

Fund Category List

When evaluating funds for category placement the committee first screens for the narrowest, most precise definitions. Examples of categories with narrow definitions would be Healthcare, Financial Services, Real Estate, Small Cap, Large Cap and Alternative Strategies. If funds meet the narrower definitions, they are categorized in the appropriate CIFSC category. If not, the funds are subjected to the criteria of other fund categories. Because this methodology is employed, it is important to be aware of all fund category definitions. It is insufficient to apply the criteria of a single fund category to determine a fund's candidacy, for any given category.

Alternative Strategies

Specialty funds, often referred to as hedge funds, which employ alternative strategies such as short-selling, leveraging, program trading, swaps and arbitrage. A fund need not employ all of these tools all of the time; it must merely have them at its disposal. Funds may employ speculative strategies as well as hedging strategies.

Asia/Pacific Rim Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of companies that are located in Asia, Australia or New Zealand, or derivative-based exposure to such markets.

Asia ex-Japan Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of companies which are located in Asia, Australia or New Zealand, including up to 5% in Japan, or derivative-based exposure to such markets. The fund must invest, at a minimum, in three countries in the Asia ex-Japan region.

Canadian Tactical Asset Allocation

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 70% of the market value of the portfolio must be in one or a combination of Canadian Fixed Income, Canadian Equities or Canadian cash and equivalents. No restrictions on asset weightings or less stringent than for balanced funds. These funds employ a tactical asset allocation strategy as distinct from a strategic asset allocation strategy.

Canadian Balanced

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 70% of the market value of the portfolio must be in a combination of Canadian Equity and Canadian Fixed Income. The equity component must be no less than 30% and no more than 70% of the portfolio. Fixed income and cash together must represent no less than 30% or more than 70% of the portfolio.

Canadian Bond

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 70% of the market value of the portfolio must be allocated to Canadian dollar-denominated Government and/or corporate bonds, debentures and short-term notes. Average term-to-maturity of portfolio including short-term investments must be greater than three years. Of the non-cash assets, the proportion of non-Canadian holdings must be no more than 30% and the equity component must be no more than 10%.

Canadian Dividend

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be dividend-paying securities of Canadian corporations, equity securities convertible into the securities of Canadian corporations, or royalty and income trusts (restricted to 25% of the portfolio) listed on a recognized exchange. The investment objective of these funds is to provide a tax-advantaged (via the Canadian dividend tax credit provisions), regular stream of income. Distribution of dividend and other income occurs at least quarterly.

Canadian Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 70% of non-cash assets of the portfolio must be in Canadian equities listed on a recognized exchange. In addition, based on median values calculated from observations of fund holdings data over a period of three years, at least half the industry sectors of a recognized security classification scheme should be represented, each at least 50% of the comparable industry sector weighting within the S&P/TSX Composite Index.

Canadian Equity (Pure)

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 95% of non-cash assets of the portfolio must be in Canadian equities listed on a recognized exchange. In addition, based on median values calculated from observations of fund holdings data over a period of three years, at least half the industry sectors of a recognized security classification scheme should be represented, each at least 50% of the comparable industry sector weighting within the S&P/TSX Composite Index.

Canadian Income Balanced

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 70% of the market value of the portfolio must be in a combination of Canadian Equity and Canadian Fixed Income. The equity component must be no less than 30% and no more than 70% of the portfolio. Fixed income and cash together must represent no less than 30% or more than 70% of the portfolio.

In addition, the fund must have a three-year median income distribution to net asset value ratio (INAV) greater than the median INAV for the Canadian balanced category; and, must make income distributions at least quarterly.

Canadian Income Trust

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets must be invested in income trusts, and at least 75% of non-cash assets in income trusts (including REITs) or other income-producing securities such as dividend-paying common or preferred shares, bonds, mortgages or other fixed-income instruments. The fund must make distributions at least quarterly.

Canadian Money Market

Securities rules (NI81-102) require that a money market mutual fund have all its assets invested in cash (or cash equivalents) and debt instruments that have a remaining term to maturity of not more than 365 days and that have an average term to maturity of not more than 90 days. At least 95% of the portfolio of these funds must be invested in assets denominated in the currency in which the net asset value per security (NAVPS) is calculated. These funds ordinarily have static unit values, and the NAVPS does not change from month to month because of distributions. The rules for money market segregated (insurance-based) funds, which are not governed by NI 81-102, are different, and allow for corporate debt instruments with a remaining term to maturity of 13 months and a remaining term to maturity of 25 months for government debt. Also, some money market segregated funds do not do distributions of income, so have NAVPS that fluctuate.

Canadian Short-Term Bond and Mortgage

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 70% of the market value of the portfolio must be short-term Canadian debt instruments. "Short-term" is defined as an average term-to-maturity of less than five years and more than one year. Instruments include Canadian bonds and/or mortgage-backed securities and/or term deposits and/or guaranteed investment certificates.

