

## INVESTMENT POLICY

### PURPOSE

To provide a framework for prudently investing the Society's funds with appropriate diversification and in accordance with needs for cash flow obligations. This Investment Policy Statement (IPS) also replaces the Investment Policy (Policy no.: FIN - 1) that was originally approved on Nov. 29, 2011, followed by an approved revision on Jan. 14, 2004, and was last reviewed in October 2009.

### RESPONSIBILITY

The *Finance Committee* is authorized to and responsible for undertaking investments and reporting actions to the *Board of Directors*. The *Finance Committee* may delegate the work involved in undertaking an investment, but not the decision, to the Society's Accounting Manager in conjunction with its approved investment advisors.

The *Board of Directors* is responsible for approving this policy and all future amendments to it.

### GENERAL POLICY

The Treasurer with assistance of the Accounting Manager will regularly project the Society's need for cash to meet operating obligations such as wages, supplies, and overhead expenses and will set aside sufficient cash and/or cashable securities to cover a minimum of two months of operating expenses.

### INVESTMENT OBJECTIVE

The objective of investing the Society's excess cash is to preserve real purchasing power of capital against inflation. In measuring the performance of the investment portfolio, the Canadian Consumer Price Index (CPI) would be used as a benchmark to compare the annual performance of the portfolio at the end of each fiscal year.

### INVESTMENT POLICIES

#### A. ASSET CLASS GUIDELINES

Funds not needed to meet projected operating cash obligations may be invested only in instruments and securities as specified below:

##### Cash and Cash Equivalents

- Savings accounts in Canadian banks or Vancouver based credit unions

- Cashable or short-term deposits in Canadian banks or Vancouver based credit unions, with a term not to exceed 364 days
- Banker's acceptances
- Commercial paper issued by major corporations with a rating not lower than "R1 - - low" for a period not to exceed 91 days
- Government of Canada treasury bills

#### Fixed Income

- Term deposits in Canadian banks or Vancouver based credit unions, with a term between one and five years
- Canada Savings Bonds with a term not to exceed five years
- Bonds issued by major corporations with a rating not lower than "A"

#### Equity

- Exchange traded funds that seeks to track the total performance of generally approved stock market indices like the following:
  - i. Canadian Equities – S&P/TSX Composite Index
  - ii. US Equities – S&P 500 Index
  - iii. International Equities (Developed Markets) – MSCI EAFE Index
  - iv. International Equities (Emerging Markets) – MSCI Emerging Markets Index

The Society will not invest in any instrument or lend to any party that is not on the above list without a prior amendment to this policy approved by the *Board of Directors*.

### **B. ASSET ALLOCATION POLICIES**

Outlined below are the long-term strategic recommendations by the *Finance Committee* to be the most appropriate, given the Society's investment objectives.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and Cash Equivalents	5%
Fixed Income	50%
Equity	45%

Dollar Cost Averaging in both equity and fixed income markets is recommended as is a quarterly rebalancing of the investment portfolio. The dollar cost averaging is an attempt to avoid trying to "time the market", which is virtually impossible to do continually and successfully. The rebalancing is to keep the portfolio within the Target Allocation Guidelines.