

**INDEMNITY FUND INVESTMENT POLICY STATEMENT OF DAIRY  
FARMERS OF NEW BRUNSWICK  
(the “INDEMNITY FUND INVESTMENT POLICY STATEMENT”)**

**UNDER** subsection 2(b) (i) and (ii) of the Indemnity Fund Order the Board shall deposit and invest Indemnity Fund monies as more fully set out therein;

**UNDER** section 2 of the Trustees Act of New Brunswick (the “Trustees Act”), unless the trustee is otherwise authorized or directed by an express provision of the instrument creating the trust or defining the trustee’s powers or duties, the trustee may invest money in any kind of property with the exercise of judgment and care that a man of prudence, discretion and intelligence would exercise as a trustee of the property of others;

**UNDER** section 3 of the Trustees Act the power of trustee has been expanded, in that, “A trustee may, pending the investment of any trust money, deposit it during such time as is reasonable in the circumstances in any bank or trust company or in any other corporation empowered to accept money for deposit that has been approved for such purposes by the Lieutenant-Governor in Council.”;

**UNDER** and by virtue of Board Motion 4547-1 dated May 28, 2009 the Board resolved onto itself to achieve a reasonable target annual investment return on Indemnity Fund monies, equal to the inflation rate plus three per cent (3%) per annum and, in order to ensure and obtain that annual target rate of return for the long term, resolved to establish the within Indemnity Fund Investment Policy Statement.

**NOW THEREFORE BE IT THE POLICY OF THE DAIRY FARMERS OF  
NEW BRUNSWICK UNDER THE AUTHORITY OF SECTION 2 OF THE  
INDEMNITY FUND ORDER THAT:**

- 1. The Board shall balance its Indemnity Fund investment monies referenced in subsection 2 b) ii) of the Indemnity Fund Order by allocating 50% to fixed income investments and the remaining 50% to equity investments (hereinafter referred to as (the “Balanced Portfolio”));**
- 2. The Board shall adjust the Balanced Portfolio annually on August 1<sup>st</sup> so to achieve the investment fund allocation set out in section 1;**
- 3. The Board shall make the necessary investments to ensure that twenty per cent (20%) of the fixed income investment instruments mature annually each August, commencing August 1, 2009;**
- 4. The Board shall invest the Indemnity Fund monies allocated for fixed income investments in one of the following investment instruments:**
  - 5 year Government of Canada Bonds; or**
  - 5 year Provincial Government Bonds; or**
  - 5 year Guaranteed Investment Certificates or**

**in a combination of the above investment instruments that will provide the highest rate of return at the time the investment instrument is purchased;**

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- 5. The Board shall limit the amount invested in any single investment instrument listed in section 4 to One Hundred Thousand Dollars (\$100,000.00);**
- 6. The Board may invest more than One Hundred Thousand Dollars (\$100,000.00) in a single issue of a 5 year guaranteed investment certificate if it is issued by one of the five (5) recognized chartered banks of Canada, namely Royal Bank of Canada, Toronto-Dominion Bank, Bank of Nova Scotia, Bank of Montreal or Canadian Imperial Bank of Commerce; and**
- 7. The Board shall invest the Indemnity Fund monies allocated for equity investments by only purchasing units in the iShares CDN Composite Index Fund (XIC).**

Any amendment to the foregoing can only be carried out by the Board by way of Board motion in accordance with the relevant provisions of the Board by-laws.

This Indemnity Fund Investment Policy Statement comes into effect August 1, 2009

*This Indemnity Fund Investment Policy is a reproduction of the original policy document which has been signed by the Chairman and the General Manager.*