SUBJECT: 2008 Master Trust Statement of Investment Policies and Procedures (FCS08111) (City Wide)

RECOMMENDATION:

(a) That the 2008 Master Trust Statement of Investment Policies and Procedures, (attached as Appendix A to Report FCS08111), for the City of Hamilton Defined Benefit Pension Plans Master Trust, be approved;

(b) That the 2007 Master Trust Statement of Investment Policies and Procedures, which was previously approved in report FCS07096, be rescinded and replaced with the 2008 Master Trust Statement of Investment Policies and Procedures (attached as Appendix A to Report FCS08111); and

(c) That staff be directed to forward a copy of report FCS08111 and the 2008 Master Trust Statement of Investment Policies and Procedures, (attached as Appendix A to Report FCS08111), to the Hamilton Street Railway Pension Advisory Committee for their information.

______________________________
Peter A. Barkwell
Acting General Manager,
Finance and Corporate Services
EXECUTIVE SUMMARY:

Hewitt Associates, the City’s investment consultant, has completed a formal review of the Master Trust Statement of Investment Policies and Procedures (SIP&P), which is required under section 5.10 of the SIP&P. No material changes are recommended.

Attached as Appendix A to report FCS08111 is the 2008 Statement of Investment Policies and Procedures for the Master Trust, the Hamilton Municipal Retirement Fund (HMRF), the Hamilton-Wentworth Retirement Fund (HWRF) and the Hamilton Street Railway (HSR) Pension Plan.

BACKGROUND:

Pursuant to the Pensions Benefits Act, a SIP&P is required for all pension plans, which is to be reviewed annually and revised, if necessary. HSR, pending litigation and re-structuring, may require adjustments to the SIP&P in 2009.

ANALYSIS/RATIONALE:

No material changes are recommended.

ALTERNATIVES FOR CONSIDERATION:

None.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial:
Returns, achieved in the Master Trust, affect the required actuarial contributions by the City to the pension plans.

Staffing:
There are no staffing implications.

Legal:
There are no legal implications.

POLICIES AFFECTING PROPOSAL:

None.
RELEVANT CONSULTATION:
Hewitt Associates.

CITY STRATEGIC COMMITMENT:
By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No

Environmental Well-Being is enhanced. ☐ Yes ☑ No

Economic Well-Being is enhanced. ☑ Yes ☐ No

Does the option you are recommending create value across all three bottom lines? ☐ Yes ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No
Statement of Investment Policies and Procedures

City of Hamilton Defined Benefit Pension Plans Master Trust

November 2008

APPROVED on this day of , 2008
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Section 1—Overview

1.01 Purpose of Statement
This Statement of Investment Policies and Procedures (the “Policy”) provides the framework for the investment of the assets of the City of Hamilton Defined Benefit Pension Plans Master Trust (the “Master Trust”).

This Policy is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets of the Master Trust are within the parameters set out in the Pension Benefits Act, (Ontario) and the Regulations thereunder.

1.02 Background of the Master Trust
The inception date of the Master Trust is November 1, 1999, when three defined benefit pension plans (the Hamilton Municipal Retirement Fund (Registration number 0027512), the Hamilton Street Railway Pension Plan (Registration number 0253344), and the Hamilton Wentworth Retirement Fund (Registration number 1073352)) commingled their assets in the Master Trust for investment purposes. These Plans hold units of the Master Trust and share, on a pro-rata basis, in all income, expenses and capital gains and losses of the Master Trust.

For reference purposes, the details of the Statement of Investment Policies and Procedures for each of the above mentioned pension plans participating in the Master Trust have been attached to Appendix A of this policy.

1.03 Objective of The Plans
The objective of the Plans is to provide members of the Plans with retirement benefits prescribed under the terms thereof. The primary investment objective is to provide an economic return on assets sufficient to fund plan liabilities over the long-term, while adhering to prudent investment practices.

1.04 Investment and Risk Philosophy
Based on historical data, the asset classes most likely to produce the greatest return in excess of inflation over time are also likely to exhibit the most volatility. Conversely, the asset classes likely to be the least volatile are likely to produce the lowest returns over time. Therefore, the investment philosophies and strategies must take into account both return and risk objectives.

1.05 Administration
The General Manager, Finance and Corporate Services for the City of Hamilton (the General Manager) is the designated contact person at the City for administrative purposes.
Section 2—Asset Mix and Diversification Policy

2.01 Master Trust Return Expectations

Each of the Investment Managers appointed to invest the assets of the Master Trust (the “Investment Managers”) is directed to achieve a satisfactory long-term real rate of return through a diversified portfolio, consistent with acceptable risks, performance objectives and prudent management.

The long-term investment objective of the Master Trust is to achieve a minimum rate of return, net of all expenses, of 6.00%. A long-term asset mix policy has been established in order to provide a reference for long-term return requirements, which are consistent with the plan liabilities and the actuarial assumed interest rate assumption, at an acceptable risk level.

2.02 Expected Volatility

The volatility of the Master Trust is directly related to its asset mix, specifically, the balance between Canadian bonds, Canadian equities and foreign equities. Since the Investment Managers do not have the authority to make any type of leveraged investment on behalf of the Master Trust, the volatility of the Master Trust should be similar to the volatility of the Benchmark Portfolio set out in Section 4.02 (Performance Measurement).

2.03 Asset Mix

(a) Total Asset Mix

Taking into consideration the investment and risk philosophy of the participatory Plans, the following asset mix has been established:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Minimum %</th>
<th>Benchmark %</th>
<th>Maximum %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Equity</td>
<td>25</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Global Equity (unhedged)</td>
<td>5</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Global Equity (hedged)</td>
<td>0</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Total Equities</td>
<td>45</td>
<td>55</td>
<td>65</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>35</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>Cash</td>
<td>0</td>
<td>0</td>
<td>25</td>
</tr>
</tbody>
</table>

For purpose of the total asset mix described above, the Investment Managers’ asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.
2.04 Management Structure

A specialized management structure has been adopted for the Master Trust consisting of:

(i) active managers specializing in Canadian equity, foreign equity, and Canadian fixed income; and

(ii) index managers specializing in foreign equity and Canadian fixed income.

