

ANNUAL REPORT

# RESPONSIBLE INVESTMENT

DECEMBER 31<sup>ST</sup>, 2020

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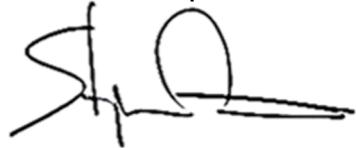
# SENIOR LEADERSHIP STATEMENT

Our philosophy towards environmental, social and governance (ESG) factors goes back to the firm's inception in 2008. We have always believed that responsible corporate behavior towards ESG factors has the potential to enhance the long-term financial performance of companies. Since we invest clients' assets for the purpose of optimizing the risk-return profile, we believe it is fitting to integrate ESG factors into every of our investment decisions.

Our overall approach towards responsible investment revolves around the integration of multiple strategies covering all our investment decisions. These strategies comprise negative screening, integration of ESG score into credit rating, integration of the TCFD recommendations, calculation of carbon footprint, engagement with issuers and stakeholders and impact investing through both our green and sustainable bond funds. Being a manager specialized in fixed income comes with several challenges when it comes to ESG integration. For a long time, the spotlight has been on equity holders and development in the fixed income market has been lagging. Instead of dwelling this, we have always sought innovative ways to integrate and promote ESG issues into our investment process and to promote them to our partners.

**Stéphane Corriveau**

President, Managing Director  
and Chief Compliance Officer



**Sébastien Rhéaume**

Managing Director





## WHO WE ARE

Founded in 2008, AlphaFixe Capital Inc. is a leading investment management firm specializing in fixed income serving solely institutional clients. The entrepreneurial spirit and energy that drive us is an alternative for investors seeking a partner to lead them through their challenges.

Our investment philosophy was inspired in part by the consequences of the 2008 financial crisis and relies on a rigorous risk management process. Notions of capital preservation and flexibility in the execution of our strategies guide us constantly and are reflected in our internal management models which are meant to be sophisticated yet accessible.

# MISSION AND VALUES

At AlphaFixe, the integration of environmental, social and governance (ESG) factors into investment decisions dates back to the creation of the firm, and is therefore an integral part of the company's mission and values. In fact, AlphaFixe became a signatory of the United Nations Principles for Responsible Investment in 2009 and is committed to its six principles.

Over the last decade, much effort has been put into the creation of innovative tools and products in terms of responsible investment. AlphaFixe is particularly proud of the progress and will continue to actively contribute towards the development of this market.

Beyond our investments, we also believe that it is important to be involved in our community. This is why we contribute not only financially, but also volunteering in support of causes such as education, children's illnesses, young athletes, climate change and the development of the Montreal financial center through the Quebec Emerging Manager Program (QEMP). In addition, we actively participate in events and conferences organized within the financial community and as committee members we share our knowledge and contribute to the advancement of sustainable finance issues.

As of 2019, AlphaFixe has obtained the Carboneutre (Carbon Neutral) certification annually. Awarded by LCL Environnement, a consulting firm strictly dedicated to environmental issues, the certification allows us to offset our greenhouse gas (GHG) emissions with credible, ISO-14064-certified offsetting organizations.

For more details on the certification and the projects financed, [click here](#).



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# OBJECTIVES AND CONTEXT OF THE REPORT

It is with great pleasure that we publish the second edition of our annual report on responsible investment. The report provides a comprehensive picture of our responsible investment activities and achievements for the year 2020. It is intended for all our stakeholders who wish to learn more about our practices.



# IMPORTANT EVENTS OF THE YEAR

## 1) Canadian Regulations

On November 19<sup>th</sup>, 2020, the Canadian Net-Zero Emissions Accountability Act was introduced in the House of Commons by Jonathan Wilkinson, Minister of Environment and Climate Change. The bill will establish a legally binding process for setting national greenhouse gas emission reduction targets. In December 2020, Justin Trudeau and Jonathan Wilkinson introduced a new and enhanced climate plan entitled A Healthy Environment and a Healthy Economy. The plan put forward \$15 billion in investments and is structured around five key initiatives: reducing energy waste, clean transportation and electricity, taxing pollution, promoting clean technology innovations, and harnessing the benefits of Canada's natural capital. The government's commitment to increase the carbon tax from \$30 to \$170 between 2021 and 2030 is undoubtedly one of the flagship measures of this enhanced plan.

## 2) Transition Taxonomy

In 2018, the Expert Panel on Sustainable Finance was tasked with presenting a set of recommendations to align the sustainable finance community with the country's climate and economic goals. The final report was released in June 2019 and recommended to establish a standard for transition finance. It is in this context that the CSA Group's Technical Committee for Transition and Sustainable Finance was formed. The group, which is composed of experts from all relevant constituencies, has been tasked with

developing a taxonomy for transition finance. It will help identify projects and activities that will enable carbon-intensive sectors to transition to low-emission systems. We are still waiting for the taxonomy. In December 2020, the International Capital Market Association published the Climate Transition Finance Handbook, another initiative intended to clarify the terms of environmental finance. The handbook aims to provide clear guidance and common requirements for market participants regarding which practices to prioritize when raising funds for climate transition purposes. The group's recommendations are based on four key elements: the issuer's climate transition strategy and governance, the business model environmental materiality, the science-based transition strategy, and finally, the implementation transparency of the latter.

## 3) Sustainability-Linked Bonds

In September 2019, Enel, Italy's largest electricity provider, issued the first-ever Sustainability-Linked Bond (SLB). Unlike green bonds, where the proceeds of the issue are allocated exclusively to eligible green projects, this new type of debt instrument implies that the financial and/or structural characteristics of a bond could vary if sustainability-related targets are not met. In the case of Enel, it was foreseen that the coupon would increase by 25 basis points if the target of 55% of renewable energy installed capacity was not reached by 2021. In response to the particular interest in this new type of debt, ICMA published the Sustainability-Linked Bond Principles (SLBP) in June 2020. The principles are voluntary

# IMPORTANT EVENTS OF THE YEAR (CONT.)

guidelines that describe best practices for issuance while also seeking to promote market integrity.

While the cornerstone of this new financial instrument is primarily based on the sustainability target, we have to admit it remains quite difficult to validate the level of ambition and credibility of some of the targets adopted by issuers. Indeed, the target must be in line with the company's sustainable development strategy, but must also respond to ESG challenges that are specific to the issuer's sector of activity. Assessing a target can therefore be a rather subjective exercise. It should also be noted that the 25 basis point penalty for not achieving the corresponding target may not seem significant. For these reasons, AlphaFixe is unlikely to participate in these types of issues.

