The Shared Risk Plan for CUPE Employees Of New Brunswick Hospitals

Statement of Investment Policy and Goals

October 2016

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I - DEFINITIONS

"Act" means the *New Brunswick Pension Benefits Act*, 1991, as amended from time to time, and the Regulations issued thereunder and the administrative rules adopted by the Superintendent of Pensions, from time to time.

"Agent" means a company, an organization, association or individual, as well as its employees, that is retained by the Board of Trustees to provide specific services with respect to the administration, investment and management of the Pension Fund.

"Benchmark Portfolio" means the reference portfolio against which the total fund performance is measured.

"Board of Trustees" means the Board of Trustees as defined in the Pension Plan document.

"Fund Manager" or *"Manager"* means any professional investment management firm that may be appointed from time to time by the Board of Trustees to manage the investments of the Pension Fund.

"Funding Policy" means the funding policy for the CUPE Shared Risk Plan, as amended from time to time, in accordance with the Act.

"Pension Fund" or *"Fund"* means the money and other property set aside to finance the Pension Plan.

"Pension Plan" or *"Plan"* means the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals.

"Plan administrator" means Vestcor Pension Services Corporation or such other body or bodies as may be appointed by Board of Trustees from time to time to act on behalf of the VPSC.

II - Purpose of the Statement of Investment Policy and Goals

This Statement of Investment Policy and Goals (the Investment Policy) applies to the assets held in trust in the Pension Fund in respect of the liabilities of the Pension Plan.

The purpose of the Investment Policy is to formulate investment principles and guidelines, which are appropriate to the needs and objectives of the Pension Plan, which include ensuring that the desired security for the base and ancillary benefits is achieved. In particular, the Investment Policy ensures that the assets of the Pension Fund are invested at all times in a prudent and diversified manner within the context of the nature of the liabilities of the Pension Plan and its financial characteristics. The Investment Policy also describes the monitoring procedures adopted for the ongoing operation of the Pension Fund.

The Board of Trustees (the Board) is the trustee for the Pension Fund. The Board has entered into contracts with a number of Fund Managers for the investment of certain assets of the Pension Fund. The individual Fund Managers and specific objectives are identified in Appendix 2. Reporting requirements are identified in Appendix 1.

This Investment Policy may be changed or modified at any time by the Board. Any such change shall be properly communicated to the Fund Manager appointed by the Board. The Investment Policy will be reviewed on an annual basis.

Any Fund Manager, Agent or Advisor providing services in connection with the investment of the Pension Fund shall accept and adhere at all times to this Investment Policy.

III - Roles and Responsibilities

The Board recognizes its responsibility for overall management of the Pension Fund, as well as its ability to delegate certain functional responsibilities to various parties. The following list is intended to be representative of the responsibilities assigned to each party.

The Board

The overall responsibility for the operation and administration of the Pension Plan is that of the Board.

The Board consists of 8 trustees. Four of the trustees are appointed by the Canadian Union of Public Employees and its Council of Hospital Unions, Local 1252. The Secretary of Treasury Board of the Province appoints the other four trustees.

As described in section 14 of the Pension Plan Document, the Board's responsibilities include, but are not limited to:

- administering the Pension Plan, in accordance with the *Act*, the *Income Tax Act* and the Funding Policy, and

- appointing one or more agents to carry out any act or transaction required for the administration and management of the Pension Plan and Pension Fund or retaining advisors. Every agent appointed by the Board shall report to and be subject to the directions and continuing supervision of the Board.

Investment advisor

The investment advisor advises the Board on matters such as:

- the Investment Policy;

- annual reviews of the Investment Policy and recommendations of amendments when necessary;

- selection of the Fund Manager(s), Custodian and all other consultants, agents or advisor;

- asset rebalancing; and

- such other matters related to the trusteeship responsibility as may arise from time to time.

III - Roles and Responsibilities (continued)

The Fund Manager

Each Fund Manager will:

- make investment decisions that comply with the content and spirit of this Investment Policy or if applicable, the pooled fund investment policies;

- file a quarterly compliance report in the format directed by the Board;

- have the opportunity to participate in the annual review of the Investment Policy;

- present a review of the portion of the Pension Fund performance they are responsible for as well as expectations on the economic and financial market outlook and related investment strategies;

- reconcile the manager’s own records with the custodian, if applicable, at least monthly;

- update the Board on potential new asset classes or investment instruments and how they may assist in achieving the Pension Fund's objectives;

- inform the Board of developments occurring within the Fund Manager's firm that may impact the firm's business, including developments such as the loss or acquisition of key personnel, changes in ownership structure and rapid growth or decline in assets under management;

- meet with the Board as frequently as may reasonably be requested;

- provide such information as may reasonably be requested from time to time by the Board, as per Appendix 1;

- if required under the New Brunswick Securities Act, register with the Financial and Consumer Services Commission of New Brunswick; and

- comply with the Code of Ethics and Standards of Professional Conduct, as well as the Asset Manager Code of Conduct adopted by the CFA Institute and with the Manager’s own codes of business conduct and conflict policies.

The custodian

The custodian holds the assets of the Pension Fund in respect to applicable legislation. The Custodian will:

- maintain safe custody over the assets of the Pension Fund;

- will execute the instructions of the Board, as delegated to the Plan administrator, the Advisor and to any Fund Manager appointed to manage a portion of the assets of the Pension Fund;

- provide monthly statements to the Board, the Fund Managers (if applicable) and the Performance Measurement Consultant;

III - Roles and Responsibilities (continued)

- lend securities on behalf of the Board, and
- perform quarterly compliance testing on behalf of the Board. The results are included in a quarterly report sent to the Board. The reports indicate whether the Fund Managers are in compliance with Appendix 2 of the Investment Policy.

The Performance Measurement Consultant

The performance measurement consultant will:

- monitor the performance of each Fund Manager and of the consolidated Pension Fund relative to the objectives stated in the Investment Policy;
- provide quarterly reports to the Board measuring the Fund Managers performance and attribution against specific benchmarks;
- provide summary returns to the Fund Managers to ensure the Fund Managers are in agreement with the information presented by the Performance Measurement Consultant;
- may participate in the discussion with the Fund Managers, and
- perform additional analyses as may be directed by the Board from time to time.

Plan Administration

The Plan administrator will, among other things:

- provide administrative functions for plan members and employers, and
- provide administrative support for cash management, financial services, policy and governance issues and to the Board.

The Actuary

The Pension Plan's actuary will:

- inform the Board of potential liquidity requirements for the Pension Fund resulting from decisions that may be taken by the Board;
- prepare annual funding valuations;
- upon request from the Board, provide demographic and financial projections that may be useful to them in their annual review of this Investment Policy, and
- perform such other studies as the Board may request from time to time.

IV - Pension Plan Characteristics

The Pension Plan is registered under the *Income Tax Act (Canada) (ITA)*, registration number 0385849 and with the NB Superintendent of Pensions, registration number NB 0385849.

The Pension Plan is a Shared Risk Plan having all of the characteristics set out in Part 2 of the Act, some of which are as follows:

- the employer and the members make contributions to the pension plan in the amount set in accordance with the plan and the funding policy;
- a Funding Policy for the pension plan is established at inception and reviewed at least annually by the Board in accordance with the regulations;
- an Investment Policy for the pension plan is established at inception and reviewed at least annually by the Board in accordance with the regulations;
- risk management goals and procedures for the Pension Plan are established at inception and reviewed at least annually by the Board in accordance with the regulations;
- Cost of Living Adjustments may only be granted in respect of past periods and if the funding policy so permits, and
- contributions shall not be reduced or suspended except in accordance with the Income Tax Act (Canada) and the Funding Policy.

The liability discount rate expectation is currently 4.5%. The funding status is as follows:

Funding Status at December 31, 2015 (in millions)	
Market value of assets	$718.1
Liabilities	891.5
Unfunded liability	($173.4)
Funded ratio	80.5%

The funding policy liabilities are broken down as follows:

Funding Policy Liabilities (in millions)	
Actives	$392.2
Pensioners & Survivors	444.2
Deferred Vested and other Inactives	55.1
TOTAL	$891.5

IV - Pension Plan Characteristics (continued)

The following is the expected cash flows for the upcoming year:

Expected annual cash flows (in millions)	
Employer and employee contributions	$62
Benefits payable	$38

The following is a summary of membership data:

Plan Membership at December 31, 2015		
Active members	Number	8,279
	Average Age	44.9 years
	Average Credited Service	8.2 years
Deferred vested and suspended members	Number	1,727
	Average Age	44.7 years
Retired members and beneficiaries	Number	3,457
	Average Age	69.8 years

V - Investment Policy Asset Allocation

The asset allocation for the Pension Fund is as follows:

ASSET CLASS	Target Allocation
Canada Universe Bonds	10%
Canada Long Bonds	30%
U.S. High Yield	7.5%
Global Government Bonds	7.5%
Canadian Equity	10%
Foreign Equity	15%
Real Estate	10%
Infrastructure	10%
TOTAL	**100%**

Rebalancing

The following guidelines have been established to address manager allocations deviating from the desired allocations along with ranges of what is tolerable and what is actionable. Cash inflows and outflows are used as a rebalancing tool before making actual allocation shifts. The Board may allocate cash flows as per their discretion regardless of the rules below.

The following guidelines govern how the plan cash flows should be allocated. The rules below assume that the Plan has a positive annual net cash flow:

Definitions:

"Net Cash flows" the difference between the cash and cash outflows

"Cash Inflows" refer to contributions and other money deposited to the plan

"Cash Outflows" refer to benefit payments, expenses or any other draws on the cash of the plan

"Liquid Manager" refers to a manager holding funds that are easily invested or redeemed, typically with available markets and daily updated pricing.

"Illiquid Manager" refers to a manager holding funds for which a redemption or capital call cannot be redeemed or invested within a short term timeframe and no publicly available market price is available on a daily basis.

"Underweight Manager" manager whose allocation is less than their target allocation

V - Investment Policy Asset Allocation (continued)

"Relative Weight" means the difference between a manager's actual weight and target weight, divided by the target weight. *

- Cash inflows and cash outflows should be applied to the cash account
- If the cash account has accumulated to more than the target cash allocation (0.75%) the excess amount should be applied to underweight managers as described below after fund any immediate cash needs.
- If there are any planned upcoming capital calls for Illiquid Managers, the net cash flow should be used to fund the capital call. Should the net cash flow not be enough to completely fund the call then any overweight managers may be reduced to accomplish this goal. Any remaining positive cash flow should be dispersed as described below.
- If no manager is less than -10% relative to their target, then the net cash flow is split proportionately, by relative underweight, amongst all underweight liquid managers.
- If any manager is less than -10% relative to their target, then the net cash flow should be split proportionately, by relative underweight, amongst all such liquid managers to bring them to -10%. All remaining positive cash flow should be split proportionately, by relative underweight, amongst all underweight liquid managers.
- If a liquid manager is more than +5% relative to their target, then the manager will sell off assets to bring them to +5% of their relative target with the proceeds going to fund the other managers as described above.

** Relative means compared to their target allocation. If a manager had a 20% allocation that subsequently went to 22% the relative increase is 10% (22% / 20% - 1). The absolute increase in this case would be 2% (22% - 20%)*

VI – Return Expectation

The total rate of return achieved by the Pension Fund can be separated into the return contributed by following the Benchmark Portfolio of the Pension Fund, and the additional return contributed by the actions of the Fund Managers. For the avoidance of doubt, each of the Fund Managers is responsible for managing the assets allocated to such Fund Manager in compliance solely with the investment objectives assigned to such Fund Manager.

Benchmark Portfolio Return

plus

Additional return achieved through
active management by the Fund Managers

equals

Total Pension Fund Return

While the total return of the Pension Fund is one of the most important contributors to the level of benefits ultimately provided by the Pension Plan, for purposes of this Investment Policy, it is important to distinguish the components of this total return.

