



STATEMENT OF INVESTMENT POLICIES AND GOALS

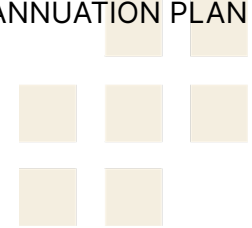
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Judges of the Provincial Court Superannuation Plan

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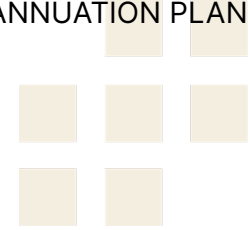
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Section 1 – Overview

1.01 Purpose of Statement

The purpose of the Judges of the Provincial Court Superannuation Policy (the Policy) statement is to provide a framework for management of the Judges of the Provincial Court Superannuation Fund (the Fund) within levels of risk acceptable to the Minister of Finance (the Minister). The Policy provides the investment managers with a written statement of specific quality, quantity, and rate of return standards for the Fund.

A major goal of this Policy statement is to establish ongoing communication between Plannera Pensions and Benefits (Plannera) and the investment manager. Effective communication will contribute to management of the portfolio in a manner that is consistent with market conditions and with the objectives of the Minister. Consultation between the two parties will take the form of regular meetings supplemented, from time to time, by informal contact requested by either party.

This Policy statement is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets of the Judges of the Provincial Court Superannuation Plan (the Plan), within the parameters set out in applicable legislation.

1.02 Plan Background

The Fund was established on October 1, 1978, under The Provincial Court Act and is continued under The Provincial Court Act, 1998.

1.03 Plan Profile

To establish an appropriate policy for the investment and administration of Plan assets, it is important to understand the nature of the obligations being funded. Accordingly, this section of the Policy summarizes various aspects of the Plan that impact investment return requirements and risk tolerance.

The Plan is a defined benefit pension plan.

Benefits under The Magistrates' Court Act, The Provincial Court Act, and The Provincial Court Act, 1998 (the Acts) are paid from the Fund in accordance with provisions of the Acts.

Contributions to the Fund are made by provincial court judges. In addition, deficiency payments are received from the General Revenue Fund. Deficiency payments are amounts necessary to provide benefits after the members' accumulated equity has been paid out.

Section 32(5) of The Provincial Court Act, 1998 provides that any deficiency in the Fund shall be paid out of the General Revenue Fund.

1.04 Plan Objective

The Fund's purpose is to receive pension contributions from Plan members, payments from the General Revenue Fund, and investment income earned by the Fund. Pensions and other expenditures authorized by The Provincial Court Act, 1998, are paid from the Fund.

1.05 Investment and Risk Philosophy

(a) Investment Philosophy

Plan assets, the Fund, should be prudently managed.

An assessment of the risk tolerance of the Plan considers the cash demands and the large unfunded liability. The Plan maturity is above average, as the number of retired lives is greater than the number of active lives, and liquidity needs are increasing. Liquidity needs are provided for by ongoing deficiency payments, which increase overall risk tolerance. Based on these factors, the Fund can assume a moderate level of investment risk, defined as the volatility of returns in any year, to achieve the income and growth objectives. This assessment implies a long-term asset mix strategy that has a core position in fixed income and significant equity exposure.

(b) Risk Philosophy

To achieve the long-term investment goals, the Fund must invest in assets that have uncertain returns. However, the overall level of risk is reduced by diversifying the asset classes.

The investment manager invests relative to a benchmark portfolio. The return from the benchmark portfolio represents an achievable return for the Fund given the capital market conditions in which it is invested. The specific weights for each asset class are set based on the risk tolerance of the Fund. Risk tolerance is assessed through a detailed review of the Fund and the investment markets that considers:

- Investment time horizon;
- Liquidity needs;
- Regulatory environment, including tax issues;
- Other unique plan-specific factors; and
- Historical and prospective risk (volatility) and return of various asset classes and benchmark portfolios.

1.06 Administration

The Minister is responsible for administering the Fund. Day-to-day administration is provided by *Plannera Pensions and Benefits (Plannera)*. Investment management and custody of the Plan's assets have also been delegated as set out in Section 4.01 of this policy.