The Master Trust employs a mix of active and passive management styles. Active management provides the opportunity to outperform specific investment benchmarks and it can provide lower absolute volatility of returns. Passive, or index, management minimizes the risk of underperformance relative to a benchmark index and is generally less expensive than active management. This approach also diversifies the manager risk, making the Master Trust less reliant on the skills of a single Investment Manager.

Because holding large amounts of foreign assets can expose the Master Trust to fluctuations in the level of the Canadian dollar, a portion of the foreign assets are hedged back into Canadian dollars. This will reduce the effect of currency volatility on the Master Trust’s return.
Section 3—Permitted and Prohibited Investments

3.01 General Guidelines
The investments of the Master Trust must comply with the requirements and restrictions set out in the Income Tax Act (Canada) and the Pension Benefits Act (Ontario), and their respective Regulations.

3.02 Permitted Investments
In general, and subject to the restrictions in this Section 3, the Investment Managers may invest in any of the following asset classes and in any of the investment instruments listed below:

(a) **Canadian and Foreign Equities**
   (i) Common and convertible preferred stock the shares of which are (a) listed on a prescribed stock exchange in Canada; or (b) listed on a prescribed stock exchange outside Canada;

   (ii) Debentures convertible into common or convertible preferred stock, provided such instruments are traded on a recognized public exchange or through established investment dealers;

   (iii) Rights, warrants and special warrants for common or convertible preferred stock the shares of which are (a) listed on a prescribed stock exchange in Canada; or (b) listed on a prescribed stock exchange outside Canada;

   (iv) Private placement equities, where the security will be eligible for trading on a recognized public exchange within a reasonable and defined time frame;

   (v) Instalment receipts, American Depository Receipts, Global Depository Receipts and similar exchange traded instruments;

   (vi) Units of real estate investment trusts (REITs);

   (vii) Exchange traded index-participation units (e.g., iUnits; SPDRs);

   (viii) Income trusts registered as reporting issuers under the Securities Act, domiciled in a Canadian jurisdiction that provides limited liability protection to unitholders; and

   (ix) Units of limited partnerships which are listed on the TSX exchange.
(b) **Canadian and Foreign Fixed Income**

(i) Bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness of Canadian or developed market foreign issuers whether denominated and payable in Canadian dollars or a foreign currency, provided such instruments are traded on a recognized public exchange or through established investment dealers, subject to Section 3.04 below;

(ii) Real return bonds;

(iii) Mortgages secured against Canadian real estate subject to Section 3.05 below;

(iv) Mortgage-backed securities, guaranteed under the *National Housing Act*;

(v) Term deposits and guaranteed investment certificates;

(vi) Private placements of bonds subject to Section 3.03 below; and,

(vii) Investment in bond and debenture issues of the City of Hamilton and affiliated bodies is neither encouraged nor discouraged. The decision by the Investment Manager(s) to invest in such issues is entirely their responsibility and they should be governed by the same degree of due diligence and prudence that they would apply when assessing any other investment.

(c) **Cash and Short Term Investments**

(i) Cash on hand and demand deposits;

(ii) Canadian and U.S. Treasury bills and bonds (with remaining maturities not exceeding 365 days) issued by the federal and provincial governments and their agencies;

(iii) Sovereign short-term debt instruments of developed countries, with maturities not exceeding 365 days;

(iv) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers’ acceptances;

(v) Commercial paper and term deposits; and

(vi) Other money market instruments (maturity not exceeding 365 days).

(d) **Derivatives**

The following uses of non-leveraged derivative instruments are permitted:

(i) Covered put and/or call options with respect to publicly traded securities that are held in the portfolio
(ii) The Manager of an index portfolio may utilize fully backed, i.e. non-leveraged, derivative strategies designed to replicate the performance of specific market indices, i.e. exchange-traded equity index futures contracts; and,

(iii) Investment Managers may use currency futures contracts and forward contracts to hedge foreign currency exposure.

(e) Other Investments

(i) Investments in open-ended or closed-ended pooled funds provided that the assets of such funds are permissible investments under this Policy, and

(ii) Deposit accounts of the Custodian can be used to invest surplus cash holdings.

(f) Index Mandates

(i) For managers of index mandates, permitted investment vehicles may include all instruments that may form part of the respective index.

3.03 Minimum Quality Requirements

(a) Quality Standards

Within the investment restrictions for individual portfolios, all portfolios should hold a prudently diversified exposure to the intended market.

(i) The minimum quality standard for individual bonds and debentures is ‘BBB’ or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.

(ii) The minimum quality standard for individual short term investments is ‘R-1’ low or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.

(iii) The minimum quality standard for individual preferred shares is ‘P-1’ or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.

(iv) All investments shall be reasonably liquid (i.e. in normal circumstances they should be capable of liquidation within 1 month).

(b) Split Ratings

In cases where the Recognized Bond Rating Agencies do not agree on the credit rating, the bond will be classified according to the methodology used by DEX, which states:

(i) If two agencies rate a security, use the lower of the two ratings;

(ii) If three agencies rate a security, use the most common; and

(iii) If all three agencies disagree, use the middle rating
(c) **Downgrades in Credit Quality**
A Manager will take the following steps in the event of a downgrade in the credit rating of a portfolio asset by a Recognized Rating Agency to below the purchase standards set out in Section 3.03 (a) Quality Standards:

(i) The client will be notified of the downgrade by telephone at the earliest possible opportunity;

(ii) Within ten business days of the downgrade, the Manager will advise the Client in writing of the course of action taken or to be taken by the Manager, and its rationale; and

(iii) Immediately upon downgrade, the Manager will place the asset on a Watch List subject to monthly review by the Manager with the Client until such time as the security matures, is sold or until it is upgraded to a level consistent with the purchase quality standards as expressed in the above guidelines.

