

May 16, 2022

RE: Category Change Proposal; issue for comment

The CIFSC continually monitors and analyses the categorization of funds, the current category definitions and structures, as well as any new and developing trends in the investment funds industry. The purpose of the review is to ensure the logical, consistent categorization of investment funds and to maximize the similarity of investment strategies and risk-return profiles within each category. Categories should have a sufficient number of funds to allow for meaningful comparisons and rankings within the category.

As a result of the most recent review the committee is publishing, for a 30 day comment period, the following proposal. After the 30 day comment period the committee will review the comments and determine, by private vote, whether or not to proceed with the changes. To submit comments please use the 'Contact' link on the home page or click [here](#).

1. Proposed new category: Multi-Sector Fixed Income

In July of 2021, the CIFSC proposed the creation of a “Multi-Sector High Yield Fixed Income” category, with the intent to capture fixed income funds that strategically and tactically invest across various fixed income sectors. CIFSC members did not reach consensus on the creation of the category. Since this time, the proposed category definition has been refined in the following ways: (1) includes examples of fixed income sectors that the committee will consider when assessing holdings (2) includes an upper limit in terms of concentration in a single fixed income sector (3) refers to exposure to multiple fixed income sectors over time and (4) additional text appears at the end of the definition in reference to the fact that funds in this category may include greater than 40% high yield fixed income content, which would otherwise qualify a fund for the High Yield Fixed Income category.

Proposed Category Definition:

Funds in the Multi-Sector Fixed Income category have an investment mandate stating that they strategically or tactically diversify their assets across several fixed income sectors including, but not limited to, government, municipal/provincial, corporate (including preferred shares), securitized (including asset-backed securities, collateralized loans, mortgage backed securities, etc.), and high yield debt. Geographic exposure can span both developed and emerging markets. Inclusion in this category may be based on i) a written fixed income allocation policy meeting the above definition (i.e. in a fund's prospectus or written investment policy) that is explicit in defining a multi-sector mandate; ii) a portfolio manager's or sub-adviser's stated or known approach to managing portfolios; or iii) the fund's historical fixed income allocation tendencies. Namely, funds in this category should have no more than 65% of their holdings in a single fixed income sector, and should demonstrate that they span at least three fixed income sectors over time, defined as a weighted average exposure of at least 10%.

The CIFSC notes that funds in this category have, or are permitted to have, an average credit quality below investment grade (Lower than BBB or equivalent) and can hold in excess of 40% of the portfolio in high yield fixed income securities for prolonged periods of time, which would otherwise qualify the fund for the High Yield Fixed Income category.

A list of funds that would potentially qualify for the new category can be found in **APPENDIX A**.

An update to the CIFSC flow chart is included in **APPENDIX B**, outlining how the committee plans to test for qualification into the category.

APPENDIX A

The following is a preliminary list of funds that would potentially move to the **Multi-Sector Fixed Income** category if the CIFSC formally votes to implement the category. This is a preliminary list put together by the CIFSC and will change if the category is implemented. Funds that will be affected by the change will be notified and given the opportunity to dispute if necessary.

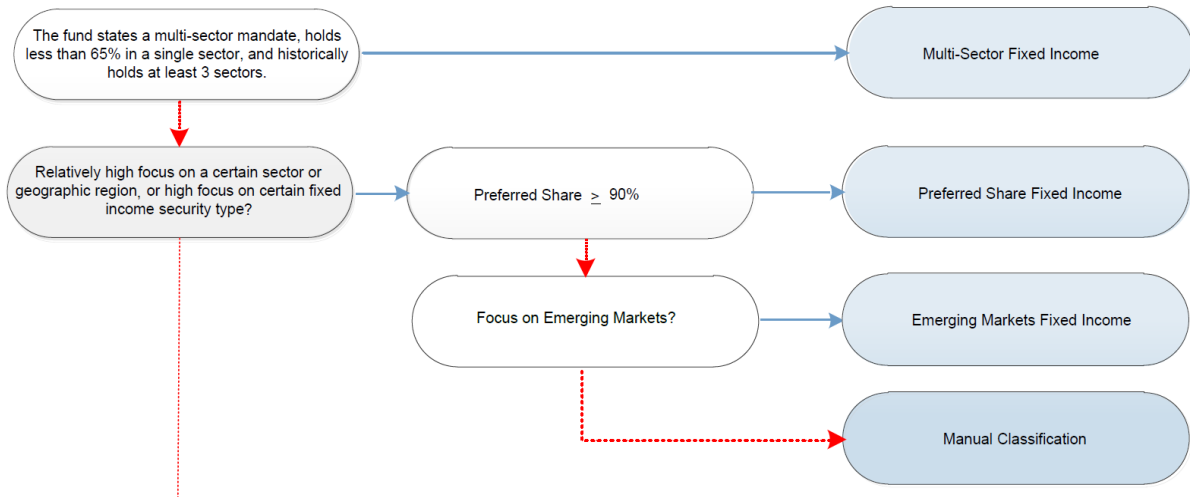
Fund Name	Current CIFSC Category
AGF Total Return Bond Fund	Global Fixed Income
AGFIQ Global Multi-Sector Bond ETF	Global Fixed Income
Barometer Tactical Fixed Income Pool	Global Fixed Income
Batirente Bonds - Multi	Canadian Fixed Income
Beutel Goodman Core Plus Bond D	Canadian Fixed Income
BMO Global Multi-Sector Bond ETF	Global Fixed Income
BMO Global Multi-Sector Bond Fund	Global Fixed Income
BMO Global Strategic Bond Fund	High Yield Fixed Income
BMO Sustainable Global Multi-Sector Bond Fund	Global Fixed Income
BMO Tactical Global Bond ETF Fund	Global Fixed Income
CAN Canadian Tactical Bond	Canadian Fixed Income
CAN Global Multi-Sector Fixed Income	Global Fixed Income
Canada Life Canadian Tactical Bond Fund	Canadian Fixed Income
Canada Life Pathways Global Core Plus Bond Fund	Global Fixed Income
Canada Life Pathways Global Multi Sector Bond Fund	Global Fixed Income
Canada Life Unconstrained Fixed Income Fund	High Yield Fixed Income
CI Global Unconstrained Bond Private Pool	Global Fixed Income
CI Global Unconstrained Bond Private Pool	Global Fixed Income
CIBC Flexible Yield ETF C\$ Hgd (CFLX)	High Yield Fixed Income
Desjardins Global Tactical Bond Fund	High Yield Fixed Income
Desjardins SocieTerra Global Bond Fund	Global Corporate Fixed Income
Dynamic Active Credit Strategies Private Pool	High Yield Fixed Income

