

ANNUAL REPORT



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

2017 - 2018



GLOBAL REALITY
DIVERSIFICATION
NETWORKS



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STRATEGIC PILLARS

Building Skills & Competencies

Increasing young Canadians' awareness and understanding of Asia by enhancing curricula and promoting study abroad and internships in Asia.

2



1



Promoting Trade, Investment, & Innovation

Encouraging two-way business and fostering linkages between innovation ecosystems in Canada and Asia.

3



Asia Now

Providing timely information and analysis on significant developments in global affairs relevant to the Canada-Asia relationship.

4



Advancing Sustainability

Offering solutions to climate change, energy, food security and natural resources management challenges in the Asia Pacific.



LETTER *from* DAVID L. EMERSON

THE CENTRE OF GLOBAL economic gravity is clearly shifting from West to East. In less than 15 years, Asia will account for 64 per cent of the global middle class and more than 40 per cent of global middle-class consumption. In fact, 88 per cent of the next billion citizens in the global middle class will be Asian.

This is a truly remarkable transformation, the significance of which has been underscored for Canadians by the increasingly isolationist and anti-trade rhetoric emanating from the United States. We are reminded once again that Canada is a trade-dependent economy that has become over reliant on the U.S.

For a young and vibrant country like Canada – with a global reputation for honesty, openness and inclusiveness – this harsh reality is also an opportunity. It’s an opportunity to encourage Canadians, particularly young Canadians, to spread their wings and take on the challenge of building new international relationships. The ‘North American platform’ will continue to provide a strong foundation across economic, environmental, and security dimensions, but the expansion of trade, investment, and people relationships with the broader Asia Pacific region are more vital than ever.

Government can help. Diplomatic relationships and country-to-country partnership agreements can pave the way, but it’s individual people that ultimately define the nature, durability, and long-term success of future networks.

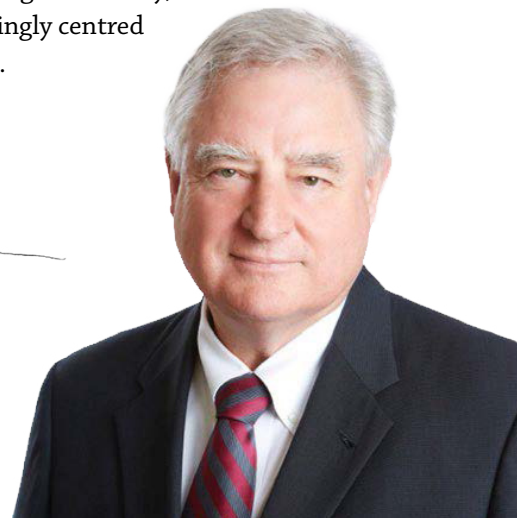
Through research, publications, networking, convening, and other programming, the Asia Pacific Foundation of Canada identifies and

articulates opportunities for our stakeholders in business, government, and the next generation of Canadians that will drive our success in the ‘Asian Century.’ I am heartened this year to see that Canada is “waking up” to the need for economic diversification with a pivot to Asia. Our two national opinion polls this year – one on engagement with China, and the other on millennial Canadians’ views on Asia – both show that Canadians hold increasingly positive attitudes toward Asia and are receptive to a national policy of economic and political engagement with the region. Poll results also indicate a desire for engagement with Canadian characteristics, engagement that is broad, balanced, and addresses a trifecta of economic, social, and political issues.

Polling results are an indication of public attitudes at a point in time and reflect many factors, but they underscore the importance of the Foundation’s work in leveraging domestic and international networks to identify and articulate opportunities in the Asia Pacific.

Canada is a socially and geographically diverse nation rich in resources, talent, and innovation. But we are a relatively small, fragmented economy that depends on the quality of our relationships with the outside world to deliver prosperity into the future. Canadian success requires a committed long-term approach to a global reality, a reality that is increasingly centred around the Asia Pacific.

David L. Emerson
Chair of the Board



LETTER *from* STEWART BECK

THIS HAS BEEN AN exciting year, from polling millennial Canadians on their changing attitudes toward Asia and tracking foreign investment flows between Canada and the Asia Pacific, to forging new partnerships and bringing together important stakeholders through our novel Women2Women roundtable series, our Asia Leaders Speaker Series, and our Vancouver roundtables. These activities are a complement to our research and publications that contribute to Canada’s vital dialogue on Asia.

But, fundamental to our mission and perhaps our biggest success this year was catalyzing and building our transpacific networks. These networks are critical to ensuring Canada’s long-term prosperity, particularly for young Canadians, in a world whose centre of energy and activity is shifting to Asia.

Our polling shows a Canadian public willing to engage more with Asia at a time when a strategic pivot to the region is vital for our economic future. This support underpins the Foundation’s efforts to build Asia competency in Canada. Boosting Canada’s Asia competence, or the Asia-related knowledge and skills of Canadians, has been a long-standing strategic objective of the Foundation.

This year, activities supporting this goal included several new institutional partnerships, the launch of a pilot high-school curriculum program, student working groups on Asian issues and opportunities, a millennial podcast series, and a number of new international partnerships under our ‘Asia Connect’ initiative, including work-abroad opportunities for Canadian youth in India, Hong Kong, and the Philippines.

I am particularly proud of the work our team undertook this year to connect to the Cansbridge

Fellowship Program, a highly selective program for young Canadian entrepreneurs and future leaders that includes a summer internship in Asia. As part of this new partnership, APF Canada will co-develop and co-host the 2018 Cansbridge Student Conference to be held in Vancouver for the first time next year.

As well, the Foundation also hosted a number of critical meetings with government and business leaders this year, including meetings with high-ranking members of Canada’s foreign service, various international delegations, and thought-leaders like former General Electric CEO Jeff Immelt.

The Foundation launched its new Women2Women roundtable series with events in Vancouver, Regina, and Toronto. This brought together Canadian women business leaders to discuss markets and opportunities in Asia and the challenges unique to women entrepreneurs and C-suite executives. Similarly, our Asia Leaders Speaker Series in Toronto provided further opportunities for Canadians to connect with a high-profile business leader from Asia. This year’s featured leader was Diane Wang, Founder and CEO of Chinese e-commerce giant, DHgate.com

Our APEC-Canada Growing Business Partnership with Global Affairs Canada entered its second of four project years and continued to build the potential of MSMEs in the APEC region, with the goal of fostering sustainable growth in developing economies.



Press play
to watch
the video



Vietnam was this year's country of focus; we held two symposia on the margins of the APEC Business Advisory Council meetings in Toronto – including a keynote from Parliamentary Secretary Pamela Goldsmith-Jones, and there were site visits to the OneEleven and MaRS Solutions Lab innovation hubs. We also presented our work, findings, and proprietary 'toolkits' to new groups of stakeholders in Ho Chi Minh City and Da Nang.

The third annual Asia Business Leaders Advisory Council meeting (ABLAC 2018), was held in Toronto in early March. This year, our CEOs from Canada and Asia heard from the Canadian Minister of Innovation, Science and Economic Development, the Hon. Navdeep Bains, as well as Canadian Finance Minister, the Hon. Bill Morneau, and left the meeting providing focused recommendations on how Canada can better engage with the region.

These recommendations were actionable and built on Canada's strategic advantages in terms of innovation, talent, and openness in a global trading system under strain from protectionist policies in the U.S.

Canada's future prosperity will rely on its ability to embrace an all-of-country policy of diversification centred on Asia – a much-needed response to today's radically shifting global reality. Through its own research, programming, and policy work, the Asia Pacific Foundation of Canada will assist in the formulation of that Asia strategy as it continues to lead as Canada's catalyst for engagement with Asia, and Asia's bridge to Canada.



Stewart Beck
President and CEO



Canadian success requires a committed long-term approach to a global reality, a reality that is increasingly centred around the Asia Pacific.

| Board Chair, David L. Emerson





THE YEAR IN REVIEW

- ▣ NEW ADDITIONS TO OUR EXECUTIVE TEAM
- ▣ POLLING CANADIANS – CHINA AND MILLENNIALS
- ▣ ASIA COMPETENCY
- ▣ TRACKING TRADE, INVESTMENT, AND INNOVATION
- ▣ THE APEC-CANADA GROWING BUSINESS PARTNERSHIP
- ▣ ENGAGING CHINA
- ▣ SUPPORTING CANADIAN JOURNALISTS
- ▣ THE VIEW FROM TORONTO
- ▣ THE VIEW FROM THE PRAIRIES
- ▣ LEVERAGING OUR NETWORKS

THE 2017-2018 FISCAL YEAR IS ONE CHARACTERIZED BY

THE ASIA PACIFIC FOUNDATION OF CANADA'S ABILITY TO CATALYZE NETWORKS TO ENHANCE DIVERSIFICATION IN RESPONSE TO THE NEW GLOBAL REALITY IMPACTING CANADA AND THE ASIA PACIFIC.

THE ECONOMIC GROWTH of Asia has been remarkable and is translating into higher income gains and growth of the middle class, turning the region from the world's factory into a consumer powerhouse connected to a global ecosystem of innovation and entrepreneurship. The vast majority (88 per cent) of the next billion people in the global middle class will be Asian. By 2020, Asia will represent more than 50 per cent of the world's middle class, and by 2030 some two-thirds – 940 million middle-class citizens, alongside 130 million in the rest of the world.

The growing significance of Asia presents incredible economic opportunities for Canadian businesses and underscores the need for Canada to strategically deepen and diversify its existing partnerships in the region, which is a fast-changing, complex, and increasingly competitive environment. Engagement on economic, environmental, and security issues will be critical for the diversification of our strategic interests – across the country, and across established and emergent industry sectors. The urgency of a diversified approach to international engagement was underscored this

year by a rise of isolationist, anti-trade rhetoric in the United States and Europe that impacted legacy alliances and trusted relationships throughout the Asia Pacific.

This tectonic shift in international affairs presents unique opportunities for Canada, and for the Asia Pacific Foundation of Canada. In navigating the turbulent interspace between our traditional partners in the West and rising super powers like India and China, Canada finds itself in search of a cohesive, long-term Asia strategy that incorporates multilateralism while also ensuring Canada's future economic prosperity.

APF Canada is uniquely positioned to help inform this strategy by aligning its research, events, and other programming to highlight the Canadian opportunities inherent in a global trading system increasingly centred in Asia, and in catalyzing its established networks to better leverage the social and economic openness, transparent business culture, and good governance that underpins Canada's engagement with global trade partners.

Here are some of the highlights of the 2017-2018 fiscal year, and our activities to catalyze networks in support of diversification in the face of the new global reality:

NEW ADDITIONS TO OUR EXECUTIVE TEAM

This year, the Asia Pacific Foundation of Canada welcomed two new vice-presidents to the Foundation: **Victor Thomas**, who joined us on June 1, 2017 as Vice-president, Prairie Region, and **Vilupti Lok Barrineau**, who assumed her new role as Vice-president, Operations on September 27, 2017.

A corporate governance and international strategy advisor who also works part time as Strategic Advisor to the President at the University of Regina, Victor will work with APF Canada's senior staff in Vancouver and Toronto to enhance the Foundation's presence and engagement in the provinces of Alberta, Saskatchewan, and Manitoba, where a renewed focus on two-way Asia Pacific trade and investment has been identified as critical to the region's future economic prosperity.

An international advisor specializing in inclusivity and equality issues, Vilupti worked for the UN and the Bill and Melinda Gates Foundation before joining APF Canada as a Senior Director. As vice-president, she will work with the Foundation's executive team to further define the strategic planning and future vision of the Foundation, and to oversee the business development and organizational activities of APF Canada, as well as plan and execute major events, and act as the Foundation's leading liaison with government officials and APF Canada's Board of Directors.

POLLING CANADIANS – CHINA AND MILLENNIALS

For 13 years, APF Canada's National Opinion Poll has examined Canadian opinions and attitudes towards Canada's engagement with Asia. This year, the Foundation commissioned EKOS Research Associates to conduct two national surveys – one focused on **Canadian Views on Engagement with China**, and



Members of APF Canada's research team in the boardroom of the Foundation's Vancouver office.

the other on **Canadian Millennial Views on Asia**, two topics identified by our Board as being of strategic importance to the Foundation.

Both national surveys revealed that Canadians hold increasingly positive attitudes toward Asia and are increasingly receptive to a national policy of economic and political engagement with the region. The results of both polls clearly demonstrate that the anti-trade sentiments on the rise in the U.S. and Europe are pushing diversification into the national conversation around Canada's future economic prosperity.

In the case of **Canadian Views on Engagement with China**, uncertainty about the direction that Canada-U.S. relations are taking under a Trump presidency coupled with concerns about rising protectionist sentiments in Europe are motivating Canadians to be more open to engagement with China, including warming up to the prospect of a free-trade agreement with the world's second-largest economy.

Among the poll's findings:

- ❑ 62% of Canadians believe that expanded trade with China is important today due to rising protectionism in the U.S. and Europe
- ❑ Over half of Canadians (55%) support a Canada-China FTA, up 9 points from 2016 and up 19 points since 2014

- Canadians' support for expanded economic engagement with China stems from their belief that it will bring more opportunities for Canadian business (76%) and youth (70%), bring greater economic prosperity to Canada (57%), encourage needed investment in Canadian businesses (63%), and increase Canada's international competitiveness (54%)

Notwithstanding overall public support for Canada's greater economic engagement with China, the poll found that Canadians continue to expect a broad and balanced agenda from government that addresses both economic, as well as social and political issues, in connection with China.

And yet, as Ottawa pushes forward with its China agenda, it can draw some confidence from Canadians' increasing openness to stronger economic relationships with the country.

The poll was supported by a **web-based infographic** and a blog co-authored by Vice-president, Research and Programs, Eva Busza, and Program Manager, Surveys and Polling, Yushu Zhu entitled, **"What's Driving Canadian Attitudes Toward a Free Trade Agreement with China?"** The poll's release in May was also supported by an op-ed in the *Globe and Mail* by President and CEO Stewart Beck entitled, **"The Trump Effect is Changing Canadian Views on China."** The poll garnered 156 media hits and was subsequently picked up by CTV News in a piece entitled, **"Canadians Increasingly Support Free Trade with China."**

APF Canada's first national opinion poll on **Canadian Millennial Views on Asia** found that young Canadians are more receptive to a Canadian policy of economic and political engagement with Asia, particularly China, than older generations – both because they have more positive attitudes toward the region and because they believe more strongly that pragmatism should guide Canadian foreign policy.

Our findings further suggest that millennials would welcome more opportunities to build their Asia-related knowledge and skills, including government initiatives directed at increasing their exposure

to Asian languages and society. These new findings underscore the importance – and increasing relevance – of the Foundation's ongoing mission to elevate the Asia competence of Canadians, particularly the young Canadians who will drive our future in an increasingly Asia-centric world.

Among the poll's findings:

- Younger millennials are more likely to travel and more willing to work in Asia than older Canadians and are more likely to emphasize economics over values in foreign policy relations
- Younger millennials have the least informed perspectives about Asia but are more positive about and more engaged with Asia than their older peers
- Older millennials are the most familiar with Asia and show the strongest interest in proactively learning about Asia

Our millennials survey was supported by an online **infographic** and a blog by millennial APF Canada researcher Ka Pa Pong, entitled **"Why Are Canadian Millennials More Favourable Toward Asia than Non-Millennials."** Two op-eds were also produced and placed in Canada's mainstream media to support the November release of the poll: **"Canadian Millennials Seek Closer, but Pragmatic, Connection to Asia"** (*Vancouver Sun*, research fellow Justin Kwan), and **"Canada's Millennials are Ready to Engage with Asia"** (*Globe and Mail*, Eva Busza and Yushu Zhu). The poll's release earned 160 media hits.

ASIA COMPETENCY

As our APF Canada polling and research continue to demonstrate, ensuring an optimistic and prosperous future for Canada begins with Canadian youth – and necessitates Asia competence. It is important for us to create better education linkages between Canada and Asia, and opportunities for Canadian youth to study and work in Asia.

This year's Asia competency programming has been robust, and includes several new international partnerships, a provincial curriculum initiative, student working groups, more activities from our Asia Pacific Youth Council, and a new APF Canada podcast series by and for Asia Pacific millennials.

Internships in Asia

Through its ongoing **'Asia Connect'** initiative, APF Canada launched four new internship programs in Asia this year for Canadian post-secondary students – two in India, one in Hong Kong, and one in the Philippines.

In partnership with Vancouver's **Langara College**, APF Canada is supporting two Langara students per year to complete four-month co-op terms with **Optimus Information** in Noida, India. Their work at Optimus focuses on either marketing or Information Technology. The first two students, **Willy Sin** and **Lucy Morrow**, shared their experiences with other Canadian youth through a **blog** dispatch for our website in March.

With **Simon Fraser University**, APF Canada is supporting up to six students per year to work at the Deshpande Foundation in Hubli, India, or Zone Startups India in Mumbai. Students will be selected based on their interest in developing skills related to innovation and entrepreneurship. The first students will depart for India in September 2018.



Students Willy Sin and Lucy Morrow, and host, during their four-month APF Canada-Langara College India Connect internship in Noida, India.



Board Member
Indira Samarasekera,
former President and
Vice-Chancellor,
University of Alberta,
discusses the importance
of Asia competency.



Working with **Noah Holdings Ltd.**, a Chinese wealth and asset management company, APF Canada and Noah's Canada office have offered four internships to Canadian students in its Hong Kong office. The first group of students will start their internships in May 2018 and will complete them in August of the same year. Finally, in partnership with **Nimbyx**, a Vancouver-based software development company, the Foundation is supporting a fall 2018 technology-focused internship at Nimbyx's office in Bonafacio Global City (Metro Manila), the Philippines.

Cansbridge Fellowship

Other 'Asia Connect' initiatives this year include a new partnership with the **Cansbridge Fellowship Program**, a highly selective program founded by William Yu for young entrepreneurs that includes a summer internship in Asia. APF Canada and Cansbridge will also collaborate on a fall 2018 student conference in Vancouver focused on the intersection of Asia and entrepreneurship. In addition, through a partnership with **Hong Kong Airlines**, APF Canada is selecting up to 20 Canadian youth to receive free round-trip air tickets to Hong Kong for study abroad or other educational enrichment programs.



Cansbridge Fellowship founder, William Yu



Cansbridge Fellow and entrepreneur, Layne LaFrance



Asia Pacific Youth Council VP Communications, Soraya Parwani



Asia Pacific Youth Council VP Event Programming, Jianna Faner



Asia Connect Student Working Groups: Showcase Competition

In May, APF Canada successfully completed its second **Student Working Group** showcase competition, this year featuring eight groups of post-secondary students and young professionals from B.C. and focused on two themes: ‘The Youth Generation’ and ‘Issues in Asia.’

