

## Prepared For:

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# Quarterly Report

June 30, 2021

## Account

University of Winnipeg Foundation

JF11508

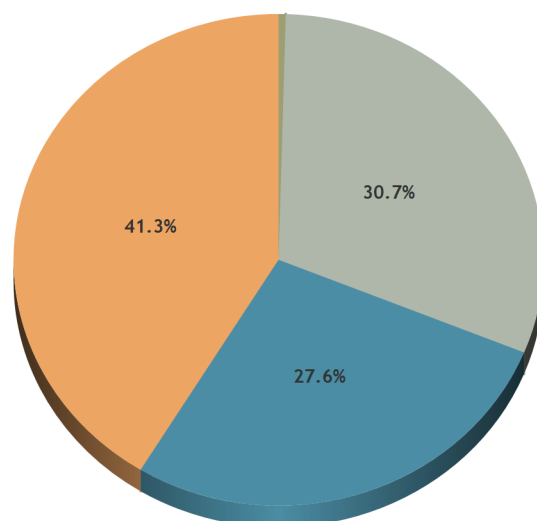
RBC Investor & Treasury Services \*

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\* Custodian holding the securities for you

Asset Mix	31-Mar-2021		30-Jun-2021		Policy Range	Annual Income Estimate	Curr. Yield %
	Market Value	% Assets	Market Value	% Assets			
<b>Fixed Income</b>	<b>42,693</b>	<b>30.9</b>	<b>44,819</b>	<b>31.2</b>	<b>30% - 50%</b>	<b>1,077</b>	<b>2.4</b>
Cash and Equivalents	537	0.4	625	0.4	0% - 10%	0	0.0
Bonds	42,156	30.6	44,194	30.7	30% - 50%	1,077	2.4
<b>Equity</b>	<b>95,285</b>	<b>69.1</b>	<b>99,061</b>	<b>68.8</b>	<b>50% - 70%</b>	<b>1,088</b>	<b>1.1</b>
Canadian Equity	37,471	27.2	39,654	27.6	15% - 35%	673	1.7
Foreign Equity Funds	57,813	41.9	59,407	41.3		415	0.7
<b>Total</b>	<b>137,978</b>	<b>100.0</b>	<b>143,880</b>	<b>100.0</b>		<b>2,165</b>	<b>1.5</b>

## Asset Mix as of 6/30/2021



## Activity Summary

	Month to Date	Quarter to Date	Year to Date
<b>Beginning Value</b>	<b>140,830</b>	<b>137,978</b>	<b>133,267</b>
Contributions	0	0	2,000
Withdrawals	0	(212)	(417)
Income	681	681	1,146
Change in Market Value	2,369	5,434	7,884
Due to price variations	2,369	5,434	7,884
Due to foreign exchange variations	0	0	0
<b>Ending Value</b>	<b>143,880</b>	<b>143,880</b>	<b>143,880</b>

## Performance Summary

	Month To Date	Quarter To Date	Year To Date
<b>University of Winnipeg Foundation</b>	<b>2.17</b>	<b>4.43</b>	<b>6.68</b>
Benchmark	2.42	4.94	6.15
Value Added	-0.25	-0.51	0.54

**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

## Performance History

	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 2 Years	Annualized Since Inception 1/31/2019
<b>TOTAL PORTFOLIO</b>	<b>2.17</b>	<b>4.43</b>	<b>6.68</b>	<b>18.21</b>	<b>12.34</b>	<b>13.78</b>
<i>Benchmark</i>	2.42	4.94	6.15	15.88	10.54	11.61
<i>Value Added</i>	-0.25	-0.51	0.54	2.33	1.80	2.17
<b>Bonds</b>	<b>0.82</b>	<b>1.53</b>	<b>-3.29</b>	<b>-1.64</b>	<b>3.40</b>	<b>5.04</b>
<i>FTSE Canada Universe Bond Index</i>	0.96	1.66	-3.46	-2.43	2.60	4.29
<b>Canadian Equity</b>	<b>3.01</b>	<b>5.83</b>	<b>16.36</b>	<b>37.10</b>	<b>16.33</b>	<b>17.27</b>
<i>S&amp;P/TSX Composite Index</i>	2.48	8.54	17.28	33.85	14.43	14.96
<b>Foreign Equity Funds</b>	<b>2.65</b>	<b>5.65</b>	<b>8.58</b>	<b>24.26</b>	<b>17.06</b>	<b>18.76</b>
<i>MSCI World Index C\$ - Net</i>	4.03	6.15	9.88	26.42	16.41	17.11

\*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

- The global economy continues to recover from the pandemic-induced shutdown, although the recovery will not be synchronized as re-openings remain highly contingent on each country's ability to reach immunity.
- Bond markets were considerably calmer over the second quarter when compared to the previous quarter's unusually high volatility.
- Sentiment in equity markets improved as vaccination progress reduced COVID-19 restrictions and led to the gradual re-opening of many developed economies.

#### Investment Outlook

- Investors' concerns mainly revolve around rising inflation prospects, which could lead to central banks scaling back stimulus programs.
- As the driver of the economic recovery transitions away from policy responses to COVID-19 and becomes more self-sustaining, financial markets will most likely experience increased volatility.
- Taking into consideration that inventories need to be rebuilt, the accumulation of excess savings, and the prevalence of favourable financial conditions, our expectation is that investors will be positively surprised by a strong economic rebound.

#### Economic Review

The global economy continues to recover from the pandemic-induced shutdown. All signs point to a global recovery, although it will not be synchronized as re-openings remain highly contingent on each country's ability to reach immunity against COVID-19 and its variants and neutralize the pandemic's negative impact on economic growth.

As we near the end of the first phase of the recovery in most developed economies, shortages in the consumer goods sector are beginning to subside. Meanwhile, activity in the service industry is gradually picking up as reopening plans for restaurants and entertainment venues are being implemented.

#### Bond Markets

Bond markets were considerably calmer over the second quarter when compared to the previous quarter's unusually high volatility. Longer-term bond yields declined slightly while yields on short maturities rose in response to central banks discussing the possibility of a policy turn to initiate the next phase for global recovery. Corporate bond yields were stable relative to government yields, providing the extra yield without any additional gains. Provincial bonds followed a similar trend and now account for half of the market risk of the broad universe bond benchmark.

Bond markets have also been testing the U.S. Federal Reserve's commitment to average inflation targeting, which is the Fed's new approach to reach their inflation (core inflation sustainably above 2%) and full employment targets before withdrawing excess monetary stimulus. Although this policy shift reflects improved confidence, its success is highly dependent on appropriate timing. Missing the opportune moment could potentially jeopardize the plan's main objective to anchor inflation expectations. Given all the uncertainty involved with the newly proposed strategy, the Fed also took the opportunity to remind investors of their long-term goal of ensuring price stability.

#### Equity Markets

Equity markets remained strong in the second quarter. Sentiment improved as vaccination progress reduced COVID-19 restrictions and led to the gradual re-opening of many developed economies. The Canadian market remained amongst the top performers globally as the Canadian dollar advanced along with the strength in the Technology and Energy sectors. U.S. markets remained firm as economic growth accelerated and technology shares advanced. Many European markets also progressed steadily amid accelerating vaccination progress. Asian markets were mixed, influenced

by the containment of the COVID-19 pandemic. India formed a notable recovery from one of the more severe global outbreaks since the onset of the pandemic, as did Brazil.

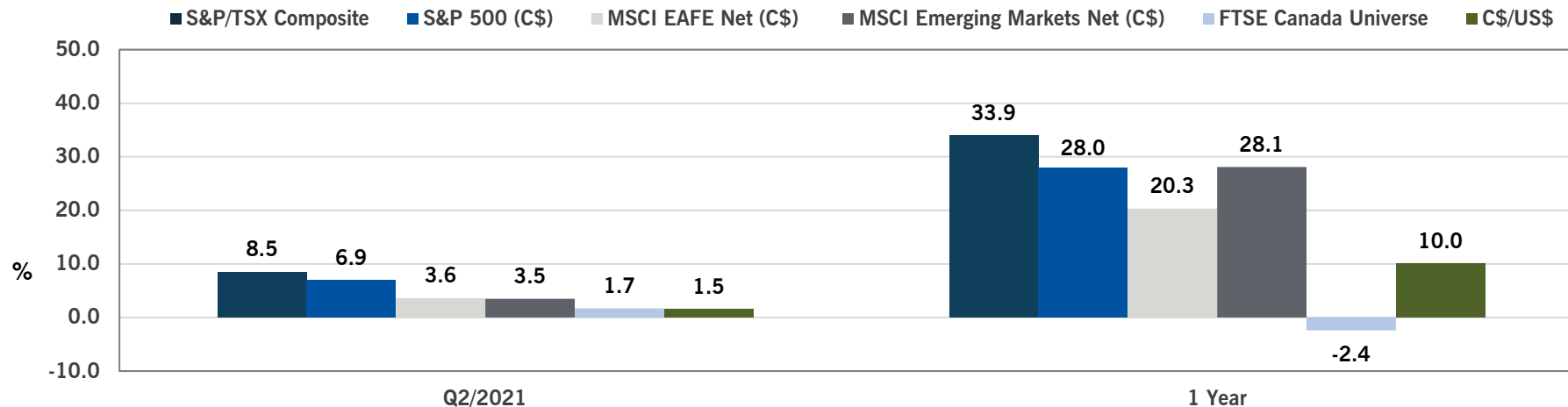
The Energy sector remained a top performer in many markets, as continued normalization in pricing fed through to equity markets. Technology shares also performed well, while momentum slowed in more value-oriented sectors after a strong rebound in previous quarters. The financial sector saw generally mixed performance, as the ongoing recovery in banks and diversified financials was offset by weaker performance in the insurance sector on renewed expectations for lower-for-longer global interest rates.

### Outlook

Looking ahead, investors' concerns mainly revolve around rising inflation prospects, which could lead to central banks scaling back stimulus programs or at the very least, contribute to increased macro-economic uncertainty. Once the global economy returns to a state of normalcy, we expect inflation to stabilize around its historical level of 2%.

In the meantime, investors should consider evolving monetary and fiscal policies in their investment decisions as the blitz of stimulus packages now appears to be behind us. As the driver of the economic recovery transitions away from policy responses to COVID-19 and becomes more self-sustaining, financial markets will most likely experience increased volatility. Naturally, there are concerns that the recovery will lose momentum without supportive monetary and fiscal policies in place. However, considering that inventories need to be rebuilt, excess savings of almost \$2 trillion in the U.S. alone and the prevalence of favourable financial conditions, we expect investors to be positively surprised with a strong economic rebound. While high valuations in equity and corporate bond markets historically amplify downside risks, economic fundamentals are not expected to trigger those risks.

**Market Performance (Periods Ending June 30, 2021)**



## JF Fossil Fuel Free Bond Fund Portfolio Report | Second Quarter 2021

### Portfolio Review

FTSE Canada Universe Sector Performance June 30, 2021		
Sector Index	Q2	1 Year
Short-term	0.1	0.7
Mid-term	1.6	-1.4
Long-term	3.7	-6.9
<b>Universe</b>	<b>1.7</b>	<b>-2.4</b>

In the second quarter, the Fossil Fuel Free bond fund slightly underperformed in comparison to its FTSE Universe benchmark. For the same period, the fund returned 1.5% while the index rose by 1.7%.

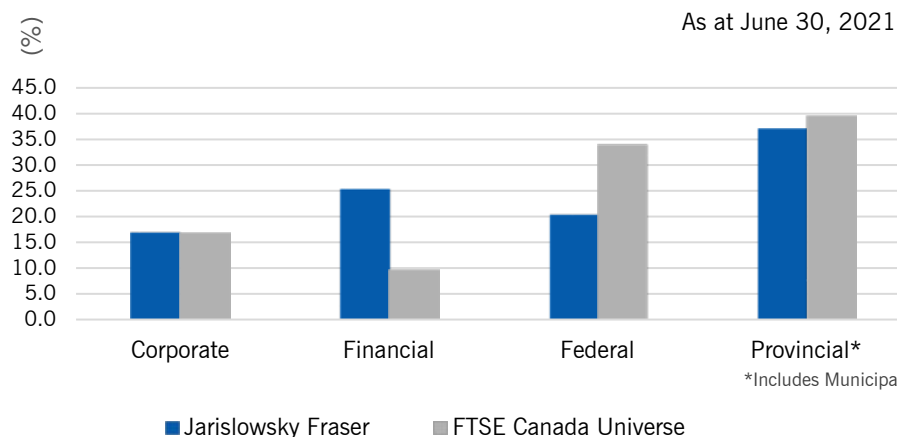
The flattening of the yield curve, with short-term rates rising more than long-term rates, was a detractor from performance as the fund had an overweight in mid-term bonds.

We expect further interest rates increases on the back of the continued economic recovery to be more limited given the already substantial rise in nominal interest rates recorded. It is important to note that the economy's sensitivity to rising interest rates limits central banks' ability to hike interest rates. The Bank of Canada is expected to lead the way, ahead of the Fed, as they try to curtail the extreme risk related to the household sector's elevated debt situation, which threatens the Canadian economy. Real, or inflation-adjusted, interest rates are historically low and should rise over time with some of the increase attributable to improved economic growth prospects, less accommodative monetary policy, and a return to normal inflation levels.

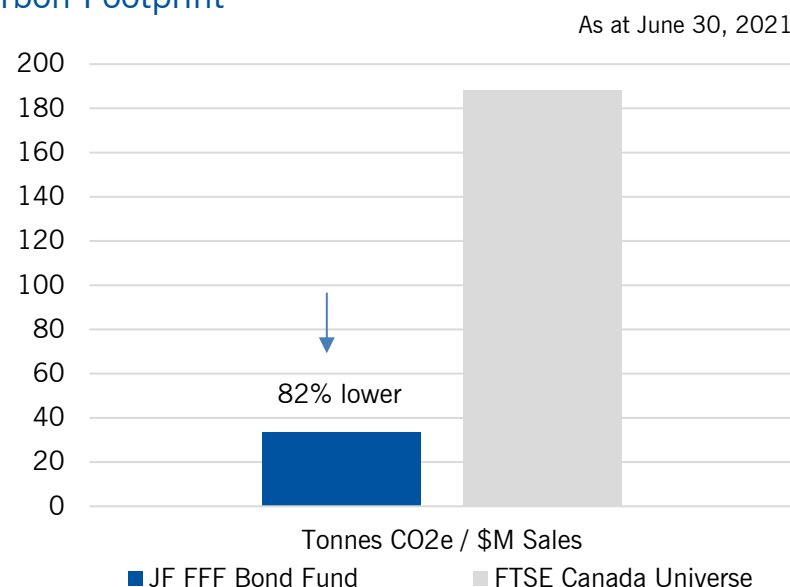
Annualized Returns for Periods Ending June 30, 2021					
	Q2	1 Year	2 Years	3 Years	S.I.*
	(%)	(%)	(%)	(%)	(%)
<b>Total Portfolio</b>	<b>1.5</b>	<b>-1.6</b>	<b>3.4</b>	<b>4.9</b>	<b>3.8</b>
FTSE Canada Universe	1.7	-2.4	2.6	4.2	3.3

\*Since Inception date: 03/31/17

Rates of return have been calculated using the NAV and are reported gross of fees.



