

Open Access[🌻]

Invest wisely. Retire well.

openaccessltd.com/investments





About Open Access

We are a Canadian independent provider of group retirement services and pension plans for over two decades.



Our Approach

Many financial institutions view group retirement services as just another channel to distribute their own mutual funds. Open Access is different. We specialize in providing unbiased and conflict-free money management.



100% Client-Focused

Our client-driven investment philosophy delivers competitive performance, net of fees, over multiple market cycles.



Objectives

01

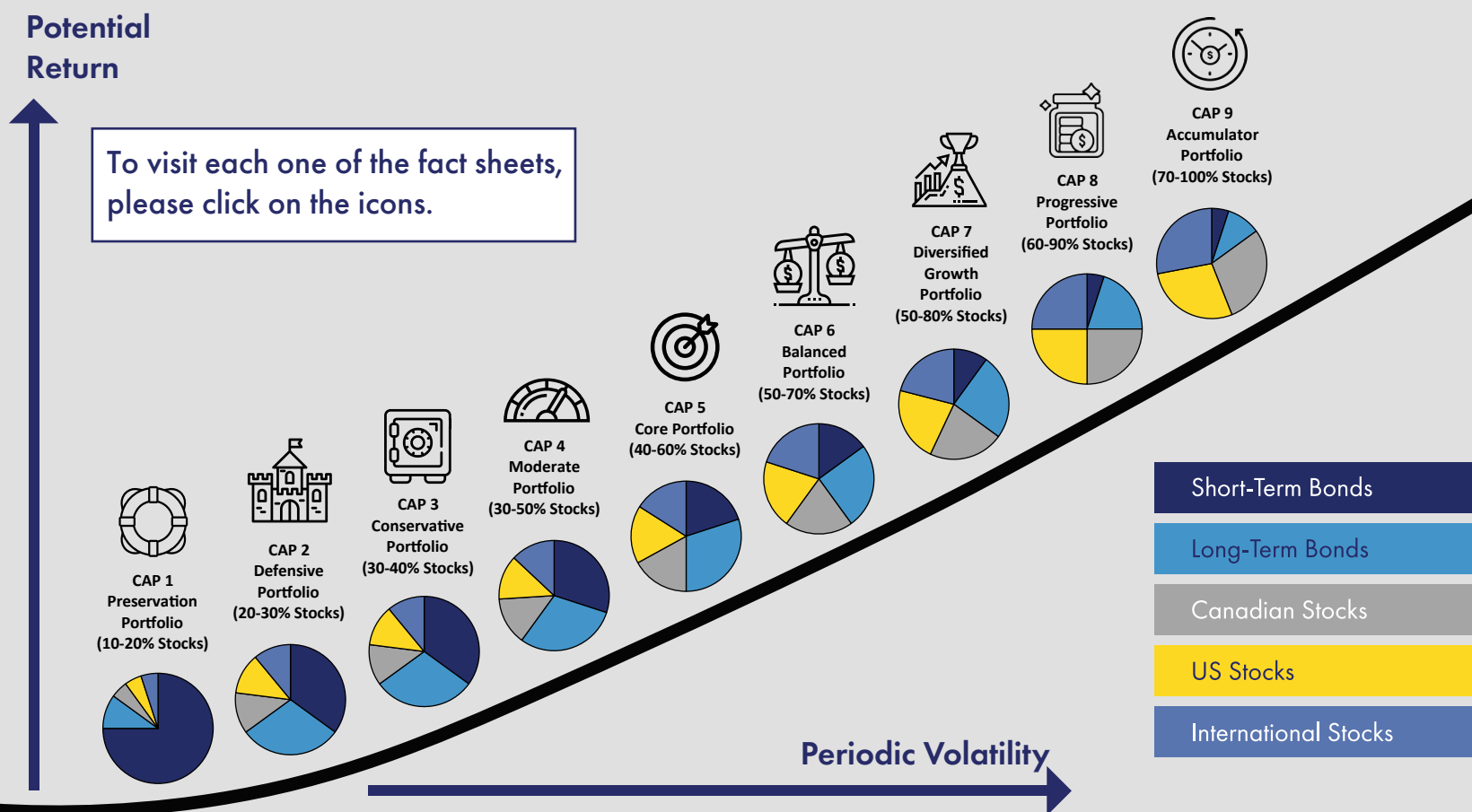
To ensure that plan members can retire well.

