PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

AlphaFixe Capital Inc.

UNEP Finance Initiative Changing finance, financing change | United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the PRI website, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2013-14 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six Principles for Responsible Investment. It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🚩	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	n/a							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public						✓	
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	🔒	n/a							✓
OA 07	Governance, management structures and RI processes	-	n/a							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	-	n/a							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	-	n/a				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	-	n/a	✓						
OA 14	Allocation of assets to environmental and social themed areas	-	n/a	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	-	n/a							✓
OA 19	Internal and external review and assurance of responses	-	n/a							✓

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	-	n/a	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	-	n/a	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	-	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	-	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	-	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	-	n/a	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	-	n/a	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	-	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓				✓	
FI 19	Engagement with corporate issuers	-	n/a		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

Copyright © 2013 PRI Association. All rights reserved

AlphaFixe Capital Inc.

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

Basic Information

OO 01	Mandatory	Gateway/Peering	General

OO 01.1 Select the services you offer.

☑ Fund management

% of assets under management (AUM) in ranges

○ <10%

○ 10-50%

◉ >50%

☐ Fund of funds, manager of managers, sub-advised products

☐ Other, specify

☐ Execution and advisory only services

OO 02	Mandatory	Peering	General

OO 02.1 Select the location of your organisation's headquarters.

Canada

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

◉ 1

○ 2-5

○ 6-10

○ >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

10

OO 03	Mandatory	Descriptive	General

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

○ Yes

◉ No

OO 04	Mandatory	Gateway/Peering	General

Copyright © 2013 PRI Association. All rights reserved

OO 04.1	Indicate the year end date for your reporting year.

31/12/2013

OO 04.2	Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	212	000	000
Currency	CAD				
Assets in USD		2	100	062	951

OO 04.3	Indicate the level of detail you would like to provide about your asset class mix.

◉ Approximate percentage breakdown to the nearest 5% (e.g. 45%)

○ Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06	Mandatory	Descriptive	General

OO 06.1	To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

◉ Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	40	0
Fixed income – government	60	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as broad ranges

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png,.bmp and .gif)

Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General

OO 11.1	Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

☑ Fixed income – corporate

☐ Fixed income – government

☐ None of the above

OO 12	Mandatory	Gateway	General

OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, you are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Direct - Fixed Income and Infrastructure are always voluntary.

Core modules

☑ Organisational Overview

☑ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Fixed Income

☑ Fixed Income - Corporate

Closing module

☑ Closing module

Note: Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

Copyright © 2013 PRI Association. All rights reserved

AlphaFixe Capital Inc.

Reported Information

Public version

Overarching Approach

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General

OA 01.1 Indicate if you have a responsible investment policy.

- (●) Yes
- ( ) No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- ( ) Yes
- (●) No

OA 02	Mandatory	Core Assessed	PRI 6

OA 02.1 Indicate if your responsible investment policy is publicly available.

- ( ) Yes
- (●) No

OA 03	Mandatory	Core Assessed	PRI 1,2

OA 03.1 Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach	(●) Applicable policies cover all AUM
☐ Engagement/active ownership policy	( ) Applicable policies cover a majority of AUM
☑ Specific guidelines on corporate governance	( ) Applicable policies cover a minority of AUM
☑ Specific guidelines on environmental issues	
☑ Specific guidelines on social issues	
☐ Asset class-specific guidelines	
☑ Screening/exclusion policy	
☐ Other, specify	
☐ Other, specify	

OA 04	Mandatory	Core Assessed	General

Copyright © 2013 PRI Association. All rights reserved

OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

◉ Yes

○ No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General

OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.

○ Yes

◉ No

Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

	Roles present in your organisation

☐ Board members or trustees

☑ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- ☑ Oversight/accountability for responsible investment
- ☑ Implementation of responsible investment
- ☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Other Chief-level staff or head of department, specify

Chief Compliance Officer (CCO)

Copyright © 2013 PRI Association. All rights reserved

☑ Oversight/accountability for responsible investment

☑ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Portfolio managers

☑ Oversight/accountability for responsible investment

☑ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☑ Investment analysts

☐ Oversight/accountability for responsible investment

☐ Implementation of responsible investment

☑ No oversight/accountability or implementation responsibility for responsible investment

☐ Dedicated responsible investment staff

☑ External managers or service providers

☐ Oversight/accountability for responsible investment

☐ Implementation of responsible investment

☑ No oversight/accountability or implementation responsibility for responsible investment

☐ Other role, specify

☐ Other role, specify

Promoting responsible investment

OA 10	Mandatory	Core Assessed	PRI 4,5

OA 10.1	Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

◉ Yes

OA 10.2	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

☐ Asian Corporate Governance Association

☐ Association for Sustainable & Responsible Investment in Asia

☐ Australian Council of Superannuation Investors

☐ CDP Climate Change

☐ CDP Forests

☐ CDP Water

☐ CFA Institute Centre for Financial Market Integrity

☐ Council of Institutional Investors (CII)

☐ Eumedion

☐ Extractive Industries Transparency Initiative (EITI)

☐ Global Investors Governance Network (GIGN)

☐ Global Real Estate Sustainability Benchmark (GRESB)

☐ Institutional Investors Group on Climate Change (IIGCC)