(d) **Rating Agencies**
For the purposes of this Policy, the following rating agencies shall be considered to be ‘Recognized Bond Rating Agencies’:

(i) Dominion Bond Rating Service;

(ii) Standard and Poor’s;

(iii) Moody’s Investors Services; and

(iv) Fitch Ratings

(e) **Private Placement Bonds**
Private placement bonds are permitted subject to all of the following conditions:

(i) The issues acquired must be ‘A’ or equivalent rated;

(ii) The total investment in such issues must not exceed 10% of the market value of the Investment Manager(s) bond portfolio;

(iii) The Investment Manager’s portfolio may not hold more than 5% of the market value of any one private placement;

(iv) The Investment Manager(s) must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price; and

(v) The minimum issue size for any single security must be at least $150 million.

3.04 **Maximum Quantity Restrictions**

(a) **Total Fund Level**
No one equity holding shall represent more than 10% of the total book value of the Master Trust’s assets.
(b) Individual Investment Manager Level

The Investment Manager(s) shall adhere to the following restrictions:

(i) Equities

(A) No one equity holding shall represent more than the greater of 10% of the market value of any one Manager’s equity portfolio.

(B) No one equity holding shall represent more than 10% of the voting shares of a corporation.

(C) No one equity holding shall represent more than 10% of the available public float of such equity security.

(D) Income Trusts shall not comprise more than 15% of any Investment Manager’s Canadian equity portfolio.

(ii) Bonds and Short Term

(A) Except for federal and provincial bonds (including government guaranteed bonds), no more than 10% of a manager’s bond portfolio may be invested in the bonds of a single issuer and its related companies.

(B) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the market value of the total outstanding for that bond issue.

(C) No more than 8% of the market value of a manager’s bond portfolio shall be invested in bonds rated ‘BBB’ or equivalent.

(D) This Policy will permit the continued holding of instruments whose ratings are downgraded below BBB after purchase, provided that such instruments are disposed of in an orderly fashion.

(E) No more than 10% of the market value of a manager’s bond portfolio shall be invested in bonds denominated in a currency other than Canadian dollars.

(F) No more than 10% percent of the market value of the bond portfolio may be held in real return bonds.

(iii) Other

The use of derivative securities shall be supported at all times by the explicit allocation of sufficient assets to back the intended derivative strategy. For greater certainty, Investment Managers are not permitted to leverage the assets of the Master Trust. The use of derivative securities is only permitted for the uses described in this Policy. Purchase or sale of any of these instruments for speculative purposes is prohibited.

Notwithstanding the limits described in this Section, the single security limits do not apply to an Investment Manager’s index mandate.
3.05 Prior Permission Required
The following investments are permitted provided that prior permission for such investments has been obtained from the General Manager:

(a) Investments in private placement equities (except for the foreign equity managers investing in pooled funds where the pooled fund policy permits private placement equities).

(b) Direct investments in mortgages.

(c) Direct investments in any one parcel of real property that has a book value less than or equal to 5% of the book value of the Master Trust’s assets. The aggregate book value of all investments in real property and Canadian resource properties shall not exceed 25% of the book value of the Master Trust’s assets.

(d) Direct investments in venture capital financing or private equity partnerships; and

(c) Derivatives other than those described in 3.02(d).

3.06 Prohibited Investments
The Investment managers shall not:

(a) Invest in companies for the purpose of managing them;

(b) Invest in securities that would result in the imposition of a tax on the Fund under the Income Tax Act (Canada) unless they provide a prior written acknowledgement that such investments will result in a tax and receive prior written permission for such investments from the Committee; or;

(c) Make any investments not specifically permitted by this Policy.

3.07 Securities Lending
The investments of the Master Trust may be loaned, for the purpose of generating revenue for the Fund, subject to the provisions of the Pension Benefits Act (Ontario) and the Income Tax Act (Canada), and applicable regulations.

For securities held in segregated accounts, such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes and bankers’ acceptances of chartered banks. For bonds, the security held must have a market value of at least 105% of the market value of the loaned securities. For equities, the security held must have a market value of at least 105% of the market value of the loaned securities for Canadian and Non-North American equities, and 102% for U.S. equities. This market value relationship must be calculated at least daily.

The terms and conditions of any securities lending program will be set out in a contract with the custodian. The custodian shall, at all times, ensure that the Chief Investments Officer has a current list of those institutions that are approved to borrow the Fund’s investments.
Lending of the portion of the Master Trust’s assets held in a pooled fund is governed by the terms of the conditions set out in the pooled fund Statement of Investment Policies and Goals or similar document.

3.08 Borrowing
The Master Trust shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to the Pension Benefits Act (Ontario), the Income Tax Act(Canada) and the written permission of the General Manager.

3.09 Conflicts Between the Policy and Pooled Fund Investment Policies
While the guidelines in this Policy are intended to guide the management of the Master Trust, it is recognized that, due to the use of pooled funds, there may be instances where there is a conflict between the Policy and the investment policy of a pooled fund. In that case, the Investment Manager is expected to notify General Manager upon the initial review of the Policy and whenever a change in the pooled fund policy creates a conflict. However, it is understood that the pooled fund policy shall dominate.
Section 4—Monitoring and Control

4.01 Delegation of Responsibilities

The General Manager, Finance and Corporate Services, for the City of Hamilton is the designated contact person for administrative matters. Overall responsibility for the Master Trust ultimately rests with City Council. However, City Council has delegated certain administrative duties and responsibilities to internal and external agents.

