



Policy for Responsible Investment

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Our Mandate

The Cedar Portfolio is a set of exemplary model portfolios targeting 10%-12% annual returns in USD terms, with equity portfolios based on stable, profitable, cash-flowing businesses with manageable debt and leverage, and with strong Corporate Social Responsibility (CSR) programs and Environment, Social and Governance (ESG) factors towards Responsible Investment (RI).

We incorporate RI into the investment decision-making process because it is a key part of our investment strategy as it reflects the views of our company as a whole. This green strategy is focused on enhancing the returns on our model portfolios as well as enhancing all stakeholders associated with the businesses in the model portfolios – investors, communities, employees, customers, suppliers and governments.

We understand that investors today are increasingly attracted to businesses associated with strong CSR programs emphasizing corporate citizenship with reduced exposure to climate risks and public backlash. Employees of businesses with strong CSR programs are greatly motivated by professional leadership with attention to programs and activities fostering Environment, Social and Governance (ESG) factors.

We believe that sustainability through a focus on ESG factors is the key to sustainability of all business operations. We strive to continuously review the businesses of our equity portfolios, paying close attention to the business' policies on sustainability to identify future benefits for all stakeholders.

In order to discern effective RI approaches, we assess business performance on how well the business addresses best practices on CSR policy, ESG factors, the business' investment process and monitoring/reporting. We actively perform this assessment on an ongoing basis.

Our Principles

The guiding principles for our investment process on our equity model portfolios are as follows:

- We have a dual focus on businesses with both great financial and socially responsible performance;
- We see this dual focus as providing mutual synergy:
 - Increasing profitability grows the stakeholder pie, enhancing socially responsible performance to all stakeholders
 - Implementing responsible corporate actions and activities with respect to a strong CSR program has a positive influence on financial performance;
- We incorporate the assessment of strong CSR programs and ESG factors into our investment analysis and decision-making processes;
- We seek disclosure relating to CSR by the businesses we have in our model portfolios.

We are aligned with and in the process of becoming a signatory to the United Nations Principles of Responsible Investment (PRI) - <https://www.unpri.org/>:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

Investment Strategy

The Cedar Portfolio integrates an assessment of CSR programs and ESG factors into the investment qualification and management process. We assess CSR and ESG factor risks, issues and opportunities as they relate to overall corporate performance. We perform an ongoing due diligence process and monitoring over the life of all of the businesses in our model portfolios.

At the top level, our investment strategy assesses all public-exchange traded equities globally towards meeting 7 quantitative smart-beta factors and 7 qualitative smart-beta factors – our key indicators of a successful portfolio.

Based on various studies, each of the smart-beta factors generally show positive outperformance correlation relative to the industry standard equity benchmarks. When taking these outperformance-correlated factors sequentially in series, the overall likelihood of positive outperformance becomes significant.

The quantitative factors focus on financial performance. The qualitative factors focus on non-quantifiable aspects. We see a strong CSR program and ESG factors as the most important qualitative factor in the investment qualification and management process.

Assessment, Monitoring and Reporting

Our Investment Committee provides the initial and ongoing assessment process of each business on CSR and ESG factors and metrics based on the Thomson Reuters ESG Factors, Global Reporting Index (GRI) metrics and other industry certifications and assessments including but not limited to CDP, Ethisphere, ASC, ResponsibleAG, FSC Standards and United Nations Sustainable Development Goals (SDG). The results of these assessments are tabulated and reported through our client-accessible online database of global equities.

Our Risk Management Committee provides the monitoring of these factors and metrics relative to internally set limits and to industry benchmarks and best practices.

Our investment and reporting process is aligned with the CFA Institute's Global Investment Performance Standards (GIPS) - <https://www.cfainstitute.org/en/ethics/codes/gips-standards>.

For more information, please visit our website at <https://cedarportfolio.com> or contact us at info@cedarportfolio.com.