

To maintain a high level of safety and security while achieving the best investment return, meeting cash flow requirements and conforming to applicable legislation for securities, the City Manager will not:

I Portfolio Diversification and Restraints:

(1) Long Term Portfolio Diversification and Restraints – The following constraints shall apply to the portfolio.

(a) At the time of purchase, permit current holdings of the security plus the proposed investment:

- (i) be less than 100% issued by a financial institution fully guaranteed by the Government of Canada or a province of Canada, or;
- (ii) be more than 8% issued by a Canadian Schedule I bank, or;
- (iii) be more than 5% issued by another financial institution not covered by (i) or (ii) above.

(2) Short Term Portfolio Diversification and Restraints

(a) At the time of purchase, permit current holdings of the security plus the proposed investment:

- (i) be less than 100% issued by a financial institution fully guaranteed by the Government of Canada or a province of Canada, or;
- (ii) be more than 30% issued by a Canadian Schedule I bank, or;
- (iii) be more than 25% issued by another financial institution not covered by (i) or (ii) above.

(b) At the time of purchase, permit current holdings of the financial institution plus the proposed investment:

- (i) be less than 100% issued by a financial institution fully guaranteed by the Government of Canada or a province of Canada, or;
- (ii) be more than 30% issued by a Canadian Schedule I bank, or;
- (iii) be more than 25% issued by another financial institution not covered by (i) or (ii) above.

2 For short term investments, permit the portfolio to hold asset-backed investments unless they are guaranteed by a bank.

(1) Permit other than the DEX 91 day T-bill index to be used as the benchmark to determine whether acceptable short-term market yields are being achieved.

3 For long term investments, permit the portfolio to hold asset-backed investments unless they are guaranteed by a bank and mortgage backed securities unless they are rated “AAA”:

(1) Permit the duration of the portfolio to be outside a range of +/- 30% to the duration of the DLUX (Domestic Liquid Universe) Index.

- (2) Permit funds managed by the broker(s) and investment manager(s) to be measured other than against 90% of DLUX. on a 4 year annualized basis to benchmark whether acceptable returns are being achieved.
- 4 Permit investments to be expressed or paid in anything other than Canadian currency, to avoid exposure to currency exchange fluctuations.
- 5 Credit Quality (at the time of purchase):
- (1) For short term investments permit securities without a minimum credit rating of R-1 (low) or equivalent.
- (2) For long term investments permit securities in the portfolio without applying the following credit quality restrictions:

| Debt Rating Category | Minimum | Maximum |
|---|----------------|----------------|
| “AA(low)” or higher or equivalent | 50 % | 100% |
| “A(low)” to “A(high)” | 0 % | 50 % |
| Any security rated “BBB(high)” or lower | 0 % | 0% |

Document History:

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Administrative Revisions:

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