Performance Objectives for the Benchmark Portfolio of the Pension Fund

The following performance objectives have been established for the Pension Fund:

(i) to achieve, with a high degree of consistency, a rate of return at least 300 basis points over the consumer price index; and

(ii) to achieve annualized returns which exceed by 0.50% net of fees, the returns of the Benchmark Portfolio, assuming quarterly re-balancing and calculated on an annualized basis over moving 4 year time periods

The rate of return on the Benchmark Portfolio of the Pension Fund will be calculated by multiplying the rates of return on each underlying asset class by the proportion of that asset class represented in the Benchmark Portfolio. The rates of return on each asset class will be represented by the rate of return on an index deemed to be indicative of that asset class's performance. The appropriate indices are as follows:

VI – Return Expectation (continued)

Asset Class	Allocation	Representative Benchmark
Canadian Fixed Income	10%	FTSE TMX Canada Universe Bond
Long Bonds	30%	FTSE TMX Canada Long Term Bond
U.S. High Yield	7.5%	Bank of America Merrill Lynch US High Yield, BB-B Rated Constrained (100% Hedged to Cdn $)
Global Government Bonds	7.5%	JP Morgan Global Government Bond (100% Hedged to Cdn $)
Canadian Equities	10%	S&P/TSX Composite
Foreign Equities	15%	MSCI World ex. Canada (Cdn. $)
Real Estate	10%	CPI + 4%
Infrastructure	10%	CPI + 4%

The total value added objective is derived as follows:

ASSET CLASS	Allocation SRM	Value Added
Canadian Fixed Income	10%	0.25%
Long Bonds	30%	0.25%
U.S. High Yield	7.5%	0.50%
Global Government Bonds	7.5%	0.35%
Canadian Equity	10%	0.50%
Foreign Equity	15%	1.00%
Real Estate	10%	0.50%
Infrastructure	10%	0.75%
Final Benchmark		**0.50%**

VII - Administrative Matters

Loans and Borrowings

No part of the Pension Fund will be loaned to any individual.

The Fund Manager will not borrow money, except to the extent that temporary overdrafts occur in the normal course of day-to-day portfolio management.

The lending of securities through the Custodian is permitted, subject to applicable legislation and provided that a minimum collateral coverage of at least 105% of the current market value of the loaned securities is maintained at all times high quality liquid securities. Fund Managers bear no responsibility for the securities lending activities as such activity is undertaken solely by the Board and the Custodian.

Voting Rights

In the absence of specific written instructions from the Board to the contrary, all voting rights attached to securities included in the investment portfolio shall be exercised by and remain under the control and direction of the Fund Manager.

Any exercise of voting rights acquired through the investments of the Pension Fund will be made at all times solely in the best interests of the Pension Fund.

If requested by the Board, the Fund Manager shall indicate how voting rights have been exercised and, in any situation where the Fund Manager voted against management, the rationale for the Fund Manager's decision.

Conflicts of Interest

Any person involved in the investment or in the administration of the Pension Fund, including the Fund Manager, may not permit personal interests to conflict with the exercise of duties and powers with respect of the Pension Fund. Such conflicts of interest, actual or perceived, must be disclosed in writing to the Board immediately before any advice is rendered or any decision is made, including, where possible, the value of all actual or perceived conflicts of interest to the persons in charge of the investment of the Pension Fund. No Agent shall participate in discussions on a matter in relation to which they have disclosed an actual or apparent conflict of interest.

A conflict of interest is defined as any personal stake, interest, or relationship, which has the potential to compromise a person's ability to maintain impartiality and objectivity in assessment of facts, decision-making, or recommendation on any issue. This stake, interest, or relationship may exist, or merely appear to exist.

VII - Administrative Matters (continued)

Valuation of Investments

Investments in publicly traded securities will be valued no less frequently than monthly at their market value.

Investment in pooled funds will be valued according to the unit values calculated at least quarterly by the Fund Manager, and verified at least annually by an independent third party.

The Fund Manager will provide, at least quarterly, the Custodian with an estimated fair value of a security if a market valuation is not readily available. Such fair value may be determined by reference to the most recent independent expert appraisal or by other means such as risk-adjusted discounted cash flows or comparison with similar assets, which are publicly traded. In all cases the methodology should be applied consistently over time.

As the Custodian is not accepting liability for the custody of investments in certain "high risk" markets, the Board prohibits Fund Managers from trading, on a segregated fund basis, in the following markets:

- Nigeria
- Bosnia & Herzegovina
- Lebanon
- Pakistan
- Russia
- Serbia
- Ukraine
- Uruguay
- Vietnam

IX - Monitoring

Monitoring

The Board uses the services of a Performance Measurement Consultant to calculate Fund Manager and benchmark performance.

A Fund Manager shall meet with the Board on at least an annual basis to review the assets, net cash flow and performance of the Pension Fund, the current economic outlook and investment strategies of the Fund Manager, and to take any action necessary to ensure compliance with this Investment Policy. Additional meetings may be held at the request of the Board.

The Fund Manager, on a quarterly basis, will provide reports on the Fund's performance. These reports, along with the quarterly reports provided by the Performance Measurement Consultant, will be used to monitor the Fund Manager's performance. In addition to the Fund Managers' returns, the Performance Measurement Consultant reports also provide detail on the consolidated performance of the Pension Fund, the Fund Managers' and the Pension Fund's performance in comparison to the applicable benchmarks and the rank of the Fund Manager and the Pension Fund in the Performance Measurement Consultant's Universe.

The Fund Manager shall provide a letter to the Board stating the status of their portfolio's compliance with this Investment Policy or the pooled fund's policy (if applicable) on a quarterly basis.

The Board will also ensure compliance on a quarterly basis, through reports provided by RBC Investor Services, to make certain the constraints imposed by the Investment Policy are being met. If any violations are found, the Fund Manager will be promptly notified in writing.

In the event the portfolio is not in compliance, the Fund Manager will be liable for any loss to the assets of the Fund resulting from the non-compliance.

The Advisor will provide to the Board, on a quarterly basis, a report summarizing the Fund Manager's performance and the Fund Manager's compliance with the Investment Policy.

The Board's assessment as to whether the Fund Manager is meeting the return objectives defined in Appendix 2 of the Investment Policy are based on the performance measurement consultant's results. The returns calculated by the performance measurement consultant are Total Return based i.e. total return takes into consideration price changes, purchases/sales transactions as well income distribution/reinvestment. For the MSCI EAFE (in Canadian dollars) and MSCI World ex. Canada indices, the returns are Net Return based. Dividends are reinvested after deduction of withholding tax, applying the rate applicable to non-resident individuals who do not benefit from double taxation treaties.

The Performance Measurement Consultant uses the custodian's data records, in Canadian dollars, when calculating returns.

IX – Monitoring (continued)

The following benchmarks will be used for evaluation of the manager performance:

Canada Universe Bonds:	FTSE TMX Canada Universe Bond Index
Canada Long Bonds:	FTSE TMX Canada Long Term Bond Index
Canadian Equities:	S&P/TSX Composite Capped Index
U. S. Equities:	S&P 500 (in Canadian dollars)
International Equities:	MSCI EAFE (in Canadian dollars)
Global Equities:	MSCI World ex. Canada Index (in Canadian dollars)
Real Estate:	CPI + 4%
Infrastructure:	CPI + 4%

The Performance Measurement Consultants' source for the benchmarks above is Morningstar Direct. The S&P 500, MSCI EAFE and MSCI World ex. Canada index are converted to Canadian dollars using the Thompson Reuters Closing Rate.

For the following two asset classes, the Performance Measurement Consultant uses the indicated indices, as provided by the investment manager.

U.S. High Yield	Bank of America Merrill Lynch US High Yield, BB-B Rated Constrained Index (in USD)
Global bonds	JP Morgan Global Government Bond Index (in USD)

The custodian uses the followings sources for the foreign exchange rates:

Asset Class	Source
Segregated U.S, International and/or Global Equities	Bank of Canada Noon Rate on the last business day of the month
Pooled U.S., International and/or Global Equities	The Canadian equivalent price supplied by the Fund Manager, or if not provided, the foreign price converted using the Bank of Canada Noon Rate on the last business day of the month

APPENDIX 1

Outline of Reporting Expectations by the Fund Manager

This outline is meant to ensure that essential information is conveyed to the Board on a regular basis. Unless otherwise noted, the following should be contained in the quarterly reports to the Board and incorporated in any presentations made before the Board. The Fund Manager is expected to appear before the Board annually.

IF AND WHEN THEY OCCUR:

People/Firm

- Ownership changes or new strategic alliances shall be conveyed to the Board.
- Senior staffing additions, changes and/or departures shall be conveyed to the Board together with the reasons why.

QUARTERLY:

Portfolio

- If pooled funds are employed, provide holdings report of the pool.
- Provide an economic overview and factors influencing investment decisions over the next quarter and year.
- What are the positions that potentially have the largest impact on the portfolio for the upcoming quarter? This could include asset mix, country, sector, security selection and interest rate decisions. Significant deviations from the benchmarks shall be quantified.
- Include a statement as to compliance with the Investment Policy. If pooled funds are used, include a statement of compliance with the offering memorandum or the investment policy of each pooled fund. If non-compliant, what was the cause and what was done to resolve the situation?
- If applicable, provide a list of securities that do not have a liquid market.
- If applicable, provide information on any conflict of interest encountered and how it was managed.
- If applicable, the rationale for any situation where the Fund Manager voted against management.

Performance

- Overview of asset class rates of return relative to the benchmark defined in Appendix 2. Explain reason for over/under performance in past quarter and the impact on the one-year, four-year (if sufficient data) and rates of return since inception. Rates of return analyses should be relative to the benchmarks.

- Provide relevant information on how value was added or subtracted by various investment decisions

- Identify and quantify the investment decisions that had the largest positive and negative impacts on the Fund's rate of return.

ANNUALLY:

People/Firm

- Discuss gains or losses of accounts and/or assets in the last 12 months. Do the changes affect the way the Fund is being managed? Do funds have capacity targets? How does the firm ensure business considerations are not interfering with investment considerations and alignment?

- Discuss the firm's growth targets. If these are achieved, what is the impact on the way that the Fund is managed?

Process

- Discuss new and different types of investment categories that could be explored or considered for the Fund.

- Explain any major shift in style, thinking or strategy and why.

- Has the Investment Policy limited the Fund Manager's fully discretionary approach? If so, explain why.

- Provide a brief description of the firm's overall investment philosophy and style, including the individual asset classes contained within the Fund's mandate. What are the various return objectives and risk tolerances relative to the benchmarks? If return objectives and risk tolerances are linked to measures other than benchmarks, please elaborate.

- List any applicable internal risk controls that are more restrictive than those contained in the Investment Policy. How could these internal policies affect the performance of the Fund?

Portfolio

- What was the portfolio turnover for the 5 years? Please explain any large variance in turnover distribution.

Performance

- Economic overview and factors influencing investment decisions over the previous year.

APPENDIX 2.0

The assets of the Pension Fund are currently distributed among the following six Fund Managers:

Franklin Advisers, Inc.	U.S. High Yield Corporate BB/B Constrained
Franklin Templeton Investments Corp.	Global Government Bonds
Leith Wheeler Investment Counsel Ltd.	Canadian and Global Equities
MFS Investment Management Canada Limited	Domestic and Long Term Fixed Income
Bentall Kennedy	Canadian Real Estate
IFM Global Infrastructure (Canada), L.P.	Infrastructure

APPENDIX 2.1

Effective Date: October 20, 2016
Mandate – Canadian and Global equities

Equities Fund: The Canadian and Global equities mandate managed by the Equities Fund Manager.

Equities Fund Manager: Leith Wheeler Investment Counsel Ltd., solely with respect to its management of the Equities Fund.

Assets Eligible for Investment:

From time to time, and subject to the Investment Policy, the Equities Fund Manager may invest in any or all of the following asset categories and subcategories of investments either directly or through pooled funds, which hold only these investments.

(a) **Canadian Equity:** common stock, income trusts, convertible debentures, share purchase warrants (rights), preferred shares or convertible preferred shares of Canadian public companies.

(b) **Foreign Equity;** common stock, convertible debentures, share purchase warrants, share purchase rights, preferred shares, convertible preferred shares, American depository receipts (ADRs) and Global depository receipts (GDRs) of publicly traded non-Canadian companies.