A minimum of 50% of the fund must be invested in short-term instruments with an average term-to-maturity of less than or equal to three years, but greater than or equal to ninety days. Of the non-cash assets, the proportion of non-Canadian holdings must be no more than 30% and the equity component must be no more than 10%.

Canadian Small Cap

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be invested in Canadian equities. In addition, the average "threshold ratio" (the weighted average market capitalization of the equity holdings in the portfolio divided by the threshold level), must be equal to one or less. At any point in time the threshold level is 0.1% of the "adjusted" total market capitalization of the S&P TSX Composite Index.

European Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of European companies, or derivative-based exposure to developed European equity markets. More than one country must be represented in the portfolio at all times.

Emerging Markets Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of companies that are located in Emerging Markets countries, or derivative-based exposure to such markets. Any country not considered one of the "developed" countries is an Emerging Market. The developed markets (a shorter list) are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Singapore, Spain, Sweden, Switzerland, United Kingdom and the United States. All other countries are considered Emerging Markets.

Financial Services

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be firms whose primary business is related to the financial services or wealth management with no geographic restrictions.

Foreign Bond

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 75% of the market value of the portfolio must be in debt instruments that are denominated in a foreign currency, and which have a dollar-weighted term to maturity greater than one year. Of the non-cash assets, the equity component must be no more than 10%.

Global Balanced and Asset Allocation

Based on median values calculated from observations of fund holdings data over a period of three years, the portfolio must be invested in a combination of equities, fixed income investments, cash and cash equivalents. At least 25% of the fund's non-cash assets must be held in a combination of foreign equities and/or foreign bonds, or exposed to foreign equities and/or foreign bonds through the use of derivative instruments. There are no restrictions on asset weightings. The investment policy or stated objective must indicate significant investment in international markets.

Global Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of companies located in each of three geographic regions -- Asia, The Americas and Europe -- or derivative-based exposure to such markets.

Healthcare

Based on median market values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be in equities or equity equivalents of companies primarily engaged in some aspect of the health care industry. No geographic restrictions apply.

High Yield Bond

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 75% of the market value of the portfolio must be allocated to Government and/or corporate bonds, debentures and short-term notes. A minimum of 25% of the market value of the bond section is comprised of issues with below investment-grade credit worthiness. For example, if using the S&P bond credit rating service, these bonds would have a rating of "BB" or less. Some holdings may be "un-rated" as well. The fund's investment objective states clearly that higher yields through higher credit risk exposure are key components of the management strategy. Of the non-cash assets, the equity component must be no more than 10%.

International Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of companies located outside of Canada and the United States, or derivative-based exposure to such markets.

Japanese Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of Japanese companies, or derivative-based exposure to Japanese equity markets.

Labour Sponsored Venture Capital

Labour sponsored venture capital funds are strictly defined by provincial and federal statutes. They have not been classified on the basis of their underlying holdings. Labour sponsored funds invest in venture situations and hold the risk inherent in a start-up situation. They are driven by tax legislation and are riskier than most mutual funds, and a lot less liquid. Fund holders face conditions for redemption. Early redemption may mean redemption charges, and investors face repayment of government credits. Labour sponsored venture funds are required to invest a specified portion of their assets in qualified private companies within a specified period.

Natural Resources

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be firms whose primary business is related to the exploration, extraction or production of natural resources. No geographic restrictions apply.

North American Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of companies located in the United States and Canada (or derivative-based exposure to the Can-Am market). The U.S. Equity component must represent a minimum of 25% of the non-cash assets of the portfolio. Unlike Canadian equity funds with U.S. exposure, these funds are typically non-RRSP/RRIF qualified and, by prospectus, are permitted to hold up to 100% U.S. equities.

Precious Metals

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be firms whose primary business is related to the exploration, extraction or production of precious metals. No geographic restrictions apply.

Real Estate

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be firms whose primary business is related to or directly invested in commercial and residential real estate. No geographic restrictions apply.

Science and Technology

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be invested in equities or equity equivalents of companies primarily engaged in some aspect of science or technology. No geographic restrictions apply.

Specialty or Miscellaneous

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be related to the specific sector as established in the fund's prospectus.

Miscellaneous funds are those funds that do not fit into any of the other defined fund category criteria, and lack a sufficient number of peers to warrant a new category. This is considered a residual category.

US Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets of the portfolio must be equities or equity equivalents of companies located in the United States or derivative-based exposure to the US market.

US Money Market

These are funds that invest in U.S. Short Term corporate paper, government treasury bills and other forms of cash (e.g. liquid bonds - bonds with a maturity of less than one year).

US Small and Mid Cap Equity

Based on median values calculated from observations of fund holdings data over a period of three years, a minimum of 50% of the total assets and 75% of the non-cash assets in the portfolio, based on individual market value, must be U.S. equities that have a market capitalization of less than US\$6 billion. This threshold will be reviewed annually.