

# **Statement of Investment and Administrative Policies & Procedures**

## **Defined Contribution Pension Plan and RRSP for Nipissing University Employees**

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## Section 1 – Overview & Background

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### 1.01 Application

This Statement of Investment and Administrative Policies and Procedures (the “Statement”) applies to all eligible employees enrolled in the Nipissing University Defined Contribution Pension Plan and Group RRSP (the “Plan”). Eligibility for the pension plan includes all Nipissing University Faculty Association (NUFA) members, all administrators (full and part time), all support staff (full and part time OPSEU members), all Laboratory Instructors/Seminar Instructors and Service Course Instructors with a contract duration of ten or more months.

All active CASBU part-time faculty of the employer may join the plan if they have taught a course a minimum of three times within seventy-two (72) months and have served at Nipissing University (the “University”) thirty-six (36) months from their initial appointment (attained Right of First Refusal). Anyone who has reached maturity age is not permitted to join the Group RRSP. “Maturity age” means the age attained in the year in which the payment of retirement income provided for by the Group RRSP, if not having commenced earlier, must commence, as prescribed under the *Income Tax Act*.

The University is the administrator of the Plan.

### 1.02 Purpose of the Statement

This Statement outlines the principles by which the investment options are selected and monitored and how the Plan is managed. The purpose of the document is to:

- a) Set the investment guidelines for all investment options,
- b) Set the performance goals and the procedures for measuring the performance of investment options, and
- c) Articulate the member behaviours that will be reviewed in the management of the Plan.

The Statement will be used to ensure that the investment options are managed effectively, prudently and in compliance with all applicable legal requirements and that the activities of the members of the Plan (“Members”), on aggregate, are reviewed to determine if the Plan is meeting its objectives. The Plan will be managed in accordance with the Capital Accumulation Plan Guidelines established in 2004.

This Statement also seeks to establish ongoing communication between the University and other agents engaged in the administration of the Plan. It is intended to summarize and explain the investment beliefs and the governance of the investment options selected for the Plan, but does not supersede the formal plan document or the applicable provisions of the Acts governing the Plan. In case of any dispute between this document and the formal plan documents, the formal plan documents shall prevail.

## Section 2 – Purpose and Provisions of the Plan

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**2.01** The main purpose of the Plan is to assist Members in saving for their retirement and provide a portion of their retirement income. The University makes matching contributions in respect of Member contributions as set forth in section 2.02.

A Member's retirement income from the Plan is dependent on the following:

- a) Member contributions (required and voluntary);
- b) University contributions;
- c) Investment income from investment options selected by the Members;
- d) Withdrawals and expenses deducted from the Plan;
- e) Member's behaviour in the Plan; and
- f) Retirement income vehicle selected.

**2.02** Eligibility provision and University and Member contributions are outlined in the chart below. All contributions (University and Member) are integrated with the CPP contribution rate identified in the table.

Employee Group	Eligibility	University contributions	Member contributions	CPP contribution rate
<b>OPSEU</b>	6 months	9.0% 10.0%, effective May 1, 2016	9.0% 10.0%, effective May 1, 2016	3.5%
<b>Admin</b>	6 months	10.0%	10.0%	4.3%
<b>NUFA</b>	immediate	10.0%	10.0%	4.3%

## Section 3 – Roles and Responsibilities

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### 3.01 Board of Governors

The Board of Governors of the University (the “Board”) is ultimately responsible for all aspects of the Plan’s operation and its overall management.

The Board has delegated certain tasks to the Nipissing University Pension & Benefits Advisory Committee (the “Committee”) to assist with the oversight of the Plan.

### 3.02 University Pension and Benefits Advisory Committee (the “Committee”)

The purpose of the Committee is to monitor the operation and administration of the Plan and report to the Board.

The responsibilities and duties of the Committee are:

- a) Selecting and monitoring one or more agents such as the Recordkeeper, auditors, and the Consultant to carry out any act required to be done in the administration of the Plan;
- b) Reviewing the performance and fees of aforementioned third-party agents to the Plan, typically every three to five years, and, as necessary, recommend to the Board the retention or replacement of those agents;
- c) Reviewing the Statement applicable to the Plan at least annually and, as necessary, recommend to the Board any material changes;
- d) Appointing and monitoring staff or Sub-Committees to assist with the fulfillment of the Committee’s duties, as necessary;
- e) Selecting a menu of investment options from which the Members can select;
- f) To review the investment performance of the Plan at least annually;
- g) Monitor compliance with the investment funds’ policies;
- h) Recommend to the Board funds for appointment or termination subject to the criteria listed in Section 5 of this document;
- i) Periodically review the aggregate asset allocation of the Plan and any changes over time;
- j) Monitor participation and contribution levels into the Plan;

- k) Monitor the usage level of decision-making tools and services offered to Members;  
and,
- l) Provide information to eligible employees regarding the Plan.

### **3.03 Recordkeeper**

The Recordkeeper will:

- a) Be responsible for the day-to-day administration of the Plan's assets and individual Member recordkeeping;
- b) Provide Members access to their accounts for information and transactions;
- c) Provide a roster of funds from which the Committee can select investment options;
- d) Provide the University with current descriptions and investment policies of the investment options and notify the University immediately if at any time an investment, or group of investments, does not comply with regulatory requirements or their own investment policy;
- e) Provide information and decision-making tools to Members;
- f) Meet the service standards as set out in its service agreement with the University;  
and,
- g) Meet with the Committee at least annually to review the administration and activity of the Plan.

### **3.04 Members**

Members will:

- a) Be responsible for reviewing the information provided to them regarding the Plan;
- b) Make decisions regarding their accounts and savings and use the information and tools provided to them to assist in making those decisions;
- c) Determine the amount they will contribute to the Plan and to each investment option;
- d) Monitor their contribution room, where applicable;
- e) Review the appropriateness of their portfolios periodically, and determine whether they need to change their investment options;
- f) Review and select options at termination and file all necessary documents with the Recordkeeper; and
- g) Seek assistance from an appropriately qualified individual if needed.

### **3.05 Consultant**

As required, the Consultant will:

- a) Assist the Committee in the preparation and ongoing review of this Statement;
- b) Assist the Committee in monitoring the Recordkeeper;
- c) Assess and evaluate, both quantitatively and qualitatively, the investment options' performance;
- d) Meet with the Committee at least annually;
- e) Discuss with the Committee and make recommendations affecting changes to the investment options;
- f) Assist the Committee in the review of the Plan's administration, participation levels and usage of member tools;
- g) Advise the Committee of any changes in the Plan, its membership, or governing legislation that may affect the Policy;
- h) Provide such other information and analysis as the Committee may request; and
- i) Fulfill the duties set out in the Consulting Service Agreement.

### **3.06 Standard of Prudence**

The fiduciaries and agents of the Plan as identified above, shall exercise the care, diligence and skill in the administration, investment and management of the Plan that a person of ordinary prudence would exercise in dealing with the property of another person. The agents shall use all relevant knowledge and skill that they possess or, by reason of their profession, business, or calling, ought to possess.

### **3.07 Conflicts of Interest**

These guidelines apply to the Board, the Committee and any employee or agent retained to provide services related to the administration of the Plan. In the execution of their duties, all individuals shall disclose immediately to the Committee, any actual or perceived conflict of interest which could affect their ability to render objective advice affecting the administration of the Plan. That individual shall abstain from voting on matters where a conflict, perceived or real, appears.



## Section 4 – Policy & Procedures on Investment Options

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The Plan covers a broad spectrum of Members. It is important for the University to offer investment options which balance the needs, reasonable expectations and risk tolerances of a broad group of Members.

### 4.01 Investment Objectives

The Committee has defined objectives for selecting the investment options available to Members. These objectives are to:

- a) Provide sufficient choice so that Members can construct portfolios that are tailored to their personal risk tolerance level and investment horizon;
- b) Provide a ‘pre-made’ diversified solution as well as a menu of ‘a la carte’ investment options;
- c) Balance the number of investment options with Members’ ability to comprehend and use the options available;
- d) Provide options that are diversified and varying in terms of risk level;
- e) Provide options suitable for retirement programs;
- f) Provide options that are liquid;
- g) Provide options that are reasonably priced; and
- h) Provide certain specialty funds that Members have expressed a desire for.