## 4) Green Stimulus Fund

According to the Greenness of Stimulus Index published by Vivid Economics, the global economic stimulus packages deployed during the pandemic will have a negative impact on the environment. It seems clear that most governments have simply not seized this historic opportunity to implement measures that would facilitate the transition and mitigate environmental-related risks. The world's two largest economies, the U.S. and China, have made significant efforts towards a green recovery, but continue to contribute negatively.

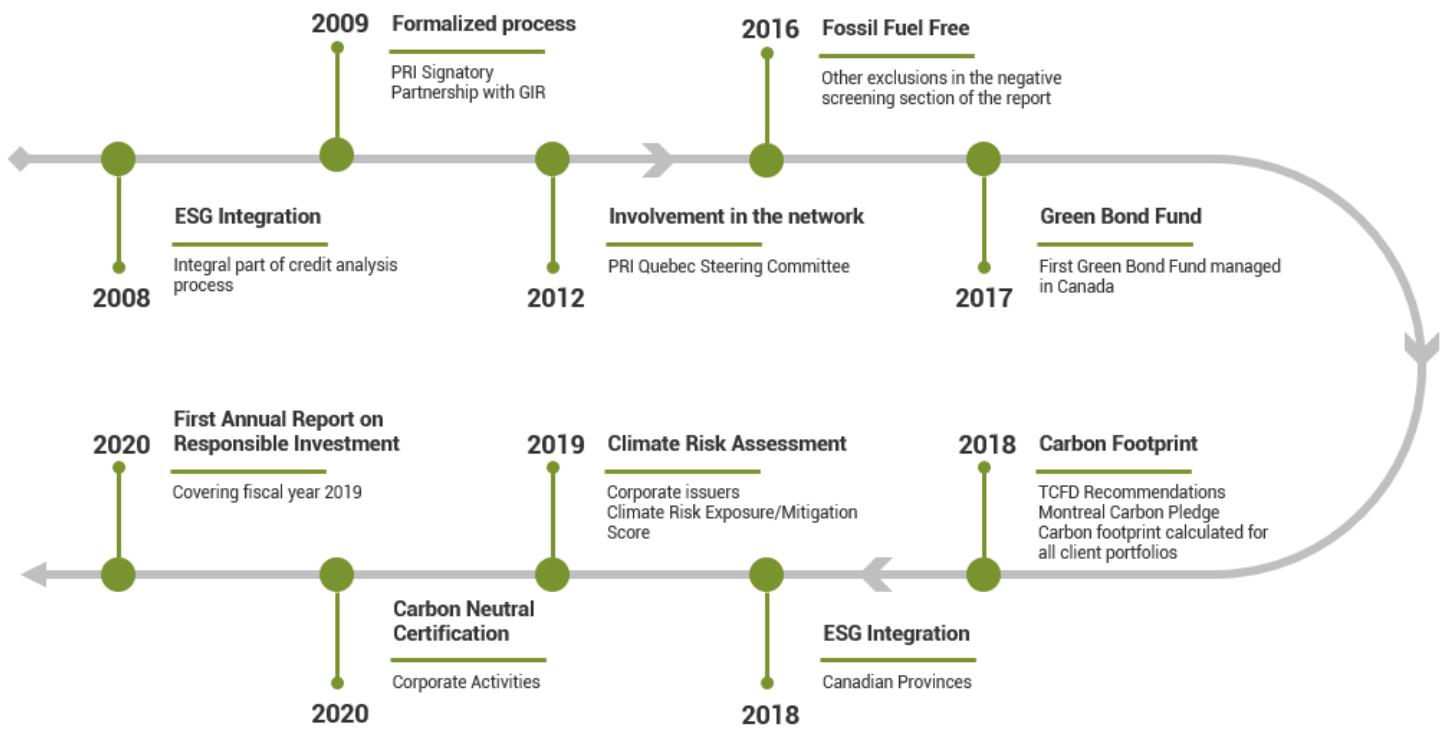
According to the report, only Canada and parts of Europe have succeeded in directing

stimulus measures to make a positive contribution to the environment.

## 5) Impact Bonds

The pandemic has led countries around the world into a period of significant social disruption. Rising unemployment, increased mortality rates, and unprecedented pressures on our health care systems have all contributed in one way or another to this finding. At the same time, the rise of impact investing over the past decade has raised many questions about the role that our institutions and corporations should play in addressing environmental and social issues. While the green bond market is now well established, the same cannot be said for the social bond market. It is no coincidence that annual social bond issuance has grown from \$18 billion to \$140 billion between 2019 and 2020.

# TIMELINE OF RI ACTIVITIES



As mentioned in the first section of this report, our ESG philosophy dates back to the firm's inception in 2008. Since that time, AlphaFixe has continued to be involved in the community and to innovate by finding creative ways to integrate ESG issues into our processes, despite the challenges in the fixed income market.

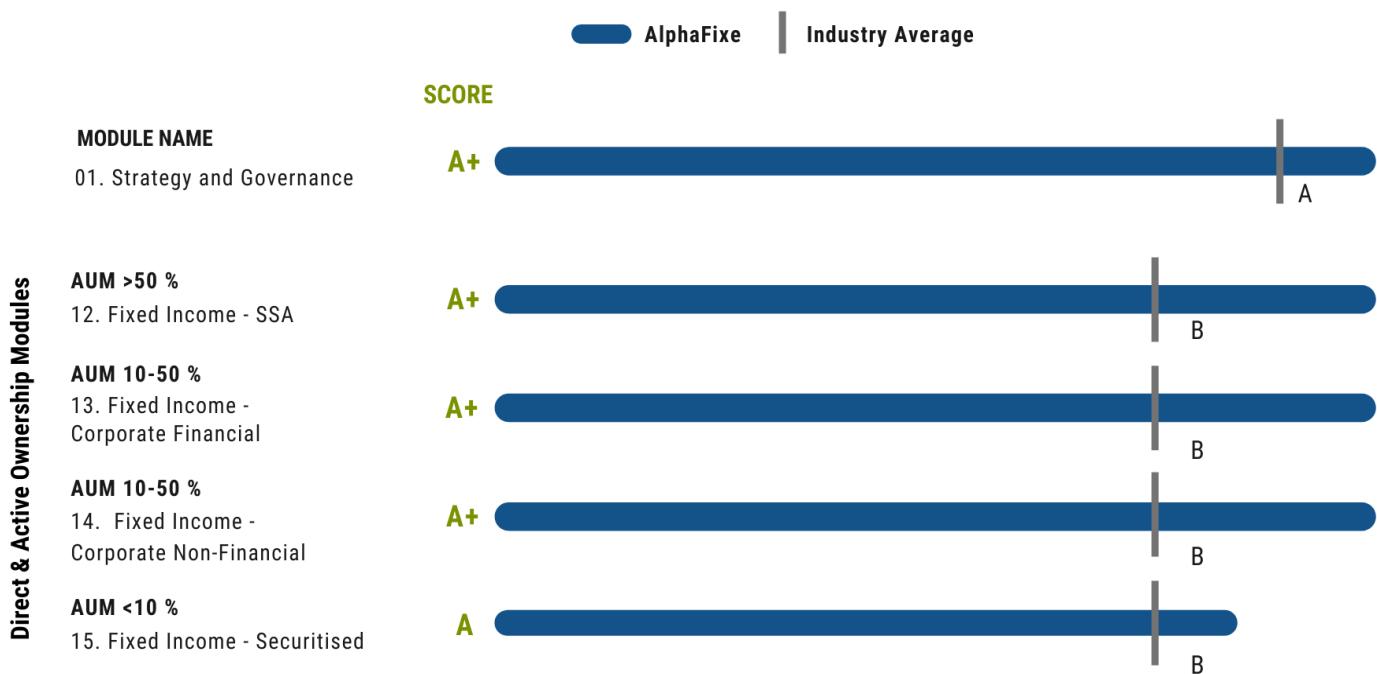
With the trend towards transparency and accountability, AlphaFixe itself has worked hard to produce its first annual report on responsible investing in 2020. As a reminder, the report covered our responsible investment activities for the year 2019.