The manager shall not invest in equity instruments of:

- Extendicare
- Chartwell Retirement Residences

Portfolio Diversification and Constraints:

Canadian Equity

- The Equities Fund and any portion allocated to the Equities Fund Manager must be well diversified across industry sectors and capitalization ranges consistent with the following:

  (a) No one equity holding shall represent more than 10% of the market value of the Canadian equity portfolio.

  (b) There will be a minimum of 30 stocks in the Canadian Equity portfolio.

  (c) No more than 10% of the market value of a Canadian equity portfolio may be invested in companies with a market capitalization of less than $250 million at the time of purchase.

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Mandate – Canadian and Global equities

- Proper diversification will be maintained across industry groups, (i.e., with investments in at least six of the ten major sub-indices of the S&P/TSX). Purchase of an equity investment in an industry group cannot be made if the resulting aggregate equity investment in that industry group will exceed the lesser of:

  (i) the S&P/TSX weight for that group, plus 15 percentage points, and
  (ii) 40% of the total Canadian equity portfolio.

United States Equity

- The Equities Fund and any portion allocated to the Equities Fund Manager must be well diversified across industry sectors and capitalization ranges consistent with the following:

  (a) No 1 equity holding shall represent more than 8% of the market value of the US equity portfolio.

  (b) There will be a minimum of 25 stocks in the US Equity portfolio.

  (c) No more than 15% of the market value of a U.S. equity portfolio may be invested in companies with a market capitalization of less than $500 million at the time of purchase.

  (d) No more than 20% of the market value of a U.S. equity portfolio may be invested in companies with a market capitalization of less than $2 billion at the time of purchase.

- Proper diversification will be maintained across industry groups (i.e., with investments in at least six of the ten major sub-indices of the S&P 500). Purchase of an equity investment in an industry group cannot be made if the resulting aggregate equity investment in that industry group will exceed the lesser of:

  (i) the S&P 500 weight for that group, plus 15%, and
  (ii) 40% of the total U.S. equity portfolio.

International Equity

- The Equities Fund and any portion allocated to the Equities Manager must be well diversified across industry sectors, geographical areas and capitalization ranges consistent with the following:

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Mandate – Canadian and Global equities

(a) No 1 equity holding shall represent more than 8% of the market value of the International equity portfolio.

(b) There will be a minimum of 25 stocks in each International equity portfolio.

(c) No more than 15% of the market value of an International equity portfolio may be invested in companies with a market capitalization of less than $500 million at the time of purchase.

(d) No more than 20% of the market value of an International equity portfolio may be invested in companies with a market capitalization of less than $2 billion at the time of purchase.

- Proper diversification will be maintained across industry groups (i.e., with investments in at least six of the ten major sub-indices of the MSCI EAFE). Purchase of an equity investment in an industry group cannot be made if the resulting aggregate equity investment in that industry group will exceed the lesser of:

  (i) the MSCI EAFE weight for that group, plus 15%, and
  (ii) 40% of the total International equity portfolio.

- The Fund Manager may invest a portion of its international equity mandate in emerging markets not to exceed 20% of the international equity portfolio under management by the Equities Fund Manager.

Use of Derivatives:

The Equities Fund Manager shall not use derivatives without obtaining prior written permission from the Board.

Use of Equities Fund Manager's Pooled funds:

If the Board retains a manager utilizing a pooled fund, the Board will, with respect to the assets invested in the pooled fund, accept the investment policy or other governing documents of the pooled fund in lieu of this Investment Policy.

If the Manager were to invest in pooled funds, the investment policy or other governing documents of the pooled fund would, with respect to assets invested in the pooled fund, override any specific requirements contained in this Investment Policy. Pooled funds may invest in instruments that a Manager is not authorized to hold directly as per this Investment Policy. The

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Mandate – Canadian and Global equities

Manager is required to notify the Board promptly of any changes to that investment policy of the pooled fund.

In addition, investment management fees shall not be increased because of the use of pooled funds of the Equities Fund Manager unless approved by the Board.

Pooled funds:
Leith Wheeler Special Canadian Equity Fund (Investment policy is attached)
Leith Wheeler International Pooled fund (Investment policy is attached)

Asset Allocation:

The asset allocation for the Equity Fund Manager's share of the total portfolio is as follows:

	Minimum	**Target**	**Maximum**
Canadian equities	35%	40%	45%
Global equities	55%	60%	65%
(Market Value)			

Currency Hedging Policy:

The foreign currency exposure in equities is to remain un-hedged.

Return Objective:

The Equities Fund Manager will be allowed to employ security selection techniques in an effort to increase the Equities Fund's total return, within the limits of the Investment Policy or, if managed using pooled funds, the Leith Wheeler Special Canadian Equity Fund and Leith Wheeler International Pooled fund Investment Policies.

In order to achieve satisfactory overall investment performance, the Equities Fund Manager is expected to meet or exceed the following performance targets:

(0.40 * S&P/TSX Composite Index) +
(0.60 * MSCI World ex Canada Index (CDN$)) +
0.80% per annum net of fees, assuming quarterly re-balancing and calculated on an annualized basis over moving 4 year time periods.

The Board recognizes that the Equities Fund Manager may not achieve the investment return objective over a particular measurement period and will therefore take into consideration the trend of results relative to the objective when evaluating the performance of the Equities Fund Manager.

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In addition to meeting or exceeding these objectives, the Equities Fund Manager will be monitored in other aspects of his/her operation, including (but not limited to):

- compliance with this Investment Policy and the Leith Wheeler Special Canadian Equity Fund and Leith Wheeler International Pooled fund Investment Policies.
- continuity of personnel within the firm;
- continuity of management style, and
- overall management of the firm's business.

Non-Compliance: The Equities Fund Manager will be liable for any realized monetary loss to the assets of the Equities Fund resulting from non-compliance to this Investment Policy or in the case of pooled funds, with the Leith Wheeler Special Canadian Equity Fund and Leith Wheeler International Pooled fund Investment Policies, if such non-compliance was directly due to a material breach of the applicable investment policy by the Manager.

Acceptance: The Equities Fund Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it, or in the case of pooled funds, with the Leith Wheeler Special Canadian Equity Fund and Leith Wheeler International Pooled fund Investment Policies., and to provide the quarterly compliance letters.

The Equities Fund Manager also agrees that the Investment Policy's return and risk expectations are reasonable given the Equities Fund Manager's investment management style.

The Equities Fund Manager does not guarantee any of the return and risk expectations.

Name:
Title: VP, PORTFOLIO MANAGER

Leith Wheeler INVESTMENT COUNSEL LTD. | Quiet Money.

Leith Wheeler Special Canadian Equity Fund Investment Policy Statement

Fund Objective

The fund is intended to be a complement to our Canadian Equity portfolio and not a stand-alone product. The fund's results will be included as part of the Canadian Equity portfolio's performance

Asset Mix

Under normal circumstances, the Fund will keep its portfolio fully invested, to the greatest extent possible, in equity and equity related securities.

Investment Guidelines

The Fund may be invested in any of the following investment categories along with current constraints:

Cash

The Fund may invest in cash, short term notes, banker's acceptances, deemed deposits, treasury bills, corporate paper, asset-backed securities, or similar investments.

Equities

The Fund may invest in common shares, special warrants, units and securities convertible into units of listed royalty trusts, real estate investment trusts (REITS), income trusts, limited partnerships and other similar flow-through entities, convertible debentures and convertible preferred shares listed on the Toronto Stock Exchange.

Canadian Equities

Investment in Canadian Equities will have the following constraints (*All percentage limits apply to the net market value of the Fund unless specified*):

- Investments in trusts will be limited to those registered in provinces which have passed legislation clarifying that unitholders of publicly traded trusts will not be liable for the activities of the trust.
- All securities held in the Fund will be publicly traded securities with the exception of special warrants, private placements and initial public offerings which are intended to be converted into publicly traded securities within six months of time of purchase.
- The portfolio will normally hold between 1 and 20 stocks.
- The intent of the fund is to invest in less liquid and small capitalization companies and trusts that are judged to have insufficient trading liquidity to allow trading on a segregated basis.
- The Fund will be managed as a part of the Canadian Equity portfolio and adherence to any existing Canadian Equity statement of investment policy will be maintained.

Security Lending

The Fund is not allowed to participate in securities lending.

Conflicts of Interest

Leith Wheeler and its employees shall not knowingly permit their interests to conflict with their duties and powers in respect of the Fund. Both actual and perceived conflicts of interest shall be deemed to be conflicts of interest coming within the scope of the above policy.

Retention or Delegation of Voting Rights

Leith Wheeler retains all voting rights with respect to individual investments in the Fund.

Reporting

The year-end of the Fund is December 31st. The Fund will be audited annually by an external auditor who will prepare annual financial statements for the Fund.

Leith Wheeler INVESTMENT COUNSEL LTD. | Quiet Money.

Leith Wheeler International Equity Fund
Investment Policy Statement

Fund Objective

The investment objective of the Fund is to provide investors with exposure to international equity markets and maximize the long term rate of return while preserving the investor capital by avoiding investment strategies that exposes the Fund to excessive risk

Investment Return Objective

- Maximize the long-term rate of return while preserving the investment capital by avoiding investment strategies that expose Fund assets to excessive risk.

- To outperform the MSCI EAFE Index over a full market cycle.

- To achieve an above-average ranking relative to similar mandates over a full market cycle.

Asset Mix

The following table presents the asset mix policy at market value for the Fund.

Asset Class	Minimum	Maximum
Short Term & Cash	0%	10%
Equities	90%	100%

Investment Guidelines

The Fund may be invested in any of the following investment categories along with current constraints:

Cash

The Fund may invest in cash, short term notes, banker's acceptances, deemed deposits, treasury bills, corporate paper, asset-backed securities, or similar investments.

Investment in Cash will have the following constraints:

- The investments will be restricted to Canadian issues with maturities of less than one year

- Investment must be issues of, or guaranteed by, the federal government, provincial governments, municipal governments, and corporations.

- The minimum credit rating for all corporate paper shall be 'R1' (low) by either DBRS, Moody's, Standard & Poors, Fitch or equivalent. However, an unrated security may be held if it is deemed to be R- 1. In addition, the names held in the Fund must be known to the Portfolio Managers and be acceptable to them.

Equities

Common equity securities, (excluding North America) including financial derivatives used for hedging purposes, American Depository Receipts (ADRs), other securities convertible into common equities and unitized funds containing only such investments.

International Equities

Investment in International equities will have the following constraints (*All percentage limits apply to the net market value of the Fund unless specified*):

- The Fund's assets will be invested in securities in a minimum of three countries from the following lists in each of the European and Pacific Basin regions.

Europe		Pacific Basin
Austria	Italy	Australia
Belgium	Netherlands	Hong Kong
Denmark	Norway	Japan
Finland	Portugal	New Zealand
France	Spain	Singapore
Germany	Sweden	
Greece	Switzerland	
Ireland	United Kingdom	

- The guideline for country weighting are as follows:

Country	Minimum	Maximum
Japan	5%	50%
United Kingdom	10%	50%
All other countries in the MSCI EAFE Index	0%	15%
Total non-MSCI EAFE Index countries	0%	15%

- The Fund's assets will be invested in securities in a minimum of 7 of the 10 sectors.

- Maximum weighting for any one of the following sector is 30% of the market value of the Fund:

Sectors	
Energy	Health Care
Material	Financials
Industrial	Information Technology
Consumer Discretionary	Telecommunication Services
Consumer Staples	Utilities

- The Fund's assets will also be diversified by company with no fewer than 40 holdings. The maximum weighting for any one security is 5% of the market value of the Fund.

- The maximum exposure to any one stock should not exceed 5% of that company's outstanding shares or 10% of its free float.

Security Lending

Securities lending will only be transacted in circumstances in which policies and procedures have been implemented to safeguard the subject securities.

Conflicts of Interest

Leith Wheeler and its employees shall not knowingly permit their interests to conflict with their duties and powers in respect of the Fund. Both actual and perceived conflicts of interest shall be deemed to be conflicts of interest coming within the scope of the above policy.

