

ONE Investment Policy Statement			
Policy:	Prudent Investment - Income Distribution Policy	Date approved:	XXX, 2020

Purpose statement

The purpose of this policy is to establish the policy for the distribution of realized investment revenues for the Prudent Investment programs' financial instruments to the investors.

Scope

This policy apply to ONE Investment staff, officers, ONE Joint Investment Board, and other boards and committees whose duties involve fund distributions, developing new financial products, and designing reporting tools and templates on behalf of ONE Investment Prudent Investment Offerings, but excludes ONE Savings Accounts (i.e., the High Interest Savings Account).

Definitions

- **Distribution** means the allocation of income and/or realized gains net of realized losses from the fund or portfolio level and the reinvestment of those monies at the individual investor level.
- **Income** means interest or dividend income.
- **Realized Gains net of Realized Losses** means any gain or loss arising from the sale or maturation of an investment product, where the realized value is more or less than the original outlay to purchase the product.
- **Unrealized gains and losses** means changes in the market value of a product from the original outlay but where the product has not yet been sold or matured. Unrealized gains and losses are reflected solely in the market value per unit and do not form part of the annual distribution.
- **Valuation** means the book value or the market value (net asset value). The total investment value is calculated by multiplying the per unit value by the number of units held or owned. The NAV (Net Asset Value per unit) is affected by income accrued or received, gains or losses whether realized or not, management fees accrued, and market pressures. A distribution will decrease the value of the NAV but increase the number of units held or owned. Valuation information is provided on the investor statements on a per unit value at both the book or cost value as well as the market or fair value (NAV).

Policy

The distribution of income, realized gains and losses, and associated fees shall respect the following principles:

- All products should distribute income.
- Distribution policies should be standardized across all funds and portfolios.
- The customer perspective and impacts should be ascertained before any modifications to frequency and consistency of distributions.

Realized gains and losses are distributed annually to balance losses against gains within each fiscal year to avoid the potential of realized gains being distributed early in the year and then late year realized losses reducing the overall portfolio or fund balance. The distribution occurs at the end of the fiscal year to avoid income taxes accruing to the funds. Gains and losses may include discounts and premiums as well as market changes.

Prior to distribution, income and realized gains and losses are reflected in the market or per unit value (NAV). The price per unit increases as income or gains net of losses are accrued, decreases as management fees are accrued, and decreases when new units are purchased with the income distribution. The total investment value immediately prior to distribution is equal to the total investment value immediately following distribution, assuming no deposits or withdrawals occur at the same time.

1. FIXED INCOME

Prudent Investment Offering – Three fixed income funds – Two Canadian Bond funds and One Global Bond fund.

The Canadian Bond funds distribute and reinvest interest income by unit on a quarterly basis, as it is accrued, net of management fees. Any realized gains and losses, net of management fees, are distributed annually and reinvested.

The Global Bond fund distributes and reinvests income received from the underlying fund net of management fees on a quarterly basis. Any realized gains and losses, net of management fees, are distributed annually and reinvested.

2. EQUITY

Prudent Investment Offering – Two equity funds – Canadian Equity and Global Equity

The Canadian Equity fund distributes dividends net of management fees annually. Realized gains and losses net of management fees are distributed annually. Both are reinvested.

The Global Equity fund distributes income and net realized gains and losses received from the underlying fund net of management fees annually. Both are reinvested.

3. REPORTING

Quarterly Reports

Detailed reports for each client will be prepared and issued quarterly, for information purposes, within 45 days of the end of the quarter. These reports will include all transactions and income distributed net of fees for the quarter.

Annual Reports

Detailed reports for each client will be prepared and issued annually, within 60 days of the calendar year end. These reports will include all transactions and income distributed net of fees for the fourth quarter. In addition, details will be provided on the distribution of realized gains and losses, net of fees, at the end of the fourth quarter, under separate cover.

Sufficient information will be provided to ensure that clients will be able to record all required changes and transactions in their records of account, meet all reporting and measurement requirements under PS 3450, and disclose the appropriate information on their annual financial statements and the Financial Information Return, including fair value and disclosure related to the various categories of risk.

This policy shall be reviewed at least once every three years and updated as new products are developed, new competitors enter the marketplace or regulatory changes occur.