With a panel of judges from our ranks of post-graduate research fellows, and \$400 cash prizes for the first-place winners, topics this year included **mining in the Philippines** (first place winner in the ‘Issues in Asia’ category), immigration in ASEAN, the need for a Canadian FTA with Vietnam, Chinese soft power and Canadian youth, the impact of the Chinese Internet on Chinese youth, and finally, this year’s winner in ‘**The Youth Generation**’ category, a student project by Casey Helgason at Thompson Rivers University exploring an institutional strategy for building student capacity in the new global economic environment.

BC Curriculum Project

In April of this year, the Foundation and British Columbia’s Ministry of Education announced a new partnership in which the Ministry is providing \$250,000 in matching funds to help APF Canada develop new resources for teachers and students. These resources include teaching materials and

professional development workshops, empowering B.C. teachers to learn and teach contemporary Asian studies and history.

Chair David L. Emerson and Vice-president, Research and Programs, Eva Busza announced the partnership on April 6, alongside B.C. Minister of International Trade and Minister Responsible for the Asia Pacific Strategy and Multiculturalism, Teresa Wat.

The Asia Pacific curriculum resources project will introduce grades 6-to-12 students to Asian history, culture and issues, encouraging them to think on a more global scale while acquiring the skills they need to succeed in our ever-changing and connected world. Developed in support with B.C. teachers, the new resources are free and fully accessible online at asiapacificcurriculum.ca, with new materials added to the interactive website over the course of the project.

The Asia Pacific Youth Council

APF Canada welcomed its second cohort of young leaders to the Asia Pacific Youth Council (APYC) this year, with eight members from four Vancouver-area campuses joining the advocacy group. Members of the Council include current post-secondary students, young professionals, and one Grade 12 student. One of the highlights of the APYC’s activities this year was the ASEAN Dialogues discussion series marking the 50th anniversary of the founding of the Association of Southeast Asian Nations in 1967.

The event featured speakers and participants including the Philippines Consul General and Vietnam Consul General, as well as a retired Canadian ambassador to Cambodia. The Youth Council’s other signature initiative was a pilot mentorship program for students and young professionals.

The Youth Element

In September 2017, **Post-Graduate Research Fellows Justin Kwan and Linda Qian** released a new podcast series on East Asia’s millennials entitled, **The Youth Element**. Inspired by the vibrant growth of youth cultures in Asia and the issues facing many young people today, their APF Canada research project was created to provide youth with a platform to speak for themselves about their views on society and their role in the world.

The **nine-part series** features stories from five cities: Shanghai, Taipei, Hong Kong, Tokyo, and Seoul, with episodes exploring questions of culture, politics, economics, and national defence – all through the narrated stories of youth and their everyday realities, challenges, and motivations living as citizens in Asia.

For its release in June, the Foundation arranged for The Youth Element team to be interviewed on the **CBC Early Edition** in Vancouver with host Rick Cluff, and the series was syndicated on the University of B.C.’s student-led radio station, **CITR 101.9 FM**. Audience members, especially youth, noted the light-hearted, yet insightful commentary the series provided as well as the noticeable gap the podcast filled in discussing contemporary youth issues in both Canada and Asia.

Audiences were able to listen the podcast through the Foundation’s website as well as through iTunes and Google Play Music. [Click here](#) to catch up with The Youth Element.



The Youth Element creators and hosts, Linda Qian and Justin Kwan, join CBC host Rick Cluff for the launch of their APF Canada podcast series.

TRACKING TRADE, INVESTMENT, AND INNOVATION

This year marked the first in APF Canada's three-year **Investment Monitor** project, an interactive microsite that fills the gap in Canada's official foreign direct investment (FDI) statistics by providing data on two-way investment flows between Canada and the Asia Pacific.

Launched on April 10, 2017, the project seeks to inform policy, facilitate business, catalyze research, and educate the public. It was launched with the **University of Calgary's The School of Public Policy** (*partner*), the **Bank of Canada** (*sponsor*), **Export Development Canada** (*sponsor*), **AdvantageBC** (*sponsor*), and the **Government of British Columbia** (*sponsor*).

Outcomes include the new website, the creation of an **Investment Monitor Advisory Council**, annual reports that track and catalogue FDI, and a number of supporting **blogs** and commentary pieces.

Each year of the project will focus on a different aspect of Canada-Asia Pacific investment relations:

- ❑ 2017: Asia Pacific investment in Canada
- ❑ 2018: Canadian investment in the Asia Pacific
- ❑ 2019: City-to-city investment between Canada and the Asia Pacific

A number of other timely and relevant reports originated with our trade and investment team this year, including a report on e-commerce in China, two FTA studies, and two new blog series.

To better understand the underlying behaviour of Chinese e-commerce consumers – and what opportunities those behaviours may present for Canadian online vendors – the Foundation provided a policy research grant to a **Simon Fraser University research team** to produce a report entitled, **Succeeding in China's \$9.4 T E-commerce Market: Why Culture and Context Matters**. The report, released with an accompanying infographic on February 27, 2018, was supported by an extensive social media campaign that gained the attention

TOP 3 EVENTS BY ATTENDANCE:

1. Ambassador McCallum Cleantech Roundtable

- » Roundtable discussion with Canadian Ambassador to China John McCallum and Bruce Christie, Chief Air Negotiator and Director-General of the Intellectual Property, Services and Investment Trade Policy Bureau at Global Affairs Canada, to share their views on a potential Canada-China Free Trade Agreement from the cleantech perspective.
- » APF Canada Boardroom, Vancouver
- » May 11, 2017
- » 50 attendees, mainly local Vancouver Cleantech leaders

of the federal and provincial governments, as well as Canadian micro, small and medium enterprises (MSMEs) interested in selling products on China's e-commerce platforms.

Two important, and well-received, studies this year explored the benefits of new free trade agreements, one with China and the other with the economies of ASEAN – both in response to the changing landscape of economic opportunity. **The ASEAN Advantage: Exploring Canada's Trade Potential** was published in partnership with the **Business Council of Canada**, the **Canada-ASEAN Business Association**, and **UBC's Institute of Asian Research** on May 12, 2017 and **Toward a Canada-China FTA: 8 Points to Consider for Pursuing Free Trade with China** was published by the Foundation on July 5, 2017.

The purpose of **Tech Corner**, a new five-blog series this year from APF Canada's Vice-president, Research and Programs, Eva Busza, is to showcase Canada's innovative capacity by placing a spotlight on local companies that are pushing the boundaries of our technological capacity. The **Inside India** series,

also in five parts, highlights the key developments underway in this large and complex country, focusing on why they matter to Canada.

THE APEC-CANADA GROWING BUSINESS PARTNERSHIP

MSMEs constitute over 97 per cent of all enterprises and employ over 50 per cent of the workforce in APEC economies. In fact, MSMEs' share of GDP ranges from 20-to-50 per cent in the majority of APEC economies.

As we know, Canadian MSME exporters are highly focused on the United States, with 89 per cent of exporters selling to the United States and 74 per cent of the value of exports generated from U.S. sales. Only 10-to-12 per cent of Canadian MSME exporters currently sell to Latin America, China or other Asian markets, despite the fact that emerging markets, especially in the Asia Pacific, are going to represent a key source of diversified growth for Canadian MSME exporters in the shifting global economy.

Enter the **APEC-Canada Growing Business Partnership (A-CGBP)**, announced in November 2015 by the federal government. Now in its second project year, **A-CGBP** is funded by **Global Affairs Canada (GAC)** and consists of two complementary components: a C\$2-million MSME sub-fund administered by the **Asia Pacific Economic Cooperation (APEC) Secretariat**, and a

complementary initiative valued at C\$2.49 million implemented by APF Canada. An additional \$250,000 has been allocated for monitoring and evaluation.

The objective of the four-year project is to build the potential of MSMEs and aspiring entrepreneurs in APEC developing economies to foster sustainable growth and poverty reduction and to innovate, grow, and gain better access to global and regional markets. Meanwhile, under a philosophy of 'a rising tide floats all boats,' the project allows Canada to share its policies, research, and best practices on MSMEs with MSMEs in the APEC region. The project supports MSME workshops, training sessions, conferences, and research.

This year, APF Canada focused its project activities on the theme of technology and innovation and the case study economy of Vietnam. Here are some highlights of key project activities:

ABACx: The APEC-Canada Growing Business Symposium on Technology and Innovation
Toronto, Canada on July 25, 2017

The Symposium was held in conjunction with the **ABAC III Meeting** from July 24-to-28 and was attended by over 200 people. Attendees ranged from APEC Business Advisory Council (ABAC) members and staffers, startups, investors, MSME policy-makers, and other business leaders from the 21 APEC economies. Focusing on how startups are propelling innovation and growth in the Asia Pacific region, and their important role in shaping a new commerce landscape, the Symposium consisted of:

- ❑ A keynote address from **Parliamentary Secretary Pamela Goldsmith-Jones**
- ❑ Presentations from APF Canada and Dr. Elizabeth Newton on the opportunities and challenges faced by MSMEs



Sue Paish, CEO of Canada's Digital Technology Supercluster in B.C., discusses the role of innovation in Canada's engagement with Asia.



- ❑ Three panel discussions with Canadian and APEC economy experts on (1) technology companies that are hedging on the dramatic growth of MSMEs; (2) how a startup investor picks ideas to invest in; and, (3) the challenges and opportunities faced by Canadian innovation hubs
- ❑ A site visit to **OneEleven**, North America's largest scale-up hub based in Toronto and an excellent venue to showcase and illustrate how Canada is driving the innovation agenda
- ❑ A working session facilitated by **MaRS Solutions Lab** where participants discussed actionable steps to propel economic growth in the APEC region

APECx: The APEC-Canada Growing Business Partnership Symposium on Technology and Innovation Toronto, Canada on July 25, 2017

This Symposium was also held on the margins of the ABAC III meeting in Toronto and convened investors, leaders of incubators and accelerators, startups and policy-makers. The Symposium highlighted key Canadian policy and management best practices and innovations that are increasing MSME capacity building, namely:



Parliamentary Secretary Pamela Goldsmith-Jones addresses the APEC Business Advisory Council in Toronto.

- ❑ Canada's favourable business environment, low tax rates and government innovation programs, particularly the Scientific Research and Environmental Development Tax Incentive Program and public-private partnerships that allow the private sector to find solutions to problems identified by the government
- ❑ Ryerson Futures as a Canadian example of youth-inclusion efforts – the program brings students from India's technology institutes to Canada
- ❑ The establishment of online resources consolidating information for entrepreneurs and more general support from the government through the entrepreneurship cycle

Symposium on Innovative and Dynamic Startups and MSMEs in the APEC Region Ho Chi Minh City, Vietnam, September 11, 2017

This Symposium was held on the margins of the **APEC SME Ministerial Meetings and SMEWG**, convening policy-makers responsible for MSME development across the 21 member economies of APEC. The workshop provided an opportunity for **APEC Ministers** and regional policy-makers to hear from researchers, corporate leaders, regulators, investors, and innovators in the startup and MSME space from across the region. Several important themes emerged during the workshop, including:

- ❑ The importance of technology and innovation in supporting MSME growth in Canada, Vietnam, and the APEC region broadly
- ❑ Bridging the gap between startups and MSMEs to address local problems
- ❑ Examining the key components of entrepreneurial support networks (investors, corporations, and government)
- ❑ Investing in education and mentorship initiatives for youth and women entrepreneurs

APEC-CANADA GROWING BUSINESS PARTNERSHIP - 2017 PUBLICATIONS SUPPORT:

- ❑ Launch of a report of the **in-country survey from Vietnam (2017 Survey of Entrepreneurs and MSMEs in Vietnam)**
- ❑ **Three research papers** completed during the first half of Project Year Two and launched on the project microsite:
 - » “Micro, Small & Medium Enterprises in Agri-Food: A Study of Peru, the Philippines & Vietnam” by **Dr. Gisèle Yasmeen, Dr. Roslyn Kunin & Vietnam Silicon Valley**
 - » “Innovation Policy to Promote MSME Growth: Lessons Learned from Vietnam” by **Dr. Lan Phan and Hieu Tu**
 - » “Fueling High-Tech Start-ups” by **Dr. Elizabeth Newton and Dr. Jonathan Berkowitz, Alexandra Mann, and Charlie Shi**
- ❑ Op-ed from **Stewart Beck** in the **Globe and Mail**: “Vietnam is a Ready and Willing Partner for Canada”
- ❑ Op-ed from **Stewart Beck** in the **Globe and Mail**: “Why Canada's Pivot to Asia Must Continue”
- ❑ Op-ed from **Vilupti Lok Barrineau and Gisèle Yasmeen** in **The Hill Times**: “Expanding Role of Micro, Small, and Medium Enterprises Provide Opportunities for Sustainable Development”



APF Canada President and CEO Stewart Beck fields media requests in Vietnam.

The workshop was facilitated by the Foundation's network partner, the **Vietnam Chamber of Commerce and Industry**, as part of the **APEC Start-Up Forum**, providing an opportunity to broaden the audience and scope for our project's recommendation and outputs. APF Canada CEO **Stewart Beck** provided opening remarks at the beginning of the **APEC-Start-up Forum**, highlighting the work of A-CGBP to new friends and stakeholders.

Vietnam Technology and Innovation Training Session and Toolkit Launch Da Nang, Vietnam, November 11, 2017

This training session involved 130 local MSME entrepreneurs physically in Da Nang, with 80 joining remotely from the **Saigon Innovation Hub in Ho Chi Minh City** and 64 from **Vietnam Silicon Valley in Hanoi** via Facebook livestream. Attendees came from a variety of sectors, including agriculture, manufacturing, education, and technology.

The event included three Canadian speakers (**Dr. Roslyn Kunin, Dr. Sarah Saska, Mr. Khan Nguyen**) who spoke about technology and innovation in small business, sharing their professional experiences and entrepreneurial journeys, a panel discussion with APF Canada CEO **Stewart Beck**, and the launch of a toolkit with content and translation developed by the **Da Nang Institute for Socio-Economic Development**.

The toolkit provides a broad introduction to Vietnamese entrepreneurs, including the importance of technology and innovation for MSME development, through seven modules fully accessible in web and mobile formats, but also enabled for download or printing.

ENGAGING CHINA

China is the world's second largest economy, and Canada's second largest trading partner with overall trade valued at more than \$93 billion in 2017, more than triple the trade with the next largest partner, Japan. This is a relationship Canada cannot ignore, and collaboration on cleaner energy has been one of Canada's top priorities in its relationship with China.

In early December 2017, APF Canada and the **Economics and Technology Research Institute of China National Petroleum Corporation (ETRI of CNPC)** initiated a non-governmental, non-official **Canada China Track II Dialogue on Energy** in Beijing, China, an initiative that will continue to engage Canadian and Chinese stakeholders through March 2019.

The Foundation will serve as the Canadian Secretariat of the Dialogue by facilitating associated research activities and supporting the work of Canadian experts and their Chinese counterparts. In its first meeting in Beijing on December 4, 2017, Canadian and Chinese experts met to discuss opportunities and challenges within the Canada-China energy relationship, and to develop a set of recommendations to support enhanced bilateral energy trade and investment. The Dialogue covers a full spectrum of energy subsectors including: renewables, energy efficiency, Indigenous inclusion, nuclear safety, and natural gas and oil.

The Track II Energy Dialogue follows up on a commitment made by **Prime Minister Justin Trudeau** and **Chinese Premier Li Keqiang** in September 2016 to develop and reinforce bilateral co-operation in the field of energy. ETRI of CNPC is acting as the Secretariat for China, and APF Canada President and CEO Stewart Beck is the Canada Co-chair.

TOP 3 EVENTS BY ATTENDANCE:

2. APEC Business Advisory Council Canada (ABAC)

- » ABAC meetings regroup high-level business executives from around the APEC region, four times a year. The fourth and final meeting each year is integrated into the annual APEC Leaders' Week, where members conduct usual meetings and have a consultation session with APEC leaders. These meetings are interspersed with networking opportunities between business members and government representatives, a full-day financial forum and an APEC MSME Symposium open to public participants, panel dialogues and technical site visits.
- » Ritz Carlton Toronto
- » July 24-to-28, 2017
- » Over 100 attendees attended this event, including Toronto startups and ABAC members from Asia.

Partners in this new network on the China side include ETRI of CNPC, while Canadian stakeholders include the **Canadian Nuclear Association**, the **Indigenous Center of Energy**, the **BC LNG Alliance**, the **Canadian Energy Efficiency Alliance**, the **Canadian Association of Petroleum Producers**, and **Marine Renewables Canada**.

The Dialogue will feature another joint meeting next year in Canada, and a final report with recommendations on expanding Canada-China trade and investment in energy that will be submitted to both governments.

Prior to the Dialogue, the Foundation supported Canada's **Ministry of Innovation, Science and Economic Development (ISED)** in consultation with federal-provincial-territorial (FPT) assistant

deputy ministers to discuss the Canada-China clean technology relationship and opportunities, and further FPT collaboration and alignment to support greater success for Canadian clean technology companies in bringing their solutions to China.

Some 40 people from federal and provincial governments, the private sector, and other organizations participated in the consultation on October 12, 2017. A summary report of the consultation with recommendations for next steps was submitted to ISED.

SUPPORTING CANADIAN JOURNALISTS

Each year, the APF Canada Media Fellowship Program, supported in part by **Cathay Pacific Airways**, offers up-and-coming and established Canadian journalists the opportunity to spend time in Asia researching and preparing stories for Canadian audiences. The goal of the program is to help Canadian journalists become better informed about this dynamic part of the world in order to write and broadcast insightfully on Asia and the Canada-Asia relationship.

The Fellowships are valued at up to C\$10,000 for in-country travel and expenses and coverage of trans-Pacific travel, with the support of Cathay Pacific Airways. This year's roster of Fellows is featured on Page 51 of this report, and includes journalists from CBC Radio Canada, *Maclean's* magazine and *Business in Vancouver* magazine.

THE VIEW FROM TORONTO

High-profile activities from our Toronto office this year included: ongoing management of the **Japan-Canada Kakehashi Project**, the new **Women2Women in the Asia Pacific** roundtable series, the returning **Asia Leaders Speaker Series**, and the development of our extended **Asia Factor in Ontario** project.

The Asia Factor in Ontario is a two-year project intended to support the province of Ontario's economic growth and job creation priorities vis-à-vis priority markets and sectors in the Asia Pacific region. The Foundation's Toronto office facilitated related activities in Toronto and Kitchener, Ontario, including an event January 24, 2018 with the **Ontario Ministry of International Trade** and stakeholders in a diverse range of sectors with a focus on e-commerce opportunities for Ontario companies in the Asia Pacific. Outcomes for the Ontario Ministry of Trade included:

- ❑ Insights into best practices in export promotion from international jurisdictions with successful export performance in Asia
- ❑ E-commerce opportunities in Asia for Ontario companies
- ❑ An in-depth survey of Ontario companies conducting business in Asia



ABLAC members participate in an open discussion moderated by ABLAC Vice-chair, Dominic Barton (far left).