02

To provide plan members with superior long-term risk-adjusted investment returns on a cost effective basis.

Investment Portfolios

- Open Access offers 9 CAP Portfolios each with a different investment risk profile.
- Each plan member is required to complete an Investor Profile Form, which produces a numeric score based on how the questions are answered.
- Based on the numeric score Open Access assigns each plan member to the CAP Portfolio that best meets that individual's ability to assume the investment risk.
- Each year every plan member is asked to refresh their Investor Profile Form.
- Open Access actively manages each of the 9 CAP Portfolios.



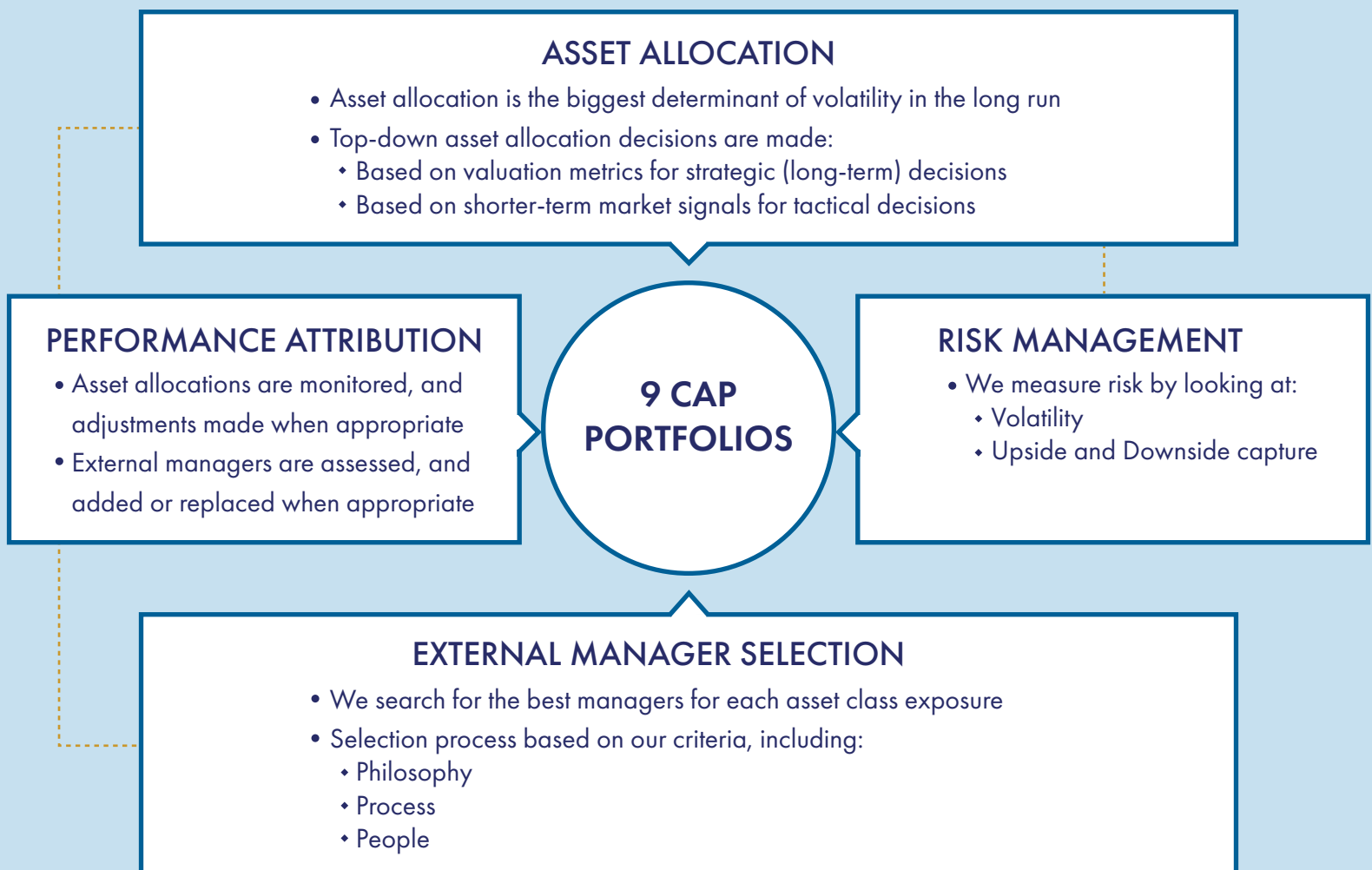
Portfolio Design Process

- We have crafted 9 well-balanced portfolios that produce optimal investment returns commensurate with appropriate risk exposures.

Our objective is to be consistently above median, and avoid being in the 4th quartile.

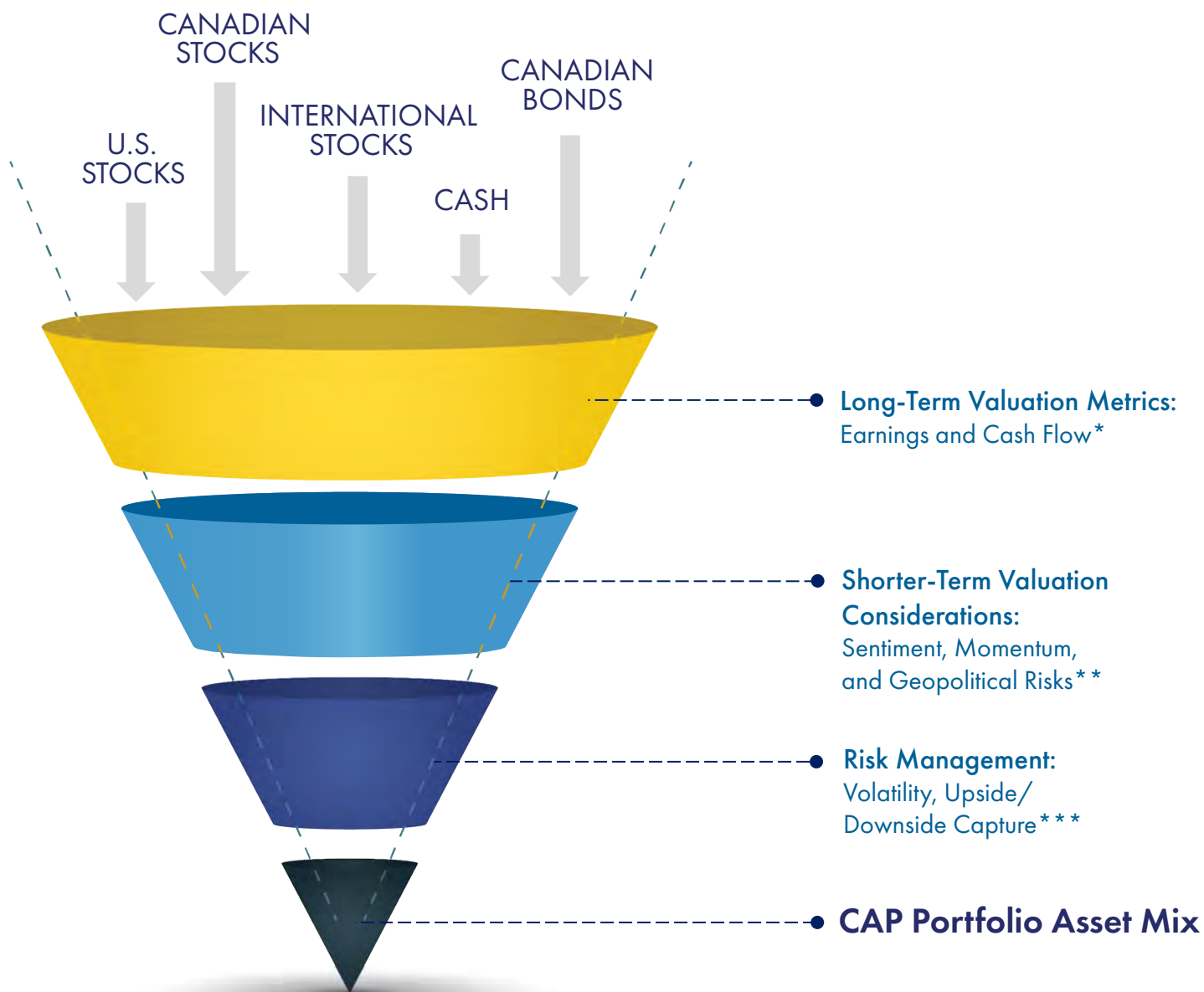
- The Portfolios are constructed from a combination of index and institutionally priced mutual funds.

