

# Society of St. Vincent de Paul Toronto Central Council

## Policy Manual

**Policy:** Investment Policy  
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### Statement of Intent or Purpose:

This statement of investment policy (the Policy) applies to the assets (The Funds) accumulated by the Society of St. Vincent de Paul, Toronto Central Council (the Society) for the purpose of contributing towards the support of its capital and operations and providing for restricted purposes if any, as designated by the Funds' donors.

The Funds are to be managed with regards to the requirements, as these may apply from time to time, of the Ontario Public Trustee, Canada Revenue Agency and any other prevailing authority under which the Society is governed.

The purpose of the Policy is to establish investment principles and guidelines appropriate for the purposes for which the Funds are maintained.

Any external investment manager (the Manager) or other agent or advisor providing investment service for the Funds shall accept and adhere to this Policy.

### Procedures:

1. The Society's Board of Directors (the Board) has delegated responsibility for the Funds management to the Society's Finance Committee (the Committee). The Committee has the following responsibilities with regards to the Funds management:

- (a) Developing investment policy and amendments.
- (b) Establishing investment management structure and selecting investment managers where deemed appropriate.
- (c) Monitoring investment results.
- (d) Ensuring compliance with the Board approved ethical fundraising policy.

The activities of the Committee will be reported to the Board through the Committee chair.

## **2. FUNDS OVERVIEW:**

The Society is a non profit organization with registered Canadian charitable status and, as such, none of the investment income on the Fund is subject to tax of any kind.

Where there may be both restricted and unrestricted Funds for management and although each of the Funds may have a different expectation for contributions and payments, it is in the best interests of all the Funds to commingle the assets *to the extent permitted for investing* because:

- (a) All the Funds have the same broad investment objective of achieving a higher rate of return at an acceptable level of risk.
- (b) Commingling will provide greater investment and diversification opportunities.
- (c) Commingling will allow more cost-effective asset management.

It is expected required payments will normally exceed contributions to the Funds on an annual basis. As a result, liquidity is an important consideration in developing the Policy and investments must be reasonably liquid.

## **3. RETURN\RISK CONSIDERATIONS:**

The primary objectives of the Policy are:

- (a) Maintaining the safety of capital.
- (b) Effectively using accumulated assets.
- (c) Maximizing returns at an acceptable level of risk.

A long term view for the investments is required to maximize the long-term rate of asset growth. Shorter-term volatility of return is also a concern and this Policy is designed to provide an acceptable balance between short-term volatility and long-term growth.

Maintaining diversification among various asset classes and diversification of securities within each asset class should minimize risk and volatility.

## **4. PERMITTED CATEGORIES OF INVESTMENTS:**

- (a) Bonds, debentures, mortgages, mortgage-backed securities, notes or other debt instruments of governments.
- (b) Guaranteed investment contracts or equivalent financial instruments of insurance companies, trust companies, banks or other eligible issuers, or funds that invest primarily in such instruments.

(c) Term deposits or similar instruments issued or unconditionally guaranteed by the Canadian Deposit Insurance Corporation “CDIC” or \$500,000 maximum with a Schedule A Bank.

(d) Cash or money market securities issued by governments, trust companies, banks, “governments” includes federal, provincial, and municipal governments.

## **5. DIVERSIFICATION AND QUALITY CONSTRAINTS:**

Risk of price fluctuations within asset classes and the uncertainty of future economic and investment scenarios dictate prudent diversification by investing in asset classes whose expected return correlation provide overall risk reduction for the fund.

The Committee shall ensure the approved investment manager has an appropriate investment policy with reasonable diversification standards for any Pooled Funds.

## **6. LOANS AND BORROWING:**

No part of the Funds shall be loaned to any individual.

Lending the Funds Securities is not permitted unless it occurs through the operation of a Pooled Fund.

Borrowing on behalf of the Funds is not permitted.

## **7. VALUATION OF INVESTMENTS:**

Investments in publicly traded securities shall be valued no less than monthly at their market value.

Pooled Funds shall be valued according to the unit values published at least monthly by the Manager.

## **8. VOTING RIGHTS:**

Responsibility for exercising and directing voting rights acquired through Pooled Fund investments shall be delegated to the Manager, who shall at all times act prudently and in the best interests of the Funds. The Manager shall provide its voting rights policy to the Committee.

Any rights acquired to exercise the votes of Pooled Fund units shall be the responsibility of the Committee, which shall vote in the best interest of the Funds.

## **9. MONITORING:**

As deemed appropriate professional investment manager(s) will be appointed by the Committee when it is satisfied with their suitability and competence to act as agents for the Funds. The Committee shall also make changes, from time to time, that is deemed in the best interest of the Funds.

The Committee shall normally meet at intervals of not less than once every six months to:

- (a) Monitor compliance with the Policy.
- (b) Review the current asset mix and take any action necessary to ensure compliance with this Policy.
- (c) Review the current economic outlook and investment plans of each Manager when applicable.
- (d) Evaluate Fund performance with the benchmark indexes for each Manager when applicable.
- (e) Review the assets and net cash flow of the Funds.

An overall analysis of Fund performance shall be prepared at least annually by the Committee including the rate of return of the Fund and the return and risk level that could have been achieved by passive investment in index funds.

## **10. POLICY REVIEW:**

This Policy shall be reviewed at least annually or whenever a major change is necessary. Such a review may be caused by:

- (a) A fundamental change in the expected net cash flow of the Funds.
- (b) Significant revisions to the expected long-term trade-off between risk and reward on key assets classes normally dependant upon basic economic political and social factors.
- (c) A significant shift in the financial risk tolerance of the Society.
- (d) Shortcomings of the Policy that emerge in its practical application or substantive modifications recommended to the Committee by a Manager.
- (e) Applicable changes in legislation.