Retention or Delegation of Voting Rights

Leith Wheeler retains all voting rights with respect to individual investments in the Fund.

Reporting

The year-end of the Fund is December 31st. The Fund will be audited annually by an external auditor who will prepare annual financial statements for the Fund.

APPENDIX 2.2
Effective Date: October 20, 2016
Mandate: Canadian Bonds

Canadian Fixed Income Fund: The Canadian bonds, mortgages and short-term securities mandate managed by the Canadian Fixed Income Fund Manager.

Canadian Fixed Income Fund Manager*:* MFS Investment Management Canada, solely with respect to its management of the Canadian Fixed Income Fund.

Assets Eligible for Investment:

From time to time, and subject to the Investment Policy, the Canadian Fixed Income Fund Manager may invest in any or all of the following asset categories and subcategories of investments either directly or through pooled funds, which hold only these investments.

- Bonds, debentures, notes or other debt instruments (government, government agencies and corporations)
- Treasury Bills and Commercial Paper
- Guaranteed Investment Certificates and Term Deposits
- Convertible debentures
- Mortgage-backed and asset-backed securities
- First mortgages on industrial, apartment, commercial, and office buildings across Canada
- Strip coupons and bond residues
- Real return bonds issued, guaranteed or backed by a province
- Fixed income private placement of Canadian issuers in the infrastructure sector

Portfolio Diversification and Constraints:

Canadian Fixed Income consists of the following three asset sub-classes – bonds, mortgages and short-term securities and will be invested primarily in fixed-income securities in the domestic Canadian market.

A. Bonds
All bonds shall be classified as federal, provincial or corporate according to the FTSE TMX Canada Universe classification system for the purpose of the following guidelines.

Government Issues
(i) There are no limits on Federal issues or AAA and AA provincial issues
(ii) The maximum weighting in A provincials is 60% of the Canadian Fixed Income Fund
(iii) Any government foreign issuers cannot exceed 15% of the Canadian Fixed Income Fund.

APPENDIX 2.2
Effective Date: October 20, 2016
Mandate: Canadian Bonds

Corporate Issues

(i) Not more than 10% of the Canadian Fixed Income Fund shall be invested in any group of affiliated companies
(ii) The maximum weighting in A corporate issues is 45% of the Canadian fixed Income Fund
(iii) The maximum weighting in BBB corporate issues is 15% of the Canadian Fixed Income Fund and not exceeding 3% per position
(iv) Corporate issues in total should not exceed 45% for the Canadian Fixed Income Fund.

Infrastructure Bonds

The fundamental investment objective of the Infrastructure Bond allocation is to provide stable long term returns through distribution of income. This objective will be attained by investing in fixed income securities with a focus on infrastructure bonds. Infrastructure projects are ideally suited for long-term investors looking for high current yield. The investment may be less liquid than other fixed income investments. Characteristics include:

(i) Permitted securities: bonds (non-convertible), strip coupons and bond residues, real return bonds issued, guaranteed or backed by a province. Corporate debentures, bonds or fixed income private placement of Canadian issuers in the infrastructure sector. Securities not included in the index are allowed.
(ii) Canadian bonds issued for infrastructure projects in the UK, Australia or the United States are allowed. A maximum of 5% of the Canadian fixed income portfolio can be invested in these bonds.

Minimum Quality

(i) The minimum average quality of the Canadian Fixed Income Fund is to be A
(ii) No purchases may be made within the Canadian Fixed Income Fund of issues rated BB or less
(iii) Quality standards for the total Canadian Fixed Income Fund shall be as follows:

Maximum % of Canadian Fixed Income Fund	
Total BB or Lower	5%*
Total BBB or Lower	15%
Total A or Lower	50%
AA or Higher	no limit

** only to be used with the prior approval of the Board*

The Canadian Fixed Income Fund Manager shall notify the Board of any issues that fall to BB or lower within twenty business days of the downgrading of the issue, and should be prepared to discuss their plan of action on such holdings.

(iv) Not more than 15% of the Canadian fixed income component shall be in foreign pay Canadian domiciled bonds (including Canadian recognized supra-nationals); or in Canadian pay bonds issued by foreign issuers (including Maple bonds).

APPENDIX 2.2
Effective Date: October 20, 2016
Mandate: Canadian Bonds

B. Mortgages

Mortgages will be first mortgages on industrial, apartment, commercial, and office buildings across Canada. Mortgage investments in total may not exceed 15% of the Canadian Fixed Income Fund without prior discussion with and approval of the Board.

C. Short Term Securities

Minimum credit rating at time of purchase for any single security:	"R-1 low"
Maximum term to maturity for any single security:	1 year
Maximum exposure to Corporate issues:	40% of Cash and Short-term*
* Unless a Canadian Chartered bank with R-1 High rating, then:	100% of Cash and Short-term
Maximum exposure to a single or related issuer:	10% of Cash and Short-term**
** Unless Government of Canada, Province with a AA rating or a Canadian Chartered bank with R-1 High rating, then:	100% of Cash and Short-term

ASSET CLASS	Minimum	Maximum
Cash and Short term	0%	10%
Bonds	75%	100%
Mortgages	0%	15%

Other:

The Canadian Fixed Income Fund shall not borrow or use the assets of the portfolio as a loan guarantee. Margin purchases and short sales are prohibited.

Ratings:

For the purposes of this Investment Policy, fixed income ratings referenced are Dominion Bond Rating Service (DBRS) or equivalent credit ratings provided by S&P or Moody's. If the rating for an issue varies across rating services, the rating rules used by PC Bond Analytics for bonds in the FTSE TMX Canada Universe shall apply as follows:

(i) If two agencies rate a security, and the ratings are not equal, use the lower of the two ratings

(ii) If three agencies rate a security, use the most common rating

(iii) In the rare event that all three agencies disagree, use the middle rating.

All ratings shall be inclusive of low, mid and high qualifiers or their equivalent within each rating band.

APPENDIX 2.2

Effective Date: October 20, 2016
Mandate: Canadian Bonds

Duration:

The Canadian Fixed Income Fund Manager will maintain the duration of the Canadian Fixed Income Fund within a range of +/- 2.25 years of the duration of the Canadian fixed income benchmark, and will report the duration as information with each quarterly written report.

Use of Derivatives:

Derivatives such as swaps, options, futures and forward contracts may be used:

a. For hedging purposes, to expand the investment opportunities available and / or to achieve an intended term structure objective
b. for non-hedging purposes, where derivatives are used as an alternative to direct investment and no leverage is involved, meaning derivative securities will be fully backed by cash or government bonds with the intent of creating a synthetic investment

Use of Fund Manager's Pooled Funds:

If the Board retains a manager utilizing a pooled fund, the Board will, with respect to the assets invested in the pooled fund, accept the investment policy or other governing documents of the pooled fund in lieu of this Investment Policy.

If the Manager were to invest in pooled funds, the investment policy or other governing documents of the pooled fund would, with respect to assets invested in the pooled fund, override any specific requirements contained in this Investment Policy. Pooled funds may invest in instruments that a Manager is not authorized to hold directly as per this Investment Policy. The Manager is required to notify the Board promptly of any changes to that investment policy of the pooled fund.

In addition, investment management fees shall not be increased because of the use of pooled funds of the Fund Manager unless approved by the Board.

Pooled funds:
MFS Canadian Fixed Income Fund (MFS Investment Management Canada Offering Memorandum dated July 22, 2016 is attached)

MFS Canadian Long Term Fixed Income Fund (MFS Investment Management Canada Offering Memorandum dated July 22, 2016 is attached)

Asset Class Allocation:
As per Appendix A in the Investment Management Agreement dated September 6, 2013 (the "IMA").

APPENDIX 2.2
Effective Date: October 20, 2016
Mandate: Canadian Bonds

Return Objective:

The Canadian Fixed Income Fund Manager will be allowed to employ security selection, sector allocation and curve positioning techniques in an effort to increase the Canadian Fixed Income Fund's total return, within the limits of the Investment Policy or, if managed using pooled funds, the MFS Investment Management Canada Offering Memorandum dated July 22, 2016.

In order to achieve satisfactory overall investment performance, the Canadian Fixed Income Fund Manager is expected to meet or exceed the following performance targets.

- MFS Canadian Fixed Income Fund
  FTSE TMX Canada Universe Bond Index + 0.25% per annum net of fees on an annualized basis over moving 4 year time periods.

- MFS Canadian Long Term Fixed Income Fund
  FTSE TMX Canada Long Term Bond Index +0.25% per annum net of fees on an annualized basis over moving 4 year time periods.

The Board recognizes that the Canadian Fixed Income Fund Manager may not achieve the investment return objective over a particular measurement period and will therefore take into consideration the trend of results relative to the objective when evaluating the performance of the Canadian Fixed Income Fund Manager.

In addition to meeting or exceeding these objectives, the Canadian Fixed Income Fund Manager will be monitored in other aspects of his/her operation, including (but not limited to):

- compliance with this Investment Policy, or if using pooled funds, the MFS Investment Management Canada Offering Memorandum dated July 22, 2016;
- continuity of personnel within the firm;
- continuity of management style, and
- overall management of the firm's business.

Non-Compliance: As per Article 3 and Article 11 in the IMA.

Acceptance: As per Article 1 in the IMA.

The Canadian Fixed Income Fund Manager also agrees that the Investment Policy's return and risk expectations are reasonable given the Canadian Fixed Income Manager's investment management style.

APPENDIX 2.2
Effective Date: October 20, 2016
Mandate: Canadian Bonds

The Canadian Fixed Income Fund Manager does not guarantee any of the return and risk expectations.

Name: Peter Kotsopoulos
Title: Chief Executive Officer

SCHEDULE 16
MFS CANADIAN FIXED INCOME FUND

Investment Philosophy

To provide a moderate real rate of return, through income and capital gains, by investing in a diversified portfolio of primarily Canadian dollar debt and from time-to-time U.S. debt. The Fund will primarily invest in investment grade debt. Returns in excess of income will be gained through active duration, yield curve and sector management, as well as security selection.

Performance Objective

Outperform the FTSE TMX Canada Universe Bond Index over a full market cycle, typically defined as three to five years.

Eligibility for Investment

Units of this Fund are qualified investments for RRSPs, RRIFs, DPSPs, RDSPs and TFSAs; subject to the prohibited investment rules discussed in Federal Income Tax Considerations in the Offering Memorandum.

Asset Mix

	Min (%)	Max (%)
Bonds	85	100
Cash & equivalents	0	15

Diversification

Sector:	Min (%)	Max (%)
Federal	Unlimited	
Provincial	0	50
Municipal	0	10
Other Government Related	0	15
Corporate	0	60
Credit Quality:		
AAA	Unlimited	
AA	0	75
A	0	60
BBB and below	0	25
BB and below	0	10

Ratings are provided by Dominion Bond Rating Service (DBRS) or a comparable rating agency.

Corporate Diversification

No more than 7% of the Fund may be invested in any group of affiliated companies rated AA; no more than 4% in affiliated companies rated A or lower.

Foreign Currency

Up to 10% of the Fund may be invested in debt denominated in U.S. currency, including debt issued by the U.S. Government, its agencies and instrumentalities. No other foreign currency debt will be purchased.

Duration

The Fund's duration will range between 60 - 140% of the duration of the FTSE TMX Canada Universe Bond Index.

Eligible Investments

Pooled or commingled products managed by MFS if consistent with the Fund's investment objective.

The Fund's currency exposure may be hedged utilizing currency derivatives (e.g., options on currency, futures, and forward contracts).

If utilized by the portfolio, currency hedging will be done for defensive purposes only.

Eligible Investments include those issued by the Canadian and non-Canadian governments, government agencies, corporations or trusts, subject to minimum rating requirement, in any of the following forms:

- Bonds, Debentures and Mid-Term Notes.
- Mortgages (NHA Guaranteed), Treasury Bills.
- Guaranteed Investment Certificates & Term Deposits, Private Placements, asset-backed securities, commercial mortgage-backed securities, or similar instruments.
- Short-term paper issued by sovereign authorities or their agents.
- Other securities that may be eligible for inclusion in a Canadian bond index.

