

YUULU?IL?ATH FIRST NATION GOVERNMENT

Enacted under the Financial Administration Act section 7.6(b)(i)

STATEMENT OF INVESTMENT POLICY
AMENDING REGULATION

YFNR 31/2016



This regulation enacted on January 20, 2016

Signed

Les Dennon, President of the
Yuulu?il?ath First Nation

DEPOSITED IN THE
REGISTRY OF LAWS

ON 20/Jan/2016

Signature of Law Clerk

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PART 1- INTRODUCTORY PROVISIONS

Short Title

- 1.1 This regulation may be cited as the Statement of Investment Policy Amending Regulation.

Application

- 1.2 This regulation makes amendments to the Statement of Investment Policy Regulation.

Definitions

- 1.3 In this regulation,
"Act" means the Financial Administration Act;

SCHEDULE 1 – STATEMENT OF INVESTMENT POLICY

**Investment Policy
Statement**

Implementation Funds

**Yuulu?i?ath First
Nation**

July 30, 2014

Approved on this 30th day of
July, 2014

Purpose of Investment Policy Statement ("IPS")

The purpose of this policy statement is to provide a framework for the management of the portfolio within acceptable risk levels. The policy provides the investment manager with a written statement of rate of return objectives, risk levels, and specific quality and quantity constraints.

This Policy is based on the "prudent person portfolio approach" to ensure the prudent investment and administration of the assets. The assets will at all times be invested in accordance with the IPS as outlined herein or as subsequently amended.

1. Background

The Yuułuꞑiꞑath ("YFN") First Nation is one of the five Nations, collectively called the Maa-nulth Nations, that negotiated a Treaty with Canada and BC. While the Treaty provisions are extensive, this policy statement pertains to the assets to be invested for the long-term, by the YFN, which were received as part of the Treaty.

There are two distinct funds that were set up, subsequent to the assets being received, with each having different purposes and different investment objectives. **This policy pertains to the Implementation Funds.**

2. Implementation Funds

The Fiscal Financing Agreement provides funds to YFN to cover the incremental cost of governance activities to implement and operate as a self-governing Nation. Funds to cover one half of the incremental implementation costs are paid by Canada to the Nation annually.

The other half of the funds are to be generated by the Nation by investing one-time payments the Nation will receive from Canada. These funds will be paid directly to YFN and will be owned directly by its government. The Nation intends to establish an implementation fund to generate investment income on a perpetual basis sufficient to cover the other half of the incremental cost of governance activities. YFN has formed an Investment Committee to carry out the management of the implementation fund portfolio.

It is important to note that the YFN will be relying on a perpetual stream of income from the investment of the Implementation Funds to maintain the ability to cover on-going operating expenses from year to year. The investment of the funds will have to take into account the impact of inflation on the stream of future income.

Deposits will be made on an annual basis into the Implementation Funds over an 8-year period.

3. Duties of the Parties

3.1 Duties of the Investment Committee

The investment committee appointed by YFN will:

- (a) establish the IPS;
- (b) annually review, and amend the IPS if needed;
- (c) select an Investment Manager;
- (d) select, monitor, and replace, when deemed necessary, a Custodian to hold the assets;
- (e) select, monitor, and replace, when deemed necessary, an Auditor;
- (f) review the investment performance at least semi-annually;
- (g) ensure the Investment Manager's compliance with the IPS and applicable mandates or agreements;
- (h) provide information on significant cash flow changes to the Investment Manager;
- (i) review custodial statements on a quarterly basis; and
- (j) communicate with the YFN concerning liquidity needs, creating an annual budget for expected withdrawals.

The committee retains the right to replace the Investment Manager at any time. Reasons for replacement include:

- (i) the Manager's performance falling below expected performance levels, not reasonably explained by their investment style being out of favour temporarily, as measured on rolling 5-year periods,
- (ii) changes to the Manager's style or process, and
- (iii) changes to key investment personnel

For clarity, the Committee members are not responsible for any decisions with respect to any specific investment or securities that are to be selected for the fund's portfolio.