(a) Chief Investments Officer

The Chief Investments Officer is responsible for:

(i) monitoring the Master Trust asset mix and rebalancing as required;

(ii) day-to-day liaison with external Investment Managers and the Investment Consultant;

(iii) monitoring and budgeting for cash flow within the pension fund;

(iv) researching, recommending and implementing improvements to asset management of the Master Trust, and

(v) directing and implementing strategy for self managed portfolios, if any.

(b) Investment Managers

The Investment Managers will:

(i) invest the assets of the Master Trust in accordance with this Policy;

(ii) meet with the Chief Investments Officer as required and provide written reports regarding the Investment Manager’s past performance, their future strategies and other issues as requested;

(iii) notify the Master Trust, in writing of any significant changes in the Investment Manager’s philosophies and policies, personnel or organization and procedures;

(iv) will provide periodically, but no less than quarterly, lists of assets and such other information as may be requested by the Chief Investments Officer; and,

(v) file quarterly compliance reports (see section 4.03).

(c) Custodian/Trustee

The custodian/trustee will:
(i) fulfil the regular duties of a Custodian/Trustee as required by law;

(ii) maintain safe custody over the assets of the Master Trust Plans;

(iii) execute the instructions of the Chief Investments Officer and the Investment Managers; and,

(iv) record income and provide financial statements to the Chief Investments Officer monthly, or as required.

(d) Investment Consultant
The investment consultant will:

(i) assist the Chief Investments Officer in developing a prudent long-term asset mix, and specific investment objectives and policies;

(ii) monitor, analyse and report on the Master Trust’s investment performance and to support the Chief Investments Officer on any investment related matters;

(iii) assist with the selection of Investment Managers, custodians and other suppliers; and,

(i) meet with the Chief Investments Officer as required.

(e) Actuary
The actuary will:

(i) perform actuarial valuations of the Plan as required; and,

(ii) advise the Chief Investment Officer on any matters relating to Plan design, membership and contributions.
4.02 Performance Measurement

For purposes of evaluating the performance of the Master Trust and the Investment Managers, all rates of returns are measured over moving four-year periods. Return objectives are net of fees and include realized and unrealized capital gains or losses plus income from all sources. Returns will be measured quarterly and will be calculated as time-weighted rates of return.

(a) **Total Fund**

Investment weightings and results of the Master Trust are to be measured regularly against a long-term Benchmark Portfolio comprising:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P/TSX Composite Index</td>
<td>30.0</td>
</tr>
<tr>
<td>MSCI World ex-Canada Index (C$)</td>
<td>15.0</td>
</tr>
<tr>
<td>MSCI World ex-Canada Index (C$) (hedged)</td>
<td>10.0</td>
</tr>
<tr>
<td>DEX Universe Bond Index</td>
<td>45.0</td>
</tr>
</tbody>
</table>

(b) **Active Canadian Equity Managers**

Investment results of the active Canadian Equity Managers are to be tested regularly against a Benchmark Portfolio comprising:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P/TSX Composite Index</td>
<td>100</td>
</tr>
</tbody>
</table>

(c) **Active Global Equity Managers**

Investment results of the active and index Global Equity Managers are to be tested regularly against a long-term Benchmark Portfolio comprising:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI World ex-Canada Index (C$)</td>
<td>100</td>
</tr>
</tbody>
</table>
(d) **Index Global Equity Managers**
Investment results of the active Global Equity Manager are to be tested regularly against a Benchmark Portfolio comprising:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI World ex-Canada Index (C$) (hedged)</td>
<td>100</td>
</tr>
</tbody>
</table>

(e) **Active and Index Canadian Bond Managers**
Investment results of the active and index Canadian Bond Managers are to be tested regularly against a Benchmark Portfolio comprising:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEX Universe Bond Index</td>
<td>100</td>
</tr>
</tbody>
</table>
4.03 Compliance Reporting by Investment Manager
The Investment Managers are required to complete and deliver a compliance report to the Chief Investments Officer and the Investment Consultant each quarter. The compliance report will indicate whether or not the Investment Manager was in compliance with this Policy during the quarter.

In the event that an Investment Manager is not in compliance with this Policy, the Investment Manager is required to advise the Chief Investments Officer immediately, detail the nature of the non-compliance and recommend an appropriate course of action to remedy the situation.

The Master Trust invests in pooled funds with separate investment policies. In that case, the Investment Manager must confirm compliance to the pooled fund policy. In addition, should a conflict arise between a pooled fund policy and this Policy, the Investment Manager is required to advise the Chief Investments Officer immediately and detail the nature of the conflict.

4.04 Standard of Professional Conduct
The Investment Managers are expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute (CFA).

The Investment Managers will manage the assets with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with pension plan assets. The Investment Managers will also use all relevant knowledge and skill that they possess or ought to possess as prudent investment managers.
Section 5—Administration

5.01 Conflicts of Interest

(a) Responsibilities
This standard applies to the City’s staff, as well as to all agents employed by the City, in the execution of their responsibilities under the Pension Benefits Act (Ontario) (the “Affected Persons”).

An “agent” is defined to mean a company, organization, association or individual, as well as its employees who are retained by the Administrator to provide specific services with respect to the investment, administration and management of the assets of the Master Trust.

(b) Disclosure
In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Master Trust assets.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Administrator.

No Affected Person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom the employee deals in the course of performance of his or her duties and responsibilities for the Master Trust.

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the General Manager immediately. The General Manager, in turn, will decide what action is appropriate under the circumstances.

No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure, unless otherwise determined permissible by decision of the General Manager.
5.02 Related Party Transactions
The Chief Investments Officer, on behalf of the Master Trust, may not enter into a transaction with a related party unless:

(a) the transaction is both required for operation and or administration of the Master Trust and the terms and conditions of the transaction are not less favourable than market terms and conditions;

(b) securities of the related party are acquired at a public exchange; or,

(c) the combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Master Trust.