### Carbon Footprint



Holdings as at June 30, 2021. Carbon metrics and reporting generated on July 8, 2021. Portfolio weights are ex cash.

Carbon Intensity = tonnes CO2e/\$M USD Sales

For portfolio, data availability is 54.6% with 16.6% comprised of MSCI estimates; for benchmark, data availability is 34.8% with 15.7% comprised of MSCI estimates.

Data Sources: JF and MSCI. Emissions include Scope 1 and Scope 2 Emissions.

## Sustainable Finance Bonds

The fund currently holds 24.1% in sustainable finance bonds, with 21.7% in Green and 2.4% 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.

### **Sustainable Finance Bonds added this quarter: National Bank Sustainability Bond**

This 5-year, \$750M, sustainability bond is National Bank's inaugural CAD labelled bond. It came at a spread of 69bps, which was flat to non-sustainability bail-in bonds of similar maturity, and good value vs 5-Year Provincials. The proceeds will be used to provide financing to business and projects in three Environmental and three Social categories:

- *Environmental Impact categories:* renewable energy, sustainable buildings, low-carbon transportation.
- *Social Impact categories:* affordable housing, access to basic and essential services (e.g. health services, education, day care services, childcare centers), loans to small and medium enterprises located in deprived economic zones.
- *Geographic Impact:* Canada.

The bond received a “robust” framework assessment from Second Party Opinion provider Vigeo Eiris. The expected environmental and social objectives are clearly defined, and the benefits are considered relevant, measurable and will be quantified in annual reporting, beginning within one year of issuance.

## JF Fossil Fuel Free Canadian Equity Fund Portfolio Report | Second Quarter 2021

### Portfolio Review

Canadian equities continued their appreciation in the second quarter, with the S&P/TSX Composite rising 8.5% in Q2 (and 17.3% year-to-date). The Fossil Fuel Free Canadian Equity underperformed its benchmark with an increase of 5.8% for the same period.

Two of our overweight positions suffered a setback in Q2, when **CN Railway** (-10%) and **Manulife** (-9%) declined in an up market, and our underweight position in high-flying **Shopify** (+31%) affected portfolio performance. CNR declined following the announcement of the acquisition of US railroad company Kansas City Southern for approx. \$US30B. The market is worried about the potential revenue synergies given the size of the acquisition, the price offered and the integration risk. We have confidence that CNR's management can make this acquisition a success, but recognize that there is risk around the combination not materializing. As a result, CNR trades at a discount to peers, which is very unusual. Fundamentals at CNR are actually quite robust and improving, so we took the opportunity to add to our existing position.

Manulife deflated in Q2 after a strong start to the year, likely related to slightly declining 10-year Treasuries. Fundamentals at Manulife are quite strong despite the low interest rate environment, with management delivering on key objectives. Its strong presence in higher-growth, higher-profitability Asian markets and its wealth management franchise clearly distinguish the company. At a recent Investor Day, they indicated their intention to contain the higher risk ancillary businesses to 10-15% of earnings by 2025.

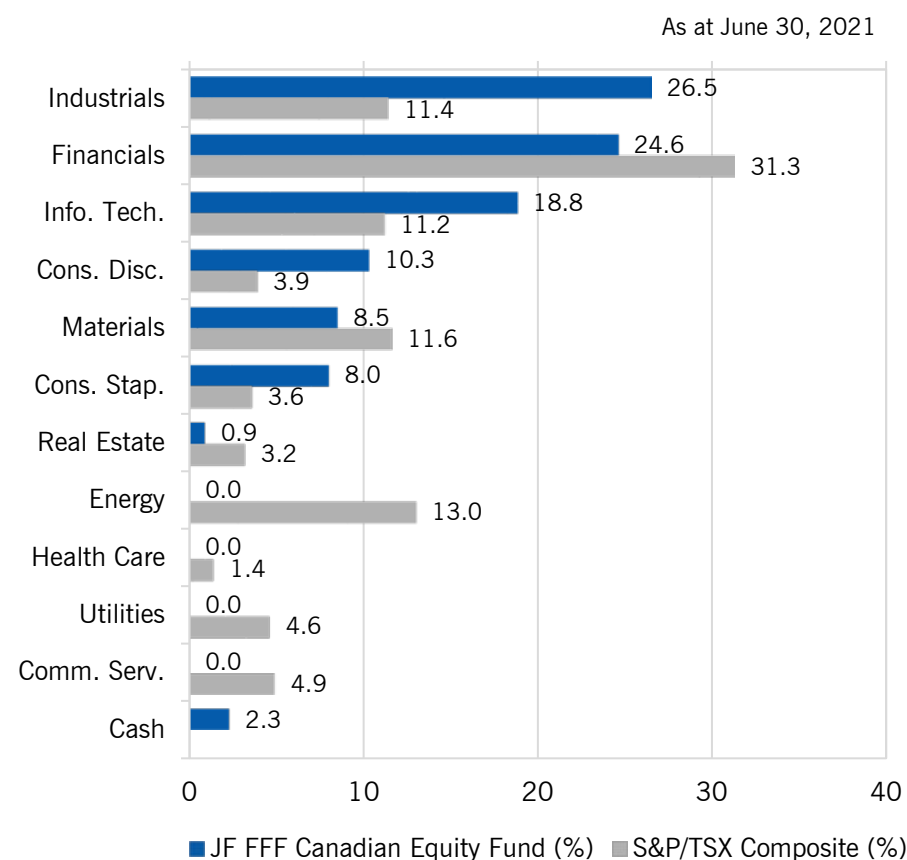
Lastly, Shopify, a company with outsized growth prospects, continues to do very well. Its recent results were largely in-line with expectations, but showed that probably less of its rapid growth is cyclical. We added to our position in Shopify this quarter, before the stock powered forward in sympathy with the NASDAQ and tech-beta. At these current levels, we will remain patient.

On the positive side, two of our engineering companies, **SNC** (+20%) and **WSP** (+21%), as well as **Brookfield Asset Management** (+13%) progressed very well, the

Annualized Returns for Periods Ending June 30, 2021					
	Q2 (%)	1 Year (%)	2 Years (%)	3 Years (%)	S.I.* (%)
<b>Total Portfolio</b>	<b>5.8</b>	<b>37.1</b>	<b>16.3</b>	<b>14.0</b>	<b>12.5</b>
S&P/TSX Composite	8.5	33.9	14.4	10.8	10.3

\*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.





latter two reaching all-time highs. SNC and WSP continue to be driven by the pent-up demand in infrastructure spending, and the recently tabled US\$2 trillion infrastructure plan in the US will certainly benefit them. SNC's recent quarterly results showed encouraging signs that negative surprises from cost overruns are likely behind them, with the company expected to produce positive cash flow for the year.

WSP just recently closed the acquisition of Golder, a leading global environmental consulting firm, which is a well-priced sizeable acquisition (adding approximately 15% to revenues) and expected to be quite accretive. Lastly, BAM continues to do very well, driven by the flows into alternative assets (infrastructure, real estate, renewable energy, private equity). Recent quarterly results showed no sign of abating, as flows from third-party investors were at record levels, despite some thinking that potentially higher long-term interest rates would slow things down.

We continue to see good expected total returns in our portfolio despite the year-to-date appreciation.

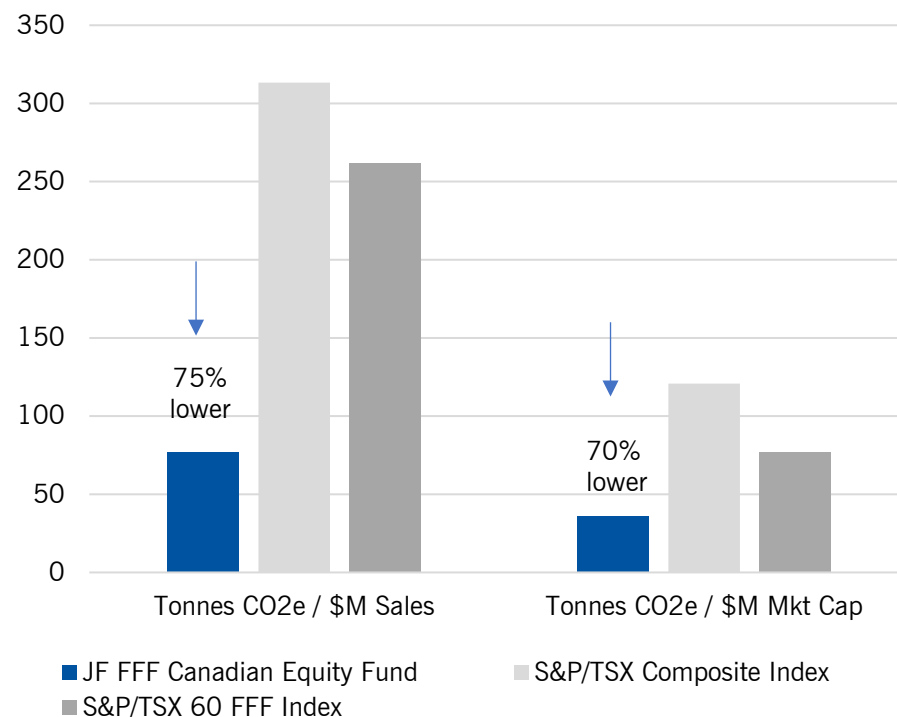
## Noteworthy Changes

We are being opportunistic in building our position in **Shopify**. The recent technology pullback provided an opportunity to add to Shopify at C\$1,300, which we believe is an attractive level.

We also exited our position in Canadian Western Bank.

## Carbon Footprint

As at June 30, 2021



Holdings as at June 30, 2021, carbon metrics and reporting generated on July 8, 2021, portfolio weights are ex cash.

Carbon Intensity = tonnes CO2e/\$M USD Sales.

For portfolio, data availability is 100% with 18.5% comprised of MSCI estimates; for S&P/TSX Composite Index, data availability is 99.4% with 17.3% comprised of MSCI estimates; for S&P/TSX 60 FFF Index, data availability is 100% with 9.9% comprised of MSCI estimates. Data Sources: JF and MSCI. Emissions include Scope 1 and Scope 2 Emissions.

## Climate Spotlight

**National Bank is a leader in the Canadian diversified banking industry in integrating climate risks and opportunities into its operations and financing activities.**

- National Bank is a member of Partnership for Carbon Accounting Financials (PCAF), a founding signatory of the United Nations Principles for Responsible Banking, United Nations Environment Programme Finance Initiative and has reporting aligned with both CDP (formerly the Carbon Disclosure Project) and the Task force on Climate-related Financial Reporting (TCFD)
- National Bank already has one of the lowest carbon footprints per dollar of revenue (~1/5<sup>th</sup> the Canadian peer group average), per employee and per square meter in North America and achieved carbon neutrality through the purchase of carbon offsets
- National Bank's climate strategy aims to meet the Paris Agreement through aligning its investment portfolio by 2050 with a pathway to keep global temperatures below 1.5 degrees Celsius. Its actions to achieve this include:
  - Net-zero GHG emissions for its operating and financing activities by 2050.
  - Interim target for reducing GHG emissions from operations under their control: reduction of 25% by the end of 2025, compared to 2019 levels.
  - Achieve its 2021 carbon neutrality goals by purchasing Verified Carbon Units
- National Bank is using a variety of tools to advance its leadership including:
  - Addition of climate-centric economic scenarios to existing stress testing platform
  - Amendment of existing risk models to introduce a climate adjustment factor or creation of separate climate models

## JF Fossil Fuel Free Global Equity Fund Portfolio Report | Second Quarter 2021

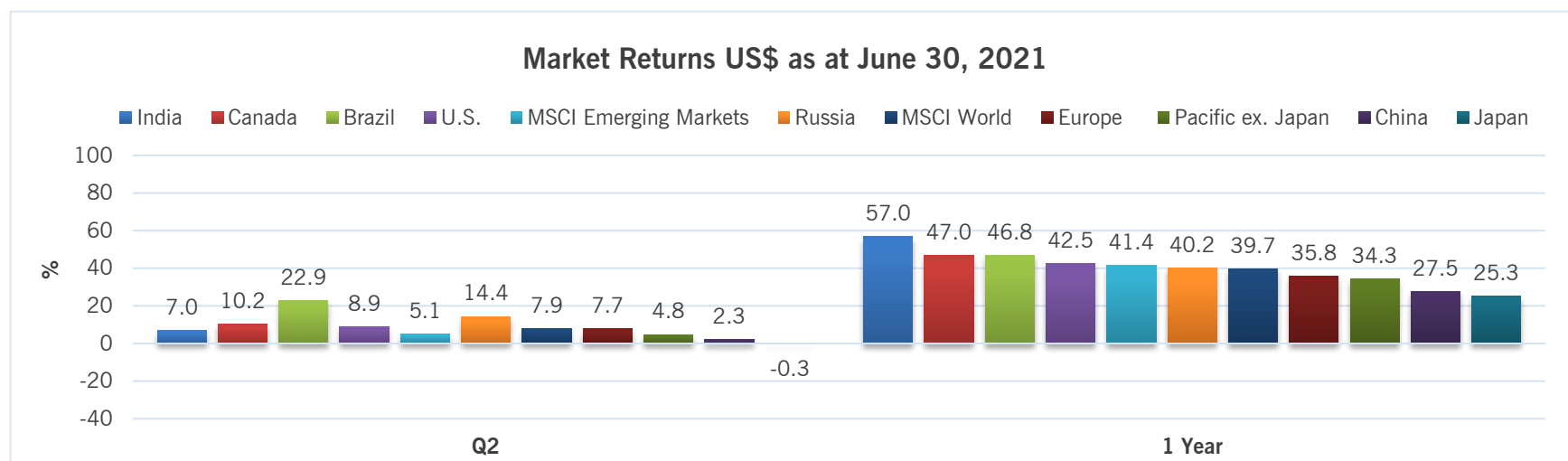
Equity markets around the world continued to advance during the second quarter, carrying on with their strong performance following the volatile period in early 2020. The MSCI World Index rose about 8% in USD, with key markets, namely France and Switzerland, surpassing the benchmark. Conversely, Japan was a notable underperformer, ending the quarter modestly in the red. Vaccination rates climbed during the quarter and a robust economic expansion occurred in geographical areas where greater progress was made. Valuations remain elevated in most markets, though at least in the near term, they seem supported by typical early-cycle corporate earnings growth. The sustainability of these valuation levels over time has yet to be proven and will heavily depend on the level and path of interest rates. At this time, the market indicates high speculation around a continued accommodative environment, which suggests that significant volatility is in store if those hopes prove unfounded.