3.2 Duties of the Investment Manager

The Investment Manager will:

- (b) have full investment discretion to manage the portfolio, subject to the constraints set out in this IPS;
- (c) participate in annual reviews of the IPS;

- (d) present reviews of investment performance as well as its expectations of future returns, current strategy, and other issues requested by the Committee;
- (e) provide the Committee with written reports at least quarterly and report in person to the Committee as required, but at least annually, including:
 - (i) periodic rates of return for the portfolio,
 - (ii) how the assets were invested at the end of each quarter,
 - (iii) the voting of shares and the position of the Investment Manager on applicable issues, and
 - (iv) a statement of compliance with this IPS.
- (j) provide the necessary information for the committee to review the IPS and the Investment Manager's performance; *and*
- (g) identify provisions in the IPS that may need to be revised due to new investment strategies or changes in the capital markets.

3.3 Duties of a Professional Advisor

If the committee has retained the services of a Professional Advisor to aid in the investment management process, the Professional Advisor will:

- (a) participate with the committee and the Investment Manager in the preparation/amendment and subsequent annual reviews of the IPS;
- (b) participate with the committee and the Investment Manager in the annual reviews of the Investment Manager's expectations about future returns on asset classes and investment strategies;
- (c) comment to the committee on any matters relating to the portfolio's operation or cash flow, which may affect how the assets are invested;
- (d) provide the committee analysis of the relative performance of the Investment Manager, as compared with their peers, over various periods and applicable asset classes, at least annually.

3.4 Auditor

The implementation fund will be audited annually and the Auditor shall report to the Committee annually in a form acceptable to the Committee.

3.5 Duties of the Custodian

The Custodian will:

- (a) perform the regular duties required by law of a Custodian;
- (b) perform the duties required pursuant to agreements entered into with the committee; and
- (c) Provide the Committee with periodic portfolio printouts of all assets and transactions during the period.

3.6 Standard of Care

The investment manager is expected, as a minimum, to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct of the CFA Institute.

The manager will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use. The manager will use all relevant knowledge and skill that it possesses or ought to possess as a prudent investment manager.

4. Investment & Risk Philosophy

4.1 Investment Goals and Expectations

The portfolio must generate sufficient investment income into the future to provide for the perpetual funding of a portion of the administration activities of the Nation. This income will have to meet the required amount needed in current dollars, but also in the future as the administration costs rise with inflation.

It is estimated that 3.0% of the funds are needed to cover one year's worth of the share of the administration expenses to be provided by the portfolio. In order to meet these expenses forever, the portfolio will need to earn an average return, over rolling 5-year periods, of inflation plus 3.0%.

The Committee wishes to minimize the risk, if possible, of not being able to provide the required distribution amount over the long term. The Investment Manager is expected to make decisions with this objective in mind.

4.2 Performance Objective

The performance objective of the portfolio is to achieve a rate of return, net of investment management fees, of inflation plus three percent over moving five-year periods. Since some risk must be taken to earn this return, it is acknowledged that it will not be possible to earn the return in every single calendar year. However, the investment manager will manage the portfolio to maximize the chances of earning it over rolling 5-year periods, with low to moderate risk.

4.3 Risk Tolerance

In order to achieve the long-term goals, the fund will invest in assets that may have uncertain returns such as equities and bonds. The investment committee will look to reduce the overall level of risk by diversifying both by asset classes and by the investments within each asset class. Risk is also addressed through quality, quantity and diversification guidelines set out in this document. As a further risk control, the investment committee reviews compliance on a quarterly basis with the quality and quantity guidelines contained in this policy. Finally, the investment manager provides quarterly reports to the Board on compliance.

The specific weights for each asset class are set based on the risk tolerance of the overall fund. Risk tolerance is assessed through a detailed review of the Plan and the investment markets that considers:

- Historical and prospective risk and return of various asset classes
- Investment time horizon
- Liquidity needs
- Other unique specific factors

4.4 Permitted Investments

- (a) The fund may only be invested in the following asset categories:
 - (i) cash, term deposits, short term notes, treasury bills, bankers acceptances, commercial paper;
 - (ii) bonds and non-convertible debentures;
 - (iii) mortgages and other asset-backed securities;
 - (iv) convertible debentures;
 - (v) common and preferred stocks;
- (b) Investment in pooled funds is permissible. It is recognized that pooled funds are governed by their own investment policies, the provisions of which may diverge from those in this policy statement. The Committee, with the assistance of the investment manager, has reviewed the guidelines for pooled funds in which the portfolio is invested and determined they are appropriate investment vehicles.