Participants in the Women2Women in the Asia Pacific roundtable series event in Vancouver discuss ways to better connect Canadian women business leaders with opportunities in Asia markets.

To better connect Canadian women business leaders interested in Asia Pacific markets and to identify opportunities that women's business leadership represents for Canada's economic engagement with Asia, the Foundation's Toronto team has activated the continuing **Women2Women in the Asia Pacific** roundtable series with events in Vancouver, Regina, and Toronto this year, with more to follow in the coming years.

Partners in this project include: **Global Affairs Canada**, the **Ontario Ministry of International Trade**, **Japan Women's Innovative Network (J-WIN)**, the **Canada-China Business Council**, and the **University of Regina** with outcomes that included:

- ❑ A presentation of the project's findings and recommendations at ABLAC 2018 in Toronto
- ❑ Identifying and connecting networks of Canadian women business leaders with interests in Asia

The Foundation's ongoing **Asia Leaders Speaker Series** provides an opportunity for Canadian leaders from business, government, advanced education, and the non-profit sectors to connect with a high-profile business leader from Asia, and to learn about

the importance of Asia for the global economy, including Canada. This year's featured Asia leader was **Diane Wang, Founder and CEO of Chinese e-commerce portal DHGate.com**, who presented in Toronto on July 24, 2017. Key takeaways from Diane Wang's presentation included:

- ❑ The rapidly-expanding Chinese middle class represents an immense opportunity for Canadian producers, particularly with Canada's brand in China conveying quality and safety China's e-commerce market is the world's largest and has grown 50 per cent annually since 2011
- ❑ Chinese e-commerce platforms make trading with China significantly less burdensome
- ❑ The Internet and e-commerce have democratized international trade, and provide flexibility that can help women build businesses and become successful entrepreneurs

This year, 118 Canadian students and young professionals participated in exchanges to Japan to learn first-hand about Japanese politics, economy, society and culture as part of the **Japan-Canada Kakehashi Project**, managed by APF Canada on behalf of the **Government of Japan**. The Canadian

students' programs included curated activities in Tokyo, Hiroshima, Osaka, Kyoto, Chiba, Miyagi, and Ehime. Twenty-five Japanese students undertook similar activities on exchanges to Toronto and Ottawa.

A youth program funded by Japan's Ministry of Foreign Affairs, the Foundation is the administrator of the bilateral program and is responsible for delivering in-Canada programming. **The Japan International Cooperation Center** in Tokyo is contracted by the Asia Pacific Foundation of Canada to deliver the program in Japan. Programs are developed in co-operation with representatives of governments, private sector, cultural industries, and educational institutions in both countries.

THE VIEW FROM THE PRAIRIES

APF Canada's Prairie Office, under the leadership of Vice-president Victor Thomas, was opened this year to enhance the Foundation's presence and engagement in the provinces of **Alberta, Saskatchewan, and Manitoba**, where a renewed focus on two-way Asia Pacific trade and investment has been identified as critical to the region's future economic prosperity.

Activities this year were centred around Regina and included a **presentation to the deputy ministers** in Saskatchewan on November 2, 2017; support of a **Women2Women in the Asia Pacific** roundtable on December 15, 2017; and, a full day of Asia competency training for the **international team within the Government of Saskatchewan** on January 23, 2018.

The deputy ministers' presentation demonstrated why Asia is important to the Prairies and specifically Saskatchewan, and what other provinces are doing in relation to Asia and established a connection between the Foundation and the Government of Saskatchewan.

Presented in partnership with the **University of Regina**, the Women2Women in the Asia Pacific roundtable helped to connect Saskatchewan women business leaders interested in Asia Pacific markets and to identify opportunities that women's business leadership represent for Canada's economic engagement with Asia.



Post-graduate Research Fellow Sebastian Murdoch-Gibson presents his work to a gathering of the Foundation's Distinguished Fellows.

The Asia competency training day, meanwhile, provided a base line competency of Asia, and included participation from Foundation President and CEO **Stewart Beck**, Director **Murad Al-Katib**, Vice-president **Victor Thomas**, and **49 Saskatchewan public servants** involved with Asia, and established a format for a session that can be used in other parts of the country.

LEVERAGING OUR NETWORKS

APF Canada serves as the secretariat for **Canada's APEC Business Advisory Council (ABAC)** members, providing research, analysis, and administrative support. This year not only did the Foundation leverage this APEC network as a platform to introduce its work for the **APEC-Canada Growing Business Partnership** (finding endorsement in several letters and reports to APEC leaders and ministers), but also attended the quarterly ABAC meetings with new ABAC Canada member, **Ralph Lutes**, Vice-president Asia with **Teck Resources**.

Elsewhere this year, the APF Canada Board approved an update initiative to the Foundation's **Distinguished Fellows** program to better engage and utilize this network of Fellows to inform our research and enrich our existing programs.

This year we have **23 Distinguished Fellows**, of whom 10 are returning Fellows and 13 are new Fellows of the Foundation. We also held two **All-Fellows' Meetings**, and a **Distinguished Fellows' Dialogue** this year. But our most significant networking event this fiscal was APF Canada's third annual **Asia Business Leaders Advisory Council meeting (ABLAC 2018)**, held March 2, 2018 in Toronto.

ABLAC regroups private sector leaders from both Canada and Asia to discuss strategic initiatives that will further develop Canadian-Asian business ties. To date, the focus has centred on the importance of a strong and distinctive Canadian brand in Asia, and the determinants of a successful Canadian pivot towards the region.

This year, ABLAC convened in the eye of the "perfect storm" for a Council that convenes around

TOP 3 EVENTS BY ATTENDANCE:

3. Asia Business Leader Advisory Council (ABLAC 2018)

- » The Asia Business Leaders Advisory Council (ABLAC) comprises a high-level group of Asian and Canadian business leaders convened annually to identify and articulate opportunities for improved Canadian-Asian business engagement. Launched in 2016, ABLAC has already established a critical forum to catalyze dialogue and action.
- » Omni King Edward, Toronto
- » March 1-to-2, 2018
- » ABLAC members from Canada and Asia with local business leaders in Toronto. Over 120 attendees attended this event. Minister **Bill Morneau** and Minister **Navdeep Bains** both attended these as guest speakers.

strategic, actionable policy advice for governments – and businesses – on both sides of the Pacific. As the global trading system strains under increasingly isolationist and anti-trade rhetoric, a 'Brand Canada' that includes a strong national stand on gender equality, inclusiveness, and immigration is on the rise globally. Combined with the federal government's new 'Asia Strategy,' ABLAC is well-positioned to make substantial contributions to Canada-Asia government policy and business relations.

ABLAC 2018 was attended by Canadian and Asia private sector and public sector observers and featured the participation and presentations from **Canadian Minister of Innovation, Science and Economic Development, the Hon. Navdeep Bains**, as well as **Canadian Finance Minister, the Hon. Bill Morneau**. Members agreed on a formal strategy moving forward and based on discussions,

three key strategic initiatives were agreed upon as areas of focus. These are to strongly encourage Canada:

- ❑ To be one of the first six countries to ratify the **CPTPP**.
- ❑ To lengthen the **Canadian Post-Graduation Work Permit Program (PGWPP)** to grow Canada's national talent pool and build cross-regional relationships.
- ❑ To ensure that each of Canada's **innovation superclusters** includes an Asia strategy.

It was further agreed that letters articulating these strategic initiatives would be sent to the prime minister of Canada and to the relevant federal ministers for their consideration. The ABLAC leadership will be meeting with key representatives of the Canadian government in the fall of next year to follow up on these high-level initiatives.

ABLAC 2018 KEY LINKS:

- ❑ [Watch The Canadian Press Highlights Reel!](#)
- ❑ [Read Dominic Barton's Pre-event Op-ed.](#)
- ❑ [Read Our Millennial Pre-event Blog!](#)
- ❑ [Read Our Millennial Post-event Blog.](#)

Click on these posts to view the articles



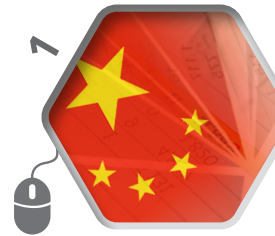
OUR IMPACT

APF CANADA'S GOAL is to enrich the Canadian conversation about the value of deepened engagement with Asia. Our popular blogs are written by our research staff, Distinguished Fellows, and occasional outside guests, and provide timely insight and information on current affairs, developments in research, and upcoming and past events related to our work on Canada-Asia relations.

Timely, engaging, and additive, the Foundation's blogs allow us to effectively communicate the value of Asia to Canada's future prosperity with our target audiences, particularly the youth demographic that will shape the future of Canada's vital relationship with the Asia Pacific region.

TOP 10 BLOG POST

Click on these posts to view the articles



China's New Policies on Foreign Investment

Author: Iris Jin
Published: Mar. 28, 2017



Building on a Friendship: Canada-Japan Relations in 2017

Author: Asia Pacific Foundation
Published: Dec. 22, 2016



The Youth Element: A Podcast Series on East Asia's Millennials

Authors: Justin Kwan, Linda Qian
Published: Sep. 8, 2017

10 Things to Watch in 2018

Author: Asia Pacific Foundation
Published: Dec. 12, 2017



Canada's Hidden Gem: Asia Pacific International Students

Author: Valentine Ostaszewski
Published: Aug. 12, 2016



Localizing Mobile Apps: A Case Study of LINE Messenger

Authors: Valentine Ostaszewski, Justin Kwan
Published: Jan. 20, 2017

New Players in the Asian Animation Industry: Growth in China and South Korea

Author: Justin Kwan
Published: Dec. 1, 2016



What's Driving Canadian Attitudes Toward a Free Trade Agreement with China?

Authors: Yushu Zhu, Eva Busza
Published: Sep. 22, 2017



Japanese Youth's Political Engagement: Now or Never

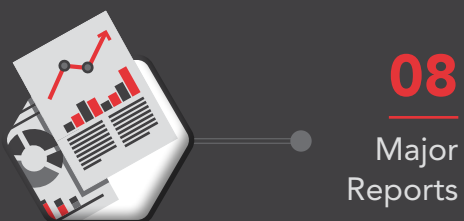
Author: Valentine Ostaszewski
Published: Oct. 21, 2015

Bridging the Cultural & Economic Gap in Canada-China Relations: A Dialogue with Chinese Business Diaspora in Canada

Author: Linda Qian
Published: Oct. 26, 2016



KEY NUMBERS



TOP 05 CANADA-ASIA AGENDAS

Our Canada-Asia Agenda reports are part of an online public policy publication series of research-based analysis focused on contemporary issues and events in Asia created to inform and enliven discussion on Canada-Asia relations.

These reports are written by academics, journalists, policy analysts, and other experts who have specialized knowledge in Asia Pacific politics, diplomacy, security, economics, business, social change, innovation, geography, education, culture, and media. They are grounded in evidence-based analysis and recommendation formulation.



15 Years After Independence, Whatever Happened to East Timor?

Author: David Webster
Published: July 18, 2017



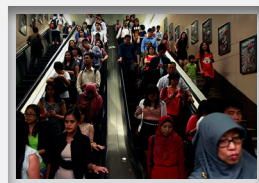
The China-Australia Free Trade Agreement: Lessons for Canada

Author: Shiro Armstrong
Published: Apr. 25, 2017



Asia's Clean Tech Transition: Balancing Green Development and New Market Growth

Author: Sung-Young Kim
Published: May 4, 2017



From Ethnic Tensions to a Citizen/Foreigner Divide in Singapore

Author: Jean Michel Montsion
Published: Jan. 29, 2015



Social Media in China: What Canadians Need to Know

Author: Lotus Yang Ruan, Timothy Cheek
Published: Apr. 22, 2016

Click on these posts to view the articles




ONLINE + SOCIAL MEDIA


The work APF Canada produces is *relevant, topical, and has real and applicable value to business, academia, media, and policy-makers* at every level of Canadian government. Whether it's a *blog* on women leaders in Chinese e-commerce or a *report* on the advantages of a free trade agreement with the economies of ASEAN, we take the same approach in creating an *interactive brand conversation* across multiple platforms and channels.

Our website and social media channels, working in concert, are key to that conversation as we link, share, and amplify our proprietary content across digital platforms. And this interactive brand conversation is working, as this year's analytics confirm.



Facebook 
increased by 33%
(from 2,019 in 2016 to 2,681)



LinkedIn 
increased by 65%
(from 1,087 in 2016 to 1,795)



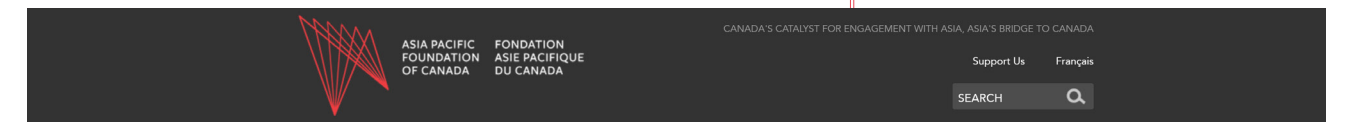
Twitter 
increased by 18%
(from 3,939 in 2016 to 4,640)



Instagram 
increased by 142%
(from 95 in 2016 to 230)

Facebook was the highest social referral source, with **50.59%** last year, followed by **Twitter** at **31.34%**, and **LinkedIn** at **15.86%**.

WEBSITE



Visits

256,893 vs. 218,698
(17.46% increase over 2016)



Page Views

1,063,734 vs. 889,748
(19.55% increase over 2016)



Bounce Rate

5.16% vs. 11.81%
(56.35% improvement over 2016)



Top Sections:

About Us, Stats, Grants, Publications, Events



Top Publications:

C-A News, Blogs, C-A Agenda, Research Reports, Surveys




Increase in Traffic y/y:
+6%



MOBILE

Mobile visits jumped to **45,048** this year, up from **35,115** in 2016. That's an increase of **28.29%** over 2016. Mobile now accounts for **24.58%** of all site traffic, up from **2.51%** in 2016.

A YEAR IN REPORTS

Click on these posts
to view the articles 

MAY 12, 2017

**The ASEAN Advantage:
Exploring Canada's
Trade Potential**

By APF Canada, 70 pages



**THE
ASEAN**

MAY 26, 2017

**Building Stronger Canada-India
Higher Education Partnerships:
Summary of Roundtable Discussions**

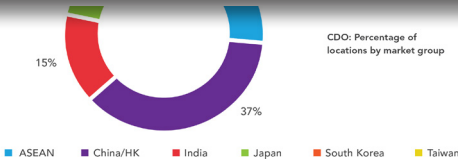
By APF Canada, 16 pages

Summary
of Roundtable
Discussions | March 1st, Toronto
& March 8th, Vancouver
2017

MAY 26, 2017

**Canadian High-Tech Micro-
Multinationals Go to Asia**

By Deanna Horton & Daniel Valls



CDO: Percentage of
locations by market group

| Market Group | Percentage |
|--------------|------------|
| ASEAN | 15% |
| China/HK | 37% |
| India | |
| Japan | |
| South Korea | |
| Taiwan | |

JUL 5, 2017

**Toward a Canada-China FTA: 8 Points to
Consider for Pursuing Free Trade with China**

By APF Canada, 37 pages



OCT 26, 2017

**Pride Abroad: Canada's
Support of LGBTQ Activism**

By Joelle Charbonneau, 60 pages



JAN 16, 2018

**Developing a Collaborative
Approach to Exporting to China**

By APF Canada, 10 pages

Federal-Provincial-Territorial
Assistant Deputy Ministers Meeting
Summary Report | October 12th, Vancouver
2017

FEB 27, 2018

**Succeeding in China's \$9.4 T E-commerce Market:
Why Culture and Context Matters**

By Theresa Eriksson, Leyland F. Pitt, & Kirk Plangger, 68 pages

**SUCCEEDING IN CHINA'S
\$9.4 T E-COMMERCE
MARKET**

| WHY CULTURE AND CONTEXT MATTERS

IN THE NEWS

Borneo Bulletin
April 7, 2017

**Princess Masna Visits Asia Pacific
Foundation of Canada**

"Her Royal Highness Princess Hajah Masna, the Ambassador-at-Large at the Ministry of Foreign Affairs and Trade, during her visit to Vancouver, Canada . . . was welcomed by Stewart Beck, President and Chief Executive Officer of the Asia Pacific Foundation of Canada and was presented with a briefing on the role of the institution."



APRIL 2017

Vancouver Sun

April 9, 2017

B.C. Asia-Pacific Curriculum Aims to Bring International Perspective to High Schools

“There is very little that’s more important to the future well-being of British Columbians over the next 10 to 20 years than our people’s ability to deal with Asia,” said Asia Pacific Foundation chairman David Emerson. “You can see from recent and historic events that our relationship with the United States will always be very important, but it’s volatile. And when you think long-term, inter-generational benefits and the need for B.C. to economically diversify, there’s no market that’s going to be more important than the Asian market.”

MAY 2017

The Globe and Mail

May 3, 2017

The Trump Effect is Changing Canadian Views on China

“Thank you President Donald Trump. Your hard talk and the consequent uncertainty in our trading relationships is motivating Canadians to reconsider how we view Asia, particularly China.”

Nikkei Asian Review

May 13, 2017 by Yves Tiberghien

Belt and Road Initiative Aims to Boost Globalization by Yves Tiberghien

“In many respects, China’s initiative is currently the world’s most ambitious economic integration plan. Often misunderstood in the West, the BRI is in some ways similar to the grand vision of the Single European Act of 1986, but on an even greater scale. . . Its success will depend on the development of new institutions, norms, and practices that can be compatible with current global institutions.”

JUNE 2017

Vancouver Sun

June 2, 2017

Conversations That Matter: Did We Miss Out on Asia?

“This week’s Conversation That Matters features Stewart Beck of the Asia Pacific Foundation on the opportunities that Donald Trump’s isolationist and anti-trade rhetoric aimed at Asia present to Canada.”

JULY 2017

Travel Week News

July 6, 2017

Film Star Jackie Chan Kick-starts Hong Kong Airlines’ Vancouver Route

“Chan is also known for his charity work, having founded several charitable organizations in Hong Kong. Meanwhile Hong Kong Airlines is known for its student program providing free airline tickets to groups of deserving students. At the Vancouver event, the airline and Chan linked up with the Asia Pacific Foundation of Canada and presented 20 free airline tickets to the foundation’s students, enabling them to travel to Hong Kong to study.”

