

# JARISLOWSKY FRASER

GLOBAL INVESTMENT MANAGEMENT

## **JF FOSSIL FUEL FREE POOLED FUNDS INVESTMENT POLICY GUIDELINES**

### **For Canadian Resident clients of Jarislowsky, Fraser Limited**

The firm's Investment Strategy Committee (ISC) meets at least weekly to evaluate the market, existing security selections in the Funds and prospective new additions to the Funds. The Funds invest in various industries where the Committee sees growth and reasonable valuations. For the purposes of the JF Fossil Fuel Free Funds, exposure to most companies within the Energy sector will be excluded. In addition, the portfolio carbon footprint will be actively managed using both proprietary analysis and external services. The Funds will 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 income and capital gains are distributed in the form of additional units of each Fund.

### **SECURITIES LENDING:**

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

### **11 AM CUT OFF TIME:**

No subscriptions or redemptions will be accepted for same-day processing if received after 11AM EST.

## **REDEMPTIONS:**

In order to protect the value of each Fund, reasonable notice is required in the event an investor wishes to make a material withdrawal or full redemption. As Manager of the Funds, Jarislowsky, Fraser Limited must pre-approve all subscription and redemption activity and reserves the right to deny frequent traders. In-kind transfers may be arranged, subject to Manager approval.

## **JF FOSSIL FUEL FREE BOND FUND**

**Daily**

### **Valuation**

- The FTSE TMX 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 TMX 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 have material proven coal, oil or gas reserves that are used for energy purposes.
- Green bonds will be considered for inclusion if they have an attractive risk/return profile.
- 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.

## JF FOSSIL FUEL FREE CANADIAN EQUITY FUND

Daily

### Valuation

- 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:

	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 sector companies that have material proven coal, oil or gas reserves that are used for energy purposes.
- 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.

## JF FOSSIL FUEL FREE GLOBAL EQUITY FUND

Daily

### Valuation

- The MSCI World Net Index (C\$) serves as the benchmark for the Fund.



- 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:

	<b>Minimum</b>	<b>Maximum</b>
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 sector companies that have material proven coal, oil or gas reserves that are used for energy purposes.
- Maximum 10% of the total market value of the Fund will be invested in the securities of any single issuer.

- |   | <b>Minimum</b> | <b>Maximum</b> |
|---|----------------|----------------|
| Asset mix ranges will be: U.S. Equities | 30%            | 70%            |
| International Equities                  | 30%            | 70%            |
- 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.

#### **ADDITIONAL RISK CONSIDERATIONS FOR FOSSIL FUEL FREE FUNDS**

The exclusion of certain sectors or companies related to the fossil fuel industry can decrease the diversification of the portfolio and alter the risk profile of the Funds. The Fossil Fuel Free Funds may forego opportunities to buy certain securities when it might otherwise be financially advantageous to do so. This is particularly relevant for the Canadian equity market, where the energy sector constitutes a substantial portion of the investment universe. Accordingly, this may cause the performance of the JF Fossil Fuel Free Canadian Equity Fund to be significantly different from the benchmark return, particularly during periods of commodity-driven cyclical markets.

**PERFORMANCE TRACK RECORD**

As these are new funds, there is currently no track record of performance.

**I/We approve the above investment guidelines and acknowledge the risks of these investments and understand there is no track record of performance at this time. By signing below, I/we approve the use of these Funds, when deemed appropriate, by my/our investment counsel.**

Please DO NOT send me copies of the Financial Statements for the JF Pooled Funds held in my account(s).


Or

Please send copies of the Financial Statements for the JF Pooled Funds held in my account(s) to the following email address: d.goulden@uwinnipeg.ca

  
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Client Signature

BRIAN DALY  
\_\_\_\_\_  
Client Name

07/MAY/2018  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Client Signature

DALLAS GOULDEN  
\_\_\_\_\_  
Client Name

February 2018

