

Quarterly Responsible Investment Funds Report



Highlights from Q4 2020

- A majority of RI funds in Canada outperformed their average asset class return in the fourth quarter of 2020 and over the full year.
- RI funds experienced positive estimated net inflows in the fourth quarter of 2020 and for the full year.
- 2020 was a strong year for RI fund product launches, with a total of 41 new RI funds launched, more than double the number of new RI funds in 2019.

RI Fund Performance

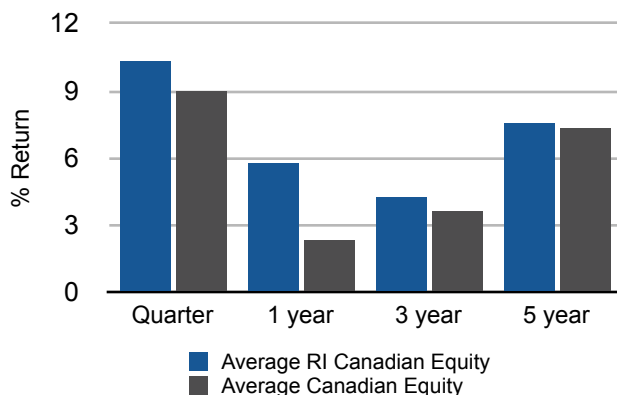
According to data provided by Morningstar, the majority of Canadian RI funds were able to weather the coronavirus quite well over the course of the year relative to their respective asset class peers. A majority of Canadian RI funds outperformed their average asset class return in the fourth quarter of 2020, and over 70% of RI funds outperformed their average asset class return for the one-year period ending December 31, 2020.

Compared to their conventional fund peers, RI funds also performed well over the medium- to long-term periods reviewed in this report, highlighting the value of incorporating environmental, social and governance (ESG) factors into investment decisions. As of December 31, 2020, three-quarters of the RI funds outperformed their average asset class return over the previous three years, while two-thirds outperformed their average asset class return over the previous five years. The majority of RI funds outperformed their average asset class return over the 10-year period ending December 31, 2020.

The following charts provide a quick overview of notable RI fund performance relative to their asset class peers, in the fourth quarter of 2020 and over longer time periods.

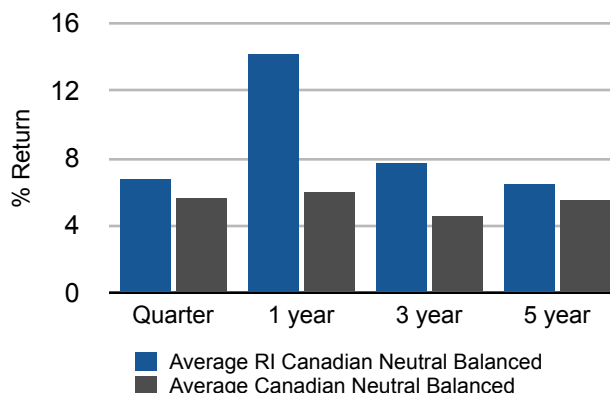
Canadian Equity

In the **Canadian Equity** fund class, 74% of the RI funds outperformed their average asset class return in the quarter, and 66% of the RI funds outperformed their average asset class return over the one-year period. The majority of the RI funds in this category outperformed their average asset class return over the medium and longer-term periods reviewed in this report.



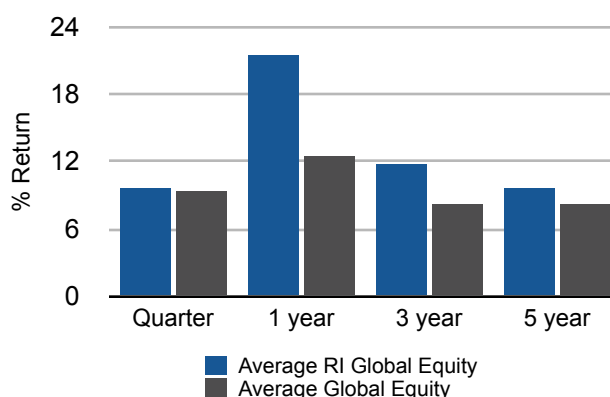
Canadian Neutral Balanced

In the **Canadian Neutral Balanced** fund class, all of the RI funds outperformed their average asset class return in the fourth quarter of 2020, and over the one-year period. All of the RI funds also outperformed their average asset class return in the three-year, five-year and ten-year periods ending December 31, 2020.



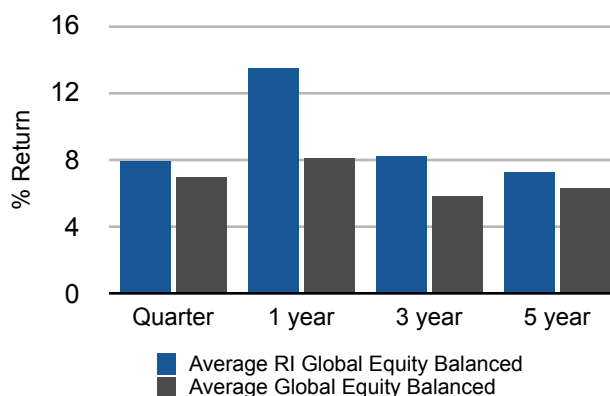
Global Equity

In the **Global Equity** fund class, over half of the RI funds outperformed their average asset class return in the quarter, and 63% of the RI funds outperformed their average asset class return over the one-year ending December 31, 2020. The majority of the RI funds in this category outperformed their average asset class return over the three, five and ten-year periods reviewed in this report.