As a minimum, the following investment options will be available:

- a) One bond fund investing in fixed income vehicles of various maturities;
- b) One Canadian equity fund investing in securities listed on recognized Canadian exchanges;
- c) One equity or balanced fund that uses an investment process that takes into consideration Environmental, Social and Governance factors
- d) One foreign equity fund mainly invested in non-Canadian equities listed on recognized global exchanges;
- e) One balanced fund and/or one set of target retirement date funds investing in a mix of fixed income (all maturities) and equity (Canadian and non-Canadian) vehicles;
- f) One short-term investment fund investing in money market instruments; and
- g) Guaranteed Investment Certificates.

The Plan is designed to accumulate assets in a tax effective manner, where possible, and assist Members in saving for their retirement. The Committee will not make available the following investment funds due to the degree of volatility typically experienced or complexity of underlying investments held by such funds:

- a) Funds predominantly investing in derivatives;
- b) Specialty sector funds (such as resource sector funds, biotech funds, etc.);
- c) Funds investing solely in emerging markets; and
- d) Other funds as determined from time to time by the Committee.

#### **4.02 Default Option**

Members are strongly encouraged to select investments in their individual accounts. If a Member fails to make an investment selection, contributions will be directed to the target retirement date fund corresponding to the Member's assumed retirement at age 65. If the Member's age is not known, contributions will be directed to the retirement income fund within the target date series. The target retirement date funds are selected as the default for the following reasons:

- a) Diversification;
- b) Asset allocation will automatically adjust over time; and,
- c) Asset allocation corresponds to Member's target retirement age.

#### **4.03 Investment Selection and Allocation**

Members are permitted to invest in any or all of the investment options offered by the Plan (listed in Appendix A) in any proportion, and may change their investment instructions for future contributions or existing assets at any time through the interactive services provided by the Recordkeeper (phone, internet) or by completing a form, as often as desired, subject to frequent trading rules established by the Recordkeeper.

#### **4.04 Rationale for Current Investment Options Selection**

The following table summarizes the asset classes offered and the number of funds offered in each asset class:

<b>Asset Class</b>	<b>Number of Investment Options</b>
Guaranteed Investments (GICs)	2
Money Market	1
Fixed Income	2
Balanced	1
Target Retirement Date	1 series
Canadian Equity	5
U.S. Equity	1
International Equity	1
Global Equity	2
Mortgage	1
Real Estate	1

The Committee may decide to change the number of funds in the future if they deem that to be beneficial to the Members.

When selecting the investment options within each asset class, based on information provided by subject matter experts, the following factors were considered:

- a) Active investment managers' performance against passive market indices or customized benchmarks both on a gross and net of investment management fee basis over various periods;
- b) Passive investment managers' ability to replicate the return pattern of the index against which they are benchmarked;
- c) The risk level of individual funds;
- d) Investment management fees;
- e) Style of investment management;
- f) Size, experience and reputation of investment firm;
- g) Stability in process and personnel at the investment firm;
- h) University's experience in dealing with various investment firms; and
- i) Members' preferences as communicated to the Committee.

Reason for the selection of the current investment options offering are:

- **Guaranteed Investments** – guaranteed investments are offered to provide Members non-market-based investment choices.
- **Money Market** – A money market fund was selected to provide Members with a short-term, liquid investment with low volatility.
- **Fixed Income** – An indexed bond fund was selected since the margin by which the best performing managers beat the index is small and an indexed fund provides lower investment management fees than actively managed bond funds. An actively managed bond fund was selected for Members who believe an actively managed bond fund can add value after fees over time.
- **Target Retirement Date Series** – A passively managed target retirement date series was selected since these funds allow Members to select the investment fund specific to their time horizon, ensure the asset mix is adjusted over time to reflect a decreasing appetite for risk and rebalance on a regular basis. Members are not required to take action with their investments from enrolment to retirement unless their retirement date changes. A passive approach was selected so the focus is on the appropriate asset allocation and active management risk is minimized. They are also offered at a lower fee than comparable actively managed funds.
- **Balanced** – An actively managed balanced fund was selected to provide Members with a non-indexed diversified fund.
- **Canadian Equity** –
  - Two actively managed Canadian equity funds each with a different investment style were selected since active Canadian equity managers have demonstrated an ability to outperform the market index over longer time periods.
  - An ethical Canadian equity fund was selected for Members who would prefer to invest in a socially responsible fund.
  - A passive option was selected for Members that would like market exposure without active risk.
  - A small cap fund was selected for Members who would prefer a fund that invests in smaller and riskier companies.
- **U.S. Equity** – A passive U.S. equity option was selected for Members that would like broad U.S. market exposure at a low fee. Few active managers have been able to outperform the S&P 500 Index net of fees.

- **International Equity** – A passive international equity option was selected for Members that would like broad market exposure at a low fee. Few active managers have been able to outperform the index net of fees.
- **Global Equity** – Two actively managed global equity funds, each with a different investment style, were selected. Global equity funds allow Members to obtain diversified foreign equity exposure with the investment managers determining which geographic areas to over or under weight. They represent a good alternative to the U.S. and international equity asset categories.
- **Specialty** – A real estate fund and mortgage fund were selected to provide Members with non-traditional options that can provide diversification to their portfolios.

## Section 5 – Investment Options Monitoring and Evaluation

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### 5.01 Performance Measurement

The Committee will review the investment options and the investment managers at least annually. Other reviews will be made at more frequent intervals if the Committee considers that circumstances warrant.

### 5.02 Performance Guidelines

For the purpose of measuring rates of return of the investment funds, all returns shall be measured before investment management fees, but after transaction costs. All index returns shall be total returns. All foreign fund and index returns shall be in Canadian dollar terms.

#### I) Actively Managed Performance Objectives

The investment performance objective for actively managed funds is to add value above the appropriate market index or benchmark over a market cycle (typically five years) based on the schedule below. Investment fund performance will also be compared against their peers; the objective relative to its peers is to rank at or above the 50<sup>th</sup> percentile over the long-term periods (5 and 10 years).

- a) **Canadian Equity** – S&P/TSX Composite +1.0%
- b) **U.S. Equity** – S&P 500 (CAD) + 1.0%
- c) **International Equity** – MSCI EAFE Net (CAD) + 1.0%
- d) **Global Equity** – MSCI World Net (CAD) + 1.0%
- e) **Fixed Income** – FTSE TMX Universe Index + 0.5%

Socially responsible funds offered in the Plan are excluded from these evaluation criteria due to the limited selection available through recordkeepers and Members' stated interest in investing in this type of fund.

Investment performance will also be reviewed over shorter periods, both annualized and calendar, to determine if there is confidence that the five-year objectives will be met.

## II) **Passively Managed Investment Funds**

The primary objective of the passively managed investment funds is to achieve benchmark returns within a reasonable range over both short-term and long-term periods.

Each passively invested fund will be evaluated against the following targets:

a) **Fixed Income**

- annualized return over 3, 4, and 5 year periods within 0.25% of the underlying benchmark
- standard deviation over 3, 4 and 5 year periods within 0.25% of the underlying benchmark standard deviation

b) **Canadian Equity**

- annualized return over 3, 4, and 5 year periods within 0.30% of the underlying benchmark
- standard deviation over 3, 4 and 5 year periods within 0.30% of the underlying benchmark standard deviation

c) **Foreign Equity**

- annualized return over 3, 4, and 5 year periods within 0.40% of the underlying benchmark
- standard deviation over 3, 4 and 5 year periods within 0.40% of the underlying benchmark standard deviation

d) **Target Date Funds**

- annualized return over 3, 4, and 5 year periods within 0.50% of the underlying benchmark
- standard deviation over 3, 4 and 5 year periods within 0.50% of the underlying benchmark standard deviation

Investment performance will also be reviewed over shorter periods, both annualized and calendar, to determine if there is confidence that the above objectives will be met.