Cash Management

The Fund will invest in high quality money market or short-term debt instruments denominated in U.S. or Canadian dollars. Instruments such as commercial paper, bank obligations (e.g. certificates of deposit and bankers' acceptance) repurchase agreements, and various obligations of the Canadian or U.S. governments, their agencies or municipalities are all eligible for investment subject to regulatory rules governing the Fund's investment practices.

SCHEDULE 19
MFS CANADIAN LONG TERM FIXED INCOME FUND

Investment Philosophy

To provide a moderate real rate of return, through income and capital gains, by investing in a diversified portfolio of primarily Canadian dollar debt and from time-to-time U.S. debt. The Fund will primarily invest in investment grade debt. Returns in excess of income will be gained through active duration, yield curve and sector management, as well as security selection.

Performance Objective

Outperform the FTSE TMX Canada Long Term Bond Index over a full market cycle, typically defined as three to five years.

Eligibility for Investment

Units of this Fund are qualified investments for RRSPs, RRIFs, DPSPs, RDSPs and TFSAs; subject to the prohibited investment rules discussed in Federal Income Tax Considerations in the Offering Memorandum.

Asset Mix

	Min (%)	Max (%)
Bonds	85	100
Cash & equivalents	0	15

Diversification

Sector:	Min (%)	Max (%)
Federal	Unlimited	
Provincial	0	75
Municipal	0	10
Other Government Related	0	15
Corporate	0	50
Credit Quality:		
AAA	Unlimited	
AA	0	75
A	0	60
BBB and below	0	25
BB and below	0	10

Ratings are provided by Dominion Bond Rating Service (DBRS) or a comparable agency.

Corporate Diversification

No more than 7% of the Fund may be invested in any group of affiliated companies rated AA; no more than 4% in affiliated companies rated A or lower.

Foreign Currency

Up to 10% of the Fund may be invested in debt denominated in U.S. currency, including debt issued by the U.S. Government, its agencies and instrumentalities. No other foreign currency debt will be purchased.

Duration

The Fund's duration will range between 70 - 130% of the duration of the FTSE TMX Canada Long Term Bond Index.

Eligible Investments

Pooled or commingled products managed by MFS if consistent with the Fund's investment objective.

The Fund's currency exposure may be hedged utilizing currency derivatives (e.g., options on currency, futures, and forward contracts). If utilized by the portfolio, currency hedging will be done for defensive purposes only.

Eligible Investments include those issued by the Canadian and non-Canadian governments, government agencies, corporations or trusts, subject to minimum rating requirement, in any of the following forms:

- Bonds, Debentures and Mid-Term Notes.
- Mortgages (NHA Guaranteed), Treasury Bills.
- Guaranteed Investment Certificates & Term Deposits, Private Placements.
- Short-term paper issued by sovereign authorities or their agents.
- Other securities that may be eligible for inclusion in a Canadian bond index.

Cash Management

The Fund will invest in high quality money market or short-term debt instruments denominated in U.S. or Canadian dollars. Instruments such as commercial paper, bank obligations (e.g. certificates of deposit and bankers' acceptance) repurchase agreements, and various obligations of the Canadian or U.S. governments, their agencies or municipalities are all eligible for investment subject to regulatory rules governing the Fund's investment practices.

APPENDIX 2.3
Effective Date: October 20, 2016
Mandate: U.S. High Yield Bonds

U.S. High Yield Fund: The U.S. high yield corporate BB/B constrained fixed income mandate managed by the U.S. High Yield Manager for the Pension Plan.

U.S. High Yield Manager: Franklin Advisers, Inc. solely with respect to its management of the U.S. High Yield Fund.

Assets Eligible for Investment:

From time to time, and subject to the Investment Policy, the U.S. High Yield Fund may invest in any or all of the following asset categories and subcategories of investments either directly or through pooled funds, which pooled funds may hold these investments as well as other investments that the U.S. High Yield Fund is not authorized to hold directly.

- U.S. Dollar- (“USD”)-denominated high yield debt securities of corporations globally
- Convertible bonds
- Mortgage-backed and asset-backed securities
- Commercial mortgage obligations
- Preferred Securities and Trust Preferred Securities
- Equity-oriented securities received as part of a bond offering or restructuring (or similar action) or from convertible securities, including but not limited to warrants and options
- Rule 144A and Reg S private placement fixed income securities
- Secured high yield bonds and investment grade corporate bonds
- Pay In Kind (PIK) and Zero Coupon Bonds
- Bank loans
- Credit default swaps

In addition, the U.S. High Yield Manager is authorized to manage the cash balance of the U.S. High Yield Fund and may use any instruments customarily used by the U.S. High Yield Manager for such purposes, including but not limited to, overnight discount notes and treasuries.

Portfolio Diversification and Constraints:

The U.S. High Yield Fund consists of a U.S. high yield corporate BB/B constrained fixed income mandate *(the “U.S. High Yield Fund”).* For the purposes of the following ratings requirements, where a bond is only rated by two agencies, then a rating below B3/B- by either agency will preclude purchase. Where a bond is only rated by one agency, it must be B3/B- rated or higher for purchase.

APPENDIX 2.3

Effective Date: October 20, 2016
Mandate: U.S. High Yield Bonds

The U.S. High Yield Fund and any portion allocated to the U.S. High Yield Fund Manager must be well diversified across industry sectors, geographical areas and capitalization ranges consistent with the following:

- No purchases of securities rated below B3/B-/B3 (Long Term) by at least two of the three major rating agencies S&P, Moody's and Fitch
- In the event of downgrade only may the portfolio hold up to 10% of the portfolio market value in securities rated below B3/B-/B3 (Long Term) by at least two of the three major rating agencies S&P, Moody's and Fitch
- The use of cash leverage (defined as borrowing cash to make additional investments above total net assets) is not permitted
- Maximum investment in a single issuer shall not exceed 5% of the portfolio market value at the time of investment.
- The portfolio may not purchase securities of companies that are not rated by at least one of the three major rating agencies (S&P, Moody's or Fitch).

The U.S. High Yield Fund may purchase a maximum of 10% of the portfolio market value in each of the following categories of securities, and no more than 25% in aggregate of the following security types:

- Preferred Securities and Trust Preferred Securities
- Convertible Bonds
- Pay In Kind (PIK) and Zero Coupon Bonds
- Bank Loans
- Equity-oriented securities received as part of a bond offering or restructuring (or similar action) or from convertible securities, including but not limited to warrants and options

In addition to the investments listed above, credit default swaps are also eligible investments and may be used by the U.S. High Yield Fund to manage the risks of the portfolio and to provide credit exposure. In the case of long swap exposures, the U.S. High Yield Manager must maintain an amount of cash and cash equivalents at least equal to the notional amount of credit default swaps then outstanding.

The U.S. High Yield Manager shall notify the Board of any issues that fall below B3/B-/B3 (Long Term) or lower by at least two of the three major rating agencies within twenty business days of the downgrading of the issue, and should be prepared to discuss their plan of action on such holdings within 20 business days of the downgrade.

APPENDIX 2.3
Effective Date: October 20, 2016
Mandate: U.S. High Yield Bonds

Any percentage limitations or credit or other requirements referenced in this section shall be determined solely at the time of investment. If any event out of the U.S. High Yield Manager's control (including but not limited to market movements, cash inflows to or outflows from the U.S. High Yield Fund, or rating changes) shall cause any of the percentages or requirements set forth in this section to be exceeded or not met, it shall not be deemed to be a breach of this section by the U.S. High Yield Manager, provided that the U.S. High Yield Manager contacts the Board within five (5) business days of such percentage or requirement being exceeded or not met to discuss the plan of action.

The U.S. High Yield Manager will seek to maintain the duration of the U.S. High Yield Fund portfolio within a range of +/- 2 years around the modified duration of the Merrill Lynch U.S. High Yield BB-B Rated, Constrained Index (HUC4) Index, and will report the duration of the portfolio as information with each quarterly written report.

Use of Pooled funds:

If the Board retains a manager utilizing a pooled fund, the Board will, with respect to the assets invested in the pooled fund, accept the investment policy or other governing documents of the pooled fund in lieu of this Investment Policy.

If the Manager were to invest in pooled funds, the investment policy or other governing documents of the pooled fund would, with respect to assets invested in the pooled fund, override any specific requirements contained in this Investment Policy. Pooled funds may invest in instruments that a Manager is not authorized to hold directly as per this Investment Policy. The Manager is required to notify the Board promptly of any changes to that investment policy of the Pooled fund.

In addition, investment management fees shall not be increased because of the use of pooled funds of the Fund Manager unless approved by the Board.

Operational Hedging Policy:

The U.S. High Yield Fund is managed from a U.S. dollar return perspective. The U.S. High Yield Manager will position the U.S. High Yield Fund parallel to other accounts which have a base currency in U.S. dollars. Thus, the U.S. High Yield Manager will seek to align the U.S. High Yield Fund's performance with the strategy's total return investment objective from a U.S. dollar perspective.

APPENDIX 2.3
Effective Date: October 20, 2016
Mandate: U.S. High Yield Bonds

Since the U.S. High Yield Fund's base currency is U.S. dollars, the U.S. High Yield Manager will implement a portfolio-level "operational" currency hedge separate and independent from the investment portfolio positions. This currency hedge will translate the U.S. dollar total return to a total return in Canadian dollars, adjusted for interest rate differentials.

The operational currency hedge typically consists of short maturity (three months or less) currency forwards or futures, selling U.S. dollar and buying the Canadian dollar, that are rolled over on an ongoing basis. The notional exposure of these operational hedge currency forwards is managed to generally be ninety-seven percent (97%) of total net assets, plus or minus three percent (3%).

Return Objective:

The U.S. High Yield Manager will be allowed to employ security selection techniques in an effort to increase the Pension Fund's total return. The various limits set out previously must be adhered to.

In order to seek satisfactory overall investment performance, the U.S. High Yield Manager is expected to seek the following performance targets for the U.S. High Yield Fund on an annualized basis over moving 4 year time periods.

Bank of America Merrill Lynch U.S. High Yield, BB-B Rated Constrained (in USD) +
0.50% per annum net of fees, assuming quarterly re-balancing

The U.S. High Yield Fund is to be hedged to Canadian Dollars. The index will be measured as a hedged investment for reporting purposes.

The Board recognizes that the Manager may not achieve the investment return objective. The Board may take into consideration the trend of results relative to the objective when evaluating the performance of the U.S. High Yield Manager.

The U.S. High Yield Manager will be monitored in other aspects of his/her operation, including (but not limited to):

- compliance with this Investment Policy;
- continuity of personnel within the firm;
- continuity of management style, and
- overall management of the firm's business.

APPENDIX 2.3
Effective Date: October 20, 2016
Mandate: U.S. High Yield Bonds

Non-Compliance:

The U.S. High Yield Manager will be liable for any realized monetary loss to the assets of the U.S. High Yield Fund resulting from non-compliance with this Investment Policy or in the case of pooled funds, with the respective pooled fund investment policy, if such non-compliance was directly due to a material breach of the applicable investment policy by the U.S. High Yield Manager.

Acceptance:

The U.S. High Yield Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it or in the case of pooled funds, with the respective pooled fund investment policy, and to provide the quarterly compliance letters.

The U.S. High Yield Fund Manager also agrees that the Investment Policy's return and risk expectations are reasonable given the U.S. High Yield Fund Manager's investment management style.

The Manager does not guarantee any of the return and risk expectations.

Name: ROGER BAYSTON
Title SENIOR VICE PRESIDENT

APPENDIX 2.4
Effective Date: October 20, 2016
Mandate: Global Government Bonds

Global Bond Fund: The Global fixed income mandate managed by the Global Bond Fund Manager for the Pension Plan.

Global Bond Fund Manager: Franklin Templeton Investments Corp. solely with respect to its management of the Global Bond Fund (Hedged).

Pooled funds: Templeton Global Bond Fund (Fully hedged to Canadian dollars). (Simplified Prospectus dated May 27, 2016is attached).

Return Objective:

The Global Bond Fund Manager will be allowed to combine macroeconomic analysis with quantitative tools in an active management, benchmark unconstrained style in an effort to increase the Pension Fund's total return within the limits of the Investment Policy or, if managed using pooled funds, the pooled funds' investment policy.

