

Phillips Lofts

Condominium Corporation No. 022 2718
10169-104 Street Edmonton

Investment Plan

The following is the Investment Plan of Phillips Lofts Condominiums, as adopted by the following motion, made at a regularly convened meeting of the Board of Directors of the Corporation, on January 21, 2009.

Objective

An Investment Plan establishes the goals and constraints for the investing of the Reserve Fund.

Motion

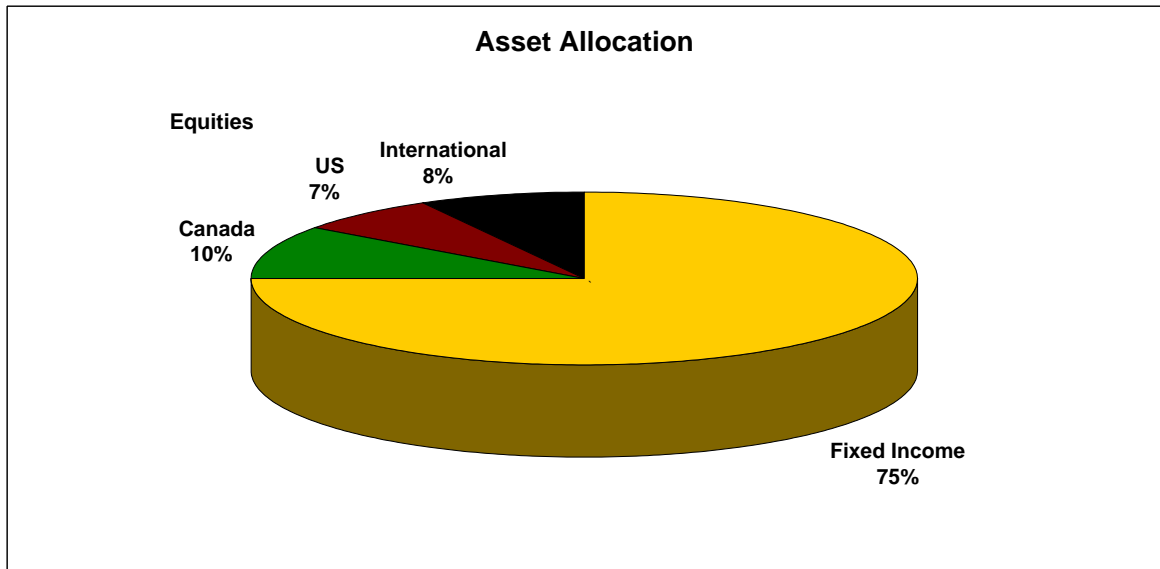
To approve the Investment Plan as presented during the meeting.

Motion carried.

Goals

To earn a higher rate of return than 5-year GIC's over the next 15 years with minimal volatility.