For the purposes of this Section 5.02, only the market value of the combined assets of the Fund shall be used as the criteria to determine whether a transaction is nominal or immaterial to the Master Trust. Transactions less than (0.5%) of the combined market value of the assets of the plan are considered nominal.

A “related party” is defined to mean the administrator of the plan, including any officer, director or employee of the administrator. It also includes, the Investment Managers and their employees, a union representing employees of the employer, a member of the Master Trust, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others. Related party does not include government or a government agency, or a bank, trust company or other financial institution that holds the assets of the Master Trust.

5.03 Selecting Investment Managers
In the event that a new Investment Manager must be selected or additional Investment Manager(s) added to the existing Investment Manager, the Chief Investments Officer will undertake an Investment Manager search with or without the assistance of a third-party investment consultant depending on the expertise required. The criteria used for selecting an Investment Manager will be consistent with the investment and risk philosophy set out in Section 1.05 (Investment and Risk Philosophy).

5.04 Directed Brokerage Commissions
Investment Managers may use directed brokerage to pay for research and other investment related services provided they comply with, and provide the disclosure required by, the Soft Dollar Standards promulgated by the CFA Institute.
5.05 Monitoring of Asset Mix
In order to ensure that the Master Trust operates within the minimum and maximum guidelines stated in this Policy, the Chief Investments Officer shall monitor the asset mix on a calendar quarterly basis. Rebalancing between the investment mandates can take place over a reasonably short period of time after an imbalance has been identified. Rebalancing may be effected by redirecting the net cash flows to and from the Master Trust, or by transferring cash or securities between portfolios/managers.

Manager Asset Mix

<table>
<thead>
<tr>
<th></th>
<th>Minimum %</th>
<th>Benchmark %</th>
<th>Maximum %</th>
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<td>Canadian Equity</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Active</td>
<td>25</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Global Equity</td>
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<td></td>
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</tr>
<tr>
<td>Active</td>
<td>5</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Index (hedged)</td>
<td>0</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>35</td>
<td>45</td>
<td>55</td>
</tr>
</tbody>
</table>

5.06 Monitoring of Investment Managers
An important element in the success of this policy is the link between the Investment Managers and the Chief Investments Officer. It is expected that the Investment Managers will communicate with the Chief Investments Officer whenever necessary between regularly scheduled meetings.

Regular meetings between the active Canadian Equity, Canadian Bond, and Global Equity Managers and the Chief Investments Officer will be scheduled annually. Meetings will be scheduled with the Index managers as required. At each meeting, it is expected that the managers will prepare a general economic and capital markets overview, which will be distributed prior to the meeting. They should also address the following issues in their presentations:

- review the previous period’s strategy and investment results,
- discuss how the condition of the capital markets affects the investment strategy of their respective portfolios,
- economic and market expectations,
- anticipated changes in the asset mix within the limits provided in this Policy, and,
- discuss compliance and any exceptions.

5.07 Dismissal of an Investment Manager
Reasons for considering the termination of the services of an Investment Manager include, but are not limited to, the following factors:

(a) performance results which are below the stated performance benchmarks;
(b) changes in the overall structure of the Master Trusts’ assets such that the Investment Manager’s services are no longer required;

(c) change in personnel, firm structure or investment philosophy which might adversely affect the potential return and/or risk level of the portfolio; and/or

(d) failure to adhere to this Policy.

5.08 Voting Rights

The Administrator has delegated voting rights acquired through the investments held by the Master Trust to the custodian of the securities to be exercised in accordance with the Investment Manager’s instructions. Investment Managers are expected to exercise all voting rights related to investments held by the Master Trust in the interests of the members of the underlying pension plans. At least annually, the Investment Managers shall report their voting activities to the Chief Investments Officer.

5.09 Valuation of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

(a) Equities
   Average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter.

(b) Bonds
   Same as for equities.

(c) Mortgages
   Unless in arrears, the outstanding principal plus/minus the premium/discount resulting from the differential between face rate and the currently available rate for a mortgage of similar quality and term, determined at least once every month.

(d) Real Estate
   A certified written appraisal from a qualified independent appraiser at least every two years.

5.10 Policy Review

This Policy may be reviewed and revised at any time, but at least once every calendar year it must be formally reviewed. Should the Investment Manager(s) wish to review this policy at any time, it is his/her responsibility to contact the Chief Investments Officer with specific recommendations.

—END—
Appendix A – Statement of Investment Policies & Procedures
SIP&P - Hamilton Municipal Retirement Fund

Overview

1.01 Purpose of Statement
This Statement of Investment Policies and Procedures (the “Policy”) provides the framework for the investment of the assets of the Hamilton Municipal Retirement Fund, registration number 0027512 (the “Plan”);

The objective of this Policy is to ensure that the assets of the Plan, together with expected contributions made by both the City of Hamilton and the Plan members, shall be invested in a continued prudent and effective manner.

This Policy is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets of the Plan (the “Fund”) are within the parameters set out in the Pension Benefits Act, (Ontario) and the Regulations thereunder.

1.02 Background of the Plan
The Hamilton Municipal Retirement Fund is a contributory defined benefit plan. The plan has been closed to new entrants since 1965. Municipal employees hired after June 30, 1965 participate in the OMERS Pension Plan. Therefore, this is a closed fund and will terminate upon retirement of the last retiree or successor.

1.03 Plan Profile
a) Contributions
Under the terms of the Plan text:

For normal retirement age 60 class: 7% of contributory earnings up to YMPE plus 8.5% of contributory earnings in excess of the YMPE.

For normal retirement age 65 class: 6% of contributory earnings up to the YMPE plus 7.5% of contributory earnings in excess of the YMPE.

