

Investment Policy

Revised and approved by the Board of Directors, May 2011

Scope of the Policy

This investment policy covers all monies that generate interest income, including investments held for the long term, the Laura's Hope Fund and cash held for operating purposes, and provides for differential treatment according to their purpose.

Investment Objectives

The objectives of this investment policy are to maximize investment income to:

1. Preserve the base of investment capital, such that growth in the market value of the investments shall, at a minimum, keep pace with inflation plus fees to maintain the inflation adjusted value of the capital invested;
2. Generate income to be used in ongoing Society operations;
3. Provide cash in the event of a shortfall in donations and other revenue.

The Investment Committee

The Investment Committee shall carry out the Society's investment policies; including ensuring all funds are invested in accordance with policy; reviewing the performance of the investment portfolio relative to established benchmarks; and assessing the appropriateness of these policies at least once every three years.

More specifically, the Investment Committee selects an external investment manager or advisor, and approves the following: specific asset classes and asset characteristics; sectors, risk tolerances, investment funds and applicable performance benchmarks. The Investment Committee monitors the performance of the external manager, keeps the Board of Directors current about investments returns as well as material changes in investment strategy.

Cash Equivalents

Monies required for immediate operating needs shall be held as cash equivalents and managed by an external manager. Cash equivalents are to be rated R-1 according to Dominion Bond Rating Service with terms not to exceed one year. Allowable instruments include Government of Canada or Provincial Treasury Bills, Bankers Acceptances, and Commercial Paper.

Investment Guidelines for Non Cash Equivalents

That portion of the Society's funds which are not required to be held as cash equivalents shall be invested by an external manager(s) as follows:

1. Asset Mix The Society's investment portfolio will have a target asset mix of 50% equities and 50% bonds over the long term. The maximum leeway to this target is a low equity to bonds ratio of down to 35% equity/65% bonds up to a high equity ratio of 60% equity/40% bonds.

2. Equities The specific makeup of the equity portfolio will be approved by the Investment Committee; but shall include low risk, high quality investments. Equity investments shall be held to maintain portfolio diversification giving recognition to such issues as Canadian versus foreign content, industry diversification, and diversification in the size of the invested companies.

3. Tranches New monies will be metered into the investment funds in multiple tranches spread over a period of time. When necessary, the same process will be used to adjust the asset mix.

4. Margin of Safety The market value of the total investment portfolio of the Society should always be more than 50% of budgeted expenditures over the next 12 months. The value of the portfolio should be calculated annually and should allow for a possible decline in the market value of the portfolio of invested assets. Equities and bonds are to be discounted by 20% and 10% respectively when performing this calculation. If the resultant number does not provide the 50% cushion mentioned above then the Committee should recommend that the Board take appropriate action. Such actions, which must be duly recorded in the minutes, may include converting bond and equities into cash equivalents or imposing a temporary moratorium on the expenditure of investment capital and income.