

How ESG analysis helped fine-tune risk exposures as the pandemic laid bare ESG risk factors.

Margaret Childe: With me today is Patrick Blais, Senior Managing Director and senior portfolio manager at Manulife Investment Management. Patrick heads the Canadian Fundamental Equity team responsible for Canadian core equity strategies. Patrick, how has your approach to ESG benefited you going through the recent market turbulence?

Patrick Blais: Before coming into the crisis, ESG helped us to identify companies that managed their environmental and social issues, as well as applied good corporate governance. We believe that thoughtfully implementing these measures tells us a lot about a company's culture and its ability to adapt. We believe that these companies are better suited to face challenges as well as come out of turbulent times on a stronger footing. As you can see on this slide, ESG allows us not only to refine our risk return profiles for each company, but also build better portfolios for customers.

Alternative text:

The slide is titled ESG helps to fine-tune risk exposures. A chart compares the base case upside and downside case analysis on a stock before ESG assessment, after ESG assessment and after ESG engagement. After ESG assessment, both the base case upside and downside case are worse. After ESG engagement, the base case upside is better than before ESG assessment, while the downside case is the same as before ESG assessment. The chart is for illustrative purposes only. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

We believe that this is ESG analysis helped us to outperform as we avoided unsustainable businesses that were impacted by the COVID-19 crisis.

Margaret Childe: Thank you, and how are you focusing on ESG going forward?

Patrick Blais: We're finding that ESG is increasingly under scrutiny by investors who expect us to buy companies that are run for the long term, and we couldn't agree more. It's important that our investments make adequate returns, but also that the companies we own manage and protect their ESG reputation. We're also favouring companies that emphasize long-term sustainability returns and do not only favor short-term economic impacts, and this is critical when it comes to such issues as the environment, prompt payment of suppliers or staffing decisions. These companies that are focused on ESG and that long-term sustainability should outperform as well as help to address some of the key issues facing the world today, such as climate change or inequality.

Margaret Childe: Thank you, Patrick, and thank you for watching. Please contact your Manulife Investment Management relationship manager with any questions you may have.

Have a great day.

Ending slide: Click on the *sustainability* icon on our website.

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