In order to seek satisfactory overall investment performance, the Global Bond Fund Manager is expected to seek the following performance targets for the Global Bond Fund on an annualized basis over moving 4 year time periods:

JP Morgan Global Government Bond Index (USD) + 0.35% per annum net of fees, assuming quarterly re-balancing.

The Global Bond Fund is to be operationally hedged to Canadian Dollars. The index will be measured as a hedged investment for reporting purposes.

The Board recognizes that the Global Bond Fund Manager may not achieve the investment return objective. The Board may take into consideration the trend of results relative to the objective when evaluating the performance of the Global Bond Fund Manager.

The Global Bond Fund Manager will be monitored in other aspects of his/her operation, including (but not limited to):

- compliance with the Simplified Prospectus dated May 27, 2016
- continuity of key senior personnel within the firm;
- continuity of management style, and
- overall management of the firm's business.

APPENDIX 2.4
Effective Date: October 20, 2016
Mandate: Global Government Bonds

Compliance: The Global Bond Fund Manager is required to act in accordance with the Simplified Prospectus dated May 27, 2016 relating to the pooled fund named above.

Non-Compliance:

The Global Bond Fund Manager will be liable for any realized monetary loss to the assets of the fund resulting from non-compliance with this Investment Policy, or in the case of pooled funds, with the Simplified Prospectus dated May 27, 2016 if such non-compliance was directly due to a material breach of the applicable investment policy by the Global Bond Fund Manager.

Acceptance:

The Global Bond Fund Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it, or in the case of pooled funds, with the Simplified Prospectus dated May 27, 2016, and to provide the quarterly compliance letters.

The Global Bond Fund Manager also agrees that the Investment Policy's return and risk expectations are reasonable given the Global Bond Fund Manager's investment management style.

The Manager does not guarantee any of the return and risk expectations.

Name:

Dennis C. Tew
SVP, Head of Sales Compliance and Business Operations-North America

NOVEMBER 15, 2016

Templeton Global Bond Fund (Hedged)

Fund details

Type of fund:	Global fixed income
Start date:	Series A, F, I and O units: August 19, 2013 Series M units: June 15, 2015
Nature of securities:	Series A, F, I, M and O units of a mutual fund trust
Eligible for registered plans:	Yes
Portfolio advisor:	Franklin Templeton Investments Corp., Toronto, Ontario is the portfolio advisor of both the Fund and the Underlying Fund
Sub-advisor:	Franklin Advisers, Inc., San Mateo, California is the sub-advisor of the Underlying Fund

What does the fund invest in?

Investment objective

- high current income with capital appreciation by investing substantially all of its assets in units of Templeton Global Bond Fund (the "Underlying Fund"). The Fund invests in derivatives to attempt to eliminate the impact of currency fluctuations between the U.S. and Canadian dollars.

The fundamental investment objective may only be changed with the approval of a majority of the unitholders at a meeting called for that purpose.

Investment strategies

The Fund:

- invests in units of Templeton Global Bond Fund, whose investment objective is high current income with capital appreciation by investing primarily in fixed-income securities and preferred shares issued around the world
- invests in forward contracts to hedge as completely as possible against fluctuations caused by changes in exchange rates between the U.S. and Canadian dollars. As a result, the Fund will not generally suffer/benefit from any fluctuation in the value of the U.S. dollar against the Canadian dollar. Investments in forward contracts to hedge as completely as possible against currency fluctuations between the U.S. and Canadian dollar will not result in the impact of currency fluctuations being eliminated altogether. The Fund's returns will differ from the U.S. dollar returns of the Underlying Fund.

Investment strategies of the Underlying Fund

The Underlying Fund:

- may not invest more than 25% of the total value of the invested assets (excluding cash) in a particular industry
- engages, at the discretion of the portfolio advisor, in currency management strategies to hedge the risk of changes in currency exchange rates. These currency management strategies may include investing in currency forward contracts and the use of proxy hedges where the Underlying Fund attempts to hold a net long position of a particular currency versus a second currency that is expected to perform similarly to the first currency (by selling forward contracts) even if the Underlying Fund does not hold securities denominated in the second currency
- may invest in debt securities that are rated below investment grade, sometimes called "junk bonds" or "high yield" securities
- may hold a portion of its assets in cash, money market securities or money market mutual funds while seeking investment opportunities or for defensive purposes
- may engage in securities lending, repurchase and reverse repurchase transactions as well as invest in derivatives including forward contracts, calls, puts and swaps (as described on pages 58 to 59). These transactions and investments in derivatives will be used in conjunction with the Underlying Fund's other investment strategies in a manner considered most appropriate to achieving the Underlying Fund's overall investment objectives and enhancing the Underlying Fund's returns.

Such investments are permitted by securities regulations and the exemption from certain derivative rules received by the Underlying Fund and described under "Investments in Derivatives" on page 59.

The Underlying Fund may engage in a limited amount of short selling. These transactions will be used with the other investment strategies in a manner considered most appropriate to achieving the Underlying Fund's overall investment objective and enhancing the Underlying Fund's returns. See "Short selling" on page 59 for more information.

As an exception to standard investment restrictions for mutual funds, the Underlying Fund has obtained approval of the Canadian securities regulators to invest more than 10% of the Underlying Fund's assets in securities issued or guaranteed by various governments or permitted international agencies that are traded on mature and liquid markets and provided that the acquisition of these securities is consistent with the Underlying Fund's investment objective. As part of our investment strategy, this option gives us more flexibility to choose the most appropriate investments for the Underlying Fund.

What are the risks of investing in the fund?
Since the Fund invests in units of the Underlying Fund, the unit price of the Fund rises and falls with the unit price of the Underlying Fund. There may be performance lags or tracking errors with respect to the Fund's investment in the Underlying Fund which could result in the unit price of the Fund not precisely tracking the unit price of the Underlying Fund.

Investments in forward contracts to hedge as completely as possible against currency fluctuations between the U.S. and Canadian dollar will not result in the impact of currency fluctuations being eliminated altogether. The Fund's returns will differ from the U.S. dollar returns of the Underlying Fund. Hedging will limit the opportunity for gains that would be realized in the event of an increase in the value of the U.S. dollar relative to the Canadian dollar. During times of extreme market stress or volatility the Fund may not be able to prevent losses from exposure to U.S. currency.

See page 86 for a list of the risks associated with the Fund's investment in the Underlying Fund.

As of May 6, 2016, two securityholders held 42.13% and 10.85%, respectively, of the Fund.

See page 2 for a full discussion of these risks.

Who should invest in this fund?

Investors:
- mainly interested in current income from global issuers
- planning to hold their investment for the medium to long term
- seeking to lower their risk of currency fluctuations between the U.S. and Canadian dollars

This Fund is for investors willing to accept low investment risk for that part of their portfolio. However, this Fund could be used in a portfolio whose overall investment risk may be lower or higher than this individual part. Please see "Investment risk classification methodology" on page 60 for a description of how we classify this Fund's investment risk.

Distribution policy
The Fund distributes income on the last business day of each quarter (except in December, when it may be distributed earlier) and distributes any realized net capital gains annually in December and may make distributions at other times during the year. Distributions are automatically reinvested in additional units of the Fund, unless you tell us in writing that you prefer to receive cash distributions. Please see page 61 for more information.

Fund expenses indirectly borne by investors based on $1,000 initial investment (in $)

	One year	*Three years*	*Five years*	*Ten years*
Expenses payable over:				
Series A	18.38	57.93	101.53	231.12
Series F	11.55	36.41	63.82	145.28
Series I	16.28	51.31	89.93	204.71
Series M	10.40	32.77	57.44	130.75

Please see *Fund expenses indirectly borne by investors* on page 62 for the required assumptions used in this table, which do not reflect the actual performance of the Fund.

APPENDIX 2.5
Effective Date: October 20, 2016
Mandate: Canadian Real Estate

Real Estate Fund: Real Estate mandate managed by the Real Estate Fund Manager for the Pension Plan.

Real Estate Fund Manager: Bentall Kennedy (Canada) Limited Partnership solely with respect to its management of the Real Estate Fund.

Pooled fund: Bentall Kennedy Prime Canadian Property Fund Ltd. (Investment policy is attached).

Return Objective: CPI plus 4% calculated on an annualized basis over moving 4 year time periods.

Compliance: The Real Estate Fund Manager confirms that the investments of the pooled fund comply with the Prime Canadian Property Fund Ltd Investment Policy. The Real Estate Fund Manager is required to act in accordance with the investment policy by the Third Amended and Restated Management Agreement (the "Management Agreement") relating to the pooled fund named above and the limited partnerships in which it invests. It is required by the terms of that agreement to indemnify the pooled fund (and other parties to the Management Agreement) for certain damages arising as a result of the breach of the Management Agreement by the Real Estate Fund Manager or the negligence or willful misconduct of the Real Estate Fund Manager.

The Investment Policy provides target ranges for Prime Canadian's exposure to different real estate asset classes and locations. All of the current allocations are within the target ranges. The Real Estate Fund Manager also confirms compliance with its Code of Business Conduct and Conflict Policy.

Non-Compliance: The Real Estate Fund Manager will be liable for any realized monetary loss to the assets of the Real Estate Fund resulting from non-compliance to the Prime Canadian Property Fund Ltd Investment Policy, if such non-compliance was directly due to a material breach of the applicable investment policy by the Manager.

Acceptance: The Real Estate Fund Manager hereby acknowledges receipt of a copy of this Investment Policy, agrees to act in compliance with it, or in the case of pooled funds, with the Prime Canadian Property Fund Ltd. Investment Policy, and to provide the quarterly compliance letters.

The Real Estate Fund Manager is of the view, based on current real estate market and economic conditions, that the Investment Policy's return and risk expectations are reasonable given Bentall Kennedy's investment management style.

The Real Estate Fund Manager does not guarantee any of the return and risk expectations.

Name: MALCOLM F. LEITCH
Title: CHIEF OPERATING OFFICER

BENTALL KENNEDY PRIME CANADIAN PROPERTY FUND PARTNERSHIPS

INVESTMENT POLICY

Performance Objectives

1. Generate a four year rate of return, net of fees, that is in excess of the Consumer Price Index + 4%
2. Generate a four year rate of return, net of fees, that is in excess of the DEX Universe Bond Index Yield (formerly the SC Universe Bond Yield) + 2%
3. Build a diversified portfolio of properties that are primarily income-producing, office, industrial, retail and multi-family residential properties with strong underlying cash flows located in major Canadian markets

Real Estate Performance

On an annual basis, management will:

1. Prepare a detailed attribution analysis comparing Bentall Kennedy Prime Canadian Property Fund's returns to the IPD on a one and four year basis. This will analyze the overall return of Bentall Kennedy Prime Canadian Property Fund before fees to the overall IPD return and also analyze the return for each property location and type owned by Bentall Kennedy Prime Canadian Property Fund to the appropriate sub-indices.
2. Report Bentall Kennedy Prime Canadian Property Fund's results compared to other Canadian open-end pooled funds on a one and four year basis.

October 2013

Investment Policies

1. **Diversification**

Long-term diversification targets are:

Property Type	Diversification Range
Office	25-45%
Distribution and Warehouse	10-35%
Retail	20-45%
Multi-Family Residential	5-15%
Other	0-10%
Land	0-5%

Location	
British Columbia	
Primary Markets: Vancouver and Victoria	15-40%
Alberta	
Primary Markets: Calgary and Edmonton	15-40%
Ontario	
Primary Markets: Greater Toronto Area, Ottawa and Southwest Ontario	25-55%
Quebec	
Primary Markets: Montreal	5-20%
Rest of Canada	0-15%

Investment in Secondary Markets in Canada will be permitted, provided that (i) the maximum exposure target for property acquisitions/investments in the Secondary Markets is 20%; and (ii) any property acquisition/investment made in the Secondary Markets is not expected to, in the opinion of management, significantly increase the risk profile of the Fund's overall property portfolio and management is satisfied with the liquidity of such property acquisition/investment.

