

**Phillips Lofts**  
**Condominium Corporation 022-2718**  
**Investment Plan for the 12 months ending July 31, 2012**

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This document constitutes the Investment Plan of the Phillips Lofts Condominium Corporation, as adopted by the following motion made on August 1, 2011.

**Motion**

To approve the Investment Plan as presented. Motion carried.

**Objective**

An Investment Plan establishes the goals and constraints for the investing of the Capital Replacement Reserve Fund.

**Goals**

To earn a higher rate of return than 2-year GICs over the next 15 years with minimal volatility.

**Risk and Return**

***Return Expectation***

The projected return (given 2011 interest rates and inflation of 2%), with an asset mix of predominately short-term fixed income, is 3% (1% real rate of return).

**Constraints**

***Time Horizon***

The time horizon for the Capital Reserve Fund is long-term (greater than 15 years). As per the 2009 Reserve Fund Study, there could be some large withdrawals in the next few years.

***Liquidity***

All funds must be liquid, defined as being available within 10 business days. Yearly projected distributions, as per the current Reserve Fund Plan, will be available at the beginning of the year and placed into a rolling monthly term-deposit with Canadian Western Bank (CWB).

***Taxes***

Taxes are not an issue as the Corporation is a non-profit organization.

***Legal Requirements***

This Investment Plan is bound by the Bylaws of the Corporation as well as the Condominium Property Act.

***Specific Needs***

Statements are to be sent to the property manager.

# Phillips Lofts

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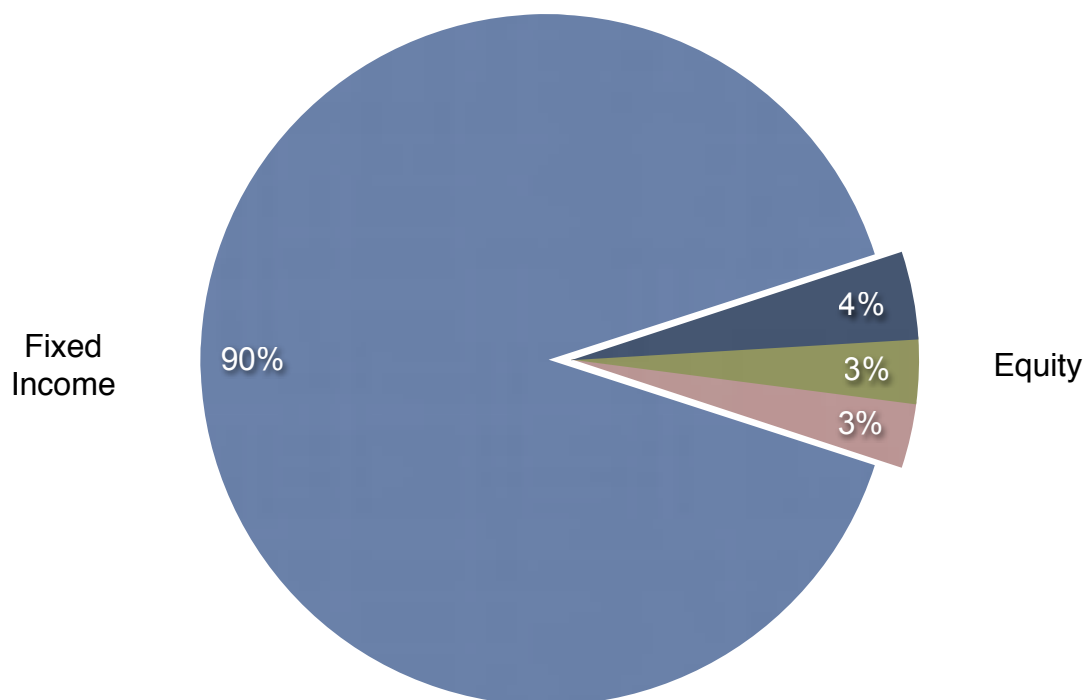
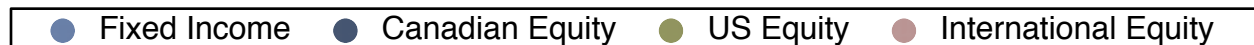
## Portfolio

### *Eligible Investments*

Funds are only to be invested in broadly based index funds, short-term fixed income mutual funds, money market funds, or term deposits/GICs.

The investment manager for equities and long-term fixed income is TD Mutual Funds with their low MER (management expense ratio) eFunds. The MERs for these funds are low because they are index funds and everything is done electronically.

For short-term fixed income, the HSBC Mortgage Fund (Premium Series) will be used for its relatively high short-term yield and shorter duration (2 years).



Fixed Income: HSBC Mortgage Fund (Premium Series)  
Canadian Equity: TD eFunds - Canadian Index  
US Equity: TD eFunds - US Index  
International Equity: TD eFunds - International Index

No currency hedging will take place on the US and International Index funds. This provides diversification from the Canadian Dollar.

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***Funding***

Capital Reserve Fund contributions will be accumulated and invested every six months. Surpluses and deficits will be reviewed with the annual operating budget and with the updated Reserve Fund Study (due in 2014).

***Rebalancing***

Rebalancing will take place annually before each fiscal year-end (July 31), or more frequently as required. Generally, rebalancing will only occur if the weight of an asset class is more than 5 percent away from its target weight in the portfolio. Due to the amount of short-term funding that may be required in the next few years, no new funds will be added to equities this fiscal year.