

Investing responsibly doesn't have to come at the expense of performance

We can help you meet your wealth-building goals in a socially responsible and environmentally sustainable way.

What is ESG investing?

Also known as sustainable investing, it is an approach to investing that incorporates Environmental, Social and Corporate Governance issues in the investment process.

It's a forward-looking process that often combines selecting companies based on their financial prospects, how they manage various ESG issues, and the impact they may have on society and the environment.

Sustainable investing can help investors achieve their financial goals, while aligning their investments with their values.



Environmental factors consider how a company performs as a steward of the natural environment.



Social factors consider how a company manages relationships with its employees, suppliers, customers, and the communities in which it operates.



Governance factors consider the quality and reasonableness of a company's leadership, executive pay, audits and internal controls, and shareholder rights.



Environmental, Social & Governance screening:

We follow a two-dimensional ESG screening process:

- **Negative screening**, which means eliminating from consideration all companies that fail to meet our stringent ESG criteria. Examples include companies whose primary line of business involves the following:



Fossil fuels



Tobacco



Nuclear power



Military weapons



Adult entertainment



Gambling

- **Positive screening** means actively seeking out companies with a strong commitment to high ESG standards. This involves screening based on the seven ESG criteria outlined above as well as the United Nations' **Sustainable Development Goals** (UN SDGs).

To identify potential investments, we assess companies based on seven ESG criteria viewed through the eyes of four key stakeholders:

| | |
|--|--|
| <p>Shareholders:</p> <ol style="list-style-type: none"> 1. Corporate governance | <p>Customers:</p> <ol style="list-style-type: none"> 2. Sustainable products |
| <p>Employees:</p> <ol style="list-style-type: none"> 3. Employee relations 4. Diversity | <p>Communities:</p> <ol style="list-style-type: none"> 5. Community relations 6. Environmental performance 7. Human rights |



Fundamental financial analysis

To ensure the portfolio offers strong potential for long-term wealth creation, we employ a hybrid approach, combining both top-down and bottom-up framework analysis to portfolio construction.

- I. We examine various economic factors that may affect the overall market, various sectors, and industries, as well as performance and opportunities at a geographical level. This analysis will define our active asset allocation and sector rotation.

Our portfolios consist of the following asset classes:

- **American Equities**
 - **Canadian Equities**
 - **Foreign Equities**
 - **Fixed Income**
 - **Alternative investments (Infrastructure, Private Equity, Private Lending, etc.).**
- II. In the bottom-up selection process, we will closely examine the fundamentals of companies based on past performance, financial statements and if they are poised to benefit from long term socio-economic trends. We also want those to have a solid management team, attractive valuation matrix and a high quality of earnings. Further, to mitigate volatility and to ensure appropriate diversification, we include an allocation to alternative investments that have shown a low correlation to overall market performance. We believe adding this element to be of great importance, particularly in the current market environment.

Only securities that satisfy the stringent requirements of both the ESG and fundamental analysis teams are eligible for inclusion in the portfolio. The result of this rigorous, multi-stage process is a solution of attractively valued, responsible investment opportunities with excellent potential for strong risk-adjusted outperformance.

Buy Discipline.

We select up to 25 equities based on the following criteria:

- We seek companies in various sectors that have demonstrated a history of outstanding earnings results over a sustained period while trading at relatively attractive levels.
- We focus on strong fundamentals and long-term secular growth trends.
- We look for stellar management teams whose interests are aligned with that of shareholders.
- We select companies that meet our ESG criteria.
- We avoid all companies with excessive leverage.

Sell Discipline.

Several factors would incite us to exit a position. They are:

- A company reports poor results which we perceive as representing a change in the future earnings potential.
- A change in the company's commitment to high ESG standards.
- Changes in consumer habits and longer-term trends impacting one of the portfolio holdings.
- Questionable modifications in a management team and/or board members.
- Negative changes to a company's balance sheet.
- Belief that owning shares of a specific company will have very limited upside into the future.

Selected securities (as of January 31st, 2023):

- ◆ APPLE INC
- ◆ BANK OF NOVA SCOTIA
- ◆ BLACKSTONE INC
- ◆ CIBC
- ◆ CANADIAN TIRE
- ◆ CITIBANK
- ◆ DISNEY
- ◆ DOLLAR TREE INC
- ◆ CGI GROUP
- ◆ INNERGEX
- ◆ MASTERCARD INC
- ◆ MICROSOFT INC
- ◆ NIKE
- ◆ TAIWAN SEMICONDUCTOR
- ◆ WSP GLOBAL INCORPORATED
- ◆ iSHARES MORTGAGE REAL ESTATE ETF



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Appendix A – Important Disclosures

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