

Nature of Fund

Private pooled investment trust

Qualifying Investors

Current clients of QV Investors under existing management agreements

Custodian/Auditor/Counsel

1. RBC Dexia, Custodian
2. KPMG, Auditor
3. Osler, Hoskin & Harcourt LLP, Counsel

Investment Objective

The objective is to generate income through investment in high quality income producing securities.

Investor Profile

The client for this fund has a need for security of capital and low volatility of returns. The Fund is eligible for RRSP and RRIF accounts.

Investment Strategy

The QV Canadian Income Fund invests in a high-quality, short term portfolio of federal, provincial and corporate bonds, corporate bonds, preferred shares, and dividend paying equities and income trusts.

Investment Guidelines[^]

1. Minimum 70% of the portfolio is to be invested in high quality bonds, with a minimum credit rating of AA as defined by Standard & Poors and/or Dominion Bond Rating Service (DBRS).
2. Maximum weighted average term of bond portfolio is 5 years
3. Minimum credit rating standard of "BBB" as defined by Standard & Poors, and/or DBRS at time of purchase. Conditions - Issuers must be a company followed closely by QV
4. Maximum allowable investment in "BBB" credit bonds as defined by Standard & Poors, and/or DBRS: 10%
5. Maximum allowable investment in "A" as defined by Standard & Poors, and/or DBRS credit bonds: 10%
6. Maximum allowable investment in preferred shares: 10%
7. Maximum allowable investment in dividend-paying common shares and income trusts of a Canadian corporation: 10%

8. Maximum allowable investment in corporate bonds: 50% of portfolio
9. Maximum allowable investment in non-rated bonds: 10% of portfolio - with conditions. Issuers must be a company followed closely by QV .
10. Short-term reserves to meet income payments or capital distribution will be held 100% in Canada Treasury Bills.
11. Minimum credit rating for preferred share securities: P1 low, as defined by Standard & Poors or Dominion Bond Rating Service.
12. Corporate issuer concentration: No more than 10% of the portfolio invested in any one corporate issuer.
13. Industry concentration: Maximum 25% of portfolio
14. Provincial & Municipal Government issuer concentration: No more than 20% of the portfolio invested in any one provincial or municipal government issuer.

^ Policy guidelines will be rebalanced at least quarterly with the exception of item #3.

Reporting

A failure of a policy guideline will be subject to a quarterly review and report to Fund holders.

Policy Table

Policy	Minimum	Maximum
	<i>% of Fund</i>	<i>% of Fund</i>
Bonds	60%	97%
Cash/T-Bills	3%	40%
Preferred Equity	0%	10%
Common Equity/Income Trusts	0%	10%
Corporate Bonds	0%	50%
Government Bonds	50%	97%
	<i>% of Bonds</i>	<i>% of Bonds</i>
AA & AAA Rated Bonds	70%	100%
A Rated Bonds	0%	10%
BBB Rated Bonds	0%	10%
Non-Rated Bonds	0%	10%
Zero % Strip Bonds	0%	25%
Average Term	1 Year	5 Years

Benchmark

DEX Short Bond Index

Portfolio Manager

Wendy Booker-Urban, supported by Leigh Pullen, subject to the oversight of the QV Investors Investment Committee