Vietnam Economic News

July 24, 2017

APEC Business Advisory Council to Meet in Canada

“A highlight of the meeting is the APEC-Canada Growing Business Partnership Symposium on Technology and Innovation. In 2015, the Canadian Government announced to spend 4.74 million CAD (around 3.8 million USD) on the APEC-Canada Growing Business Partnership Project to help member economies alleviate poverty and integrate in the global market.”

AUGUST 2017

CNBC

August 17, 2017

Trump’s NAFTA Talks Have Major Implications for Countries on the Other Side of the World

“Stewart Beck, CEO of the Asia Pacific Foundation of Canada, said that Canada would likely pivot some business interests toward Asia as the U.S. relationship becomes less amicable.”

South China Morning Post

August 19, 2017

Canada Pivots to China for a Possible Free-trade Deal as Rows with Trump Grow

“(T)he tougher trade rhetoric coming from the US may make it easier for Canada to pivot toward Asia,” Beck said. “Canadians are now beginning to realize that we do have to diversify our trade relationships and China is the second-largest economy and that’s a very important economy for Canada.”





SEPTEMBER 2017

Vietnam News

September 11, 2017

Expanding Role of MSMEs in Global Sustainable Development

“With our established expertise in technological innovation, entrepreneurship, and green development, Canada has an opportunity to strengthen MSME competitiveness and participation in cross-border production and trade in the digital economy.”

Vancouver Sun

October 23, 2017

More Than Two-thirds of Canadians Support a Free Trade Deal with China

“Previous polls released by the Asia Pacific Foundation of Canada found support for a free trade deal was 45 per cent in 2013, 36 per cent in 2014 and 55 per cent in May of this year.”

OCTOBER 2017

Vancouver Sun

October 13, 2017

Vancouver Postmedia Reporters Take Home Webster Awards

“Reporter Dan Fumano won his solo Webster in the science, technology, health and environment category for “Troubled Waters,” a five-part series on water issues in India, which saw him travel to India as part of a fellowship he won in 2016 from the Asia Pacific Foundation of Canada.”

NOVEMBER 2017

The Globe and Mail

November 9, 2017

Why Canadian Students Should Make Asia a Priority

“Simply going to Asia is not the end goal; the end goal is developing the knowledge, skills and networks that make us coveted international partners, whether on business deals, climate change negotiations or educational collaboration.”

Business in Vancouver

November 28, 2017

Poll: Canadian Millennials More Pragmatic, Less Value-driven When Considering Engagement with Asia

“Canadian millennials . . . appear to be more pragmatic than older Canadians about engaging Asian countries based on economic opportunities and co-operation on issues like climate change, rather than a strict focus on upholding Canada’s values. That is part of the key findings of a new national opinion poll, conducted by the Asia Pacific Foundation of Canada, released Tuesday.”



Diane Wang, Founder and CEO of Chinese e-commerce portal DHgate.com, was this year’s Asia Leaders Speakers Series speaker in Toronto.

DECEMBER 2017

Vancouver Sun

December 8, 2017

Opinion: Canadian Millennials Seek Closer, but Pragmatic, Connection to Asia

“(T)o millennials, Asia has become closer to Canada than ever before. From the rise of K-Pop (Korean popular music) through global platforms like YouTube, to the surge in Taiwanese bubble tea chains like Chatime and Coco and the recent arrivals of Japanese mega-retailers Muji and UNIQLO, globalization has brought Asia to our doorsteps.”

The Globe and Mail

December 29, 2017

Opinion: Canada’s Global Trade Strategy at Critical Juncture

“The national public good calls for a balance between necessary diversification, continued ambition and inclusion of values (the progressive agenda) wherever possible. But can these three priorities be successfully balanced in careful diplomatic negotiations? Or do we risk simply hitting the wall with partners?”

**JANUARY 2018****Vancouver Sun***January 18, 2018***Opinion: After Hawaii, It's Time to Dust Off That VCR**

"It would be reassuring to think that the foreign ministers of the world, as they met in Vancouver this week to discuss North Korea's nuclear weapons program, had images like those from the film in mind as potent reminders of the consequences of failure in nuclear diplomacy."

FEBRUARY 2018**Global News***February 24, 2018***As Trudeau Pitches 'Progressive' Trade, Will India be Open for Business?**

"Comprehensive and progressive would be nice to have, but it would be difficult in the context of a China agreement, and I think also India, to include the full range of issues that we would like to see," said Stewart Beck, Canada's former High Commissioner to India who now serves as CEO of the Asia Pacific Foundation of Canada."

MARCH 2018**China Daily***March 7, 2018***Canada Wants More Bridges to China**

"Canada should realize the full potential of its business and economic engagement with Asia, in particular China, according to Stewart Beck, president and CEO of the Asia Pacific Foundation of Canada (APF Canada)."

CNBC*March 9, 2018***Foreigners Could Ease Japan's Labor Shortage, but Tokyo Prefers Robots**

"Japan wants migrants, not immigrants, explained Stephen Nagy, associate professor at Tokyo-based International Christian University and distinguished fellow at the Asia Pacific Foundation of Canada."

Calgary Herald*March 23, 2018***Canadian Retailers Could be Helped by a U.S. Trade Battle with China**

"If that happens, there is a risk that the world's trading system collapses, added Yves Tiberghien, distinguished fellow at the Asia Pacific Foundation of Canada."

Canada's future prosperity will rely on its ability to embrace an all-of-country policy of diversification centred on Asia – a much needed response to today's radically shifting global reality.

| President & CEO, Stewart Beck

FINANCIAL STATEMENTS

- ☐ STATEMENT OF OPERATIONS
- ☐ STATEMENT OF FINANCIAL POSITION
- ☐ STATEMENT OF CASH FLOWS

STATEMENT OF OPERATIONS

Year ended March 31, 2018, with comparative information for 2017

| Revenue | 2018 | 2017 |
|---|--------------------|--------------------|
| Investment income, net of investment management fee of \$388,755 (2017 - \$405,402) | \$1,946,155 | \$3,667,699 |
| Direct government funding | \$2,047,635 | \$1,631,293 |
| Private sector funding | \$170,816 | \$187,585 |
| Sponsored programs | \$172 | \$166,904 |
| | \$4,164,778 | \$5,653,481 |
| Operating expenses (note 9) | | |
| Projects | \$1,720,386 | \$1,646,328 |
| Takehashi Program | \$902,893 | \$1,302,689 |
| APEC – Canada Growing Business Partnership | \$743,076 | \$93,358 |
| McArthur Fellowship | \$167 | \$156,592 |
| Administration | \$726,142 | \$868,325 |
| Communication and public outreach | \$479,828 | \$531,399 |
| Facility and amortization | \$351,236 | \$351,486 |
| Grants program | \$330,079 | \$490,384 |
| Secretariats | \$230,660 | \$145,796 |
| Board | \$153,647 | \$202,958 |
| | \$5,638,114 | \$5,789,315 |
| Deficiency of revenue over expenses before the undernoted | (\$1,473,336) | (\$135,834) |
| Change in unrealized gain on investments | \$2,553,141 | \$3,042,338 |
| Excess of revenue over expenses | \$1,079,805 | \$2,906,504 |

STATEMENT OF FINANCIAL POSITION

March 31, 2018, with comparative information for 2017

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Assets (Current Assets) | | |
| Cash | \$1,327,907 | \$1,443,438 |
| Accounts receivable | \$627,026 | \$175,950 |
| Prepaid expenses | \$71,733 | \$76,455 |
| Investments (note 3) | \$68,896,180 | \$68,105,295 |
| | \$70,922,846 | \$69,801,138 |
| Equipment and leasehold improvements (note 4) | \$182,552 | \$202,346 |
| Deposits | \$27,634 | \$27,634 |
| | \$71,133,032 | \$70,031,118 |
| Liabilities (Current Liabilities) | | |
| Accounts payable and accrued liabilities | \$560,276 | \$729,665 |
| Current portion of capital lease obligation | - | \$22,446 |
| Deferred program revenues (note 5) | \$1,188,856 | \$965,526 |
| | \$1,749,132 | \$1,717,637 |
| Deferred lease inducements | \$42,237 | \$51,623 |
| | \$1,791,368 | \$1,769,260 |
| Net Assets | | |
| Restricted endowment fund | \$50,000,000 | \$50,000,000 |
| Unrestricted funds | \$19,341,663 | \$18,261,858 |
| | \$69,341,663 | \$68,261,858 |
| Commitments and guarantees (note 7) | \$71,133,032 | \$70,031,118 |

STATEMENT OF CASH FLOWS

Year ended March 31, 2018, with comparative information for 2017

Cash provided by (used in):

| | <u>2018</u> | <u>2017</u> |
|--|----------------------|--------------------|
| Operating Activities | | |
| Excess of revenue over expenses | \$1,079,805 | \$2,906,504 |
| Items not involving cash: | | |
| Amortization | \$56,716 | \$53,230 |
| Amortization of deferred lease inducement | (\$9,386) | (\$9,386) |
| Change in unrealized gain on investment | (\$2,553,141) | (\$3,042,338) |
| | (\$1,426,006) | (\$91,990) |
| Changes in non-cash working capital: | | |
| Accounts receivable | (\$451,076) | (\$89,185) |
| Prepaid expenses | \$4,722 | \$23,127 |
| Accounts payable and accrued liabilities | \$169,389 | \$232,648 |
| Deferred program revenues | \$223,330 | \$358,834 |
| | \$1,818,419 | \$433,434 |
| Investing Activities | | |
| Purchase of equipment and leasehold improvements | (\$36,922) | (\$28,554) |
| Investment, net draw-down | \$1,762,256 | \$586,858 |
| Accrued grant obligations | - | (\$194,814) |
| | \$1,725,334 | \$363,490 |
| Financing Activity | | |
| Capital lease payments | (\$22,446) | (\$26,935) |
| Increase (decrease) in cash | \$115,531 | \$769,989 |
| Cash, beginning of year | \$1,443,438 | \$673,449 |
| Cash, end of year | \$1,327,907 | \$1,443,438 |

DONORS & SPONSORS

OPERATIONAL AND GRANT FUNDING support is provided through an endowment fund established by the Government of Canada. We are also grateful to the individuals, corporations, foundations, and government agencies that have supported us this year in our mission to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada. Below is a list of contributors who have helped make our research and activities possible.

Thank you.

\$100,000+

- » Global Affairs Canada (*multi-year*)
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\$10,000 - \$99,000

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Our research team supports internal and external events with data gathering and logistical support.

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Board members, friends, and staff join APF Canada's roundtable with Minister of International Trade, François-Philippe Champagne.

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Project Specialist
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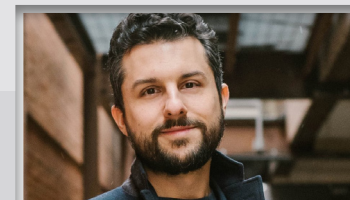
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- » **Kapo Kong**
- » **Stephanie Fraser**

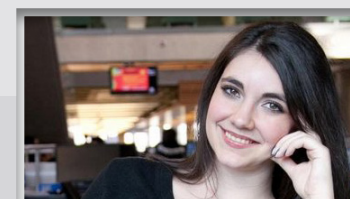
MEDIA FELLOWS GRANT RECIPIENTS



Philippe Grenier is a multimedia journalist with CBC's Radio Canada (Atlantic Canada, Saskatchewan, and Manitoba) who travelled to Japan to explore how that country is tackling a demographic upheaval that has left Japan with the oldest population on the planet, as well as deserted rural areas once populated by younger Japanese.



John Shmuel is a Toronto-based finance journalist for *Maclean's* magazine who travelled to China to explore that country's tech startup scene, which is bustling with innovation and opportunities for Canadian MSMEs and entrepreneurs.



Hayley Woodin is a multimedia reporter and producer with *Business in Vancouver* who travelled to Singapore, a country that has a population of 5.6 million and a geographic footprint a quarter of the size of Metro Vancouver, to explore why Canada has prioritized establishing a formal trade and economic relationship with the city-state.

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Vice-president of Outreach Strategy



APF Canada President and CEO Stewart Beck and Cansbridge Fellowship Founder William Yu discuss our new partnership.

FINANCIAL ANNEXES

- ☞ INDEPENDENT AUDITOR'S REPORT
- ☞ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- ☞ STATEMENT OF INVESTMENT POLICIES AND PROCEDURES
- ☞ RISK & ASSESSMENT ANALYTICS



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 Burnaby BC V5H 4M2
 Canada
 Telephone (604) 527-3600
 Fax (604) 527-3636

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Asia Pacific Foundation of Canada

We have audited the accompanying financial statements of Asia Pacific Foundation of Canada, which comprise the statement of financial position as at March 31, 2018, the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Asia Pacific Foundation of Canada as at March 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

The financial statements of the Asia Pacific Foundation of Canada as at and for the year ended March 31, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 6, 2017.

Chartered Professional Accountants

Burnaby, Canada
July 4, 2018

ASIA PACIFIC FOUNDATION OF CANADA

Statement of Financial Position

March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 1,327,907 | \$ 1,443,438 |
| Accounts receivable | 627,026 | 175,950 |
| Prepaid expenses | 71,733 | 76,455 |
| Investments (note 3) | 68,896,180 | 68,105,295 |
| | <u>70,922,846</u> | <u>69,801,138</u> |
| Equipment and leasehold improvements (note 4) | 182,552 | 202,346 |
| Deposit | 27,634 | 27,634 |
| | <u>\$ 71,133,032</u> | <u>\$ 70,031,118</u> |

Liabilities and Net Assets

| | | |
|---|----------------------|----------------------|
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 560,276 | \$ 729,665 |
| Current portion of capital lease obligation | - | 22,446 |
| Deferred program revenues (note 5) | 1,188,856 | 965,526 |
| | <u>1,749,132</u> | <u>1,717,637</u> |
| Deferred lease inducements | 42,237 | 51,623 |
| | <u>1,791,369</u> | <u>1,769,260</u> |
| Net assets: | | |
| Restricted endowment fund | 50,000,000 | 50,000,000 |
| Unrestricted funds | 19,341,663 | 18,261,858 |
| | <u>69,341,663</u> | <u>68,261,858</u> |
| Commitments and guarantees (note 7) | | |
| | <u>\$ 71,133,032</u> | <u>\$ 70,031,118</u> |

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director

 Director

ASIA PACIFIC FOUNDATION OF CANADA

Statement of Operations

Year ended March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Revenue: | | |
| Investment income, net of investment management fee of \$388,755 (2017 - \$405,402) | \$ 1,946,155 | \$ 3,667,699 |
| Direct government funding | 2,047,635 | 1,631,293 |
| Private sector funding | 170,816 | 187,585 |
| Sponsored programs | 172 | 166,904 |
| | <u>4,164,778</u> | <u>5,653,481</u> |
| Operating expenses (note 9): | | |
| Projects | 1,720,386 | 1,646,328 |
| Takehashi Program | 902,893 | 1,302,689 |
| APEC - Canada Growing Business Partners | 743,076 | 93,358 |
| McArthur Fellowship | 167 | 156,592 |
| Administration | 726,142 | 868,325 |
| Communication and public outreach | 479,828 | 531,399 |
| Facility and amortization | 351,236 | 351,486 |
| Grants program | 330,079 | 490,384 |
| Secretariats | 230,660 | 145,796 |
| Board | 153,647 | 202,958 |
| | <u>5,638,114</u> | <u>5,789,315</u> |
| Deficiency of revenue over expenses before the undernoted | (1,473,336) | (135,834) |
| Change in unrealized gain on investments | 2,553,141 | 3,042,338 |
| Excess of revenue over expenses | \$ 1,079,805 | \$ 2,906,504 |

See accompanying notes to financial statements

ASIA PACIFIC FOUNDATION OF CANADA

Statement of Changes in Net Assets

Year ended March 31, 2018, with comparative information for 2017

| | Restricted Endowment fund | Unrestricted funds | Total |
|---------------------------------|---------------------------|----------------------|----------------------|
| Balance, March 31, 2016 | \$ 50,000,000 | \$ 15,355,354 | \$ 65,355,354 |
| Excess of revenue over expenses | - | 2,906,504 | 2,906,504 |
| Balance, March 31, 2017 | 50,000,000 | 18,261,858 | 68,261,858 |
| Excess of revenue over expenses | - | 1,079,805 | 1,079,805 |
| Balance, March 31, 2018 | \$ 50,000,000 | \$ 19,341,663 | \$ 69,341,663 |

See accompanying notes to financial statements.

ASIA PACIFIC FOUNDATION OF CANADA

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

| | 2018 | 2017 |
|--|--------------|--------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenses | \$ 1,079,805 | \$ 2,906,504 |
| Items not involving cash: | | |
| Amortization | 56,716 | 53,230 |
| Amortization of deferred lease inducement | (9,386) | (9,386) |
| Change in unrealized gain on investments | (2,553,141) | (3,042,338) |
| | (1,426,006) | (91,990) |
| Changes in non-cash working capital: | | |
| Accounts receivable | (451,076) | (89,185) |
| Prepaid expenses | 4,722 | 23,127 |
| Accounts payable and accrued liabilities | (169,389) | 232,648 |
| Deferred program revenues | 223,330 | 358,834 |
| | (1,818,419) | 433,434 |
| Investing activities: | | |
| Purchase of equipment and leasehold improvements | (36,922) | (28,554) |
| Investments, net draw-down | 1,762,256 | 586,858 |
| Accrued grant obligation | - | (194,814) |
| | 1,725,334 | 363,490 |
| Financing activities: | | |
| Capital lease payments | (22,446) | (26,935) |
| Increase (decrease) in cash | (115,531) | 769,989 |
| Cash, beginning of year | 1,443,438 | 673,449 |
| Cash, end of year | \$ 1,327,907 | \$ 1,443,438 |

See accompanying notes to financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Consolidated Financial Statements

Year ended March 31, 2018

1. Nature of operations:

The Asia Pacific Foundation of Canada (the "Foundation") was established by an Act of Parliament on June 1, 1984 and is dedicated to developing the skills and networks, and disseminating the information, that Canadians need to become more successful in the Asia Pacific region. Annual funding is provided by the income earned on a \$50 million endowment fund established by the federal government in November 2005, and from other sources. The principal endowment fund of \$50 million is to be maintained permanently.

The Foundation is registered with Canada Revenue Agency as a charitable organization and is exempt from income taxes.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, under Part III of the CPA Canada Handbook - Accounting and reflect the following significant accounting policies:

(a) Revenue recognition:

- (i) The Foundation follows the deferral method of accounting for government and private sector funding and sponsorship contributions. Unrestricted contributions are recognized as revenue in the period in which they are received. Restricted contributions are recognized when spent on the purpose as specified.

The funds are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured and in the same year in which the related expenses are recognized.

Endowment contributions are recognized as direct increases in net assets.