Effective August 1, 1998, employee contributions to the Plan ceased.

b) Benefits
2% of average annual earnings in best 5 years before retirement for each year of credited service up to 35 years reduced by 0.675% of the 5-year average earnings up to the final year’s YMPE for each year of contributory service after January 1, 1966. Reduction suspended from date of retirement to age 65 for CPP benefit. On an ad hoc basis, annual increases will not be less than the increase provided by OMERS, up to 100% of the increase in the Consumer Price Index.

c) Liabilities
As of the most recent actuarial valuation of the Plan as at December 31, 2005, there was no active member, 3 deferred members and 321 retirees and beneficiaries.
As of December 31, 2005, the going-concern liability of the plan was $99,067,900 compared to the actuarial value of assets of $104,407,700. On a solvency basis, the liability was $106,309,800, while the assets (at market) were $122,390,500.

1.04 **Objective of the Plan**
The primary goal of the Plan is to provide a secure source of assets on which to meet present and future obligations accumulated on behalf of the Plan’s members. The Fund must provide levels of returns to allow adequate benefit levels. The Fund should be prudently managed to avoid actuarial deficits and excessive volatility in annual rates of return.

1.05 **Investment and Risk Philosophy**

a) **Investment Philosophy**
The Plan has an average risk tolerance. Despite the plan having a moderate surplus, the vast majority of the Plan’s liabilities are attributable to retiree members and the pension benefits (on an ad hoc basis) are indexed to increases in CPI. Finally, the actuarial interest rate assumption is 7% net of expenses. As a result, an equity-biased investment philosophy has been adopted.

b) **Risk Philosophy**
In order to achieve its long-term investment goals, the Plan must invest in assets that have uncertain returns, such as Canadian equities, foreign equities and non-government bonds. However, the Company attempts to reduce the overall level of risk by diversifying among asset classes and by diversifying the holdings within each individual asset class.

1.06 **Administration**
The General Manager, Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

1.07 **Pooling of Assets**
For investment purposes, the assets of the Plan are combined with the assets of the Hamilton-Wentworth Retirement Fund and the Hamilton Street Railway Company. The combined assets are included in the City of Hamilton Defined Benefit Plans Master Trust.

1.08 **Master Trust SIP&P**
The Master Trust SIP&P is the policy that should be followed while investing the assets, both commingled and uncommingled, of the Hamilton Municipal Retirement Fund.
Overview

1.01 Purpose of Statement

This Statement of Investment Policies and Procedures (the “Policy”) provides the framework for the investment of the assets of the Hamilton Street Railway Company Pension Plan, registration number 0253344 (the “Plan”);

The objective of this Policy is to ensure that the assets of the Plan, together with expected contributions made by both the Hamilton Street Railway Company (the “Company”) and the Plan members, shall be invested in a continued prudent and effective manner.

This Policy is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets of the Plan (the “Fund”) are within the parameters set out in the Pension Benefits Act, (Ontario) and the Regulations thereunder.

1.02 Background of the Plan

The effective date of the Plan is January 1, 1994, when two predecessor plans, the Canada Coach Lines and the Hamilton Street Railway plans, were merged. The Plan is a contributory defined benefit Plan. The Plan is open to all full-time and part-time employees of the Hamilton Street Railway, subject to certain requirements outlined in the Plan text.

1.03 Plan Profile

d) Contributions

Based on the most recent actuarial valuations dated January 1, 2003, there is an excess surplus on an ongoing basis. Therefore, the Company is precluded from making additional contributions until the excess surplus has been eliminated. Under the terms of the Plan text, members’ contributions should be 7.5% of earnings less contributions which are made to the Canada Pension Plan. However, members did not contribute during 1999 and 2002.

e) Benefits

Members receive a pension equal to 1.5% of average pensionable earnings up to the average Year’s Maximum Pensionable Earnings (YMPE) as established under the Canada Pension Plan, plus 2% of the excess, multiplied by years of credited service. The “average pensionable earnings” are defined as the average of best five years’ earnings as a contributory member. The average YMPE is the average of the YMPE for the last thirty-six months of the plan membership.

In the event that pensions accrued under the prior plan exceed the pension accrued under this plan for service prior to July 1, 1980, then the pension is increased accordingly.
Benefits are subject to annual indexing at the rate of 75% of the change in the Consumer Price Index for the prior calendar year less 1.5%. The maximum adjustment is 6% per annum and the minimum 0%.

f) Liabilities
As of the most recent actuarial valuation of the Plan as at January 1, 2006, there were 523 active members, 15 deferred members and 475 retirees and beneficiaries. The average age of the active members was approximately 47.9 years with average pensionable earnings of $47,089.

As of January 1, 2006, the going-concern liability of the plan was $140,848,000 compared to the actuarial value of assets of $171,149,000. Approximately 46.6% of the accrued liability was related to active members, approximately 51.2% was related to retirees, approximately 0.2% was related to deferred members. On a solvency basis, the liability was $155,221,000, while the assets (at market) were $175,321,000.

1.04 Objective of the Plan
The primary goal of the Plan is to provide a secure source of assets on which to meet present and future obligations accumulated on behalf of the Plan’s members. The Fund must provide levels of returns to allow adequate benefit levels. The Fund should be prudently managed to assist in avoiding actuarial deficits and excessive volatility in annual rates of return.

1.05 Investment and Risk Philosophy

c) Investment Philosophy
The Plan has an average risk tolerance. Due to the excess surplus that the Plan has on an ongoing basis, the Plan is in a very strong financial position. Additionally, a majority of the Plan’s liabilities are attributable to active members and the average age of the active members about 48 years. Benefits payable are subject to an indexing formula. Finally, the actuarial interest rate assumption is 7% net of expenses. As a result, an equity-biased investment philosophy has been adopted.

d) Risk Philosophy
In order to achieve its long-term investment goals, the Plan must invest in assets that have uncertain returns, such as Canadian equities, foreign equities and non-government bonds. However, the Company attempts to reduce the overall level of risk by diversifying among asset classes and by diversifying the holdings within each individual asset class.