# PRI EVALUATION

Due to technical difficulties with the new PRI reporting system, signatories have still not been able to submit their data from the 2021 reporting cycle. Normally, this phase would have been completed by April 2021 while the assessment reports would have been submitted to signatories by July 2021. According to the PRI, the reports will instead be sent out to signatories around June 2022. The next reporting cycle covering 2021, is expected to begin in 2023, resulting in the loss of a reporting year for signatories.

However, here is our 2020 assessment report, which was also included in our last annual responsible investment report.

Chart 1 | PRI Assessment Report 2020



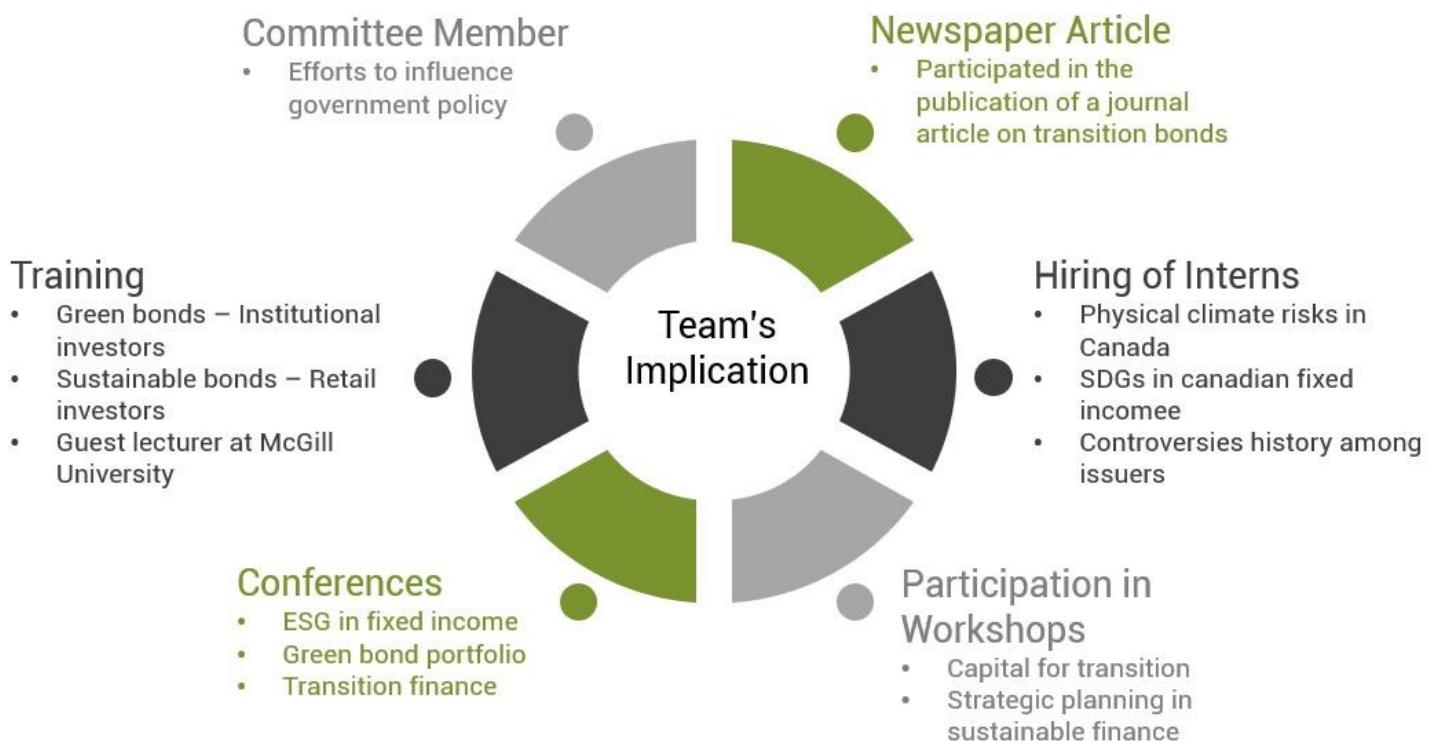
Source: PRI Assessment Report 2020

# TEAM

The integration of ESG factors is carried out internally by our dedicated Responsible Investment team composed of two full-time employees. This team specializes in ESG analysis and integration. One of them holds a Master's degree in Environmental Management. We firmly believe that this can help us better understand the risks and opportunities associated with certain assets or corporate behaviors.

The Responsible Investment team is located on the trading desk and is an integral part of the investment team. Credit specialists also participate in the creation of the various ESG assessment tools, which allows us to adapt our approach to the reality of the fixed income market. For example, we adapted our ESG analysis criteria to take into account financial governance, which is different for a shareholder and a lender.

**Chart 2 | Team's Implication in Responsible Investment**





# APPROACH

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1

## ESG FACTORS ANALYSIS

An integral part of sound risk management.

2

## CLIMATE RISKS

Today, companies are increasingly exposed to risks from extreme weather conditions and the transition to a low-carbon economy.

3

## NEGATIVE SCREENING

For ethical and sustainability reasons, we exclude companies that operate in certain industries deemed sensitive or controversial. We believe this strategy allows us to lower our level of risk exposure.

4

## ENGAGEMENT

Active dialogue on ESG issues between AlphaFixe and its stakeholders.

5

## IMPACT INVESTING

Investment that creates a net positive environmental impact while generating a financial return.