- (ii) Investment income is recorded on the accrual basis.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value with changes in fair value recognized in the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Equipment and leasehold improvements:

Equipment and leasehold improvements are originally recorded at cost. Repairs and maintenance costs are charged to expense. Amortization is provided on a straight-line basis based on the assets' estimated useful lives using the following rates:

| | |
|---------------------------------|--|
| Computer equipment and software | 3 years |
| Furniture and office equipment | 4 - 6 years |
| Leasehold improvements | Lesser of useful life and remaining lease term |

Assets acquired under capital lease are amortized over the term of the lease or on a straight-line basis over the assets' useful lives using the rates above.

When a capital asset no longer contributes to the Foundation's activity to provide services, its carrying amount is written down to its residual value.

(d) Deferred lease inducements:

Deferred lease inducements consist of lease incentive funds received from landlords. These inducements are amortized over the term of the lease, as a reduction of rent expense.

(e) Grants:

As part of the requirement of the restricted endowment fund, the Foundation makes commitments to provide funding to various research projects in disseminating information in the Asia Pacific region. These commitments are recorded as liabilities upon commencement of the term of the grants.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

2. Significant accounting policies (continued):

(f) Allocation of expenses:

The Foundation incurs a number of general expenses that are common to the administration of the Foundation and each of its programs. The Foundation allocates its general expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year (note 9). The basis of allocation is reviewed and approved annually by the Board of Directors.

General expenses relate to human resources, information technology, finance and administration. Human resources and information technology are allocated based on time spent in relation to the programs. Finance and administration expenses are allocated based on actual usage and costs.

(g) Employee future benefits:

The Foundation provides a defined contribution plan in the form of a match group RRSP contribution up to 5% of gross salary. Contributions toward the plan are expensed as incurred. In fiscal 2018, the Foundation incurred \$75,998 (2017 - \$65,101) in contribution expense.

(h) Donated materials and services:

The Foundation may receive donated services, including services from governance members and volunteers each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Contributed materials are recorded at fair value at the date of contribution where such fair value is determinable and the contributed materials would otherwise have been purchased.

(i) Foreign currency translation:

Monetary items denominated in a foreign currency are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at average rates for the month in which they are incurred. Exchange gains and losses are included in the determination of net income for the period.

(j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items requiring the use of management estimates include the fair value of investments, allowance for doubtful accounts, provisions for contingencies and the useful lives of equipment and leasehold improvements for purposes of amortization. Actual results may differ from these estimates.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

3. Investments

The endowment fund portfolio holds investments in the following:

| | 2018 | 2017 |
|--|---------------|---------------|
| Phillips, Hager & North Funds | | |
| Mortgage Pension Trust | \$ 7,166,306 | \$ 7,035,030 |
| Enhanced Bond Fund | 5,910,559 | 1,505,914 |
| | 13,076,865 | 8,540,945 |
| Fiera Capital Corporation Funds | | |
| Short term investments | 2,551,971 | 5,267,983 |
| Canadian equity fund | 17,310,014 | 16,827,691 |
| Global equity fund | 18,094,705 | 16,398,244 |
| Fiera NA Mkt Ntrl CI A Jul'16 | - | 3,309,775 |
| | 37,956,690 | 41,803,693 |
| Romspen Investment Corporation | | |
| Mortgage investment funds | 6,380,629 | 6,058,674 |
| Axiom Infrastructure | | |
| Infrastructure fund | 6,904,306 | 6,762,136 |
| Vancouver Foundation | | |
| Asia Pacific Foundation of Canada Fund | 10,821 | 10,843 |
| Westcourt Capital Corporation | | |
| TFS | 3,000,000 | 3,000,000 |
| VPC | 1,566,869 | 1,929,005 |
| | 4,566,869 | 4,929,005 |
| | \$ 68,896,180 | \$ 68,105,295 |

4. Equipment and leasehold improvements:

| | 2018 | 2017 |
|--------------------------------|--------------------------|----------------|
| Cost | Accumulated amortization | Net book value |
| Computer equipment | \$ 240,801 | \$ 125,628 |
| Computers software | 114,601 | 68,216 |
| Furniture and office equipment | 31,590 | - |
| Leasehold improvements | 78,288 | 8,502 |
| | \$ 465,280 | \$ 202,346 |

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

5. Deferred program revenues:

| | John McArthur Fellowship | Takehashi Program | Other government and private sector funding | Total |
|-----------------------------|--------------------------|-------------------|---|--------------|
| Balance, beginning of year | \$ 561,930 | \$ 78,041 | \$ 325,555 | \$ 965,526 |
| Additional funding received | 85,842 | 1,034,374 | 420,425 | 1,540,641 |
| Revenue recognized | (167) | (916,332) | (400,812) | (1,317,311) |
| Balance, end of year | \$ 647,605 | \$ 196,083 | \$ 345,168 | \$ 1,188,856 |

As at March 31, 2018, the Takehashi Program had funds remaining in the amount of \$196,083 (2017 - \$78,041). The Ministry of Foreign Affairs of Japan has agreed to allow the Foundation to use the funds for 2019. The Foundation has included the amount in deferred revenue as at March 31, 2018.

During 2018, the Foundation has charged administrative fees of \$13,440 (2017 - \$28,292) to the Takehashi Program. These amounts have been included as revenues in the statement of operations.

6. In-kind sponsored materials:

| | 2018 | 2017 |
|-----------|-----------|-----------|
| Airfare | \$ 39,383 | \$ 13,800 |
| Event App | 11,900 | - |
| Other | 7,714 | 1,610 |
| | \$ 58,997 | \$ 15,410 |

7. Commitments and guarantees:

(a) The Foundation has operating leases related to its Vancouver and Toronto office premises with future minimum lease payments as follows:

| | |
|------------|--------------|
| 2019 | \$ 187,471 |
| 2020 | 192,948 |
| 2021 | 192,948 |
| 2022 | 160,398 |
| Thereafter | 764,890 |
| | \$ 1,498,655 |

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

7. Commitments and guarantees (continued):

- (b) The Foundation currently guarantees credit cards used for travel expenses by its employees up to \$ 150,000 (2017 - \$133,000).
- (c) The Foundation, under its endowment fund agreement is:
- (i) Committed in any fiscal year to use minimum of 25% of the rolling endowment fund income reported in the second prior year statement of operations to fund its grant program. For the year ended March 31, 2018, the grant funding obligation was \$284,025 (2017 - \$181,610). This amount, net of the prior year grant funded overages of \$54,474 (2017 - \$194,814 shortage), resulted in a net obligation of \$229,551 (2017 - \$376,425). Total grants awarded for the year were \$270,161 (2017 - \$430,898).
- (ii) Committed to preserve the principal endowment fund of \$50 million over the long term.

8. Financial risks:

(a) Credit risk:

Credit risk represents the financial loss that the Foundation would suffer if the Foundation's counterparties to a financial instrument, in owing an amount to the Foundation, fail to meet or discharge their obligation to the Foundation. As at March 31, 2018, the Foundation is exposed to credit risk in connection with its cash, accounts receivable, investments and deposits.

The Foundation manages its credit risk by investing in instruments with reputable banks and investment managers in accordance with its Investment Policy. Exposure to credit risk in accounts receivable is reduced as the monies outstanding are due from multiple reputable debtors.

(b) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when they become due. Management forecasts cash flows periodically to ensure the Foundation has sufficient cash available on demand to meet expected operational expenses and committed donations for a year.

(c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimizing returns. This risk is managed through a diversified portfolio in accordance with the Foundation Board approved Investment Policy and monitoring of the market capitalization and trading liquidity of each holding.

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

8. Financial risks (continued):

(c) Market risk (continued):

(i) Interest rate risk:

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Foundation's interest bearing financial instruments consist of bond investments which bear interest at fixed rates which subject the Foundation to fair value risks.

(ii) Currency risk:

Currency risk is the risk that the fair value and/or cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has transactions in foreign currencies as part of its mandate. Fluctuations in the foreign exchange rate give rise to a risk that revenues over expenditures and cash flows may be negatively impacted.

The Foundation does not enter into foreign exchange contracts to manage the effect of currency risk.

(iii) Other price risk:

The Foundation's exposure to other price risk is primarily attributable to fluctuations in quoted market prices of listed investments. The exposure to price changes is managed by monitoring the changes in market conditions that may have an impact on the market prices or factors affecting the value of these investments.

9. Allocation of expenses:

Human resources, information technology and finance and administration expenses have been allocated to programs as follows:

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Projects | \$ 833,595 | \$ 786,225 |
| Takehashi Program | 39,434 | 22,005 |
| APEC – Canada Growing Business Partnership | 332,658 | 73,649 |
| McArthur Fellowship | 111 | 1,523 |
| Communication and public outreach | 346,333 | 421,270 |
| Grants program | 44,376 | 45,483 |
| Secretariats | 63,548 | 39,744 |
| Board | 59,271 | 96,501 |
| | <u>\$ 1,719,326</u> | <u>\$ 1,486,400</u> |

ASIA PACIFIC FOUNDATION OF CANADA

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

10. Comparative information:

Certain balances in the comparative year have been reclassified to conform to the current year financial statement presentation.

STATEMENT OF INVESTMENT POLICIES AND PROCEDURES



ASIA PACIFIC
FOUNDATION
OF CANADA FONDATION
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DU CANADA

STATEMENT OF INVESTMENT POLICIES AND PROCEDURES

For

ASIA PACIFIC FOUNDATION OF CANADA

Approved: May 17, 2018

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Section I – Introduction

- 1.1 This document constitutes the Statement of Investment Policies and Procedures (the “Policy”) applicable to the assets held in respect of the Fund (the “Fund”) of the Asia Pacific Foundation of Canada (the “Foundation”).
- 1.2 The purpose of this Policy is to formulate those investment principles, guidelines and monitoring procedures that are appropriate to the needs and objectives of the Fund.
- 1.3 Any Manager or other agent or advisor providing services in connection with the investment of the Fund assets shall accept and adhere to this Policy.
- 1.4 This Policy may be changed or modified at any time by action of the Committee.

Section II – Overview of the Fund

- 2.1 The Fund was established primarily through a grant from the Government of Canada. Its purpose is to provide a stable source of funding for the effective operation of the Asia Pacific Foundation of Canada.

Section III – Governance and Administration

- 3.1 The Fund was furnished through a conditional grant of \$50 million on December 22, 2005 provided by the Government of Canada. The Foundation shall use this conditional grant solely for the purposes of the Fund. No material changes in the objectives of the Fund, the use of the Fund or the Fund's Policy will be undertaken without prior written approval of the Minister of Foreign Affairs.
- 3.2 The Board of Directors of the Asia Pacific Foundation (the "Board") has the ultimate responsibility to ensure that the Fund is invested and managed in accordance with the prudent person principle.
- 3.3 The Board is the administrator of the Fund and responsible for all aspects of the operations of the Fund.
- 3.4 To assist in meeting its obligations, the Board has established a governance structure and delegated to the Investment Committee (the "Committee") responsibility for investment of the Fund. The Committee shall be composed of at least three Directors who are not officers or employees of the Foundation. Members of the Committee shall be financially literate and, collectively, have broad knowledge or experience in investment matters. Members of the Committee are to be appointed by the Board.
- 3.5 Oversight activities of the Fund are administered by the Committee. These include development of policies, appointment and termination of investment managers and other external service providers, and monitoring of investment results.
- 3.6 In fulfilling its responsibilities, the Committee may delegate to or otherwise utilize employees of the Foundation where appropriate. The Committee shall retain responsibility and utilize suitable personnel for such activities and monitor the activities undertaken by the selected personnel. The Committee may delegate some activities where appropriate but shall retain responsibility for such activities. Any reference in the Policy to the Committee shall be interpreted as referencing the appropriate delegate.
- 3.7 The Committee may rely on independent experts for certain aspects of the Fund's operations where expert knowledge is required or where a perceived or actual conflict of interest exists.

- 3.8 Neither the Committee nor any employee of the Foundation shall select securities on behalf of the Fund except for the selection of Pooled Funds, GICs, or short-term deposits with banks or trust companies for the Fund.
- 3.9 The Committee shall retain one or more independent professional investment managers (the “Manager(s)”) to invest the Fund assets.
- 3.10 Assets of the Fund shall be allocated by the Committee among Managers in such proportions that will implement the Fund asset allocation guidelines in accordance with this Policy.
- 3.11 Where the Committee desires to invest in a Pooled Fund, the Committee must satisfy itself that the Investment Policy of such Pooled Fund and any amendments thereto are consistent with this Policy.
- 3.11 Any Custodian of Fund assets shall be a trust company registered in Canada or an insurance company authorized to underwrite life insurance in Canada. All investments and assets of the Fund shall be held by a Custodian and invested in a name that clearly indicates that the investment is held in trust for the Fund and, where the investment is capable of being registered, registered in that name.

Section IV – Roles and Responsibilities

The Board

4.1 The Board shall:

- Approve the Policy.
- Approve the appointment of Committee members.
- Approve any public financial statements which include reporting on the value of the Fund.
- Ensure that proper external investment arrangements are established for the Fund.
- Approve the asset mix policy.
- Ensure that Policy is reviewed at least annually.

The Committee

4.2 The Committee shall:

- Recommend a written Statement of Investment Policy to the Board.
- Approve the appointment of independent external advisors to provide investment advice (the “Investment Consultant(s)”).
- Approve the manager structure and review it at least annually.
- Approve the appointment and termination of the Managers.
- Approve the appointment and termination of the Custodian.
- Monitor the activities and performance of the Fund.

- Make other decisions that may be required to fulfill the terms of this Policy.

The Managers

4.3 The Managers shall:

- Invest the assets allocated to them in accordance with the Policy.
- Comply with the terms of an Investment Manager Agreement (“Agreement”).
- Report to the Committee in writing on a quarterly basis in respect of their performance for the quarter, the investment holdings and transactions, the intended strategy for the following quarter, deviation from the intended strategy for the preceding quarter and compliance with the Policy.
- Provide to the Committee upon appointment, and whenever change occur thereafter, their policies and procedures relating to professional standards, conflicts of interest, internal controls and trading policies.
- Advise the Committee on an ongoing basis of any relevant changes in their organization, personnel or investment process.
- Be available for meetings or discussions with the Committee on a reasonable basis.

Section V – Asset Classes Eligible for Investment

5.1 From time to time, and subject to this Policy, the Fund may invest in any or all of the following asset categories and subcategories of investments either directly or through Pooled Funds or exchange traded funds that hold these investments. To the extent the Fund invests in a Pooled Fund, the investment constraints outlined below and any other provisions of the Statement that may be affected, shall not apply, but the Managers shall be governed by the investment policy for the Pooled Fund. At the time of hire, the Managers shall inform the Committee when and how the guidelines of the Pooled Fund differs from the diversification and other constraints in this Policy, and shall also inform the Committee of their policies on environmental, social and governance factors as these relate to their security selection decisions.

(a) **“Equity”:**

- common stocks, convertible debentures, share purchase warrants, exchangeable shares, share purchase rights, installment receipts or preferred shares of corporations
- interests in limited partnerships
- exchange traded funds, real estate investment trusts and income trusts
- depositary receipts

(b) **“Fixed Income”:**

- bonds, debentures, notes, or other debt instruments of domestic, foreign and supranational issuers
- asset-backed securities
- mortgage-backed securities
- commercial and residential mortgages

- pooled funds primarily invested in mortgage loans secured against Canadian and US real estate
 - hybrid debt instruments issued by Canadian chartered banks
 - term deposits or similar instruments of licensed trust companies and banks
- (c) **“Infrastructure”:**
- pooled funds primarily invested in US and Canadian infrastructure assets
- (d) **“Cash and Cash Equivalents”:**
- deposits with banks or trust companies with a term to maturity of one year or less
 - money market securities with a term to maturity of one year or less
 - floating rate notes
 - repurchase agreements with a term to maturity of one year or less
- (e) Hedge Funds:
- Hedge funds via pooled funds only, including, but not limited to absolute return strategies, market neutral credit and equities, event driven and global credit
- (f) Derivatives:
- Futures and options that are regularly traded upon recognized public exchanges or other organized public trading facilities where market prices are readily available.

- Forward contracts and swap agreements with financial institutions that satisfy the credit standards of the Policy with respect to Cash Equivalents and Fixed Income.

Other Investments:

- 5.2 The Fund may not invest in categories of assets or instruments not specifically provided for in this section including commodities, precious metals, mineral rights, bullion or collectibles.

Section VI – Investment Objectives and Risk Considerations

- 6.1 The overall investment philosophy of the Fund is to maximize the long-term real rate of return subject to an acceptable degree of risk.
- 6.2 The investment objectives of the Fund are:
- (a) The primary objective of the Fund is to preserve the principal amount of the Fund over the long term.
 - (b) A secondary objective is to preserve the real value of the Fund over the long term.
 - (c) The long-term expected rate of return for the Fund is 4% above inflation (as recorded by the Consumer Price Index) over four-year rolling periods.
- 6.3 The overall quantitative performance of the Fund shall be considered satisfactory if the total annualized returns earned by the Fund exceed by 1.0% the returns that could have been earned by passively investing the Normal Allocation, identified in the following table, over rolling four year periods.

| Asset Class | Benchmark Index | Normal Allocation |
|-------------------------------------|---|-------------------|
| Canadian Equities | S&P/TSX Composite Index | 30% |
| Global Equities | MSCI World Index | 30% |
| Canadian Fixed Income and Mortgages | Blended Index comprised of 80% DEX Universe Bond Index + 20% DEX Short Term Index | 25% |
| Infrastructure | CPI + 4% | 8% |
| Hedge Funds | CDN 91 day T-Bill + 4% | 7% |

- 6.4 For each actively managed component of the Fund, the following table details the value add expectations relative to the corresponding benchmark. It is expected that the Managers will achieve these performance targets for their respective mandates, measured over rolling four year periods.

| Asset Class | Benchmark Index | Added Value Expectation |
|-------------------------------------|---|-------------------------|
| Canadian Equities | S&P/TSX Composite Index | Index + 1.0% |
| Global Equities | MSCI World Index | Index +1.0% |
| Canadian Fixed Income and Mortgages | Blended Index comprised of 80% DEX Universe Bond Index + 20% DEX Short Term Index | Index + 0.4% |
| Infrastructure | CPI + 4.0% | 0.0% |
| Hedge Funds | CDN 91 day T-Bill + 4% | 0% |

- 6.5 For the purpose of measuring rates of return of the Fund, all returns shall be measured before investment management fees, but after transaction costs, and over rolling four-year periods. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns.
- 6.6 The risk inherent in the investment strategy over a market cycle (a five to ten year period) is three-fold. There is a risk that long-term market returns will not be in line with expectations. To the degree that active management is employed, there is a risk that the added value will not be realized, or will be negative. There is also the risk of annual volatility in returns which means that in any one year the actual return may be very different from the expected long-term return and that such return may also be negative.