☐ Interfaith Center on Corporate Responsibility (ICCR)

☐ International Corporate Governance Network (ICGN)

☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)

☐ Investor Network on Climate Risk (INCR)/CERES

☐ Local Authority Pension Fund Forum

☐ Principles for Responsible Investment

☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

☐ Shareholder Association for Research and Education (Share)

☐ United Nations Environmental Program Finance Initiative (UNEP FI)

☐ United Nations Global Compact

☑ Other collaborative organisation/initiative, specify

Réseau PRI Québec

	Your organisation's role in the initiative during the reporting year (see definitions)
	☐ Basic ☐ Moderate ☑ Advanced

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

☐ Other collaborative organisation/initiative, specify

○ No

OA 11	Mandatory	Core Assessed	PRI 4

OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

◉ Yes

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

OA 11.2	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☐ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

☐ Provided financial support for academic or industry research on responsible investment

☑ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

☐ Spoke publicly at events and conferences to promote responsible investment

☐ Wrote and published in-house research papers on responsible investment

☐ Encouraged the adoption of the PRI

☐ Other, specify

○ No

Copyright © 2013 PRI Association. All rights reserved

AlphaFixe Capital Inc.

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Copyright © 2013 PRI Association. All rights reserved

ESG incorporation in actively managed fixed income

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1

FI 04.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

- ☐ Screening alone (i.e. not combined with any other strategies)
- ☐ Thematic alone (i.e. not combined with any other strategies)
- ☐ Integration alone (i.e. not combined with any other strategies)
- ☑ Screening + Integration strategies

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	%
	100

- ☐ Thematic + integration strategies
- ☐ Screening + thematic strategies
- ☐ All three strategies combined
- ☐ No incorporation strategies applied

	Total actively managed fixed income - corporate

100%

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

FI 04.2	Describe your primary reasons for choosing a particular incorporation strategy.

Notre premier filtre nous permet d'éliminer les investissements dans certaines industries spécifiques (armes, tabac, sexe, jeux...)

De plus, nous travaillons avec un consultant externe qui évalue les émetteurs d'obligations de sociétés sur les critères ESG. Cette évaluation est incorporé dans notre méthodologie d'évaluation globale ce qui nous permet de mieux comprendre les risques associés à chaque émetteur et de mieux évaluer les primes de risque de chaque émission.

(A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1

FI 06.1	Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

Type of screening

☑ Negative/exclusionary screening

Screened by

☐ Product
☑ Activity
☑ Sector
☑ Country/geographic region
☐ Environmental and social practices and performance
☐ Corporate governance

	Description

Nous évitons les secteurs / activités suivant(e)s : armement / guerre, sexe, tabac, jeux, pays avec instabilité politique

☐ Positive/best-in-class screening
☐ Norms-based screening

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

FI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Les critères ont été établis lors de la création de la firme et sont en place depuis.

FI 07	Mandatory	Core Assessed	PRI 1

FI 07.1	Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

☑ Comprehensive research is undertaken or sourced to determine issuers' ESG performance

☐ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies

☐ External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar

☑ Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies

☐ A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions

☑ A periodic review of the quality of the research undertaken or provided is carried out

☐ Other, specify

☐ None of the above

(C) Implementation: Integration of ESG factors

FI 11	Mandatory	Core Assessed	PRI 1

FI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

ESG issues	Coverage/extent of review on these issues
Environmental	◉ We systematically review the potential significance of environmental issues and investigate them accordingly ○ We occasionally review the potential significance of environmental issues and investigate them accordingly ○ We do not review environmental issues
Social	◉ We systematically review the potential significance of social issues and investigate them accordingly ○ We occasionally review the potential significance of social issues and investigate them accordingly ○ We do not review social issues
Corporate Governance	◉ We systematically review the potential significance of corporate governance issues and investigate them accordingly ○ We occasionally review the potential significance of corporate governance issues and investigate them accordingly ○ We do not review corporate governance issues

Communication

FI 18	Mandatory	Core Assessed	PRI 2,6

FI 18.1 Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

◉ We disclose it publicly

Provide URL

http://alphafixe.com/

FI 18.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

○ Yes

◉ No

FI 18.3 Indicate the information your organisation proactively discloses to clients/ beneficiaries and/or the public regarding your approach to ESG incorporation.

Reporting to public	Reporting to clients/beneficiaries
◉ Broad approach to ESG incorporation ○ Detailed explanation of ESG incorporation strategy used	○ Broad approach to ESG incorporation ◉ Detailed explanation of ESG incorporation strategy used

Copyright © 2013 PRI Association. All rights reserved

PRI Principles for Responsible Investment

FI 18.4	Indicate how frequently you typically report this information.

Reporting to public	Reporting to clients/beneficiaries
○ Quarterly or more frequently ○ Between quarterly and annually ○ Less frequently than annually ◉ Other, specify We disclose information on our web site.	○ Quarterly or more frequently ◉ Between quarterly and annually ○ Less frequently than annually ○ Other, specify

○ We disclose it to clients/beneficiaries only

○ We do not proactively disclose it to the public and/or clients/beneficiaries

Copyright © 2013 PRI Association. All rights reserved