



# Investment Policies

*Different Musts for Different Trusts*

2018 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



## Beta

- A security's beta is calculated by dividing the covariance of the security's returns and the benchmark's returns by the variance of the benchmark's returns over a specified period.



# Beta

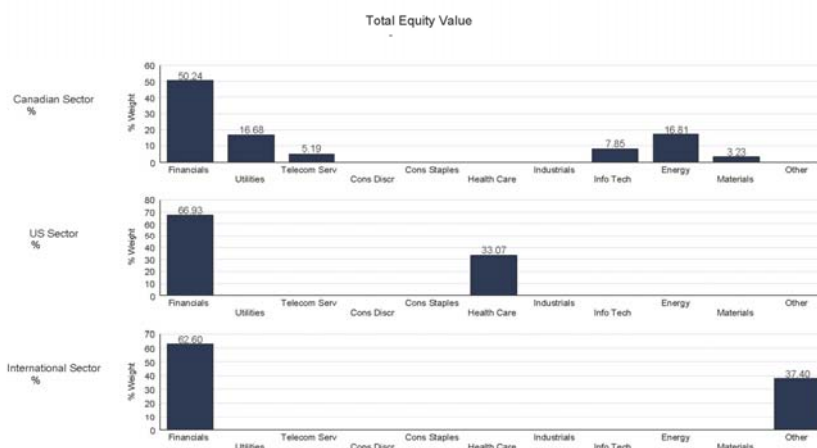
- We move portfolio into stocks with beta <1 in down trending market
- We do not invest in equities with high beta

## Equity Summary

GBLT INV

Total Equity by Sector

As at May 28, 2018



Other sector includes the following categories: Investment Funds, Mutual Funds, Post Funds, Common Trust Funds, Index Replicating Vehicles, Limited Partnerships, Income Trusts, Real Estate

Asset Management

RBC Dominion Securities

Reported in CAD



## GB Land Trust - % Equity Allocation

- 
- Canada 65
- Global 7
- USA 20
- Fixed Income 8
- 
- These ratios will vary dependent upon markets



## Early Beginnings

Straying from guaranteed investments vehicles requires:

- In-house expertise
- Sufficient Funds

An aerial photograph of a coastal region with several small islands and a complex network of waterways. A semi-transparent map overlay is visible in the lower right quadrant, showing a red and white striped pattern. In the top left corner, there is a circular logo for the Georgian Bay Land Trust, featuring a tree and the text "GEORGIAN BAY LAND TRUST".

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



## Endowment Funds

- Always carried at book (donated) value
- Earnings/unrealized gains allocated to other internally restricted funds



## 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.





## 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





## 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 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
- Board Investment Director directs investments not broker
- No person may engage in an investment except as provided under the 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.



## 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





## 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



## 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.