4.5 Constraints

- (a) The assets shall be invested at all times in a prudently-diversified manner, in the opinion of the Committee, in the overall context of the total portfolio and the nature of the obligations.
- (b) The investment manager is expected to maintain relatively high quality portfolios. In general, equity investments should be limited to stocks that are publicly traded on a recognized securities market
- (c) Appendix A should be referred to for copies of Leith Wheeler's internal investment policy statements
- (d) All investments shall be maintained so as to comply with the following limits:
 - (i) maximum investment in a single company -- no more than 10% of the market value of the portfolio may be lent to or invested in any one company or associated companies, except where guaranteed by the Government of Canada or a Canadian province;
 - (ii) maximum ownership of the voting shares of a corporation -- shall not exceed 15%;

- (e) All investments shall be reasonably liquid (i.e. in normal circumstances they should be capable of liquidation within 1 month)
- (f) No part of the fund shall be loaned to any individual

4.6 Related Party Investments

The implementation fund assets may be involved in a transaction with a related party only to the extent permitted under applicable legislation/agreements. To the extent that applicable legislation permits related party transactions which are nominal or immaterial to the fund, a transaction shall be considered nominal or immaterial if it involves an amount equal to less than 0.1% of the market value of the fund.

5. Allocation of Investments

The Investment Manager shall have full authority, acting within the constraints detailed below, in determining the asset mix of the portfolio, including which equity, bond, mortgage and money market securities are selected for the portfolio.

A significant factor in determining the appropriate asset allocation for the Implementation Fund is current interest rates. At the inception of the portfolio, longer term objectives were achievable with a low equity approach. Falling interest rates benefited the Fund with a greater than expected overall return in the first 3 years (i.e. since portfolio inception) but lower interest rates and forecasted returns now necessitate an increased exposure to equities.

In order to achieve the investment goals careful consideration must be given to balancing the risk and return objectives of the fund.

	Minimum	Neutral	Maximum
Canadian Equity (Income Approach)		25%	
U.S. Equity		10%	
International Equity		10%	
Total Equity	35%	45%	55%
Bonds (Core)		15%	
Bonds (Income Approach)		35%	
Cash & Equivalents		5%	
Total Fixed Income	45%	55%	65%

6. Guidelines

6.1 Additional Guidelines

These guidelines apply to:

- (a) any of the Committee;
- (b) the Investment Manager;
- (c) the professional advisor;
- (d) the Custodian; *and*
- (e) any employee or agent retained by those listed in (a) to (d) to provide services.

6.2 Conflict of Interest

Any person listed above must disclose to the Committee any direct or indirect association or material interest or involvement in aspects related to his/her role with regard to the investments that would result in any potential or actual conflict of interest.

Without limiting the generality of the foregoing, this would include material benefit from any asset held, or any significant holding, or the membership on the boards of any corporations, or any actual or proposed contracts with the issuer of any securities which are or will be included in the portfolio.

6.3 Voting Rights

Any voting rights associated with securities held will be exercised at the discretion of the Investment Manager(s) using the interests of the client as the sole voting criterion. For the portion of the assets invested in pooled funds, where it is not possible to vote shares in accordance with the wishes of individual unit holders, the Investment Manager(s) shall inform the Committee at the next meeting of any controversial or newsworthy issues regarding the voting of shares and the Investment Manager's position on such issues.

6.4 Valuation of Investments

It is expected that most securities held will have an active market and, therefore, the valuation of the securities held will be based on their market values.

GICs and other non-publicly-traded investments shall be valued at cost (i.e., book or amortized value) unless the Investment Manager or Custodian determine that a value greater or less than cost should be used. If the latter is the case, the value and reasons for such use must be disclosed to the Committee.

