

Defined Benefit Investments (Continued)

The Board’s policy is to establish a long-term strategic asset allocation that manages overall expected portfolio risk (volatility) and maximizes expected return without unduly constraining the discretionary, tactical decision-making process of the investment managers.

To implement the asset allocation plan, the Executive Director, supported by the Board, staff, and consultant, selects appropriate money management experts to invest the Fund assets. This selection process includes the creation of specific search criteria, completion and documentation of analysis, and due diligence on potential candidates, and interviews completed by the staff and/or Board. It is not the staff or Board’s intention to be involved with the day-to-day decisions made by external investment managers. Internal investment staff also manages segments of the portfolio.

All managers are expected to communicate with the staff at least quarterly.

Managers’ portfolios are evaluated both against appropriate market indices and similar manager style groups. The investment policy outlines appropriate benchmarks.

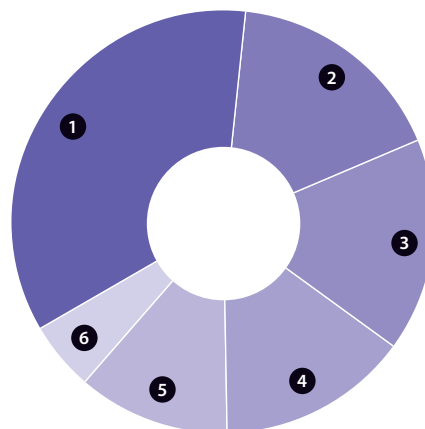
Investment return calculations are prepared using a time-weighted rate of return.

The allocation of assets as reported to the board are as follows: Equity securities 37.2%, Debt securities 20.2%, Absolute return 14.7%, Private equity 11.7% and Real assets 16.2%. These allocation percentages differ from investment asset percentages presented in the MD&A and Statement of Fiduciary Net Position as a result of different methodologies used to categorize investment assets and the impact of derivatives for investment purposes versus financial statement presentation purposes. For investment purposes the impact of derivatives used to rebalance the defined portfolio are expressed using the notional value of those derivatives.



DEFINED BENEFIT SYSTEMS INVESTMENTS AT FAIR VALUE

December 31, 2018



- 1 Equity Securities (35.1%)
- 2 Debt Securities (16.9%)
- 3 Real Assets (16.6%)
- 4 Absolute Return (14.6%)
- 5 Private Equity (11.7%)
- 6 Short Term (5.1%)

December 31,	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equities securities	37.3%	35.8	35.2	36.2	37.5	35.5	33.9	35.2	37.8	35.1
Debt securities	23.7	21.0	19.4	17.9	16.0	15.7	15.8	15.0	14.2	16.9
Private equity	7.4	8.8	10.8	11.3	11.0	11.8	11.9	11.3	10.7	11.7
Real assets	14.7	14.4	13.9	13.5	12.2	14.0	14.9	14.7	14.8	16.6
Short-term securities	4.2	5.0	4.9	5.9	6.6	5.8	8.2	8.2	8.6	5.1
Absolute return	12.7	15.0	15.8	15.2	16.7	17.2	15.3	15.6	13.9	14.6
Total portfolio	100.0%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0