Institutionally priced means no commissions or trailers and no marketing assistance or sales support, just barebones investment management.



Portfolio Design Process

Choosing the right asset class matters. Our allocation decisions are based on valuations and sentiment, with risk management always paramount.



* ... Primary determinants of our asset mix are current and historical valuations; in the long term, valuations should revert to historical averages.

** ... Markets can be irrational in the short run; hence we incorporate economic behavioral elements into our decisions.

*** ... Risk management is paramount in our asset allocation decisions; risk measures are quantified and always at the fore.

Portfolio Design Process

- From the resulting short list, each with a different risk profile, we select for each asset class, geographic region and investment management style.
- The commitment to each asset class is based on:
 - a) Asset mix guidelines stated for each CAP Model Portfolio.
For example CAP Portfolio 6 is 50 – 70% equities and 30 – 50% fixed income securities.
 - b) An assessment of where the economy is within the traditional business cycle.
Are there bubbles in the market place such as US housing prices in 2007? Technology in 1999/2000, etc.
 - c) Expected future fiscal and monetary policy changes.
How policy changes will affect the market place. I.e. the Americans may raise interest rates to stop a decline in the US dollar. A rise in interest rates would likely be negative for the financial markets.
 - d) Expected currency movements.
The current view in some quarters is that the Canadian dollar will be weak because of our fiscal deficit, increased spending on healthcare, military, etc. and on economic stimulus measures generally.
 - e) The relative attractiveness of equities versus fixed income
OAL looks at bond yields, the expected future course of interest rates, corporate profits and price earnings ratios to list a few of the measures assessed.
- Each of the 9 CAP Portfolios are created based on the asset mix objectives and the funds selected for each asset class, geographic region and investment management style.

Asset Allocation

The key to investing well is determining how best to allocate assets across a diversified mix of growth and income strategies.



Integration of ESG Criteria

All fund managers on the Open Access Investment platform are signatories of the UN Principles for Responsible Investment.



As a result, our clients not only benefit from strong performance, they are also assured that their investments are aligned with promoting best practices in global Environmental, Social and Corporate Governance (ESG) matters.

Asset Allocation Process

- The portfolios are diversified; by asset class, by geographic region, by investment style, and by investment manager to reduce risk.
- Index funds are used for certain asset classes where experience has shown that active investment management, after management fees, seldom exceeds the benchmark return when markets are efficient.

Index funds offer increased diversification and lower fees.

- In all cases the fees are negotiated and passed on to the plan member without any gross-up.

Since OAL represents significant assets and combines all orders into one omnibus order for each fund, the managers are prepared to reduce their fees for plan participants.

- The process starts with a review of all the funds available in an asset class, broken down by geographic region and then by value investment style versus growth investment style and large capitalization versus small capitalization.

Fund Manager Research Process

Our portfolios incorporate strategies that are aligned with our members' financial goals. By blending active and passive funds together, plan participants get the best of both approaches.

Intellectual Capital

The experience, workload and motivation of the fund management team.

Opportunity

The soundness of the investment philosophy and process as implemented by the fund management team.

Execution

Review the historical performance and fund positioning consistency relative to the investment process and experience of the team.