It is acknowledged that the diversification target ranges set out above are intended to be long term target ranges and accordingly, actual property holdings may, from time to time, be outside of the established range in the short to medium term while management works towards bringing the portfolio within the target range specified.

Risk Category

Risk categories will be:

	Minimum % of Total Properties	Maximum % of Total Properties
Core (Stable Income Producing)	80%	100%
Repositioning	0%	10%
Build to Core	0%	15%

Core (Stable Income Producing) properties includes those properties that are substantially leased, with little redevelopment or value-add potential and that maximize value.

Build to Core properties will include those investments that are under construction. Once they are completed and more than 75% leased they will be transferred to the Core category.

Repositioning properties include those properties with significant redevelopment, refinancing, releasing or other opportunities to add value.

Uncommitted leasing in Build to Core and Repositioning (including properties under construction or completed but less than 75% leased) is not to exceed 7% of the fund's Potential Gross Revenue upon commencement of a new project. Uncommitted leasing in Multi-Family Residential Build-to-Core and Multi-Family Residential Repositioning properties will be excluded from the restriction that limits exposure to Build-to-Core and Repositioning to 7% of Prime Canadian's Potential Gross Revenue.

2. Leverage

Specific mortgage financing on individual properties is permitted up to 75% of the acquisition cost or fair market value.

Overall, leverage is restricted to 40% of the fair market value of the total portfolio.

Wherever possible, mortgages should be non-recourse and not cross-collateralized.

Floating rate debt will be limited to 25% of the fair market value of total mortgage liabilities. For this calculation, floating rate debt will:

(a) Exclude debt that has an option to fix at a predetermined interest rate or spread.

(b) Include fixed rate debt maturing within 6 months.

Short-term debt, as defined below, is restricted to one-third of the total Net Asset Value.

Short-term debt is defined as:

(a) Debt due for payment within the next twelve months;

(b) Total current liabilities;

(c) Projected development costs for the next twelve months;

Less:

(d) Refinancing any debt in (a) above with paper that is dated more than one year;

(e) Commitments for purchase of new equity capital by shareholders (or potential shareholders) within the next twelve months;

(f) Holdings of cash and short term investments in excess of 5% of proceeds from the common shares issued.

3. Investment Size

The maximum equity invested in a single real estate investment will be limited to 10% of Bentall Kennedy Prime Canadian Property Fund's total equity as determined at the time the investment is made and the maximum total investment will be limited to 10% of Bentall Kennedy Prime Canadian Property Fund's total assets as determined at the time the investment is made.

Investments less than $5 million will not be considered for investment unless they are contiguous to, or can be shown to enhance the value of a current real estate investment owned by Bentall Kennedy Prime Canadian Property Fund.

4. 100% of a property is preferred. Co-ownerships may be considered but will not be entered into if another co-owner may unilaterally make major decisions.

5. Property acquisitions should be freehold. Leaseholdings less than 75 years should be avoided.

6. Every property acquired must have a current report on environmental matters. A Phase I environmental audit must be completed prior to each acquisition.

7. Cash and short term investments should normally be less than 10% of the market value of the total portfolio. Such positions will be understood to represent temporary occurrences between offsetting sale and purchase transactions. After allowing for existing financial commitments, if cash and short term investments are anticipated to remain more than 10% of the market value of the total portfolio for two consecutive quarters, the manager will distribute for discussion at the next Advisory Board meeting a plan for the excess.

8. Bentall Kennedy Prime Canadian Property Fund will not invest in any oil or gas well or any real property the principal value of which depends on its petroleum or natural gas content.

9. At each Advisory Board Meeting, the Advisor must report that the policy has been complied with or note exceptions, with explanations.

APPENDIX 2.6
Effective Date: October 20, 2016
Mandate: Infrastructure

Infrastructure Fund: Infrastructure mandate managed by the Infrastructure Fund Manager for the Pension Plan.

Infrastructure Fund Manager: IFM Investors PTY. Ltd. solely with respect to its management of the Infrastructure Fund.

Pooled fund: IFM Global Infrastructure (Canada) L.P.

Return Objective: CPI plus 4% calculated on an annualized basis over moving 4 year time periods.

Compliance: The Infrastructure Fund Manager is required to act in accordance with its Group Investment Governance Policy and the applicable Private Placement Memorandum relating to the pooled fund named above.

SHARED RISK PLAN FOR CUPE EMPLOYEES OF NEW BRUNSWICK HOSPITALS

FUNDING POLICY

As amended to June 5, 2014

Amended March 12, 2015

Table of Contents

SECTION I – PURPOSE OF PLAN AND FUNDING POLICY

The purpose of the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals (the **"Plan"**) is to provide secure pension benefits to members and former members (collectively **"members"**) of the Plan without an absolute guarantee, but with a risk focused management approach delivering a high degree of certainty that base benefits can be met in the vast majority of potential future economic scenarios.

The primary focus is to provide a highly secure lifetime pension at normal retirement age. However, the intention is that additional benefits may be provided depending on the financial performance of the Plan. Benefit objectives are discussed in Section II.

The Funding Policy is the tool used by the Board of Trustees to manage the risks inherent in a shared risk plan. The Funding Policy provides guidance and rules regarding decisions that must, or can, be made by the Board of Trustees around funding levels, contributions and benefits.

A shared risk plan is based on the principle that the management of risks for a pension plan over time can best be achieved through actions on both sides of the balance sheet (i.e., liabilities and assets). This funding policy describes the timing and the actions that the Board of Trustees must take, or consider, as applicable, based on the results of the funding policy valuation of the Plan and the application of the required risk management procedures to the Plan.

In addition, the Board of Trustees must regularly monitor the economic, demographic and pension environments and make adjustments, where allowed, or provide recommendations to the Province and Union as and when these are necessary to maintain the Funding Policy current in a changing world.

Capitalized terms used in this Funding Policy that are not defined herein have the meaning given to such terms in the Plan.

SECTION II – BENEFIT OBJECTIVES

Prior to the conversion to a shared risk plan, the Plan provided defined benefits based on a five year average salary formula at retirement and included post-retirement indexing at a fixed rate of 2%.

The primary benefit objective for the Plan is to deliver benefits that closely replicate, to the extent possible, the benefits provided under the Plan prior to the conversion, including inflation protection.

The nature of a shared risk plan is such that these objectives are not guaranteed. However, contributions have been set at a level such that there is a good chance of delivering on the primary benefit objective, if there is a reasonable investment performance.

Furthermore, benefit accruals under the Plan after the conversion are based on a normal retirement age of 65 with a 5% per year reduction for early retirement. This change reflects anticipated continued increases in life expectancy. The overall plan design objective with respect to retirement age is to provide each cohort of plan members with about the same expected number of years of pension payments for a similar amount of pension in current dollars at retirement.

None of the above are guarantees. These benefit objectives can only be met if the contributions and Plan experience, most importantly investment performance, allow this to happen. However, the above provide guidance on the benefit objectives that underlie the Plan design.

SECTION III – RISK MANAGEMENT

The Plan was designed to achieve or exceed the risk management goals prescribed under Regulation 2012-75 (the **"Regulations"**) to the New Brunswick *Pension Benefits Act* (the **"Act"**) (the Regulations and the Act are collectively referred to as the **"PBA"**). Certain procedures were developed to test whether these goals can be achieved given the contribution rules and benefits defined in the Plan. These goals and procedures are described separately below.

GOALS

The primary risk management goal is to achieve a 97.5% probability that base benefits will not be reduced over the following 20 years.

The goal is measured by taking into account the following funding management plans:

1. the funding deficit recovery plan except for reduction in past or future base benefits, and
2. the funding excess utilization plan excluding permanent benefit changes.

The funding deficit recovery plan and the funding excess utilization plan are described in Sections V and VI, respectively.

There are two secondary risk management goals. These are:

- On average provide contingent indexing on base benefits (all members) that are in excess of 75% of CPI over the next 20 years.
- Achieve at least a 75% probability that the ancillary benefits described in the Plan text at conversion can be provided over the next 20 years.

For the purposes of meeting these goals, base benefits include the accrual of extra service of members and any contingent indexing provided based on the financial performance represented by each scenario tested.

If as a result, through the testing process, a scenario allows for indexing in a given future year, then this contingent indexing amount becomes part of the base benefits that is to be protected.

PROCEDURES

The risk management goals are measured using an asset liability model with future economic scenarios developed using a stochastic process.

The model is run with at least 1,000 alternative economic scenarios over 20 years. For each of these scenarios and for each year, the financial position of the Plan is measured. For each of these measurements, a decision consistent with the funding deficit recovery plan or the funding excess utilization plan, as applicable, is modeled with the exceptions noted under the goals above. This provides at least 20,000 observations from which to measure whether the risk management goals have been achieved.

An asset liability model using a stochastic process requires that a number of important modeling assumptions be made. These assumptions are described below:

- The economic assumptions are developed for each asset class and for key economic parameters based on a combination of past experience, current economic environment and a reasonable range of future expectations. These assumptions are reviewed annually and updated as required. They are also subject to approval by the Superintendent of pensions (the **"Superintendent"**).
- The Plan's contributing member population is assumed to be stable in each year of the projection period. As such, each departure from the Plan, for any reason, is assumed to be replaced by a new entrant. The new entrant population reflects the profile of new Plan members expected in the future based on Plan experience. If required under subsection 100.7(3) of the PBA, the assumption regarding the contributing member population may be altered.

All risk management goals were tested at the Conversion Date. In addition, the primary risk management goal will be tested annually. The result of this test combined with the results of the funding policy valuation at the same date will determine the actions the Board of Trustees are required to take, or can consider, under the terms of this Funding Policy.

The primary risk management goal must be achieved or exceeded:

- At July 1, 2012 (i.e. the Conversion Date);
- At the date a permanent benefit change as defined in the Regulations is made;
- At the date a benefit improvement as defined in the Regulations is made; or
- At the date the contribution adjustments are fully implemented.

The secondary risk management goals must be achieved or exceeded:

- At July 1, 2012 (i.e. the Conversion Date); or
- At the date a permanent benefit change as defined in the Regulations is made.

The definitions of permanent benefit change and benefit improvement are as follows:

"permanent benefit change" means a change that is intended to permanently change the formula for the calculation of the base benefits or ancillary benefits after the date of the change, including a change made in accordance with the funding excess utilization plan.

"benefit improvement" means an escalated adjustment for past periods or an increase in other ancillary benefits allowed under the funding policy.

SECTION IV – CONTRIBUTIONS

The contributions required by the Plan include the initial contributions and contribution adjustments as may be required by the Funding Policy.

INITIAL CONTRIBUTIONS

The initial total contribution rate shall not be less than 19.1% of earnings as defined in the Plan text. The initial contribution rate for members shall be 9%. These contributions are to remain the same unless altered by:

- Contribution adjustments triggered under the Funding Policy;
- An additional reduction required under the *Income Tax Act* (Canada) (the **"ITA"**) (references in this Funding Policy to the ITA shall include the regulations thereunder where the context requires);
- A permanent benefit change resulting in a contribution rate change as may be agreed by the Province and the Union and subject to the requirements of the PBA and the ITA;
- Other changes to the Plan beyond those contemplated by this Funding Policy and only if agreed to by the Province and the Union and subject to the requirements of the PBA and the ITA.

CONTRIBUTION ADJUSTMENTS

Contribution adjustments may be made by the Board of Trustees based on the conditions set out below.

An aggregate contribution increase of up to a total of 1% of earnings can be triggered by the Board of Trustees if the open group funded ratio of the Plan, as defined by the PBA, falls below 100% for two successive year ends. The amount of the increase up to the limit of 1% shall be such that the primary risk management goal is achieved and such that the open group funded ratio is at least 105% as required by the PBA. If the primary risk management goal and 105% open group funded ratio cannot be achieved, the increase shall be 1% of earnings.

The contribution increase shall take effect no later than the first complete pay period that is within 12 months following the funding policy valuation date that triggered the need for the change (i.e. no later than 12 months after the funding policy valuation date). The contribution increase shall be removed at the end of the year in which the results of the previous funding policy valuation reveal that the open group funded ratio reaches 105% without considering the effect of the contribution increase and the primary risk management goal is met.