Section VII – Asset Allocation Guidelines

7.1 In identifying the Normal Allocation that would best meet the objectives identified in this Policy, consideration was given to:

- (a) the factors outlined in Overview of the Fund;
- (b) the long-term nature of the Fund’s assets;
- (c) the long-term return expectations and the risks associated with key asset classes, as well as the relationships of their returns with each other, inflation and interest rates; and
- (d) Practical considerations.

7.2 Over complete market cycles the allocation is expected to stay within the following ranges and to approximate the Normal Allocation:

| Component Asset Classes | Percentage of Fund at Market Values | | |
|----------------------------|-------------------------------------|----------------|----------------|
| | Normal Allocation | Range | |
| | | <i>Minimum</i> | <i>Maximum</i> |
| Canadian Equities | 30% | 25% | 35% |
| Global Equities | 30% | 25% | 35% |
| Total Equities | 60% | 50% | 70% |
| Fixed Income and Mortgages | 25% | 20% | 30% |
| Cash & Cash Equivalents | 0% | 0% | 10% |
| Infrastructure | 8% | 4% | 12% |
| Hedge Funds | 7% | 0% | 10% |

Cash and Cash Equivalents may also be held from time to time on a short-term, temporary basis or as defensive reserves within the portfolios for each asset class at the discretion of each Manager within the constraints prescribed by that Manager’s mandate, and for the

purposes of this section such Cash and Cash Equivalents shall be included in that respective asset class.

7.3 If the asset mix deviates outside the above ranges at the end of any quarter, the Committee shall take corrective action on rebalancing the asset mix to bring the asset mix back within the range as soon as practicable. The Committee may also take action to bring the asset mix closer to the Normal Allocation at any time.

Section VIII – Restrictions and Constraints for Fund's Investments

- 8.1 (a) The Committee shall ensure that the diversification requirements in each Manager's mandate or Pooled Fund investment policy, in combination with the amount of assets allocated to each Manager or Pooled Fund, are consistent with the limits outlined in this Section.
- (b) Unless otherwise indicated, all percentages used in this Section shall be calculated using market values at the time; and
- (c) With the exception of a pooled fund and securities issued or guaranteed by the Government of Canada or by a province of Canada having at least an "A" rating no more than 10% of the Fund shall be invested in any one entity or group.
- 8.2 In respect of the equity portfolio of the Fund:
- (a) All holdings shall be listed on a public exchange or convertible or exchangeable into such securities.
- (b) Neither the Manager nor the Fund may take part in the management of any business in which the Fund invests.
- (c) Holdings shall be diversified by company, region, industry, currency and country; however, consideration may be given to the relative sizes of economic activity and stock market capitalization.
- (d) In respect of any Canadian income trust and Canadian real estate investment trust, unless the unit of such trust is held within a Pooled Fund and the agreements governing the Pooled Fund state that the investors in that Pooled Fund cannot be held personally liable for the obligations of the trust or the trustee, such trust:
- (i) must be a reporting issuer under the applicable securities legislation in Canada;

- (ii) must be governed by the laws of a province that limits the liabilities of unit holders by statute; and
- (iii) The agreements governing any such trust must state that beneficiaries cannot be held personally liable for the obligations of the trust or the trustee.
- (e) Any interest in a partnership must be as a limited partner and not as a general partner.
- (f) Not more than 10% of the Canadian Equity portfolio shall be invested in securities not included in the S&P TSX Composite Index.
- (g) Not more than 10% of the global equity portfolio shall be invested in companies having market capitalization, including closely held shares, below \$1 billion (USD).
- (h) Not more than 10% of the global equity portfolio shall be invested in countries not included in the MSCI World index.
- 8.3 In respect of the fixed income portfolio of the Fund:
- (a) All securities must be readily marketable.
- (b) Securities rated below "BBB (low)" or equivalent at the time of purchase are not permitted.
- (c) The aggregate duration of the portfolio shall be maintained within three years of the DEX Universe Bond Index.
- (d) Not more than 5% shall be invested in any one corporation or security with the exception of those issued or guaranteed by the Government of Canada or by a province of Canada having at least an "A" rating.
- (e) Asset-backed securities shall be rated by at least two rating agencies.

- (f) Mortgages shall be secured against Canadian and US real estate, and the loan to market value ratio for individual mortgages shall not exceed 75%.
- (g) Not more than 30% shall be held in issues rated below "A" or equivalent.
- (h) Not more than 15% shall be held in securities denominated for payment in foreign currency.

8.4 In respect of Derivatives:

- (a) Any use of Derivatives must be in accordance with a policy that has been specifically considered and approved by the Committee whether done directly in the Funds or in a Pooled Fund.
- (b) Derivatives may be used only to:
 - (i) adjust the duration and/or credit exposure of the Fixed Income portfolio within the ranges set out in this Policy;
 - (ii) replicate the investment performance of interest rates or a recognized capital market index;
 - (iii) create an exposure to securities that are otherwise permitted under this Policy;
 - (iv) manage the currency exposure of foreign property; or
 - (v) Reduce risk as part of a hedging strategy.
- (c) Derivatives may not be used to create exposures that would not otherwise be permitted under this Policy or which would be outside the limits under this Policy had the exposure been obtained in the cash markets.

- (d) Any Manager investing in Derivatives must determine the market value of that Manager's exposures on a daily basis.

8.5 In respect of Cash and Cash Equivalents of the Fund:

- (a) All Cash Equivalents, including those held within the portfolios for each asset class at the discretion of the Manager, shall have a minimum credit rating of "R-1 (low)" or equivalent and be readily marketable or redeemable.
- (b) Deposits with banks or trust companies must be rated "A" or better or be with institutions that have a long-term rating of "A" or better.

8.6 For purposes of this Section:

- (a) All debt ratings refer to the ratings of Dominion Bond Rating Service unless otherwise indicated, however, equivalent ratings by another major credit rating agency can be used.
- (b) If a security's credit rating falls below the required level after purchase, the Manager shall advise the Committee of their proposed course of action in writing as soon as practical.
- (c) Unrated securities will be assumed to fail the credit ratings referred to in this Section.

8.7 Other than in the case of Derivatives specifically permitted by this Policy, the Fund shall not purchase securities on margin or engage in short sales. Installment receipts may not be purchased unless Cash or Cash Equivalents equal to the unpaid purchase price are also held.

Section IX – Loans and Borrowing

- 9.1 No part of the Fund assets shall be loaned to any party, other than by:
- (a) purchasing securities which otherwise meet the requirements of this Policy for Fixed Income or Cash Equivalent;
 - (b) lending securities either by the Custodian or through a Pooled Fund that lends securities provided that a minimum collateral coverage of at least 102% of the current market value of the loaned securities is maintained at all times:
 - (i) in high quality liquid securities defined in an agreement with the lending agent and provided also that the lending agent provides a Bank guarantee of all such loans, or
 - (ii) in cash, provided that such cash is invested in investments that comply with the requirements for Cash and Cash Equivalents in this Policy, or
 - (c) Entering into repurchase agreements provided that the market value of the collateral held equals or exceeds the repurchase price plus accrued interest each day and the collateral otherwise qualifies for investment under this policy.
- 9.2 Money shall not be borrowed on behalf of the Fund and the Fund' assets shall not be pledged or otherwise encumbered in respect thereof, except for temporary overdrafts that occur in the course of normal day-to-day portfolio management.

Section X – Valuation of Investments

- 11.1 Investment in marketable securities shall be valued by the Custodian no less frequently than monthly at their market value at that time.
- 11.2 The Fund's investments in Pooled Funds holding publicly traded securities shall be valued according to the unit values published by the Managers. The Custodian shall be responsible for requesting and recording the unit values on a monthly basis.
- 11.3 If a market valuation of an investment is not readily available, an estimate of fair value shall be supplied by the Manager to the Custodian no less frequently than quarterly. Such fair value may be determined by reference to the most recent independent expert appraisal or by other means such as discounted cash flow or comparison with similar assets which are publicly traded. In all cases the methodology should be applied consistently over time.

Section XI – Conflicts of Interest

- 11.4 If a member of the Committee, or any agent of or advisor to the Committee, or any person employed in the investment or administration of the Fund has or acquires any material interest, direct or indirect, in any matter in which the Fund is concerned or may benefit materially from knowledge of, participation in, or by virtue of an investment decision or holding of the Fund, the person involved shall, as soon as practicable, disclose this conflict of interest to the Chair of the Committee. The Chair shall then immediately advise all members of the Board, and the Board shall decide upon a course of action according manager's internal guidelines and polices. Any such person will thereafter abstain from any decision making with respect to the area of conflict, unless otherwise determined by unanimous decision of the remaining members of the Committee.
- 11.5 A Manager shall provide the Committee with its internal guidelines on purchasing securities of members of the Manager's organization, affiliates, or entities in which the Manager or its affiliates have a substantial interest or in which any employee of the Manager or that employee's spouse or children have a substantial investment.
- 11.6 Every disclosure of interest under this Section shall be recorded in the minutes of the relevant Committee meeting.
- 11.7 The failure of a person to comply with the procedures, described in this Section, shall not of itself invalidate any decision, contract or other matter.
- 11.8 The Committee shall satisfy itself that an appropriate policy regarding conflicts of interest exists and is followed by any Manager. As a minimum, the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute shall be expected to apply to such Manager.

Section XII – Voting Rights

- 12.1 The responsibility of exercising and directing voting rights acquired through the Fund's investments shall normally be delegated to the Manager, who shall be required at all times act prudently and in the best interests of the beneficiaries. The Manager shall provide a copy of their voting rights policy to the Committee on request.
- 12.2 The Manager shall be required to maintain a record of how the Fund's voting rights have been exercised and provide a copy of such record to the Committee on request.

Section XIII – Monitoring

13.1 The Committee shall review on a regular basis, as needed, and at least once a year:

- (a) the assets and net cash flow of the Fund;
- (b) the current asset mix of the Fund;
- (c) the investment performance and management of the Fund and each Manager relative to the objectives of the Policy, their Investment Policy or their individual Mandate, as applicable;
- (d) portfolio holdings;
- (e) the fees and expenses incurred in managing the Fund; and
- (f) Compliance with this Policy.

Following such review, the Committee shall take such action as it deems prudent and appropriate.

13.2 The Committee or a representative appointed by the Committee shall meet at least once a year with each Manager to discuss investment performance, investment strategies, expected future performance and any changes in that Manager's organization, investment processes and professional staff.

13.3 The primary focus of performance assessment will normally be on a moving four-year basis, but performance over shorter time periods and the Manager's performance for other comparable accounts prior to appointment for the Fund may also be considered. The Manager will not necessarily be faulted for underperforming the agreed standard over short time periods. However, the Committee may conclude that significant short-term under performance renders it unlikely that the performance standard can reasonably be achieved at an appropriate risk level over the remainder of a market cycle.

13.4 Managers' performance will be measured against applicable benchmarks and peer groups, as well as non-performance criteria, indices and comparator groups.

13.5 The Managers will also be judged on non-performance related criteria such as

- (a) failure to comply with the guidelines of the Policy;
- (b) changes in key investment personnel, ownership and organization;
- (c) deterioration in the quality and level of service;
- (d) investment management fees, and
- (e) Financial condition of the firm (including any significant changes in assets under management).

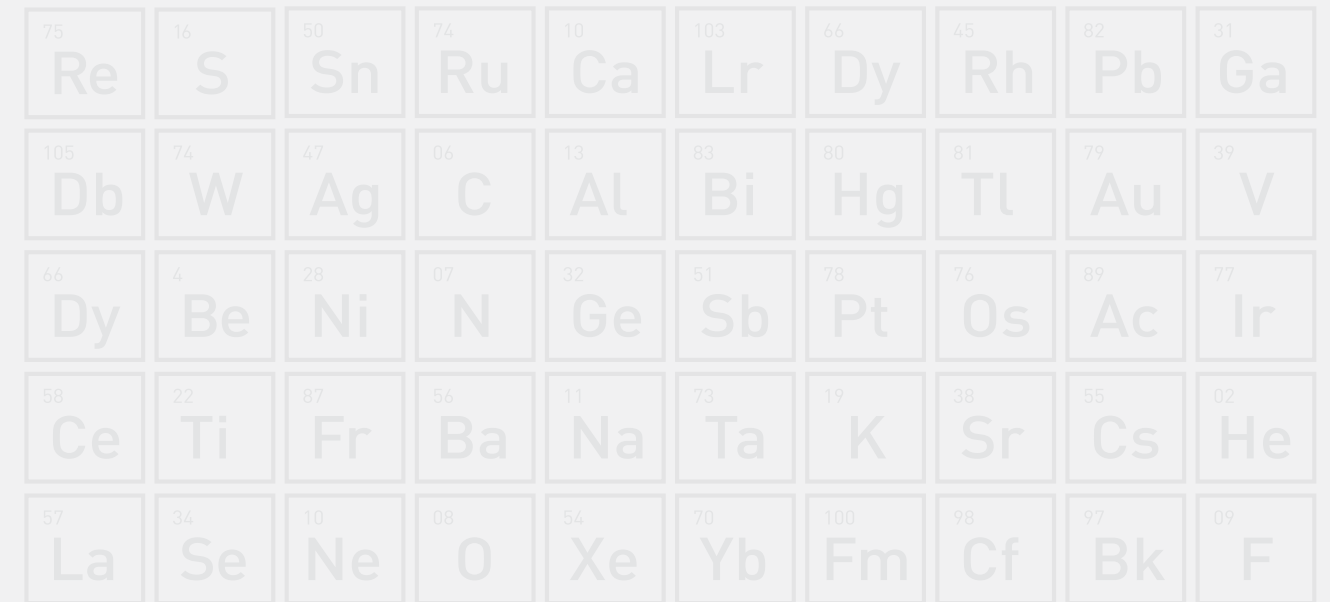
13.6 The Committee shall evaluate whether any information discovered through the foregoing monitoring activities require specific communication to the Board.

Section XIV – Policy Review

14.1 This Policy will be reviewed and affirmed at least annually, but otherwise whenever a major change is apparent or necessary. Such review may be prompted by:

- (a) a change in the expected projected expenditures of the Fund;
- (b) a revision to the expected long-term trade-off between risk and reward on key asset classes;
- (c) a shift in the financial objectives and risk tolerance of the Foundation,
- (d) shortcomings of the Policy that emerge in its practical operation; or
- (e) Modifications that are recommended to the Committee by a Manager.

**RISK & ASSESSMENT
 ANALYTICS**



Executive Summary

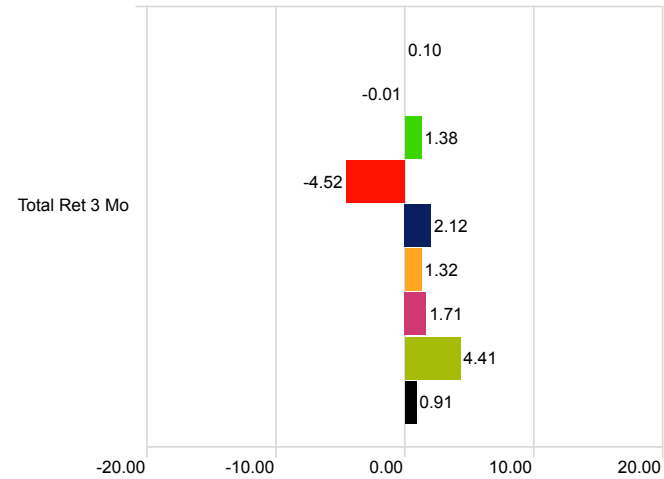
Asia Pacific Foundation of Canada

As At March 31, 2018

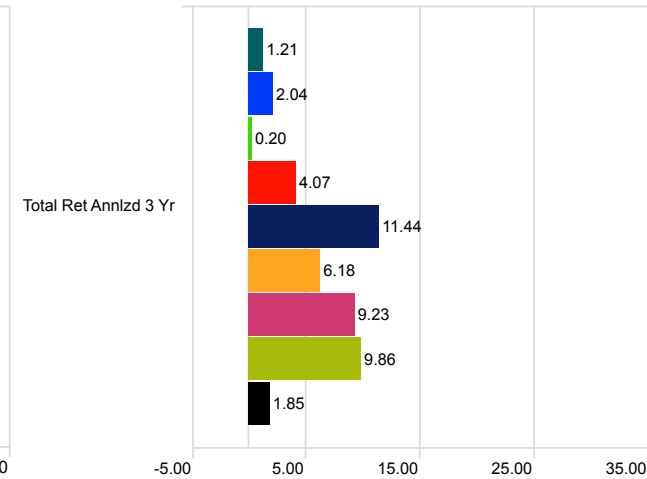


- FTSE TMX Canada Universe Bond
- FTSE TMX Canada LT Bond
- FTSE TMX Canada Real Return Bond
- S&P/TSX Composite
- S&P 500 (C\$)
- MSCI EAFE (C\$)
- MSCI World (C\$)
- MSCI EM (C\$)
- CAN Consumer Price Index

