



**SRI Jantzi Social Index® Fund (Meritas)**  
**Manulife Meritas SRI Jantzi Social Index® Fund**  
**OceanRock Investments Inc.**

**December 31, 2016**

**Lead manager(s):** OceanRock Investments Inc      **Investment style:** Specialty

**Investment objective:** To seek capital appreciation with current income being a secondary investment objective.

**Last meeting date:** July 2016      **Next estimated meeting date:** Q3 2017

**Current rating:** **IN GOOD STANDING**

### Annual fund performance (%)

	2012	2013	2014	2015	2016	5 yrs
<b>SRI Jantzi Social Index® Fund (Meritas)</b>	12.25	16.46	10.75	-6.84	22.10	10.49
S&P/TSX 60	8.07	13.26	12.27	-7.76	21.36	8.99
Value added (+) / lost (-)	4.18	3.20	-1.52	0.92	0.74	1.50
Quartile ranking <sup>(1)</sup>	1st	4th	3rd	3rd	2nd	3rd

### Short-term performance analysis

- The Fund outperformed the S&P TSX 60 in calendar 2016 and ranked in the first quartile relative to its peers.
- Security selection relative to the TSX was positive in the past 12 months with value added particularly from selection within the Financials sector.
- Sector allocation was slightly negative, mainly from an underweight exposure to the Materials sector, which led market returns over the past year.
- Given the Fund's passive investment bias, its style had no impact on short-term performance.

### Long-term performance analysis

- The Fund outperformed the TSX in four of the past five years and added value on a five-year annualized basis. This long-term performance ranks in the second quartile when compared to its peers.
- Sector allocation was positive more often than not.
- Security selection has been mixed over the long term.
- Given the Fund's passive investment bias, its style had no impact on long-term performance.
- The Fund has tracked the returns of the SRI Jantzi Social Index over the long-term and there are no concerns with underperformance relative to other benchmarks or peers.

## Significant corporate events

### Corporate

- There were no significant corporate events over the last three years.

### Fund specific

- There were no significant fund specific events over the last three years.

## IMS commentary

- The SRI Jantzi Social Index® Fund (Meritas) is committed to all three aspects of SRI and uses positive and negative screening guidelines, shareholder activism and community development investments to help investors align their portfolio with their social, ethical, governance and environmental concerns. The fund is expected to replicate the return of the Jantzi Social Index®.
- In addition to the screening done by the index provider, Meritas has chosen to overlay negative screens for alcohol, gambling and pornography and to cap the maximum individual weighting of any one company at 10% of the market value of the Fund.
- Based on our due diligence, we are confident that the manager has remained within the stated investment philosophy and style.
- The Materials and Energy sectors can be particularly challenging areas for ESG funds and relative performance can suffer when those sectors lead the Canadian market as few resource companies meet the ESG criteria.

### Conclusion:

- Due to the fact that the Fund has produced long-term returns that replicate those of the Jantzi Social Index®, IMS continue to rate this Fund In Good Standing.

<sup>(1)</sup> Quartile rankings are based on the underlying fund's returns.

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