

## Fiera Capital's CIA Accounting Discount Curve

Statistics on the Provincial AA-AAA and Corporate AA Subsets

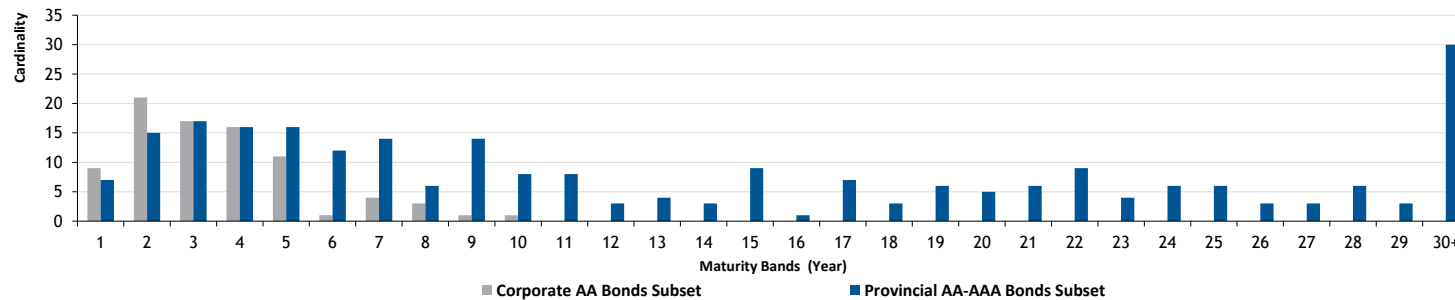
Production Date :

2020-04-30

Total # of Bonds in the Provincial AA-AAA Subset 250  
Total # of Bonds in the Corporate AA Subset 84

	Corporate Bonds			Provincial Bonds		
	Number of Bonds	Average Yield-to-Maturity	Average Spread over Canada Yield Curve (bps)	Number of Bonds	Average Yield-to-Maturity	Average Spread over Canada Yield Curve (bps)
Maturity Band 1 to 4.5 years	63	1.624	129.38	55	0.750	41.82
<b>Maturity Band 4.5 to 10.5 years</b>	<b>21</b>	<b>2.008</b>	<b>158.45 (A)</b>	<b>70</b>	<b>1.274</b>	<b>82.23 (B)</b>
Maturity Band 10.5 to 15.5 years	0	Not available	Not available	27	1.810	109.11
Maturity Band 15.5 to 20.5 years	0	Not available	Not available	22	2.137	116.70
Maturity Band 20.5 to 25.5 years	0	Not available	Not available	31	2.277	118.66
Maturity Band 25.5 to 30.5 years	0	Not available	Not available	21	2.293	116.74
Maturity Band 30.5 and over	0	Not available	Not available	24	2.326	120.45
				Average Corporate Spread (A)		<b>158.45</b>
				Average Provincial Spread (B)		<b>82.23</b>
				Spread Ratio (R)		<b>192.7%</b>

Distribution of the Provincial and Corporate Bonds Subsets by Annual Maturity Bands



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Due to special market circumstances, the synthetic portion of the Corporate AA curve based on the Spread Ratio proved to be inconsistent with actual bond yields observed in the market on April 30, 2020, such as the Corporate A-rated bond yields. As such, adjustments were required for the April 30, 2020 CIA Accounting Discount Curve.

The spot rates for maturities up to 17.5 years have been determined in accordance with the usual methodology, as per the CIA's Educational Note. Exceptionally for April 30, 2020, for maturities greater than 17.5 years, the spot rates were adjusted to make them converge to the 30-year spot rate of an A-rated corporate bonds curve. The universe of bonds used to construct the A-rated corporate bonds curve excludes quasi-governmental entities and is based on the average-rating methodology (as opposed to the best-rating methodology, which is used to select the AA-rated corporate bonds universe for the CIA Accounting Discount Curve). The resulting A-rated corporate bond universe consist of 320 bonds with minimum issue size over \$100M. The CIA Accounting Discount Curve was then adjusted from the 17.5-year spot rate (determined in accordance with the usual methodology) to the 30-year spot rate of this A-rated corporate bonds curve using the same parametric equation that is typically used (Nelson-Siegel-Svensson). Note that the 20-year, 25-year and 30-year spot rates under this special methodology are respectively 0.04%, 0.24% and 0.62% lower than the usual methodology.

Note that for information purposes, the Spread Ratio in the table above is presented using the usual methodology, and does not reflect the adjustments that were exceptionally applied in the long term.