# ESG ANALYSIS

## CORPORATE ISSUERS

**168**

Corporate issuers  
analyzed  
ESG rating updated on an  
ongoing basis

**15**

Industries  
Internal classification system  
based on the sustainability  
profile of the issuer

**90 %**

Coverage  
FTSE Canada All Corporate  
Bond Index

### Approach

Strategy	Best Practices	Disclosure Score	Engagement	Credit Quality (CQ)
Approach per industry Assessing companies against their peers	SASB Materiality map <b>GRI</b> Standards <b>Financial Governance</b> Criteria adapted to bond market	Based on reporting practices and availability of relevant data	Promote best practices for ESG data disclosure	ESG assessment embedded in proprietary credit rating system

## PROVINCIAL ISSUERS

**10**

Canadian Provinces  
Analysed

**50**

ESG Performance Indicators

### Approach

Strategy	Best Practice	Trend / Outlook	Credit Quality
Relative Approach Assessing all provinces	E & S Issues The Conference Board of Canada <b>G Issues</b> Worldwide Governance Indicators (World Bank)	Based on policy changes and controversies	ESG assessment embedded in proprietary credit rating system

# ESG ANALYSIS (CONT.)

## An integral part of the investment process

As part of our investment risk analysis, we identify and assess ESG factors that could impact long-term financial performance. Our methodology is based on reporting best practices such as the Global Reporting Initiative (GRI) and encompasses concepts such as materiality and industry-specific context (Sustainability Accounting Standards Board). The methodology is also based on a relative approach where issuers within the same industry are evaluated against their peers based on criteria that vary by industry. The Canadian Bond Index includes a significant portion of private companies. Unlike publicly traded companies, private companies generally disclose less information, which can make it difficult to achieve a fair and consistent

assessment of ESG factors. For this reason, we have introduced a disclosure score. This allows us to target issuers that do not provide adequate ESG reporting (< 75%) and to raise awareness on good disclosure practices. The ESG scores assigned to issuers are integrated into our Credit Quality (CQ) ratings. They therefore have a material impact on investment decisions (10% to 15% of the weighting depending on the industry). In particular, these ratings help inform us of the credit spread required to be sufficiently compensated for the level of risk to which we are or would be exposed.

**Table 1 | ESG Score**

	2019			2020		
	ESG Score	Coverage (%)	Disclosure Score	ESG Score	Coverage (%)	Disclosure Score
FTSE Canada Universe Bond Index	6.5	90%	89%	6.5	91%	88%
AlphaFixe Universe Composite	6.7	96%	88%	6.5	97%	86%
AlphaFixe Green Bond Fund	6.7	100%	81%	6.6	99%	80%

The ESG rating methodology has not changed between 2019 and 2020, which explains the stability of the ESG ratings for the FTSE Canada Universe Bond Index, the AlphaFixe Universe Composite and the AlphaFixe Green Bond Fund. Note that the ESG rating of a portfolio is derived from a weighted average of the rating and respective weight of each security in the portfolio. Over the next year, we will redouble our efforts to increase the coverage of the FTSE Canada Universe Bond Index. We also note that the AlphaFixe Green Bond Fund's disclosure rating is lower than its peers. This is primarily due to the fact that a large portion of the fund is made up of bonds related to specific renewable energy projects. These issuers generally disclose less ESG information than larger publicly traded companies.

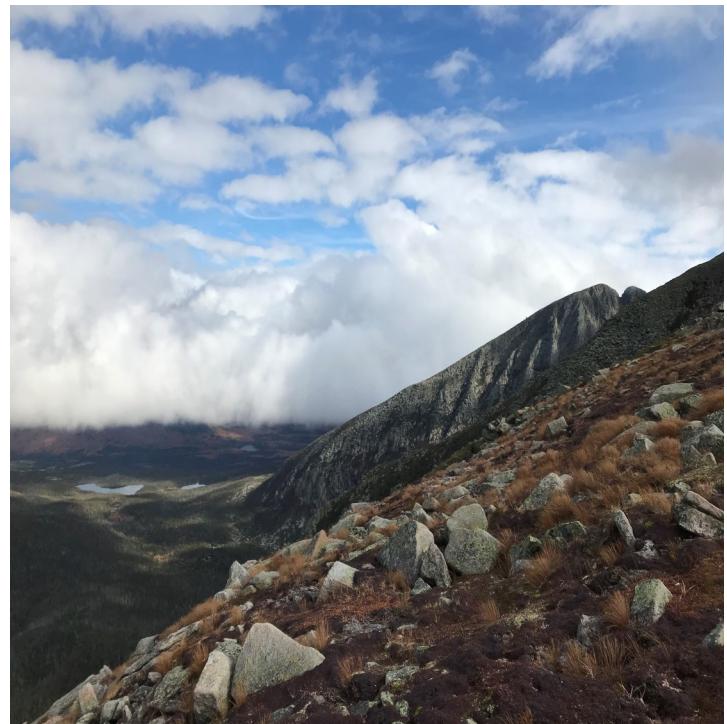
# CLIMATE RISKS

AlphaFixe has supported the recommendations companies with stranded assets, while an of the Task Force on Climate-Related Financial increase in carbon pricing could have a Disclosures (TCFD) since June 2018. Among significant impact on the cash flows of large other things, the initiative aims to increase greenhouse gas emitters. On the other hand, transparency in the consideration of climate extreme weather events (physical risk) can affect risks and to make markets more efficient. As a company's value by causing physical damage part of implementing the recommendations, to its infrastructures. We therefore believe that it AlphaFixe has developed an approach to identify is important to pay particular attention to and manage climate-related risks. The approach climate issues.

is available on our [website](#). The purpose of this section is to communicate the results of the analyses conducted in the context of climate risk management.

