XYZ Company Inc

INVESTMENT POLICY AND GUIDELINES

November 2025

INVESTMENT POLICIES AND PROCEDURES
(the **"Statement"** or "**IPS**")

This Investment Policy is intended to guide the XYZ Company's investment decisions, assist its advisors in fulfilling their responsibilities, and inform the company's stakeholders.

Investment Objectives

1. **Income Generation**

The primary objective of the company's investment activities is to generate sufficient income to meet the ongoing financial obligations of the XYZ Company. This includes providing income to the life income beneficiary while preserving long-term purchasing power for the capital beneficiaries. Investment selection should prioritize holding a diversified portfolio high-quality income-producing assets.

2. **Tax Efficiency and Regulatory Compliance**

The company seeks to manage its investments in a manner that is tax-efficient and compliant with all applicable legal and fiduciary obligations. Particular attention is to be paid to the timing and character of capital gains, income distributions, and the tax implications for the trust and its beneficiaries. Investment decisions must also reflect the fiduciary duties of the trustees, ensuring that assets are managed prudently, and in accordance with the trust terms and governing legislation.

3. **Estate Preservation and Succession Planning**

A key long-term objective is to ensure the preservation and orderly transfer of wealth in alignment with the intentions of [Executive Director]. The investment strategy must support intergenerational stewardship of capital, facilitate future distributions to capital beneficiaries, and ensure that the structure and risk profile of the portfolio remains appropriate as the trust matures and transitions toward eventual succession.

Time Horizon

The time horizon of XYZ Company is multi-generational. It must meet the income requirements of the trust's income beneficiary and preserve purchasing power for the capital beneficiaries.

Risk Tolerance

XYZ Company has a moderate risk tolerance. While it is necessary to accept some investment risk to achieve the investment objectives outlined in this policy, prudent investment decisions should consider capital preservation and stability of income over capital growth.

Rate of Return

The rate of return required for XYZ Company is determined by the income requirements of the trust beneficiaries. The cashflow requirements are detailed in internal documents which are shared with key stakeholders.

Decision Making Process

The investment decision-making authority for XYZ Company rests with the company's appointed management. Management is responsible for overseeing the company's investments in accordance with the objectives and guidelines outlined in this Investment Policy.
In making investment decisions, management will:

- Refer to the goals and processes articulated in this Investment Policy;
- Consult with qualified advisors, including licensed investment advisors and consultants, to evaluate investment options and determine the most appropriate course of action;
- Consider input from other stakeholders, including the beneficiaries of the Estate of XYZ Company, where appropriate.

All investment decisions will be formally documented by management through written investment memos.

Asset Classification

To mitigate the impact that any individual holding or single class of investment will have on the portfolio's aggregate results, investments should be diversified by asset class (for example, equities, bonds, and alternative assets), by geography, by investment manager and within asset classes (by industry sector, investment quality and investment concentration). In addition, to avoid excessive concentration, the asset allocation mix should be constructed and managed with explicit consideration for the correlation among asset classes and individual assets. The asset classes and their primary roles in the portfolio are as follows:

i. *Cash and Equivalents (T-Bills; GICs; High-Interest Savings Accounts):* Current income and portfolio liquidity;

ii. *Fixed Income (bonds, bond ETFs, bond funds, preferred shares, mortgage funds):* income generation, and portfolio liquidity, capital preservation. The portfolio may consider individual bonds and preferred shares, and pooled funds including exchange traded funds (ETFs);

iii. *Marketable Equities (US, Canada, and International):* Capital appreciation and dividend income. The portfolio may consider individual stocks, and pooled funds including exchange traded funds (ETFs);

iv. *Alternative Investments (private equity funds, private credit funds, infrastructure funds, and other alternative investments):* Capital appreciation, hedge against unanticipated inflation and current income. The portfolio may consider a limited number of alternative investments according to the portfolio's asset allocation;

v. *Real Estate (real estate funds and real estate investment trusts):* income generation. these investments should prioritize liquid marketable investments such as publicly traded real estate investment trusts (REITs) buy may include some illiquid funds.

Asset Allocation and Benchmarks

XYZ Company will maintain a strategic asset allocation designed to support its investment objectives, including income generation, tax efficiency, and long-term capital preservation. The portfolio should be diversified across multiple asset classes to manage risk and achieve consistent performance. Each asset class is assigned a target allocation, a benchmark for performance comparison, and minimum and maximum allocation ranges to allow flexibility in response to market conditions and tactical decisions made by portfolio managers.

Cash Management

XYZ Company will maintain sufficient liquidity to meet its obligations without disrupting its long-term investment strategy. A portion of the portfolio is held in a corporate bank account to fund day-to-day operating needs. Excess cash is held in brokerage accounts and invested in short-term, low-risk vehicles such as high-interest savings accounts, T-bills, or money market

Asset Class	***Benchmark***	***Minimum***	***Maximum***	***Benchmark***
Cash	Canada T-Bill Index	5%	20%	10%
Fixed Income	FTSE Universe Bond Index	10%	50%	20%
Canadian Equities	S&P/TSX 60 Index	10%	50%	20%
US Equities	S&P 500 Index	10%	50%	20%
International Equities	MSCI EAFE Index	5%	30%	10%
Alternatives	CPI +2%	5%	20%	10%
Real Estate	CPI +2%	5%	20%	10%

funds.

When additional cash is required, management will request transfers from brokerage accounts rather than selling long-term investments. The portfolio is structured to generate sufficient income to meet ongoing obligations, as outlined in Schedule A provided as a supplement to this document. Management reviews liquidity monthly and makes transfers as needed to maintain efficiency and ensure operating needs are met.

Key Practices:

- Bank account: used for day-to-day payments
- Brokerage account: holds excess cash in short-term instruments (e.g. HISA, T-bills, money market funds)
- Transfers: initiated by management to meet cash needs
- Income strategy: supports liquidity to avoid selling long-term investments
- Monthly review: ensures sufficient cash is available and invested appropriately

Re-Balancing Guidelines

XYZ Company will employ a disciplined, tax-efficient approach to portfolio rebalancing that prioritizes income generation and long-term capital preservation. Given the importance of minimizing capital gains realization, the portfolio follows a strict buy-and-hold strategy. Rebalancing will only occur when an asset class exceeds the upper limit of its prescribed allocation range as outlined in this Investment Policy. Rebalancing to the target will be deferred if it would trigger significant capital gains, unless required for compliance or liquidity purposes.

Tactical rebalancing based on market forecasts or short-term outlooks is not permitted. Investment managers and advisors are expected to remain disciplined, focusing on generating sustainable income rather than trading in anticipation of market movements. This approach supports the portfolio's objectives of tax efficiency and income generation and helps ensure alignment with the company's long-term goals.

Reporting and Evaluation

Management will prepare a monthly and quarterly reports with the following information:

- Summary of major market and portfolio events (e.g., manager change, major sales, etc.);
- Summary of portfolio returns and benchmark returns
- Summary return for each investment class and manager as well as expenses and other inflows and outflows of the relevant fund; and
- Comparisons of each manager and investment to its relevant benchmark or rate of return.

Monthly summary reports will be provided by management to relevant stakeholders. Comprehensive quarterly reports will be provided by management to stakeholders, and stakeholders will have the opportunity to provide feedback based on the results.

Approval

Name: [Executive Director]

Signature: ____________________________

Name: [Name]

Signature: ____________________________

Name: [Name]

Signature: ____________________________