



# **Retail Investment Fund Category Definitions**

**FINAL CATEGORY DEFINITIONS  
March 2024**

## 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.

Regarding the Balanced category definitions, 'Total Assets' refers to the Equity, Fixed Income and Cash components of the fund. Therefore, 'Commodities' are considered 'Other' and are removed from the calculation for the Balanced categories. Similarly, 'Commodities' are considered 'Other' in the calculations for the Equity and Fixed Income categories.

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.

#### **Health Care**

Companies operating in the health care industry including healthcare equipment and supplies, healthcare services providers, pharmaceuticals, and biotechnology.

#### **Market Capitalization Threshold**

For certain geographic regions we have created small/mid cap equity categories. For 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
- U.S. 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](http://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.

## Alternative Funds

Alternative funds employ alternative strategies such as short selling and other forms of leverage.

### **Alternative Equity Focused**

Funds in the Alternative Equity Focused category employ alternative strategies such as short selling or other forms of leverage. Alternative Mutual Funds that meet the requirements of NI 81-102, and traditional hedge funds offered by offering memorandum are categorized using the same guidelines. The underlying securities should be primarily equities such that at least 50% of the portfolio is invested in equities. Funds in this category may use speculative and/or hedging strategies. Funds that do not issue a simplified prospectus will not be ranked with the Alternative Mutual Funds in this category.

### **Alternative Credit Focused**

Funds in the Alternative Credit Focused category employ alternative strategies such as short selling or other forms of leverage. Alternative Mutual Funds that meet the requirements of NI 81-102, and traditional hedge funds offered by offering memorandum are categorized using the same guidelines. The underlying securities should be primarily fixed income such that at least 50% of the portfolio is invested in fixed income or credit related products. Funds in this category may use speculative and/or hedging strategies. Funds that do not issue a simplified prospectus will not be ranked with the Alternative Mutual Funds in this category.

### **Alternative Multi – Strategy**

Funds in the Alternative Multi - Strategy category employ alternative strategies such as short selling or other forms of leverage. Alternative Mutual Funds that meet the requirements of NI 81-102, and traditional hedge funds offered by offering memorandum are categorized using the same guidelines. Funds in this category must have a stated mandate to use any, or a combination, of the alternative strategies including strategies that can be found in the other alternative categories. Funds that do not issue a prospectus will not be ranked with the Alternative Mutual Funds in this category.

### **Alternative Market Neutral**

Funds in the Alternative Market Neutral category employ alternative strategies such as short selling or other forms of leverage. Alternative Mutual Funds that meet the requirements of NI 81-102, and traditional hedge funds offered by offering memorandum are categorized using the same guidelines. Funds in this category aim to reduce market exposure by pairing long and short positions. These funds generally aim to have low correlation and/or low beta to relative markets. Funds that do not issue a simplified prospectus will not be ranked with the Alternative Mutual Funds in this category.

### **Alternative Private Equity**

Funds in the Alternative Private Equity category have portfolio holdings comprised primarily of equity holdings that are not listed on a public exchange. This can include private equity holdings that are global in nature or are concentrated on a specific region or sector. Funds in this category may also aim to gain exposure to private equity through investment in other private equity funds or through derivatives.

**Alternative Private Debt**

Funds in the Alternative Private Debt category have portfolio holdings comprised primarily of private credit investments. This can include private debt holdings that are global in nature or are concentrated on a specific region or sector. Funds in this category may also aim to gain exposure to private debt through investment in other private debt funds or through derivatives.

**Alternative Other**

Funds in the Alternative Other category have a unique strategy that does not fit in to any other alternative category. Alternative Mutual Funds that meet the requirements of NI 81-102, and traditional hedge funds offered by offering memorandum are categorized using the same guidelines. Funds in this category will not be ranked.

## 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.



## 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 40% 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 40% 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 Corporate Fixed Income**

Funds in the Canadian Corporate Fixed Income category must have a stated mandate to invest primarily in corporate bonds and 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 40% of the portfolio's holdings are invested in high yield fixed income securities. At least 60% of the portfolio's fixed income holdings are in corporate fixed income. 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 40% 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 40% 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 40% of the portfolio's holdings are invested in non-investment grade securities.

**Global Corporate Fixed Income**

Funds in the Global Corporate Fixed Income category must have a stated mandate to invest primarily in corporate bonds and 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 40% of the portfolio's holdings are invested in non-investment grade securities. At least 60% of the portfolio's fixed income holdings are in corporate fixed income.

**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 40% 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.

**Floating Rate Loan**

Funds in the Floating Rate Loan category must have a stated mandate to invest in floating rate loans such that at least 25% of the portfolio is invested in non-investment grade floating rate loans. The average credit quality of the portfolio must be below investment grade (lower than BBB or equivalent).

**Emerging Markets Fixed Income**

Funds in the Emerging Markets Fixed Income category must invest at least 90% of their fixed income holdings in countries from emerging markets or currencies from countries in emerging markets. Funds with a consistently narrow focus on a single country, group of countries or single region within emerging markets will be excluded from the category.

**Multi-Sector Fixed Income**

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. Canadian Fixed Income should be less than 90% to qualify. 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.

## 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's 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.

### **Short-term Target Date Portfolio**

These are target-date funds that mature in 2020 or earlier. This includes any target date funds that are passed their target date but remain active.

### **2025 Target Date Portfolio**

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

### **2030 Target Date Portfolio**

These are target-date funds that mature in 2030 or earlier and after 2025.

### **2035 Target Date Portfolio**

These are target-date funds that mature in 2035 or earlier and after 2030.

### **2035+ Target Date Portfolio**

These are target date funds that mature after 2035.

## 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.

**U.S. Dividend & Income Equity**

Funds in the U.S. Dividend & Income Equity category must have a stated mandate to invest primarily in income-generating securities and must invest at least 90% of their equity holdings in securities domiciled in the United States. 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 1.15x the 3-year weighted average yield of the S&P 500 Index. The fund's average capitalization must exceed the U.S. Small/Mid Cap Equity 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 Dividend & Income Equity**

Funds in the Global Dividend & Income Equity category must have a stated mandate to invest primarily in income-generating securities and must invest more than 10% and less than 90% of their equity holdings in Canada or the U.S. 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 1.15x the 3-year weighted average yield of the MSCI World Index. The fund's average capitalization must exceed the Global Small/Mid Cap Equity threshold.

**Global Infrastructure Equity**

Funds in the Global Infrastructure Equity category must invest at least 10% and less than 90% of their equity holdings in Canada or the U.S. such that their average market capitalization is greater than the small/mid cap threshold. Funds must have a stated mandate to invest in infrastructure related companies and at least 90% of equity holdings must be invested in infrastructure related sectors including but not limited to: Telecom Infrastructure, Utilities Infrastructure, Energy Infrastructure, Transportation Infrastructure and Diversified Infrastructure. Funds that are highly concentrated in one, or relatively few sectors will be placed in the Sector Equity 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.

### **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.