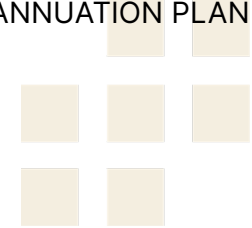
1.07 Distinction of Responsibilities

Under The Provincial Court Act, 1998 the Minister is responsible for:

- Administering the Fund; and
- Investing the assets of the Fund pursuant to The Pension Benefits Act, 1992.

Section 33(3) of The Provincial Court Act, 1998 authorizes the Minister to enter into any agreement, engage the services of professionals, or do any other thing considered necessary to manage, invest, or dispose of the assets of the Fund.

Section 2 – Asset Mix and Diversification Policy



2.01 Portfolio Return Expectations

The investment manager appointed by the Plan is directed to achieve a satisfactory long-term real rate of return through a diversified portfolio within its mandate, consistent with acceptable risks and prudent management. The long-term investment goal of the Fund is to achieve a minimum annualized rate of return of 3.0 per cent in excess of the Canadian Consumer Price Index. This 3.0 per cent real return objective is consistent with the overall investment risk level that the Fund could assume and normally will be assessed over longer time periods (i.e., 10 years or more).

To achieve this long-term investment goal, the Fund has adopted an asset mix that has a neutral mix between fixed income and equity investments. The Fund employs passive management, which provides the opportunity to approximate specific investment benchmarks.

2.02 Expected Volatility

The volatility of the Fund is directly related to its asset mix, specifically, the balance between Canadian fixed income and Canadian and foreign equities. Since the investment manager does not have the authority to make any type of leveraged investment on behalf of the Fund, the volatility of the Fund should be similar to the volatility of the Benchmark Portfolio set out in Section 4.02 of this statement.

2.03 Asset Mix

(a) Total Fund Asset Mix

Taking into consideration the Plan's investment and Risk Philosophy (Section 1.05), the following asset mix has been established:

	Minimum (%)	Target (%)	Maximum (%)
Equities			
Canadian Equities	17	22	27
U.S. Equities	9	14	19
Non-North American Equities	9	14	19
Total Equities		50	
Fixed Income			
Bonds	40	45	50
Short-Term Investments	2	5	8
Total Fixed Income		50	
Total Fund		100	

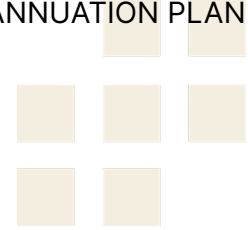
2.04 Management Structure

(a) Philosophy

A balanced management structure has been adopted for management of Plan assets.

This structure employs passive management, which tracks the benchmark over the long term, with a minimum degree of excess risk.

Section 3 – Permitted and Prohibited Investments



3.01 General Guidelines

Fund investments must comply with the requirements and restrictions imposed by the applicable legislation, including but not limited to the requirements of The Pension Benefits Act, 1992, which refers to the Pension Benefits Standards Act (Canada) on investment-related issues, the Income Tax Act (Canada) and Regulations, and all subsequent amendments.

3.02 Investment Funds

Assets are invested in a series of investment funds. Planner, using external assistance as considered necessary, has reviewed the investment fund guidelines and determined that the following investment funds are appropriate vehicles for investment of Fund assets:

- TD Emerald Canadian Equity Index Fund;
- TD Emerald Pooled U.S. Fund C\$;
- TD Emerald International Equity Index Fund;
- TD Emerald Canadian Bond Index Fund; and
- TD Emerald Canadian Short-Term Investment Fund.

3.03 Prohibited Investments

The investment manager shall not:

- (a) Invest in companies for the purpose of managing them;
- (b) Purchase securities on margin or engage in short sales; or
- (c) Make any investment not specifically permitted by this Policy.

3.0 Securities Lending

Securities lending is permitted within investment funds that permit securities lending.

Section 4 – Monitoring And Control

4.01 Delegation of Responsibilities

Overall responsibility for the Plan's assets rests with the Minister. The Minister, through Plannera, makes recommendations on investment policy, appointment of trustees, custodians, investment managers, actuarial and consulting services, and Plan changes. Plannera is also charged with ensuring the Plan conforms to legislation and monitoring investment performance.