Following reassuring message from the U.S. Federal Reserve mid-quarter, long-term Treasury yields fell (i.e. bond prices rose) as investors were less worried about inflation running out of control. As a result, equity market attention shifted away from cyclical sectors and back to the growth-focused sentiment of 2019-2020, though perhaps with less ardor considering the uncertainty around inflation, which should remain for at least several quarters to come.

### Portfolio Review

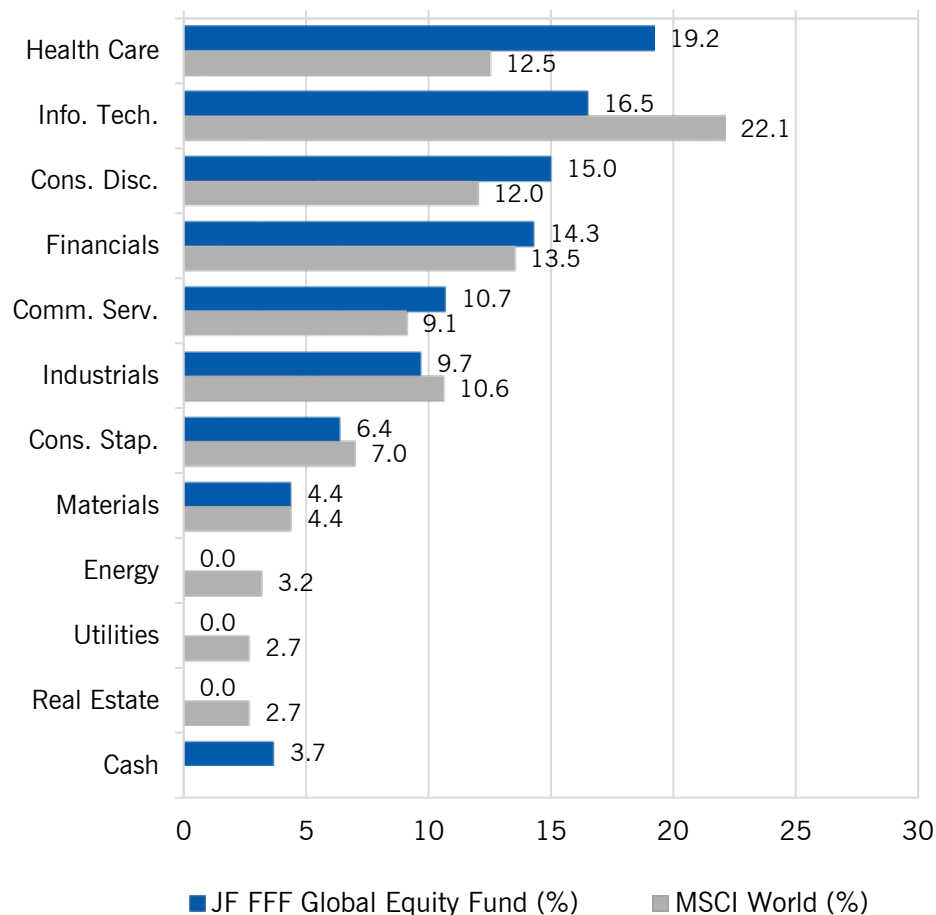
During the second quarter, the Fossil Fuel Free Global Equity portfolio lagged the MSCI World Daily Index 5.7% vs. 6.2% in Canadian dollar terms. Among the best performing sectors were those that generally benefit from lower interest rates such as long-term growth focused areas like Technology (+9.9%) and Communication Services (+7.8%). More cyclically exposed sectors, like Financials (+5.2%) and Industrials (+2.7%), fell behind.

Even within those winning sectors, there were stark differences in performance. Structural winners, like **Alphabet** (+18%) and **Facebook** (+16%), provided a strong benefit to portfolio performance while more idiosyncratic exposures, like **Fiserv** (-12%), proved to be a significant headwind. We continue to believe that the eventual re-opening of physical retailers will manifest **Fiserv's** growth opportunity. The portfolio also saw continued headwinds from "COVID winners" like **Abbott** (-4%), which guided to lower COVID testing revenues in the quarter as the virus receded, and **Interactive Brokers** (-11%), where investors fear the incredible increase in trading activity during the pandemic will necessarily result in lower growth opportunity in the coming years. We continue to believe these issues are transitory and take a long-term view in which both companies enjoy meaningful opportunities to deploy growth capital at high rates of return.



Gross returns. Source: MSCI.

As at June 30, 2021



For the year, the portfolio slightly underperformed the index 24.3% vs. 26.4% in Canadian dollar terms. Note that this performance materially understates the strength of the market, which was actually up almost 40% in U.S. dollar terms. This period included the furious, yet somewhat narrow rally, concentrated in high growth and momentum stocks, which followed on the heels of the rapid decline at the onset of COVID, and caused areas like Health Care and Consumer Staples (important areas of focus for the portfolio) to lag significantly. Given the more balanced positioning of the portfolio, it did not fully benefit from this somewhat speculative rally, though a good representation in high quality growth companies like Alphabet, **ASML**, **LVMH**, and **Dechra** allowed for a nonetheless respectable return.

## Noteworthy Changes

The second quarter was an unusually active one in terms of trading. We took advantage of the cyclical rally to upgrade our competitive position and growth opportunity, while modestly concentrating it as well by exiting AXA, TJX Companies, Air Liquide, RELX, and Oracle. New positions were established in **London Stock Exchange**, **Guidewire**, **Hoya** and **Abcam**. While all the businesses we exited remain strong, they tend to have moderately less opportunities for growth and face somewhat more competition, causing a greater threat to future cash flows, than the companies they were replaced with. These new companies were selected as we also see a misperception in the market. London Stock Exchange's acquisition of Refinitiv has raised concerns around the fact that it will be more difficult to integrate than originally planned. As for Guidewire, its revenue growth has recently slowed as it moves customers from on-premise to cloud software. In each case, our research indicates that these short-term challenges are likely to be overcome, leading to strong returns in the long term.

## London Stock Exchange Group (LSE)

Financial Services; Diversified Financials

**Market & Industry:** Exchanges, Market Infrastructure and Index Data providers are attractive businesses reflecting: (a) good secular growth tailwinds; (b) strong moats/barriers to entry which protect economics; (c) attractive free cash flow/return on invested capital dynamics and the ability to deploy capital into incremental growth; and (d) potential for further consolidation. Many of the global players operate in monopolistic/oligopolistic conditions and resemble "platform" companies exhibiting winner-take-all dynamics in their respective product expertise.

**Company:** London Stock Exchange Group Plc (LSE) is a global financial markets infrastructure services provider and operates the following segments: Information Services,

### Annualized Returns for Periods Ending June 30, 2021

	Q2 (%)	1 Year (%)	2 Years (%)	3 Years (%)	S.I.* (%)
<b>Total Portfolio</b>	<b>5.7</b>	<b>24.3</b>	<b>17.1</b>	<b>15.0</b>	<b>13.8</b>
MSCI World Net	6.2	26.4	16.4	12.7	12.2

\*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.

Post Trade Services, Capital Markets and Technology Services. Beyond the London Stock Exchange itself, LSE owns two large “trophy” assets, both of which are global leaders in their respective business and offer strong secular growth: LCH, the primary clearing house globally for interest rate derivatives, and FTSE-Russell, a leading index analytics provider benefiting from the increased use of quantitative or passive investment techniques.

**Management:** Over the years, LSE has benefited from strong management who have made some astute strategic decisions to transform the LSE from a sleepy cash equities exchange to a leader in a number of financial market infrastructure, data and index businesses. We believe CEO David Schwimmer has made another astute transaction with the recent acquisition of Refinitiv a leading global data and analytics provider. Institutionally, LSE has a good track record of acquiring and integrating businesses, often seeing value when others do not.

**Valuation:** Based on a pro-forma model that integrates Refinitiv, LSE is trading at ~24x '22 earnings and ~21x '23 earnings. We find this very attractive since LSE will have best-in-class assets/businesses and faster growth yet trades at a discount to peers in the exchange, index and data/analytics industries.

**ESG Considerations:** LSE has a strong history in managing material ESG risks, in particular focusing on business continuity and technology as well as establishing clear policies and disclosure standards to promote transparent and efficient capital markets. Furthermore, it has prioritized sustainable finance in its three-year strategic plan, and has been successful at attracting green bond listings on its exchange. It has also increased accountability and the standards for green bonds to be listed, which is important for promoting sustainable finance and transparency in capital markets. LSE also has excellent greenhouse gas emission disclosures and targets, incorporates climate scenario analysis, and has direct executive and board-level accountability for ESG factors which contributes to their A- CDP Climate rating. Finally the combination of FTSE/Russell and Refinitiv data analytics positions LSE as a leading sustainability and ESG data aggregator globally.

## Guidewire (GWRE US)

Software; Technology

**Market & Industry:** Guidewire sells modern software that allows P&C insurance companies to manage their policies, claims, and billing. The vast majority of insurers have legacy software that might be 20+ years old, which limits their ability to compete. Modern software is rapidly gaining acceptance due to increased flexibility. Due to deep integration into a customer's technology infrastructure and workflows, once installed, it is very difficult to displace. The market for modern insurance software, especially for larger insurers, is dominated by just two companies.

**Company:** As one of the two dominant modern software vendors for insurance companies, Guidewire is enjoying good growth. It was established about 20 years ago and has by a good margin the largest installed base, largest global footprint, and the largest group of partners.

**Management:** The management team is a blend of old and new. Co-founder and visionary Marcus Ryu moved to Chairman in 2019, making space for current CEO Mike Rosenbaum. Rosenbaum was most recently the senior executive in charge of product development at salesforce.com, which positions him well as Guidewire adapts its software for the cloud. Our channel checks indicate he is well aligned with Guidewire's historical obsession with customer success.

**Valuation:** We initiated our position around \$100, which we feel is roughly fair value for Guidewire's existing business. We feel there is upside possible if Guidewire and its main competitor further consolidate their market share and as Guidewire builds out its nascent analytics business.

**ESG Considerations:** Guidewire is contributing to “greening” the data centre, as software workloads move from customer and Guidewire data centres and into Amazon's cloud hosting infrastructure. Efficiency gains occur when these workloads are consolidated, and Amazon will soon power its data centres with 100% renewable energy. Guidewire is routinely named as a top employer, reflecting its commitment to ensure customer success by first ensuring employee satisfaction.

## Hoya Corporation (7741: TYO)

Healthcare and Information Technology; Medical Devices, Semiconductor Equipment and Technology Hardware & Equipment

**Market & Industry:** Hoya is exposed to several unique end-markets:

- Hoya is the global leader in EUV mask blanks, with more than 80% market share. We forecast strong demand for EUV mask blanks, critical components used in semiconductor production, driven by volume growth and higher ASP's over time. EUV is the technology used to manufacture leading edge computer chips.
- Hoya is the only global manufacturer of HDD glass substrates, used in data storage equipment. There is a growing market for 3.5” substrates used in data centres, but this is partially offset by weakening demand for 2.5” products that compete against solid state drives for applications in laptops, external disks and gaming consoles. We think data centre demand will remain robust, given HDD is more reliable for long-term data storage and the cost per gigabyte for HDDs is significantly lower compared to SSD.
- Hoya is the #2 global player in eyeglass lenses, #1 player in specialty retail stores for contact lenses in Japan, #3 player in reusable endoscopes and #3 global player for intraocular lenses (IOLs). The medical device businesses are more stable and defensive compared to EUV mask blanks and HDD glass substrates, but potential growth is lower. All medical segments enjoy strong moats and are exposed to attractive long-term growth trends.

**Company:** Hoya is a Japanese conglomerate focusing on two business areas: life care and information technology (hardware). Optical technology and high-quality glass are common themes for most products sold by the company. The management style is unique compared

to a typical Japanese company, with capital allocation at the center of the business portfolio management framework. Management views Hoya as a portfolio of independent businesses and they are not shy to divest weaker businesses, if returns are not attractive anymore. Their strategic vision, “a big fish in a small pond”, aims for the company to be a dominant player in niche markets.

**Management:** Hiroshi Suzuki joined the company in 1985 and became the CEO in June 2003. His track record as CEO has been very good even if the acquisition of Pentax in 2007 didn't go as planned. Creating value for shareholders was already important for Hoya before he became CEO but the focus has definitely increased under his watch.

**Valuation:** The valuation of Hoya is not low at 36x FY3/2022 earnings but it is justified by the growth potential of the company, the strong moat of the different businesses and the quality of the management team.

#### ESG Considerations:

- The governance and board of directors are strong for a Japanese company, with five independent directors (out of six). The CEO is also a director. The chairs of the nomination, audit and compensation committees are also independent.
- *Compensation:* PSUs replaced stock options in FY2020, which is positive for long-term shareholders
- *GHG emissions:* Glass manufacturing is energy intensive and emissions can be a measure of energy efficiency as well as exposure to climate change-related transition risk. The company has had mixed results in this regard. Total GHG emissions went up 4.4% during that period (therefore they missed their initial objective of a 5% reduction by 2020), but was down 11.3% per unit of sales. The Company has set a new objective to reduce GHG emissions by 5% over 2021. We believe they are taking a responsible approach to managing the risks and opportunities in this category but will continue to monitor and engage if the intensity trend does not transmit to total emissions and energy use.
- *Pollution and Waste:* Total emissions increased by 28.4% from FY3/2015 to FY3/2019 (FY3/2020 not available due to COVID) but the recycling rate increased from 62.0% to 68.9%. We believe the company is taking the right approach to managing their risks in this area.