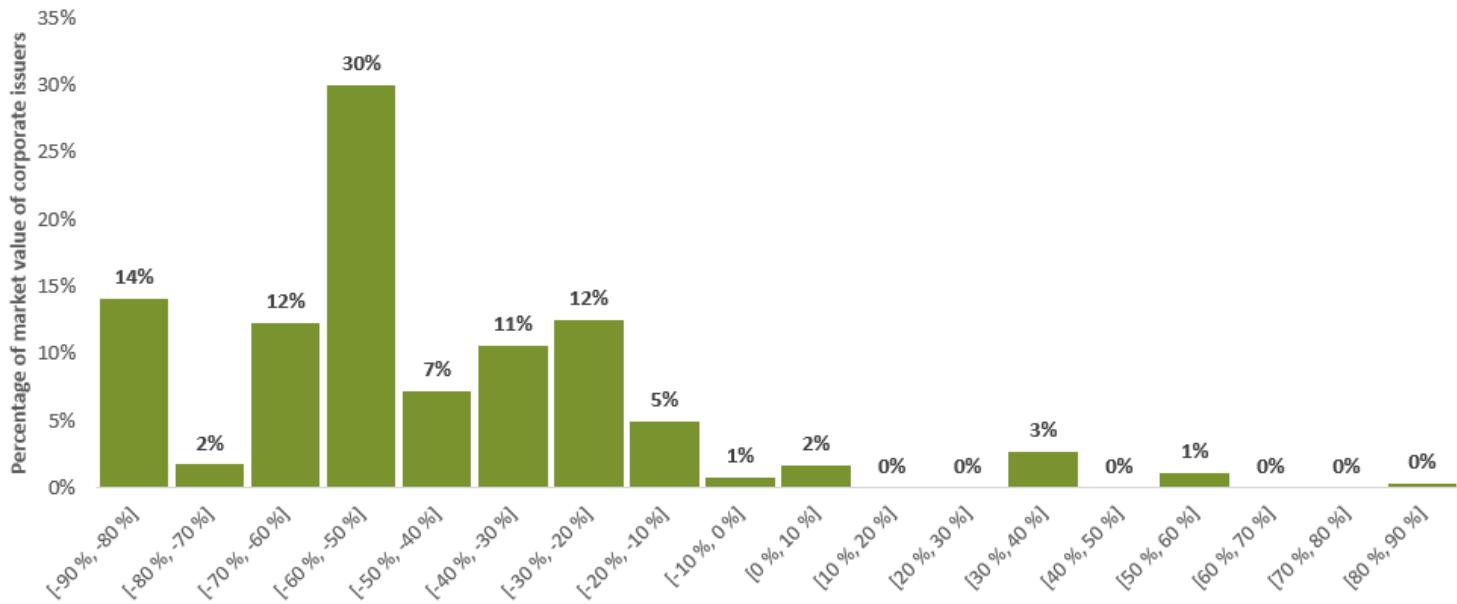
In the Global Risks Report 2021, the World Economic Forum (WEF) reminds us of the importance of climate and environmental risks. Indeed, the most important risks in terms of probability of occurrence and magnitude, remain climate action failure, human environmental damage, biodiversity loss and extreme weather. In addition, as the global economy has been hit hard by the pandemic, there has also been a significant increase in the probability of occurrence and the magnitude of the risk associated with infectious diseases. The economic and human costs of the pandemic will undo years of progress in reducing poverty and inequality, and further undermine social cohesion and global cooperation. It is against this backdrop that we have seen a significant influx of social bonds in 2020.

At AlphaFixe, we strongly believe that climate-related risks will inevitably impact the profitability of the companies in which we invest. For example, changes in the legislative framework (transition risk) could leave some



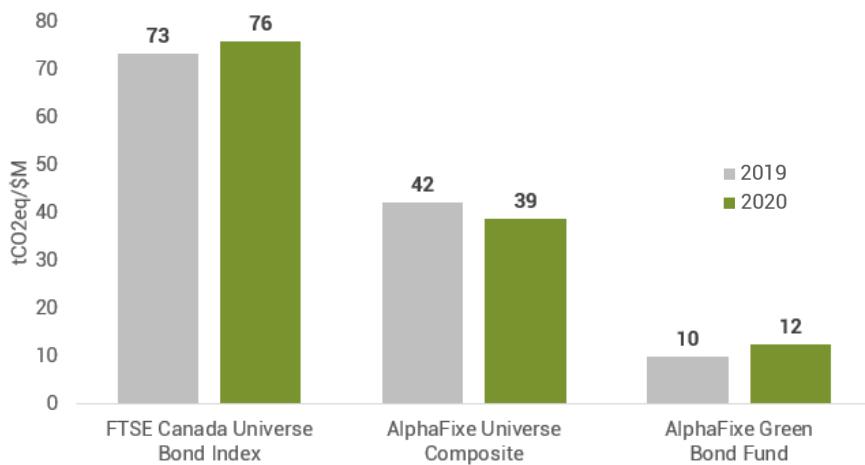
# CLIMATE RISKS (CONT.)

Graph 1 | Percentage difference between the portfolio's carbon intensity and their respective benchmark



The above graph represents the distribution of percentage difference between the carbon intensity of the accounts and their respective benchmark. For example, 94% of the total market value of corporate bonds managed by AlphaFixe has a carbon intensity that is lower than its benchmark.

Graph 2 | Carbon Intensity



The graph on the left shows the evolution of the carbon intensity between 2019 and 2020. While it has remained relatively stable, the intensity of the AlphaFixe Universe Composite has decreased slightly while the one of the FTSE Canada Universe Bond Index has increased slightly. The AlphaFixe Green Bond Fund continues to offer substantial carbon savings compared to its two peers. More details on carbon intensity can be found in the appendix.

