

AFBS RRSP

Canadian Fixed-Term Interest Fund

Fund Details

Fund Type:	Canadian short-term bond fund
Type of Securities:	Canadian fixed-income securities
Minimum Purchase Quantity:	250 units (\$2,500)

What does the Fund invest in?

Investment Objective

The objective of the Fund is to achieve a high level of short-term investment income while reducing volatility. Investments in the Fund's portfolio are held to maturity in order to reduce the Member's exposure to market fluctuations.

Investment Strategy

The Fund invests primarily in fixed-income securities of Canadian governments and short-term fixed-income securities of Canada's five largest Chartered "A" banks.

The fund manager will purchase a portfolio of securities and the Fund will hold the portfolio until maturity. The portfolio will be purchased on May 15th of each year, with the securities in the portfolio having a maturity date of May 31st of the following year. The difference between the purchase price and the cash flows of each security will determine the rate of return of the portfolio.

On May 15th of each and every year, a new series of the Fund will be established which will contain a new portfolio of securities.

What are the risks of investing in the Fund?

The Fund's assets are segregated from the assets of Actra Fraternal Benefit Society (AFBS). Segregation means that the Fund's assets and obligations are separate and distinct from those of AFBS and are not subject to the performance, liabilities or obligations of AFBS. The Fund's assets are held and accounted for independently by the Fund's custodian.

Segregation does not reduce or limit the risks discussed below. This Fund is not a guaranteed fund.

The Fund's assets will be primarily invested in fixed-income securities of Canadian governments and short-term fixed-income securities of Canada's five largest Chartered "A" banks. The Fund will, therefore, be subject to credit risk and interest rate risk.

Credit risk is the risk that the government or company issuing a fixed-income security will not be able to pay the interest as required or pay back the original principal. Securities that have a low credit rating have high credit risk.

Interest rate risk is the risk that an investment's value will change due to the fluctuation of interest rates. For fixed-income securities, as interest rates increase, the relative value of the Fund's units tends to fall. Conversely, if interest rates fall, the relative value of the Fund's units increases.

The Fund will invest more than 10% of its net assets in the securities of a single issuer. When a fund has more than 10% of its net assets invested in one issuer, this exposes the fund to concentration risk.

Concentration risk is the risk of loss arising from a large position in a single asset.

Who can invest in this Fund?

Any active Member of AFBS and their spouse can invest in this Fund.

Who should invest in this Fund?

This Fund is suitable for Members seeking a steady return with low to medium tolerance for risk and a short-term investment time horizon.

Due to the redemption restrictions discussed below, this Fund is suited for Members who wish to hold the investment to maturity. **Members not wishing to hold the investment to maturity should NOT invest in this Fund.**

How to invest in this Fund

Investment in this Fund is achieved through the purchase of units. The Fund is a closed fund that will contain 100,000 units. At inception, each unit will have a value of \$10.00. The Fund will remain open until all 100,000 units have been purchased.

Purchases may only be transacted by transfer of investments from the AFBS RRSP General Fund or the AFBS RRSP Fixed Income Fund (formerly AFBS RRSP Bond Fund).

Provided units are available, purchases can be made on the 1st of every month. The minimum purchase quantity is 250 units (\$2,500).

Confirmation of purchase will be provided on your next monthly statement.

The unit values for each month will be determined on May 20th of each year and posted on the AFBS website www.afbs.ca.

How are the units of the Fund valued?

The unit value at inception, June 1st of each year, is \$10.00. The unit value will increase each month by the effective interest earned on the portfolio.

As the securities of the portfolio are held to maturity, changes in the fair market value of the portfolio are not reflected in the unit value.*

What is the rate of return of the Fund?

The difference between the purchase price on May 15th of each year and the maturity value of the portfolio on

May 31st of the following year will determine the return of the Fund. The increase in value will be expressed as a percentage return on May 20th and published prior to purchase. The rate of return will be fixed.*

How to redeem units of this Fund

The Fund is a fixed-term fund that matures on May 31st each year. Once purchased the units cannot be redeemed or transferred prior to maturity.

Distribution policy

All units will be redeemed on May 31st of each year upon the maturity of the portfolio at the unit value stated at the time of purchase.*

The proceeds of redemption will be distributed to the originating AFBS RRSP Funds.

How do I reinvest in the Fund?

The new series of the Fund will be announced on May 20th of each year. In order to invest in the new series, the Member must complete Form 19 - *RRSP Canadian Fixed-Term Interest Fund* Application Form.

Investments in the Fund will **NOT** be renewed automatically.

Fund expenses indirectly borne by Members

AFBS does not currently charge the Fund any fees or expenses. Direct fees and expenses incurred by the Fund for services provided by the fund manager and custodian are charged directly to the Fund and will reduce the Fund's unit values. The Fund unit values provided to the Member will at all times be stated net of these direct costs. The amount of these direct costs will be disclosed on the website at www.afbs.ca.

*In case of a default in any underlying security of the portfolio, the Fund unit value will be adjusted to reflect the loss. Rate of return will be affected.



FORM 19 – Application RRSP Canadian Fixed-Term Interest Fund

YOUR ACCOUNT NUMBER

4501

Please sign and date before returning the completed form to AFBS. Completed forms may be submitted on-line through the Echosign electronic signature program. Alternatively, the form can be scanned and e-mailed, faxed or mailed to Actra Fraternal Benefit Society (AFBS).

If you have any questions concerning this form, please contact AFBS. Please retain a copy of the signed form in your personal files.

ALL FIELDS MUST BE COMPLETED.

SECTION 1 – Member Information (please print)

Name (Last, First, Middle Initial)		Member/Guild Number (if applicable)	
Address - Street		City	Province
Postal Code	Telephone	E-mail Address	

Please ensure your current address is on file at AFBS. This information is required for verification and identification purposes.

SECTION 2 – Deposit Instructions - Minimum \$2,500.00 (total all funds)

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I request a transfer of \$_____ from the AFBS RRSP **General Fund** to the AFBS RRSP Canadian Fixed-Term Interest Fund.

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I request a transfer of \$_____ from the AFBS RRSP **Fixed Income Fund** (formerly RRSP Bond Fund) to the AFBS RRSP Canadian Fixed-Term Interest Fund.

SECTION 3 – Maturity Instructions

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I understand that upon maturity all proceeds will be deposited to my originating AFBS RRSP Fund.

SECTION 4 – Acknowledgement and Authorization

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I have read and I am in agreement with the terms as set out in the **Fund Details** section of this form.

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I understand that the funds invested are locked-in for the remainder of the one-year term maturing May 31.

Member Signature	Date
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For AFBS Use Only

Transfer	Maturity
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