6.5 Investment Review Meetings

- (a) The Investment Manager will provide the Investment Committee with written reports at least quarterly and report in person to the Investment Committee as required, but at least annually. The investment policy statement shall be reviewed at the first meeting held each calendar year. Special meetings may be arranged for new developments.
- (b) The agenda of these investment review meetings will be:
 - (i) to review the investment policy statement (only at first meeting);
 - (ii) to review performance results relative to the established objectives;
 - (iii) to review economic forecasts; *and*
 - (iv) to review the asset mix of the fund.

Appendix A

Leith Wheeler Canadian Dividend Fund Investment Policy Statement

Fund Objective

To provide investors with a source of monthly income, with some potential for long term growth through capital appreciation and growth in dividends by investing in a portfolio of Canadian common shares, convertible debentures and other equity related securities. The Fund is not restricted by capitalization or industry sector although portfolio diversification is a consideration in the selection of securities for the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested, to the greatest extent possible, in Canadian equity and equity related securities.

Permitted Investments

- Cash, short term notes, banker's acceptances, deemed deposits, treasury bills, corporate paper, asset-backed securities, or similar investments to a maximum 10% of the market value of the Fund. The minimum credit rating for all corporate paper shall be 'R1' (low) by either DBRS, Moody's, Standard & Poors, Fitch or equivalent. The Fund may purchase units of Leith Wheeler Money Market Fund.
- Canadian equities will include common shares, special warrants, units and securities convertible into units of listed royalty trusts, real estate investment trusts (REITS), income trusts, limited partnerships and other similar flow-through entities, convertible debentures and convertible preferred shares.
- Investments in trusts will be limited to those registered in provinces which have passed legislation clarifying that unitholders of publicly traded trusts will not be liable for the activities of the trust.
- Under normal conditions, the Fund will not invest in Dow Jones Canada Select Dividend I-units or similar securities designed to parallel dividend paying Canadian equities. However, when large cash flows or major sales of portfolio holdings result in the Fund being "underexposed" to equities, a temporary investment in such securities may be made.

Canadian Equity Investment Guidelines

- All securities will be publicly traded securities with the exception of special warrants and initial public offerings which are intended to be converted into publicly traded securities within six months of time of purchase. Special warrants and initial public offerings will not, in total, comprise more than 10% of the Fund.
- All equities held in the portfolio will have paid a dividend over the last 12 months or it is anticipated they will do so over the next year. In aggregate the anticipated dividend yield on the equity portfolio will exceed the average of the S&P/TSX Composite Index.
- The Fund will normally hold between 20 and 40 stocks. However, the Fund was only established in December 2010 and until approximately the end of March 2011 the Fund may only hold between 10 and 15 stocks.
- Under normal conditions, the maximum position size of any single stock will be 8% of the market value of the Fund, at the time of purchase. To allow for the impact of market appreciation, this maximum position size could rise to as much as 10% of the market value of the Fund before the position size is reduced.
- An effort will be made to diversify among various industry sectors and companies. The Fund will own a minimum of 3 of the S&P/TSX Composite Index sectors, with a maximum holding of 60% of the Financial Sector.
- The maximum holding of any single stock within the Fund will be 10% of the total market capitalization of that particular company.
- If for any reason the Fund deviates from the above-mentioned guidelines, position sizes will be adjusted within a period of 20 trading days to bring the Fund back into compliance.

Other Policies

Conflicts of Interest

- Leith Wheeler and its employees shall not knowingly permit their interests to conflict with their duties and powers in respect of the Fund.

Retention or Delegation of Voting Rights

- Leith Wheeler retains all voting rights with respect to individual investments in the Fund.

Reporting

- The year-end of the Fund is December 31st. The Fund will be audited annually by an external auditor who will prepare annual financial statements for the Fund.

Leith Wheeler Corporate Fixed Income Pooled Fund Investment Policy Statement

Fund Objective

The objective of the Fund is to provide investors with a stable source of monthly income while protecting capital. The Fund will invest in fixed income securities potentially including some preferred shares. The Fund invests primarily in Canadian securities and may also invest in foreign securities. The Fund will also invest in a broad range of companies and is not restricted by capitalization or industry sector although portfolio diversification is a major consideration in the selection for securities for the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested to the greatest extent possible.