# CLIMATE RISKS (CONT.)

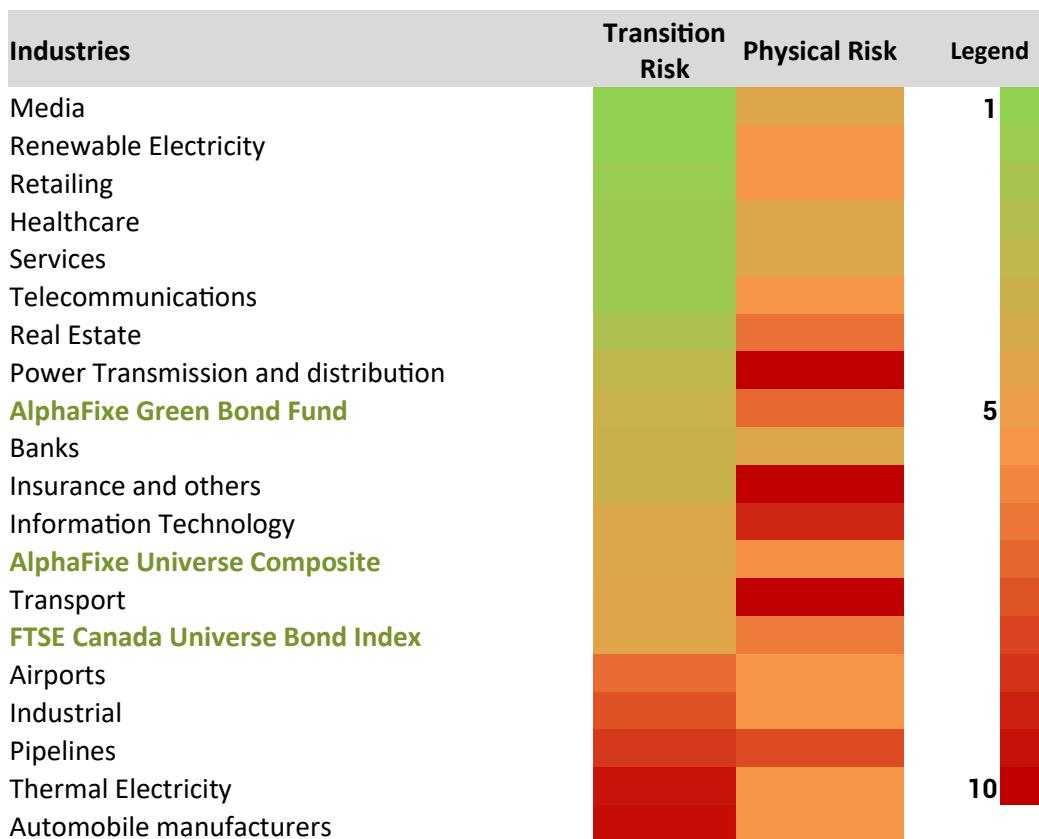
**Table 2 | Mitigation Score**

	2019			2020		
	Corporates (%)	Coverage (%)	Mitigation Score (/10)	Corporates (%)	Coverage (%)	Mitigation Score (/10)
FTSE Canada Universe Bond Index	28%	90%	5.7	27%	91%	5.5
AlphaFixe Universe Composite	43%	96%	5.6	40%	97%	5.3
AlphaFixe Green Bond Fund	34%	100%	6.7	28%	99%	6.7

The mitigation score assesses issuers' efforts to manage physical and transition risks. Not surprisingly, the AlphaFixe Green Bond Fund's mitigation score is higher than the benchmark. Issuers of this type of debt are generally proactive with the adoption of a transition plan, which goes hand in hand with the implementation of a green bond program. Remember that the mitigation score is the result of an analysis including several indicators such as disclosure of GHG emissions, integration of the TCFD recommendations, implementation of a GHG emissions reduction target, just to name a few.

# CLIMATE RISKS (CONT.)

Table 3 | Climate Risk Exposure Score



The physical and transition risk exposure scores assess the vulnerability of issuers, industries and our funds to climate issues. The score is calculated based on an analysis of several climate indicators. The transition indicators focus on issues related to an abrupt transition to a low-carbon economy (e.g., pricing of GHG emissions, changes in consumer behavior, etc.), while the physical indicators focus on the potential damage that could be caused by an increase in the frequency and magnitude of extreme weather events (e.g., rising sea levels, hurricanes, etc.).

As it was the case with the mitigation score, the AlphaFixe Green Bond Fund outperforms its peers in terms of transition risk. This is primarily due to the fact that a large portion of the fund's bonds finance renewable energy projects. In terms of physical risk, the AlphaFixe Green Bond Fund has a significantly higher risk than its peers. This can be explained by the fact that the fund includes several issuers from real estate, insurance and technology industries.

# NEGATIVE SCREENING

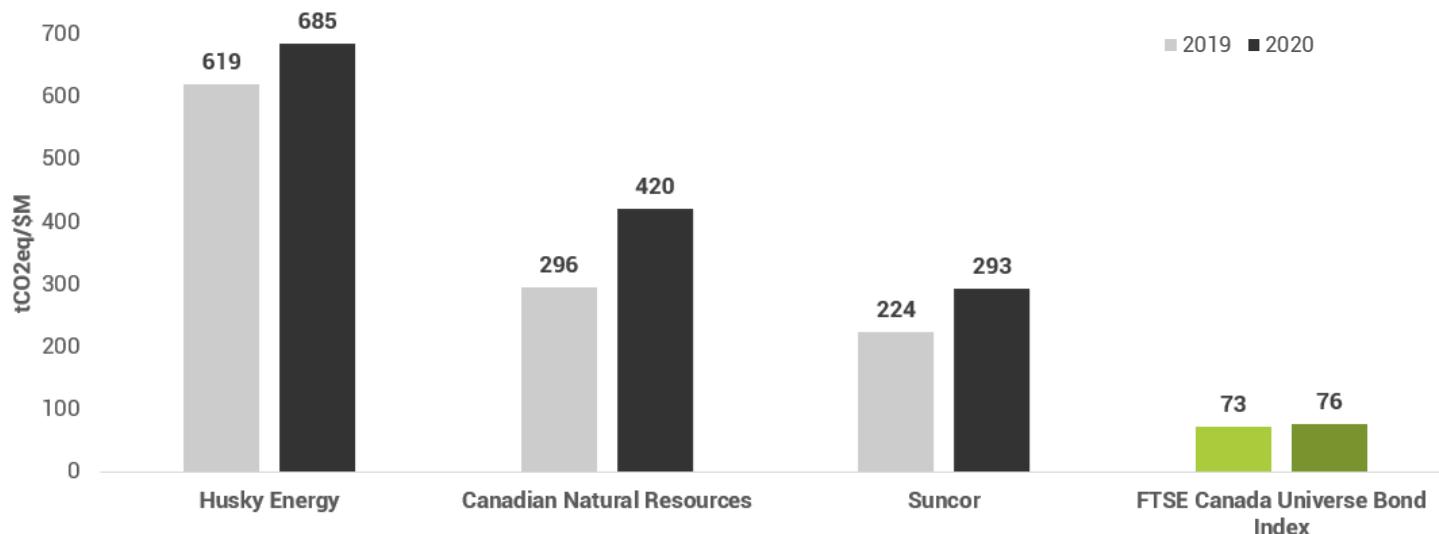
AlphaFixe excludes all investments involved in tobacco companies, gambling, weapons, alcohol and cannabis production as well as those who use child labor. In addition, all companies which operate or engage in the exploration of proven or probable fossil fuel reserves are excluded from all client portfolios and pooled funds it manages.

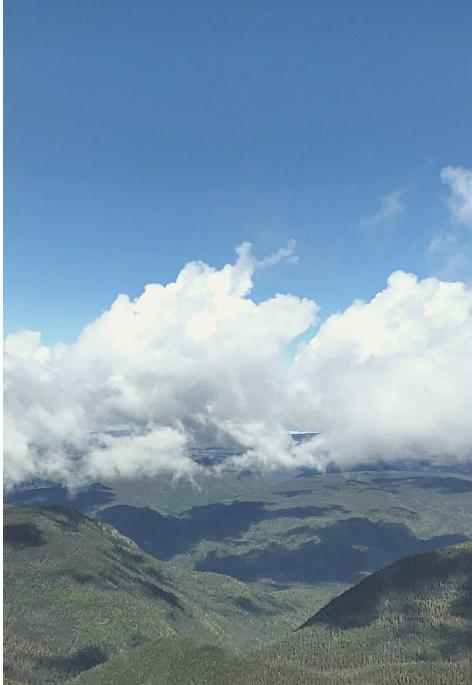
The three issuers excluded by our fossil fuel filter represent only 2% of the total market value of the FTSE Canada All Corporate Bond Index, but contribute approximately 12% of its carbon intensity.

