



## INVESTMENT POLICY – FIERA BOND FUND

**Manager: Fiera Capital Corporation**

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1. Description and Investment Philosophy

This fund, actively managed, aims to provide total long-term returns derived primarily from interest income and moderate capital appreciation, by investing mainly in high-quality fixed-income securities of Canadian corporations and governments. The fund's asset allocation and securities selection are determined by the manager based on the present policy.

The manager aims to achieve a higher return than the Canadian bond market by managing the duration of the portfolio based on interest rate forecasts and by modifying the relative weight of fixed-income securities based on economic conditions as well as on the relative value of different sectors.

2. Investment Objective

This fund targets an annualized return at least 0.35% higher than that of the FTSE TMX Canada Universe Bond Index, over four-year moving periods.

3. Eligible Investments

- a. Bonds, stripped coupons and residuals issued or guaranteed by the federal government, a province or a municipality, bonds and debentures issued by a Canadian corporation, asset-backed securities, mortgage-backed securities, mortgage loans, term deposits, guaranteed investment certificates and equivalent financial instruments issued by a Canadian financial institution
- b. Bonds denominated in foreign currencies issued by a Canadian issuer, a foreign government, a foreign corporation or a supranational organization and foreign bonds denominated in Canadian dollars
- c. Short-term notes, Treasury bills, bankers' acceptances, commercial papers, term deposits, guaranteed investment certificates and equivalent financial instruments issued by a financial institution, bonds, stripped coupons and residuals. These securities must have a maturity not exceeding one year for inclusion in short-term securities.
- d. Floating-rate securities reset at least twice a year
- e. Cash and demand deposits
- f. Derivatives related to financial securities, economic indicators and currencies, such as rights and warrants, forward contracts, options, futures contracts and swaps, in compliance with the provisions of the General Derivatives Policy of Desjardins Financial Security. The use of leverage is prohibited.

3. Eligible Investments (continued)

- g. Investment funds and other structured instruments invested in one or more of the above asset classes

4. Asset Allocation Policy

	Limits	
	Minimum	Maximum
Bonds	80%	100%
Federal government and guarantees	0%	100%
Provinces and guarantees	0%	75%
Municipalities and government-backed	0%	15%
Corporations	0%	45%
Real return bonds	0%	10%
Asset-backed and mortgage-backed securities	0%	20%
Foreign bonds denominated in Canadian dollars	0%	10%
Bonds denominated in U.S. dollars	0%	10%
Cash and short-term securities	0%	20%

5. Risk Control Parameters

This fund is primarily invested in Canadian fixed-income securities. Its assets and net asset value are subject to interest rate fluctuations, general economic conditions and performance of the issuing companies. In addition, securities denominated in foreign currencies are subject to currency fluctuations. The manager controls these risks as follows:

- a. The fund's investments are diversified across various asset classes, as stipulated in the provisions regarding asset allocation of the present policy.
- b. The fund's bond portfolio must hold more than 25 securities.
- c. The fund's modified duration may not vary by more than one year from that of the FTSE TMX Canada Universe Bond Index.
- d. At least 15% of the fund's market value must be invested in cash and equivalents (excluding money market funds) and in securities issued or guaranteed by the federal government.
- e. At least 55% of the fund's market value must be invested in securities issued or guaranteed by the federal government, a province or a municipality.

5. Risk Control Parameters (continued)

- f. No more than 40% of the fund's market value may be invested in securities from any one province. For provinces other than Quebec, Ontario and British Columbia, exposure to any one province is calculated by including securities issued by municipalities of this province.
- g. Corporate bonds must be rated no less than BBB<sup>1</sup> at the time of purchase.
- h. No more than 15% of the fund's market value may be invested in securities rated BBB<sup>1</sup>.
- i. The value of securities of any one corporate issuer may not exceed 8% of the fund's market value if its credit rating at the time of purchase is A<sup>1</sup> or better, and 3% if its credit rating is BBB<sup>1</sup>.
- j. Derivatives may be used to manage the currency risk on the fund's foreign investments, in compliance with the provisions of the General Derivatives Policy of Desjardins Financial Security.

These restrictions do not apply to investments in other investment funds or in derivatives that offer comparable diversification.

***The present policy does not replace under any case the underlying fund's investment policy established by the manager. In case of discrepancy, the provisions applicable under the manager's policy have precedence over those of the present policy.***

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<sup>1</sup> Credit ratings are based on those of Dominion Bond Rating Service (DBRS) or an equivalent recognized agency