### 5.03 **Qualitative Factor Guidelines**

In addition to performance criteria, the following qualitative factors will also be monitored and evaluated:

- a) Stability of the investment firm (personnel, assets under administration, operational capabilities, etc.);
- b) Investment objective and portfolio composition;
- c) Changes in the investment philosophy used in the investment fund;
- d) Consistency of style or approach; and,
- e) Adherence to investment policy statement (see Appendix B).

#### **5.04 Monitoring Criteria and Guidelines**

For the purposes of monitoring the Plan's investments:

- To "Watch" a fund means the external consultant will more closely monitor the investment manager and the performance of the fund and notify the Committee immediately if any significant deterioration of either the investment manager or the performance of the fund.
- To "Block" a fund means that further contributions from Members to the fund will not be allowed. However, Members who have money invested in the blocked fund will normally be able to maintain their existing dollars/balances in that fund. Transfers out of the blocked fund will be allowed.
- To "Remove" a fund means that the fund will no longer be allowed to receive Member contributions and the assets of Members currently invested in the fund will be transferred, after appropriate notice is given, to a similar fund.

A fund that has failed to meet one or more of the Guidelines set out in 5.02 and 5.03 may result in changes to the investment options available to Members. Depending on the level of concern of the Committee, the Committee may choose to:

- a) Place an investment option on Watch;
- b) After approval by the Board, block the investment option; or,
- c) After approval by the Board, remove the investment option.

The ethical fund is not subject to the performance guidelines set forth in section 5.02 and therefore is exempt from being placed on Watch solely due to performance concerns.

An investment option should not be on Watch for longer than an 18-month period. If after 18 months, the fund continues to fail to meet the guidelines set out in sections 5.02 and 5.03, the Committee should:



- a) Remove the fund from Watch, if the Committee believes that the qualitative or performance concerns about the fund will be overcome in the near future or if there is no suitable alternative available through the Recordkeeper;
- b) With the approval of the Board, block the fund, if the Committee believes there is time to provide Members with an extended period during which they can transfer their assets and change their investment instructions; or,
- c) With the approval of the Board, remove the fund if the Committee believes that Members should be transferred out of the fund in the near future.

Should a fund be blocked to future contributions, its status will continue to be monitored and reported to Members. The Committee shall endeavour to remove or unblock a blocked fund from the plan within two years thus balancing the amount of time provided to Members to make an alternative decision and continuing to support investment in suboptimal funds.

Notwithstanding the foregoing, the Committee reserves the right, after approval by the Board, to replace an investment option at any time if such replacement is deemed to be in the best interest of the Members, without regard to whether the quantitative and qualitative standards set forth above have been met.

The Committee will endeavour to communicate to Members any changes to the fund offerings at least 30 days in advance where possible.

#### **5.05 Plan expenses and investment fees**

All expenses charged by the Recordkeeper are paid indirectly by the Members. The Recordkeeper charges an Investment management Fees (IMF) to each investment option (with the exception of the Guaranteed accounts) which covers the expenses associated with administering the Plan and the costs of investment management. The IMFs lower the total investment return of the Member's assets.

On a regular basis, the Committee will review the expenses charged to the investment options to ensure that they are reasonable and competitive with similar plans.

## Section 6 – Member Behaviour Review

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### 6.01 The Committee's review of Member behaviour

The Committee is expected to review at least annually:

- a) Eligible Members' participation levels in the Plan;
- b) Levels of Members' contributions to and withdrawals from the Plan;
- c) The utilization of the default investment option;
- d) The asset allocation of the Plan and any changes over time; and,
- e) The member service and tools usage statistics provided by the Recordkeeper.

Results of the review will be used to determine the coming year's communication strategy to Members. Where specific issues are identified, targeted personalized communications may be used to address certain behaviours. Communications to Members will provide information and not advice. Should there be consistent trends that demonstrate the Member behaviour is contrary to the purpose and objectives of the Plan, then a review of the Plan's design may be undertaken.

## **Section 7 – Communication**

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### **7.01 Recordkeeper's Communication with the Committee**

The Recordkeeper is expected to:

- a) at least quarterly, provide plan level reports showing account balances and transaction details including allocation of current contributions, withdrawals and member usage of the investment options and tools;
- b) at least quarterly, provide investment performance for all investment options available under the Plan;
- c) inform the Committee of any significant changes in the management, research, personnel or ownership within any firms that provide investment management services to investment options;
- d) report to the Committee any non-compliance with any of the investment options' underlying investment policy statement within three months of the end of the reporting period; and,
- e) meet as required with the Committee.

### **7.02 The Committee's Communication with Recordkeeper and Consultant**

The Committee is expected to:

- a) On a timely basis, provide revisions of this Statement to the Consultant;
- b) Meet at least annually with the Recordkeeper;
- c) Review and discuss any modifications and changes to the Plan investments; and,
- d) Communicate plan design changes and any other matters that may bear upon the Plan's assets and administration.

### **7.03 The Committee's Communication with Members**

The Committee is expected to:

- a) communicate Members' rights and responsibilities in regards to the Plan;
- b) provide annually to Members through the Recordkeeper:

- a description of each investment option available to the Member including:
    - its investment objective,
    - the type of investment and the degree of risk associated with it,
    - its 10 largest asset holdings based on market value,
    - its performance history,
    - that its past performance is not necessarily indicative of its future performance,
    - the benchmark that best reflects its composition,
    - the fees and other charges associated with it that reduce return on investment expressed as a percentage or a fixed amount, and
    - its target asset allocation;
  - a description of how the Member is currently invested; and
  - an indication of any timing requirements that apply to the making of an investment choice;
- c) Communicate directly or through the Recordkeeper or appropriate staff any changes in investment options, plan design, taxation or other legislative changes as soon as is practical and in advance of changes where possible; and,
- d) Make available the following through the Recordkeeper:
- Written material, including workbooks and a Member booklet explaining the rules of the Plan;
  - Interactive material, including asset allocation and retirement planning tools;
  - Web-based access to Member's account;
  - Periodic newsletters, email or other publications as deemed necessary from time to time;
  - Periodic information sessions; and,
  - Personal counselling to enhance the understanding of basic investment principles, but excluding personalized investment advice.

#### **7.04 The Consultant's Communication with the Committee**

The Consultant is expected to:

- a) Communicate as soon as practical, any relevant regulatory or tax changes as they arise;
- b) Report to the Committee on investment option performance at least annually;
- c) Make the Committee aware of any significant changes with the Recordkeeper or investment managers as soon as practically possible;
- d) Communicate any changes in the CAP industry; and,
- e) Provide opinion on administration of the Plan highlighting any areas of concern.

#### **7.05 Communication Regarding Fund(s) on Watch**

- a) After the annual meeting and discussions with the Consultant and Recordkeeper, or designate(s), the Chair of the Committee, or designate, shall communicate, via e-mail, to all Members notification of the particular fund(s) that is(are) on Watch.
- b) Individually addressed notification of the watch will be sent to all affected Members.
- c) Affected Members will be able to contact the Recordkeeper to discuss the Watch and the alternative fund(s) in terms of investment type.
- d) The Chair, or designate, and the Consultant will give an update to Members semi-annually with regard to the fund(s) on Watch.

#### **7.06 Communication Regarding Blocked Fund(s)**

- a) The Committee will prepare for the Board a recommendation to block a fund, and any suggested action such as mapping Members' money to a replacement fund, or offering an additional fund.
- b) Once the Board has approved the recommendation, the Recordkeeper, or designate, shall provide details on the block action to all Members.
- c) The Recordkeeper, or designate, will provide administrative support to block the fund and assist in the communication of the changes to individual Members affected.
- d) Before a fund is blocked, a notice of at least 30 days shall be given to all Members.
- e) Individually addressed notifications of the changes will be sent to all affected Members. Members will be notified that they can maintain their existing monies/balances in that particular fund for a set period of time or until the

Committee determines it is no longer prudent to continue offering the fund; however, no further contributions to the affected fund will be allowed.