1.06 Administration
The General Manager, Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

1.07 Pooling of Assets
For investment purposes, the assets of the Plan are combined with the assets of the Hamilton-Wentworth Retirement Fund and the Hamilton Municipal Retirement Fund. The combined assets are included in the City of Hamilton Defined Benefit Plans Master Trust
1.08 Master Trust SIP&P
The Master Trust SIP&P is the policy that should be followed while investing the assets, both commingled and uncommingled, of the Hamilton Street Railway Pension Plan.
SIP&P - The Hamilton-Wentworth Retirement Fund Pension Plan

Overview

1.01 Purpose of Statement
This Statement of Investment Policies and Procedures (the “Policy”) provides the framework for the investment of the assets of the Hamilton-Wentworth Retirement Fund, registration number 1073352 (the “Plan”);

The objective of this Policy is to ensure that the assets of the Plan, together with expected contributions made by both the Regional Municipality of Hamilton-Wentworth and the Plan members, shall be invested in a continued prudent and effective manner.

This Policy is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets of the Plan (the “Fund”) are within the parameters set out in the Pension Benefits Act, (Ontario) and the Regulations thereunder.

1.02 Background of the Plan
The Plan is a contributory, defined benefit Plan. Effective January 1, 1985 all active Region Other Participants, excluding Police Civilians, were transferred to OMERS. The liability to transfer such members to OMERS was met by monthly payments of $115,187 until December 31, 2000 and monthly payments of $361, concluding September 30, 2003. The outstanding balance of such payments is taken as adjustment to the assets of the Plan. There are no active members remaining in the Plan.

1.03 Plan Profile

\( g \) Contributions
Under the terms of the Plan text:

For normal retirement age 60 class:

1) Senior Police Officers: contributions should be 7% of earnings up to the YMPE plus 8.5% of contributory earnings in excess of YMPE.

2) Other Police Officers: contributions should be 6.5% of earnings up to YMPE plus 8% of contributory earnings up to YMPE plus 8% of contributory earnings in excess of YMPE.

For a normal retirement age of 65 contributions should be 5.75% of earnings.

\( h \) Benefits
2% of average annual earnings in best 5 years before retirement for each year of credited service up to 35 years reduced by 0.7% of the 5-year average earnings up to the final year’s YMPE for each year of contributory service after January 1, 1966. Reduction suspended from date of retirement to age 65 for CPP benefit. On an ad
hoc basis, annual increases will not be less than the increase provided by OMERS, up to 100% of the increase in the Consumer Price Index.

i) Liabilities
As of the most recent actuarial valuation of the Plan as at December 31, 2007, there were no active members, no deferred members and 271 retirees and beneficiaries.

As of December 31, 2007, the going-concern liability of the plan was $80,074,000 compared to the actuarial value of assets of $76,045,000. On a solvency basis, the liability was $84,477,000, while the assets were $82,500,000. Both deficits are being eliminated through a series of special payments.

1.04 Objective of the Plan
The primary goal of the Plan is to provide a secure source of assets on which to meet present and future obligations accumulated on behalf of the Plan’s members. The Fund must provide levels of returns to allow adequate benefit levels. The Fund should be prudently managed to assist in avoiding actuarial deficits and excessive volatility in annual rates of return.

1.05 Investment and Risk Philosophy
   e) Investment Philosophy
   The Plan has an average risk tolerance. The plan is underfunded and all of the Plan’s liabilities are attributable to retiree members. However, pension benefits (on an ad hoc basis) are indexed to increases in CPI and the actuarial interest rate assumption is 7% net of expenses. As a result, an equity-biased investment philosophy has been adopted.

   f) Risk Philosophy
   In order to achieve its long-term investment goals, the Plan must invest in assets that have uncertain returns, such as Canadian equities, foreign equities and non-government bonds. However, the General Manager attempts to reduce the overall level of risk by diversifying among asset classes and by diversifying the holdings within each individual asset class.

1.06 Administration
The General Manager, Finance and Corporate Services for the City of Hamilton is the designated contact at the City for administrative purposes.

1.07 Pooling of Assets
For investment purposes, the assets of the Plan are combined with the assets of the Hamilton Street Railway Company and the Hamilton Municipal Retirement Fund. The combined assets are included in the City of Hamilton Defined Benefit Plans Master Trust.

1.08 Master Trust SIP&P
The Master Trust SIP&P is the policy that should be followed while investing the assets, both commingled and uncommingled, of the Hamilton-Wentworth Retirement Fund Pension Plan.
Appendix B – Compliance Reports
The City of Hamilton Master Trust
Index Bond Manager

Compliance Report for the Quarter Ended ______________

(date)

<table>
<thead>
<tr>
<th>ASSET MIX (at Market Value)</th>
<th>GUIDELINES</th>
<th>POLICY COMPLIED WITH</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED INCOME</td>
<td>BONDS</td>
<td>100%</td>
</tr>
<tr>
<td>CASH</td>
<td>SHORT-TERM &amp; CASH</td>
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</table>

**CONSTRAINTS**

- **GENERAL**
  - Investment Policy Section 3.01 – General Guidelines
- **BONDS**
  - Investment Policy Section 3.02 (b) – Bonds
- **CASH**
  - Investment Policy Section 3.02 (c) – Cash
- **DERIVATIVES**
  - Investment Policy Section 3.02 (c) – Derivatives
- **OTHER**
  - Investment Policy Section 3.02 (e) – Other Investments
- **INDEX**
  - Investment Policy Section 3.02 (f) – Index Mandates
- **QUALITY REQUIREMENTS**
  - Investment Policy Section 3.03 – Minimum Quality Requirements
- **QUANTITY RESTRICTIONS**
  - Investment Policy Section 3.04 – Maximum Quantity Restrictions
- **PRIOR PERMISSION**
  - Investment Policy Section 3.05 – Prior Permission Required
- **PROHIBITED INVESTMENTS**
  - Investment Policy Section 3.06 – Prohibited Investments
- **SECURITIES LENDING**
  - Investment Policy Section 3.07 – Securities Lending
- **RESPONSIBILITIES**
  - Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers
- **STANDARDS OF PROFESSIONAL CONDUCT**
  - Investment Policy Section 4.04 - Standards of Professional Conduct
- **CONFLICTS OF INTEREST**
  - Investment Policy Section 5.01 - Conflicts of Interest
- **VOTING RIGHTS**
  - Investment Policy Section 5.08 - Voting Rights