A reduction in contributions of up to a total of 2% of earnings can be triggered by the Board of Trustees if the conditions set forth in the funding excess utilization plan in Section VI are met. The amount of the reduction shall be such that the primary risk management goal can still be met after the reduction in contributions. The contribution reduction shall take effect no later than the first complete pay period that is within 12 months following the funding policy valuation date that triggered the need for the change (i.e. no later than 12 months after the funding policy valuation date). The reduction in contributions shall be removed when the open group funding level falls below 140% for two successive year ends.

INCOME TAX ACT LIMIT

In the event that all actions contemplated under the funding excess utilization plan in Section VI have been implemented and the eligible contributions still exceed the limit allowed under the ITA, then the contributions shall be further reduced to the limit allowed under the ITA.

SHARING OF CONTRIBUTIONS

The initial contribution rate of at least 19.1% is composed of 9.0% from contributing members and at least 10.1% from the Province. Contribution holidays may only be taken in the event they are required under the ITA. In the unlikely event that the ITA required a contribution holiday, the contribution holiday would apply equally to both members and the Province up to the point where no contributions are required from members (i.e., reductions in contributions of up to 18% would be shared equally between the members and the Province). If additional contribution reductions are required, then the balance of the Province's contributions would also be reduced until they reach zero.

Other than as noted above for contribution holidays, any contribution adjustment shall be shared 50/50 between the members and the employer, subject to the ITA.

EXPENSES

All expenses pertaining to the administration of the Plan shall be paid by the Plan. For the purposes of the risk management procedures, the funding policy discount rate is set net of Plan investment expenses. Plan administration expenses are reflected in the normal cost.

SECTION V – FUNDING DEFICIT RECOVERY PLAN

The funding deficit recovery plan must be implemented by the Board of Trustees if the open group funded ratio of the Plan falls below 100% for two successive plan year ends.

Once triggered, a report shall be provided to the Superintendent describing how the Board of Trustees is dealing with the underfunding of the Plan. In addition, Plan members, the Province and the Union shall be informed of the actions being taken and the effect and timing of these actions on the contributions and benefits.

The funding deficit recovery plan shall consist of the following actions in the order of priority as listed below:

1. Increase contributions as allowed in Section IV; provided that with respect to increases to member contributions a waiver under subsection 8503(5) of the regulations to the ITA is attained;

2. Change early retirement rules for post-conversion service for members who are not yet eligible to retire and receive an immediate pension under the terms of the Plan to a full actuarial reduction for retirement before age 65;

3. Change early retirement rules for pre-conversion service for members who are not yet eligible to retire and receive an immediate pension under the terms of the Plan to a full actuarial reduction for retirement before age 60;

4. Reduce base benefit accrual rates for future service after the date of implementation of the deficit recovery plan by not more than 5%;

5. In addition to the reduction in step 4 above, reduce base benefits on a proportionate basis for all members regardless of membership status for both past and future service in equal proportions.

The above actions shall be taken one by one and when the primary risk management goal is met, no further actions are required at that time. Further actions are triggered when the primary risk management goal cannot be achieved with the cumulative effect of all previous actions, such goal being measured annually and follow-up actions to take effect as per the timelines below.

For example, if the funding deficit recovery plan is triggered, the Board of Trustees would implement step 1 first and conduct the primary risk management goal test. If step 1 is sufficient to meet the primary risk management goal, no further action would be required at that time. At the next annual review, the goals would be tested again and if not achieved, steps 2, 3 and 4 in succession would be implemented in the same manner and under the same circumstances as step 1.

If steps 1 through 4 are not sufficient to achieve the primary risk management goal, base benefit reductions for all members must be implemented.

The base benefit reduction, if required, shall be such that both goals below are achieved:

1. 105% open group funding level; and

2. Primary risk management goal of 97.5% probability that base benefits need not be further reduced over the next 20 years.

The measurement date is the funding policy valuation report date that triggered the need for the action or actions taken under the funding deficit recovery plan.

The timing of the changes shall be as follows:

- For steps 1 through 4, no later than 12 months following the date of the funding policy valuation report that triggered the need for the action.

- For step 5, no later than 18 months following the date of the funding policy valuation report that triggered the need for base benefit reductions.

SECTION VI – FUNDING EXCESS UTILIZATION PLAN

The funding excess utilization plan describes the actions the Board of Trustees must take or consider when the open group funding levels exceeds 105%. If the open group funding level is at 105% or less, there are no actions that can be taken under the funding excess utilization plan.

EXCESS AVAILABLE FOR UTILIZATION

The amount available for utilization is as follows:

1. 1/6th of the excess funds that make up the difference between the open group funding level at the valuation date to a maximum of 140% and 105%; PLUS
2. 100% of the excess above 140%.

The actions that can be taken depend on whether the base or ancillary benefits have ever been reduced and such reduction not subsequently reversed and on the priority order set out below.

BASE OR ANCILLARY BENEFITS REDUCED AND NO REVERSAL

If base benefits and/or ancillary benefits have been reduced, all excess available for utilization must first be used in the following order of priority:

1. Base benefit reductions (with respect to both past base benefits and future base benefits) must be reversed with respect to future payments after the date of reversal until all the previous reductions to base benefits have been eliminated.
2. Reductions in ancillary benefits (with respect to both past ancillary benefits and future ancillary benefits) other than contingent indexing must be reversed with respect to future payments until all the previous reductions have been reversed.

OTHER ACTIONS

If base benefits and/or ancillary benefits have never been reduced or after all previous reductions have been reversed for future payments, then the Board of Trustees may take the following actions with respect to the excess available for utilization. Such actions shall be taken in the following order of priority and no action can be taken until the immediately preceding action in the list below has been fully implemented:

1. Provide indexing of base benefits and accrued bridge benefit up to the full CPI since the last date where full CPI was achieved. The percentage increase shall be the same for all members subject to an individual limit of recovery of full CPI up to January 1 of the year that follows the valuation date or coincides with it if the date of the valuation is January 1st of the same year.
2. Provide further increases in base benefits of members who were not in receipt of a pension at the actuarial valuation report date that triggered the action. This increase shall be such that the base benefits are upgraded to a final five year average as at the same date (or such shorter averaging period as applicable for those with less than 5 years of service at that date).

3. Provide a further increase to retired members such that a final average formula is reasonably replicated for each retired member at their retirement date and indexed to full CPI thereafter subject to any limitation imposed under the ITA.
4. Provide a lump sum payment representing a reasonable estimate of missed past increased payments up to the levels of benefits arising out of steps 2 and 3.
5. Provide a further increase to benefits of members who were not in receipt of a pension at the funding policy valuation date that triggered the action up to the rate of increase in the average wage or such other reasonable measure as may be determined by the Trustees subject to Section 8504 of the regulations to the ITA; provided that no such increase would result in a requirement to calculate Past Service Pension Adjustments.
6. Establish a reserve to cover the next 10 years of potential contingent indexing.
7. Apply contribution adjustments of up to 2%, as allowed under Section IV.
8. Provided that contribution adjustments of 2% have been made in accordance with action 7 above, improve the normal form of pension for all members who are not in receipt of a pension.
9. Improve the bridge pension for all members eligible for a bridge pension whether or not in pay.
10. Improve the early retirement rules for service after June 30, 2012, provided that the Board of Trustees considers life expectancy experience as it develops.

Actions 1 to 5 can be applied with excess funds available when the open group funded ratio is below 140%. If some residual excess remains available after providing maximum allowed increases under the ITA for actions 1 to 5 above, such excess shall remain in the fund as increased security against future potential downturns in experience.

If all improvements from 1 through 5 above have been made and the open group funded ratio is still in excess of 140%, then actions 6 through 10 can be undertaken in sequence. After such actions have been undertaken, the Trustees may consider permanent benefit changes subject to the approval of the Province and Union and subject to most members being able to benefit from the changes.

If all of the actions above still leave the Plan with contributions in excess of the ITA limits, then reduce contributions to the maximum allowed under the ITA.

Each of the actions above can only be implemented after confirming that the primary risk management goal is achieved after the change is made. In addition, steps 6 to 10 can only be implemented if the secondary risk management goals are also met.

Except for the timing of contribution reductions (described in Section IV), the timing of the above actions shall be the first of the year that is 12 months after the date of the funding policy valuation report that triggered the actions.

SECTION VII – ACTUARIAL ASSUMPTIONS

A funding policy actuarial valuation shall be conducted by the Plan's actuary at December 31st of each year. The actuarial assumptions used for the funding policy valuation and factors to consider regarding changing such assumptions are discussed in this section.

Each assumption is discussed under separate headers below.

DISCOUNT RATE

The initial discount rate shall be 4.5% per annum. This discount rate shall remain in effect until, and including, the funding policy actuarial valuation report as at December 31, 2014.

A change in the discount rate can be considered for the December 31, 2015 actuarial valuation or any later valuation. Once a change is made it shall remain in effect for at least two subsequent valuations (i.e., three valuation reports in total)

A change would only be made if the following conditions are met:

- The probability of meeting or exceeding the discount rate over the next 20 years based on the target asset mix in the investment policy fall below 90%;
- The Province and the Union agree that such a change can be made; and
- The primary risk management goal is achieved.

The intent is to leave the discount rate stable.

MORTALITY

In order to take into account the improvements in life expectancy recently substantiated by the Canadian Institute of Actuaries in its report on Canadian Pensioners Mortality (published on February 13, 2014), the CPM-2014Publ Mortality Table and the CPM-B Improvement Scale, which varies by gender, age and calendar year is to be used. Adjustment factors of 131.0% and 123.0% for males and females, respectively, are also applied to the mortality table to take into account the level of pensioner benefits among plan beneficiaries, as well as the expected mortality for employees in the medical and social services industry relative to the general public sector. The same adjustments are to be used for all members before and after retirement.

The mortality basis shall only be changed if required by the Superintendent or the Canadian Institute of Actuaries to reflect improvements in life expectancy beyond those contemplated by the last table used or if recommended by the Plan actuary to reflect even greater improvements in life expectancy.

RETIREMENT PATTERNS

The retirement patterns shall reflect Plan experience modified to allow for anticipated changes due to changes in early retirement rules.

The retirement patterns shall be reviewed at least every five years and changed to reflect emerging experience.

TERMINATION RATES

The termination rates developed for the former CUPE Hospitals Plan were used for the Plan. There is no reason to believe that the introduction of the shared risk model will impact significantly the termination of employment behavior of plan members, and determined that the table used in the past continues to be appropriate.

This assumption will be reviewed periodically and changed, as deemed appropriate.

SECTION VIII – ANNUAL REVIEW

The annual review of the Funding Policy consists of two elements as follows:

1. Process for application of the Funding Policy; and
2. Identification of potential changes to the Funding Policy that may be required.

APPLICATION OF FUNDING POLICY

The Funding Policy shall be applied as follows:

1. Funding policy valuation report at December 31st of each year.
2. Risk management procedure conducted as at the valuation date each year.
3. Calculation of the open group funded ratio.
4. Identification of Trustee action or actions required or possible under this Funding Policy.
5. Test of risk management goals as required under the Funding Policy after change in step 4 and if met, step 4 can be implemented.
6. If test in step 5 not met, then change in step 4 adjusted under the terms of the Funding Policy such that the risk management goals required to be met under the terms of this Funding Policy are met.
7. Report to Superintendent and fulfill any other PBA requirements.
8. Report to members, Province and Union.

IDENTIFICATION OF POTENTIAL CHANGES

The Board of Trustees shall annually review the terms of this Funding Policy to identify changes required to either improve clarity of the Funding Policy or remain current with changing Plan, pension environment, demographic or economic circumstances.

The following changes may be made by the Board of Trustees:

(i) Changes that are needed to comply with a law or regulation; and

(ii) Subject to (i), changes that are not related to or do not affect the Parameters set out in Schedule “A”.

All other changes must be approved by the Province and the Union and ultimately the Superintendent.

SCHEDULE A

The Parameters

- Initial Contributions
- Contribution Adjustments
- Sharing of Contributions
- Funding Deficit Recovery Plan (Section V)
- Funding Excess Utilization Plan (Section VI)