- f) Affected Members will be able to contact the Recordkeeper and discuss alternative funds in terms of investment type.
- g) The Committee shall endeavour to remove or unblock a blocked fund from the Plan within two years thus balancing the amount of time provided to Members to make an alternative decision and continuing to support investment in suboptimal funds.

## Section 8 – Miscellaneous

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### 8.01 Related party transactions

A “related party” is defined to mean the administrator of the Plan, including any officer, director or employee of the University, or any person who is a member of the Committee. It also includes, a union representing employees of the employer, a member of the Plan, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others. Related party does not include government or a government agency, or a bank, trust company or other financial institution that holds the assets of the Plan, where that person is not the administrator of the Plan.

The Committee, on behalf of the Plan, may not enter into a transaction with a related party unless:

- (a) the transaction is required for operation or administration of the Plan and if :
  - i) it is under terms and conditions that are not less favourable to the Plan than market terms and conditions; and,
  - ii) it does not involve the making of loans to, or investments in, the related party;
- (b) the transaction involves an investment:
  - i) in an investment fund or a segregated fund that is open to investors other than the administrator and its affiliates;
  - ii) in securities issued or fully guaranteed by the Government of Canada or a provincial government, or an agency of either one;
  - iii) in an index fund;
  - iv) in an unallocated general fund of a person authorized to carry on a life insurance business in Canada, or,
  - v) that involves the purchase of a contract or agreement linked to the performance of a widely recognized index; or,
- (c) the combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Plan.

Transactions less than 0.5% of the market value of the Fund are considered nominal.

**8.02 Liquidity**

The segregated funds offered to Members are valued daily and are highly liquid.

**8.03 Voting Rights**

The Investment Managers of the segregated and pooled funds exercise all voting rights acquired through the investments held within those funds.

**8.04 Securities Lending**

The Plan itself may not enter into cash or securities lending agreements, although the segregated or pooled funds held may do so if their policies so permit.

**8.05 Derivatives, Options and Futures**

The Plan itself may not invest directly in derivatives, options, and futures although the segregated or pooled funds held may do so if their policies so permit.

**8.06 Environmental, Social and Governance (ESG) Considerations**

In response to Member requests for an investment option with a Socially Responsible Investment (SRI) or ESG focus, the Ethical SRI Canadian Growth Fund is an investment option of the Plan. This fund has a specific mandate to invest in firms with a bias to socially responsible operating practices. For all other investment options, ESG considerations are left to the discretion of the fund manager, but may form part of the manager selection process.



The terms and provisions of this Statement of Investment and Administrative Policies and Procedures are hereby approved and adopted by the University this \_\_\_\_\_day of \_\_\_\_\_, 2016.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## Appendix A – List of Investment Options

Asset Class	Investment Options
Guaranteed Investments (GICs)	3- and 5- year GICs
Money Market	SLI Money Market Fund
Fixed Income	SLI Canadian Bond Index Fund PH&N Bond Fund
Balanced	Fidelity Canadian Asset Allocation Fund
Target Retirement Date	BlackRock LifePath Funds
Canadian Equity	SLI Canadian Equity Index Fund Beutel Goodman Canadian Equity Fund Fidelity True North Fund BMO Canadian Small Cap Equity Fund
U.S. Equity	SLI U.S. Equity Index Fund
International Equity	BlackRock International Equity Index Fund
Global Equity	Invesco Trimark Global Equity Fund Templeton Global Equity Fund
Mortgage	SL Mortgage Fund
Real Estate	SLIRE Real Estate Fund
ESG	Ethical SRI Canadian Equity Growth Fund

## **Appendix B – Investment Policy Statements for the Investment Options**

## 17. Canadian Bond Index Fund (SLI)

The Standard Life Canadian Bond Index Fund (SLI) was created in August 1998. The Fund is managed by Standard Life Investments Inc.

### Investment Objective

To provide returns that closely track the total return of the FTSE TMX Canada Universe Bond Index by investing primarily in fixed-income securities.

### Investment Strategy

While utilizing a stratified sampling method, the Fund's strategy is to match the duration and sector exposure characteristics of the FTSE TMX Canada Universe Bond Index. As the Index consists of over 900 securities, a full replication strategy is not possible so a stratified sampling method is used. All securities included in the Index are separated by sector and by maturity and are grouped with securities having the same characteristics. The strategy consists of investing in securities representative of the groups (ie, securities having similar characteristics in terms of duration and convexity as the securities included in that group). The portfolio is constantly monitored and rebalanced to account for new entrants to and deletions from the Index, as well as for net cash flows.

### Asset Allocation

The Fund's portfolio structure is set within the parameters indicated in the following table. The Fund's objective is to remain fully invested; however, from time to time, cash and cash equivalent securities may be used for cash administration purposes.

Fund Exposure		
Asset Category	Minimum	Maximum
Fixed Income Securities	95%	100%
Cash and Equivalent	0%	5%

Exchange-Traded Funds, derivatives and other similar financial instruments may be used for hedging and non-hedging purposes. Derivative instruments will not be used for speculative purposes or as a means to leverage the Fund.

### Performance Objective

The Fund's primary objective is to closely track the total performance of the FTSE TMX Canada Universe Bond Index.

Mandate Profile:  
**PH&N Bond Fund**

**PHILLIPS, HAGER & NORTH**  
Investment Management™

<i>Fund type</i>	Canadian fixed income (universe)																						
<i>Date of inception</i>	December 31, 1970																						
<i>Manager &amp; principal portfolio adviser</i>	Phillips, Hager & North Investment Management																						
<i>Benchmark</i>	DEX Universe Bond Index																						
<i>Investment objectives</i>	The fund seeks to provide stability of capital and generate interest income by investing primarily in a well-diversified portfolio of fixed income securities issued by Canadian governments and corporations.																						
<i>Asset mix policy</i>	<p>Target ranges:</p> <table> <tr> <td>Fixed income investments</td><td>75% - 100%</td></tr> <tr> <td>Cash and equivalents</td><td>0% - 25%</td></tr> </table>	Fixed income investments	75% - 100%	Cash and equivalents	0% - 25%																		
Fixed income investments	75% - 100%																						
Cash and equivalents	0% - 25%																						
<i>Investment strategies</i>	<p>To achieve the fund's investment objective, we invest primarily in Canadian government and corporate bonds, as well as guaranteed mortgages, and foreign bonds. The duration of the fund will be +/- one year of the benchmark.</p> <p>The fund will be actively managed using interest rate, credit and liquidity strategies.</p> <p><b>Risk:</b></p> <p>The principal risks are associated with interest rate and credit risks, and the fund is suitable for investors who have a low tolerance for risk. Please see the fund's <i>Simplified Prospectus</i> for details.</p>																						
<i>Investment guidelines</i>	<p>The fund is offered pursuant to prospectus and has adopted the standard investment restrictions specified in National Instrument 81-102 of the Canadian Securities Administrators. Permissible investments include:</p> <ul style="list-style-type: none"> <li>• Canadian and foreign government and corporate fixed income securities;</li> <li>• government-guaranteed mortgages;</li> <li>• derivatives of fixed income securities; and</li> <li>• mutual funds managed by RBC Global Asset Management Inc.</li> </ul> <p>Sector concentration guidelines are as follows:</p> <table> <tr> <td>Cash</td><td>0% - 25%</td></tr> <tr> <td>Corporate bonds</td><td>0% - 60%</td></tr> <tr> <td>Bonds rated "BBB"</td><td>0% - 15%</td></tr> <tr> <td>Government-guaranteed mortgages</td><td>0% - 10%</td></tr> <tr> <td>Non-Canadian securities</td><td>0% - 30%</td></tr> <tr> <td>Non-hedged currency exposure</td><td>0% - 20%</td></tr> <tr> <td>Illiquid assets</td><td>0% - 10%</td></tr> </table> <p>Individual security concentration guidelines are as follows:</p> <table> <tr> <td>Corporate bond rated "A" and above</td><td>0% - 5%</td></tr> <tr> <td>Corporate bond rated "BBB"</td><td>0% - 1%</td></tr> <tr> <td>Government-guaranteed mortgage</td><td>0% - 2%</td></tr> <tr> <td>Other non-government security</td><td>0% - 15%</td></tr> </table> <p>Interest rate guidelines: DEX Universe Bond Index +/- 1 year duration.</p> <p>Ratings are determined by reference to a recognized rating agency and apply at the time of purchase.</p>	Cash	0% - 25%	Corporate bonds	0% - 60%	Bonds rated "BBB"	0% - 15%	Government-guaranteed mortgages	0% - 10%	Non-Canadian securities	0% - 30%	Non-hedged currency exposure	0% - 20%	Illiquid assets	0% - 10%	Corporate bond rated "A" and above	0% - 5%	Corporate bond rated "BBB"	0% - 1%	Government-guaranteed mortgage	0% - 2%	Other non-government security	0% - 15%
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Government-guaranteed mortgage	0% - 2%																						
Other non-government security	0% - 15%																						