Dynamic Active Tactical Bond ETF	Canadian Fixed Income
Dynamic Advantage Bond Class	Canadian Fixed Income
Dynamic Tactical Bond Private Pool	Canadian Fixed Income
Dynamic Total Return Bond Class	Canadian Fixed Income
Equitable Life Mackenzie Unconstrained Fixed Income Fund	High Yield Fixed Income
Evolve Active Global Fixed Income Fund ETF (EARN)	Global Corporate Fixed Income
FDP Global Fixed Income Portfolio	High Yield Fixed Income
Fidelity Multi-Sector Bond Currency Neutral Fund	Global Fixed Income
Fidelity Multi-Sector Bond Fund	Global Fixed Income
Fidelity Multi-Sector Bond Hedged Multi-Asset Base Fund	Global Fixed Income
Fidelity Premium Tactical Fixed Income Private Pool	Canadian Fixed Income
Fidelity Strategic Income Currency Neutral Fund	High Yield Fixed Income
Fidelity Strategic Income Fund	High Yield Fixed Income
Fidelity Tactical Fixed Income Fund	Canadian Fixed Income
First Trust Tactical Bond Index ETF	Global Fixed Income
Horizons Active Global Fixed Income ETF	Global Fixed Income
iA Global Multisector Bond (Loomis Sayles)	Global Fixed Income
IA Wealth Enhanced Bond Pool	Canadian Fixed Income
Invesco Active Multi-Sector Credit	Global Corporate Fixed Income
iShares Conservative Strategic Fixed Income ETF	Global Fixed Income
Mackenzie Global Tactical Bond Fund	Global Fixed Income
Mackenzie Strategic Bond Fund	Canadian Fixed Income
Mackenzie Unconstrained Bond ETF (MUB)	High Yield Fixed Income
Mackenzie Unconstrained Fixed Income Fund	High Yield Fixed Income
Mackenzie USD Unconstrained Fixed Income Fund	Global Fixed Income
Manulife Canadian Unconstrained Bond	Canadian Fixed Income
Manulife Corporate Fixed Income Private Trust	Global Corporate Fixed Income
Manulife Global Fixed Income Private Trust	Global Fixed Income
Manulife RetirementPlus Strategic Income	Global Fixed Income
Manulife S2 Ideal Canadian Bond Plus Fund	Canadian Fixed Income
Manulife Strat Investment Grade Global Bond GIF Select	Global Fixed Income
Manulife Strategic Income Fund	Global Fixed Income
Manulife Strategic Investment Grade Global Bond Fund	Global Fixed Income
Marquis Institutional Bond Portfolio	Canadian Fixed Income
MD Strategic Yield Fund	Global Fixed Income
Meritage Diversified Fixed Income Portfolio	Global Fixed Income
NBI Global Tactical Bond Fund	Global Fixed Income
NBI Non-Traditional Fixed Income Private	High Yield Fixed Income
NBI Unconstrained Fixed Income ETF	Global Fixed Income

NBI Unconstrained Fixed Income Fund	Global Fixed Income
NEI Global Total Return Bond Fund	Global Fixed Income
PIMCO ESG Income Fund (Canada)	Global Fixed Income
PIMCO Flexible Global Bond Fund (Canada)	Global Fixed Income
PIMCO Monthly Income (Canada) ETF	Global Fixed Income
PIMCO Monthly Income Fund (Canada)	Global Fixed Income
PIMCO Unconstrained Bond Fund	Global Fixed Income
Purpose Global Bond Fund	Global Fixed Income
Purpose Strategic Yield Fund	High Yield Fixed Income
RBC \$U.S. Strategic Income Bond Fund	High Yield Fixed Income
RBC Strategic Income Bond Fund	High Yield Fixed Income
Renaissance Flexible Yield Fund	High Yield Fixed Income
Renaissance Multi-Sector Fixed Inc Pv Pl Prem	High Yield Fixed Income
RP Strategic Income Plus Fund Trust	Global Corporate Fixed Income
Russell Inv Fixed Income Plus Pool	Global Fixed Income
Russell Investments Global Credit Pool	High Yield Fixed Income
Russell Investments Global Unconstrained Bond Pool	Global Fixed Income
Sun Life Multi-Strategy Bond Fund	Canadian Fixed Income
Sun Life Tactical Fixed Income ETF Portfolio	Global Fixed Income
TD Active Global Income ETF (TGFI)	High Yield Fixed Income
TD Global Income Fund	Global Fixed Income
TD Global Unconstrained Bond Fund	Global Fixed Income

APPENDIX B

FIXED INCOME TESTS



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