



## INVESTMENT GUIDELINES ONE UNIVERSE CORPORATE BOND PORTFOLIO

Attached are the Investment Guidelines for the ONE Universe Corporate 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 UCB PORTFOLIO

**Objective:** To seek to provide competitive rates of return by investing in a diversified, conservatively managed portfolio of bonds, debentures, promissory notes or other evidences of indebtedness of corporations, governments or agencies thereof or supranational organizations or agencies thereof, 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 sector, individual issuer, credit quality and maturity. These limitations are outlined in the following subsections.

### 2.1 Issuer Sector:

	Percent of Total Assets		
	Minimum	Target	Maximum
<i>Domestic Government &amp; Money Market</i>			
Money Market Securities	0%		10%
Government (federal, provincial and municipal)	0%		40%
Debt and Guarantees			
<u>Total</u>	0%	25%	40%
<i>Credit</i>			
Bonds of Canadian Corporations	50%		90%
Other eligible investments under the regulations	0%		25%
<u>Total</u>	60%	75%	100%

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

		Minimum	Maximum
Money Market Securities*		0%	10%
Government of Canada or Agencies		0%	40%
Provinces, Municipalities and their Agencies		0%	20%
Bonds and Debentures of Canadian Corporations			
	AAA / AA Rated or equivalent	0%	7%
	A Rated or equivalent	0%	5%
Other**			
	Minimum AA Low Rated	0%	5%

\* Commercial Paper rated R1 Low or higher

\*\* All other securities permitted under the Regulations as amended from time to time

Credit Quality will at all times comply with the Regulations as amended from time to time.

## 2.3 Term Structure:

The interest sensitivity of the portfolio, as measured by adjusted duration, will be constrained to between plus or minus 1.5 years 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 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.