<i>Currency hedging</i>	Unless there is a compelling foreign exchange return opportunity, the fund will hedge all foreign currency exposure.
<i>Securities lending</i>	The fund may, with 6 months prior notice to unitholders, enter into securities lending, repurchase and reverse repurchase transactions, as permitted by the Canadian securities regulatory authorities, to generate additional income and/or as a short-term cash management tool.
<i>Derivatives</i>	<p>The fund may use derivatives, such as swaps, options, futures and forward contracts, as permitted by National Instrument 81-102:</p> <ul style="list-style-type: none"> <li>■ for hedging purposes, including to protect against fluctuations in the value of foreign currency relative to the Canadian dollar, and to offset exposures to interest rate and market indices; and</li> <li>■ for non-hedging purposes, including as a substitute for direct investment.</li> </ul>
<i>Distributions</i>	<p>A distribution of net income is made in March, June and September. The remaining net income and net realized capital gains are distributed in December. We automatically reinvest all distributions in additional units of the fund unless explicitly instructed to distribute in cash.</p>
<i>Custodian &amp; Trustee</i>	RBC Investor Services Trust (Canada)

#### Disclosures

*The full name of the fund is "Phillips, Hager & North Bond Fund".*

*This document is confidential, and is being provided solely for information purposes to assist discretionary clients in assessing their own investment guidelines and to assist financial analysts in assessing their own product offering. This document is not meant for further distribution and does not constitute an offer to sell, or a solicitation of an offer to purchase any security. Under no circumstances is this document to be construed as a prospectus, offering circular, offering memorandum or other offering document relating to a distribution of the units of the fund.*

*Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the fund's offering document (i.e. prospectus or offering memorandum) before investing. Mutual funds are not guaranteed or insured by any government deposit insurer. The unit values of non-money market funds change frequently. For money market funds, there can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated.*

*Investment objectives may only be changed as permitted under the Master Trust Agreement for the fund. Investment guidelines and strategies of the fund must always be consistent with the fund's investment objectives and may be adjusted over time without prior notice.*

*Phillips Hager & North Investment Management is a division of RBC Global Asset Management Inc. (RBC GAM Inc.), an indirect, wholly-owned subsidiary of Royal Bank of Canada. RBC GAM Inc. is the manager and principal portfolio advisor of the PH&N investment funds. Sky Investment Counsel Inc. (Sky) is the sub-adviser with respect to non-North American equity assets held in PH&N investment funds. PH&N holds a substantial, non-controlling interest in Sky.*

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RBC Global  
Asset Management



## LifePath® Index Funds

The Standard Life LifePath® Index Funds (BlackRock) were established in June 2009<sup>1</sup>. They are a series of eight LifePath® Index Funds and a LifePath® Index Retirement Fund managed by BlackRock. The LifePath® Index Funds bear a maturity year ranging from 2015 to 2050, in increments of five years. Standard Life invests contributions received under the Standard Life LifePath® Index Funds (BlackRock) primarily in units of the BlackRock CDN LifePath® Index Funds (the underlying funds) based on the LifePath® Index Funds selected. The underlying funds' characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"> <li>▶ Designed for investors planning to retire in or around 2015, 2020, 2025, 2030, 2035, 2040, 2045 or 2050, the objective is to maximize total return with a risk level that may be appropriate for the Fund's particular time frame</li> </ul>
<b>Strategy/Style</b>	<ul style="list-style-type: none"> <li>▶ The Portfolio Manager uses quantitative methods to approximate an appropriate risk level for average investors at various stages in their working lives</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>▶ Investments may include exposure across the following asset classes: Canadian and non-Canadian equities, Canadian and non-Canadian fixed income, real estate, commodities, alternative investments, cash and equivalents</li> <li>▶ Fund and benchmark asset allocation will change over time. Longer-dated LifePath® Funds will have greater equity allocations, which the manager may reduce over time</li> <li>▶ Credit quality for bonds: minimum BBB rating; bonds which are downgraded below BBB will be sold as soon as practicable</li> <li>▶ Funds may employ a hedging strategy</li> <li>▶ The use of derivatives is permitted to equitize cash and to replicate securities or strategies that are consistent with the Fund's investment objective, return and risk profile</li> </ul>

<sup>1</sup> The LifePath® Index 2050 Fund was established in August 2012.

## Global Equity Index Fund

The Standard Life Global Equity Index Fund (BlackRock) was established in December 2012. Standard Life invests contributions received under the Standard Life Global Equity Index Fund (BlackRock) primarily in units of the BlackRock MSCI ACWI ex-Canada Index Fund (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"> <li>▶ To track the return and risk profile of the MSCI ACWI ex-Canada Index (total return, net of withholding taxes)</li> </ul>
<b>Strategy/Style</b>	<ul style="list-style-type: none"> <li>▶ BlackRock uses an "index" approach to manage the Fund</li> <li>▶ BlackRock's Index Team focuses on three objectives: minimizing transaction costs, minimizing tracking error and minimizing investment and operational risk</li> <li>▶ The Fund provides broad diversification by investing in over 2,500 of the largest public companies in the US, Europe, Asia, and emerging markets</li> <li>▶ To closely track the Index, the Fund invests in all securities in the Index very near their actual index weights</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>▶ The Fund invests in US Equities, International Equities and Emerging Market Equities</li> </ul>

## Fidelity Investments Canada ULC

Fidelity Investments Canada ULC (**FIC**) is part of the Fidelity Investments (**Fidelity**) organization of Boston, which is a privately-owned financial services firm founded in 1946 by Edward Johnson 2nd. FIC was established in 1987.

Fidelity has followed a consistent investment philosophy throughout its history. Fidelity believes that active investment management, driven by superior investment resources in an environment of teamwork and meritocracy, will produce superior long-term investment results for the funds' shareholders.

Fidelity's equity investment philosophy is based on the premise that equity markets are semi-efficient and that extensive fundamental research into companies can help them uncover these pricing anomalies. Based on this principle, Fidelity's investment management approach is characterized by fundamental bottom-up stock selection.

Fidelity also believes that inefficiencies exist in the fixed income markets and that both effective quantitative and credit research efforts and highly focused trading can consistently identify opportunities to earn a relative advantage over the investment benchmark.