Fund Return Guidelines

- The primary return objective is to deliver income and return equal to other comparable bond funds with less volatility.
- The secondary return objective is to rank, over moving four-year time periods, in the top quartile of a universe of Canadian corporate bond funds as measured by a comparative measurement service.
- The starting yield will provide a reasonable indication of four-year expected total return.

Benchmark

- Operational benchmark is a 50/50 blend of the FTSE-TMX Canada short and mid corporate sub-indices.

Asset Mix

The following table presents the asset mix policy at market value for the Fund.

	Minimum	Maximum
Cash & Cash Equivalents	0%	5%
Fixed Income Securities	75%	100%
Preferred Shares	0%	20%

Permitted Investments

The Fund may be invested in any of the following investment categories:

Cash

Cash, short term notes, banker's acceptances, deemed deposits, treasury bills, corporate paper, asset-backed securities, or similar investments.

Fixed Income Investments

Primarily Canadian Bonds, debentures, mortgage loans, mortgage backed securities, medium term notes, asset-backed securities.. This Fund may include foreign fixed income securities that have been listed above.

Preferred Shares

Primarily Canadian preferred shares, but also may include foreign preferred shares. Since the target investor is tax exempt, inclusion of preferred shares will be for risk-return before tax and without regard to the potential tax benefits of dividends.

Investment Constraints

Investment of the Fund is further limited within each of the asset classes as described below. Due to movement in market values or exceptional market conditions, short term deviations from these guidelines may occur.

Cash and Equivalents

- Investments of cash in short-term paper should be confined to obligations of the federal or provincial governments, chartered banks, trust companies, corporate credits and asset-backed securities. The minimum credit rating for all corporate paper shall be 'R1L' or equivalent by DBRS, Moody's, Standard & Poor's, or Fitch. The Fund may purchase units of Leith Wheeler Money Market Fund; however there will be no duplication of management fees.

Fixed Income Investments

- The portfolio shall be diversified appropriately, subject to the constraints listed below. Debt quality ratings refer to the consensus rating of a security from the Dominion Bond Rating Service (DBRS), Standard & Poor's, Moody's, Fitch or equivalent. If a rating change causes the maximum to be exceeded, the Manager will return the portfolio to compliance within a reasonable time frame.

Quantity Restrictions

Allocation ranges are based on market value. All limits apply to the Fixed Income portion of the Fund.

	Maximum
Government or Government Guaranteed	50%
Corporate Bond	100%
Government Mortgage Backed Securities(NHA)	30%
Commercial Mortgage Backed Securities (CMBS)	30%
Other Asset Backed Securities (Excluding NHA and CMBS)	30%

Quality Requirements

Maximum exposure to securities with a credit rating less than "A (low)"	45%
Maximum exposure to any single non-government issuer rated 'A' (low) or higher	10%
Maximum exposure to any single non-government issuer rated lower than 'A' (low)	5%
Minimum credit rating at time of purchase	BBB (low)
Maximum exposure to investment grade private placements	30%

Preferred Shares

- Under normal conditions, the maximum position size of any single issue will be 5% of the market value of the Fund, at the time of purchase. The minimum rating will be Pfd-3 (DBRS) or equivalent.

Conflicts of Interest

Leith Wheeler and its employees shall not knowingly permit their interests to conflict with their duties and powers in respect of the Fund.

Retention or Delegation of Voting Rights

Leith Wheeler retains all voting rights with respect to individual investments in the Fund.

Reporting

The year-end of the Fund is December 31st. The Fund will be audited annually by an external auditor who will prepare annual financial statements for the Fund.

Leith Wheeler Fixed Income Fund Investment Policy Statement

Investment Return Objectives

- The primary return objective is to achieve, over moving four-year time periods, the annualized total return of the DEX Universe Bond Index plus 0.35%.
- The secondary return objective of the Fund is to rank, over moving four-year time periods, in the top quartile of a universe of similar funds as measured by a comparative measurement service.

