

PURPOSE

The Statement of Investment Policy and Procedure (“the Investment Policy”) for the Defined Benefit Pension Plan of the Municipality of the District of East Hants (“the Plan”) provides guidance and Council directive to those involved in investing the assets of the Plan (“the fund”).

The purpose of the Investment Policy is to:

1. Outline the responsibilities of those involved in managing the fund;
2. Set out appropriate asset categories and target asset allocations for the fund;
3. Set out types of pooled funds eligible to use for investing the fund;
4. Outline the expected investment performance of the actively managed portion of the Fund compared to established benchmarks;
5. Outline the expected value added return on investment goals, compared to benchmark, of each asset category.

SCOPE

All Manulife employees, fund managers, assigned intermediaries/nominees, actuaries and employees of the Municipality of East Hants involved in Plan related decisions must adhere to this Policy. This policy applies to the investment of plan assets of the Defined Benefit Pension Plan of the Municipality of the District of East Hants.

POLICY

I. DESCRIPTION OF THE PENSION PLAN

The Municipality of the District of East Hants (The “Municipality”) has established a Pension Fund (the “Fund”) to guarantee and secure the pension benefits earned by both active and retired members of The Retirement Plan for the employees of The Municipality of the District of East Hants (the “Plan”).

The plan is a defined benefit plan with all members contributing 5% of their salary. The employer must contribute to the plan the amount which, when added to any employee required contributions, is required to fund the benefits accrued under the plan each year as determined by the actuary and in accordance with the limits as specified in subsection 147.2(2) of the Canada Income Tax Act.

The benefits earned are 2% of the annual average of the member's salary during the 5 years in which his salary was the highest as at January 1, 2007 multiplied by the member's service prior to January 1, 2007, plus, for service after December 31, 2006, 2% of the member's annual salary. Members can retire without penalty as early as age 50 or when their age plus service equals 80. The plan is not indexed.

In establishing this investment policy for the plan, the Municipality is acting in accordance with its responsibility to the participants of the Plan and their beneficiaries. The basic goal underlying the establishment of the investment policy is to provide that the assets of the Plan shall be invested in a prudent manner and that, together with the expected contributions to the Plan, assets will be sufficient to meet the obligations of the Plan as such obligations come due.

II. MANAGEMENT OF THE PENSION FUND

The Municipality has the authority and responsibility to ensure that investments made on behalf of the Plan are in accordance with this Investment Policy. The Municipality has signed an investment services agreement with the Manulife Assurance Company of Canada and The Manufacturers Life Insurance Company (collectively, "Manulife"), for management of the pension assets.

The Municipality's Pension Committee is responsible for reviewing the investment policies and goals of the fund managers selected, to ensure they are consistent with the objectives of the Plan. In performing its duties the Municipality of East Hants will comply with the Pension Benefits Act, acting at all times on a basis which is fair and reasonable and not prejudicial to the interests of Plan members.

III. INVESTMENT POLICY

The Municipality considers the following asset categories to be suitable for implementing the investment policy of the Plan:

- **Canadian Equities**
- **US Equities**
- **Global Equities**
- **International Equities**
- **Bonds (Canadian, Long, Corporate/Global)**
- **Real Estate**
- **Cash and Equivalent**

The limitations specified from time to time by the Municipality as to the exposure of the Fund to each asset category will be consistent with the liquidity required by the Fund in light of upcoming retirements and withdrawals. The Municipality, or its nominee, shall advise Manulife on an ongoing basis of the liquidity needs of the Plan as they are identified.

The Municipality may, when deemed appropriate, invest up to 100% of the Fund's assets in fully insured annuity contracts and deposit administration contracts that are regulated by the Insurance Act. Within the managed portion of the Fund, The Municipality will be expected to operate within the investment ranges as outlined in this Section. The Fund's asset mix may vary temporarily outside the targeted bands under unusual market conditions. If a permanent deviation is contemplated, this investment policy will be amended accordingly.

At the same time, the Municipality will observe all limitations and restrictions including those pertaining to eligibility for investment, as set out in the Pension Legislation. In the event of any inconsistencies between the Investment Policy and the Pension Legislation, Manulife and/or the Municipality shall abide by the provisions of the Pension Legislation.

The Municipality's Pension Committee shall review this Investment Policy at least once each calendar year at which time it shall be confirmed (by the Pension Committee) or amended (by Council), as deemed necessary, to ensure that it remains consistent with the objectives of the Plan.

The following table represents the asset category target weightings:

Asset Category	Asset Allocation		
	Min. (%)	Benchmark (%)	Max (%)
Equities	45%	50%	65%
Canadian Equities	15%	20%	25%
Foreign Equities	15%	30%	45%
Global	5%	10%	15%
US Equities	5%	10%	15%
International Equities	5%	10%	15%
Fixed Income	35%	40%	45%
Bonds			
Canadian Bond	5%	10%	20%
Long Bond	10%	20%	25%
Corporate/Global Bond	5%	10%	15%
Real Estate	0%	10%	10%

IV. ELIGIBLE INVESTMENTS

Due to the size of the Plan, the need for diversification and the desire to minimize administration costs, the Municipality determined that the use of a series of Pooled Investment Funds best meets the needs of the Plan. The fund may be invested in the following through Pooled Funds:

- Cash and other short term investments
- Publicly traded Canadian stocks
- Publicly traded U.S. and International stocks
- Bonds of Canadian issuers
- Bonds of U.S. and International issuers
- Mortgages
- Real Estate

V. INVESTMENT RETURN OBJECTIVES

The Municipality will evaluate and review the investment returns provided by Manulife at least annually. The guaranteed investment yields provided by annuity contracts and deposit administration contracts shall be compared to those offered by other major financial institutions to ensure that they are competitive.