Risk and Return

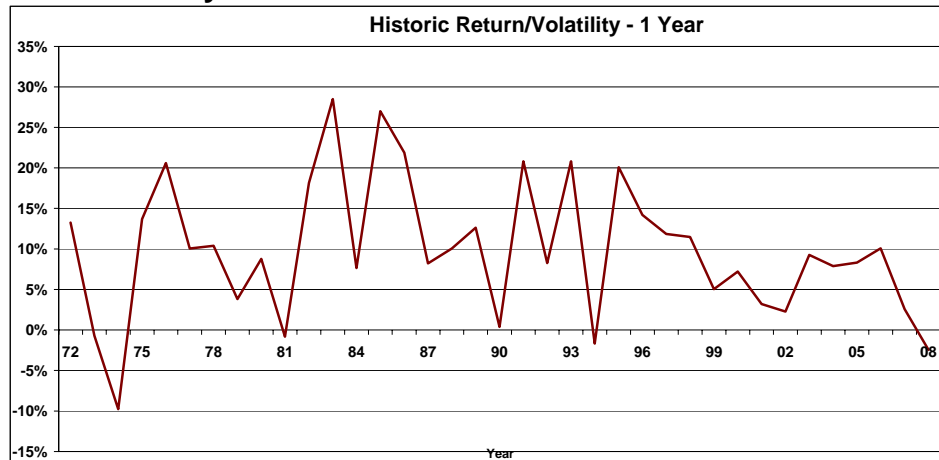


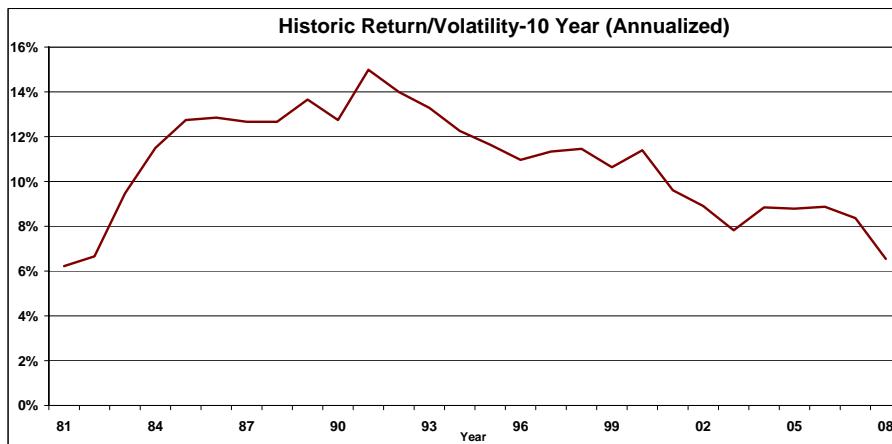
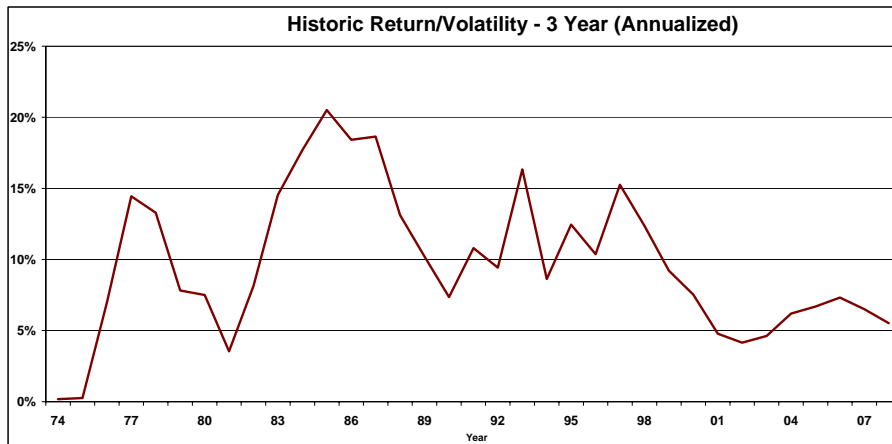
Return Expectations

The projected return, given interest rates in 2009 and inflation at 2%, with the above asset mix is 4%.

Inflation - Historical	4.6%
Inflation - Current	2.0%
Risk	Conservative
Asset Mix	0/75/25
Historical Market Returns 1972 - 2008	
Annualized Return	9.5%
Real Return	4.8%
<i>Positive Years</i>	32
Best Period - %	28.5%
Best Period - \$	284,905
<i>Negative Years</i>	5
Worst Period - %	-9.8%
Worst Period - \$	(97,645)
Probability of Negative Market Returns	
1 year	13%
3 year	3%
10 year	< 1%
Recent Market Returns	
1 year	-2.4%
3 year	5.5%
10 year	6.5%
Projected Market Returns	
Nominal	4.0%
Real	2.0%

Tolerance for Volatility





Constraints

Time Horizon

The time horizon for the reserve fund is long-term (greater than 15 years). As per the 2004 Reserve Fund Study, no large withdrawals (greater than twice the annual contribution) will be required until 2022.

Liquidity

All funds must be liquid, which would be defined as all funds being available within 14 days. Yearly projected distributions, as per the current Reserve Fund Plan, will be available at the beginning of the year and placed into a rolling monthly term-deposit with Canadian Western Bank (CWB).

Taxes

Taxes are not an issue as the Phillips Lofts Condo Corporation is a non-profit organization.

Legal Requirements

This Investment Plan is bound by the by-laws of the Phillips Lofts Corporation and the Condominium Property Act.

Specific Needs

Statements are to be sent to the property manager.

Portfolio

Eligible Investments

All funds are only to be invested in broadly based index funds, short-term fixed income mutual funds, money market funds, or term deposits/GICs.

The investor advisor for equities and long-term fixed income is TD Mutual Funds with their low MER (management expense ratio) eFunds. The reason they are so low is that they are index funds and everything is done electronically.

For short-term fixed income, the HSBC Mortgage Fund (Premium Series) will be used for its high short-term yield and shorter duration.

75% - Canadian Bonds: HSBC Mortgage Fund (Premium Series) and TD eFunds – Canadian Bonds

10% - Canadian Stocks: TD eFunds - Canadian Index

7% - US Stocks: TD eFunds - US Index

8% - International Stocks: TD eFunds - International Index

100% - Total

No currency hedging will take place on the US and International Index funds. This will offer diversification from the Canadian Dollar.

Funding

The initial portfolio will be funded on the equity side in four intervals of six-month intervals. Reserve Fund contributions will be accumulated and invested every three months. Surpluses and deficits will be reviewed at the same time as the Reserve Fund Study is updated. The next study is due in the spring of 2009.

Rebalancing

Rebalancing will take place annually before the fiscal year-end of July 31st.