In completion of the above duties, a number of responsibilities have been delegated:

- (a) The investment manager will:
 - (i) Invest the assets of the Fund in accordance with this Policy;
 - (ii) Notify the Executive VP, Investments and Chief Investment Officer (EVPI & CIO), in writing, of any significant changes in the investment managers' ownership, investment philosophies and procedures, key personnel, and organizational structure;
 - (iii) Notify the EVPI & CIO immediately, in writing, of any legal or regulatory proceedings or charges of which the investment manager may be aware against the investment managers' firm, investment personnel, and/or sub-advisors or those firms' investment personnel;
 - (iv) Meet with Plannera as required and provide quarterly written reports regarding its past performance, its future strategies, and other issues as requested; and
 - (v) File quarterly compliance reports (see Section 4.03).
- (b) Plannera will:
 - (i) Advise and support the Plan on matters relating to investment management and administration of the Fund, including but not limited to investment policy, appointing and terminating investment managers, and Plan changes;

- (ii) Monitor the Plan’s asset mix and rebalance between investment funds as required;
- (iii) Monitor investment manager’s performance relative to the benchmarks;
- (iv) Perform administrative duties as required; and
- (v) Monitor investment manager compliance on a semi-annual basis.



4.02 Performance Measurement

The Fund’s performance shall be measured annually and, in accordance with industry convention, return calculations shall be as follows:

- Time weighted rates of return; and
- Total returns, including realized and unrealized gains and losses and income from all sources.

On an annual basis, the tracking error of the investment funds will be reviewed. The permissible tracking error, defined as the amount by which the actual return deviates from the index return, is as follows:

Investment funds Tracking Error

Investment Funds	Tracking Error
TD Emerald Canadian Equity Index Fund	+/- 12 basis points
TD Emerald Pooled U.S. Fund C\$	+/- 12 basis points
TD Emerald International Equity Index Fund	+/- 12 basis points
TD Emerald Canadian Bond Index Fund	+/- 20 basis points

The TD Emerald Canadian Short-Term Investment Fund should exceed the return of the FTSE Canada 91 day T-Bill Index and will be assessed over rolling four-year periods.

Total Fund Benchmark

The primary objective for the Fund is to earn a rate of return that is consistent with the rate of return earned on a benchmark portfolio. The benchmark consists of the following market index total returns weighted as indicated:

Combined Fund Benchmark	%
S&P/TSX Capped Composite Index	22
S&P 500 Index (CAD)	14
MSCI EAFE Net Dividend Index (CAD)	14
FTSE Canada Universe Bond Index	45
FTSE Canada 91-day T-Bill Index	5
Total	100

4.03 Compliance Reporting by Investment Manager

The investment manager is required to complete and sign a compliance report each quarter. The compliance report should indicate whether or not the investment manager’s portfolio was in compliance with this Policy during the quarter. Copies of the compliance reports must be sent to PlannerA. The format for the compliance reports is included under the appendix.

In the event that the investment manager is not in compliance with this Policy, the investment manager is required to advise the EVPI & CIO promptly, detailing the nature of the non-compliance and recommending an appropriate course of action.

The Plan invests in several investment funds, which have separate investment policies. Should a conflict arise between the provisions of this Policy and the provisions of the investment fund's investment policy, the investment manager is required to notify the EVPI and CIO immediately in writing, detailing the nature of the conflict and the investment manager's recommended course of action. Any changes to investment fund policies must be communicated to the EVPI and CIO in writing.

4.04 Standard of Professional Conduct

The investment manager is expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the Chartered Financial Analysts (CFA) Institute or a code internal to the investment manager that has been reviewed by Plannera and deemed appropriate.

The investment manager will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use in dealing with pension plan assets, using all relevant knowledge and skill that it possesses or ought to possess as a prudent investment manager.

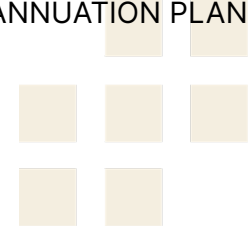
4.05 Soft Dollars

A variety of brokers should be used to gain maximum utilization of the services available. It is the responsibility of the investment manager to ensure that the distribution of commissions paid is representative of the services rendered.

