Retail Investment Fund
Category Definitions

FINAL CATEGORY DEFINITIONS
April 1, 2014

Notes on Classification Methodology

Quantitative Screening

CIFSC calculates all holdings figures and other portfolio statistics used for categorization purposes on a time-weighted average basis over a 36-month period, with an emphasis on the most recent 12 months of data. The most recent 12-month period receives a 50% weight, the next most recent 12 months receive 30%, and the oldest 12 months account for the remaining 20%.

Classification of Holdings

The CIFSC tracks investment funds on a comprehensive security-by-security holdings basis. For purposes of the category assignment, security types will be grouped into five broad asset classes: Cash, Fixed Income, Equity, Commodity and Other as follows:

Cash	Cash and Short-Term Notes
Fixed Income	Mortgages, Mortgage-Backed Securities, and Asset-Backed Securities*
	Bonds (bonds with a term to maturity of less than one year are considered cash)
	Convertible Bonds
	Preferred Shares
	Convertible Preferred Shares
	Floating Rate Notes
Equity	Common Equities
	Income Trusts
Commodity	Physical Commodities
	Commodity Derivatives
Other	Futures
	Options
	Other Derivatives
	Rights
	Warrants
	Real Estate
	Investment Funds
	Other Assets and Liabilities

**The Committee will default to treating mortgages, mortgage-backed securities, and asset-backed securities as "fixed income", however under certain circumstances, will classify these types of securities as "other" depending on the risk factors associated with the underlying assets. Some examples of these types of securities that may be classified as "other" include:*

- *Highly concentrated mortgage-backed securities*
- *Mortgages, mortgage-backed securities, or asset-backed securities whose underlying asset(s) is (are) highly illiquid*
- *Un-insured mortgages*
- *Mortgages with high loan-to-value ratios, or low debt-service coverage ratios*

- *Securities subject to other factors that, in the opinion of the CIFSC, expose the fund's investors to risk factors that are materially or significantly different than those of traditional investment grade fixed income portfolios*

Because the detailed information of the underlying characteristics of mortgages, mortgage-backed securities and asset-backed securities may not be readily available, the Committee will rely upon fund managers to provide this type of information.

Definition of Fund Assets

Throughout this document, all references to 'Total Assets' or 'Total Net Assets' refer to a fund's Total Assets less all "Other" investments as outlined above. However, funds with more than 10% exposure to "Other" securities may receive manual categorization at the discretion of the CIFSC.

In many cases, the category definitions described below refer to a fund's 'Non-Cash Assets.' For CIFSC category assignment purposes, 'Non-Cash Assets' refer to a fund's total assets less its "Other" assets and "Cash and Cash Equivalent" investments. Unless otherwise stated, any reference to a fund's percentage of Equity or Fixed Income will be calculated as percentage of its Non-Cash Assets as described above.

Regional Classifications

For regionally based categories, equity securities will be assigned based on the location of the issuer, and fixed income securities (which will include cash and cash equivalents for the categorization of balanced funds) will be assigned based on the currency of the security (e.g. – Canadian dollar-denominated bonds = Canadian Fixed Income). While the committee has not set any specific requirements relating to the diversification within a given region, funds that invest in a single country or defined region may be excluded from any of the regionally based equity categories and placed in the miscellaneous category at the discretion of the committee.

Developed and Emerging Markets

Countries are considered Developed or Emerging Markets when they meet the definition set forth by MSCI Barra. Funds that invest a large portion of their total assets in countries that are not defined as Developed or Emerging Markets will be manually reviewed. The breakdown of Developed and Emerging Markets countries can be found on the CIFSC website at (http://www.cifsc.org) under the Mutual Fund Categories section.

Sector Classifications

Sector-based equity funds will be identified by the industry sector concentration (ISC) score from each data provider applied against their broad sector breakdown. If the committee consensus shows that a fund is highly concentrated in a particular sector or sectors, it will be assigned to the appropriate sector-based category if one exists or to the Sector Equity category.

Sector classifications are unique to each member firm. The CIFSC will use the following broad sectors, as they relate to the Sector Equity categories and a collaborative effort amongst the

member data providers when the sector classifications of underlying holdings are essential to the fund's categorization.

