

i-Watch rating system:

Date 3/1/2024

Fund manager Jarislowsky Fraser Global Investment Management (JF)

i-Watch status ● **In Good Standing**

- No concern(s)
- Moderate concern(s) requiring frequent and close monitoring
- Serious concern(s) that require a full review and may lead to removal from the fund platform

Product(s) affected

Manulife Jarislowsky Fraser Canadian Equity Fund (7241/ 7242)
Manulife Jarislowsky Fraser Balanced Fund (5241, 5242)
Manulife Balanced Fund (5011)
Manulife Multi-Manager Canadian Large Cap Growth Fund (7013)

Summary

- 1 Upcoming Portfolio Management Change: Bernard Gauthier has announced he will be retiring effective May 31, 2024.
- 2 Charles Nadim will continue to manage the Canadian equity strategies. Day-to-day management of the funds are not expected to be significantly impacted.
- 3 The fund's rating of In Good Standing is under review following the announcement. An i-Watch alert will be issued should the Global Manager Research (GMR) team determine a rating downgrade is warranted.

Commentary

On March 20, 2024, Jarislowsky Fraser Global Investment Management (JF) announced that Bernard Gauthier, Co-Portfolio Manager (PM) for the JF Canadian Equity strategy (the fund), is retiring from JF, effective May 31, 2024. Mr. Gauthier has a long career in the investment industry, including 15 years of portfolio manager tenure in JF.

Charles Nadim, Head of Research and Co-PM for the fund, continues to be responsible for managing the JF's Canadian equity strategies. Mr. Gauthier and Mr. Nadim have been co-managing the fund since 2012.

Colin McPherson, a senior research analyst who joined the JF Canadian Equities Team (the 'Team') in 2022 with 18 years of investment experience, was appointed Associate PM for Canadian Equities, reporting directly to Nadim.

Impact

Investment team and process

The 6-member JF Canadian Equities Team had remained largely stable before several turnovers took place in 2022. Firstly, there were two departures, including a long-time member taking an extended leave due to illness and a senior analyst transferring to the Global Equities Team to assume more responsibilities. Secondly, the Team added two seasoned analysts, Mr. McPherson and Jenny Yan, who brought with them 17 and 11 years of investment experience respectively. Lastly, senior analyst Drew Callendar, who had 18 years of experience, was promoted to an Associate Portfolio Manager role. The Team is completed by Anton Schlemm, a generalist focusing on Canadian small and mid-cap companies.

JF has long applied a team approach to their decision-making process, and the JF Investment Strategy Committee (ISC) serves as the central governance body for their investment process by approving all key investment decisions and overseeing risk exposures. The ISC is currently comprised of 6 senior portfolio managers across different asset classes, including Mr. Gauthier and Mr. Nadim. Upon Mr. Gauthier's retirement, the ISC will be comprised of 5 members.

Closing remarks

Despite the short notice, Global Manager Research (GMR) is not surprised with Mr. Gauthier's retirement announcement. We have been closely monitoring the JF Canadian Equities Team's resources over the past two years given the turnovers in 2022, and we have also discussed JF's succession planning for senior investment professionals given the fact that all retention packages offered by Scotiabank in its 2018 acquisition have expired in 2023.

GMR has met with Mr. McPherson over the past year and discussed his increasing fundamental research responsibilities, especially in the Financials sector, which had been Mr. Gauthier's long-time research coverage. While we do not expect Mr. Gauthier's retirement to have an immediate impact on the day-to-day management of the Fund, his retirement represents a significant loss of experience and expertise for both the team and JF.

We will be meeting with the JF Canadian Equities Team in the near future to discuss the transition of Mr. Gauthier's responsibilities. The rating of the affected funds is currently under review.



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