#### Abcam PLC (ABC LN)

Healthcare; Life Science Tools & Services

**Market & Industry:** Abcam develops and commercializes proteomic tools used by laboratories for life science research. Proteomic tools such as primary antibodies are consumables used in the discovery phase of the R&D process for new molecules. It is the leader in primary antibodies (24% market share), and it also has a presence in other proteomic tools like secondary antibodies, kits & assays, proteins, peptides, lysates and DNA-related products. The total addressable market for research use only proteomic tools is \$3B+, growing ~4% per year. The primary antibody market (\$1B+) is also growing ~4% per year, of which ~1%

is pricing. The majority of its customers are scientists working in academia (59% of sales) and research institutes (17%) but 19% of sales comes from biopharma companies and 6% from others.

**Company:** Headquartered in Cambridge, UK, Abcam is a pure-play proteomic tools company and the global leader in primary antibodies. It has several competitive advantages that are very challenging to replicate: 1) Global e-commerce platform: The company has one of the largest online catalogue for life science research consumables with ~120,000 products. It sells both in-house products and third-party products under the Abcam brand. 2) Data analytics: The company uses algorithms and data analytics to identify the most promising antibodies from third-party suppliers. Once a promising antibody is identified, the company will develop a higher-quality version in house and include it in its catalogue. 3) High-quality products: The quality of antibodies developed internally is higher compared to those developed by external third-parties.

**Management:** Alan Hirzel became the CEO in September 2014, and he replaced Jonathan Milner, the founder of Abcam. Hirzel was the key person behind the growth strategy of the past few years. He also transformed the company from a start-up structure to a more scalable business model (e.g. established processes, a new ERP system and added a layer of management to reduce key-person dependency) but he kept the entrepreneurial culture that made Abcam successful. The founder still owns ~8% of the company but he is progressively selling his stake.

**Valuation:** The valuation of Abcam is high at 50x FY2022 earnings but margins are temporarily depressed because the company is investing significantly in its business. Also, there are several key growth drivers that justify the high valuation: 1) Growth from high-quality in-house antibodies will continue to be strong. 2) Growth from China will continue to be strong (the country is investing significantly in life science research). 3) The company will continue its expansion in other proteomic tools markets, especially immunoassays. 4) Ramp-up of Abcam Inside, with the objective to create custom antibodies for customers that would be used directly in diagnostic tests.

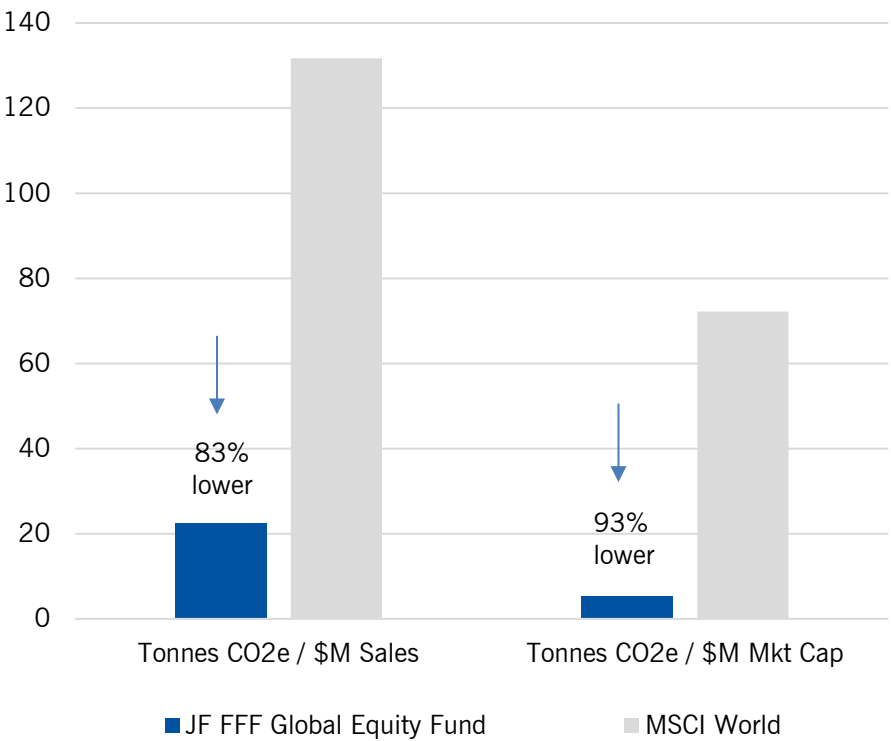
#### ESG Considerations:

- Product quality and safety is key, because any compromise in the quality of the proteomic tools could jeopardize the entire R&D process. Because of this, supply chain management is strict, with rigorous product testing, supplier due diligence, and employee training. There have been no product recalls.
- *Corporate culture:* Strong entrepreneurial culture. Employees satisfaction is very high according to internal surveys and external websites (e.g. best places to work from Glassdoor). Human capital is key to the business (e.g. highly educated scientists)
- *Compensation:* ROCE is not part of compensation but the company mentioned that it has the intention to engage with all major shareholders next year to modify the compensation plan (adding ROCE was a request from many shareholders). Customer engagement and net promoter scores are metrics used for compensation.

· *Environment:* Limited disclosure on the environmental side, but the company is looking to reduce its environmental impact and improve resource efficiencies. For example, it is looking at alternative sustainable packaging options when it ships products to customers.

Carbon Footprint

As at June 30, 2021



Holdings as at June 30, 2021. Carbon metrics and reporting generated on July 8, 2021.  
Portfolio weights are ex cash.  
Carbon Intensity = tonnes CO2e/\$M USD Sales  
For portfolio, data availability is 100% with 15.7% comprised of MSCI estimates; for benchmark, data availability is 99.9% with 13.5% comprised of MSCI estimates.  
Data Sources: JF and MSCI. Emissions include Scope 1 and Scope 2 Emissions.

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Returns for the JF Pooled Funds have been calculated using the net asset value (NAV), are gross of management fees and in Canadian dollars. C\$ Index returns and NAV values have been calculated using the London 4PM closing FX rates. Complete Investment Policy guidelines are available upon request. JF Pooled Funds are only available to Canadian residents. Past performance is not a guide to future performance. Future returns are not guaranteed. Investment return and principal value of an investment in the fund will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost.

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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.



Security Description	Book Value		Market Value at 31-Mar-2021		Market Value at 30-Jun-2021			% of Asset Class	% of Total	Annual Income Estimate (CAD)	Current Yield %
	Local Unit Cost	Total Cost (CAD)	Quantity	Market Value (CAD)	Quantity	Price	Market Value (CAD)				
<b>FIXED INCOME</b>		<b>43,191</b>		<b>42,693</b>			<b>44,819</b>		<b>31.2</b>	<b>1,077</b>	<b>2.4</b>
<b>Cash and Equivalents</b>		<b>625</b>		<b>537</b>			<b>625</b>	<b>100.0</b>	<b>0.4</b>	<b>0</b>	<b>0.0</b>
Canadian Dollars		625		537			625	100.0	0.4		0.0
<b>Bonds</b>		<b>42,566</b>		<b>42,156</b>			<b>44,194</b>	<b>100.0</b>	<b>30.7</b>	<b>1,077</b>	<b>2.4</b>
JF Fossil Fuel Free Bond Fund	9.93	42,566	4,127	42,156	4,286	10.31	44,194	100.0	30.7	1,077	2.4
<b>EQUITY</b>		<b>68,531</b>		<b>95,285</b>			<b>99,061</b>		<b>68.8</b>	<b>1,088</b>	<b>1.1</b>
<b>Canadian Equity</b>		<b>28,738</b>		<b>37,471</b>			<b>39,654</b>	<b>100.0</b>	<b>27.6</b>	<b>673</b>	<b>1.7</b>
<b>Group 1</b>		<b>28,738</b>		<b>37,471</b>			<b>39,654</b>	<b>100.0</b>	<b>27.6</b>	<b>673</b>	<b>1.7</b>
<b>Pooled Funds</b>		<b>28,738</b>		<b>37,471</b>			<b>39,654</b>	<b>100.0</b>	<b>27.6</b>	<b>673</b>	<b>1.7</b>
JF Fossil Fuel Free Canadian Equity Fund	10.48	28,738	2,733	37,471	2,743	14.46	39,654	100.0	27.6	673	1.7
<b>Foreign Equity Funds</b>		<b>39,793</b>		<b>57,813</b>			<b>59,407</b>	<b>100.0</b>	<b>41.3</b>	<b>415</b>	<b>0.7</b>
<b>Group 1</b>		<b>39,793</b>		<b>57,813</b>			<b>59,407</b>	<b>100.0</b>	<b>41.3</b>	<b>415</b>	<b>0.7</b>
<b>Pooled Funds</b>		<b>39,793</b>		<b>57,813</b>			<b>59,407</b>	<b>100.0</b>	<b>41.3</b>	<b>415</b>	<b>0.7</b>
JF Fossil Fuel Free Global Equity Fund C\$	10.73	39,793	3,794	57,813	3,708	16.02	59,407	100.0	41.3	415	0.7
<b>Total Portfolio</b>		<b>111,722</b>		<b>137,978</b>			<b>143,880</b>	<b>100.0</b>		<b>2,165</b>	<b>1.5</b>

Security Description	Book Value		Market Value at 31-Mar-2021		Market Value at 30-Jun-2021			% of Asset Class	% of Total	Annual Income Estimate (CAD)	Current Yield %
	Local Unit Cost	Total Cost (CAD)	Quantity	Market Value (CAD)	Quantity	Price	Market Value (CAD)				
SUMMARY											
Fixed Income		43,191		42,693			44,819		31.2	1,077	2.4
Equity		68,531		95,285			99,061		68.8	1,088	1.1

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## FIXED INCOME

Purchases					
Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost
Canadian Dollars					
04/19/2021	04/19/2021	70.893	JF Fossil Fuel Free Bond Fund	10.23	725.00
04/23/2021	04/27/2021	63.581	JF Fossil Fuel Free Bond Fund	10.22	650.00
Sub-total					1,375.00
Reinvestments					
06/30/2021	06/30/2021	24.476	JF Fossil Fuel Free Bond Fund	10.31	252.38
Sub-total					252.38
Total - Purchases CAD					1,627.38
Dividends					
Trade Date	Pay-Date	Security			Amount
Canadian Dollars					
Pooled Fund Distributions					
06/30/2021	06/30/2021	JF Fossil Fuel Free Bond Fund			252.38
Sub-total					252.38
Total - Dividends CAD					252.38

## CANADIAN EQUITY

### Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost
Canadian Dollars					
Reinvestments					
06/30/2021	06/30/2021	9.912	JF Fossil Fuel Free Canadian Equity Fund	14.46	143.31
Sub-total					143.31
Total - Purchases CAD					143.31

### Dividends

Trade Date	Pay-Date	Security	Amount
Canadian Dollars			
Pooled Fund Distributions			
06/30/2021	06/30/2021	JF Fossil Fuel Free Canadian Equity Fund	143.31
Sub-total			143.31
Total - Dividends CAD			143.31

## FOREIGN EQUITY

### Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost
Canadian Dollars					
Reinvestments					
06/30/2021	06/30/2021	17.826	JF Fossil Fuel Free Global Equity Fund C\$	16.02	285.57

## FOREIGN EQUITY

### Purchases

Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost
Sub-total					285.57
Total - Purchases CAD					285.57

### Sales

										Canadian Dollars	
Trade Date	Settle Date	Quantity	Security	Unit Cost	Total Cost	Unit Price	Proceeds	Gain/Loss	FX Rate	Proceeds	Gain/Loss
Canadian Dollars											
04/19/2021	04/19/2021	45.137	JF Fossil Fuel Free Global Equity Fund C\$	10.71	483.21	16.06				725.00	241.79
04/23/2021	04/27/2021	58.808	JF Fossil Fuel Free Global Equity Fund C\$	10.71	629.56	16.15				950.00	320.44
Sub-total					1,112.77					1,675.00	562.23
Total - Sales CAD					1,112.77					1,675.00	562.23
Total Sales										1,675.00	562.23

## FOREIGN EQUITY

### Dividends

Trade Date	Pay-Date	Security	Amount
Canadian Dollars			
Pooled Fund Distributions			
06/30/2021	06/30/2021	JF Fossil Fuel Free Global Equity Fund C\$	285.57
Sub-total			285.57
Total - Dividends CAD			285.57

## OTHER TRANSACTIONS

### Expenses

Trade Date	Settle Date	Security	Amount
Canadian Dollars			
Management Fees			
04/29/2021	04/29/2021	Management Fee	212.19
Sub-total			212.19
Total - Expenses CAD			212.19

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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 the Transaction 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.