* If policy not complied with, comment on specifics

COMPLETED BY: ________________________  SIGNED BY: ________________________
The City of Hamilton Master Trust
Index Equity Manager

Compliance Report for the Quarter Ended ______________
(date)

<table>
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<tr>
<th>ASSET MIX (at Market Value)</th>
<th>%</th>
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<td><strong>CASH</strong></td>
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<td>TOTAL FOREIGN</td>
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<tr>
<td>SHORT-TERM &amp; CASH</td>
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**CONTRAINTS**

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<td><strong>GENERAL</strong></td>
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</tr>
<tr>
<td><strong>EQUITIES</strong></td>
<td>Investment Policy Section 3.02 (a) – Canadian and Foreign Equities</td>
</tr>
<tr>
<td><strong>CASH</strong></td>
<td>Investment Policy Section 3.02 (c) – Cash and Short Term Investments</td>
</tr>
<tr>
<td><strong>DERIVATIVES</strong></td>
<td>Investment Policy Section 3.02 (d) – Derivatives</td>
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<tr>
<td><strong>OTHER INVESTMENTS</strong></td>
<td>Investment Policy Section 3.02 (e) – Other Investments</td>
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<td><strong>INDEX</strong></td>
<td>Investment Policy Section 3.02 (f) – Index Mandates</td>
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<td><strong>QUALITY REQUIREMENTS</strong></td>
<td>Investment Policy Section 3.03 – Minimum Quality Requirements</td>
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<td><strong>QUANTITY RESTRICTIONS</strong></td>
<td>Investment Policy Section 3.04 – Maximum Quantity Restrictions</td>
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<td><strong>PRIOR PERMISSION</strong></td>
<td>Investment Policy Section 3.05 – Prior Permission Required</td>
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<td>Investment Policy Section 3.06 – Prohibited Investments</td>
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<tr>
<td><strong>SECURITIES LENDING</strong></td>
<td>Investment Policy Section 3.07 – Securities Lending</td>
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<tr>
<td><strong>BORROWING</strong></td>
<td>Investment Policy Section 3.08 – Borrowing</td>
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<tr>
<td><strong>RESPONSIBILITIES</strong></td>
<td>Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers</td>
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<tr>
<td><strong>STANDARDS OF PROFESSIONAL CONDUCT</strong></td>
<td>Investment Policy Section 4.04 - Standards of Professional Conduct</td>
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<tr>
<td><strong>CONFLICTS OF INTEREST</strong></td>
<td>Investment Policy Section 5.01 - Conflicts of Interest</td>
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<tr>
<td><strong>VOTING RIGHTS</strong></td>
<td>Investment Policy Section 5.08 - Voting Rights</td>
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</tbody>
</table>

* If policy not complied with, comment on specifics

COMPLETED BY:_________________________  SIGNED BY:_________________________
## Compliance Report for the Quarter Ended ______________

**The City of Hamilton Master Trust**  
Active Bond Manager

### ASSET MIX (at Market Value)

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<tr>
<th>Asset Class</th>
<th>Percentage</th>
<th>Complied With</th>
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<tbody>
<tr>
<td><strong>Fixed Income</strong></td>
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<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>100%</td>
<td></td>
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<tr>
<td><strong>Cash</strong></td>
<td>0%</td>
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<tr>
<td>Short-Term &amp; Cash</td>
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### CONSTRAINTS

**GENERAL**  
Investment Policy Section 3.01 – General Guidelines

**BONDS**  
Investment Policy Section 3.02 (b) – Bonds

**CASH**  
Investment Policy Section 3.02 (c) – Cash

**DERIVATIVES**  
Investment Policy Section 3.02 (c) – Derivatives

**OTHER**  
Investment Policy Section 3.02 (e) – Other Investments

**INDEX**  
Investment Policy Section 3.02 (f) – Index Mandates

**QUALITY REQUIREMENTS**  
Investment Policy Section 3.03 – Minimum Quality Requirements

**QUANTITY RESTRICTIONS**  
Investment Policy Section 3.04 – Maximum Quantity Restrictions

**PRIOR PERMISSION**  
Investment Policy Section 3.05 – Prior Permission Required

**PROHIBITED INVESTMENTS**  
Investment Policy Section 3.06 – Prohibited Investments

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Investment Policy Section 3.07 – Securities Lending

**RESPONSIBILITIES**  
Investment Policy Section 4.01 (b) – Delegation of Responsibilities – Investment Managers

**STANDARDS OF PROFESSIONAL CONDUCT**  
Investment Policy Section 4.04 - Standards of Professional Conduct

**CONFLICTS OF INTEREST**  
Investment Policy Section 5.01 - Conflicts of Interest

**VOTING RIGHTS**  
Investment Policy Section 5.08 - Voting Rights

* If policy not complied with, comment on specifics

---

**COMPLETED BY:** ______________________  **SIGNED BY:** ______________________
The City of Hamilton Master Trust  
Active Equity Manager

Compliance Report for the Quarter Ended ______________ (date)

<table>
<thead>
<tr>
<th>ASSET MIX (at Market Value)</th>
<th>GUIDELINES</th>
<th>POLICY COMPLIED WITH</th>
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</thead>
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* If policy not complied with, comment on specifics

COMPLETED BY:_________________________  SIGNED BY:_________________________

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