

1.9 VALUATION POLICY & NAV ERRORS

1.9.1 VALUATION OF PORTFOLIO SECURITIES

In calculating the value of the assets of each pooled fund or segregated account for the purposes of determining the net asset value ("NAV") of the pooled fund or segregated account, the following principles shall apply:

1. The value of any cash or its equivalent on hand, on deposit, or on call, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued and not yet received, will be its face amount unless VIPCo determines that another value is more appropriate.
2. The value of any security or interest in a security that is listed or dealt in upon a stock exchange will be determined by:
 - a. In the case of a security traded on the day as of which the NAV is being determined, the closing sale price on the principal exchange on which it is traded;
 - b. In the case of a security not traded on the day as of which the NAV is being determined because such exchange is closed for business on such day, unless determined otherwise by VIPCo, the most recent closing sale price; and,
 - c. In the case of any other security not traded on the day as of which the NAV is being determined, a price estimated to be the fair value thereof by VIPCo on such basis and in such manner as may be approved by VIPCo, such price being between the closing ask and bid prices for the security or interest therein as reported by any report in common use or authorized as official by a stock exchange.
3. The value of any security or interest therein which is not listed or dealt in upon any stock exchange (including, but not limited to, fixed income securities such as bonds and mortgage-backed securities) will be determined as nearly as may be possible in the manner described in paragraph (1) above, except that there may be used, for the purpose of determining the sale price or the ask and bid prices, any public quotations in common use which may be available.
4. The value of securities of an underlying investment fund that is not listed shall be the NAV of such securities, as provided by such fund from time to time.
5. In the case of any security or property for which no price quotations are available as provided above, the value thereof will be fair value, as determined from time to time by VIPCo on such basis and in such manner as may be approved by the board of directors of VIPCo.

6. Long positions in clearing corporation options, options on futures, over-the-counter options, debt like securities, and listed warrants shall be valued at the current market value thereof.
7. Where a clearing corporation option, option on futures or over-the-counter option is written by a Fund, the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the NAV of the Fund; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in the manner described above for listed securities.
8. The value of a futures contract or a forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the futures contract or forward contract, as the case may be, on the applicable valuation day unless daily limits are in effect, in which case fair market value shall be based on the current value of the underlying interest.
9. The value of all assets valued in a currency other than Canadian dollars and liabilities payable in a currency other than Canadian dollars shall be translated to Canadian dollars using the applicable rate of exchange as quoted by customary banking sources on the valuation date.
 - a. In the case of pooled funds with series of units denominated in U.S. dollars, the NAV per unit is calculated in Canadian dollars and converted to U.S. dollars based on the exchange rate at the time the NAV is calculated. The exchange rate used for such conversion is the rate of exchange established using customary banking sources.
10. If an asset cannot be valued under the above rules or under any valuation rules set out in securities legislation or if any of the valuation rules adopted by VIPCo but not set out in securities legislation are at any time considered by VIPCo to be inappropriate in the circumstances, then VIPCo shall use a valuation that it considers to be fair in the circumstances.
11. Should the fair value of an investment, in the opinion of VIPCo, be inaccurate, unreliable or not readily available, the investment is valued at VIPCo's estimate of its fair value, taking into account all available relevant information.
12. In the event of any inconsistency between the valuation principles set out above and the provisions of securities legislation, the provisions of securities legislation shall prevail.

13. VIPCo has discretion to deviate from the valuation principles set out above but would only do so in the interests of determining a fair value for a particular security or instrument in accordance with applicable securities legislation.

1.9.2 CALCULATION OF NET ASSET VALUE

1. The calculation of NAV for segregated and separately managed accounts is performed on a monthly basis by VIPCo. NAV is calculated by adding together the assets and subtracting any liabilities of the segregated accounts.
 - a. The valuation of assets for segregated and separately managed accounts is done on the last business day of the month using close prices at 2:00pm MST.
2. The calculation of NAV for Trust funds is performed by the fund administrator (SGGG Fund Services) on a daily basis where a separate NAV is calculated for each series of units of a pooled fund. The series NAV per unit for each series is calculated by dividing the series NAV of the particular series by the total number of units of such series that investors in the series hold at 2:00pm MST. The calculation of NAV for Limited Partnership fund is performed by SGGG on a weekly and month-end basis.
3. The NAV per unit of each Trust fund series is normally determined at 2:00pm MST on each business day, being any day other than a Saturday, Sunday, or statutory holiday in Alberta. The NAV per unit of each Limited Partnership fund series is normally determined at 2:00pm MST on the last business day of the week and at month-end. If month-end falls on a non-business day, the last business day of the preceding week will be struck as month-end NAV.
4. 8:00am MST is VIPCo's deadline to provide SGGG the transactions and balances of any bank accounts. 11am MST is VIPCo's deadline to provide SGGG with all cash, FX, and security transactions in the fund(s) prior to receiving the pooled fund NAV. Once the NAV reports for the pooled funds are received from SGGG, the report is reviewed by the Trader and reconciled to an automated portfolio reconciliation tool developed in-house by the software engineering team. The margin of error for discrepancies between the Fund Administrator's NAV and that calculated internally is 20 basis points where NAV approval is held until the discrepancy is identified. Any confirmed discrepancies over 50bps must have a NAV restatement (unless NAV approval was held and NAVPU not finalized). Any discrepancies are followed up on and, when required, VIPCo will check the internal model performance as another source of confirmation on expected performance. All details are saved as backup on SharePoint.
5. The NAV must be approved by the Trader as soon as it is released. VIPCo has approximately 20 minutes before the NAVPU is automatically finalized and so the

Trader has the decision on whether to allow the prices to be approved or to hold them for further investigation on discrepancies.

6. The NAV will then be automatically approved in order to report the NAVPU to FundServ and other data sources in a timely fashion.

1.9.3 NAV ERROR POLICY

1. A restatement of NAV is required if the change is material, using the industry standard materiality guideline of 50 basis points (0.50%).
2. If a restatement to a previous period's NAV is required, SGGG is notified and provided with appropriate documentation to affect the change.
3. If a NAV restatement is required and there are investor transactions, the de minimis amount for the purposes of repayments to investors is \$25.00 per investor account.
4. If VIPCo has made any NAV adjustments, they will be reported to the ASC using Form 31-103F4: Net Asset Value Adjustments as outlined in NI 31-103 12.14 within 90 days of year end, or within 30 days of Q1, Q2, or Q3.