The Fund does not use soft dollars to pay for any goods or services. The investment manager may use soft dollars to pay for research and other investment-related services with disclosure to Plannera provided it complies with the Soft Dollar Standards as set forth by the CFA Institute.

4.06 Suppression of Terrorism

The investment manager must comply at all times and in all respects with all applicable Federal Suppression of Terrorism Regulations.



Section 5 – Administration

5.01 Conflicts of Interest

(a) Responsibilities

This standard applies to the Administrator, including all Planner staff, as well as to all agents employed by them, in the execution of their responsibilities to the Fund (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 Fund.

(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 Fund.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her 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, gratuity, or other personal favour, other than one of nominal value, from a person with whom the individual deals in the course of performance of his or her duties and responsibilities for the Administrator.

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 Administrator immediately. The Administrator, in turn, will decide what action is appropriate under the circumstances.

No Affected Person who has or is required to make a disclosure that is determined to be in conflict 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.

5.02 Related Party Transactions

The Administrator may not enter into a transaction with a related party unless:

- (a) The transaction is required for the operation or administration of the Plan and the terms and conditions of the transaction are not less favourable to the Plan than market terms and conditions;
- (b) The 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 Plan.

For this section of the Policy, market value of the combined assets of the Plan will be used as criterion to establish whether a transaction is nominal or immaterial to the Plan. Transactions less than 0.5 per cent of the combined market value of the assets of the Plan are considered immaterial.

"Related party" is defined in Section 1 of Schedule III to the Pension Benefits Standards Regulations, 1985 (Canada). A related party is a person who administrates 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 Plan, 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.

Under the preceding conflict of interest guidelines, it is incumbent on any person to notify the Administrator if a conflict arises. Such conflict includes related party transactions.

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, Plannera will undertake an investment manager search. The criteria used for selecting an investment manager will be consistent with the Investment and Risk Philosophies set out in Section 1.05, and the Management Structure Philosophy set out in Section 2.04.

5.04 Monitoring of Investment Manager

To enable Plannera to fulfill its responsibility of monitoring and reviewing the investment manager, Plannera will review as required, on an ongoing basis:

- (a) Investment managers' staff turnover, consistency of style, and record of service;
- (b) Investment managers' current economic outlook and investment strategies;
- (c) Investment managers' compliance with this Policy, where a manager is required to complete and sign a compliance report; and
- (d) Investment performance of the assets of the Plan in relation to the rate of return expectations outlined in this Policy.

5.05 Performance Reporting by Investment Manager

On a calendar quarterly basis, the investment manager will provide a performance report and a strategy review for the portfolio under management.

5.06 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 over a reasonable period of time, are below the stated performance benchmarks;

- (b) Changes in the overall structure of the Fund such that the investment managers' services are no longer required;
- (c) Change in personnel, firm structure, and/or investment philosophy, style or approach that might adversely affect the potential return and/or risk level of the portfolio;
- (d) Legal or regulatory proceedings against the investment manager or its investment personnel, or any sub-advisor firm or that firm's investment personnel; or
- (e) Failure to adhere to this Policy.

5.07 Immediate Termination of an Investment Manager

If in the opinion of Plannera, an event with an investment manager is anticipated to have a material negative effect on future investment performance, Plannera may take the following steps to immediately terminate the services of such investment manager:

- (a) Notify the Minister in writing of the circumstances;
- (b) Provide the Minister with a recommendation for termination and the recommended course of action;
- (c) Receive approval for the above recommendations from the Minister, in writing; and
- (d) Implement the approved actions.

5.08 Voting Rights

The Administrator has delegated voting rights acquired through Fund investments to the investment manager that may engage a third party to vote on its behalf. The investment manager is expected to vote all proxies in the best interests of the beneficiaries of the Plan.

The Administrator may take back voting rights of assets held in segregated portfolios for specific situations.

For private placements, voting rights will be delegated to the investment manager or voted directly by a representative of the Administrator.

The investment manager should disclose its proxy voting policies and any changes thereto and report annually on:

- (a) Whether all eligible proxies were voted on the Plan's behalf; and
- (b) If the proxy guidelines were followed and report on any deviations.

5.09 Policy Review

This Policy may be reviewed and amended at any time, but it must be formally reviewed by the Administrator at least once in every calendar year.