



## **INVESTMENT GUIDELINES - ONE EQUITY PORTFOLIO**

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Attached are the Investment Guidelines for The One Investment Program Equity Portfolio. These guidelines provide limits for each class of security, which is a permitted investment under the *Municipal Act*. They will be reviewed by the Agent at least quarterly based on consultation with the Investment Counsel Portfolio Manager for the Equity Portfolio.

Limits for individual securities, industry sectors and industry groups have been set to ensure adequate diversification of the portfolio.

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

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



## **INVESTMENT GUIDELINES - ONE EQUITY PORTFOLIO**

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

**Permitted Investments:**

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

**2.1 Industry Group and Industry Sector:**

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

\* Indicates the target allocation as of November 2006. The allocation is reset semi-annually on January 1 and July 1 of each year to the then current world sector weighting.



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**2.2 Sector and Issuer Diversification:**

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

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

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

**2.3 Currency:**

	<b>Minimum</b>	<b>Maximum</b>
Canadian Dollars	100%	100%

**3.0 Investment Performance Measurement:**

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

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