



**i-Watch Rating System:**

**Date** March 31, 2026  
**Fund Manager** Manulife Investment Management  
**i-Watch Status** ● **In Good Standing**

- 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 Small-Cap Equity Fund (Franklin ClearBridge) (7091)  
Manulife Franklin ClearBridge Canadian Small Cap Fund (7503)  
(Collectively the “Funds”)

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**Summary**

- These Funds have been on the Manulife Global Manager Research (GMR) team’s Closely Monitored List since 2019. The underlying rationale for the downgraded rating has evolved over time.
- The downgrade was driven by the departure of both co-managers, a period of weaker performance, and subsequent organizational and personnel changes (including the planned integration of the Calgary PM team into ClearBridge Investments and a co-manager transition effective March 31, 2025).
- With organizational stability improving and the Funds remaining aligned with their mandates, GMR upgraded the ratings to In Good Standing.

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**Commentary**

GMR has maintained the Franklin ClearBridge Canadian Small Cap Fund on the Closely Monitored List (CML) since 2019. The initial downgrade was driven by the departure of both co-managers, alongside a period of subpar performance. In Q3 2022, monitoring intensified when GMR was advised that the Calgary-based boutique managing these Funds (formerly Franklin Bissett Investment Management) would be amalgamated into ClearBridge Investments. This created an additional layer of organizational uncertainty within the Franklin Templeton platform.

In 2024, GMR became aware of further impending personnel changes. Garey Aitken, Head of Canadian Equity, relinquished his role as co-manager effective March 31, 2025, with Portfolio Analyst Mike Shaw appointed as his successor. Importantly, GMR completed its annual review of the ClearBridge Canada strategies in December 2025, following the first full year in which the ClearBridge Canada boutique operated in a “steady state.”

Through this period, the strategy’s portfolio positioning has remained consistent with its long-standing Growth-at-a-Reasonable-Price (GARP) discipline. Performance has also remained competitive across multiple medium-term rolling periods: four-year returns ending in 2023, 2024, and 2025 each ranked in the first quartile of the peer group. Consistent with the fund’s

stated objectives and approach, the strategy has exhibited lower volatility and smaller drawdowns versus both peers and the benchmark.

GMR believes the organizational uncertainty that drove the CML placement has largely subsided, the team overseeing the strategy has stabilized, portfolio exposures remain aligned with the stated philosophy, and results continue to meet expectations.

### **Closing Remarks**

The Fund's extended period on the CML reflected a multi-year sequence of management turnover and organizational change. With ClearBridge Canada now operating in a steadier state, a stabilized team in place, continued adherence to the GARP process, and competitive performance with defensively oriented outcomes, GMR no longer believes the prior downgrade is warranted. Accordingly, the fund has been upgraded to In Good Standing and removed from the CML. GMR will continue to monitor the strategy through its regular review cycle.



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