**Table 4 | Contribution of Fossil Fuel Issuers to Carbon Intensity**

	2019	2020
Excluded issuers weight in the corporate index	1.5%	2.0%
Average carbon intensity of excluded issuers	331	442
Carbon intensity of the index	73	76
Percentage contribution to total intensity	7%	12%

**Graph 3 | Carbon Intensity of Issuers - Fossil Fuel**





## ENGAGEMENT

Engagement is defined as any form of exchange with issuers aimed at improving practices related to ESG issues. AlphaFixe also collaborates with its stakeholders, namely its clients/partners, investment advisors, service providers, peers and various government authorities.

As an investment management firm specializing in fixed income, AlphaFixe invests in debt securities which, by definition, do not carry voting rights. However, nothing prevents AlphaFixe from engaging in a constructive dialogue with its stakeholders in order to raise awareness of sound management of ESG risks. We therefore take every opportunity (private meetings, investor presentations, calls, conferences, etc.) to do so.

As indicated in the section on ESG analysis, the composition of the Canadian bond index means that we regularly engage the dialogue in order to raise issuers' awareness of good ESG disclosure practices. In addition, all issuers with a disclosure score below 75% are contacted annually to complete a customized ESG questionnaire.

# ENGAGEMENT (CONT.)

The following is a snapshot of the engagement activities that took place during 2020:

## Annual survey covering all ESG issues

### Surveys sent

**62**

### Requested information

Energy consumption	TCFD recommendations
Carbon footprint	Turnover rate
Employee engagement score	Women in upper management
Financial governance	And many others

## Dialogue and ad-hoc request for information on specific issues

### Types of issuer contacted

Corporates  
Governments

Government agencies  
Supranational organizations

### Topics covered

### ESG Issues

Collaboration with an issuer: Explain our ESG assessment methodology so that the issuer can improve its disclosure rating  
3 calls : Raising awareness on financial governance specific to bond investors  
7 calls : Raising awareness on ESG reporting best practices  
3 follow-ups : Identification of outlying data reported by the issuer

### Green Bonds

6 calls : Training for issuers on green bond issuance process  
3 calls : Raising awareness on reporting best practices

### TCFD Recommendations

2 calls : Clarify the source of outlying carbon data  
Engagement with an issuer through several calls and meetings on GHG reduction targets and the potential sale of a fossil fuel asset  
→ Resulting in a successful case

### Collaboration

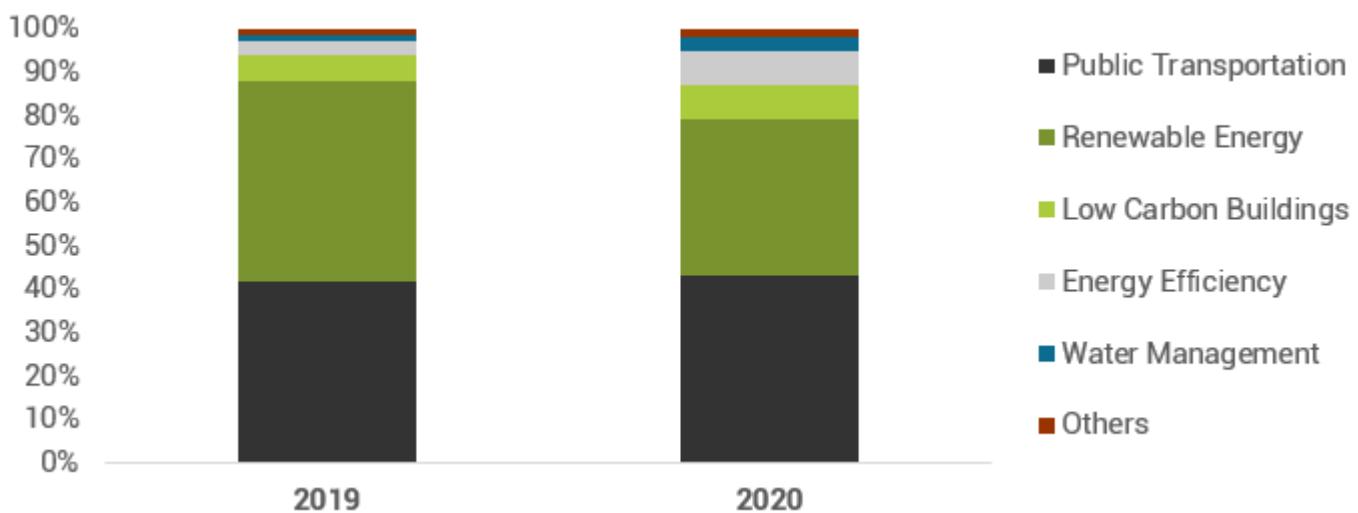
3 calls : Collaboration with other investors  
→ Educate issuers on best practices in terms of disclosure, climate risks management and impact bond issuances

# IMPACT INVESTMENT

Impact investing is generally defined as any form of investment that aims to create a positive environmental or social impact, while generating a financial return. At AlphaFixe, Impact Investing includes the launch of the first-ever Canadian Green Bond Fund in November 2017. The fund offers an innovative solution for the active management of green bonds, allowing investors to participate in the financing of a low-carbon economy without sacrificing yield. Fixed income securities are intended, among other things, to finance greenhouse gas (GHG) reduction or climate change adaptation projects.

The investments selected must meet the green bond selection criteria established by the AlphaGreen proprietary validation process. These criteria are based on the Green Bond Principles and the Climate Bonds Standard. Bonds that are considered green are either self-labeled or climate aligned bonds, the latter being companies or projects with a minimum of 90% of the revenues coming from positive environmental impact activities.

**Graph 4 | Breakdown by Project Category**



According to the International Energy Agency, the main sources of greenhouse gas emissions from the energy sector are from the power generation and transportation industries. It is therefore a good thing that in the AlphaFixe Green Bond Fund, the dominant project categories are renewable energy and public transit, as illustrated in the graph above.