## Canadian Asset Allocation Fund

The Standard Life Canadian Asset Allocation Fund (Fidelity) was established in February 1999. Standard Life invests contributions received under the Standard Life Canadian Asset Allocation Fund (Fidelity) primarily in units of the Fidelity Canadian Asset Allocation Fund (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	➤ Aims to achieve high total investment return by investing in equity securities, fixed income securities and money market instruments
<b>Strategy/ Style</b>	<ul style="list-style-type: none"><li>➤ Security selection is based on bottom-up fundamentals</li><li>➤ Asset allocation decisions are informed by four categories of indicators: macroeconomic, company fundamentals, valuations and market sentiment. As market conditions change, asset class weightings will be altered to maximize return and preserve capital</li></ul>
<b>Investments</b>	<ul style="list-style-type: none"><li>➤ The Fund invests primarily in Canadian securities</li><li>➤ Fund's neutral asset mix is currently: 65% equities, 30% fixed income, 5% money market instruments</li></ul>



### True North Fund

The Standard Life True North Fund (Fidelity) was established in February 1999. Standard Life invests contributions received under the Standard Life True North Fund (Fidelity) primarily in units of the Fidelity True North® Fund (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"> <li>➤ Aims to achieve long-term capital growth by investing primarily in Canadian equity securities</li> </ul>
<b>Strategy/Style</b>	<ul style="list-style-type: none"> <li>➤ The portfolio manager employs a bottom-up, fundamental, GARP approach with a focus on managing absolute returns and risk</li> <li>➤ Invests primarily in companies with good growth prospects, solid cash flow generation, strong balance sheets and attractive valuations</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>➤ The Fund can invest across all market sectors and market capitalizations</li> <li>➤ The Fund may invest in small-, mid- and large-cap stocks, but generally has a mid-large cap bias. It is generally broadly invested across all major market sectors, blending growth with value styles</li> <li>➤ Less than 100 stocks are generally held in the Fund</li> <li>➤ Maximum weight generally in any one stock: 5% – 7%</li> </ul>

### Global Asset Allocation Fund

The Standard Life Global Asset Allocation Fund (Fidelity) was established in February 1999. Standard Life invests contributions received under the Standard Life Global Asset Allocation Fund (Fidelity) primarily in units of the Fidelity Global Asset Allocation Fund (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"> <li>➤ To achieve high total investment return by investing in equity securities, fixed income securities and money market instruments around the world</li> </ul>
<b>Strategy/Style</b>	<ul style="list-style-type: none"> <li>➤ Security selection within each major geographic region and asset class is based on bottom-up fundamentals, and is expected to be the main source of added value. Shifts between classes will occur gradually over time</li> <li>➤ Multi-asset class structure provides lower volatility than a global equity portfolio</li> <li>➤ Allocation across regions and asset classes is based primarily on bottom-up perspectives, combined with a broad range of market and economic variables</li> <li>➤ As market conditions change, regional weightings will be incrementally altered to add value to overall returns</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>➤ Neutral asset mix is: 65% equities, 30% fixed income and 5% money market instruments</li> </ul>

## 2. Canadian Equity Index Fund (SLI)

The Standard Life Canadian Equity Index Fund (SLI) was created in August 1998. The Fund is managed by Standard Life Investments Inc.

### Investment Objective

To provide returns that closely track the total return of the S&P/TSX Composite Index by investing primarily in equities with the intention of replicating the composition of the Index.

### Investment Strategy

The Fund offers investors the opportunity to participate in the growth of a broad selection of Canadian securities listed on the Toronto Stock Exchange. The Fund's strategy is to be invested in all of the individual security issues included in the S&P/TSX Composite Index, separately weighted to match each issue's weight on the Index. A rebalancing of the portfolio will be regularly undertaken to account for changes within the Index reflecting new entrants to and deletions from the Index, as well as adjustments to weights due to capitalization changes. New cash flows and dividend income, together with cash and cash equivalent securities, may be invested in relevant Exchange-Traded Funds, derivatives and other similar financial instruments until such time as the accumulation of monies is sufficient to be invested in all of the S&P/TSX Composite Index securities on a weighted basis.

### Asset Allocation

The Fund's portfolio structure is set within the parameters indicated in the following table. The Fund's policy is to remain fully invested.

Fund Exposure		
Asset Category	Minimum	Maximum
Canadian Equities	95%	100%
Cash and Equivalent	0%	5%

Exchange-Traded Funds, derivatives and other similar financial instruments may be used for hedging and non-hedging purposes. Derivative instruments will not be used for speculative purposes or as a means to leverage the Fund.

### Performance Objective

The Fund's primary objective is to provide investors with returns that closely track the total return of the S&P/TSX Composite Index.



**Important note: This Fund is not suitable for pension plans registered in New Brunswick. The use of the Standard Life Canadian Equity Capped Index Fund (SLI) is recommended instead of it.**



## Balanced Fund

The Standard Life Balanced Fund (Beutel Goodman) was established in May 2005. Standard Life invests contributions received under the Standard Life Balanced Fund (Beutel Goodman) primarily in units of the Beutel Goodman Balanced Fund (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"> <li>▶ This Fund seeks to enhance long-term capital value by investing in cash and cash equivalents, fixed income securities and Canadian, US and International equity securities</li> </ul>
<b>Strategy/ Style</b>	<ul style="list-style-type: none"> <li>▶ Beutel Goodman has been a value investor since 1967. They look for companies that generate free cash flow</li> <li>▶ Their strategy is to invest in companies that internal research shows can produce substantial returns over a two to three-year time frame and that have strong management</li> <li>▶ Another key element of the strategy is the implementation of a disciplined buy/sell process</li> <li>▶ The Fund's level of risk is measured against the benchmark; however, the process focuses on identifying and managing absolute risk of which capital preservation is primary</li> <li>▶ Beutel Goodman's bond style is active, seeking to add value to the FTSE TMX Canada Universe Bond Index through management of duration, yield curve and credit risk</li> <li>▶ Average quality of this Fund has been maintained at a minimum level equivalent to a DBRS credit rating of "A", limiting risk of default from holdings</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>▶ The fixed income component of the Fund invests primarily in a well-diversified portfolio of Canadian government and Canadian corporate bonds of various maturities. The bonds will have a credit rating of BBB or higher from a recognized rating agency</li> <li>▶ The equity component of the Fund invests in equity securities from Canadian, US and International issuers</li> </ul>

## Canadian Equity Fund

The Standard Life Canadian Equity Fund (Beutel Goodman) was established in May 2005. Standard Life invests contributions received under the Standard Life Canadian Equity Fund (Beutel Goodman) primarily in units of the Beutel Goodman Canadian Equity Fund (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"> <li>▶ This Fund seeks long-term capital appreciation primarily through investment in common shares and other equity securities of established Canadian issuers</li> </ul>
<b>Strategy/ Style</b>	<ul style="list-style-type: none"> <li>▶ Beutel Goodman has been a value investor since 1967. They look for Canadian companies that generate free cash flow</li> <li>▶ The strategy is to invest in companies that internal research shows can produce substantial returns over a two to three-year time frame and that have strong management</li> <li>▶ Another key element of the strategy is the implementation of a disciplined buy/sell process that sets the conditions under which a position is monetized or revaluated to contemplate market price fluctuations</li> <li>▶ The Fund's level of risk is measured against the benchmark, however, the process focuses on identifying and managing absolute risk of which capital preservation is primary</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>▶ The Fund invests in shares and trusts listed in Canada</li> </ul>



## SRI Canadian Equity Fund

The Standard Life SRI Canadian Equity Fund (Ethical Funds) was established in September 2001 and was formerly known as the SRI Canadian Equity Growth Fund (Ethical Funds). Standard Life invests contributions received under the Standard Life SRI Canadian Equity Fund (Ethical Funds) primarily in units of the NEI Ethical Canadian Equity Fund (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"><li>▶ The objective of the Fund is to maximize returns primarily through a combination of dividends and capital growth from Canadian companies. The Fund follows a socially responsible approach to investing</li></ul>
<b>Strategy/ Style</b>	<ul style="list-style-type: none"><li>▶ The Portfolio Manager uses a fundamental research approach, employing a bottom-up stock selection process that includes company visits and management interviews</li><li>▶ The Portfolio Manager's selection process focuses on the acumen, commitment and depth of the management, the company's record of financial benefit to shareholders, the development of the company's business franchise, the strength of the company's financing, the valuation of the company's securities, and the culture of dividend payment</li><li>▶ The Portfolio Manager seeks to create a portfolio of enduring quality, value and growth, including dividend growth. Turnover is minimized to reduce costs. Additionally, the Portfolio Manager manages the risks and the industry weightings in the portfolio to seek to reduce volatility, increase income, maintain diversification and ensure consistency of return. The Portfolio Manager also analyzes economic, financial, political and consumer trends to help determine the most attractive sectors and industries</li></ul>

## Investments

- ▶ The Fund may invest, directly or indirectly and through the use of derivatives, a portion or even all of its net assets in units of other mutual funds, including funds managed by Ethical Funds
- ▶ The Fund may invest a portion of its assets in non-Canadian securities where such an investment is consistent with the investment objectives of the Fund
- ▶ Although there is no specific limitation on the percentage of assets of the Fund that may be invested in non-Canadian securities, they do not expect that the Fund will invest more than 10% of its assets in non-Canadian securities
- ▶ The Fund may temporarily hold a portion of its assets in cash or fixed income securities while seeking investment opportunities or for defensive purposes during times of anticipated market volatility
- ▶ The Fund may use derivatives for hedging purposes only

## BMO Asset Management Inc.

BMO Asset Management Inc. (BMO AM) is a Canadian institutional money manager providing innovative investment solutions across asset classes, investment styles, and the risk spectrum. BMO AM is the Canadian legal entity operating under the global umbrella brand of BMO Global Asset Management. The global organization was structured in 2011 and includes firms in Canada, the US, Europe and Asia.

