



#### i-Watch Rating System:

**Date** April 11, 2025

**Fund Manager** Jarislowsky Fraser Global IM

**i-Watch Status** ● **Increased Scrutiny**

- 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) Impacted:

Manulife Jarislowsky Fraser Bond Fund

Manulife Jarislowsky Fraser Balanced Fund (under Increased Scrutiny since Q2 2024)

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#### Summary

- On March 31, 2025, Chris Kresic, Head of Fixed Income and Co-Portfolio Manager for the Bond Fund, officially retired from the firm. Mr. Kresic was also Head of Asset Allocation and a long-time member of the Investment Strategy Committee ('ISC').
- Antoine Potter, Co-PM for the Bond Fund since 2018, became sole PM and a member of the ISC. Going forward, Mr. Potter will work closely with Charles Nadim (Head of Canadian Equities) and Kelly Patrick (Head of Global Equities) to make asset allocation decisions for the Balanced Fund.
- Concurrent to Mr. Kresic's retirement, Marc Novakoff, PM for Emerging Markets Equities, also retired from the firm on March 31, 2025. Mr. Novkoff was also a long-tenured member of the ISC.
- The JF Bond Fund's status was downgraded from In Good Standing to Increased Scrutiny to reflect the need to closely monitor the leadership transition of the Fixed Income team. The rationale for the JF Balanced Fund's Increased Scrutiny rating was also updated to reflect the additional need to monitor the Fixed Income team as well as the ISC.

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#### Impact

Mr. Kresic had more than 35 years of investment experience and had been Head of Fixed Income and Asset Allocation since he joined JF in 2010. The JF Fixed Income team was historically small, with 2-3 junior credit analysts supporting Mr. Kresic. After Mr. Potter joined the firm in 2016 in a senior credit analyst role, the team had steadily grown to comprise 6 members, including 4 senior credit analysts.

Mr. Potter became Co-PM for the Bond Fund in 2018, working closely with Mr. Kresic in all day-to-day portfolio management activities. He has more than 20 years of investment experience with deep expertise in credit strategies, which have been the primary focus of the Bond Fund.

Since joining the team, Mr. Potter has been instrumental in enhancing their investment process with a greater focus on active risk management and downside protection. The deepened team resources and enhanced process have helped the team improve their track record, and the Bond Fund has outperformed its benchmark in each of the past six calendar years with a solid 2nd quartile ranking on an annualized basis.

GMR does not expect Mr. Kresic's retirement to have an immediate impact on the day-to-day management of the Bond Fund as his retirement had been long expected, and the team seemed ready for a leadership transition. Following Mr. Kresic's retirement announcement, analyst Mikhail Nikolaychuk was transitioned from the Global Equity team to the Fixed Income team to assume a credit analyst role, providing additional support to the team.

### **Closing Remarks**

GMR has been closely monitoring JF's investment resources over the past two years. While we do not have serious concerns with Mr. Potter becoming Head of Fixed Income and sole PM for the Bond Fund, we still view Mr. Kresic's retirement as a significant loss of experience and expertise for the team and the firm, particularly when considering the retirements of multiple senior PMs since last year, which we believe had materially impacted the depth and collective experiences of individual teams as well as the ISC.

As a result, close monitoring is required to ensure that the Fixed Income team can maintain their ability to consistently execute their investment process under Mr. Potter's leadership. In the meantime, we will continue to monitor whether the ISC has sufficient depth and strong dynamics to conduct a robust governance process, which had historically been the anchor of their team-based investment process. The ISC is currently comprised of 5 members, including two new members who joined in April 2025.

The rating of the JF Bond Fund was downgraded to Increased Scrutiny, and it was added to GMR's closely Monitored List (CML), joining the JF Balanced Fund and the JF Canadian Equity Fund which were placed under Increased Scrutiny in May 2024 following Bernard Gauthier's retirement.



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