# IMPACT INVESTMENT (CONT.)

Table 5 | Environmental Impact of the AlphaFixe Green Bond Fund

Key Indicators of Performance	Units	2019		2020	
		Value	Coverage	Value	Coverage
Potentially Avoided Emissions	tCO2eq/\$M	276	94%	196	90%
Energy Savings	kWh/\$M	1,221	15%	4,412	35%
Water Savings	Litres/\$M	69,507	16%	69,116	21%
Waste Reduction	Kg/\$M	414	3%	292	2%

We observe that only the water savings indicator remained stable between the two periods. The value of the intensity of potentially avoided emissions has decreased considerably following the reduction in the weighting of Hydro-Québec's bonds in the portfolio. It should be noted that the regional electricity producer is the issuer with the greatest impact on the reduction of greenhouse gas emissions in the portfolio. In terms of energy savings, Manulife is the issuer responsible for the substantial increase in this indicator. This indicator increased significantly following the release of the impact report covering Manulife's green bond. The gains are mainly due to investments in energy efficiency measures in various buildings. Finally, the increase in Apple's weighting had an impact on the reduction of waste. Indeed, the company has implemented robotic processes to recycle parts from earlier versions of its iPhones.

Chart 3 | Contribution to the Sustainable Development Goals (SDGs)

Out of 109 AlphaGreen labelled bonds, here is the number of bonds contributing to the achievement of the United Nations (UN) Sustainable Development Goals (SDGs) \* :



\* A bond can contribute to the achievement of several SDGs. For example, a wind energy project contributes to achieving objectives 7, 9, 11 and 13.

# IMPACT INVESTMENT (CONT.)

**Table 6 | Impact Investment**

	FTSE Canada Universe Bond Index	AlphaFixe Green Bond Fund
Green Bonds	3.4%	89.0%
Social Bonds	1.4%	0%
Sustainable Bonds	0.2%	5.0%
Environmental Projects	0.2%	4.1%
Social Projects	0.2%	2.7%
<b>Total</b>	<b>5.0%</b>	<b>94.0%</b>
<b>AlphaGreen Stamp</b>	<b>3.6%</b>	<b>93.1%</b>

The table above shows the percentage of impact bonds in the AlphaFixe Green Bond Fund and in the FTSE Canada Universe Bond Index. Sustainable bonds provide funding for both environmental and social projects. In order to achieve a high level of transparency on the impact of our investments, we segment the proportion of environmental and social projects that these bonds finance.

Note that the percentage by project type does not equal the total in sustainable bonds. The point is that a project can have an impact in both categories. The best example is a hospital with an energy efficient certification, positively impacting both health care and the reduction of greenhouse gas emissions.

Overall, the AlphaFixe Green Bond Fund is funding environmental projects at 93.1% of its market value.

**Table 7 | Global Impact Bond Issuance**

Year	Bond Issuance (\$ billions)					Total
	Green	Social	Sustainable	Linked to sustainability		
2018	182	14	18	0	214	
2019	263	18	41	4	326	
2020	270	140	114	7	531	

Around the world, the value of outstanding impact bonds has been steadily increasing in recent years. In 2020, Covid-19 has caused the need for social services, including healthcare, to explode. So it's no surprise to see a rapid rise in social and sustainable bond issuance in the same year.

# APPENDIX

**Table 8 | Carbon Intensity Report December 31, 2020**

Weight of Corporate Bonds Coverage % of Corporate Bonds	FTSE Canada Universe Bond Index			AlphaFixe Universe Composite			AlphaFixe Green Bond Fund		
	26.6 %			39.9 %			29.2 %		
	91.9 %			94.5 %			94.0 %		
Industries	Carbon Intensity (tCO2eq/\$M)	Industry Weighting	Industry Contribution (tCO2eq/\$M)	Carbon Intensity (tCO2eq/\$M)	Industry Weighting	Industry Contribution (tCO2eq/\$M)	Carbon Intensity (tCO2eq/\$M)	Industry Weighting	Industry Contribution (tCO2eq/\$M)
Communication	5.7	8.9 %	0.5	5.8	9.4 %	0.5	9.4	2.3 %	0.2
Energy	189.9	22.6 %	42.9	160.4	13.7 %	22.0	9.7	22.5 %	2.2
Financial	5.8	36.7 %	2.1	0.6	49.5 %	0.3	2.5	31.8 %	0.8
Industrial	48.8	6.3 %	3.1	54.5	6.4 %	3.5	9.0	3.2 %	0.3
Infrastructure	153.5	17.2 %	26.5	109.8	9.7 %	10.7	28.8	20.9 %	6.0
Real Estate	10.8	7.1 %	0.8	10.8	6.8 %	0.7	6.8	5.2 %	0.4
Securitization	7.0	1.1 %	0.1	0.0	0.0 %	0.0	0.0	0.0 %	0.0
Bank Loans	0.0	0.0 %	0.0	18.0	4.5 %	0.8	18.0	14.1 %	2.5
<b>TOTAL</b>	<b>100.0 %</b>			<b>100.0 %</b>			<b>100.0 %</b>		
<b>Portfolio's Carbon Intensity (tCO2eq/\$M)</b>	<b>75.9</b>			<b>38.6</b>			<b>12.4</b>		

**Table 9 | Carbon Intensity Report December 31, 2019**

Weight of Corporate Bonds Coverage % of Corporate Bonds	FTSE Canada Universe Bond Index			AlphaFixe Universe Composite			AlphaFixe Green Bond Fund		
	28.0 %			43.2%			34.3 %		
	90.3 %			91.5%			96.1 %		
Industries	Carbon Intensity (tCO2eq/\$M)	Industry Weighting	Industry Contribution (tCO2eq/\$M)	Carbon Intensity (tCO2eq/\$M)	Industry Weighting	Industry Contribution (tCO2eq/\$M)	Carbon Intensity (tCO2eq/\$M)	Industry Weighting	Industry Contribution (tCO2eq/\$M)
Communication	5.8	8.3 %	0.5	6.4	8.2%	0.5	11.8	3.5 %	0.4
Energy	174.9	20.8 %	36.4	172.8	13.0%	22.5	5.4	22.7 %	1.2
Financial	6.8	40.9 %	2.8	0.5	55.4%	0.3	2.4	32.8 %	0.8
Industrial	43.0	6.3 %	2.7	65.8	6.0%	3.9	7.0	3.9 %	0.3
Infrastructure	182.5	16.2 %	29.6	155.5	8.7%	13.5	23.8	14.2 %	3.4
Real Estate	18.0	6.4 %	1.2	19.8	5.8%	1.1	10.4	7.9 %	0.8
Securitization	5.2	1.1 %	0.1	0.2	1,0%	0,0	0.0	0.0 %	0.0
Bank Loans	0.0	0.0 %	0.0	19.4	2,0%	0.4	19.4	15.0 %	2.9
<b>TOTAL</b>	<b>100.0 %</b>			<b>100,0%</b>			<b>100.0 %</b>		
<b>Portfolio's Carbon Intensity (tCO2eq/\$M)</b>	<b>73.2</b>			<b>42.2</b>			<b>9.8</b>		