

## BOARD GOVERNANCE MANUAL



**SECTION:** FINANCE and FUND DEVELOPMENT  
**NUMBER:** 5.3 - Investment Policies  
**DATE APPROVED:** February 6, 2012

### INVESTMENT POLICIES

Effective portfolio management is recognized by the Board to be a specialized and ongoing task. For reasons therefore of workload, harmony, expected performance and membership/support confidence, the day to day management and administration of The Cridge Centre for the Family's investment portfolio will be made the responsibility of one or more professional investment institutions.

Notwithstanding the above, the Board may establish a committee to self-direct the portfolio on a temporary renewable basis if it is deemed that exceptional and dedicated investment expertise is available on or to the Board and the appointed committee.

The Board assumes responsibility for establishing over all investment objectives and for selecting, retaining and if necessary, changing the portfolio management institution(s).

On behalf of the Board, the Treasurer or other designee, will monitor investment performance and, for the portfolio in total, adhere to the following criteria and objectives:

**Risk/Reward and Performance** - the equity components of the Fund(s) investment performance will be measured against the S & P/TSE 60 index and the S&P 500 index; cash and bond components will be measured against a relevant Bond Index

#### Eligible Securities

- ◆ Government of Canada and Provincial debt rated BBB or better
- ◆ Corporate debt of companies included in the S&P/TSE 60 rated A or better with a minimum outstanding float of \$150 million. Non callable debt is preferable
- ◆ Equities restricted to those included in the S&P/TSE 60, S&P 500 or NASDAQ 100
- ◆ Mutual Funds and Webs to be used for any non North American equity investment
- ◆ Covered Call options may be used considered for hedging and additional income
- ◆ Margin transactions are only permitted where the securities being purchased are government bonds in order to meet short term funding needs

#### Social Considerations

- ◆ Through their business practices and via the products they produce, the Board recognizes that the influence of some companies may be in opposition to The Cridge Centre for the Family's Mission and Purpose. To the extent it is clear cut, the portfolio will not knowingly include the securities of companies who:
  - produce weapon systems
  - produce alcohol and tobacco products
  - produce/distribute questionable products
  - produce products with bad safety records
  - damage the environment
  - discriminate against women and minority employees
- ◆ It is recognized that certain Index trusts may at times be in conflict with the above considerations

### **Asset Mix - General Fund**

- ◆ Individual equity issues must not exceed 10% of portfolio net asset value I.E. adherence to the prudent man rule
- ◆ Investments in foreign equities (via mutual funds or WEBS) may range from a minimum of 10% of portfolio net asset value to a maximum of 40%; in total, all equity holdings must not exceed 60%
- ◆ Recommended Asset Mix ranges are as follows:
  - CASH - min of 5% to a max of 25%
  - BONDS - min of 25% to a max of 60%
  - EQUITY - min of 25% to max 60% - to include Foreign Equity min of 10% & max 40%

### **Asset Mix - Endowment Fund**

- ◆ To reflect a longer term investment horizon of the Endowment Fund the Asset Mix may be:
  - Minimum of 40% to a max of 60% in Canadian and International Equities; utilizing the same investment vehicles as outlined in the General Fund
  - Minimum of 40% to a max of 60% bonds in a maturity ladder to a max of 30 years

### **Liquidity**

- ◆ The Finance Committee may set annual cash withdrawal from the 'Endowment Fund' to match the current level of interest rates in order to fund endowment disbursements.

### **Reporting Expectations and Performance Evaluation**

- ◆ Once authorized by the Board, and subject to the preceding criteria, the investment institution(s) may make changes to the securities they manage without approval or knowledge of the Board. It is required however, that a copy of all transactions, or a statement of it, be forwarded to the Board's representative within a month of the transaction;
- ◆ Additional, the management will be expected to provide quarterly or semi-annual reports detailing securities held and current market values. It is highly desirable that such reports show the annualized time-weighted rate of return for the period (i.e. the return adjusted for any withdrawals or payments made by the Centre during the period.);
- ◆ Through telephone or personal contact, the investment institution will be expected to provide a continuous flow of information concerning the portfolio's performance and the firm's current investment thinking; and
- ◆ Once a year consultation will be held between the Board or the Finance Committee and the investment institution(s) to discuss performance and consider overall changes to strategy and/or investment policy.

### **Investment Policy for the Endowment Fund**

- ◆ Funds in the Endowment Fund shall be invested in order to achieve growth at least equal to the rate of return as measured against those indices outlined above.

### **Review of Financial Services**

- ◆ The providers of all financial services which The Cridge Centre for the Family purchases from will be reviewed on a regular basis by the Finance Committee.
- ◆ There will be a Board review every 5 years of the investment houses, insurance agents, auditors and The Cridge Centre for the Family financial institution and if needed, tenders will be invited.

### **Deposits and Withdrawals – General Fund**

- ◆ To make the most of the Cridge's financial assets, the CEO may from time to time transfer operating funds to the portfolio and withdraw such funds as needed. The CEO will report such portfolio deposits and withdrawals to the board at the next Board meeting.
- ◆ Withdrawals of operating funds will be without interest.
- ◆ No withdrawals of non-operating funds may be made without prior board approval.

## **Deposits and Withdrawals – Endowment**

- ◆ The CEO may make interest withdrawals from the endowment portfolio when the market value is higher than the cost value and produces an interest income. These funds will be allocated to operational endowment expenditure lines based on the proportional value of the individual endowment funds.