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# 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
<b>Federal Bonds</b>								
Canada Housing Trust	1.250	06/15/2026	1,526,000	100.110	1,527,672	100.125	1,527,907	1.8
Canada Housing Trust	1.950	12/15/2025	1,161,000	105.549	1,225,425	103.570	1,202,449	1.4
Canada Housing Trust	1.400	03/15/2031	1,216,000	96.012	1,167,508	96.731	1,176,247	1.4
Canada Housing Trust	1.750	06/15/2030	1,158,000	102.949	1,192,149	100.359	1,162,158	1.3
Canada Housing Trust	2.350	06/15/2027	901,000	109.815	989,433	105.610	951,543	1.1
Canada Housing Trust	2.350	09/15/2023	840,000	104.453	877,407	103.915	872,883	1.0
Canadian Government Bond	2.000	12/01/2051	2,503,000	105.461	2,639,691	103.680	2,595,123	3.0
Canadian Government Bond	2.250	06/01/2029	972,000	110.830	1,077,266	107.667	1,046,519	1.2
Canadian Government Bond	1.250	06/01/2030	938,000	105.288	987,600	99.278	931,229	1.1
Canadian Government Bond	5.000	06/01/2037	610,000	163.238	995,753	147.413	899,219	1.0
Canadian Government Bond	4.000	06/01/2041	646,000	134.569	869,314	138.478	894,570	1.0
Canadian Government Bond	2.250	06/01/2025	712,000	106.483	758,159	105.618	752,000	0.9
Canadian Government Bond	1.250	12/01/2047	370,000	138.434	512,205	146.635	542,549	0.6
Canadian Government Bond	2.750	12/01/2048	97,000	119.994	116,394	120.026	116,425	0.1
Canadian Government Bond	0.250	03/01/2026	8,000	96.570	7,726	96.707	7,737	0.0
International Bank for Reconstruction & Development	0.875	09/28/2027	1,300,000	99.824	1,297,712	97.652	1,269,478	1.5
International Bank for Reconstruction & Development	1.800	07/26/2024	350,000	99.796	349,285	102.897	360,140	0.4
					<b>16,590,700</b>		<b>16,308,177</b>	<b>18.7</b>
<b>Provincial Bonds</b>								
Hydro-Quebec	2.100	02/15/2060	476,000	88.530	421,403	86.768	413,015	0.5
Hydro-Quebec	5.000	02/15/2050	193,000	157.815	304,583	147.924	285,493	0.3
Province of Alberta	2.050	06/01/2030	1,413,000	103.954	1,468,874	100.813	1,424,491	1.6
Province of Alberta	2.550	06/01/2027	354,000	108.737	384,928	105.935	375,009	0.4
Province of Alberta	3.100	06/01/2050	181,000	111.255	201,371	107.437	194,461	0.2
Province of British Columbia	4.300	06/18/2042	184,000	135.989	250,220	130.492	240,106	0.3
Province of British Columbia	2.800	06/18/2048	70,000	105.590	73,913	105.124	73,587	0.1
Province of New Brunswick	1.800	08/14/2025	610,000	104.166	635,413	102.622	625,994	0.7
Province of New Brunswick	3.100	08/14/2028	324,000	109.568	354,999	109.530	354,878	0.4
Province of New Brunswick	3.100	08/14/2048	165,000	95.271	157,197	108.079	178,330	0.2
Province of Newfoundland and Labrador	1.750	06/02/2030	719,000	99.597	716,102	97.384	700,192	0.8
Province of Nova Scotia	3.150	12/01/2051	248,000	123.586	306,493	110.296	273,535	0.3
Province of Ontario	1.850	02/01/2027	2,765,000	102.500	2,834,118	102.441	2,832,496	3.3
Province of Ontario	1.950	01/27/2023	2,000,000	103.547	2,070,940	102.354	2,047,071	2.4
Province of Ontario	2.650	02/05/2025	1,926,000	105.735	2,036,447	105.904	2,039,715	2.3
Province of Ontario	2.650	12/02/2050	1,618,000	105.797	1,711,789	100.406	1,624,562	1.9
Province of Ontario	4.700	06/02/2037	1,234,000	138.902	1,714,049	130.916	1,615,501	1.9
Province of Ontario	2.800	06/02/2048	1,523,000	112.261	1,709,730	103.703	1,579,403	1.8
Province of Ontario	3.450	06/02/2045	749,000	124.689	933,919	115.633	866,094	1.0
Province of Ontario	2.900	12/02/2046	448,000	104.441	467,897	105.607	473,118	0.5
Province of Ontario	1.350	12/02/2030	434,000	98.745	428,552	94.655	410,801	0.5
Province of Ontario	2.600	06/02/2025	362,000	107.184	388,006	105.753	382,826	0.4
Province of Ontario	2.900	06/02/2028	122,000	111.963	136,595	108.346	132,182	0.2
Province of Ontario	2.300	09/08/2024	101,000	106.157	107,219	104.446	105,491	0.1
Province of Quebec	1.850	02/13/2027	3,160,000	101.140	3,196,035	102.716	3,245,821	3.7
Province of Quebec	2.600	07/06/2025	2,698,000	106.125	2,863,242	106.138	2,863,602	3.3
Province of Quebec	3.100	12/01/2051	1,703,000	111.308	1,895,573	110.737	1,885,844	2.2
Province of Quebec	5.000	12/01/2041	1,323,000	151.536	2,004,827	140.831	1,863,199	2.1
Province of Quebec	3.500	12/01/2048	253,000	118.097	298,786	118.285	299,261	0.3
Province of Quebec Canada	2.850	12/01/2053	272,000	100.827	274,249	105.649	287,366	0.3
Province of Saskatchewan	3.100	06/02/2050	163,000	115.468	188,213	109.549	178,564	0.2
					<b>30,535,683</b>		<b>29,872,006</b>	<b>34.3</b>
<b>Municipal Bonds</b>								
City of Toronto Canada	2.600	09/24/2039	2,054,000	101.931	2,093,664	100.271	2,059,568	2.4
					<b>2,093,664</b>		<b>2,059,568</b>	<b>2.4</b>
<b>Corporate Bonds</b>								
407 International Inc.	6.470	07/27/2029	350,000	133.940	468,792	130.210	455,735	0.5
AltaLink, L.P.	3.990	06/30/2042	5,000	107.689	5,384	114.034	5,702	0.0
Anheuser-Busch InBev Finance Inc.	4.320	05/15/2047	620,000	106.152	658,142	107.208	664,690	0.8
Apple Inc	2.513	08/19/2024	1,789,000	104.577	1,870,879	104.249	1,865,007	2.1
Bank of Montreal	2.890	06/20/2023	1,688,000	104.171	1,758,413	104.089	1,757,028	2.0
Bank of Montreal	2.280	07/29/2024	904,000	104.832	947,681	103.111	932,123	1.1
Bank of Nova Scotia	2.380	05/01/2023	1,399,000	102.513	1,434,159	102.678	1,436,464	1.6
Bell Canada	3.800	08/21/2028	268,000	114.083	305,741	109.719	294,046	0.3
Bell Canada	1.650	08/16/2027	150,000	99.603	149,405	97.313	145,969	0.2
Caisse Centrale Desjardins du Quebec	1.992	05/28/2031	1,373,000	100.000	1,373,000	99.867	1,371,177	1.6
Canadian Imperial Bank of Commerce	2.970	07/11/2023	1,102,000	106.170	1,169,995	104.330	1,149,711	1.3
Canadian Imperial Bank of Commerce	2.000	04/17/2025	832,000	100.102	832,846	102.145	849,850	1.0
Canadian Imperial Bank of Commerce	2.430	06/09/2023	583,000	103.699	604,564	102.892	599,859	0.7
Canadian National Railway Company	3.600	02/08/2049	138,000	100.423	138,584	102.833	141,909	0.2

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



# 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 Tire Corporation, Limited	5.610	09/04/2035	79,000	110.540	87,327	114.842	90,725	0.1
Canadian Western Bank	1.818	12/16/2027	737,000	99.016	729,746	97.834	721,038	0.8
CCL Industries Inc Call/28	3.864	04/13/2028	290,000	102.585	297,496	108.756	315,393	0.4
CPPIB Capital Inc	3.000	06/15/2028	1,222,000	104.802	1,280,680	109.608	1,339,412	1.5
Federation des Caisses Desjardins du Quebec	3.056	09/11/2023	724,000	103.599	750,056	104.731	758,250	0.9
Federation des Caisses Desjardins du Quebec	2.856	05/26/2030	593,000	101.894	604,234	104.119	617,427	0.7
Federation des Caisses Desjardins du Quebec	1.093	01/21/2026	410,000	99.999	409,995	97.682	400,498	0.5
Heathrow Funding Ltd	3.661	01/13/2031	578,000	100.668	581,861	106.090	613,199	0.7
Heathrow Funding Ltd	3.782	09/04/2030	533,000	104.721	558,160	107.243	571,605	0.7
Heathrow Funding Ltd	3.400	03/08/2028	266,000	104.416	277,746	105.209	279,857	0.3
HSBC Bank Canada	2.253	09/15/2022	334,000	101.129	337,772	101.878	340,273	0.4
Hydro One Inc	3.640	04/05/2050	1,876,000	109.392	2,052,185	109.663	2,057,273	2.4
Hydro One Inc	2.540	04/05/2024	450,000	104.578	470,601	103.991	467,960	0.5
Intact Financial Corporation	1.207	05/21/2024	64,000	100.000	64,000	99.867	63,915	0.1
Manulife Bank of Canada	2.378	11/19/2024	250,000	104.232	260,580	103.735	259,338	0.3
Manulife Financial Corporation CALL/23	3.317	05/09/2028	2,120,000	102.691	2,177,059	104.143	2,207,841	2.5
Mondelez International Inc.	3.250	03/07/2025	857,000	105.070	900,453	106.099	909,264	1.0
National Bank of Canada	2.983	03/04/2024	1,948,000	104.671	2,039,000	104.855	2,042,571	2.3
National Bank of Canada	1.534	06/15/2026	402,000	100.000	402,000	99.398	399,579	0.5
National Grid Electricity Transmission PLC	2.301	06/22/2029	1,763,000	99.981	1,762,665	99.894	1,761,128	2.0
Royal Bank of Canada	3.296	09/26/2023	2,198,000	104.947	2,306,740	105.040	2,308,776	2.7
Royal Bank of Canada	2.949	05/01/2023	297,000	103.237	306,614	103.999	308,877	0.4
TELUS Corp	4.750	01/17/2045	107,000	122.834	131,432	112.380	120,247	0.1
The Toronto-Dominion Bank	1.909	07/18/2023	705,000	100.480	708,382	102.213	720,602	0.8
The Toronto-Dominion Bank	3.105	04/22/2030	620,000	101.055	626,543	105.391	653,421	0.8
The Toronto-Dominion Bank	3.005	05/30/2023	619,000	103.807	642,566	104.211	645,066	0.7
The Walt Disney Company	3.057	03/30/2027	2,350,000	106.428	2,501,053	105.887	2,488,352	2.9
Verizon Communications Inc	2.375	03/22/2028	269,000	99.846	268,586	101.281	272,446	0.3
Verizon Communications Inc.	3.625	05/16/2050	1,130,000	100.854	1,139,654	97.665	1,103,610	1.3
Wells Fargo & Company	3.874	05/21/2025	1,047,000	103.780	1,086,576	107.885	1,129,556	1.3
Wells Fargo & Company	2.493	02/18/2027	174,000	98.754	171,833	102.394	178,166	0.2
					<b>37,651,180</b>		<b>37,814,936</b>	<b>43.4</b>
Accrued Interest Total					<b>448,918</b>		<b>448,918</b>	<b>0.5</b>
					<b>448,918</b>		<b>448,918</b>	<b>0.5</b>
Cash & Short Term Investments*					<b>572,235</b>		<b>572,235</b>	<b>0.7</b>
					<b>572,235</b>		<b>572,235</b>	<b>0.7</b>
<b>Total Portfolio in C\$</b>					<b>87,892,380</b>		<b>87,075,841</b>	<b>100.0</b>

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

# 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
<b>Materials</b>						
CCL Industries Inc., Class B	88,105	52.861	4,657,295	68.270	6,014,928	3.6
Nutrien Ltd	81,580	56.215	4,586,047	75.110	6,127,474	3.7
Wipak Ltd.	48,050	43.824	2,105,749	38.670	1,858,094	1.1
			<b>11,349,091</b>		<b>14,000,496</b>	<b>8.5</b>
<b>Industrials</b>						
Boyd Group Services Inc	13,530	218.208	2,952,357	225.580	3,052,097	1.8
CAE Inc.	105,320	23.685	2,494,484	38.180	4,021,118	2.4
Canadian National Railway Company	54,730	125.885	6,889,679	130.790	7,158,137	4.3
LifeWorks Inc	91,410	32.354	2,957,462	33.420	3,054,922	1.8
SNC-Lavalin Group Inc.	162,145	24.292	3,938,838	32.250	5,229,176	3.2
Stantec Inc.	136,825	44.431	6,079,266	55.310	7,567,791	4.6
Thomson Reuters Corp	43,165	99.375	4,289,512	123.130	5,314,906	3.2
WSP Global Inc.	58,840	97.584	5,741,864	144.700	8,514,148	5.1
			<b>35,343,462</b>		<b>43,912,295</b>	<b>26.5</b>
<b>Consumer Discretionary</b>						
Gildan Activewear	121,470	28.998	3,522,372	45.740	5,556,038	3.4
Magna International Inc	53,905	77.859	4,196,999	114.770	6,186,677	3.7
Restaurant Brands International Inc	67,410	76.859	5,181,072	79.870	5,384,037	3.3
			<b>12,900,443</b>		<b>17,126,751</b>	<b>10.3</b>
<b>Consumer Staples</b>						
Empire Company Ltd.	64,620	34.088	2,202,784	39.100	2,526,642	1.5
Metro Inc., Class A	65,095	57.162	3,720,967	59.430	3,868,596	2.3
Premium Brands Holdings Corp	27,250	98.724	2,690,237	125.930	3,431,593	2.1
Saputo Inc.	94,515	36.870	3,484,802	36.970	3,494,220	2.1
			<b>12,098,790</b>		<b>13,321,050</b>	<b>8.0</b>
<b>Financials</b>						
Brookfield Asset Management Inc	135,860	48.734	6,620,959	63.240	8,591,786	5.2
Brookfield Asset Management Reinsurance Partners Ltd	936	52.719	49,345	65.500	61,308	0.0
iA Financial Corp Inc	63,980	53.163	3,401,382	67.490	4,318,010	2.6
Intact Financial Corporation	37,000	138.872	5,138,254	168.410	6,231,170	3.8
Manulife Financial Corporation	267,035	21.048	5,620,585	24.400	6,515,654	3.9
National Bank of Canada	34,375	87.816	3,018,669	92.770	3,188,969	1.9
The Bank of Nova Scotia	100,465	64.430	6,472,927	80.620	8,099,488	4.9
The Toronto-Dominion Bank	42,909	68.439	2,936,651	86.870	3,727,505	2.3
			<b>33,258,773</b>		<b>40,733,890</b>	<b>24.6</b>
<b>Information Technology</b>						
CGI Group Inc.	63,980	93.135	5,958,758	112.390	7,190,712	4.3
Enghouse Systems Ltd.	67,215	58.470	3,930,073	55.190	3,709,596	2.2
Kinaxis Inc	16,395	142.938	2,343,463	163.070	2,673,533	1.6
Open Text Corporation	104,330	56.309	5,874,718	62.950	6,567,574	4.0
Shopify Inc	3,185	1,190.904	3,793,030	1,812.870	5,773,991	3.5
The Descartes Systems Group Inc.	61,630	66.715	4,111,649	85.730	5,283,540	3.2
			<b>26,011,690</b>		<b>31,198,945</b>	<b>18.8</b>
<b>Real Estate</b>						
Altus Group Ltd.	26,760	47.502	1,271,165	57.450	1,537,362	0.9
			<b>1,271,165</b>		<b>1,537,362</b>	<b>0.9</b>
<b>Cash &amp; Short Term Investments*</b>						
			<b>3,751,986</b>		<b>3,751,974</b>	<b>2.3</b>
			<b>3,751,986</b>		<b>3,751,974</b>	<b>2.3</b>
<b>Total Portfolio in C\$</b>	<b>135,985,401</b>				<b>165,582,763</b>	<b>100.0</b>

