

## EducationMatters

### GOVERNANCE DOCUMENTS

<b>SECTION: III. POLICIES OF THE BOARD</b>		<b>POLICY: 11.02 Investment Policy</b>
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1. Short Term Investment Portfolio
  - a. Objectives
    - i. maximizing investment earnings within a low risk framework and maintaining liquidity to ensure timely settlement of financial obligations.
    - ii. Preservation of capital is an important additional objective.
  - b. Investment Vehicles
    - i. The portfolio will be invested entirely in money market securities issued by Canadian governments or corporations
    - ii. All money market securities will be rated R-1 or better (low risk blue chip institutional investments)
    - iii. No investment in debt obligations of any one company or issuer will exceed 5% of the total portfolio value at the time the investment is made.
    - iv. For corporate debt obligations, the cumulative investment in any one industry sector will not exceed 25% of the total portfolio.
  
2. Endowment or Balanced Fund Investments
  - a. Objectives
    - i. to preserve the capital of the fund and generate an average annual return on market value equal to or greater than the following minimum target
  - b. Rate of Return
    - i. Annual target rate of return of 6% should accommodate our internal policy spending policy of 4.5% plus administrative fees that range between 1 – 1.5%. As well we expect that our investment returns will protect fund capital against annual inflation resulting in an expected average return of 8-10%.
  - c. Investment Mix
    - i. Our long term asset mix will consist of Canadian fixed income securities as well as equity investments. The range of equity investments will fluctuate between 50 – 70% (target 40% Fixed and 60% Equity). Equity targets will include a mix of 50-60% Non-Canadian and 40-50% Canadian equities.
    - ii. The fund will not invest in derivative instruments except for the purpose of hedging the portfolio or enhancing fundamental investment strategies within the objectives
    - iii. A maximum of 10% of the market value of the endowment fund to be held in cash or short term investments
    - iv. Bonds and Short Term:
      1. No more than 10% of the bond portfolio market value is invested in the issues of one province or provincial guarantee
      2. No more than 5% of the bond portfolio market value is invested in the issues of any one corporation or municipality

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3. No bonds shall have a rating lower than 'BBB-' (or equivalent) and 90% of the market value of bonds must have a rating of 'A-' (or equivalent) or better
  4. No single "BBB" rated bond issuer shall represent more than 2.5% of the bond portfolio at the time of purchase
  5. The weighted average quality rating for bonds will be maintained at "A" or better
  6. No more than 10% of the market value shall be invested in any one corporate issuer
  7. Limited to government paper and high quality corporate paper rated R-1 or better
- v. Equities:
1. The fund investment in a corporation shall not exceed 5% of the equity of the corporation
  2. Equities shall be primarily publicly traded common equities listed on major stock exchanges
  3. Preferred shares shall be purchased only when the return justifies the purchase for a non-taxable entity
  4. No more than 2% of the market value of total equities is to reside in corporations with individual capitalizations of less than \$250 million
3. Reporting
- a. Portfolio transactions will be reported monthly to staff and investment results for the current quarter and fiscal year to date will be reported quarterly to the Board