Investment Guidelines

- The portfolio shall be diversified appropriately, subject to the constraints listed below. All percentage limits apply to the fixed income content of a fund. Debt quality ratings refer to the Dominion Bond Rating Service (DBRS), Standard & Poor's, Moody's, Fitch or equivalent, unless explicitly rated otherwise by the Manager. If a rating change causes the maximum to be exceeded, the Manager should normally return the portfolio to compliance within a reasonable time period.

- Normal average credit quality for the fund (market value weighted) "AA"
- Minimum credit rating by at least one rating agency at time of purchase "BBB (low)"
- Maximum exposure to securities with a credit rating less than "A (low)" 15%

- Maximum exposure to the following type of securities:

Canada	Provincial	Corporate	Municipal	Mortgage-backed	Foreign Currency Bonds
100%	60%	55%	5%	20%	10%

- Maximum exposure to a single provincial with a rating of "A (low)" or higher 25%
- Maximum exposure to a single provincial with a rating less than "A (low)" 10%
- Maximum exposure to a single corporate with a rating of "A (low)" or higher 10%
- Maximum exposure to a single corporate with a rating less than "A (low)" 5%
- Maximum exposure to investment grade private placements (Excluding Maples) 15%
- Normal deviation in duration from the benchmark Index +/- 2 years
- Maximum exposure to Maples 10%

International Equity Investment Policy Statement (EAFE Mandate)

Investment Objectives

- Maximize the long-term rate of return while preserving the investment capital by avoiding investment strategies that expose Fund assets to excessive risk.
- To outperform the MSCI EAFE Index over a full market cycle.
- To achieve an above-average ranking relative to similar mandates over a full market cycle.

Investment Policies

1. Diversification

Equities

In order to be diversified by region, country, sector, industry and company, the following guidelines will apply. Exceptions may be permitted for a period of time in special circumstances.

a) Region

The Fund's assets will be invested in securities in a minimum of three countries from the following lists in each of the European and Pacific Basin regions.

Europe		Pacific Basin
Austria	Italy	Australia
Belguim	Netherlands	Hong Kong
Denmark	Norway	Japan
Finland	Portugal	New Zealand
France	Spain	Singapore
Germany	Sweden	
Greece	Switzerland	
Ireland	United Kingdom	

b) Country

The guidelines for minimum/maximum weightings are as follows: Japan 5%-50% and the United Kingdom 10%-50%. All other countries in the MSCI EAFE Index have a minimum/maximum range of 0%-15%. The guideline for total exposure to non-EAFE index markets is a maximum of 15% of the market value of the Fund.

c) Sector

The Fund's assets will be invested in securities in a minimum of 7 of the 10 sectors. Maximum weighting for any one sector is 30% of the market value of the Fund.

Sectors	
Energy	Health Care
Materials	Financials
Industrials	Information Technology
Cosumer Discretionary	Telecommnication Services
Consumer Staples	Utilities

d) Company

The Fund's assets will also be diversified by company with no fewer than 40 holdings. The maximum weighting for any one security is 5% of the market value of the Fund. The maximum exposure to any one stock should not exceed 5% of that company's outstanding shares or 10% of its free float.

Short Term

The investments will be restricted to Canadian issues with maturities of less than one year which are issues of, or guaranteed by, the federal government, provincial governments, municipal governments, and corporations rated R-1 by the Dominion Bond Rating Service. However, an unrated security may be held if it is deemed to be R- 1. In addition, the names held in the Fund must be known to the Portfolio Managers and be acceptable to them.

2. Asset Mix

The asset mix will be determined solely by the Investment Manager. Investments may be selected from the following asset categories:

- Short term investments and cash including unitized funds containing only such investments;
- Common equity securities, (excluding North America) including financial derivatives used for hedging purposes, American Depository Receipts (ADRs), other securities convertible into common equities and unitized funds containing only such investments.

Minimum and maximum exposure to each of the asset categories are as follows:

	Minimum % of Fund	Maximum % of Fund
Short Term & Cash	0	10
Equities	90	100

3. Philosophy

Equities

The mission of the Investment Manager is to provide investment management advice predominantly in the specialized area of international equity management.

