



INVESTMENT GUIDELINES ONE BOND PORTFOLIO

Attached are the Investment Guidelines for the ONE Bond Portfolio. These guidelines provide limits for each class of security, which is a permitted investment under the Municipal Act. They will be reviewed periodically by the Agent in consultation with Investment Counsel Portfolio Manager.

Limits for individual issuers have been set based on their respective credit quality, which in turn, have been based on ratings of the four major rating agencies - Dominion Bond Rating Service (DBRS), Moody's, Standard & Poor's and Fitch.

All investments will comply with O Reg 438/97 as amended from time to time.

In addition, the Investment Counsel Portfolio Manager has significant in-house research and analytical capabilities that ensure issuers on the eligible list have passed rigorous standards set for issuers' balance sheet condition, operating results and management quality.

INVESTMENT GUIDELINES - ONE BOND PORTFOLIO

Objective: To provide competitive rates of return through a diversified portfolio of conservatively managed short term bonds where preservation of capital in real terms is of prime concern.

Permitted Investments:

- 1.0 **Legal Authority** - As outlined in the Municipal Act and the current regulations (O.Reg. 438/97), excluding those securities defined by Ontario Regulation 438/97, Section 2, Subsections 7.1 and 8.1
- 2.0 **Limitations** - This policy limits (both minimum and maximum) the amount the fund can hold with respect to sector, individual issuer, credit quality and maturity. These limitations are outlined in the following subsections.
- 2.1 **Issuer Sector:**

	Percent of Total Assets	
	Minimum	Maximum
Government of Canada Debt and Guarantees	25%	100%
Provincial Government Debt and Guarantees	0%	75%
Canadian Municipalities (including MFABC)	0%	75%
Bank and Loan & Trust Company	0%	50%
Asset Backed Securities	0%	50%
Commercial Paper	0%	10%

2.2 Credit Quality and Issuer Weighting (maximum weighting of any one issuer):

	Minimum	Maximum
Government of Canada	25%	100%
Other*		
R1 High/AAA Bond**	0%	20%
R1 Mid/AA Low Bond Rating**	0%	20%
R1 Low/A Bond**	0%	10%
Asset Backed Securities Rates AAA only **	0%	10%

* Schedule I, II and III Banks, Loan & Trust Companies, Provinces, Municipalities, OSIFA & School Boards

** Ratings based on DBRS, Moody's or Standard & Poor's.

2.3 Term Structure:

The interest sensitivity of the portfolio, as measured by adjusted duration, will be constrained to plus or minus 1 year of the benchmark duration.

2.4 Currency:

	Minimum	Maximum
Canadian Dollars	100%	100%

3.0 Investment Performance Measurement:

The investment performance will be measured on the basis of time weighted rates of return over a moving four-year period.

The performance benchmark will be 95% the DEX All Government Short Bond Index and 5% the DEX 91 Day T-Bill Index.