Alignment

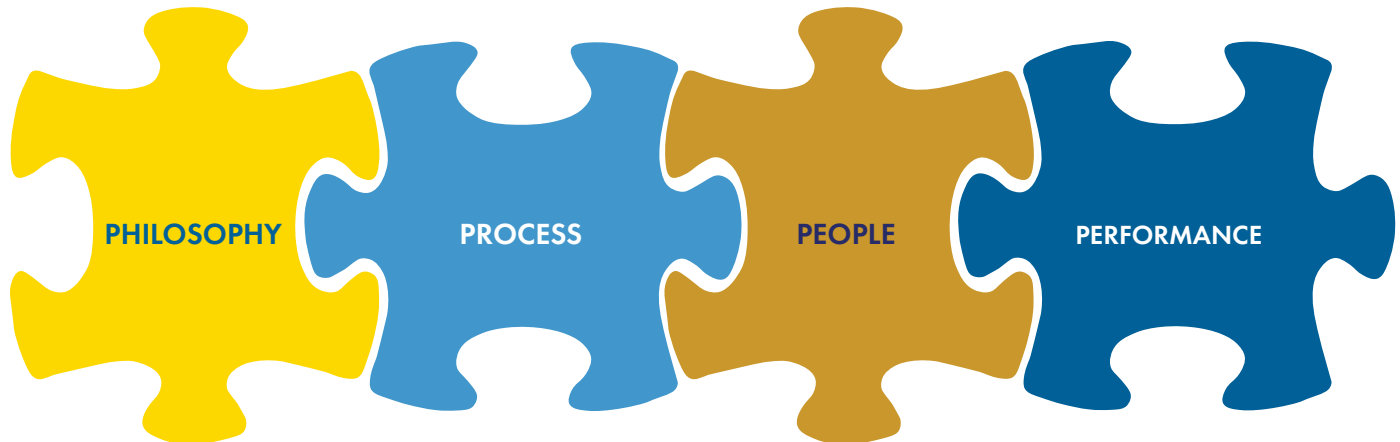
Assess the fees, compensation and firm culture to achieve congruence with our client's goals.

Manager Selection Process

- This long list of funds is reduced through a series of filters, such as:
 - ◆ Longevity of the investment management team.
 - ▶ To ensure that the 3 and 5 year returns were produced by the current management team.
 - ◆ Size of the fund.
 - ▶ To ensure that OAL never owns more than 10% of the fund and therefore always has liquidity if necessary.
 - ◆ Risk adjusted investment returns.
 - ▶ The focus is on the 3 and 5 year Sharpe Ratio. (Sharpe Ratio is the portfolio return minus the treasury bill return divided by the standard deviation)
 - ◆ Degree of risk being assumed in the fund.
 - ▶ To assess risk the OAL Team looks at; standard deviation, beta, # of holdings, industry weightings on an absolute and relative basis.
 - ◆ Operational compatibility.
 - ▶ Are the funds available through FundServ
 - ▶ If the fund is a foreign fund, can the currency exposure be hedged back into Canadian dollars.
 - ◆ Consistency of investment style.
 - ▶ Does the manager remain true to their stated investment style?
 - ▶ Has there been any style drift?
 - ◆ Fee structure and flexibility.
 - ▶ Are the fees below median for comparative funds?
 - ▶ Are they negotiable?

Manager Selection

There are a multitude of factors we consider prior to selecting a manager.



◆ PHILOSOPHY

Ensure that the manager's investment beliefs are, well-founded and are consistent with our CAP portfolios.

◆ PROCESS

Identify and assess processes used by the manager, to construct and manage the funds, to ensure their probable success and compatibility with our CAP portfolios going forward.

◆ PEOPLE

Ensure the portfolio management team is motivated, that the investment process is repeatable, and that they can continue to deliver strong results in future.

◆ PERFORMANCE

Assess management team's record and tenure, and understand 'big picture' impact on our CAP program, i.e., interaction with existing holdings.

Manager Monitoring

- Quarterly each manager portfolio is run through a portfolio analytics program to ensure that:
 - a) The investment manager is following their stated investment management style.
 - b) The fund's asset mix is appropriate.
 - c) The industry weightings are in line.
 - d) The quality of the individual holdings is appropriate.
 - e) Performance Attribution of the fund manager to review source of Investment performance in comparison to benchmark.
 - f) Fundamental analysis to get an understanding of various valuations metrics in comparison to benchmark.
 - g) Quantitative analysis to identify various risks and return forecasts.



- The quarterly review also considers the stability of the investment management team, the risk adjusted returns, whether there is a need for rebalancing and portfolio anomalies that may require an explanation.

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