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

# 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
<b>Materials</b>						
Sika AG	10,340	205.629 CHF	2,995,736	302.500 CHF	4,190,188	2.4
The Sherwin-Williams Co	10,920	239.153 USD	3,336,323	272,450 USD	3,684,128	2.1
			<b>6,332,059</b>		<b>7,874,316</b>	<b>4.4</b>
<b>Industrials</b>						
Atlas Copco AB	31,575	376.480 SEK	1,739,840	524.000 SEK	2,395,658	1.3
Copart Inc	29,720	96.842 USD	3,770,328	131.830 USD	4,851,637	2.7
FANUC CORPORATION	6,770	22,097.325 JPY	1,830,877	26,795.000 JPY	2,023,876	1.1
Intertek Group PLC	21,520	54.010 GBP	2,002,230	55.300 GBP	2,035,780	1.1
Schneider Electric SA	16,830	109.005 EUR	2,782,062	132.680 EUR	3,279,152	1.8
Verisk Analytics, Inc., Class A	12,640	161.445 USD	2,672,097	174.720 USD	2,734,733	1.5
			<b>14,797,434</b>		<b>17,320,835</b>	<b>9.7</b>
<b>Consumer Discretionary</b>						
Alibaba Group Holding – SP ADR	8,720	234.604 USD	2,671,457	226.780 USD	2,448,761	1.4
Amazon.com Inc	1,920	2,828.894 USD	7,052,122	3,440.160 USD	8,179,092	4.6
Booking Holdings Inc	1,420	1,879.113 USD	3,484,998	2,188.090 USD	3,847,501	2.2
Hilton Worldwide Holdings Inc	18,520	95.285 USD	2,305,269	120.620 USD	2,766,212	1.6
Industria de Diseno Textil SA	75,850	26.580 EUR	3,080,121	29.710 EUR	3,309,255	1.9
LCI Industries	16,070	124.543 USD	2,615,550	131.420 USD	2,615,186	1.5
LMVH Moët Hennessy-Louis Vuitton SA	3,680	410.706 EUR	2,313,717	661.300 EUR	3,573,702	2.0
			<b>23,523,234</b>		<b>26,739,709</b>	<b>15.0</b>
<b>Consumer Staples</b>						
Diageo plc	63,840	28.103 GBP	3,084,400	34.610 GBP	3,779,705	2.1
PepsiCo, Inc.	17,320	132.481 USD	3,013,612	148.170 USD	3,177,850	1.8
Tsuruha Holdings Inc	17,780	13,749.144 JPY	2,894,015	12,910.000 JPY	2,560,940	1.4
Unilever PLC	25,810	48.262 EUR	1,900,523	49.365 EUR	1,871,023	1.1
			<b>10,892,550</b>		<b>11,389,518</b>	<b>6.4</b>
<b>Health Care</b>						
Abbott Laboratories	26,690	92.181 USD	3,218,131	115.930 USD	3,831,507	2.2
Abcam PLC	71,276	13.921 GBP	1,699,375	13.810 GBP	1,683,839	0.9
Becton, Dickinson and Company	15,630	239.392 USD	4,884,769	243.190 USD	4,706,845	2.6
Boston Scientific Corp	94,900	36.147 USD	4,485,181	42.760 USD	5,024,920	2.8
Decbra Pharmaceuticals PLC	44,240	32.127 GBP	2,427,141	43.700 GBP	3,307,197	1.9
Hoya Corp	23,000	13,372.279 JPY	3,402,557	14,730.000 JPY	3,779,827	2.1
IQVIA Holdings Inc	12,010	153.704 USD	2,410,184	242.320 USD	3,603,773	2.0
Roche Holding AG	6,170	292.263 CHF	2,527,042	348.550 CHF	2,880,964	1.6
UnitedHealth Group Incorporated	10,560	296.813 USD	4,099,641	400.440 USD	5,236,325	2.9
			<b>29,154,020</b>		<b>34,055,196</b>	<b>19.2</b>
<b>Financials</b>						
AIA Group Ltd.	191,797	79.615 HKD	2,571,368	96.500 HKD	2,951,245	1.7
Bank OZK	55,220	28.879 USD	2,079,045	42.160 USD	2,882,851	1.6
Chubb Ltd	18,850	144.867 USD	3,579,639	158.940 USD	3,709,965	2.1
DBS Group Holdings Ltd.	121,350	24.245 SGD	2,841,241	29.810 SGD	3,332,452	1.9
HDFC BANK LTD - ADR	27,060	59.775 USD	2,111,331	73.120 USD	2,450,130	1.4
Interactive Brokers Group Inc	52,730	55.100 USD	3,775,755	65.730 USD	4,291,870	2.4
London Stock Exchange Group PLC	25,340	80.696 GBP	3,509,307	79.700 GBP	3,454,844	1.9
Nordea Bank ABP	172,620	71.274 SEK	1,816,376	95.260 SEK	2,380,959	1.3
			<b>22,284,062</b>		<b>25,454,316</b>	<b>14.3</b>
<b>Information Technology</b>						
ASML Holding NV	5,210	299.168 EUR	2,393,627	579.400 EUR	4,432,903	2.5
Fiserv, Inc.	28,510	100.200 USD	3,728,948	106.890 USD	3,773,632	2.1
Guidewire Software Inc	17,914	112.119 USD	2,454,585	112.720 USD	2,500,453	1.4
KEYENCE CORPORATION	6,070	43,260.357 JPY	3,227,945	56,070.000 JPY	3,797,175	2.1
Mastercard Inc., Class A	9,880	276.910 USD	3,576,690	365.090 USD	4,466,652	2.5
Microsoft Corporation	30,820	176.589 USD	7,122,816	270.900 USD	10,338,722	5.8
			<b>22,504,611</b>		<b>29,309,536</b>	<b>16.5</b>
<b>Communication Services</b>						
Alphabet Inc. Class A	2,440	1,623.014 USD	5,171,775	2,441.790 USD	7,377,740	4.2
Alphabet Inc. Class C	510	973.998 USD	652,514	2,506.320 USD	1,582,821	0.9
Facebook Inc	17,080	260.994 USD	5,798,867	347.710 USD	7,354,112	4.1
Tencent Holdings Limited	28,900	493.336 HKD	2,398,625	584.000 HKD	2,691,206	1.5
			<b>14,021,781</b>		<b>19,005,879</b>	<b>10.7</b>
Cash & Short Term Investments*			6,508,975		6,527,921	3.7
			<b>6,508,975</b>		<b>6,527,921</b>	<b>3.7</b>
<b>Total Portfolio in C\$</b>			<b>150,018,726</b>		<b>177,677,228</b>	<b>100.0</b>

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

## UNIVERSITY OF WINNIPEG FOUNDATION (JF11508) COMPLIANCE REPORT AS AT JUNE 30, 2021

ASSET MIX - AT MARKET VALUE	RANGE (%)	ACTUAL (%)	IN COMPLIANCE
Cash & Cash Equivalents	0 - 10	0.4	Yes
Bonds	30 - 50	30.7	Yes
Canadian Equities	15 - 35	27.6	Yes
Global Equities	25 - 45	41.3	Yes

BONDS	IN COMPLIANCE
<ul style="list-style-type: none"> <li>The portfolio will exclude the FTSE TMX Energy corporate group, with the exception of renewable energy entities as defined by Jarislowsky Fraser.</li> </ul>	Yes
<ul style="list-style-type: none"> <li>The portfolio will exclude the non-energy sector companies that have material proven coal, oil or gas reserves that are used for energy purposes.</li> </ul>	Yes
<ul style="list-style-type: none"> <li>Green bonds will be considered for inclusion if they have an attractive risk/return profile.</li> </ul>	Yes

EQUITIES	IN COMPLIANCE
<ul style="list-style-type: none"> <li>The portfolio will exclude the GICS® Energy Sector, with the exception of renewable energy entities as defined by Jarislowsky Fraser.</li> </ul>	Yes
<ul style="list-style-type: none"> <li>The portfolio will exclude the non-energy sector companies that have material proven coal, oil or gas reserves that are used for energy purposes.</li> </ul>	Yes

GENERAL	IN COMPLIANCE
<ul style="list-style-type: none"> <li>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.</li> </ul>	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

July 5, 2021  
Date

The JF Pooled Fund compliance reports are attached.

## Certificate of Compliance

as at June 30, 2021

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

July 21, 2021

**JARISLOWSKY FRASER**  
GLOBAL INVESTMENT MANAGEMENT

**Certificate of Compliance**

as at June 30, 2021

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

July 21, 2021

## Certificate of Compliance

as at June 30, 2021

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%)
- International Equities (30 - 70%)

55.7%  
40.7%

YES  
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.



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Jarislowsky, Fraser Limited

July 21, 2021



## ASSETS UNDER MANAGEMENT<sup>1</sup>

As at June 30, 2021 the firm managed:

	Billions (C\$)
Segregated Pensions	8.8
Pooled Funds	11.1
Foundations	4.1
Other Institutional	20.9
Wraps <sup>2</sup> & Sub-Advisory	3.6
Private Wealth	12.1
<b>Total</b>	<b>60.7</b>

<sup>1</sup>Incl. assets under administration

<sup>2</sup>Separately Managed Accounts

Total may not add up due to rounding

## ORGANIZATIONAL UPDATE

### PEOPLE

We recently re-aligned our firm's Management Committee to our four business areas: Global Research, Institutional Management, Private Wealth Management and Business Operations. Led by Maxime Menard, President and CEO, the Management Committee now comprises the following leaders, who will provide strategic direction and long-term planning, as well as responsibility for the day-to-day management of the firm's activities and operations:

- **Maxime Menard**, President & CEO
- **Todd Flick, CFA**, Head of Private Wealth Management
- **Marie-Claude Jalbert, CFA**, CFO & Head of Business Operations
- **Charles Nadim, CFA**, Head of Research
- **Paul Rolston**, Co-Head of Institutional Management
- **Chad Van Norman, CFA**, Co-Head of Institutional Management

## SUSTAINABLE INVESTMENT & ENGAGEMENT POLICY

At Jarislowsky Fraser, the integration of material Environmental, Social and Governance (ESG) factors is intrinsic to our long-standing investment process, where we take a pragmatic, rather than ideological, approach to deliver value. We recently updated our Sustainable Investment Policy to include a clearly articulated Engagement Policy.

As a responsible active investor on behalf of our clients, we believe that engagement is a critical part of our investment stewardship. Our Engagement Policy serves to formalize the related guidelines and principles that we use as part of the implementation of our overall Sustainable Investment Policy, our Proxy Voting Policy and the ongoing efforts to continuously enhance our ability to create sustainable long-term value and manage risk for clients.

## CLIMATE-RELATED FINANCIAL DISCLOSURES

We are pleased to publish our 2021 report, aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommended framework: Governance, Strategy, Risk Management, Metrics & Targets. The report provides transparency around how we are identifying, assessing and managing potentially material climate-related issues within the context of our clients' portfolios.

Climate change is a significant source of both systemic and idiosyncratic uncertainty for investors, businesses and broader society. Climate-related changes in the physical, regulatory and economic environments could influence a transition to a lower carbon economy and/or alterations in the geographic and demographic landscape of countries. The year 2020 has brought to the forefront how the impact of disruptive systemic events, like a pandemic or climate change, is difficult to predict and completely guard against. The best approach is to continually improve our ability to identify and manage sources of weakness and resilience in the securities we invest in and the portfolios we construct for our clients.

Please visit our website <https://jflglobal.com/en-ca/sustainable-investing/> for the more information about our sustainable investment approach and policies or contact your JFL portfolio manager.

## 1. INTRODUCTION

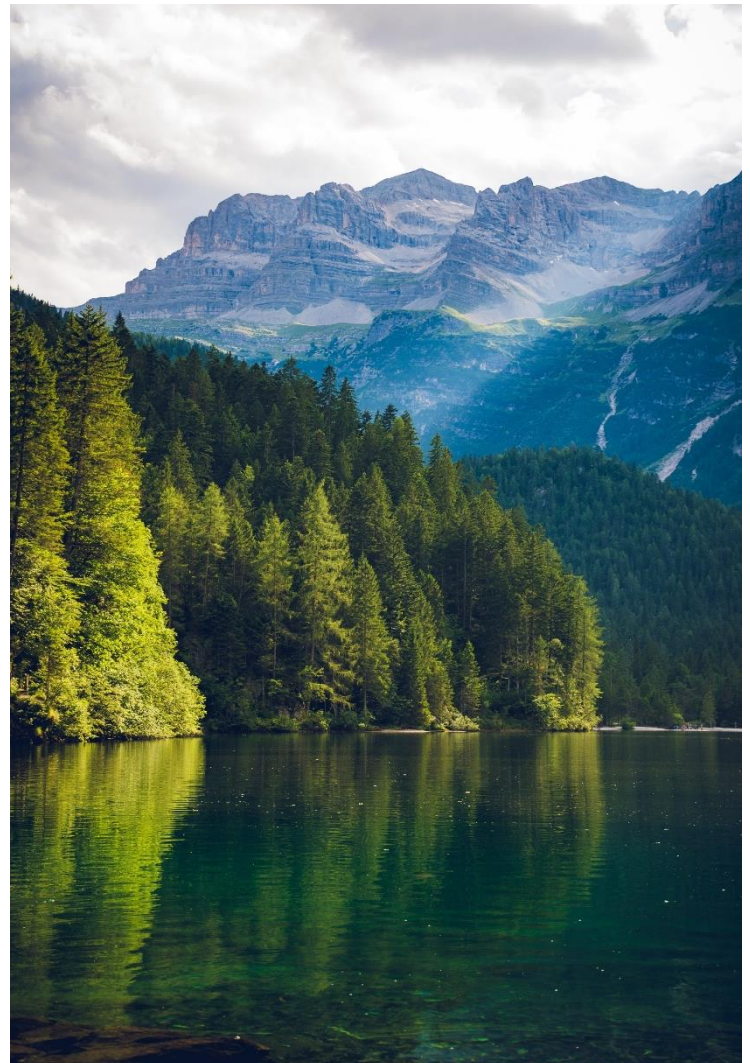
### 1.1 Our Commitment to Sustainable Investment

For over five decades, Jarislowsky, Fraser Limited (JFL) has invested in quality, sustainable businesses and advocated for good corporate governance. We invest with a long-term perspective, adhering to a philosophy that values strong corporate governance, sound business practices and enduring competitive advantages. Environmental, Social and Governance (ESG) analysis is integrated into our bottom-up fundamental analysis to help manage risk and capture long-term value creation. With a history of collaborative engagement, we have held companies accountable for the fair representation of all stakeholders, urged management teams to focus on long-term value creation and contributed to the founding and development of leading governance and sustainability advocacy organizations.

