

## **Nature of Fund**

Private pooled investment trust

## **Qualifying Investors**

Current clients of QV under existing management agreements

## **Custodian/Auditor/Counsel**

1. RBC Dexia, Custodian
2. KPMG, Auditor
3. Osler, Hoskin & Harcourt LLP, Counsel

## **Investment Objective**

The QV Canadian Balanced Fund provides investors with above average long term growth with low risk, through investment in a diversified mix of high quality Canadian common shares, preferred shares, income trusts and bonds.

## **Investor Profile**

The Balanced Fund is suitable for investors having a low tolerance for volatility, a long-term horizon and a need for both steady short-term income and long-term capital appreciation.

## **Investment Strategy**

The fund holds a mix of short term, high quality bonds, preferred shares and larger-cap common stocks to lower volatility in the portfolio and assure long-term growth. QV adjusts the mix of bonds and stocks to reflect the potential returns of the assets.

## **Investment Guidelines**

### *Cash Reserves*

- |                      |  |
|----------------------|--|
| 1. Credit quality:   | Canada Treasury Bills or Corporate Notes of R-1 rating (DBRS)  |
| 2. Issuer:           | Maximum 40% in Corporate Notes   |
| 3. Term to maturity: | Less than one year   |
| 4. Commitment:       | 3 to 5% in normal investment conditions; may increase to 10%: in exceptional circumstances the Reserve may increase to 20% given the appropriate Investment Committee review |

*Fixed Income – Bonds, Debentures, & Preferred Shares*

1. At a maximum 40% may be invested in corporate issuers
2. At a minimum 60% must be invested in AAA and AA credits as defined by Standard & Poors
3. In the interest in maintaining low volatility, the average term to be held at 10 years or less, unless otherwise agreed and documented by the managers
4. The yield should approach or exceed that of the Scotia Capital Bond Universe Index
5. Minimum credit rating standard of “BBB” as defined by Standard & Poors
6. Maximum allowable investment in “BBB” credit bonds is 10%
7. Maximum allowable investment in non-rated bonds: 5% of portfolio – with conditions. Issuers must be a company we follow closely at QV and / or convertible into the underlying security at a future date.
8. Corporate issuer concentration: No more than 10% of the portfolio invested in any one corporate issuer
9. Industry commitment: Limit of 25% in any one GICS sector
10. Provincial & Municipal Government issuer concentration: No more than 20% of the portfolio invested in any one provincial or municipal government issuer.

*Equity Investments*

Canadian investments must meet the following market and capitalization criteria:

- |                          |  |
|--------------------------|--|
| 1. Market:               | Securities traded on the TSX                                   |
| 2. Private Issuers:      | Excluded   |
| 3. Number of holdings:   | A minimum of 25 holdings and a maximum of 40 holdings          |
| 4. Minimum cap size:     | C\$1 Billion   |
| 5. Industry commitment:* | Limit of 25% in any one GICS sector                            |
| 6. Individual weights:*  | Minimum at 1% and maximum at 6% of the total equity portfolio  |
| 7. Single holdings:*     | Less than 9.9% of the market capitalization of any one company |

\* Policy guidelines will be rebalanced by the end of each quarter

**Policy Table**

<b>Policy</b>	<b>Minimum</b>	<b>Maximum</b>
<b>Cash/T-bills<sup>^</sup></b>	<b>0%</b>	<b>20%</b>
<b>Canadian Fixed Income</b>	<b>35%</b>	<b>60%</b>
Canadian Preferred Equity	0%	10%
<b>Canadian Equities</b>	<b>35%</b>	<b>60%</b>

<sup>^</sup> See Cash Reserves: Commitment section

### **Benchmark**

55% S&P/TSX Composite Total Return Index / 35% Scotia Capital Bond Universe Index / 10% Scotia Capital 91 Day T-bill Index

### **Portfolio Manager**

The QV Canadian Balanced Fund is managed by Leigh Pullen and Wendy Booker-Urban and supported by Darren Dansereau and the QV Investment Team.