

<b>Department:</b>	Finance and Administration
<b>Approved by:</b>	SPC Foundation Board
<b>Operational Lead:</b>	Manager, Finance
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Policy Title:

## SPC Foundation Investment Policy

### 1 POLICY

1.01 The Surrey Place Centre Charitable Foundation (SPCCF) investment portfolio is intended to provide financial support to help achieve the vision and mission of SPCCF. SPCCF investment activities are governed by the Trustee Act of Ontario.

### 2 PURPOSE

2.01 The purpose of this Statement of Policy and Procedure is to establish internal controls over SPCCF investments with respect to the:

- a) Requirements of the Trustee Act of Ontario
- b) Bi-laws of the SPCCF
- c) The risk-return objectives of the SPCCF Board of Directors

### 3 SCOPE

3.01 This policy applies to all individuals involved in the investment of funds on behalf of SPCCF.

### 4 RESPONSIBILITY

4.01 The Board of Directors of SPCCF is responsible for:

- a) The management of the Foundation's investment portfolio
- b) Designating responsibility to the SPC Finance Committee for portfolio oversight
- c) Receipt and approval of Finance Committee portfolio recommendations
- d) Appointing an Investment Manager

4.02 The Finance Committee is responsible for:

- a) Reviewing the investment policy, portfolio performance and formulating and presenting recommendations to the SPCCF Board of Directors
- b) Acting as a liaison between the SPCCF Board of Directors and the Investment Manager

4.03 The Investment Manager is responsible for:

- a) Day-to-day investment management of the portfolio subject to this policy

- b) Provision of regular reports to and meeting with the SPCCF Board of Directors or its delegate (s)
  - c) Recommending changes to this policy or the investment portfolio to the SPC Finance Committee and SPCCF Board of Directors
- 4.04 The VP, Finance and Administration and/or their delegate is responsible for carrying out SPCCF Board of Directors and Finance Committee requests with the Investment Manager.

## 5 DEFINITIONS

- 5.01 **Dominion Bond Rating Services (DBRS)** - A globally recognized provider of timely credit rating opinions across financial institutions, corporate entities, government bodies and various structured finance product groups
- 5.02 **Low (or no) Risk** – A conservative investment such as a Canada Savings Bond that pays a fixed interest rate based on current rates that is virtually risk free.
- 5.03 **Moderate (to high) Risk** – An investment that is not guaranteed and has a greater possibility of losing the principal that has been invested. As the potential for a higher return increases, so does the risk associated with that investment.

## 6 REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

- 6.01 Definition references per Scotiabank’s Investment Glossary  
<http://www.scotiabank.com/ca/en/0,,2672,00.html>
- 6.02 Investment ratings per DBRS definitions  
<http://www.dbrs.com/ratingPolicies/list/name/rating+scales>

## 7 PROCEDURES

- 7.01 The SPCCF investment portfolio should be structured and managed to:
- a) Comply with all applicable legal and regulatory requirements and constraints
  - b) Preserve its capital
  - c) Achieve a long term rate of return that equals or exceeds appropriate benchmarks
  - d) Maintain an appropriate degree of liquidity and provide cash flow adequate to meet the requirements of the SPCCF Board of Directors
- 7.02 The portfolio investment goal is to achieve a moderate return on investment as reflected in a long term horizon and benchmark asset allocation of:

Asset Class	Minimum	Maximum	Benchmark Allocation
Cash or Fixed Income	40%	80%	60%
Canadian Equities	10%	30%	20%
International Equities	10%	30%	20%

- 7.03 To achieve the long term horizon and desired moderate return, approved investments are defined as follows:
- a) Cash or cash equivalents should consist of money market and short-term fixed income securities with terms to maturity of 0 to 12 months. Investments should have a minimum credit rating of R-1 (revolving credit, high quality, not susceptible) (DBRS).
  - b) Fixed income securities shall consist of bonds, debentures or preferred shares.
  - c) Bonds and debentures should have an average credit rating of BBB (good quality, somewhat susceptible) (DBRS) at the time of purchase and be liquid.
  - d) Preferred shares should have a minimum credit rating PFD-2 (satisfactory quality) (DBRS).
  - e) Investments in foreign currency fixed income securities shall not normally exceed 15% of the portfolio.
  - f) Equities shall consist of common stocks, trust units, rights, warranties, installment receipts or other instruments convertible into common shares.
  - g) Individual equities or equities held within equity funds must be listed on a major stock exchange, be of investment-grade (low risk of default) quality and be liquid.
  - h) No individual equity holding shall exceed 10% of the market value of the equities portion of the portfolio.
  - i) Holdings within individual asset categories must be reasonably diversified
- 7.04 The Investment Manager may deviate from the maximum and minimum set out above for brief periods of time under certain circumstances, e.g., if capital market pricing fluctuations move the Portfolios outside of permitted asset mix ranges but it is expected that additional fluctuations in the short term will move it back “onside” or if the Manager is planning to re-balance the Portfolios within a short time frame. In these instances, the Manager shall inform the Chair of the Finance Committee of the situation only if it is expected to persist beyond a period of one calendar quarter.
- 7.05 The Investment Manager is required to:
- a) Submit written investment reports at least quarterly detailing investment categories and performance based on current best practice reporting guidelines
  - b) Meet with the SPCCF Board of Directors or its delegate at least once per year to report on compliance with this policy, portfolio performance, existing or anticipated economic and investment conditions and proposed investment strategies
- 7.06 All portfolio related investment activities are bound by Surrey Place Centre’s Conflict of Interest Policy and Code of Conduct.

## 8 Attachments

None noted.