Natural Resources
Companies involved in the extraction and or production of natural resources including: metals and minerals, oil and natural gas, forestry, fertilizer, coal, chemicals, etc.

Energy
Companies involved in the exploration and or production of oil and natural gas.

Precious Metals
Companies in the mining industry and are producing or mining primarily gold, silver, platinum, and/or other precious metals.

Financial Services
Companies involved in the financial services including those related to banking, insurance, real estate, asset management, capital markets, etc.

Real Estate
Companies operating in the real estate industry including property owners, development, management, real estate investment trust (REITS), etc.

Market Capitalization Threshold

For certain geographic regions we have created small/mid cap equity categories. Each small/mid cap equity category there is a market capitalization threshold that determines whether a fund has a small enough market cap to meet that category. The threshold is determined by calculating the geometric weighted mean market cap of the appropriate benchmark index.
The following benchmarks will be used:

- Canadian Small/Mid Cap Equity: S&P/TSX Completion Index
- Canadian Focused Small/Mid Cap Equity: 70% S&P/TSX Completion Index and 30% Russell Mid Cap Index
- US Small/Mid Cap Equity: Russell Mid Cap Index
- Global Small/Mid Cap Equity: MSCI Global Mid Cap Index

Current market cap thresholds for each index (all figures in Canadian Dollars) are posted quarterly on the CIFSC website (www.cifsc.org).

Review Process

The quantitative screening will be run on a quarterly basis. At the CIFSC's discretion, funds that straddle or cross category boundaries may not automatically be re-classified. The CIFSC will review the fund's stated mandate, its historical investment behaviour, historical risk/return behaviour, and the manager's stated intent in order to determine the most appropriate category.

Money Market Funds

Funds in the Money Market group must invest at least 95% of their total net assets in cash or cash equivalent securities and otherwise comply with the legal definition of Money Market funds as outlined in National Instrument 81-102.

Canadian Money Market
Funds assigned to the Canadian Money Market category must be designated as Money Market funds in accordance with National Instrument 81-102 and maintain a minimum weighting of 95% in Canadian dollar-denominated investments.

U.S. Money Market
Funds assigned to the U.S. Money Market category must be designated as Money Market funds in accordance with National Instrument 81-102 and maintain a minimum weighting of 95% in U.S. dollar-denominated investments.

Canadian Synthetic Money Market

The Canadian Synthetic Money Market Fund category includes funds that seek to obtain money-market-like returns by investing in a basket of equity securities or in one or more equity funds and then entering into forward, swap or similar derivatives contracts with a counter party or counterparties in order to replicate the returns of:

A) A specific Canadian Money Market fund ("a reference fund") that satisfies the money market fund definition as set out in National Instrument 81-102 or,
B) A portfolio of Canadian dollar denominated money market securities ("a reference portfolio") that would satisfy the money market fund definition as set out in National Instrument 81-102 if that portfolio were offered for sale publicly.

Canadian Synthetic Money Market funds may also invest directly in Canadian dollar denominated money market securities or in the underlying Canadian Money Market fund, at any time, in cases where the fund manager considers it would be beneficial to security holders to do so.

Note: The CIFSC has made the decision to categorize synthetic funds in the same category as the underlying funds that they track except in the case of Money Market funds where this new fund category was created to explicitly delineate between 'money market' funds that meet the strict Money Market fund definition as set out in National Instrument 81-102 and those that do not.

Fixed Income Funds

All funds in the Fixed Income group must invest at least 95% of their Non-Cash Assets in fixed-income securities.

Canadian Short Term Fixed Income
Funds in the Canadian Short Term Fixed Income category must invest at least 90% of their fixed income holdings in fixed-income securities denominated in Canadian dollars with an average duration of less than 3.5 years. In addition, these funds must invest primarily in investment-grade fixed-income securities, such that the average credit quality of the portfolio as a whole is investment grade (BBB or equivalent rating or higher) and not more than 25% of the portfolio's holdings are invested in high yield fixed income securities. For purposes of the category definition, up to 30% of a Fund's assets may be held in Foreign Fixed Income products which will be treated as Canadian content provided that the currency exposure on those holdings is hedged into Canadian Dollars.