Global Equity Balanced

In the **Global Equity Balanced** fund class, 71% of the RI funds outperformed their average asset class return over the quarter. Almost all of the RI funds outperformed their average asset class return for the one-year and three-year periods reviewed in this report. A significant majority of the RI funds outperformed over the five-year and ten-year periods ending December 31, 2020.

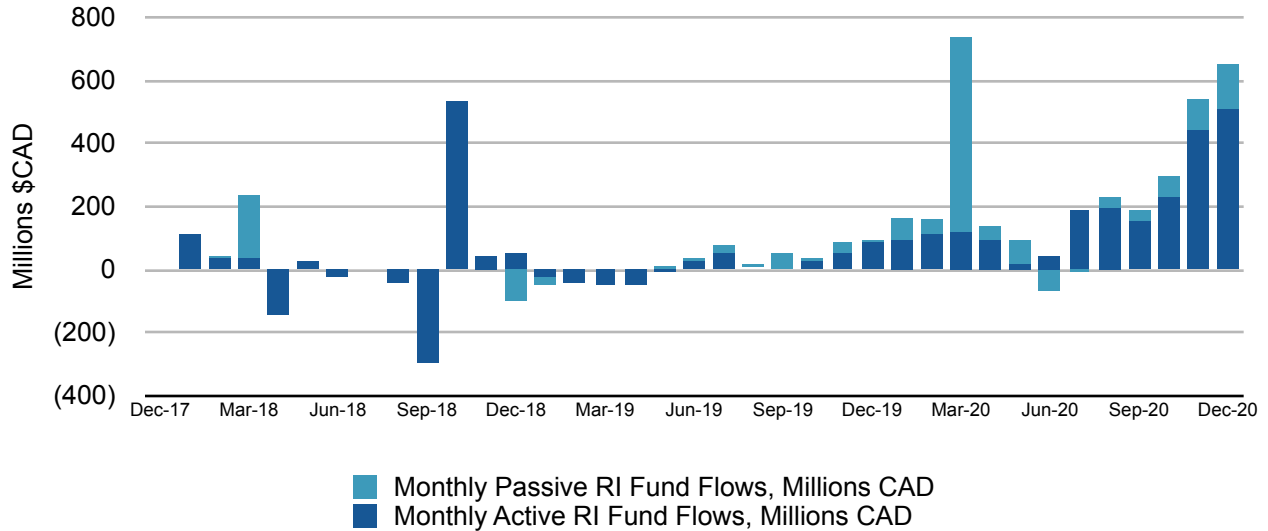


Note: For the purpose of this report, RI funds include those that are marketed as responsible investments with RI strategies/policies disclosed in regulatory documents. Average asset class return includes RI and non-RI funds. Only the oldest share class of RI funds were included in the analysis against category averages. Returns for periods greater than one year are annualized.

RI Fund Flows

Net asset flows for Canada-domiciled RI mutual funds and ETFs, estimated by Morningstar, were positive in each month of the fourth quarter of 2020 with growing momentum. Total estimated flows amounted to positive \$1.5 Billion for Q4, and over \$3.3 Billion for the calendar year.

Canadian RI Mutual Fund and ETF Estimated Net Flows, Active & Passive

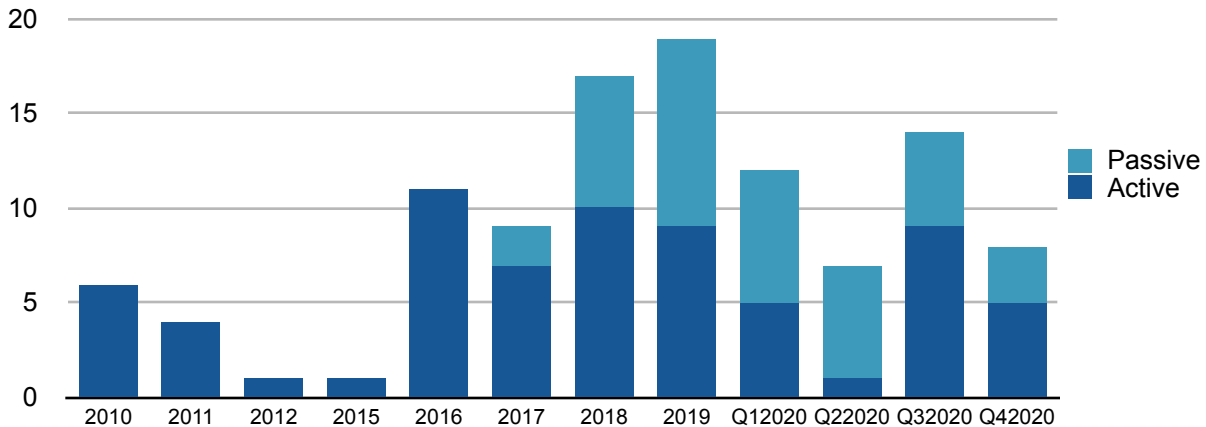


Source: Morningstar Direct. Data as of December 31, 2020. Excludes fund of funds.

RI Product Launches

According to Morningstar, over the full calendar year a total of 41 new RI funds launched, more than doubling the 19 launched in 2019. In the fourth quarter of 2020, 8 additional RI funds came to market. Of the 41 new funds in 2020, 21 were indexed or passive investments.

Canadian RI Mutual Fund and ETF Launches, Active/Passive



Source: Morningstar Direct. Data as of December 31, 2020.

Data provided by



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