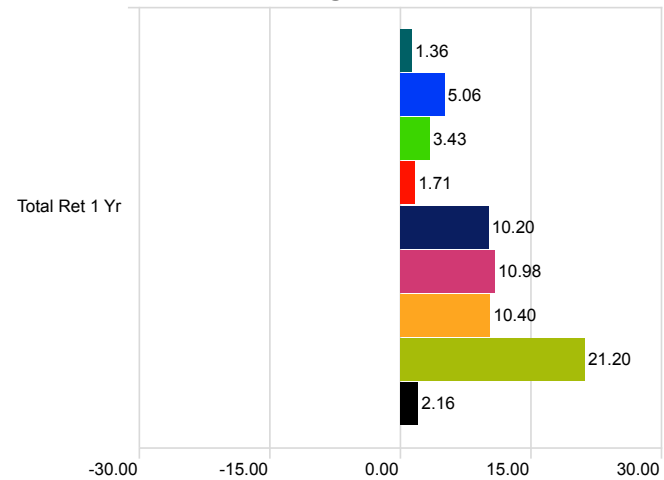
MRQ Ending Mar 31, 2018



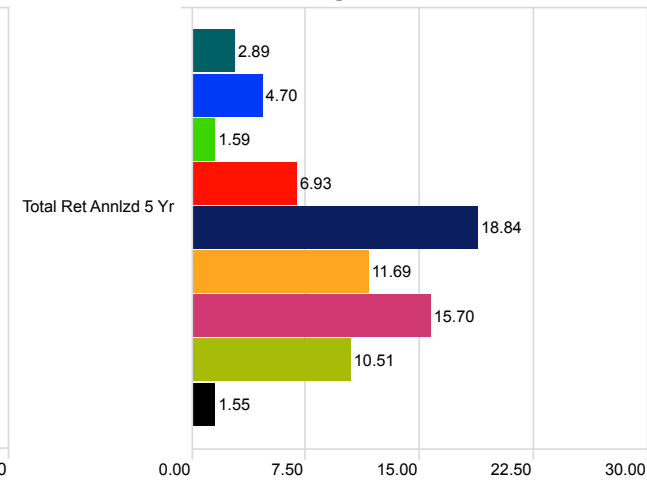
3 Years Ending Mar 31, 2018



1 Year Ending Mar 31, 2018

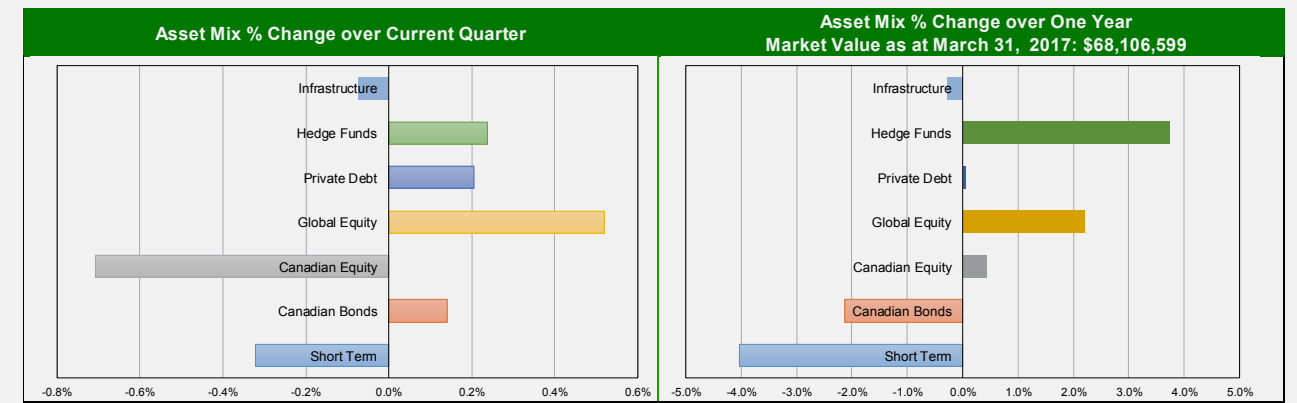


5 Years Ending Mar 31, 2018



Financial Update by Asset Class
Investment Fund

| Asset Class | January Opening Value | Net Activity | Investment Gain and Loss | March Ending Value | Weight % | Net Contributions |
|----------------------|-----------------------|---------------------|--------------------------|----------------------|---------------|---|
| Cash | \$ - | \$ - | \$ - | \$ - | | |
| Short Term | \$ 2,793,957 | (250,708) | 8,927 | \$ 2,552,176 | 3.7% | |
| Canadian Bonds | \$ 7,121,947 | (7,410) | 51,769 | \$ 7,166,306 | 10.4% | Transfers \$ (835,507) |
| International Bonds | | | | | | |
| Mortgages | | | | | | |
| Canadian Equity | \$ 17,929,849 | (117,403) | (502,432) | \$ 17,310,014 | 25.1% | Investment Mgmt Fees \$ 55,303 |
| US Equity | | | | | | Administrative Fees |
| International Equity | | | | | | Other Expenses |
| Emerging Markets | | | | | | Balancing Correction \$ (2) |
| Global Equity | \$ 17,869,887 | (330,491) | 555,310 | \$ 18,094,706 | 26.3% | |
| Pooled Fund | | | | | | |
| Private Debt | \$ 11,103,643 | (165,361) | 224,752 | \$ 11,163,034 | 16.2% | |
| Real Estate | | | | | | |
| Private Equity | | | | | | |
| Hedge Funds | \$ 5,790,545 | 80,945 | 39,069 | \$ 5,910,559 | 8.6% | Net Cont (Current Quarter) \$ (890,812) |
| Infrastructure | \$ 6,754,725 | (100,384) | - | \$ 6,654,341 | 9.7% | Net Cont (Fiscal YTD) \$ (3,882,783) |
| Other | | | | | | |
| Total | \$ 69,364,553 | \$ (890,812) | \$ 377,395 | \$ 68,851,136 | 100.0% | |



Financial Update by Manager Accounts

| Manager | January Opening Value | Net Activity | Investment Gain and Loss | March Ending Value | Weight % | Transfers | Fees/Expenses | Net Contributions Current Quarter | Net Contributions Fiscal YTD |
|------------------------|-----------------------|---------------------|--------------------------|----------------------|---------------|---------------------|------------------|-----------------------------------|------------------------------|
| PH&N (Fixed Income) | \$ 7,121,947 | (7,455) | 51,814 | \$ 7,166,306 | 10.4% | \$ (45) | 7,410 | (7,455) | \$ (1,534,574) |
| PH&N (Hedge Fund) | \$ 5,790,545 | 80,945 | 39,069 | \$ 5,910,559 | 8.6% | \$ 80,945 | | 80,945 | \$ 5,780,945 |
| Fiera (Total Equity) | \$ 36,068,778 | (697,894) | 53,154 | \$ 35,424,038 | 51.5% | \$ (650,000) | 47,892 | (697,894) | \$ (1,334,194) |
| Fiera (Hedge Fund) | | | | | 0.0% | | | | \$ (3,280,900) |
| Fiera (Short Term) | \$ 2,524,915 | (663) | 8,606 | \$ 2,532,858 | 3.7% | \$ (663) | | (663) | \$ (2,503,032) |
| Axiom | \$ 6,754,725 | (100,384) | - | \$ 6,654,341 | 9.7% | \$ (100,383) | (1) | (100,384) | \$ (401,472) |
| Romspen | \$ 6,361,294 | (77,342) | 135,347 | \$ 6,419,299 | 9.3% | \$ (77,342) | | (77,342) | \$ (77,384) |
| Westcourt (TFS Canada) | \$ 3,000,000 | (61,875) | 61,875 | \$ 3,000,000 | 4.4% | \$ (61,875) | | (61,875) | \$ (247,500) |
| Westcourt (VPC SL) | \$ 1,742,349 | (26,144) | 27,530 | \$ 1,743,735 | 2.5% | \$ (26,144) | | (26,144) | \$ (284,672) |
| Total | \$ 69,364,553 | \$ (890,812) | \$ 377,395 | \$ 68,851,136 | 100.0% | \$ (835,507) | \$ 55,301 | \$ (890,812) | \$ (3,882,783) |

| Fund Allocation By Asset Class as at March 31, 2018 | | | | | | | | | |
|---|---------------------|-------------------|----------------------|--------------------|-------------|-------------|---------------|---------------|---------------|
| | PH&N (Fixed Income) | PH&N (Hedge Fund) | Fiera (Total Equity) | Fiera (Short Term) | Axiom | Romspen | Westcourt TFS | Westcourt VPC | Fund Weight |
| Short Term | | | 0.0% | 3.7% | | | | | 3.7% |
| Canadian Bonds | 10.4% | | | | | | | | 10.4% |
| Canadian Equity | | | 25.1% | | | | | | 25.1% |
| Global Equity | | | 26.3% | | | | | | 26.3% |
| Private Debt | | | | | | 9.3% | 4.4% | 2.5% | 16.2% |
| Hedge Funds | | 8.6% | | | | | | | 8.6% |
| Infrastructure | | | | | 9.7% | | | | 9.7% |
| Total | 10.4% | 8.6% | 51.5% | 3.7% | 9.7% | 9.3% | 4.4% | 2.5% | 100.0% |

Executive Summary

Asia Pacific Foundation of Canada

As of 3/31/2018

| Rates of Return by Asset Class | | | | | | |
|------------------------------------|---------------|------|-------------------|--------|--------|--------|
| Name | Market Value | MRQ | FYTD ¹ | 1-Year | 2-Year | 4-Year |
| Cash & Short Term | \$ 2,552,176 | 0.3 | 1.1 | 1.1 | 0.9 | 0.7 |
| Bonds | \$ 7,166,306 | 0.7 | 2.1 | 2.1 | 2.3 | 3.0 |
| Custom Bond Benchmark ² | | 0.2 | 0.0 | 0.0 | 0.7 | 2.0 |
| Value Added (Target 0.4%) | | 0.5 | 2.1 | 2.1 | 1.7 | 1.1 |
| Canadian Equity | \$ 17,310,014 | -2.8 | 3.9 | 3.9 | 10.4 | 6.4 |
| S&P/TSX Composite | | -4.5 | 1.7 | 1.7 | 9.8 | 4.8 |
| Value Added (Target 1%) | | 1.7 | 2.2 | 2.2 | 0.5 | 1.6 |
| Global Equity | \$ 18,094,706 | 3.1 | 16.0 | 16.0 | 17.3 | 15.3 |
| MSCI World (CS) | | 1.6 | 9.8 | 9.8 | 14.0 | 11.7 |
| Value Added (Target 1%) | | 1.5 | 6.2 | 6.2 | 3.3 | 3.6 |
| Infrastructure | \$ 6,654,341 | 0.0 | 4.5 | 4.5 | 7.4 | |
| Canadian CPI + 4% (Lagged) | | 1.9 | 6.2 | 6.2 | 6.1 | 5.7 |
| Value Added | | -1.9 | -1.7 | -1.7 | 1.3 | |
| Private Debt | \$ 11,163,034 | 2.0 | 7.1 | 7.1 | 7.3 | 7.7 |
| Canadian CPI + 4% (Lagged) | | 1.9 | 6.2 | 6.2 | 6.1 | 5.7 |
| Value Added | | 0.1 | 1.0 | 1.0 | 1.2 | 2.0 |
| Hedge Funds | \$ 5,910,559 | 0.7 | 0.4 | 0.4 | | |
| Canadian CPI + 4% (Lagged) | | 1.9 | 6.2 | 6.2 | 6.1 | 5.7 |
| Value Added | | -1.2 | -5.8 | -5.8 | | |
| Total Fund | \$ 68,851,136 | 0.5 | 7.0 | 7.0 | 8.9 | 8.2 |
| Custom Benchmark ³ | | -0.7 | 4.0 | 4.0 | 7.8 | 6.1 |
| Value Added (Target 1%, Fund) | | 1.2 | 3.0 | 3.0 | 1.0 | 2.1 |
| Value Added (Asset Allocation) | | 0.1 | -0.1 | -0.1 | -0.6 | 0.1 |
| Value Added (Manager Selection) | | 1.1 | 3.1 | 3.1 | 1.7 | 2.0 |

| Current Asset Mix | | | | |
|----------------------------|--------------|--------------|----------------------|--------------|
| Asset Class | Weight% | Target % | Asset Mix Range (%) | Over/Under |
| Canadian Equities | 25.1% | 30.0% | 25.0% - 35.0% | -4.9% |
| Global Equities | 26.3% | 30.0% | 25.0% - 35.0% | -3.7% |
| Total Equities | 51.4% | 60.0% | 55.0% - 65.0% | -8.6% |
| Fixed Income and Mortgages | 35.2% | 32.0% | 28.0% - 36.0% | 3.2% |
| Cash & Cash Equivalents | 3.7% | 0.0% | 0.0% - 10.0% | 3.7% |
| Infrastructure | 9.7% | 8.0% | 4.0% - 12.0% | 1.7% |

| Rates of Return against Objectives | | | | |
|-------------------------------------|--------------------|------|------|------|
| Name | Rolling Four Years | | | |
| | 2018 | 2017 | 2016 | 2015 |
| Total Fund | 8.2 | 10.5 | 9.9 | 10.3 |
| Canadian CPI + 4% (Lagged) | 5.7 | 5.4 | 5.2 | 5.5 |
| Long-Term Objective Met | Yes | Yes | Yes | Yes |
| Custom Benchmark ³ | 6.1 | 8.5 | 7.4 | 8.1 |
| Long-Term Objective Met (Target 1%) | Yes | Yes | Yes | Yes |

¹ FYTD refers to Fiscal Year-to-date result. Fiscal year ends on March 31.
² Current: 20% FTSE TMX Canada Universe Bond Index, 80% FTSE TMX Canada Short Term Bond Index
³ Current: 30% S&P/TSX Composite Index, 30% MSCI World Index, 32% Custom Bond Benchmark, 8% CPI + 4%

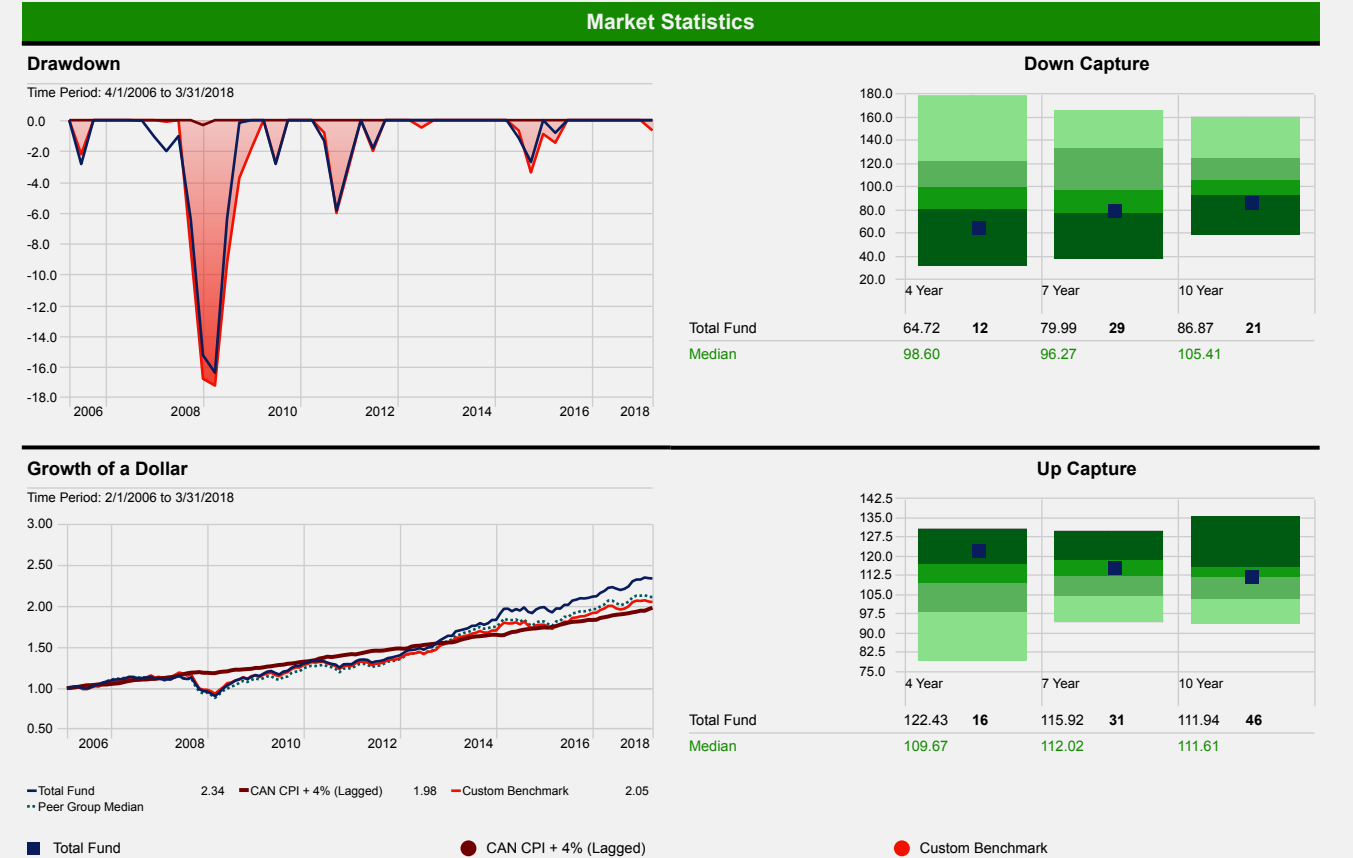
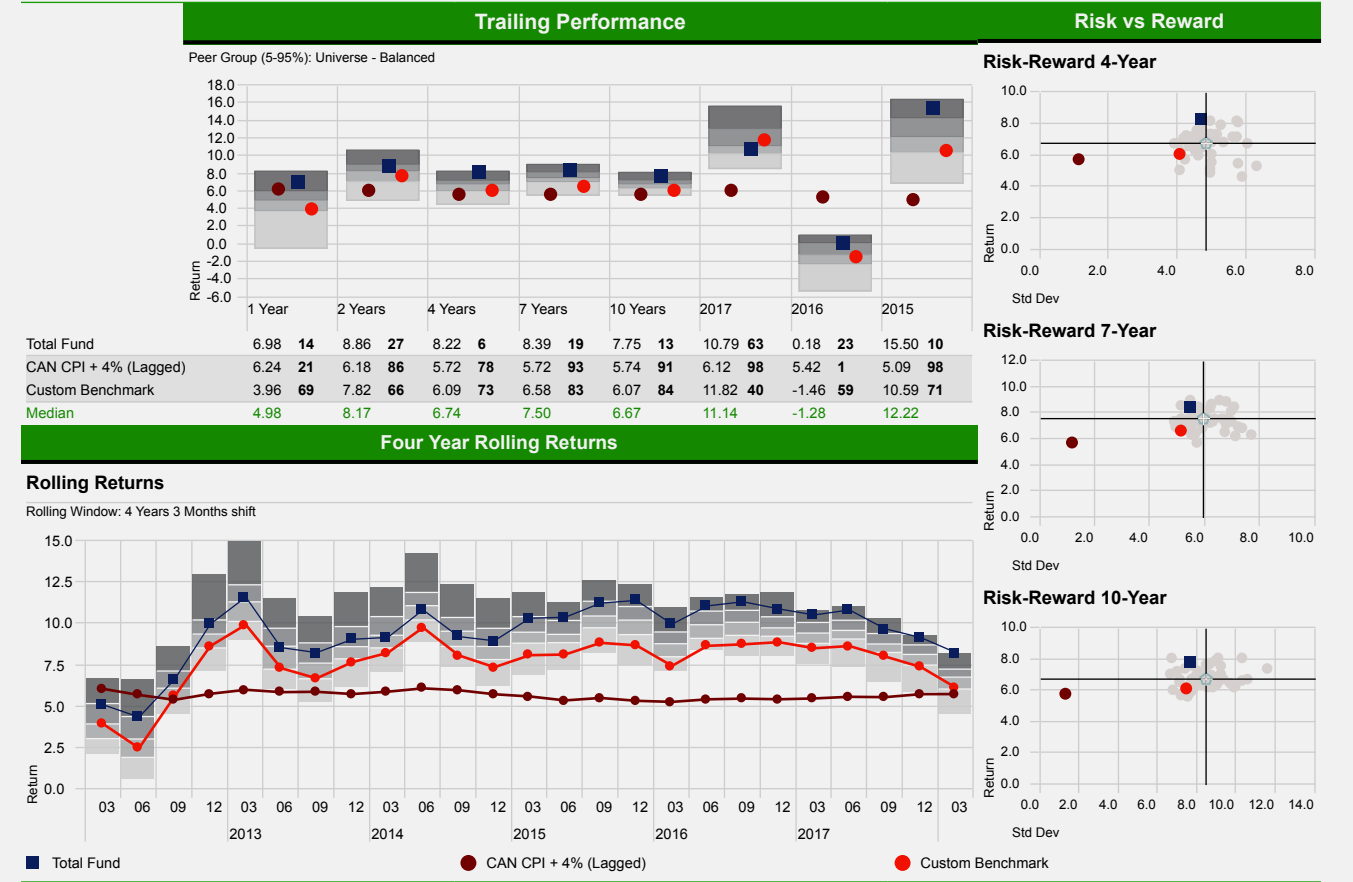
⁴ Includes: 10.4% in Mortgages, 16.2% in Private Debt, and 8.6% in Hedge Funds