### 1.2 Climate Change

Climate change is a significant source of both systemic and idiosyncratic uncertainty for investors, businesses and broader society. Climate-related changes in the physical, regulatory and economic environments could influence a transition to a lower carbon economy and/or alterations in the geographic and demographic landscape of countries. The year 2020 has brought to the forefront how the impact of disruptive systemic events, like a pandemic or climate change, is difficult to predict and completely guard against. The best approach is to continually improve our ability to identify and manage sources of weakness and resilience in the securities we invest in and the portfolios we construct for our clients.

The following pages provide transparency around how JFL is identifying, assessing and managing potentially material climate-related issues within the context of our clients' portfolios. The process should be considered an iterative one and is expected to evolve over time, along with the broader disclosure and data related to climate change. It is aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommended framework: Governance, Strategy, Risk Management, Metrics & Targets.



## 2. GOVERNANCE

### 2.1 Roles and Responsibilities

Governance oversight and accountability for climate-related issues is distributed across several functional areas, as outlined in the following table:

Roles at JFL	Oversight/Accountability	Assessment & Management	System Level Change & Collaborative Initiatives
Management Committee	✓		✓
Investment Strategy Committee	✓		
Portfolio Managers		✓	
Investment Analysts		✓	✓
Sustainable Investment Committee			✓

**Management Committee** - The Management Committee is comprised of the firm's senior leaders and is responsible for Jarislowsky Fraser's strategic direction and long-term planning. The committee communicates and drives a culture of ethics, integrity and the long-term stewardship of client assets, while ensuring that the firm and our investment process are structured accordingly. With respect to climate change, the Management Committee is responsible for assessing its impact on the firm's overall business strategy, as well as products and services, and the allocation of resources to support the effective implementation of the firm's Sustainable Investing Policy. Our CEO receives regular updates from the Managing Director, Sustainable Investing Strategy & Research, and approves all key Associations and collaborations .

**Investment Strategy Committee (ISC)** - The ISC is comprised of senior investment professionals, including Portfolio Managers from each asset class. The group meets weekly and functions as our central risk and investment oversight body. Its main objective is to ensure continuity in the adherence to the firm's investment philosophy and process. The ISC is the final level of oversight to ensure that proper due diligence has been performed and that the investment thesis is sound, prior to the addition or removal of a company from the approved list.

With respect to climate change, the ISC sets the annual research agenda, including company reviews, sector reviews, portfolio reviews, and special thematic or process oriented discussions. In 2020, this included a discussion of an updated set of climate scenarios. The ISC is responsible for reviewing all proxy votes as recommended by the analyst who covers the company, including those dealing with climate-related matters.

**Global Investment Team** - ESG is fully integrated into the investment process at JFL, with a single, in-house Global Investment Team doing both the financial and ESG analysis. The same analysts that do the company research are also responsible for voting proxies and engaging with the companies. We believe this approach has a number of benefits that help ensure ESG analysis is integrated systematically throughout the investment process.

In addition, in order to ensure that the investment team has access to the most current and decision-useful ESG research to support their integration of ESG into their practice, two dedicated resources were added to the team in the last 18 months with a Managing Director of Sustainable Investment Strategy and Research and an ESG Analyst. Additionally, the Managing Director is tasked with the implementation of the Sustainable Investment Policy by the ISC including the coordination and execution of collaborative initiatives and system-level change, such as those related to climate risk.

**The Sustainable Investment Committee** is a cross-functional team, consisting of professionals with deep experience and knowledge of sustainable investing. The committee supports the Managing Director, Sustainable Investment Strategy and Research in the development and continuous improvement of the firm's proprietary ESG toolkit, ESG reporting capabilities, sustainability solutions for clients, and systems-level collaborations.

## 2.2 Sustainable Investment Policy

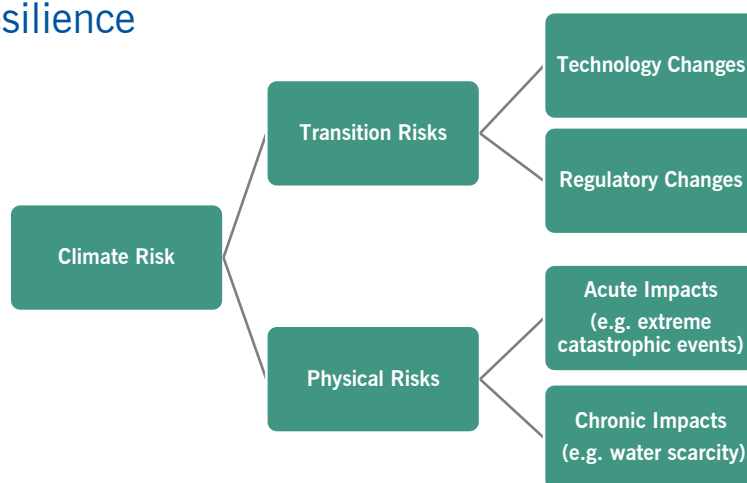
At JFL, sound investment decision-making goes beyond consideration of short-term profits and includes factors that favour long-term value creation. We consider well-developed and well-executed ESG practices as essential characteristics of high-quality businesses. In essence, sustainable investing and the analysis of material ESG factors have always been core elements of our bottom-up, fundamental investment approach. As the world around us and the issues that impact it continue to evolve, we use the principles within our Sustainable Investment and Engagement Policy to guide us in our investment process and stewardship. The JFL Sustainable Investment Policy can be found on our website at [www.jflglobal.com](http://www.jflglobal.com).

On a day-to-day basis, the implementation of our Sustainable Investment Policy is led by the Managing Director of Sustainable Investment Strategy and Research. While the policy does not specifically call out climate risk, we consider it to be a material factor for a variety of industries (see Strategy and Risk Management sections). For example, a recent review of auto-related industries included detailed discussion of transition indicators and potential changes in transport and energy technology. This analysis is presented to the Investment Strategy Committee, which oversees the composition of all JFL portfolios.

## 3. STRATEGY

### 3.1 Identifying Drivers of Risk and Resilience

The global mitigation and adaptation to climate change present both risks and opportunities. However, while the direction of change is broadly understood, the pace, the path and the ultimate outcomes are uncertain. Due to the uncertainty associated with climate change, investment analysis must take a top-down and iterative approach to properly identify potential drivers of investment relevant material risks and areas of resilience in portfolios. At the highest level, we believe that climate risk can be broadly categorized as shown in this figure.



Although 2020 news and activity were largely dominated by the pandemic response, a growing number of government and corporate “Net-Zero” commitments suggest potential for acceleration in regulatory changes. Relative to prior years, there was a jump in extreme weather events that could indicate an acceleration of a long-term trend and/or more cyclical and transient events. Regardless, it has highlighted an increased urgency to assess the physical risks in the portfolio. The physical changes in the environment, such as potential increases in the frequency and severity of natural disasters, present a medium-term risk to certain types of businesses and regions. Longer term, chronic changes in the physical environment present potential systemic risks.

### 3.2 Scenario Analysis: Long-term Reference Scenarios

Jarislowsky Fraser is a bottom-up, fundamental, active manager. Our approach to assessing and managing climate-related issues reflects our quality-focused philosophy, as well as the concentrated nature of our portfolios. As such, it is important to note that top-down scenario analysis is not a key input in our stock selection or portfolio construction process. However, due to the systemic and wide-ranging nature of climate change, we believe a unified understanding of possible climate outcomes can be a useful tool for the purpose of risk identification and management.



To inform our company-specific discussions and track potential outcomes beyond our typical investment horizon, we reference several well-established climate scenarios. We monitor various elements through both company-specific and broader sustainability research to assess the relative likelihood and representativeness of the different scenarios. These scenarios are not meant to be the definitive forecasts of the future. Rather, they represent a reasonable range of possible futures constrained by long-term assumptions. The outputs and assumptions for many of the scenarios are most relevant in the energy and transportation industries, but may ultimately have read-through impacts on other industries or the broader economy.

Scenario	Summary	Key Assumptions
IEA STEPS	Essentially a slightly optimistic forecast of “business as usual” that factors in some impact from the pandemic on the long-term path. Could be altered by changes in governments (Biden vs. Trump administrations), technological innovations, consumer preference and/or input costs. Real GDP growth of 3% led by Asia and Africa. Peak oil demand in 2030. Estimated average global warming of ~2.7-3.1 °C.	<ul style="list-style-type: none"> <li>• Current and likely National Commitments</li> <li>• Carbon pricing regimes</li> <li>• Ongoing acceptance of coal use in the US, China and India</li> <li>• Cost reductions and innovation at historical average speeds</li> </ul>
IEA SDS	Tries to maintain similar overall GDP and demographic outlook as the STEPS but assumes consumer preferences and regulations act together to drive costs down through scale and technology. Add the additional constraint of trying to have positive significant impacts on energy-related UN SDG's Estimated average global warming of 1.65 °C .	<p>Everything in the STEPS plus:</p> <ul style="list-style-type: none"> <li>• Cost reductions and innovation in line with the high end of historical ranges</li> <li>• Almost double the investment in energy efficiency and fuel switching</li> <li>• Achievement of energy-related UN SDGs</li> </ul>
IEA NZE2050	Politicians and consumers emerge post pandemic with a coordinated effort to change their behaviors and create the investment and regulatory framework necessary to achieve net zero emissions. It's unclear how much GDP could deviate but lower than SDS in the first 10 years but higher thereafter. Estimated average global warming of <1.5 °C.	<ul style="list-style-type: none"> <li>• Accelerated adoption of regulation to incentivize fuel switching and investment in networks, renewables, nuclear, and carbon capture &amp; storage.</li> <li>• Triple the investment in power generation over the SDS</li> <li>• Battery manufacturing capacity would need to double every two years</li> <li>• Hydrogen infrastructure big ramp up- Large and imminent increase in behavioral changes to reduce emissions, primarily in transportation</li> </ul>
UN IPR FPS	Based on the expectations that the review of Paris Agreement commitments in 2023 will drive an upward ratchet in regulations by the signatory parties in 2025. Expects wide and imminent adoption of carbon pricing and bans on coal and ICE in the developed world. Limited credit to any CCS or DAC innovations somewhat offset by nature-base solutions. Peak oil demand by 2026-2028. More optimistic on renewables deployment in power gen but less optimistic on nuclear growth, industrial efficiency and fuel switches in industrial settings than the IEA SDS. Estimated average global warming of ~1.65 °C.	<ul style="list-style-type: none"> <li>• Takes a more realistic sequencing of policies with a pathway similar to the IEA STEPS until 2025, at which point a more drastic set of regulations in developed countries comes into effect to compensate for the lower levels of action in prior years.</li> <li>• Transport electrified in 20 years</li> <li>• Renewables drive thermal coal generation to extinction in developed countries by 2030.</li> <li>• Deforestation eliminated by 2030</li> </ul>

Source: IEA World Energy Outlook 2020, UN PRI Inevitable Policy Response, JFL

### 3.3 Risk and Opportunity Identification and Monitoring

While the established climate scenarios referenced in section 3.2 provide an important framework for understanding long-term impacts of climate change and related policies, the outcomes of scenarios that forecast beyond ten years have a less obvious and direct impact on an individual investment thesis (particularly outside of high emitting and energy intense sectors). However, a broader discussion of qualitative and derivative impacts can still be used to identify possible areas of weakness or resilience within companies and portfolios. For this reason, we make an internal assessment of potential issues that could impact economies and the financial performance of our clients' portfolios. We try to identify key indicators to monitor the current state and indicative trends for each high-level issue. Below is a description of a variety of issues that we have considered over short-, medium- and long-term horizons:

Horizon	Time	Description of material climate-related issues	Key Indicators/Current State/Trends
Short term	0 to 3 years	Regulatory changes	TCFD reporting momentum. 61 carbon pricing schemes covering 22.3% of Global GHG with < 5% at \$40+/tCO <sub>2</sub> , 51% at <\$10/tCO <sub>2</sub> vs 57 schemes covering 20% of emissions in 2019
		Acute physical risks	Spike in frequency of extreme weather with the US (best data-set available) 127% jump over the 20 yr avg in incidence and 40% jump in 20yr avg cost (CPI-adjusted)
		Inflection points in the rate of increase in efficiency and decline in emission intensity of some users of fossil fuels	Mixed progress with low commodity and carbon prices minimizing incentives. Pandemic likely also limited adoption of new mobility technology due to shutdowns
Medium term	3 to 7 years	Policy and regulatory directional changes	Sovereign Net Zero commitments and impending ratchet mechanism for Paris accord
		Changes to the physical environment and climate pattern	LT trend in temperature as well as water availability
		Early changes to consumer and capital allocation behavior towards lower carbon economy and supportive infrastructure	Corporate net zero commitments growing. Major allocations of capital towards EVs by EU Car companies.
		Technological changes that change the economic viability and scalability of substitute, non-fossil fuel, sources of power	Increased scale of battery and EV production. Expanded application of offshore wind.
Long term	Over 7 years	Transformation of the policy, public investment and regulatory environment for the future use of and development of new carbon-emission-intense capacity for power generation and transportation	Chinese and EU commitments are substantial but the path is uncertain. Watching US response and COP 26.
		Clear solutions in terms of substitute sources of energy that are economically viable and physically scalable in a timely fashion	Battery/Storage/Hydrogen technology and innovation from government support and scaling to lower long-term costs.
		Permanent and significant change in consumer behavior and capital allocation towards non-fossil-fuel-based products	Post-pandemic trends in mobility and work location may change trends.
		Permanent physical changes, related demographic & migratory changes	The current warming trend is likely locked in with the 2030+ climate determined by actions taken in the 2020s

In addition to the climate scenarios and examination of risks and opportunities over various time horizons, we have developed a number of tools to ensure the issues are examined systematically at the individual company level:

- **Business Practice Scorecard:** In addition to their summary report and financial model, analysts also include a Business Practice Scorecard that summarizes relative and absolute assessments of common ESG factors that may or may not be noted explicitly in other analyses. Emissions management strategy and disclosure are examples of the items assessed.
- **Corporate Carbon Intensity Data:** All companies on the approved list for all portfolios have their carbon intensity listed as part of the packages used in weekly investment team discussions.
- **Portfolio Carbon Footprint:** Included as part of our internal quarterly review, the portfolio carbon footprint compares both overall and sector level emissions vs. benchmarks, as well as a listing of the highest emitting companies (to the extent data is available) in the portfolio. The goal of the risk review is to make the Investment Strategy Committee aware of the risk exposures in each portfolio, and to potentially trigger a discussion of a company's overall emissions-management strategy, the expected future direction, relative risk exposure to current and future regulatory changes, and how that risk is reflected in the assessment of the risk-adjusted returns for the company.
- **ESG&F Heatmap:** Our proprietary portfolio-level heatmap records a variety of environmental, social, governance and financial indicators. Companies' 3rd party assessments of climate related disclosures are included in this heatmap with laggards potentially flagged for engagement.
- **Materiality Database:** In 2019, we began the construction of a JFL ESG Materiality Database. The purpose of the database is to capture JFL analysts viewpoints on (a) which ESG risks/opportunities are most likely to be financially material, and (b) the companies' management of those issues. The issues and topics are informed by the SASB standards, but determined by JFL analysts based on their in-depth knowledge of the specific companies. Where material, climate risks and opportunities are explicitly integrated into ongoing company analysis.