BMO AM seeks to achieve consistent, reliable, above-average performance through a risk-controlled approach to asset management. They strive to reduce risk through, prudent diversification and intensive analysis of individual securities. The fundamental equity philosophy is based upon investing in companies that create long-term wealth.

## Canadian Small-Cap Equity Fund

The Standard Life Canadian Small-Cap Equity Fund (BMO Asset Management) was established in July 2010. Standard Life invests contributions received under the Standard Life Canadian Small-Cap Equity Fund (BMO Asset Management) primarily in units of the BMO Asset Management Small-Cap Fund (the underlying fund). The underlying fund's characteristics are described below:

Objective	<ul style="list-style-type: none"><li>▶ To invest in a portfolio of small-cap growth companies with significant capital appreciation potential</li><li>▶ The Fund's return objective is to outperform the BMO Capital Markets Small-Cap Index (Blended) on a four-year moving average basis. The Fund's return is also compared with the S&amp;P/TSX Composite Index to assess the overall benefit of investing in smaller capitalization stocks</li></ul>
Strategy/ Style	<ul style="list-style-type: none"><li>▶ The investment philosophy of the Fund is based on the belief that a diversified portfolio of well-managed, smaller companies will, over long-term periods, provide superior returns</li><li>▶ Manage portfolio risk by managing exposures to different stages in the corporate lifecycle</li></ul>
Investments	<ul style="list-style-type: none"><li>▶ Maximum position in any one issuer that can be held by the Fund is 10% of the total portfolio at both cost and market value</li><li>▶ Eligible stocks for initial purchase will have a market capitalization that is less than 0.2% of the S&amp;P/TSX Composite Index market capitalization</li><li>▶ The Fund will maintain a weighted average market capitalization of no greater than 0.1% of the S&amp;P/TSX Composite Index market capitalization</li><li>▶ Fund investments are in accordance with the requirements of the Income Tax Act and applicable pension legislation</li></ul>



## 8. US Equity Index Fund (SLI)

The Standard Life US Equity Index Fund (SLI) was created in August 1998. The Fund is managed by Standard Life Investments Inc. This Fund accepts deposits from both registered and non-registered group savings and retirement plans.

### Investment Objective

To provide returns that closely track the total return of the Standard & Poor's 500® Index by investing primarily in equities with the intention of replicating the composition of the Index.

### Investment Strategy

The Fund offers investors the opportunity to participate in the growth of a broad selection of US securities listed on US stock exchanges. The Fund's strategy is to be invested directly or indirectly in all of the individual security issues included in the Standard & Poor's 500® Index, weighted to match each issue's weight on the Index. A rebalancing of the portfolio will be regularly undertaken to account for changes within the Index reflecting new entrants to and deletions from the Index, as well as adjustments to weights due to capitalization changes. New cash flows and dividend income, together with cash and cash equivalent securities, may be invested in relevant Exchange-Traded Funds, derivatives and other similar financial instruments until such time as the accumulation of monies is sufficient to be reinvested in all of the Standard & Poor's 500® Index on a weighted basis. As this Fund accepts both registered and non-registered monies, the US dividend income is subject to US withholding tax.

### Asset Allocation

The Fund's portfolio structure is set within the parameters indicated in the following table. The Fund's policy is to remain fully invested.

Fund Exposure		
Asset Category	Minimum	Maximum
US Equities	95%	100%
Cash and Equivalent	0%	5%

Exchange-Traded Funds, derivatives and other similar financial instruments may be used for hedging and non-hedging purposes. Derivative instruments will not be used for speculative purposes or as a means to leverage the Fund.

### Performance Objective

The Fund's primary objective is to provide investors with returns that closely track the total return of the Standard & Poor's 500® Index.

### International Equity Index Fund

The Standard Life International Equity Index Fund (BlackRock) was created in August 1998 and was formerly known as the International Equity Index Fund (SLI) until May 2013. Standard Life invests contributions received under the International Equity Index Fund (BlackRock) primarily in units of the BlackRock CDN MSCI EAFE Equity Index (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	▶ To track the return and risk profile of the MSCI EAFE Index (total return, net of withholding taxes)
<b>Strategy/ Style</b>	▶ To attain this objective, they use analysis of the index's construction and cost-effective, risk-controlled trading techniques
<b>Investments</b>	<p>▶ This Fund invests primarily in non-North American equities; this Fund may also use any other investments, including exchange-traded funds and pooled funds, which, when included in the Fund, help achieve the objective of tracking the return and risk profile of the benchmark</p> <p>▶ Sector weights: within benchmark country weight <math>\pm 1.0\%</math></p> <p>▶ Security weights: within benchmark weight <math>\pm 0.5\%</math></p> <p>▶ Use of derivatives is permitted to equitize cash and to replicate securities or strategies that are consistent with the Fund's investment objective and return and risk profile</p>



## International Equity Fund

The Standard Life International Equity Fund (Invesco) was established in July 2011. Standard Life invests contributions received under the Standard Life International Equity Fund (Invesco) primarily in units of the Invesco International Growth Class (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"> <li>▶ To seek to provide long-term capital growth by primarily investing in mid- and large-capitalization stocks of companies located outside of Canada and the United States</li> <li>▶ The Fund will generally not invest more than 10% of its total assets in Canadian and US companies</li> </ul>
<b>Strategy/Style</b>	<ul style="list-style-type: none"> <li>▶ The strategy employs a unique approach to international investing, with a focus on identifying quality growth companies that possess, or exhibit the potential for, accelerating or above-average earnings growth, but whose prices do not fully reflect these attributes</li> <li>▶ The team's stock selection process combines both qualitative and quantitative analysis, but primarily emphasizes qualitative and fundamental research</li> <li>▶ The team invests in stocks with a long-term investment horizon, generally looking out over at least the next two to three years</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>▶ The portfolio management team seeks to buy companies with strong cash flow generation, strong organic revenue growth, improving margins, high return on invested capital and a strong record of earnings growth</li> <li>▶ The team seeks to avoid a stock based on: poor earnings quality, volatile industry cycles, questionable management track record, lofty valuations and/or aggressive accounting standards (they employ forensic accounting services as a final check on company financial statements and balance sheets)</li> <li>▶ Holdings are sold when a company has deteriorating fundamentals, a reduced competitive outlook, slowing earnings growth or disappointing earnings revisions or surprises</li> <li>▶ The team may also sell if: <ul style="list-style-type: none"> <li>– the security appears to be overvalued</li> <li>– a more attractive opportunity is identified</li> <li>– risk considerations (eg, a position becomes too large)</li> </ul> </li> </ul>

