



Investment Policies

Different Musts for Different Trusts

2015 OLTA Gathering



Investment Committee

- Composition:
- Investment professionals
- Chartered Accountants



Investment Committee

- Investment Fund Managers
- Retired brokers
- CEO's
- Successful business owners with proven Investment exp.
- CA's



Early Beginnings

Investments restricted to:

- Bank Savings Accounts
- T-Bills & GIC's
- Guaranteed protection of Principal



Early Beginnings

Straying from guaranteed investments vehicles requires:

- In-house expertise
- Sufficient Funds





Investment Policy Objective

- Establish a series of stable funds to support specific Land Trust activities



Separate Funds For

- Stewardship costs
- Land acquisition costs of new properties including purchase
- Bursaries for scientific research or furthering appreciation of natural heritage
- Sustainability -Annual Operations over the long-term



Investment Protocol

- To invest the funds in a manner, which will provide an investment return
- while meeting the requirements for each individual fund.
- Conservatively - an overall objective of maximizing income



Investment Protocol

- consistent with the preservation and appreciation of capital
- earning sufficient income to cover expenses associated with the applicable funds.



Specific Objectives

- ROI – portfolio designed to produce return consistent with the requirement to conserve capital, match or exceed inflation and ultimately to achieve enough earnings annually to meet the operating needs set out for each of the funds.



Liquidity

- all investments shall be in marketable investments
- and be able to meet the cash requirements of the funds



Permitted Investments

- (a) common stocks, convertible debentures or preferred securities
- (b) bonds, debentures, mortgages, notes or other debt instruments of Canadian governments, government agencies, or corporations, coupons and residuals
- (c) income trusts (including REITs)



Permitted Investments

- (d) cash, or money market securities issued by governments, government agencies or corporations
- (e) Exchange Traded Funds (ETF's) based on Canadian securities, traded on Canadian markets



Permitted Investments

- (f) GIC's or equivalent of insurance companies, trust companies, banks or other eligible issuers
- (g) term deposits or similar instruments issued or unconditionally guaranteed by trust companies or banks



Investment Options

- Various capital funds have different purposes and different needs
- Different investment options may be used for the funds and they may be held in separate accounts to reflect the different investment types and to assist in tracking.
- The needs and purpose of the individual funds will be considered when evaluating investment options.



Investment Constraints

- Equity content of the Fund:
- (a) Not more than 10% of market value of the total fund invested in the common stock, preferred shares or other equity issues of any one corporation;
- (b) equity holdings shall be broadly diversified by industry;



Investment Constraints

- (c) Canadian equity portion of the portfolio, not more than 25% invested in stocks having a market capitalization less than \$1 billion, including closely-held shares, and not more than 20% shall be invested in stocks that are not members of the S&P/TSX 300 Composite index.



Fund Debt Content

- (a) unrated debt and debt rated below A is not permitted (the debt ratings shall be the debt ratings of the debt at the time the debt is purchased);
- (b) not more than 5% shall be invested in the debt of a single issuer other than in debt issues of, or fully guaranteed by, the government of Canada or any provincial government having a debt rating of at least "A".



Delegation of authority to make investments

- Dictated by the Investment Policy
- Treasurer with support from Investment & Capital Fund Committee and where appropriate, the Board of Directors
- No person may engage in an investment transaction on behalf of the GBLT except as provided under the terms of this policy



Stewarding Investments

Committee meets 6 times per yr. to:

- (a) monitor Manager's compliance with policy
- (b) review economic outlook and investment plans for the Manager
- (c) Review Manager performance



Stewarding Investments

Committee meets 6 times per yr. to:

- (d) review the current asset mix and take any action necessary to ensure compliance with policy
- (e) evaluate statistics on the investment performance of the Fund



Stewardship Funds

Generate interest or gains to support stewardship costs for properties owned or managed

Long-term growth of the capital is the objective, allowing the funds to continue to grow with and without new donations.

Invested in long-term, balanced investments of equities and fixed income.



Stewardship Funds

Management is specified in the directions to the Investment Manager

Balancing of investments reviewed by the Investment Committee on an annual basis or when deemed necessary by market conditions.



Land Acquisition Fund

- Capital and gains used on a regular basis for both purchases and land protection
- Where necessary, borrowed internally for cash flow purposes (see Related Policies - Operating Funds Borrowing below),
- Funds will be in more secure investments with no principal risk, such as T-bills or government guaranteed money market instruments.



Working Capital Fund

- This fund is unrestricted and is used as a source of funds for two main purposes
- stabilizing cash flow
- providing seed money - new projects
- plan for repayment to ensure that the capital is not eroded.



Working Capital Fund

Used only when necessary for managing cash flow during the year,

Managed by the ED and Treasurer

Approved by the Board of Directors to ensure that use of the funds can be recovered by revenue at the end of the fiscal year

New projects – plan for repayment required



Working Capital Fund

- Given that the funds are used throughout the year, the funds may be invested in short-term secure investments with no principal risk.



Other Funds

A minimum of \$20,000 in capital is required for the establishment of a fund.

Neighbourhood Stewardship Funds

Bursary Funds

Special Project Funds



Expenditures

- Net income generated from the Long term Funds will be transferred to operating at the rate of 1% per quarter to cover property stewardship related or other specified expenses.
- Any income above this level, including capital gains or losses, whether realized or not, are to remain within the Long term Funds



Expenditures

- The Working Capital Fund can be used to cover extraordinary operating or program expenses (Board Approval)



Expenditures

- Land Acquisition Fund - income, gains and/or principal available to cover anticipated expenses related to purchase and/or acquisition of property.
- Expenditures of the gains and/or principal of the Land Acquisition Fund require Board approval – budget or special resolution



Dealing With Shares

- Standard practice is to sell the shares/stocks/bonds upon receipt of the gift.
- Exceptions will be considered at the request of the donor, as reviewed by the Investment & Capital Fund Committee.





Thank you

For Not Falling Asleep

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