Canadian Fixed Income
Funds in the Canadian Fixed Income category must invest at least 90% of their fixed income holdings in Canadian dollars with an average duration greater than 3.5 years and less than 9.0 years. In addition, these funds must invest primarily in investment-grade fixed-income securities, such that the average credit quality of the portfolio as a whole is investment grade (BBB or equivalent rating or higher) and not more than 25% of the portfolio's holdings are invested in high yield fixed income securities. For purposes of the category definition, up to 30% of a Fund's assets may be held in Foreign Fixed Income products which will be treated as Canadian content provided that the currency exposure on those holdings is hedged into Canadian Dollars.

Canadian Long Term Fixed Income
Funds in the Canadian Long Term Fixed Income category must invest at least 90% of their fixed income holdings in fixed-income securities denominated in Canadian dollars with an average duration greater than 9.0 years. In addition, these funds must invest primarily in investment-grade fixed-income securities, such that the average credit quality of the portfolio as a whole is investment grade (BBB or equivalent rating or higher) and not more than 25% of the portfolio's holdings are invested in high yield fixed income securities. For purposes of the category definition, up to 30% of a Fund's assets may be held in Foreign Fixed Income products which will be treated as Canadian content provided that the currency exposure on those holdings is hedged into Canadian Dollars.

Canadian Inflation Protected Fixed Income
Funds in the Canadian Inflation Protected Fixed Income category must invest at least 90% of their fixed income holdings in inflation protected fixed-income securities denominated in Canadian dollars. In addition, these funds must invest primarily in investment-grade fixed-income securities, such that the average credit quality of the portfolio as a whole is investment grade (BBB or equivalent rating or higher) and not more than 25% of the portfolio's holdings are invested in high yield fixed income securities. For purposes of the category definition, up to 30% of a Fund's assets may be held in Foreign Fixed Income products which will be treated as Canadian content provided that the currency exposure on those holdings is hedged into Canadian Dollars.

Global Fixed Income
Funds in the Global Fixed Income category must invest less than 90% of their fixed income holdings in Canadian dollar issues. In addition, these funds must invest primarily in investment-grade fixed income securities (BBB or equivalent rating or higher) and not more than 25% of the portfolio's holdings are invested in non-investment grade securities.

High Yield Fixed Income
Funds in the High Yield Fixed Income category must invest primarily in fixed-income securities with a non-investment-grade credit rating, such that their average credit quality is below investment grade (Lower than BBB or equivalent) or in excess of 25% of the portfolio's holdings are invested in high yield fixed income securities.

Preferred Share Fixed Income
Funds in the Preferred Share Fixed Income category must invest at least 90% of their fixed income holdings in preferred shares.

Balanced Funds

Funds in the Balanced Funds group must invest between 5% and 90% of their non-cash assets invested in equity securities and between 10% and 95% of their non-cash assets in fixed-income securities.

Canadian Equity Balanced
Funds in the Canadian Equity Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities*. In addition, they must invest greater than 60% but less than 90% of their total assets in equity securities.

Canadian Neutral Balanced
Funds in the Canadian Neutral Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities*. In addition, they must invest greater than or equal to 40% but less than or equal to 60% of their total assets in equity securities.

Canadian Fixed Income Balanced
Funds in the Canadian Fixed Income Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities*. In addition, they must invest greater than 5% but less than 40% of their total assets in equity securities.

Global Equity Balanced
Funds in the Global Equity Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities*. In addition, they must invest greater than 60% but less than 90% of their total assets in equity securities.

Global Neutral Balanced
Funds in the Global Neutral Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities*. In addition, they must invest greater than or equal to 40% but less than or equal to 60% of their total assets in equity securities.

Global Fixed Income Balanced
Funds in the Global Fixed Income Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities*. In addition, they must invest greater than 5% but less than 40% of their total assets in equity securities.

*Includes the fund's Canadian dollar-denominated cash and cash equivalents.

Tactical Balanced
Funds in the Tactical Balanced category must have a flexible asset allocation policy ranging from 40% (or less) to 60% (or more) in each of equity and fixed income securities. Inclusion in this category may be based on: i) a written asset allocation policy meeting the above definition (i.e. in a fund's prospectus or written investment policy); ii) a portfolio manager' or sub-adviser's stated or known approach to managing portfolios; or iii) the fund's historical asset allocation tendencies. The portfolio manager or sub-adviser may employ one or more methods to make their asset allocation decisions.