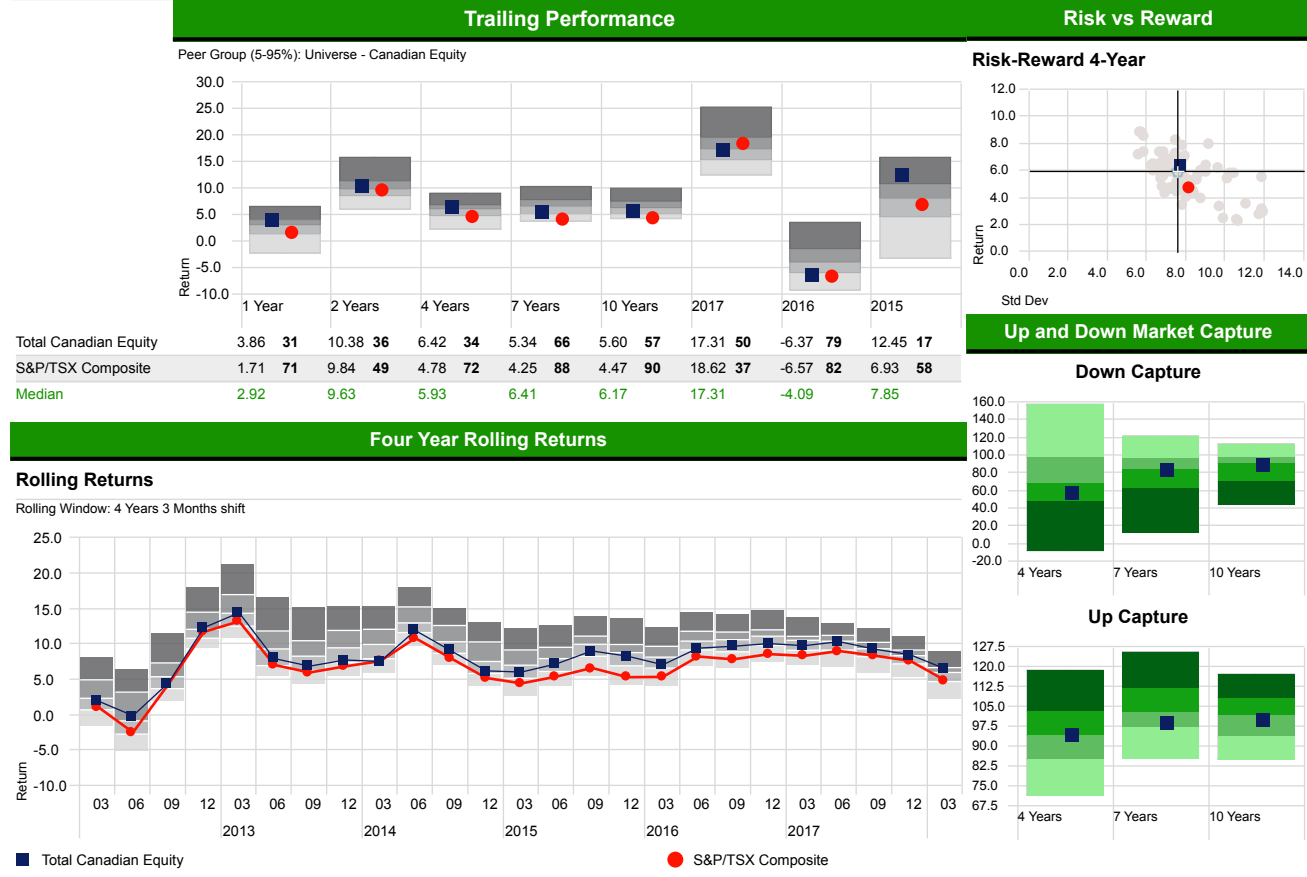
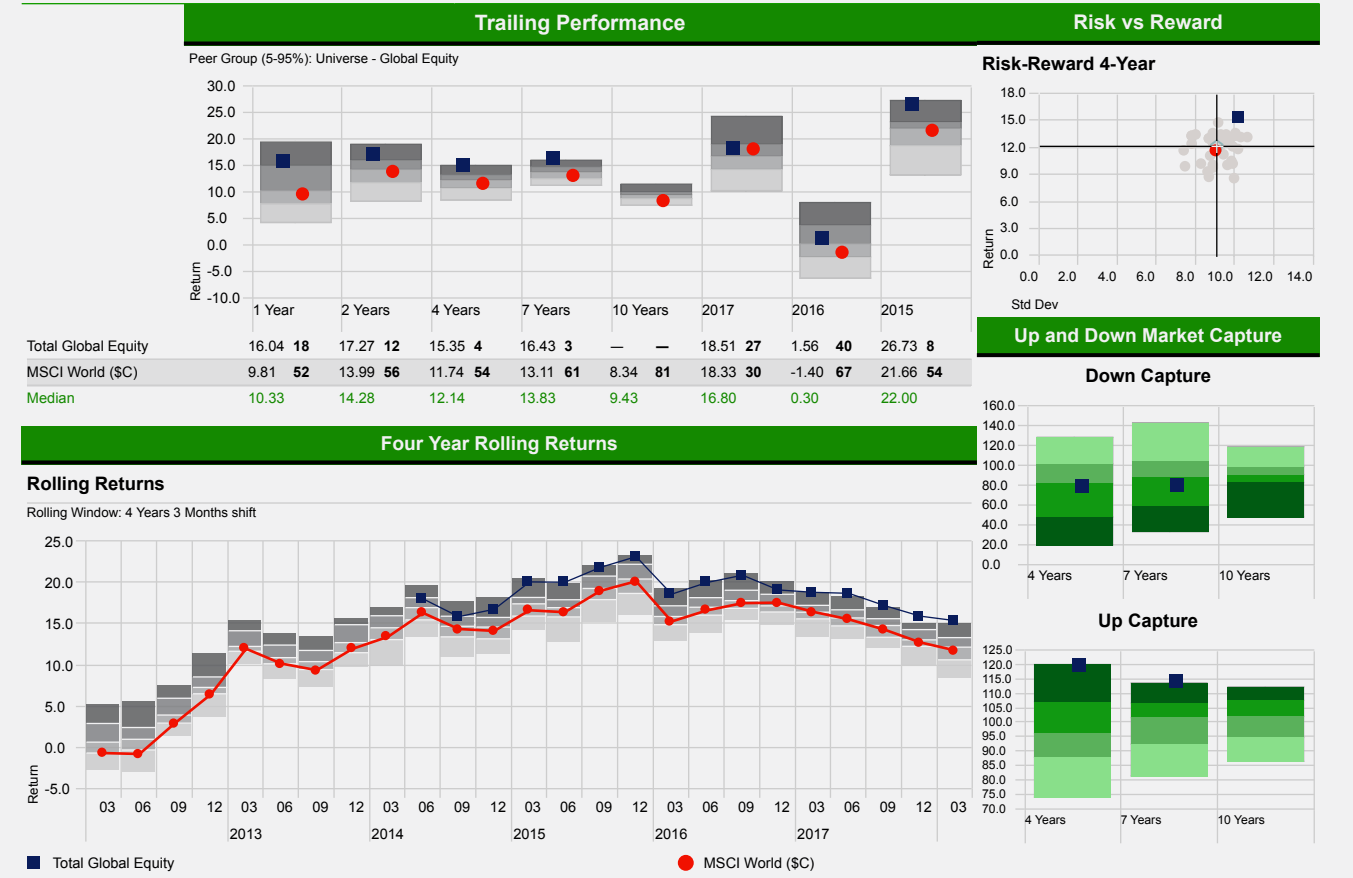
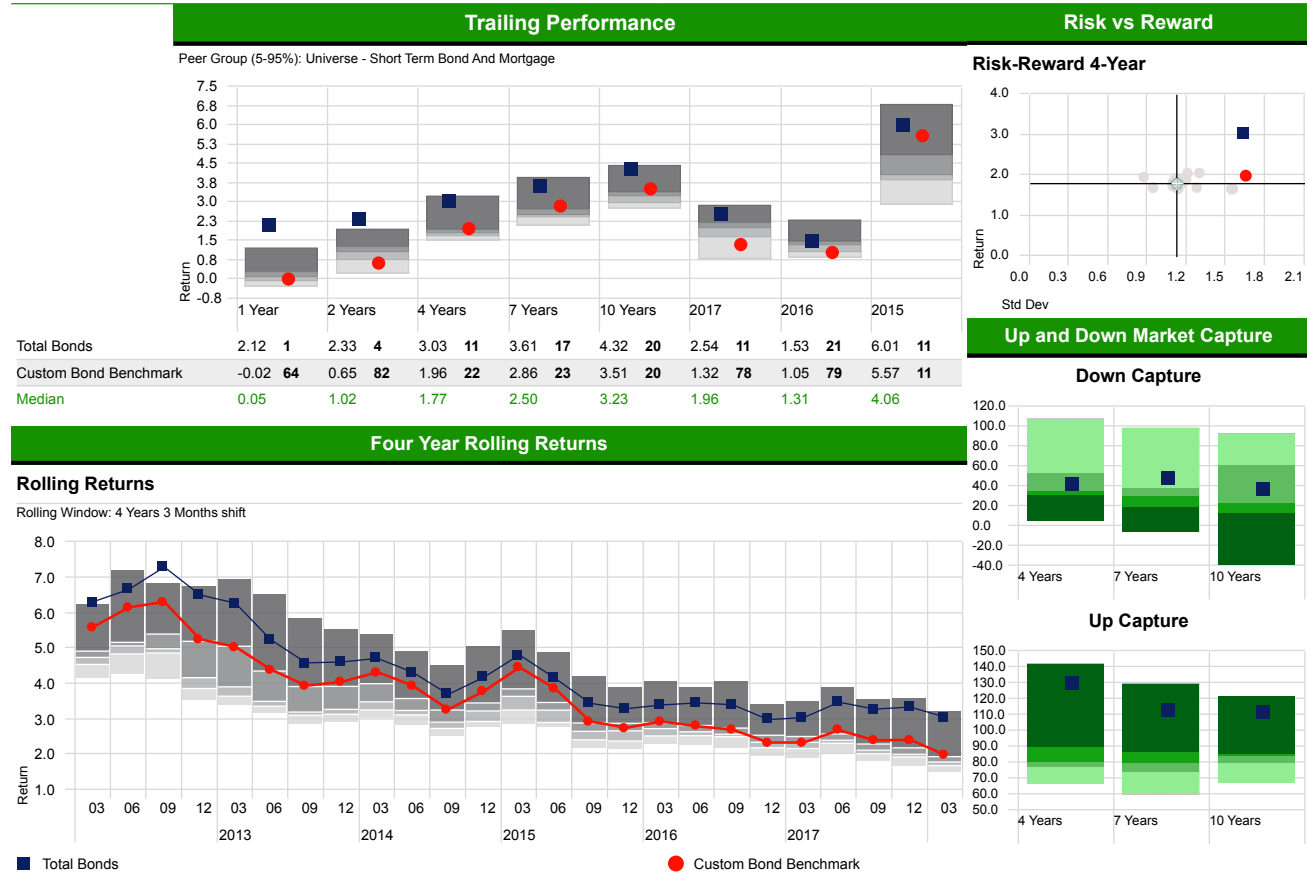
| Rates of Return by Managers | | | | | | | | | | | |
|---|---------------|------|-----|------|----|--------|----|--------|----|--------|----|
| Name | Market Value | MRQ | rk | FYTD | rk | 1-Year | rk | 2-Year | rk | 4-Year | rk |
| Fixed Income Mandate | | | | | | | | | | | |
| PH&N | \$ 7,166,306 | 0.7 | 4 | 2.1 | 1 | 2.1 | 1 | 2.3 | 4 | 3.0 | 11 |
| Custom Bond Benchmark ¹ | | 0.2 | | 0.0 | | 0.0 | | 0.7 | | 2.0 | |
| Value Added (Target 0.4%) | | 0.5 | | 2.1 | | 2.1 | | 1.7 | | 1.1 | |
| Total Equity Mandate | | | | | | | | | | | |
| Fiera Total Equity | \$ 35,424,038 | 0.1 | 9.8 | 9.8 | | 13.8 | | 10.9 | | | |
| Custom Total Equity Benchmark ² | | -1.5 | 5.8 | 5.8 | | 12.0 | | 8.3 | | | |
| Value Added (Target 1%) | | 1.6 | 4.1 | 4.1 | | 1.8 | | 2.6 | | | |
| Fiera Canadian Equity | \$ 17,310,014 | -2.8 | 22 | 3.9 | 31 | 3.9 | 31 | 10.4 | 36 | 6.4 | 34 |
| S&P/TSX Composite | | -4.5 | 1.7 | 1.7 | | 9.8 | | 4.8 | | | |
| Value Added (Target 1%) | | 1.7 | 2.2 | 2.2 | | 0.5 | | 1.6 | | | |
| Fiera Global Equity | \$ 18,094,706 | 3.1 | 21 | 16.0 | 18 | 16.0 | 18 | 17.3 | 12 | 15.3 | 4 |
| MSCI World (\$C) | | 1.6 | 9.8 | 9.8 | | 14.0 | | 11.7 | | | |
| Value Added (Target 1%) | | 1.5 | 6.2 | 6.2 | | 3.3 | | 3.6 | | | |
| Alternative Mandate | | | | | | | | | | | |
| Infrastructure | \$ 6,654,341 | | | | | | | | | | |
| Axiom | \$ 6,654,341 | 0.0 | | 4.5 | | 4.5 | | 7.4 | | | |
| Canadian CPI + 4% (Lagged) | | 1.9 | | 6.2 | | 6.2 | | 6.1 | | 5.7 | |
| Value Added | | -1.9 | | -1.7 | | -1.7 | | 1.3 | | | |
| Private Debt | \$ 11,163,034 | | | | | | | | | | |
| Romspen | \$ 6,419,299 | 2.1 | | 7.2 | | 7.2 | | 7.7 | | 7.8 | |
| Westcourt TFS Canada Bond Series III | \$ 3,000,000 | 2.0 | | 8.3 | | 8.3 | | | | | |
| Westcourt VPC SL Fund | \$ 1,743,735 | 1.6 | | 5.0 | | 5.0 | | | | | |
| Canadian CPI + 4% (Lagged) | | 1.9 | | 6.2 | | 6.2 | | 6.1 | | 5.7 | |
| Value Added (Romspen) | | 0.2 | | 1.1 | | 1.1 | | 1.6 | | 2.2 | |
| Value Added (Westcourt TFS Canada Bond) | | 0.1 | | 2.1 | | 2.1 | | | | | |
| Value Added (Westcourt VPC SL Fund) | | -0.3 | | -1.2 | | -1.2 | | | | | |
| Hedge Fund | \$ 5,910,559 | | | | | | | | | | |
| PH&N RBC MSAF³ | \$ 5,910,559 | 0.7 | | | | | | | | | |
| Canadian CPI + 4% (Lagged) | | 1.9 | | 6.2 | | 6.2 | | 6.1 | | 5.7 | |
| Value Added (PH&N RBC) | | -1.2 | | | | | | | | | |

¹ Current: 20% FTSE TMX Canada Universe Bond Index, 80% FTSE TMX Canada Short Term Bond Index
² Current: 50% S&P/TSX Composite Index, 50% MSCI World Index
³ Investment started in August 2017

Executive Summary Total Fund

As of 3/31/2018





| Firm Criteria | PH&N | Fiera | |
|---|--|-----------------|---------------|
| Change in Ownership | ✓ | ✓ | ✓ |
| Loss of key members | ✓ | ✓ | ✓ |
| Significant change to AJM | ✓ | ✓ | ✓ |
| Change of philosophy or process | ✓ | ✓ | ✓ |
| Product Criteria | Fixed Income | Canadian Equity | Global Equity |
| Gain/Loss of accounts | ✓ | ✓ | ✓ |
| Style consistent with strategy | ✓ | ✓ | ✓ |
| Performance relative to benchmark | ✓ | ✓ | ✓ |
| Performance relative to peer universe | ✓ | ✓ | ✓ |
| Risk metrics consistent with objectives | ✓ | ✓ | ✓ |
| Commentary | <p>The Fixed Income portfolio managed by PH&N is invested solely in the PH&N Mortgage Pension Trust since November 2017. The mandate returned 2.1% for the fiscal year ended March 2018, ahead of the custom fixed income benchmark return of 0%. The mandate ranks first quartile over each rolling four year period presented.</p> <p>The Canadian Equity Core fund ranks 31st percentile for the fiscal year, returning 3.9%. While the fund ranks 2nd quartile in the latest annualized four year ending March 2018, fund performance in the past has ranked below median over rolling four year periods.</p> <p>The Global Equity fund ranks 18th percentile at 16.0% for the fiscal year and continues to outperform the index. Together, the Total Equity mandate returned 9.8% for the twelve months ending March 2018, outperforming the custom benchmark by 4.1%. Over four years annualized, the Total Equity mandate added 2.6% to the custom benchmark.</p> <p>At the beginning of 2018, Nicolas Papageorgiou, who joined Fiera in 2016, was appointed as Chief Investment Officer at Fiera Capital, Canadian Division.</p> <p>In April, Fiera announced Ashish Chaturvedi, one of the two Senior Portfolio Managers managing the Canadian Equity Core strategy, is leaving the team to lead a new absolute return strategy, the Fiera Focused Market Neutral Fund. Nessim Mansoor, who joined Fiera in 2016 and leads Fiera's benchmark agnostic Canadian Equity strategy, will join the Canadian Equity Core team as one of the two Senior Portfolio Managers for the strategy.</p> | | |



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