The strategy employs the "value approach" to the management of equities. The Investment Manager's approach is contrarian in character. It emphasizes the long term and it focuses on the selection of individual common stocks using a bottom up approach. Sound internal investment research is a cornerstone of quality investment management.

It is the Investment Managers belief that each investment must be based on thorough internal research, must offer safety of capital, and must promise a satisfactory long term rate of return.

Each company in the Fund must meet the Investment Manager's standards of investment quality including a history of above-average financial performance, a secure financial position, reputable management, and growth opportunity in terms of sales, earnings, and share price.

The Investment Manager's goal is to identify above-average businesses through the internal research process and to purchase these companies at below average prices - or more simply put, the Investment Manager is looking to discover excellent businesses selling at attractive prices.

Short Term

The purpose of this asset class is to provide a vehicle for temporary investment while awaiting investment opportunities in the long-term equity markets.

This asset class has no need to accept high risks to meet its objectives. Therefore, the Investment Manager attempts to minimize credit risk, term risk, and liquidity risk.

4. Securities Lending

Securities lending will only be transacted in circumstances in which policies and procedures have been implemented to safeguard the subject securities.

Leith Wheeler U.S. Equity Fund Investment Policy Statement

Fund Objective

To provide superior long term investment returns by investing in equity securities trading on the major markets in the United States. The Fund primarily invests in a broad range of U.S. companies and is not restricted by capitalization or industry sector, although portfolio diversification is a consideration in the selection of securities for the Fund. Under normal circumstances, the Fund will keep its portfolio fully invested, to the greatest extent possible, in U.S. equity and equity related securities

Investment Return Objective

- To invest in common equities of companies in the United States.
- To maximize the long-term rate of return while preserving the investment capital by avoiding investment strategies that expose portfolio assets to excessive risk.
- To outperform the S&P 500 Index over a full market cycle.
- To achieve an above-average ranking relative to similar mandates over a full market cycle.

Asset Mix

The following table presents the asset mix policy at market value for the Fund.

Asset Class	Minimum	Maximum
Short Term & Cash	0%	10%
Equities	90%	100%

Investment Guidelines

The Fund may be invested in any of the following investment categories along with current constraints:

Cash

The Fund may invest in cash, short term notes, banker's acceptances, deemed deposits, treasury bills, corporate paper, asset-backed securities, or similar investments.

Investment in cash will have the following constraints

- The investments will be restricted to Canadian issues with maturities of less than one year which are issues of, or guaranteed by, the Federal Government, Provincial Governments, Municipal Governments, and corporations rated R-1 by the Dominion Bond Rating Service. However, an unrated security may be held if it is deemed to be R- 1. In addition, the names held in the Fund must be known to the Portfolio Managers and be acceptable to them.

Equities

The Fund may invest in common equity securities, American Deposit Receipts, Global Depositary Receipts including financial derivatives used for hedging purposes, other securities convertible into common equities and unitized funds containing only such investments.

U.S. Equities

Investment in U.S Equities will have the following constraints: *(All percentage limits apply to the net market value of the Fund unless specified):*

- The Fund's assets will be invested in securities in a minimum 6 of the 10 sectors outlined below:

Sectors	
Energy	Health Care
Material	Financials
Industrial	Information Technology
Consumer Discretionary	Telecommunication Services
Consumer Staples	Utilities

- Maximum weighting for any one sector is 35% of the market value of the Fund.
- The Fund's assets will also be diversified by company with no fewer than 35 holdings.
- The maximum weighting for any one security is 8% of the market value of the Fund. The maximum exposure to any one stock should not exceed 5% of that company's outstanding shares or 10% of its free float.

Security Lending

Securities lending will only be transacted in circumstances in which policies and procedures have been implemented to safeguard the subject securities.

Conflicts of Interest

Leith Wheeler and its employees shall not knowingly permit their interests to conflict with their duties and powers in respect of the Fund. Both actual and perceived conflicts of interest shall be deemed to be conflicts of interest coming within the scope of the above policy.

Retention or Delegation of Voting Rights

Leith Wheeler retains all voting rights with respect to individual investments in the Fund.

Reporting

The year-end of the Fund is December 31st. The Fund will be audited annually by an external auditor who will prepare annual financial statements for the Fund.