Target Date Funds

Funds in the Target Date fund group comply with the Balanced fund category criteria but have specific, pre-determined maturity dates and a stated mandate to adjust their target asset allocation weightings over time as they approach their maturity dates. Upon maturity, funds in the Target Date fund group will be moved out of the Target Date group and included in the appropriate Fixed Income or Balanced fund category.

2015 Target Date Portfolio
These are target-date funds that mature in 2015 or earlier.

2020 Target Date Portfolio
These are target-date funds that mature in mature in 2020 or earlier and after 2015.

2025 Target Date Portfolio
These are target-date funds that mature in 2025 or earlier and after 2020.

2025+ Target Date Portfolio
These are target-date funds that mature after 2025.

Equity Funds

Funds in the Equity fund group must invest at least 90% of their non-cash assets in equity securities.

Canadian Dividend & Income Equity
Funds in the Canadian Dividend & Income Equity category must have a stated mandate to invest primarily in income-generating securities and must invest at least 70% of their equity holdings in securities domiciled in Canada. In addition, these funds must invest at least 50% of their non-cash assets in income-generating securities such that the 3-year weighted average yield on the equity component of the fund's portfolio is above the 3-year weighted average yield of the S&P/TSX Composite Dividend Index. The fund's average capitalization must exceed the Canadian and Canadian Focused small/mid cap threshold.

Canadian Equity
Funds in the Canadian Equity category must invest at least 90% of their equity holdings in securities domiciled in Canada, and their average market capitalization must be greater than the Canadian small/mid cap threshold.

Canadian Small/Mid Cap Equity
Funds in the Canadian Small/Mid Cap Equity category must invest at least 90% of their equity holdings in securities domiciled in Canada, and their average market capitalization must be lower than the Canadian small/mid cap threshold.

Canadian Focused Equity
Funds in the Canadian Focused Equity category must invest at least 50% and less than 90% of their equity holdings in securities domiciled in Canada, and their average market capitalization must be greater than the Canadian focused small/mid cap threshold.

Canadian Focused Small/Mid Cap Equity
Funds in the Canadian Focused Small/Mid Cap Equity category must invest at least 50% and less than 90% of their equity holdings in securities domiciled in Canada, and their average market capitalization must be lower than the Canadian focused small/mid cap threshold.

U.S. Equity
Funds in the U.S. Equity category must invest at least 90% of their equity holdings in securities domiciled in the United States, and their average market capitalization must be greater than the U.S. small/mid cap threshold.

U.S. Small/Mid Cap Equity
Funds in the U.S. Small/Mid Cap category must invest at least 90% of their equity holdings in securities domiciled in the United States such that their average market capitalization is within the U.S. small/mid cap threshold.

North American Equity
Funds in the North American Equity Category must invest at least 90% of their equity holdings in securities domiciled in Canada and/or the United States but less than 50% of their equity holdings in securities domiciled in Canada. This category excludes any fund that meets the requirements of the U.S. Equity and U.S. Small/Mid Cap Equity categories.

Asia Pacific Equity
Funds in the Asia Pacific Equity category must invest at least 90% of their equity holdings in securities domiciled in 2 or more countries in the Asia/Pacific region. This category excludes any funds that meet the requirements of the Asia Pacific ex-Japan, or Greater China Equity categories.

Asia Pacific ex-Japan Equity
Funds in the Asia Pacific ex-Japan Equity category must invest at least 90% of their equity holdings in securities domiciled in 2 or more countries in the Asia/Pacific Rim region. Funds that qualify for Greater China Equity, or funds with more than 5% of equity holdings in Japanese equity securities are excluded from the category.

Greater China Equity
Funds in the Greater China Equity category must invest at least 90% of their equity holdings in securities domiciled in China, Hong Kong or Taiwan.

European Equity
Funds in the European Equity category must invest at least 90% of their equity holdings in a diversified portfolio of securities domiciled in 2 or more countries in Europe.

Emerging Markets Equity
Funds in the Emerging Markets Equity category must invest at least 90% of their equity holdings in a broadly based portfolio of securities from emerging markets countries. Funds with a consistently narrow focus on a single country, group of countries or single region within the emerging markets will be excluded from the category.

