

Land Securement and Property Maintenance Reserve Fund Investment Policy Statement
[ORGANIZATION]
[DATE]

Purpose

The purpose of this investment policy is to provide direction and an accountability structure in the execution and management of investment transactions for the land securement and property maintenance reserve fund.

Land Securement and Property Maintenance Fund

This fund, created and implemented by By Law #4 approved by the Board of Directors [DATE] and confirmed by the members [DATE], consists of funds held in reserve for the purposes stipulated by By Law #4. Designated donations with instructions from donors and, dependent on the [ORGANIZATION] cash flow requirements, as determined periodically by staff, surplus funds may be placed in this fund, or funds may be withdrawn, by resolution of the Board of Directors upon the recommendation of the Treasurer or senior staff.

Investment Objectives

The [ORGANIZATION]'s objective is to generate a total investment return that protects the purchasing power of the capital component, recovers the cost of managing and administering the funds and generates a reasonable return. The minimum real return objective is 2.5% per annum. This real rate of return may not be achieved in each and every year; however, the Portfolio is expected to generate this minimum return on investments over rolling 3 to 5 year periods, subject to money market conditions. It is preferred that the portfolio exceed this return.

The [ORGANIZATION] may disburse at a minimum such amount as may be required to meet its disbursement test under the *Income Tax Act* (Canada). The current requirement is 3.5%.

A portion of these funds, as determined by cash flow projections, may be required on 90 days notice and are not suited for long term investment. The objectives of the land securement and property maintenance reserve investment fund are:

- to preserve the nominal cash value of the fund,
- to maximize the income from the fund, and
- to meet the liquidity needs of the [ORGANIZATION] land securement and property maintenance, as determined quarterly.

Communication

The [ORGANIZATION] Board of Directors shall appoint the Treasurer and/or the Executive Director to authorize trades and to report to the Board regularly to ensure the consistency of trades to this policy statement.

Legal and Regulatory Status

The [ORGANIZATION] is registered with the Canada Revenue agency as a charitable organization. Its year-end is June 30.

Investment Time Horizon

A portfolio's investment time horizon is an important factor in determining its investment strategy. The period over which a particular investment strategy can or will be maintained has a direct bearing on the likelihood that it will generate its targeted rate of return within that period and within acceptable risk parameters.

The [ORGANIZATION] will exist in perpetuity. For planning and Portfolio structuring purposes, it will be assumed that the investment time horizon of the Portfolio is 3 years. It should be noted, however, that this Investment Policy Statement will be reviewed on at least an annual basis.

Liquidity and Income Requirements

The Portfolio requires sufficient liquidity to support the [ORGANIZATION]'s disbursement requirements on a timely basis. There will be 90 days notice of any anticipated large cash withdrawals.

Permitted Asset Classes and Investment Benchmarks:

Until the following permitted asset classes are amended with the approval of the [ORGANIZATION] Board of Directors, only those investments which qualify in one or more of the following classes of assets shall be made for the [ORGANIZATION].

1. Bonds, "A(low)" rated or better, based on DBRS (Dominion Bond Rating Service) ratings.
2. Treasury Bills issued by the Canadian Government or any of the Provinces.
3. Money market instruments issued by a Canadian Corporation. Such instruments to be rated R-1 middle or better by DBRS and have an initial maturity of less than one year.
4. Term Deposits or similar instruments issued by or unconditionally guaranteed by a major Canadian Bank, Trust Company or Credit Union.
5. Cash deposited with a bank owned investment dealer.
6. Cash on deposit with a Canadian Chartered Bank.

Additions to the category of permitted investment shall be reviewed at least annually by the Board of Directors in accordance with their obligations under the Ontario Trustee Act.

Recommended Asset Mix

Given the Portfolio's liquidity and income requirements, the following 'benchmark' or long-term strategic asset allocation, and permissible asset class holding ranges are as follows:

Asset Class	Benchmark Allocation	Permissible Range
Cash and cash Equivalents	30.00%	± 10%
Fixed Income Instruments	70.00%	±10%
Total Fixed Income	100.00%	

Additional Constraints, Inclusions and Exclusions

The Portfolio as a whole and each asset class represented in the Portfolio must be reasonably diversified.

All investments must be reasonably liquid at the time of purchase and thereafter. In the event that the Investment Counselor or Financial Advisor forecasts an impairment in the liquidity of an investment, the Investment Counselor or Financial Advisor will make all reasonable efforts to liquidate the investment on a timely basis.

Overdraft positions are not to be intentionally created.

The [ORGANIZATION] reserves the right to instruct the Investment Counselor or Financial Advisor to exclude any asset, security or category of investment and will notify the Investment Counselor or Financial Advisor by written notice in the event that such restrictions are to be imposed.

The [ORGANIZATION] may place further constraints, limitations or requirements on the Portfolio in order to achieve specific short-term objectives.

Gifts or donations consisting of marketable securities transferred into the Portfolio will be liquidated as soon as practicably possible.

Investment Counselor or Financial Advisor

The Ontario Trustee Act requires the [ORGANIZATION] to manage its investments with the care, skill, diligence and judgment that a prudent investor would exercise in making investments. The Act permits a charity to manage its investment assets on its own or, subject to meeting certain requirements, delegate this responsibility to an investment counselor or financial advisor. In either case the directors of the [ORGANIZATION] retain responsibility for reviewing assets regularly.

In keeping with the Ontario Trustee Act, the [ORGANIZATION] will obtain investment advice when there is limited investment knowledge or expertise within the [ORGANIZATION] or when investment assets exceed \$50,000. The [ORGANIZATION] will delegate investment functions when additional income anticipated to be earned is expected to more than offset the additional related expense.

The Act requires that a charity exercise prudence in the selection of an investment counselor or financial advisor whether it be for the obtaining of investment advice or managing investments. At the current time there are no regulations outlining the required qualifications of such investment counselors or financial advisors, however the [ORGANIZATION] will ensure:

the investment counselor or financial advisor and firm being retained will be registered with the Ontario Securities Commission,

the investment counselor or financial advisor and firm being retained will have the appropriate level of

licensing,

the investment counselor or financial advisor should have a demonstrated understanding of charity law and trust law in addition to investment knowledge and experience,

any investment counselor or financial advisor or firm retained by the [ORGANIZATION] should not have any conflicts of interest, and

any investment counselor or financial advisor retained must be approved by the Board of Directors.

The [ORGANIZATION] will enter into a written agreement with its investment counselor or financial advisor whose responsibilities may include both the management of assets and providing advice. The agreement will provide that:

the investment counselor or financial advisor complies with the land securement and property maintenance reserve fund policy of the [ORGANIZATION],

the investment counselor or financial advisor shall provide quarterly reporting to the [ORGANIZATION]. Reports should include a schedule of the market value of all investments, a listing of all transactions (including income received) since the previous report, and investment performance measured on a total return,

how instructions are to be communicated to the investment counselor or financial advisor, with it generally recommended that all instructions be in writing,

conflict of interest issues on the part of the investment counselor or financial advisor, scope of authority delegated, and

provision for termination of the agreement, with it generally recommended that the [ORGANIZATION] will retain liberal termination rights.

Investment Policy Review

The Investment Policy will be reviewed initially when the fund exceeds \$50,000 or at a minimum on an annual basis. After the fund reaches \$50,000 it will be reviewed on an annual basis and whenever there is a material change in circumstances. Initial review will be undertaken by the Treasurer and staff who will report the results of that review and any related recommendations to the Board on an annual basis.

Signed

(Position)

Date Approved: