---|---|---|---|---|
| **Canadian Dollars** | | | | | |
| **Reinvestments** | | | | | |
| 03/31/2022 | 03/31/2022 | 31.516 | JF Fossil Fuel Free Bond Fund | 9.53 | 300.28 |
| **Sub-total** | | | | | **300.28** |
| **Total - Purchases CAD** | | | | | **300.28** |

### Dividends

| Trade Date | Pay-Date | Security | Amount |
|---|---|---|---|
| **Canadian Dollars** | | | |
| **Pooled Fund Distributions** | | | |
| 03/31/2022 | 03/31/2022 | JF Fossil Fuel Free Bond Fund | 300.28 |
| **Sub-total** | | | **300.28** |
| **Total - Dividends CAD** | | | **300.28** |

## CANADIAN EQUITY

### Purchases

| Trade Date | Settle Date | Quantity | Security | Unit Cost | Total Cost |
|---|---|---|---|---|---|
| **Canadian Dollars** | | | | | |
| **Reinvestments** | | | | | |
| 03/31/2022 | 03/31/2022 | 11.581 | JF Fossil Fuel Free Canadian Equity Fund | 13.87 | 160.64 |
| **Sub-total** | | | | | **160.64** |
| **Total - Purchases CAD** | | | | | **160.64** |

University of Winnipeg Foundation
JF11508

# Transaction Summary

Canadian Dollars
As of Trade Dates: 1/1/2022 - 3/31/2022

## CANADIAN EQUITY

### Dividends

| Trade Date | Pay-Date | Security | Amount |
|---|---|---|---|
| **Canadian Dollars** | | | |
| **Pooled Fund Distributions** | | | |
| 03/31/2022 | 03/31/2022 | JF Fossil Fuel Free Canadian Equity Fund | 160.64 |
| **Sub-total** | | | **160.64** |
| **Total - Dividends CAD** | | | **160.64** |

## OTHER TRANSACTIONS

### Expenses

| Trade Date | Settle Date | Security | Amount |
|---|---|---|---|
| **Canadian Dollars** | | | |
| **Management Fees** | | | |
| 01/31/2022 | 01/31/2022 | Management Fee | 242.68 |
| **Sub-total** | | | **242.68** |
| **Total - Expenses CAD** | | | **242.68** |

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JARISLOWSKY FRASER
GLOBAL INVESTMENT MANAGEMENT

# Disclosures and Definitions

This Portfolio Report is produced by Jarislowsky, Fraser Limited ("JFL"). It should not be used for audit or tax purposes. The custodian of the account maintains the book of record for the securities in the portfolio. Please review the report carefully and notify us in writing of any errors or discrepancies. The information in this report is taken from our records and other sources believed to be reliable.

**IMPORTANT NOTES REGARDING THE INFORMATION PROVIDED IN THIS REPORT**

- In order to properly track performance information, all data is listed as of the Trade Date. Most custodial statements are run as of Settlement Date. Cash values may therefore include the impact of trades which will settle at a future date.
- Unless otherwise indicated, all data is expressed in the reporting currency, indicated at the top right corner of each page.
- The Market Value in this report has been determined based on JFL's Valuation Policy. A copy of this Policy is available on request.
- The Total Market Value listed includes accrued interest and dividends, as these amounts are receivable as of the report date.
- The Total Cost of securities purchased by JFL reflects the book cost, or original purchase cost, adjusted for corporate actions and distributions. Total Cost information for securities purchased prior to JFL's management of the portfolio, or for securities transferred in from another source, may not be accurate. Where available, the cost data in our systems is matched with that listed by your custodian through an automatic feed and is reconciled on a quarterly basis. We recommend that you review this information and notify JFL of any discrepancies.
- If cost information was not provided to JFL, or if only partial data is available, then the "transfer in" price, using that day's foreign exchange rate, when applicable, has been entered as the cost. The "transfer in" price is the market value of the security at the time it was transferred to our books. If your custodian only provided us with the foreign cost, then the "transfer in" price in the reporting currency was calculated by using the exchange rate as of the date the securities were transferred to our books. If the "transfer in" price was used, or if a foreign exchange conversion was made, the security is identified by a footnote in the Portfolio Appraisal report to indicate that the cost shown is not the true book cost.
- Realized gains and losses are calculated using the Total Cost information as described above. We cannot guarantee the accuracy of these calculations except for securities purchased by JFL.
- All conversions use the London 4 pm exchange rate as this is the rate used by the largest index providers.

**DEFINITIONS**

**Change in Market Value** – this is the change in the market value of the portfolio between the start date, as indicated, and the date of the Portfolio Report. It includes any unrealized and realized gains, as well as the impact of currency fluctuations.
**Contributions** – include all cash contributions as well as the market value of all securities contributed to the portfolio during the period. Details of all such transactions for the current period can be found in theTransaction Summary.
**Currency Conversion** – this represents foreign exchange transactions executed directly by JFL. In addition, if you have chosen not to open a cash account in the currency of the transaction, or if this option was not available at your custodian, these transactions are required to convert foreign income payments or security transactions which appear elsewhere in the Transaction Summary.
**Current Yield** – this is the Estimated Annual Income divided by the Market Value of the security or asset class as of the report date. Please note that our system will always take the most recent dividend rate on file as of the time the report is generated. Reports for prior periods will therefore reflect the most current dividend rates, and will not accordingly reflect the rate as of the reporting period indicated.
**Estimated Annual Income** – this is the total of dividend or interest income expected to be received if each listed security is held for a full year. For fixed income securities this is the coupon times the quantity held. For equity securities this is the dividend rate at the time the report was printed (noted at bottom left of report) times the quantity held. As dividend rates may fluctuate, the estimate will also vary.
**Income** – this is all income accrued during the reporting period and includes any pending dividends, therefore it may not reconcile with your custodial statement.
**Pending Dividends** – these are dividends accrued to the portfolio as of the report date but not yet received. Accrued dividends are included and reported as Cash & Equivalents. Details of each of these dividends, and their expected payment date, are listed on the Transaction Summary report.
**Pending Purchases/Sales** – these include transactions traded during the period but which will only settle after the report date. They are contractual obligations of the portfolio. As this report is run on a Trade Date basis, the resulting impact on the security and cash is included and will therefore differ from your custodial statement.
**Withdrawals** – include all cash withdrawals as well as the market value of any securities transferred out of the portfolio during the period. Withdrawals include any expenses, including fees paid directly from the portfolio to JFL. Details of all such transactions for the current period can be found in the Transaction Summary.

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

# Jarislowsky, Fraser Fossil Fuel Free Bond Fund

| Issuer | CPN % | Earliest Call / Maturity Date | Shares / Units | Average Unit Cost | Total Cost at Purchase | Price | Current or Market Value | % of Total |
|---|---|---|---|---|---|---|---|---|
| **Federal Bonds** | | | | | | | | |
| Canada Housing Trust | 1.400 | 03/15/2031 | 1,350,000 | 96.543 | 1,303,325 | 88.522 | 1,195,040 | 1.3 |
| Canada Housing Trust | 2.350 | 09/15/2023 | 890,000 | 104.283 | 928,117 | 100.184 | 891,639 | 1.0 |
| Canada Housing Trust | 2.550 | 12/15/2023 | 527,000 | 102.778 | 541,642 | 100.360 | 528,900 | 0.6 |
| Canada Housing Trust | 1.950 | 12/15/2025 | 519,000 | 105.549 | 547,800 | 97.570 | 506,391 | 0.6 |
| Canada Housing Trust | 1.750 | 06/15/2030 | 416,000 | 100.950 | 419,954 | 92.013 | 382,773 | 0.4 |
| Canada Housing Trust | 2.350 | 06/15/2027 | 210,000 | 107.703 | 226,177 | 98.117 | 206,046 | 0.2 |
| Canada Housing Trust No 1 | 2.150 | 12/15/2031 | 1,050,000 | 101.612 | 1,066,925 | 93.835 | 985,266 | 1.1 |
| Canada Housing Trust No 1 | 1.550 | 12/15/2026 | 378,000 | 99.800 | 377,244 | 94.883 | 358,656 | 0.4 |
| Canadian Government Bond | 2.250 | 06/01/2025 | 3,956,000 | 103.055 | 4,076,875 | 99.815 | 3,948,695 | 4.3 |
| Canadian Government Bond | 4.000 | 06/01/2041 | 2,912,000 | 133.434 | 3,885,588 | 123.485 | 3,595,894 | 4.0 |
| Canadian Government Bond | 2.000 | 12/01/2051 | 3,591,000 | 102.357 | 3,675,635 | 92.123 | 3,308,135 | 3.6 |
| Canadian Government Bond | 2.250 | 06/01/2029 | 627,000 | 110.830 | 694,903 | 99.273 | 622,442 | 0.7 |
| Canadian Government Bond | 1.250 | 06/01/2030 | 492,000 | 105.288 | 518,016 | 91.661 | 450,972 | 0.5 |
| Canadian Government Bond | 2.250 | 12/01/2029 | 320,000 | 99.575 | 318,640 | 99.367 | 317,973 | 0.3 |
| Canadian Government Bond | 0.250 | 08/01/2023 | 217,000 | 98.855 | 214,515 | 97.630 | 211,857 | 0.2 |
| Canadian Government Bond | 2.750 | 12/01/2048 | 64,000 | 119.994 | 76,796 | 106.956 | 68,452 | 0.1 |
| CPPIB Capital Inc | 3.000 | 06/15/2028 | 1,222,000 | 104.802 | 1,280,680 | 100.748 | 1,231,138 | 1.4 |
| International Bank for Reconstruction & Development | 0.875 | 09/28/2027 | 1,300,000 | 99.824 | 1,297,712 | 90.267 | 1,173,468 | 1.3 |
| International Bank for Reconstruction & Development | 1.800 | 07/26/2024 | 350,000 | 99.796 | 349,285 | 98.476 | 344,668 | 0.4 |
| | | | | | **21,799,829** | | **20,328,404** | **22.4** |
| **Provincial Bonds** | | | | | | | | |
| Hydro-Quebec | 2.100 | 02/15/2060 | 476,000 | 88.530 | 421,403 | 74.178 | 353,088 | 0.4 |
| Province of Alberta | 2.050 | 06/01/2030 | 1,338,000 | 103.954 | 1,390,908 | 93.143 | 1,246,248 | 1.4 |
| Province of Alberta | 3.100 | 06/01/2050 | 181,000 | 111.255 | 201,371 | 97.185 | 175,906 | 0.2 |
| Province of British Columbia | 4.300 | 06/18/2042 | 184,000 | 135.989 | 250,220 | 114.796 | 211,225 | 0.2 |
| Province of British Columbia | 2.800 | 06/18/2048 | 35,000 | 105.590 | 36,957 | 91.819 | 32,137 | 0.0 |
| Province of New Brunswick | 3.100 | 08/14/2048 | 165,000 | 95.271 | 157,197 | 95.102 | 156,918 | 0.2 |
| Province of New Brunswick | 3.100 | 08/14/2028 | 93,000 | 109.568 | 101,898 | 100.853 | 93,793 | 0.1 |
| Province of Newfoundland and Labrador | 1.750 | 06/02/2030 | 719,000 | 99.597 | 716,102 | 90.015 | 647,207 | 0.7 |
| Province of Nova Scotia | 3.150 | 12/01/2051 | 756,000 | 112.259 | 848,682 | 96.653 | 730,698 | 0.8 |
| Province of Ontario | 1.850 | 02/01/2027 | 2,765,000 | 102.500 | 2,834,118 | 95.714 | 2,646,493 | 2.9 |
| Province of Ontario | 2.650 | 02/05/2025 | 1,526,000 | 105.735 | 1,613,509 | 100.097 | 1,527,482 | 1.7 |
| Province of Ontario | 4.700 | 06/02/2037 | 1,234,000 | 138.902 | 1,714,049 | 116.849 | 1,441,914 | 1.6 |
| Province of Ontario | 2.650 | 12/02/2050 | 1,618,000 | 105.797 | 1,711,789 | 88.417 | 1,430,595 | 1.6 |
| Province of Ontario | 2.800 | 06/02/2048 | 1,562,000 | 111.677 | 1,744,391 | 91.299 | 1,426,097 | 1.6 |
| Province of Ontario | 1.950 | 01/27/2023 | 850,000 | 103.547 | 880,150 | 100.199 | 851,691 | 0.9 |
| Province of Ontario | 3.450 | 06/02/2045 | 749,000 | 124.689 | 933,919 | 102.111 | 764,809 | 0.8 |
| Province of Ontario | 1.350 | 12/02/2030 | 734,000 | 97.333 | 714,428 | 87.274 | 640,594 | 0.7 |
| Province of Ontario | 2.900 | 12/02/2046 | 198,000 | 104.441 | 206,794 | 93.004 | 184,147 | 0.2 |
| Province of Ontario | 2.250 | 12/02/2031 | 117,000 | 99.783 | 116,746 | 93.149 | 108,984 | 0.1 |
| Province of Ontario | 2.300 | 09/08/2024 | 101,000 | 106.157 | 107,219 | 99.430 | 100,424 | 0.1 |
| Province of Quebec | 1.850 | 02/13/2027 | 3,160,000 | 101.140 | 3,196,035 | 95.856 | 3,029,039 | 3.3 |
| Province of Quebec | 5.000 | 12/01/2041 | 2,038,000 | 141.682 | 2,887,477 | 124.397 | 2,535,205 | 2.8 |
| Province of Quebec | 3.100 | 12/01/2051 | 1,703,000 | 111.308 | 1,895,573 | 97.192 | 1,655,174 | 1.8 |
| Province of Quebec | 3.500 | 12/01/2048 | 498,000 | 117.811 | 586,700 | 103.855 | 517,198 | 0.6 |
| Province of Quebec Canada | 2.850 | 12/01/2053 | 1,021,000 | 93.045 | 949,992 | 92.559 | 945,028 | 1.0 |
| Province of Saskatchewan | 3.100 | 06/02/2050 | 163,000 | 115.468 | 188,213 | 96.529 | 157,342 | 0.2 |
| | | | | | **26,405,838** | | **23,609,435** | **26.0** |
| **Municipal Bonds** | | | | | | | | |
| City of Toronto Canada | 2.600 | 09/24/2039 | 2,054,000 | 101.931 | 2,093,664 | 88.168 | 1,810,975 | 2.0 |
| | | | | | **2,093,664** | | **1,810,975** | **2.0** |
| **Corporate Bonds** | | | | | | | | |
| 407 International Inc. | 6.470 | 07/27/2029 | 350,000 | 133.940 | 468,792 | 117.967 | 412,883 | 0.5 |
| AltaLink, L.P. | 3.668 | 11/06/2023 | 239,000 | 105.720 | 252,671 | 101.557 | 242,721 | 0.3 |
| AltaLink, L.P. | 3.990 | 06/30/2042 | 5,000 | 107.689 | 5,384 | 102.802 | 5,140 | 0.0 |
| Anheuser-Busch InBev Finance Inc. | 4.320 | 05/15/2047 | 352,000 | 106.152 | 373,655 | 95.627 | 336,606 | 0.4 |
| Apple Inc | 2.513 | 08/19/2024 | 208,000 | 104.577 | 217,520 | 99.293 | 206,530 | 0.2 |
| Bank of Montreal | 2.890 | 06/20/2023 | 904,000 | 104.171 | 941,709 | 100.527 | 908,766 | 1.0 |
| Bank of Montreal | 2.280 | 07/29/2024 | 904,000 | 104.832 | 947,681 | 97.931 | 885,294 | 1.0 |
| Bank of Montreal | 2.700 | 09/11/2024 | 784,000 | 101.942 | 799,225 | 99.525 | 780,274 | 0.9 |
| Bank of Montreal | 3.650 | 04/01/2027 | 189,000 | 100.000 | 189,000 | 100.000 | 189,000 | 0.2 |
| Bank of Montreal | 5.625 | 05/26/2082 | 177,000 | 100.000 | 177,000 | 102.153 | 180,811 | 0.2 |
| Bank of Nova Scotia | 2.380 | 05/01/2023 | 949,000 | 102.513 | 972,850 | 99.752 | 946,645 | 1.0 |
| BCI QuadReal Realty | 1.747 | 07/24/2030 | 1,400,000 | 88.648 | 1,241,072 | 86.022 | 1,204,309 | 1.3 |
| Bell Canada | 1.650 | 08/16/2027 | 150,000 | 99.603 | 149,405 | 90.078 | 135,117 | 0.1 |
| Caisse Centrale Desjardins du Quebec | 1.992 | 05/28/2031 | 1,373,000 | 100.000 | 1,373,000 | 92.425 | 1,268,990 | 1.4 |
| Calgary Airport Authority | 3.554 | 10/07/2053 | 500,000 | 93.950 | 469,750 | 93.327 | 466,635 | 0.5 |
| Canadian Imperial Bank of Commerce | 2.970 | 07/11/2023 | 1,102,000 | 106.170 | 1,169,995 | 100.636 | 1,109,008 | 1.2 |
| Canadian Imperial Bank of Commerce | 2.000 | 04/17/2025 | 832,000 | 100.102 | 832,846 | 96.030 | 798,966 | 0.9 |

*Includes outstanding accruals except for bond accrued interest and distribution payable which is reinvested in the fund.



In C$ as at March 31 2022

# Jarislowsky, Fraser Fossil Fuel Free Bond Fund

| Issuer | CPN % | Earliest Call / Maturity Date | Shares / Units | Average Unit Cost | Total Cost at Purchase | Price | Current or Market Value | % of Total |
|---|---|---|---|---|---|---|---|---|
| Canadian Imperial Bank of Commerce | 2.250 | 01/07/2027 | 792,000 | 99.458 | 787,704 | 94.076 | 745,084 | 0.8 |
| Canadian Imperial Bank of Commerce | 2.430 | 06/09/2023 | 616,000 | 103.625 | 638,329 | 99.672 | 613,978 | 0.7 |
| Canadian Imperial Bank of Commerce | 2.750 | 03/07/2025 | 289,000 | 99.977 | 288,934 | 98.299 | 284,084 | 0.3 |
| Canadian Tire Corporation, Limited | 5.610 | 09/04/2035 | 79,000 | 110.540 | 87,327 | 106.336 | 84,005 | 0.1 |
| CCL Industries Inc Call/28 | 3.864 | 04/13/2028 | 207,000 | 102.585 | 212,351 | 99.356 | 205,666 | 0.2 |
| CGI Inc | 2.100 | 09/18/2028 | 508,000 | 99.844 | 507,208 | 90.188 | 458,154 | 0.5 |
| Federation des Caisses Desjardins du Quebec | 1.587 | 09/10/2026 | 738,000 | 100.000 | 738,000 | 92.067 | 679,451 | 0.7 |
| Federation des Caisses Desjardins du Quebec | 3.056 | 09/11/2023 | 574,000 | 103.599 | 594,658 | 100.654 | 577,753 | 0.6 |
| Federation des Caisses Desjardins du Quebec | 2.856 | 05/26/2030 | 593,000 | 101.894 | 604,234 | 97.126 | 575,958 | 0.6 |
| Federation des Caisses Desjardins du Quebec | 1.093 | 01/21/2026 | 410,000 | 99.999 | 409,995 | 91.432 | 374,870 | 0.4 |
| First Nations Finance Authority | 2.850 | 06/01/2032 | 26,000 | 99.883 | 25,970 | 96.991 | 25,218 | 0.0 |
| Greater Toronto Airports Authority | 1.540 | 05/03/2028 | 741,000 | 95.791 | 709,808 | 89.879 | 666,005 | 0.7 |
| Greater Toronto Airports Authority | 3.150 | 10/05/2051 | 173,000 | 99.826 | 172,699 | 88.586 | 153,253 | 0.2 |
| Heathrow Funding Ltd | 3.661 | 01/13/2031 | 978,000 | 103.437 | 1,011,617 | 95.033 | 929,427 | 1.0 |
| Heathrow Funding Ltd | 3.782 | 09/04/2030 | 619,000 | 104.886 | 649,242 | 96.599 | 597,948 | 0.7 |
| Heathrow Funding Ltd | 3.400 | 03/08/2028 | 266,000 | 104.416 | 277,746 | 96.565 | 256,864 | 0.3 |
| Hydro One Inc | 3.640 | 04/05/2050 | 2,764,000 | 109.980 | 3,039,856 | 96.379 | 2,663,926 | 2.9 |
| Hydro One Inc | 2.230 | 09/17/2031 | 942,000 | 99.361 | 935,983 | 89.237 | 840,611 | 0.9 |
| Hydro One Inc | 2.540 | 04/05/2024 | 450,000 | 104.578 | 470,601 | 99.265 | 446,691 | 0.5 |
| Hydro One Inc | 3.910 | 02/23/2046 | 250,000 | 115.980 | 289,950 | 100.833 | 252,083 | 0.3 |
| Intact Financial Corporation | 1.207 | 05/21/2024 | 64,000 | 100.000 | 64,000 | 95.938 | 61,400 | 0.1 |
| Manulife Bank of Canada | 2.378 | 11/19/2024 | 250,000 | 104.232 | 260,580 | 97.897 | 244,742 | 0.3 |
| Manulife Financial Corporation CALL/23 | 3.317 | 05/09/2028 | 2,120,000 | 102.691 | 2,177,059 | 100.493 | 2,130,454 | 2.3 |
| Mondelez International Inc. | 3.250 | 03/07/2025 | 734,000 | 105.070 | 771,216 | 99.792 | 732,475 | 0.8 |
| National Bank of Canada | 2.983 | 03/04/2024 | 1,948,000 | 104.671 | 2,039,000 | 99.669 | 1,941,545 | 2.1 |
| National Bank of Canada | 1.534 | 06/15/2026 | 1,602,000 | 96.415 | 1,544,568 | 92.348 | 1,479,418 | 1.6 |
| National Grid Electricity Transmission PLC | 2.301 | 06/22/2029 | 2,713,000 | 100.200 | 2,718,431 | 91.106 | 2,471,693 | 2.7 |
| Rogers Communications Inc | 5.250 | 04/15/2052 | 919,000 | 99.483 | 914,249 | 102.821 | 944,923 | 1.0 |
| Rogers Communications Inc | 3.750 | 04/15/2029 | 615,000 | 99.891 | 614,330 | 97.724 | 601,002 | 0.7 |
| Rogers Communications Inc | 3.100 | 04/15/2025 | 395,000 | 99.924 | 394,700 | 98.487 | 389,024 | 0.4 |
| Rogers Communications Inc | 4.250 | 04/15/2032 | 67,000 | 99.987 | 66,991 | 98.631 | 66,082 | 0.1 |
| Royal Bank of Canada | 3.296 | 09/26/2023 | 2,498,000 | 104.955 | 2,621,779 | 100.601 | 2,513,007 | 2.8 |
| Royal Bank of Canada | 2.352 | 07/02/2024 | 400,000 | 103.592 | 414,367 | 98.208 | 392,830 | 0.4 |
| Royal Bank of Canada | 2.949 | 05/01/2023 | 297,000 | 103.237 | 306,614 | 100.698 | 299,073 | 0.3 |
| Sun Life Financial Inc. | 3.150 | 11/18/2036 | 883,000 | 103.053 | 909,957 | 91.320 | 806,357 | 0.9 |
| The Toronto-Dominion Bank | 1.909 | 07/18/2023 | 1,260,000 | 101.404 | 1,277,691 | 99.299 | 1,251,166 | 1.4 |
| The Toronto-Dominion Bank | 3.005 | 05/30/2023 | 619,000 | 103.807 | 642,566 | 100.685 | 623,241 | 0.7 |
| The Toronto-Dominion Bank | 3.105 | 04/22/2030 | 620,000 | 101.055 | 626,543 | 98.223 | 608,984 | 0.7 |
| The Walt Disney Company | 3.057 | 03/30/2027 | 2,781,000 | 106.420 | 2,959,553 | 97.571 | 2,713,444 | 3.0 |
| The Walt Disney Company | 2.758 | 10/07/2024 | 75,000 | 99.984 | 74,988 | 99.209 | 74,407 | 0.1 |
| Verizon Communications Inc. | 3.625 | 05/16/2050 | 684,000 | 100.854 | 689,844 | 86.080 | 588,789 | 0.6 |
| Wells Fargo & Company | 3.874 | 05/21/2025 | 1,147,000 | 103.943 | 1,192,226 | 100.101 | 1,148,155 | 1.3 |
| Wells Fargo & Company | 2.509 | 10/27/2023 | 317,000 | 100.520 | 318,648 | 99.156 | 314,323 | 0.3 |
| Wells Fargo & Company | 2.493 | 02/18/2027 | 174,000 | 98.754 | 171,833 | 93.727 | 163,085 | 0.2 |
| | | | | | **46,805,496** | | **44,068,345** | **48.5** |
| Accrued Interest Total | | | | | 612,468 | | 612,468 | 0.7 |
| | | | | | **612,468** | | **612,468** | **0.7** |
| Cash & Short Term Investments* | | | | | 497,415 | | 497,415 | 0.5 |
| | | | | | **497,415** | | **497,415** | **0.5** |
| **Total Portfolio in C$** | | | | | **98,214,710** | | **90,927,043** | **100.0** |

*Includes outstanding accruals except for bond accrued interest and distribution payable which is reinvested in the fund.



In C$ as at March 31 2022

# Jarislowsky, Fraser Fossil Fuel Free Canadian Equity Fund

| Issuer | Shares / Units | Average Unit Cost | Total Cost at Purchase | Price | Current or Market Value | % of Total |
|---|---|---|---|---|---|---|
| **Materials** | | | | | | |
| CCL Industries Inc., Class B | 97,063 | 54.513 | 5,291,235 | 56.400 | 5,474,353 | 3.1 |
| Winpak Ltd. | 53,458 | 43.099 | 2,304,004 | 38.400 | 2,052,787 | 1.1 |
| | | | **7,595,239** | | **7,527,140** | **4.2** |
| **Industrials** | | | | | | |
| Boyd Group Services Inc | 17,265 | 208.011 | 3,591,317 | 165.570 | 2,858,566 | 1.6 |
| CAE Inc. | 116,027 | 25.205 | 2,924,430 | 32.540 | 3,775,519 | 2.1 |
| Canadian National Railway Company | 63,040 | 128.889 | 8,125,158 | 167.700 | 10,571,808 | 5.9 |
| LifeWorks Inc | 100,698 | 32.208 | 3,243,318 | 21.620 | 2,177,091 | 1.2 |
| Ritchie Bros Auctioneers Inc | 18,272 | 72.506 | 1,324,837 | 73.840 | 1,349,204 | 0.8 |
| SNC-Lavalin Group Inc. | 178,624 | 25.049 | 4,474,378 | 30.100 | 5,376,582 | 3.0 |
| Stantec Inc. | 150,730 | 46.667 | 7,034,080 | 62.710 | 9,452,278 | 5.3 |
| Thomson Reuters Corp | 45,898 | 103.104 | 4,732,247 | 135.730 | 6,229,736 | 3.5 |
| WSP Global Inc. | 64,820 | 104.456 | 6,770,847 | 165.910 | 10,754,286 | 6.0 |
| | | | **42,220,610** | | **52,545,070** | **29.3** |
| **Consumer Discretionary** | | | | | | |
| Gildan Activewear | 133,817 | 31.284 | 4,186,271 | 46.890 | 6,274,679 | 3.5 |
| Magna International Inc | 59,386 | 80.863 | 4,802,128 | 80.260 | 4,766,320 | 2.7 |
| Restaurant Brands International Inc | 87,863 | 76.986 | 6,764,256 | 73.040 | 6,417,514 | 3.6 |
| | | | **15,752,655** | | **17,458,513** | **9.7** |
| **Consumer Staples** | | | | | | |
| Empire Company Ltd. | 115,859 | 36.175 | 4,191,189 | 44.340 | 5,137,188 | 2.9 |
| Metro Inc., Class A | 71,713 | 58.173 | 4,171,787 | 71.960 | 5,160,467 | 2.9 |
| Premium Brands Holdings Corp | 30,019 | 101.996 | 3,061,832 | 109.370 | 3,283,178 | 1.8 |
| Saputo Inc. | 104,124 | 36.395 | 3,789,615 | 29.610 | 3,083,112 | 1.7 |
| | | | **15,214,423** | | **16,663,945** | **9.3** |
| **Financials** | | | | | | |
| Brookfield Asset Management Inc | 150,688 | 51.349 | 7,737,631 | 70.680 | 10,650,628 | 5.9 |
| Brookfield Asset Management Reinsurance Partners Ltd | 30 | 64.116 | 1,923 | 71.370 | 2,141 | 0.0 |
| iA Financial Corp Inc | 70,483 | 55.892 | 3,939,438 | 76.010 | 5,357,413 | 3.0 |
| Intact Financial Corporation | 40,762 | 143.678 | 5,856,620 | 184.720 | 7,529,557 | 4.2 |
| Manulife Financial Corporation | 225,941 | 21.763 | 4,917,238 | 26.660 | 6,023,587 | 3.4 |
| National Bank of Canada | 37,719 | 89.227 | 3,365,539 | 95.830 | 3,614,612 | 2.0 |
| The Bank of Nova Scotia | 110,676 | 67.155 | 7,432,406 | 89.600 | 9,916,570 | 5.5 |
| | | | **33,250,796** | | **43,094,507** | **24.0** |
| **Information Technology** | | | | | | |
| CGI Group Inc. | 70,483 | 95.157 | 6,706,962 | 99.590 | 7,019,402 | 3.9 |
| Enghouse Systems Ltd. | 74,048 | 57.216 | 4,236,699 | 39.520 | 2,926,377 | 1.6 |
| Kinaxis Inc | 18,407 | 145.502 | 2,678,255 | 163.620 | 3,011,753 | 1.7 |
| Open Text Corporation | 110,676 | 56.713 | 6,276,730 | 53.010 | 5,866,935 | 3.3 |
| Shopify Inc | 10,227 | 1,147.192 | 11,732,335 | 845.470 | 8,646,622 | 4.8 |
| The Descartes Systems Group Inc. | 67,892 | 69.192 | 4,697,578 | 91.530 | 6,214,155 | 3.5 |
| | | | **36,328,558** | | **33,685,243** | **18.8** |
| **Real Estate** | | | | | | |
| Altus Group Ltd. | 30,946 | 48.333 | 1,495,717 | 50.500 | 1,562,773 | 0.9 |
| Colliers International Group Inc | 16,296 | 174.405 | 2,842,108 | 162.940 | 2,655,270 | 1.5 |
| | | | **4,337,824** | | **4,218,043** | **2.4** |
| Cash & Short Term Investments* | | | 4,145,149 | | 4,145,234 | 2.3 |
| | | | **4,145,149** | | **4,145,234** | **2.3** |
| **Total Portfolio in C$** | **158,845,254** | | | | **179,337,697** | **100.0** |

*Includes outstanding accruals except for bond accrued interest and distribution payable which is reinvested in the fund.



In C$ as at March 31 2022

# Jarislowsky, Fraser Fossil Fuel Free Global Equity Fund

| Issuer | Shares / Units | Average Unit Cost | | Total Cost at Purchase (CAD) | Price | | Current or Market Value (CAD) | % of Total |
|---|---|---|---|---|---|---|---|---|
| **Materials** | | | | | | | | |
| Sika AG | 8,680 | 210.368 | CHF | 2,570,644 | 307.400 | CHF | 3,621,576 | 1.9 |
| The Sherwin-Williams Co | 12,800 | 246.052 | USD | 4,015,575 | 249.620 | USD | 3,990,877 | 2.1 |
| | | | | **6,586,219** | | | **7,612,453** | **4.1** |
| **Industrials** | | | | | | | | |
| AMETEK Inc | 17,700 | 134.110 | USD | 2,992,361 | 133.180 | USD | 2,944,362 | 1.6 |
| Atlas Copco AB | 33,105 | 384.799 | SEK | 1,865,028 | 491.700 | SEK | 2,181,650 | 1.2 |
| Copart Inc | 28,400 | 98.864 | USD | 3,668,879 | 125.470 | USD | 4,450,791 | 2.4 |
| Intertek Group PLC | 27,960 | 54.087 | GBP | 2,611,113 | 52.240 | GBP | 2,402,076 | 1.3 |
| Schneider Electric SA | 17,650 | 110.054 | EUR | 2,944,825 | 152.160 | EUR | 3,732,366 | 2.0 |
| Verisk Analytics, Inc., Class A | 13,250 | 162.675 | USD | 2,816,714 | 214.630 | USD | 3,552,101 | 1.9 |
| | | | | **16,898,920** | | | **19,263,347** | **10.4** |
| **Consumer Discretionary** | | | | | | | | |
| Alibaba Group Holding Ltd. | 116,720 | 196.488 | HKD | 3,709,889 | 112.100 | HKD | 2,086,845 | 1.1 |
| Amazon.com Inc | 2,270 | 2,875.564 | USD | 8,446,678 | 3,259.950 | USD | 9,243,060 | 5.0 |
| B&M European Value Retail SA | 293,190 | 5.810 | GBP | 2,918,437 | 5.342 | GBP | 2,575,725 | 1.4 |
| Booking Holdings Inc | 1,490 | 1,892.261 | USD | 3,675,412 | 2,348.450 | USD | 4,370,656 | 2.4 |
| Industria de Diseno Textil SA | 79,510 | 26.625 | EUR | 3,232,267 | 19.780 | EUR | 2,185,682 | 1.2 |
| LCI Industries | 19,306 | 126.260 | USD | 3,165,058 | 103.810 | USD | 2,503,286 | 1.3 |
| LVMH Moët Hennessy-Louis Vuitton SA | 3,860 | 421.464 | EUR | 2,487,887 | 649.400 | EUR | 3,483,683 | 1.9 |
| | | | | **27,635,627** | | | **26,448,937** | **14.2** |
| **Consumer Staples** | | | | | | | | |
| Diageo plc | 66,920 | 28.396 | GBP | 3,269,887 | 38.635 | GBP | 4,251,902 | 2.3 |
| Tsuruha Holdings Inc | 18,680 | 13,699.347 | JPY | 3,027,719 | 7,760.000 | JPY | 1,491,724 | 0.8 |
| | | | | **6,297,606** | | | **5,743,626** | **3.1** |
| **Health Care** | | | | | | | | |
| Abbott Laboratories | 27,980 | 93.353 | USD | 3,409,261 | 118.360 | USD | 4,136,487 | 2.2 |
| Abcam PLC | 110,482 | 14.078 | GBP | 2,656,617 | 13.850 | GBP | 2,516,447 | 1.4 |
| Becton, Dickinson and Company | 16,390 | 239.817 | USD | 5,122,792 | 266.000 | USD | 5,445,523 | 2.9 |
| Boston Scientific Corp | 99,470 | 36.420 | USD | 4,727,426 | 44.290 | USD | 5,502,712 | 3.0 |
| Danaher Corp | 10,740 | 288.984 | USD | 3,938,950 | 293.330 | USD | 3,934,955 | 2.1 |
| Dechra Pharmaceuticals PLC | 37,109 | 32.858 | GBP | 2,085,457 | 40.560 | GBP | 2,475,276 | 1.3 |
| Hoya Corp | 24,100 | 13,422.994 | JPY | 3,588,692 | 14,030.000 | JPY | 3,479,561 | 1.9 |
| IQVIA Holdings Inc | 12,590 | 158.056 | USD | 2,591,541 | 231.210 | USD | 3,635,895 | 2.0 |
| Roche Holding AG | 6,470 | 295.196 | CHF | 2,675,487 | 366.450 | CHF | 3,218,051 | 1.7 |
| UnitedHealth Group Incorporated | 11,070 | 302.559 | USD | 4,370,513 | 509.970 | USD | 7,051,333 | 3.8 |
| | | | | **35,166,737** | | | **41,396,240** | **22.3** |
| **Financials** | | | | | | | | |
| AIA Group Ltd. | 201,197 | 80.259 | HKD | 2,715,730 | 82.450 | HKD | 2,645,767 | 1.4 |
| Bank OZK | 57,880 | 29.415 | USD | 2,214,921 | 42.700 | USD | 3,086,991 | 1.7 |
| Chubb Ltd | 16,320 | 145.870 | USD | 3,114,255 | 213.900 | USD | 4,360,235 | 2.3 |
| DBS Group Holdings Ltd. | 98,800 | 24.499 | SGD | 2,333,634 | 35.830 | SGD | 3,267,163 | 1.8 |
| HDFC BANK LTD - ADR | 38,390 | 65.062 | USD | 3,223,427 | 61.330 | USD | 2,940,831 | 1.6 |
| Interactive Brokers Group Inc | 63,920 | 56.662 | USD | 4,679,244 | 65.910 | USD | 5,262,197 | 2.8 |
| London Stock Exchange Group PLC | 33,690 | 78.021 | GBP | 4,501,997 | 79.660 | GBP | 4,413,547 | 2.4 |
| Nordea Bank ABP | 148,600 | 72.351 | SEK | 1,586,871 | 97.300 | SEK | 1,937,863 | 1.0 |
| | | | | **24,370,080** | | | **27,914,593** | **15.0** |
| **Information Technology** | | | | | | | | |
| ASML Holding NV | 4,530 | 312.265 | EUR | 2,168,971 | 610.000 | EUR | 3,840,317 | 2.1 |
| Fiserv, Inc. | 34,490 | 103.175 | USD | 4,614,782 | 101.400 | USD | 4,368,277 | 2.3 |
| Guidewire Software Inc | 33,930 | 108.172 | USD | 4,533,726 | 94.620 | USD | 4,010,013 | 2.2 |
| KEYENCE CORPORATION | 6,370 | 43,873.627 | JPY | 3,425,213 | 57,250.000 | JPY | 3,752,880 | 2.0 |
| Mastercard Inc., Class A | 12,660 | 292.503 | USD | 4,813,809 | 357.380 | USD | 5,651,229 | 3.0 |
| Microsoft Corporation | 30,980 | 181.444 | USD | 7,337,007 | 308.310 | USD | 11,930,208 | 6.4 |
| | | | | **26,893,508** | | | **33,552,924** | **18.0** |
| **Communication Services** | | | | | | | | |
| Alphabet Inc. Class A | 2,590 | 1,676.069 | USD | 5,651,643 | 2,781.350 | USD | 8,997,760 | 4.8 |
| Alphabet Inc. Class C | 370 | 973.998 | USD | 473,393 | 2,792.990 | USD | 1,290,774 | 0.7 |
| Meta Platforms Inc | 16,790 | 264.756 | USD | 5,771,689 | 222.360 | USD | 4,663,225 | 2.5 |
| Tencent Holdings Limited | 43,100 | 476.452 | HKD | 3,420,530 | 374.200 | HKD | 2,572,293 | 1.4 |
| | | | | **15,317,254** | | | **17,524,051** | **9.4** |
| Cash & Short Term Investments* | | | | 6,536,925 | | | 6,457,955 | 3.5 |
| | | | | **6,536,925** | | | **6,457,955** | **3.5** |
| **Total Portfolio in C$** | | | | **165,702,876** | | | **185,914,126** | **100.0** |

*Includes outstanding accruals except for distribution payable which is reinvested in the fund.



In C$ as at March 31 2022

JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

**UNIVERSITY OF WINNIPEG FOUNDATION (JF11508)**
**COMPLIANCE REPORT AS AT MARCH 31, 2022**

| ASSET MIX - AT MARKET VALUE | RANGE (%) | ACTUAL (%) | IN COMPLIANCE |
|---|---|---|---|
| Cash & Cash Equivalents | 0 - 10 | 1.2 | Yes |
| Bonds | 30 - 50 | 31.8 | Yes |
| Canadian Equities | 15 - 35 | 26.4 | Yes |
| Global Equities | 25 - 45 | 40.7 | Yes |

| BONDS | IN COMPLIANCE |
|---|---|
| ● The portfolio will exclude the FTSE TMX Energy corporate group, with the exception of renewable energy entities as defined by Jarislowsky Fraser. | Yes |
| ● The portfolio will exclude the non-energy sector companies that have material proven coal, oil or gas reserves that are used for energy purposes. | Yes |
| ● Green bonds will be considered for inclusion if they have an attractive risk/return profile. | Yes |

| EQUITIES | IN COMPLIANCE |
|---|---|
| ● The portfolio will exclude the GICS® Energy Sector, with the exception of renewable energy entities as defined by Jarislowsky Fraser. | Yes |
| ● The portfolio will exclude the non-energy sector companies that have material proven coal, oil or gas reserves that are used for energy purposes. | Yes |

| GENERAL | IN COMPLIANCE |
|---|---|
| ● In the event of a conflict between the investment policy guidelines of the JF Fossil Fuel Free Pooled Funds and the statement of investment policies and guidelines of the University of Winnipeg Foundation the investment policy guidelines of the JF Fossil Fuel Free Pooled Funds shall supersede the statement of investment policies and guidelines of the University of Winnipeg Foundation. | Yes |

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Procedures throughout the reporting period.

Compliance verified by:

Chad Van Norman, CFA
Managing Director & Portfolio Manager

April 7, 2022
Date

The JF Pooled Fund compliance reports are attached.

## Jarislowsky Fraser Fossil Fuel Free Bond Fund

# Certificate of Compliance

as at March 31, 2022

The firm's Investment Strategy Committee (ISC) meets at least weekly to evaluate the market, existing security selections in the Funds (JF Pooled Funds) and prospective new additions to the Funds. The Funds invest in various industries where the Committee sees growth and reasonable valuations. The Funds also tend to avoid highly cyclical industries. If at any time an investment or group of investments within the Funds does not conform with the limitations set out below, the ISC will exercise its best judgment as to the action required to correct the situation. If it appears that the situation will be corrected within a short period, possibly through deployment of new contributions to the Fund, it may elect not to liquidate the non-conforming investments. Under normal circumstances, the liquidity reserve of each Fund will be between 0% and 10% of the Fund's market value. All Funds may include investment in the JF Money Market Funds. All income and capital gains are distributed in the form of additional units of each Fund.

**BENCHMARK:** FTSE Canada Universe Bond Index

**IN COMPLIANCE**

### Cash & Equivalents

YES

- R-1(L) rating for cash & equivalents
  As rated by DBRS. Should DBRS not rate an issuer, the order of priority for Rating Agencies will be Standard & Poor's, Moody's and then Fitch.

### Bonds

YES

- The FTSE Canada Universe Bond Index serves as the benchmark for the Fund and the Fund will use the same credit rating scale as the Index.
- The Fund will exclude the FTSE Energy corporate group, with the exception of renewable energy entities as defined by Jarislowsky Fraser.
- The Fund will also exclude non-energy corporate group companies:
  - That own operating businesses with material proven thermal coal, oil or gas reserves.
  - That have a significant amount of value attributable directly to the extraction and production of fossil fuels, or indirectly through transportation, distribution, equipment and services.
  - With significant exposure to power generation from fossil fuels. Exceptions may be made where a company has a clear strategy to meaningfully increase the percentage of renewables.
- Green bonds will be emphasized subject to availability and prudent portfolio diversification objectives.
- In addition, the portfolio carbon footprint will be managed to deliver a materially reduced emission intensity.
- Depending on the market conditions, the Fund would typically be overweight in quality non-cyclical corporate issuers and diversified between the corporate groups as defined by the Index. An additional component of the Fund may be invested in Provincial or Municipal issuers which are both higher yielding than Federal bonds. Generally the Federal component will be used for the purpose of adjusting duration.
- The average credit rating of all of the holdings in the Fund will be A or better.
- The minimum quality rating of any bond purchased in the Fund will be BBB.
- The maximum aggregate holdings of A or better rated corporate bonds of any one issuer will be 10% of the total market value of the Fund.
- The maximum aggregate holdings of BBB rated bonds will be 20% of the total market value of the Fund.
- The maximum holding in a single BBB corporate issuer will be 5%.
- The Fund may be invested up to 100% in corporate issues.
- Not more than 25% of the total market value of the Fund will be invested in any one Index-defined corporate group, except for Financials where the limit will be 40%.
- Not more than 20% of the total market value of the Fund will be invested in private placements.
- Not more than 20% of the market value of the Fund will be invested in Maple bonds.
- Not more than 20% of the market value of the Fund will be invested in foreign currency issues of Canadian borrowers.
- Quarterly distribution.

**Securities Lending:**

Jarislowsky Fraser Pooled Funds' Trust Agreements permit securities lending for the benefit of the funds.

To the best of our knowledge, we are in compliance with the guidelines and constraints set out in the investment policy.

Jarislowsky, Fraser Limited

JARISLOWSKY FRASER
GLOBAL INVESTMENT MANAGEMENT

## Jarislowsky Fraser Fossil Fuel Free Canadian Equity Fund

# Certificate of Compliance

as at March 31, 2022

The firm's Investment Strategy Committee (ISC) meets at least weekly to evaluate the market, existing security selections in the Funds (JF Pooled Funds) and prospective new additions to the Funds. The Funds invest in various industries where the Committee sees growth and reasonable valuations. The Funds also tend to avoid highly cyclical industries. If at any time an investment or group of investments within the Funds does not conform with the limitations set out below, the ISC will exercise its best judgment as to the action required to correct the situation. If it appears that the situation will be corrected within a short period, possibly through deployment of new contributions to the Fund, it may elect not to liquidate the non-conforming investments. Under normal circumstances, the liquidity reserve of each Fund will be between 0% and 10% of the Fund's market value. All Funds may include investment in the JF Money Market Funds. All income and capital gains are distributed in the form of additional units of each Fund.

**BENCHMARK:** S&P/TSX Composite Index

**IN COMPLIANCE**

### Cash & Equivalents

YES

- R-1(L)^ rating for cash & equivalents
  As rated by DBRS. Should DBRS not rate an issuer, the order of priority for Rating Agencies will be Standard & Poor's, Moody's and then Fitch.

### Canadian Equities

YES

- The S&P/TSX Composite Index will serve as the benchmark for the Fund. The S&P/TSX60 Fossil Fuel Free Index may serve as a secondary benchmark.
- Securities of the Fund will be categorized as follows with the holdings limited to the ranges set forth:

| Category | Minimum | Maximum |
|---|---|---|
| Group I - High Quality Growth | 50% | 100% at market |
| Group II - Cyclical | 0% | 35% at market |
| Group III - Junior Growth | 0% | 15% at market |

- The Fund will exclude the GICS® Energy Sector, with the exception of renewable energy entities as defined by Jarislowsky Fraser.
- The Fund will also exclude non-energy corporate group companies:
  - That own operating businesses with material proven thermal coal, oil or gas reserves.
  - That have a significant amount of value attributable directly to the extraction and production of fossil fuels, or indirectly through transportation, distribution, equipment and services.
  - With significant exposure to power generation from fossil fuels. Exceptions may be made where a company has a clear strategy to meaningfully increase the percentage of renewables.
- Green bonds will be emphasized subject to availability and prudent portfolio diversification objectives.
- In addition, the portfolio carbon footprint will be managed to deliver a materially reduced emission intensity.
- Maximum 10% of the total market value of the Fund will be invested in the securities of any single issuer.
- The Fund may invest up to 20% in non-Canadian equities.
- Quarterly distribution.

**Voting Rights:**

Voting rights acquired through Fund investments are delegated to the Manager who at all times acts prudently and solely in the interest of Fund clients and beneficiaries.

**Securities Lending:**

Jarislowsky Fraser Pooled Funds' Trust Agreements permit securities lending for the benefit of the funds.

To the best of our knowledge, we are in compliance with the guidelines and constraints set out in the investment policy.

Jarislowsky, Fraser Limited

JARISLOWSKY FRASER
GLOBAL INVESTMENT MANAGEMENT

# Certificate of Compliance

as at March 31, 2022

The firm's Investment Strategy Committee (ISC) meets at least weekly to evaluate the market, existing security selections in the Funds (JF Pooled Funds) and prospective new additions to the Funds. The Funds invest in various industries where the Committee sees growth and reasonable valuations. The Funds also tend to avoid highly cyclical industries. If at any time an investment or group of investments within the Funds does not conform to the limitations set out below, the ISC will exercise its best judgment as to the action required to correct the situation. If it appears that the situation will be corrected within a short period, possibly through deployment of new contributions to the Fund, it may elect not to liquidate the non-conforming investments. Under normal circumstances, the liquidity reserve of each Fund will be between 0% and 10% of the Fund's market value. All Funds may include investment in the JF Money Market Funds. All income and capital gains are distributed in the form of additional units of each Fund.

**BENCHMARK:** MSCI World Net Index (C$)

| **ASSET MIX RANGES** (% of market values) | Actual | **IN COMPLIANCE** |
|---|---|---|
| • U.S. Equities (30 - 70%) | 59.2% | YES |
| • International Equities (30 - 70%) | 37.3% | YES |

## Cash & Equivalents

YES

- R-1(L) rating for cash & equivalents
  As rated by DBRS. Should DBRS not rate an issuer, the order of priority for Rating Agencies will be Standard & Poor's, Moody's and then Fitch.

## Equities

YES

- The Fund will be invested in publicly traded equities of companies domiciled outside of Canada, warrants or debentures convertible into stocks and high quality money market instruments.
- Emerging markets, which are not part of the MSCI World Index, are limited to a 10% maximum weighting. Each emerging country, which is not part of the MSCI World Index, can have a maximum weighting of 5%.
- Securities of the Fund will be categorized as follows with the holdings limited to the ranges set forth:

| Category | Minimum | Maximum |
|---|---|---|
| Group I - High Quality Growth | 80% | 100% at market |
| Group II & III - Junior Growth & Cyclical | 0% | 20% at market |

- 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%.
- The Fund will exclude the GICS® Energy Sector, with the exception of renewable energy entities as defined by Jarislowsky Fraser.
- The Fund will also exclude non-energy corporate group companies:
  - That own operating businesses with material proven thermal coal, oil or gas reserves.
  - That have a significant amount of value attributable directly to the extraction and production of fossil fuels, or indirectly through transportation, distribution, equipment and services.
  - With significant exposure to power generation from fossil fuels. Exceptions may be made where a company has a clear strategy to meaningfully increase the percentage of renewables.
- Green bonds will be emphasized subject to availability and prudent portfolio diversification objectives.
- In addition, the portfolio carbon footprint will be managed to deliver a materially reduced emission intensity.
- Maximum 10% of the total market value of the Fund will be invested in the securities of any single issuer.
- Under normal economic and political conditions, currency positions are not hedged.
- Purchases of stocks are restricted to companies with a minimum US$1 billion market capitalization. However, the threshold for market capitalization is lowered to US$500 million in the case of smaller or emerging markets where few companies meet the US$1 billion market capitalization criterion.
- Semi-annual distribution.

**Voting Rights:**

Voting rights acquired through Fund investments are delegated to the Manager who at all times acts prudently and solely in the interest of Fund clients and beneficiaries.

**Securities Lending:**

Jarislowsky Fraser Pooled Funds' Trust Agreements permit securities lending for the benefit of the funds.

To the best of our knowledge, we are in compliance with the guidelines and constraints set out in the investment policy.

Jarislowsky, Fraser Limited

# RESEARCH INSIGHTS

## VOLUME 4

### Introduction to Research Insights

Research Insights is intended to give our clients a window into the thinking and decision-making processes that drive our investment strategies at Jarislowsky Fraser. In each segment, our research team will highlight some of the critical work and analyses we are doing across our portfolios to inform our independent thinking and long-term investment approach.


**Vincent Otis-Duhamel, CFA**

Research Analyst


## Healthcare: Defensive Growth in a Slower Growth World

Over the last several decades, GDP growth for high income countries has steadily trended lower, driven by both demographic and economic factors. As a result, many industries that have historically offered stable growth correlated to economic expansion have seen their structural tailwinds weaken. As long-term investors focused on quality and growth, Jarislowsky Fraser seeks to identify businesses that can defy this trend, capitalize on still abundant opportunities, and deliver durable growth and value creation over time. In our view, the Healthcare sector is one of the most fertile areas to find these types of businesses.

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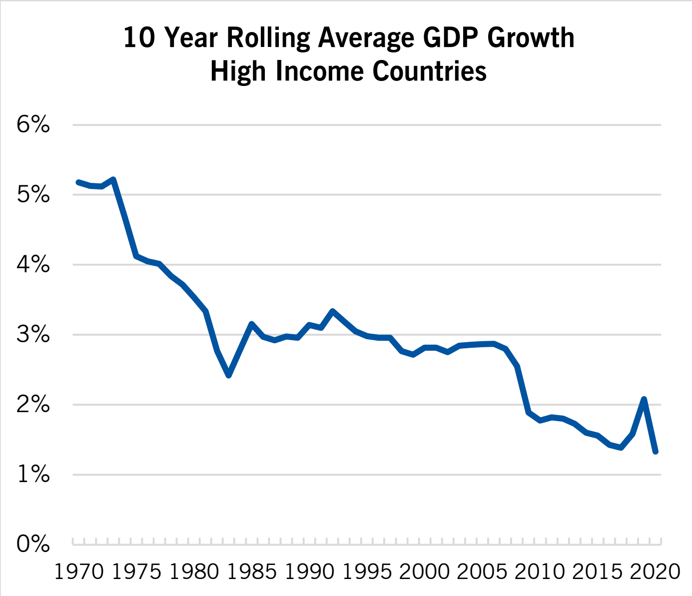



Source: World Bank Development Indicators

## Defensive Growth & Benefits to Society

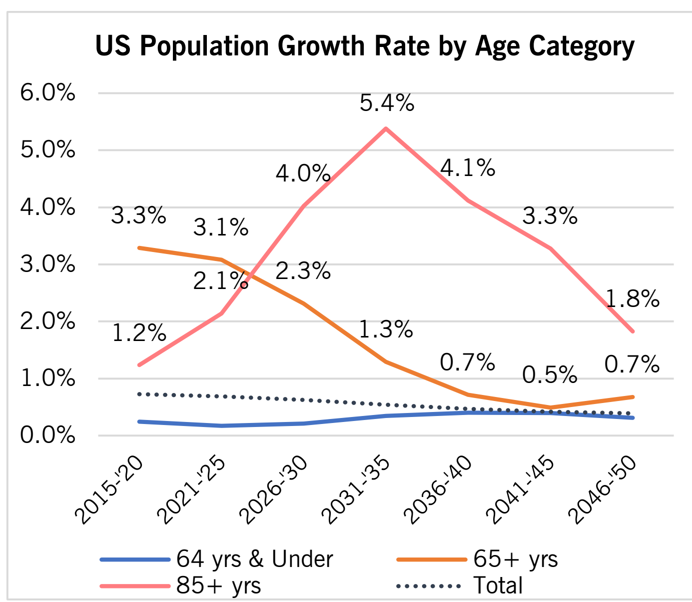
The Healthcare sector provides an attractive combination of defensiveness and exposure to long-term secular growth trends. Most of the spending in the sector is driven by medical needs which steadily increase as a population grows and ages. Medical expenses are also primarily paid for by insurance companies and governments who commit to reimbursement regardless of economic conditions. The result is steady spending growth with limited economic cyclicality and a very compelling defensive growth profile for much of the sector.

Although healthcare systems around the world have been under immense pressure since the beginning of the COVID-19 pandemic, they are getting better at managing disruption with each subsequent wave. COVID-19 has resulted in unprecedented service disruptions and lingering challenges for some companies; however, we believe the long-term fundamentals of the sector remain intact. Demand for healthcare will continue to increase and companies will continue to bring innovative products to market. From our perspective, the future of the sector looks tremendously promising.

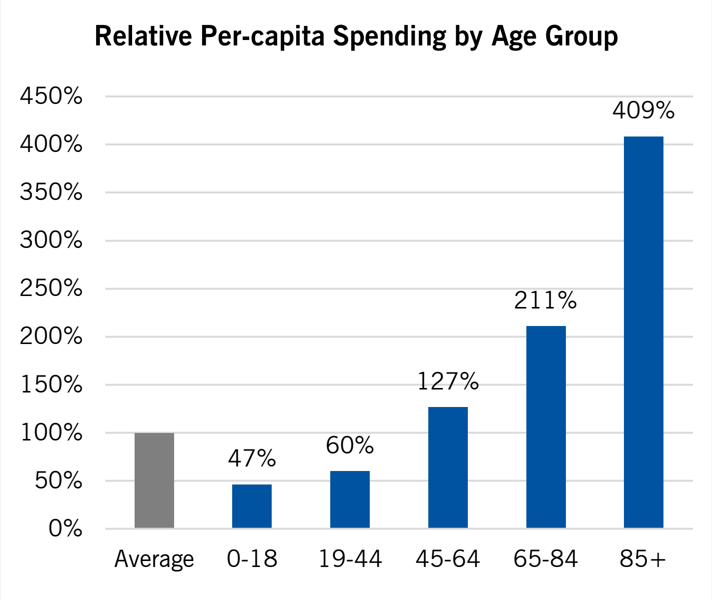
The Healthcare sector also provides profound benefits to society and contains countless companies developing groundbreaking therapies and treatments that save lives and improve quality of life. Many of us have loved ones who are alive today because of the innovations and advances of the Healthcare sector. In our view, it is one of the sectors where it is most possible to do the right thing for patients and shareholders alike, at the same time.

## Steady Demand Growth & Exciting Innovation

There are two long-term secular drivers for the Healthcare sector. The first is the steady aging of the population, which leads to predictable demand growth. For the past few decades, the share of the senior population in society has increased steadily along with lengthening life expectancies. In the 1960s and early 70s, less than 10% of the US population was over 65 years old. This number now stands at nearly 17% and is set to rise to 22% by 2050. Remarkably, the over-85 years old segment, which was less than 1% of the population in the 70s, is 2% now and is expected to hit nearly 5% by 2050. Even as broader population growth has decelerated in wealthy countries, growth in these senior populations has remained robust and is actually accelerating in the over 85 segment where spending is highest. As we can see below, healthcare spending in senior segments is multiples higher than the population average, and this aging effect will provide a powerful driver of healthcare need and spending far into the future.




Source: US Census




Source: Centers for Medicare & Medicaid Services

The second long-term secular driver is the strong pace of innovation. The adoption of novel procedures, new medical devices and disruptive therapies will continue as companies develop new technologies and treatments. This has always been an important driver for the sector, and we are currently in the midst of a strong innovation cycle, both for therapeutics and medical devices. Innovation in healthcare is all about providing better care at lower costs, and there are still unmet needs and opportunities to improve treatments.

How confident are we about these two long-term secular drivers? Population aging is relatively easy to predict and will inevitably occur. We know how many people there are in developed countries, and these people will eventually age. The specific direction of innovation is harder to predict, but it has always been the lifeblood of the healthcare sector, and as society's need for healthcare continues to grow, we have no doubt the pace of innovation will sustain as well.

## Jarislowsky Fraser's Approach in Healthcare

Across all our portfolios, we seek out high-quality companies with stable business models and attractive growth characteristics that we can own for 5-10 years or more. In the healthcare space, this means identifying businesses that can benefit from the sector's long-term secular growth trends while also being resilient to the risks of disruption.

> **"We look for businesses that can benefit from long- term secular growth trends while also being resilient to the risks of disruption."**

There are several healthcare sub-sectors and each is unique in terms of business model, growth potential, end-market exposure and risk profile. When people first think about healthcare, they usually think about biopharmaceuticals, which often have widely recognized brands and make up over half of the sector, accounting for seven of the ten largest companies. While big pharma may dominate the healthcare index, the sector is very deep and the question for us is which sub-sectors best fit our investment criteria?

## Patent Cliffs and High-Risk R&D in Biopharma

We tend to limit our direct exposure to biopharmaceuticals due to the challenges presented by patent cliffs and expensive, high-risk research and development (R&D). Patent expirations in key products provide a constant growth headwind for many large biopharmaceutical companies as key drugs go off-patent and face competition from generic competitors. Pricing declines can be rapid for small molecule drugs or slower for biologics, but sales will decline meaningfully in most cases as competitors enter the market with cheaper copies.

R&D investment is also exceedingly risky for biopharmaceuticals, leading to uncertain returns on future investment as they work to build drug pipelines. Innovation depends on extremely long R&D cycles and clinical trials which yield binary and often unpredictable results. This puts biopharma companies in a position where they can invest hundreds of millions of dollars in therapies that may ultimately never make it to market. As a result, most biopharmaceuticals must consistently "reinvent the wheel", banking on expensive, high-risk investments to develop disruptive new drugs and defend their franchises against the threat of patent cliffs. Even though we like the resilience of the sector in periods of economic stress, this reality makes it difficult for us to identify compelling opportunities in the space. In our view, only the companies with the highest quality R&D engines and most visible pipelines merit consideration for our portfolios.

## Incremental Innovation in Medtech

Medical technology companies sell medical devices, equipment and supplies that are used to perform medical procedures and treat patients. Many companies in the sector maintain durable competitive advantages, have attractive re-investment opportunities, and offer exposure to key structural growth trends. These features typically drive healthy compounding of earnings and free cash flow over time, and make the Medtech sector a compelling source of core long-term holdings for our portfolios.

Why is that the case? Medtech companies typically do not suffer from patent cliffs and the R&D process is far more predictable. Similar to biopharmaceuticals, innovation is critical for Medtech companies, but it is important to note that there are two types of innovation. For a typical medical device, there are patents protecting the core technology, but also several other patents covering enhancements to the product over time. Incremental innovation allows companies to improve their products, enabling them to stay competitive and defend their franchises against competition. Like biopharma companies, Medtech companies also engage in disruptive innovation, but the lifespan of a successful product can be much longer with more opportunities for product innovation and extension. These features tend to give Medtech companies the type of high-quality profile that we favor, with durable growth and attractive return on capital dynamics driven by this incremental innovation process.

**"MedTech companies typically do not suffer from patent cliffs and the R&D process is far more predictable."**

## The Tools of Innovation

Life science tools and services companies provide another compelling way to gain exposure to powerful Healthcare sector growth trends without exposure to binary R&D risks or the challenges of patent cliffs. These companies sell products and services to biopharmaceutical companies and laboratories to help them in areas like R&D and manufacturing. In essence, they sell the tools for innovation.

**"…as the life sciences industry continues to invest in the breakthroughs of tomorrow, the companies supplying them with tools and services should continue to see robust growth."**

A good analogy would be the California gold rush of the $19^{th}$ century where life science tool companies are the ones that sell the picks and shovels, while biopharmaceuticals are the mining companies. During the gold rush, businesses that sold picks and shovels made money, while few mining companies were ultimately successful. Pick-and-shovel companies take significantly less risk by selling to everyone and earning a margin on every shovel sold. While they do not offer the opportunity to strike it rich on a big discovery, the rewards are substantial when a market is flourishing. Buying life science tools and services companies is like buying a proxy on science, and as the life sciences industry continues to invest in the breakthroughs of tomorrow, the companies supplying them with tools and services should continue to see robust growth.

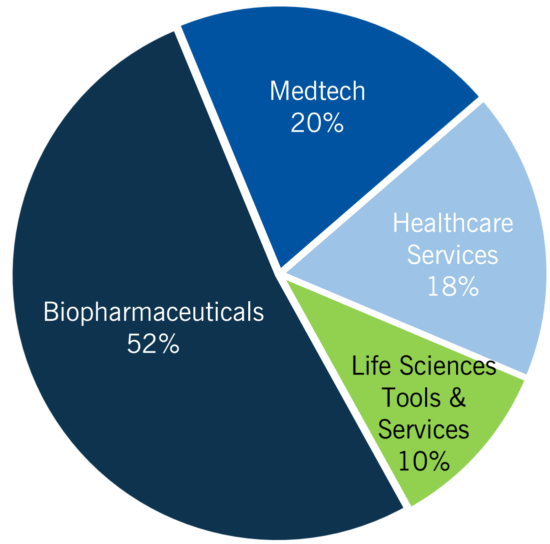
Innovation is also critical for life science tools and services companies since they serve some of the most innovative organizations in the world. These companies fit our high-quality framework since they have sustainable franchises with durable competitive advantages and attractive return on capital opportunities.

## Attractive Long-Term Return Opportunities

We are overweight the Healthcare sector across our global and international portfolios due to the attractive long-term return characteristics that we perceive for the sector. Within the Healthcare sector, we have a significant bias towards MedTech and Life Science Tools & Services compared to the broader benchmark. Currently, MedTech offers particularly interesting opportunities coming out of the global pandemic as disrupted demand recovers. We are also exposed to other sub-sectors like Managed Care and Animal Health, but we have very limited exposure to Biopharma in general, even if it makes up more than half of the sector.

For all our healthcare holdings, the common thread is stable growth, high returns on invested capital and reasonable valuation. In the long-run we believe these characteristics will drive strong compounding and returns for investors over time.

**MSCI World Healthcare - Sub-Sector Weights**




Source: MSCI

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