Global Equity
Funds in the Global Equity category must invest in securities domiciled anywhere across the globe such that their average market capitalization is greater than the small/mid cap threshold, and invest more than 10% and less than 90% of their equity holdings in Canada or the U.S. Funds that do not meet any of the requirements of other geographic equity categories and have no formal restrictions that limit where they can invest will be assigned to this category.

Global Small/Mid Cap Equity
Funds in the Global Small/Mid Cap Equity category must invest in securities domiciled anywhere across the globe such that their average market capitalization is within the small/mid cap threshold and must invest more than 10% and less than 90% of their Equities Assets in Canada or the U.S.. Funds that do not meet any of the requirements of other geographic equity categories and have no formal restrictions that limit where they can invest will be assigned to this category.

International Equity
Funds in the International Equity category must invest at least 90% of their equity assets in countries other than Canada and the United States and at least 70% of their equity assets in developed countries. Funds that do not meet any of the requirements of the more focused geographic equity categories and that invest less than 90% of their assets in any single country or region will be assigned to the International Equity category.

Financial Services Equity
Funds in the Financial Services Equity category must invest at least 90% of their equity holdings in the Financial Services sector.

Precious Metals Equity
Funds in the Precious Metals Equity category must invest at least 90% of their equity holdings in the securities of companies in the Gold and Precious Metals sector.

Natural Resources Equity
Funds in the Natural Resources Equity category must invest at least 90% of their equity holdings in the securities of companies whose primary line of business is in any combination of Energy and Basic Materials. This excludes any funds that meet the definition for the Precious Metals Equity category.

Real Estate Equity
Funds in the Real Estate Equity category must invest at least 90% of their equity holdings in the Real Estate sector.

Energy Equity
Funds in the Energy Equity category must invest at least 90% of their equity holdings in the securities of companies in the Energy sector.

Geographic Equity
Funds in this category invest in equity securities focused on a specific geographic area or areas and do not qualify for any of the existing geographic equity categories. Funds in this category should not be considered homogenous and data providers will not rank, quartile, or apply similar relative comparisons to the constituents.

Sector Equity
Funds in this category invest in equity securities focused on a specific sector or sectors and do not qualify for any of the existing sector equity categories. Funds in this category should not be considered homogenous and data providers will not rank, quartile, or apply similar relative comparisons to the constituents.

Commodity Funds

Commodity
Funds in the Commodity category must invest primarily in physical commodities or gain exposure to commodities using derivatives. The commodity exposure must be primarily long and must not be greater than 100% (i.e. not leveraged).

Specialty Funds

Retail Venture Capital
Funds in the Retail Venture Capital funds include but are not limited to Labour Sponsored Investment Funds (LSIF) and other related Funds that receive special tax benefits for investing in Canadian venture capital as defined by the applicable federal and provincial statutes.

Passive Inverse/Leveraged
Funds in the Passive Inverse/Leveraged category are available for sale to retail investors and employ a passive investment strategy with one of the following objectives:

A) Seek to gain more than 100% exposure to an index or asset class.
B) Seek to gain inverse exposure to an index or asset class.

Alternative Strategies
Funds in the Alternative Strategies category employ alternative strategies such as short selling or other forms of leverage. Funds may use speculative strategies as well as hedging strategies. A fund is classified as Alternative Strategies if 1) short selling exceeds 2% in any one security or if total short positions exceed 10% of the total fund value; and/or 2) the fund's investment mandate specifically includes use of alternative strategies.

Miscellaneous
Funds in one of these three sub-categories should not be considered homogenous and data providers will not rank, quartile, or apply similar relative comparisons to the sub-category constituents.

Miscellaneous – Income & Real Property
Funds that focus on fixed income type securities and do not qualify for any of the existing fixed income fund categories. Funds may use real property as a substitute for traditional income securities.

Miscellaneous – Other

Funds that have a unique strategy that does not belong to any other category or any other Miscellaneous sub-category.

Miscellaneous – Undisclosed Holdings
Funds in this sub-category do not report their holdings to any of the data providers that are members of the CIFSC. The CIFSC requires fund companies to submit full holdings data for their funds at least quarterly, lagged by no more than one quarter in order to be classified. If holdings are not provided according to this standard, then the respective fund or funds will be moved into this category until such time as the minimum holding requirement is met.