



INVESTMENT GUIDELINES ONE EQUITY PORTFOLIO

Attached are the Investment Guidelines for the ONE Equity 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 EQUITY PORTFOLIO

Objective: To seek to provide superior long-term investment returns through capital growth and dividend yield by investing in a diversified, conservatively managed portfolio of equity securities issued by corporations, as permitted by applicable regulation from time to time.

Permitted Investments:

- 1.0 **Legal Authority** - As outlined in the *Municipal Act* and the current regulations (O.Reg. 438/97).
- 2.0 **Limitations** - This policy limits (both minimum and maximum) the amount the portfolio can hold with respect to industry group, industry sector and individual issuer. These limitations are outlined in the following subsections.

2.1 Industry Group and Industry Sector:

Group & Sector Allocations		Representative Allocation	Minimum % of Representative Allocation	Maximum % of Representative Allocation
Group	Sector			
Resource		14.82%	50%	150%
	Energy	9.20%		2 times sector weight
	Materials	5.62%		
Consumer		30.22%	50%	150%
	Health Care	10.24%		2 times sector weight
	Consumer Discretionary	11.76%		
	Consumer Staples	8.22%		
Interest Sensitive		29.00%	50%	150%
	Financials	25.03%		2 times sector weight
	Utilities	3.97%		
Industrials		25.97%	50%	150%
	Industrials	10.52%		2 times sector weight
	Information Technology	11.22%		
	Telecom Services	4.23%		

** This is a sample target allocation. The allocation is reset semi-annually on January 1 and July 1 of each year to reflect the current world sector weighting. A current version of the target allocations can be obtained from ONE staff.*

Sector and Issuer Diversification:

A minimum of seven industry sectors must be represented in the portfolio.

Maximum exposure to any single issuer is 7% based on the market value of the portfolio at the time of purchase and 10% of the market value of the portfolio.

Up to 10% of the portfolio may be held in cash and cash equivalents that comply with the regulations.

2.3 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 constructed based on a portfolio of 3% Money Market and 97% Canadian equity. Equity Portfolio returns will be calculated based on the returns of each industry sector and their weighting in the MSCI World Index. The index weighting will be rebalanced semi-annually on January 1 and July 1 and the manager will have 30 days to bring the portfolio into compliance. If the manager believes that it would be detrimental to the portfolio to bring it into compliance within the 30 day period, the manager must provide written notification with their reasoning and analysis within the 30 day period.