The investment performance of the actively managed portion of the Fund shall be expected to better the long-term benchmark as illustrated below:

Asset Category	Relevant Index	Benchmark (%)
Equities		
Canadian Equities	S&P TSX Composite	20.0%
Foreign Equities		
US:	S&P 500	10.0%
International:	MSCI EAFE Net	20.0%
Fixed Income		
Corporate Bonds	DEX Bond Universe	10.0%
Canadian Bonds	DEX Bond Universe	10.0%
Long Bonds	DEX Long Term Bond	20.0%
Real Estate	Investment Property Database	10.0%

The Municipality expects, through active management, a fund manager’s return will exceed their corresponding index. The appropriate indices and their value added goal, on a rolling 4 year period before expenses, are as follows:

Asset Category	Relevant Index	Value Add Goal
Equities		
Canadian Equities	S&P TSX Composite	+1.0%
Foreign Equities		
US:	S&P 500	+1.5%
International:	MSCI EAFE Net	+1.5%
Fixed Income		
Corporate Bonds	DEX Bond Universe	+0.1%
Canadian Bonds	DEX Bond Universe	+0.1%
Long Bonds	DEX Long Term Bond	+0.1%
Real Estate	Investment Property Database	+1.0%
Cash	DEX 91 Day TBills	+0.0%

These results will also be evaluated in relation to published institutional balanced fund universes for four-year periods ending on any June 30 or December 31.



VI. POOLED INVESTMENT FUND GENERAL POLICIES

Manulife retains control over the following items, at the pooled fund level: valuation of assets; conflicts of interest; securities lending and voting of securities.

VII. CONFLICT OF INTEREST

The Municipality's control regarding investments made by the Plan extends solely to the selection of the Investment Manager and the Pooled Funds being utilized. In addition to adhering to the provisions of the Pension Legislation regarding conflict of interest, the Municipality shall not knowingly permit its interest or that of any related person to conflict with his/her duties and powers with respect to the selection of the Investment Manager or the Pooled Funds used by the Plan.

In determining whether a "conflict of interest" exists, the Municipality or its nominee will be expected to exercise such judgement, as a person ought to possess by reason of his or her profession, business or calling.

ROLES AND RESPONSIBILITIES

Title/Role	Responsibilities
Director of Finance	<p>The Policy Editor is a person having managerial and policy-making responsibility related to the writing, compilation and revision of content and will:</p> <ul style="list-style-type: none"> • Ensure policies in their care and control are always up-to-date, reviewed annually or sooner if necessary • Draft new or edit existing policy content • Be able to interpret and explain policy content • Ensure policy documents are branded and any supporting documents, ie. applications forms are also branded and content consistent with the policy • Ensure policy content is relevant and accurate • Seek and secure approval recommendation of the policy from the Policy Owner • Seek and secure approval of the policy from the appropriate Approver; and, • Provide the final approved policy document to the Assistant Municipal Clerk
Chief Administrative Officer	<p>The Policy Owner will:</p> <ul style="list-style-type: none"> • Provide oversight to ensure policies in their care and control are always up-to-date, reviewed annually or sooner if necessary by the assigned Policy Editor • Review the policy and make recommendation for approval to the appropriate Approver; and, • Ensure that the final approved policy document has been provided to the Assistant Municipal Clerk
Council	<p>The Approver will:</p> <ul style="list-style-type: none"> • Review Policy recommendations for approval consideration (approve, reject or edit)
Pension Committee	<p>The Pension Committee will:</p> <ul style="list-style-type: none"> • Participate in an annual Policy Review; and, • Provide investment oversight for the fund.
Pension Investment Advisor	<ul style="list-style-type: none"> • Provide investment advice to the Pension Committee; • Facilitate an annual Policy Review; and, • Adhere to this policy when advising the Municipality on related matters.

RELATED DOCUMENTATION

Related forms, processes, procedures and other documents that support the policy.

Document Name	Document ID	Document Type
Investment Only Application 2018 (with Manulife)	Manulife	Contract with Manulife
Investment Only Appointment Form (appointing intermediary)	Manulife	Contract with Manulife
Pension Committee Terms of Reference	To be Created	Governance
RETIREMENT PLAN FOR THE EMPLOYEES OF MUNICIPALITY OF THE DISTRICT OF EAST HANTS - Consolidation Effective June 1, 2015		Pension Plan Text
Pension Benefits Act	NS Legislature	Legislation
Insurance Act	NS Legislature	Legislation

VERSION LOG

Version Number	Amendment Description	Amendment/Policy Editor	Amendment/Policy Owner	Approver	Approval Date
2018	Amending an old policy that has not been updated in a number of years	Kim Ramsay, Deputy CAO	Connie Nolan, CAO	Council	July 25, 2018

CERTIFICATION

I, Connie Nolan, Municipal Clerk for the Municipality of East Hants, hereby certify that this policy was duly approved.



Connie Nolan
Municipal Clerk