### 3.4 Climate-related Portfolio Impacts

We believe that our current portfolios would be resilient in a reasonable range of scenarios ranging from current policy implementation to global net zero attainment due to:

- Management and Boards that are focused on long-term value creation through disciplined capital allocation and high-quality business practices;
- Companies with high-quality asset bases that have the flexibility to respond to a changing environment within an appropriate time frame;
- No exposure to thermal coal production. Limited exposure to coal fired power generation through diversified regulated utilities that also have a growing base of renewable power generation.
- Limited exposure to oil and gas reserves, with those in our portfolios characterized by a focus on lowering their own emissions, fossil fuel assets at lower risk of disruption such as natural gas and a credible climate transition and adaption plan.
- Growing exposure to key drivers of a low carbon transportation transition such as batteries, light-weighting and hydrogen;
- Exposure to companies with large diversified portfolios of products and services that can contribute to a transition to and creation of a lower carbon energy system and/or adaption to the physical changes related to climate change (e.g. environmental engineering, low-carbon construction materials).

### 3.5 Company-Level Examples of Analysis

Currently, our climate-related disclosures and strategic analysis are focused on our primary activity of constructing portfolios and managing investments on behalf of our clients. As with all material investment issues, climate-related risks and opportunities are integrated into our bottom-up, fundamental analysis by our in-house research team and supplemented by external research from a variety of sources. It is unusual for us to attribute an investment decision to a single characteristic, but we may qualitatively or quantitatively adjust our overall opinion, financial forecasts and/or valuation based on the impact of climate change-related risks and opportunities on specific business drivers. In order to illustrate our approach clearly to all stakeholders, we provide below concrete examples of how our investment team incorporates these into the analysis of company-specific climate change-related issues and relevant business drivers.

Sector/sub-sector	Potentially Material Climate-related		Illustrative Business Drivers
	Risks	Opportunities	
<b>Energy</b> Pipelines	<ul style="list-style-type: none"> <li>Customer concentration</li> <li>Regulation</li> <li>Project sanction</li> <li>Stranded assets</li> <li>Access to capital</li> </ul>	<ul style="list-style-type: none"> <li>Industry rationalization</li> <li>Low(er) carbon products</li> <li>Renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Counterparty risk</li> <li>Asset life</li> <li>Maintenance capital</li> <li>Cost of Capital</li> <li>Low Carbon CAPEX</li> </ul>
<b>Industrials</b> Airport Operator	<ul style="list-style-type: none"> <li>Air travel demand</li> <li>Carbon Pricing</li> <li>Social License</li> <li>Physical risk to assets</li> </ul>	<ul style="list-style-type: none"> <li>Operation efficiency</li> <li>Low carbon fuels</li> <li>Intermodal services</li> </ul>	<ul style="list-style-type: none"> <li>Traffic volumes</li> <li>Counter party risk</li> <li>Infrastructure investment</li> </ul>
<b>Consumer Discretionary-</b> Autoparts	<ul style="list-style-type: none"> <li>Legacy ICE powertrain</li> </ul>	<ul style="list-style-type: none"> <li>Light-weighting/Fuel Efficiency</li> <li>New EV chassis</li> </ul>	<ul style="list-style-type: none"> <li>LT growth</li> <li>Low Carbon CAPEX R&amp;D</li> </ul>
<b>Consumer Staples-Gas</b> Stations/Convenience Store	<ul style="list-style-type: none"> <li>Legacy gas station volumes</li> </ul>	<ul style="list-style-type: none"> <li>Low carbon fuels</li> <li>EV charging stations</li> </ul>	<ul style="list-style-type: none"> <li>Asset life</li> <li>Legacy gas station traffic</li> <li>Revenue mix and average ticket</li> <li>Low carbon CAPEX</li> </ul>
<b>Materials</b> Chemicals	<ul style="list-style-type: none"> <li>Carbon pricing and Regulation</li> <li>Upstream feed costs and emissions</li> <li>Physical risk to assets/supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Battery technology/materials</li> <li>CCUS related technology</li> <li>Green/Blue Hydrogen</li> </ul>	<ul style="list-style-type: none"> <li>Legacy energy complex</li> <li>Customer growth</li> <li>Low carbon/transition products growth</li> <li>OPEX</li> <li>Uptime/reliability</li> </ul>
<b>Financial Services</b> P&C Insurance	<ul style="list-style-type: none"> <li>Underwriting</li> <li>Asset-Liability matching</li> </ul>	<ul style="list-style-type: none"> <li>Re-pricing opportunities</li> <li>Investment portfolio/products</li> </ul>	<ul style="list-style-type: none"> <li>Premium growth</li> <li>Loss ratio</li> <li>Combined ratio</li> <li>Investment yield</li> </ul>



## 4. Portfolio Risk Management

### 4.1 Corporate Engagement

Throughout the firm's history, Jarislowsky Fraser has taken an engaged approach to share ownership. We seek constructive engagement with company management, and the Boards of Directors, on material business concerns including ESG issues. Due to our focus on quality, engagements tend to be focused on continuous improvement rather than remediation or turnaround but can also serve to improve overall risk management. Our preference is for constructive dialogue, preferring to be viewed as a credible shareholder with whom management teams seek counsel.

Our analysts routinely engage with management on matters related to climate risk and opportunities. This includes discussions around emissions management strategies, carbon disclosures, carbon pricing, and business resiliency. For example, in 2020, we engaged directly with twelve companies on climate change-related issues. These included asking companies to provide CDP-equivalent carbon disclosures, encouraging companies to continue to investing in climate initiatives despite COVID-related financial pressures, discussing commitments to limit underwriting risk in carbon-intensive industries, seeking updates on the progress toward announced climate targets, and signaling the importance to us as long-term investors of company investment in hydrogen, biomass and other alternative energy sources.

We wrapped-up our participation in the PRI-Coordinated Engagement on Climate Change Transition for Oil & Gas Companies and PRI-Coordinated Global Engagement on Methane in 2020 and consolidated our efforts by joining the Climate 100+ engagement initiative and participating in an engagement with an Asian Industrial company. The Climate 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change with \$52 Trillion AUM engaging with 167 companies representing 80%+ of global industrial emissions. The initiative is based on three key demands for companies:

- Implement a strong governance framework which clearly articulates the board's accountability and oversight of climate change risk;
- Take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goal of limiting global average temperature increase to well below two degrees Celsius above pre-industrial levels, aiming for 1.5 degrees. Notably, this implies the need to move towards net-zero emissions by 2050 or sooner; and
- Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate related Financial Disclosures (TCFD) and sector-specific Global Investor Coalition on Climate Change (GIC) Investor Expectations on Climate Change guidelines (when applicable), to enable investors to assess the robustness of companies' business plans against a range of climate scenarios, including well below two degrees and improve investment decision-making.

## 4.2 Proxy Voting

Reflecting our long-standing commitment to advancing corporate governance, proxy voting is fully integrated into the investment decision-making process:

- Equity research analysts are responsible for reviewing and recommending all proxy votes
- Each proxy is reviewed and discussed at the Investment Strategy Committee (ISC)
- Decisions are made in house by the investment professionals
- Engagement, when necessary, is led by the research analyst

**JFL Approach to Shareholder Proposals:** We take a principles-based, not rules-based, approach that leverages our analysts' in-depth knowledge of the companies in our portfolio to carefully consider the specific merits of each proposal in the context of their long-term value creation model. In general we find that not all climate-related proposals are of the same quality or as linked to the long-term value creation of a company. We support proposals that call for action or for disclosure that are not comparable to existing activities and are likely to be investment-decision useful and not overly prescriptive.

**During the 12 months ended June 30, 2020, we supported two climate-related proposals.** The examples below indicate the level of attention paid to each individual proxy vote by the analyst responsible for covering that company, an approach that we believe differentiates Jarislowsky Fraser.

### Climate Change Shareholder Proposals

- ☑ At a North American Insurance company, we voted **FOR** a proposal to analyze climate risk and report on the results of its analysis.
  - We believe that the Company could better align its climate and financial risk analysis framework and disclosure with its peers.
- ☒ At a North American Diversified Bank, we voted **AGAINST** a proposal that requested it adopt targets for reducing greenhouse gas (GHG) emissions associated with the company's underwriting and lending activities.
  - We believe that the Board and management have policies, procedures and appropriate board oversight in place to address the issue of climate-related financing risk. The terms of this proposal are overly prescriptive in nature and could restrict the company's activities in a way that is not warranted, and possibly detrimental to future performance. Moreover, in the context of strong policies and disclosure of climate-related considerations (including implementation of TCFD), we do not believe that the potential incremental benefits of the request outweigh the cost and risks of complying. We believe that subsequent announcement of 2050 net-zero emission targets for its operations and financing activities indicate that the Board and Management are taking the appropriate steps to manage climate risk.

## 5. Metrics and Targets

### 5.1 Weighted Average Carbon Intensity

Broadly speaking, the weighted average carbon intensity of our portfolios is materially lower than their respective benchmark indices. While carbon intensity does not directly measure all aspects of climate risk, the exercise of measuring our portfolio carbon intensity is an important step. We believe it provides a lens through which to view the climate-related impact of our investments, as well as where companies could potentially be exposed to possible changes in emissions regulation.

Portfolio Carbon Intensity			
Index/Portfolio Name	Data Coverage	Weighted Average Carbon Intensity Relative to Index	Tonnes of CO2e/\$M Sales
<b>Canadian Equity</b>			
JF Canadian Equity Fund	99.7%	-66%	108.7
JF Fossil Fuel Free Canadian Equity Fund	100.0%	-74%	82.7
S&P/TSX Composite Index	99.3%	0%	315.4
<b>Global Equity</b>			
JF Global Equity Fund	100.0%	-70%	40.5
JF Fossil Fuel Free Global Equity Fund	100.0%	-72%	37.2
MSCI World Index	100.0%	0%	134.6
<b>U.S. Equity</b>			
JF U.S. Equity Fund	100.0%	-73%	38.0
S&P500 Index	99.8%	0%	139.8
<b>International Equity</b>			
JF International Equity Fund	100.0%	-49%	68.8
MSCI EAFE Index	100.0%	0%	134.6
<b>Emerging Market Equity</b>			
JF Emerging Market Equity Fund	97.5%	-75%	63.7
MSCI Emerging Market Index	99.1%	0%	259.9
<b>Fixed Income</b>			
JF Bond Fund	57.5%	-55%	87.0
JF Fossil Fuel Free Bond Fund	48.3%	-90%	18.7
FTSE Canada Universe Bond Index	34.8%	0%	191.6

### 5.2 Targets

At this time, we do not have separate targets related to climate-change risks and opportunities, or proxies thereof, for our portfolios. As disclosures evolve and the range of outcomes within our investment horizon narrows, we may consider targets or guidance. Our current preference is to focus on the climate-related targets and governance at carbon intensive companies within our portfolio. We generally view lower energy use (a driver of lower emissions) as a source of margin expansion and resilience for some companies and encourage the efficient use of scarce resources. The focus on long-term resilience and integration of material climate risk and opportunities is reflected by the materially lower carbon intensity of our core portfolios. As such, we believe that JFL portfolios can assist asset owners to set or to achieve their own carbon reduction targets.

Moreover, in response to growing client interest and demand, we launched a suite of Fossil Fuel Free Funds in 2017 that explicitly aim to have carbon footprint lower than the relevant index. In addition, the JF Fossil Fuel Free Bond Fund has the mandate to emphasize exposure to green and sustainability bonds as an important mechanism to finance the energy transition. The fund currently has a 28.7% allocation to sustainable finance bonds, of which 26.3% are green bonds and 2.4% are sustainability bonds.

## 6. Summary

- Jarislowsky Fraser invests in quality, sustainable businesses, with a long-term perspective and integrated ESG analysis.
- We identify, assess and manage climate-related issues through our governance, investment selection and risk management practices.
- Our firm has a long-standing history of corporate engagement, seeking to constructively discuss issues including climate change with management teams at the companies in which we invest, as well as voicing our opinions through our rigorous proxy-voting process. We view this as an integral part of our investment stewardship on behalf of all stakeholders.
- Our investment philosophy and focus on quality is consistent with an above-average sustainability profile, including lower carbon footprints.
- Jarislowsky Fraser is committed to encouraging the adoption of TCFD-aligned reporting to support the efficiency and resiliency of capital markets.

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## Notes and Disclosures

- Carbon intensity refers to greenhouse gas emissions expressed as tons of CO<sub>2</sub> equivalent per year. This number is then scaled to revenue in order to develop comparable emissions intensity. Scope 1 emissions refer to direct greenhouse gas emissions from company operations. Scope 2 emissions refer to emissions from purchased electricity. Emissions for government bonds are not included due to lack of available data.
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