## Global Equity Fund

The Standard Life Global Equity Fund (Invesco Trimark) was established in June 1995. Standard Life invests contributions received under the Standard Life Global Equity Fund (Invesco Trimark) primarily in units of the Trimark Fund (the underlying fund). The primarily fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"> <li>▶ To seek high-quality global stocks that are attractively priced relative to their prospective earnings, cash flow, and valuation record to achieve long-term capital growth</li> </ul>
<b>Strategy/Style</b>	<ul style="list-style-type: none"> <li>▶ The portfolio management team focuses on companies that offer strong management, industry leadership and a demonstrated commitment to securing a competitive advantage</li> <li>▶ To achieve the Fund's investment objectives, the portfolio management team emphasizes bottom-up analysis to find securities trading at attractive valuations</li> <li>▶ The portfolio management team takes a long-term approach to investing and will normally hold a security for five to ten years</li> </ul>
<b>Investments</b>	<ul style="list-style-type: none"> <li>▶ The portfolio management team will typically invest in companies that are profitable and have market leadership, financial strength, good growth prospects and a strong management team</li> <li>▶ The portfolio management team invests in companies that trade below their intrinsic value by considering discounted cash flow, price to cash flow, price to earnings, price to book, price to sales and peer group comparisons</li> <li>▶ Holdings are sold when companies reach their full intrinsic value, the original reason for buying the company has changed, or due to the emergence of a better alternative</li> </ul>



### Global Equity Fund

The Standard Life Global Equity Fund (Templeton) was established in November 1996. Standard Life invests contributions received under the Standard Life Global Equity Fund (Templeton) primarily in units of the Templeton Global Equity Trust (the underlying fund). The underlying fund's characteristics are the following:

<b>Objective</b>	<ul style="list-style-type: none"><li>▶ To achieve long-term capital appreciation by investing in a diversified portfolio of equity securities of companies around the world, excluding Canada</li></ul>
<b>Strategy/ Style</b>	<ul style="list-style-type: none"><li>▶ Value</li><li>▶ Bottom-up, fundamental research is used to identify high-quality companies trading at a discount to their intrinsic value</li></ul>
<b>Investments</b>	<ul style="list-style-type: none"><li>▶ Equity investments are selected on an issuer-by-issuer basis and may include investments in emerging markets</li><li>▶ The Fund invests in undervalued companies, selected based on Templeton's time-tested, disciplined value approach to stock selection</li><li>▶ The Fund invests across all sectors of the market with industry and country mix, a result of bottom-up stock selection</li><li>▶ Foreign currency exposure is unhedged</li></ul>

## **21. Money Market Fund (SLI)**

The Standard Life Money Market Fund (SLI) was created in 1975 and is managed by Standard Life Investments Inc.

### **Investment Objective**

To provide capital preservation and liquidity, while generating income consistent with short-term money market rates by investing primarily in cash and cash equivalent securities.

### **Investment Strategy**

The Fund represents an attractive investment option for those pension funds that are extremely sensitive to short-term investment risk or that face short-term liquidity demands.

The Fund may be invested in cash and cash equivalent securities, including floating rate notes and other evidence of indebtedness, which have characteristics similar to cash equivalent securities, provided the term to maturity of the securities, or term to reset date of the floating rate notes, is for one year or less. The Fund may also invest in bonds with a remaining term to maturity of less than one year.

### **Performance Objective**

The performance objective of the Fund is to better the total return of the FTSE TMX Canada 91-Day Treasury Bill Index, annualized over four-year moving periods.

## **22. Real Estate Fund (SLIRE)**

### **Real Estate Fund**

The Standard Life Real Estate Fund was created in December 1982 and is managed by Standard Life Investments (Real Estate) Inc. (SLIRE).

### **Investment Objective**

To provide long-term returns based on income and capital growth by investing primarily in income-producing real estate properties.

### **Investment Strategy**

The Fund is managed actively and generally limits cash to 20% of market value. The Fund's philosophy is to invest in a diversified portfolio of properties that have an income producing track record, or properties that, through development or redevelopment, have the potential to achieve future positive returns. Such properties are located in urban centres across Canada that offer good potential returns. The factors that they consider may contribute to maximizing return, include a wise initial choice, good location and a favourable economy.

Generally, when the Fund invests in a property, any existing mortgage is repaid as soon as possible. The debt level is limited to 25% of total fund assets and to 50% of any single property, at market value. The Fund's single parcel limit is 10% of its total net assets at market value.

Real estate investments are limited to Canadian properties and may include:

1. income-generating freehold interests in buildings and land
2. income-generating leasehold interests in buildings and land
3. shares of joint ventures or partnerships created to hold freehold and leasehold interests in real estate
4. shares of publicly traded real estate corporations, as defined in the Canadian pension legislation
5. units of publicly traded real estate investment trusts (REITs) and publicly traded REIT Exchange Traded Funds (ETFs)
6. freehold or leasehold interests in properties under construction or redevelopment, up to a maximum of 20% of the Fund's market value

#### Asset Allocation

The Fund's portfolio structure is set within the following parameters:

Total Investment Exposure		
Asset Category	Minimum	Maximum
Real Estate	80%	100%
Direct Property Holdings	80%	100%
Publicly-Traded Securities	0%	10%
Cash and Equivalent	0%	20%

#### Diversification

The Fund's investments are diversified according to geography and property type in order to manage risk relative to provincial Gross Domestic Product and asset types.

#### Property Type

Generally, the Fund's portfolio structure is set within the following parameters:

Total Investment Exposure		
Type of property	Minimum	Maximum
Office	0%	40%
Retail	10%	40%
Industrial/Multi-tenant	10%	50%
Industrial/Single-tenant	0%	30%
Residential/Multi-tenant	0%	25%

#### Geographical

Generally, the Fund's portfolio structure is set within the following parameters:

Total Investment Exposure		
Region of property	Minimum	Maximum
Atlantic Canada	0%	15%
Quebec	5%	40%
Ontario	25%	65%
Manitoba	0%	15%
Saskatchewan	0%	15%
Alberta	5%	40%
British Columbia	5%	35%

#### Publicly-Traded Securities

No real estate corporation or REIT will represent more than 2% of the Fund at market value.

#### Performance Objective

The Fund's performance objective is to better the total return of the Investment Property Databank (IPD) Index, annualized over four-year moving periods.

## 23. Mortgage Fund (Standard Life)

The Standard Life Mortgage Fund (Standard Life) was created in 1969 and is managed by Standard Life.

### Investment Objective

To provide long-term returns based on income by investing primarily in mortgages.

### Investment Strategy

The Fund achieves its objective by using a highly diversified portfolio consisting of performing and secure mortgages underwritten on income-producing real estate properties across Canada.

The Fund is actively managed and limits cash and short-term investments to a maximum of 30% of market value. The assets of the Fund are invested in quality mortgages, diversified by property type and location. The Fund may contain bonds secured by real estate.

In the event the Fund must assume title on a property pledged as security for a mortgage, a strategy to dispose of the property will be determined. This strategy will be in the best interests of the Fund's unitholders and will take into account medium to longer-term market prospects and their impact on the Fund's performance.

### Asset Allocation

The Fund's portfolio structure is managed within the following investment constraints:

Fund Exposure		
Asset Category	Minimum	Maximum
Mortgage Loans	70%	100%
Cash and Equivalent and Short Term Bond Fund (SLI)	0%	30%

### Diversification

The Fund's investments are diversified according to geography and property type in order to manage risk relative to provincial Gross Domestic Product and asset types.

### By type of property

The Fund is invested mainly in mortgage loans secured by office, retail and industrial properties. Although a portion is assigned to residential mortgages, these loans are limited essentially to multi-unit buildings.

The Fund's portfolio structure is managed within the following investment constraints:

Fund Exposure		
Type of property	Minimum	Maximum
Office	0%	65%
Retail	0%	45%
Industrial	0%	60%
Residential/Multi-tenant	0%	25%

### Geographical

Their policy consists of obtaining quality mortgages in the main urban centers of Canada.

The Fund's portfolio structure is managed within the following investment constraints:

Fund Exposure		
Region	Minimum	Maximum
Atlantic Canada	0%	10%
Quebec	0%	30%
Ontario	0%	60%
Western Canada	0%	50%

### Loan-to-Value Ratio

With the exception of CHMC-insured mortgages, the fund will not make mortgage investments that exceed 75% of the accredited appraised value of the underlying property.

### Term and Duration

The fund's average investment duration will be managed within a range determined by and based on the assessment of market conditions from the mortgage team and the fund manager.

### Performance Objective

The Fund's performance objective is to better the return of the benchmark (75% Short-Term FTSE TMX Canada and 25% Mid-Term FTSE TMX Canada), annualized over rolling four-year moving periods.