Investment Policy

I. SCOPE OF POLICY

This policy shall apply to investments made by or on behalf of the Jean Tweed Centre ("the Centre").

II. OBJECTIVES

The objective of the Centre's investment program is to ensure that funds which are not required for operating and financing purposes are invested to earn a rate of return commensurate with the level of investment risk as determined by the Board of Directors and outlined in this policy. Any investment restrictions as dictated by any of the Centre's funding agencies or donors are to be complied with and will take precedence over this policy unless in the Board of Directors sole discretion, this policy is more conservative.

III. ROLES AND RESPONSIBILITIES

1. The Centre's Board of Directors ("the Board") has authority to revise and update this policy based on recommendations from Finance Committee ("the Committee").

2. The Committee will review this policy annually to ensure it reflects the overall cash management and investment objectives of the Centre, as well as current financial and economic trends.

3. The Executive Director is responsible for the proper execution of and compliance with this policy, and is responsible for establishing procedures related to the proper execution of this policy.

4. The Executive Director will provide the Committee with a quarterly report summarizing:
   - Cash and investments held by the Centre;
   - Significant investment transactions executed on behalf of the Centre;
   - Investment performance for the quarter and year-to-date;

IV. AUTHORIZED BANKS, INVESTMENT MANAGERS, DEALERS AND BROKERS

Investment transactions will be conducted only with such Banks, Custodians, Investment Managers, Investment Dealers and Advisors ("the Firms") as are approved in advance by the Committee and the Board Any additions or deletions ("changes") to the list of Firms is to be approved by the Committee and the Board.

V. RISK AND INVESTMENT OBJECTIVES

There are three main areas of risk which this Investment Policy addresses:

- **Market Risk**: Market risk is the risk that the market value of the investment or portfolio will decline due to adverse market conditions. Market Risk can be broken down into
    - **Interest Risk**: Interest risk is the risk that interest rates change and adversely affects the value of an investment.
    - **Currency Risk**: Currency risk is the risk that the value of an investment declines due to adverse changes in foreign exchange rates when the investment is denominated in a currency other than Canadian dollars.
    - **Equity Risk**: Equity Risk is the risk that the value of an investment declines due to adverse changes in equity prices
    - **Commodity Risk**: Commodity Risk is the risk that the value of an investment declines dues to adverse changes in the price of commodities.
- **Credit Risk**: Credit risk is the risk that the lender defaults on repayment of the investment.
- **Country Risk**: Country risk is the risk that the value of the investment declines due to adverse changes in political and economic stability of the country in which the funds are invested.

The Committee and the Board have determined that safeguarding of capital is the primary objective with a rate of return commensurate with this objective. To mitigate risk in the five areas, the Investment Policy is as follows:

The Centre will not invest in investments that generate Equity, Commodity or Currency Risk. Country Risk will be managed by investing only in debt instruments that are the Sovereign Risk of Canada or issued by a Schedule 1 Bank in Canada.

For greater clarity, the Centre will not invest in equities, foreign, provincial or corporate debt, any instruments denominated in other than Canadian Dollars and any contracts whose return is an any way linked to commodity prices. To manage interest rate risk, the Centre will not invest in investments whose term extends out past 1 year. It is expected that these investments will be directly made in the approved instrument. Any indirect investment in Canadian bills through a money market mutual fund will need to be pre-approved by both the Committee and the Board.

The issuers of all eligible investments must have a short-term debt rating of R1 – High (or equivalent)

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VI. ELIGIBLE INVESTMENTS

1. Direct obligations of the Canadian Government in the form of Treasury Bills with maturities of up to 1 year.

2. Guaranteed Investment Certificates ("GIC") or similar instruments providing only interest rate risk, issued by a Schedule 1 Bank in Canada. These instruments should be eligible for CDIC Insurance Coverage and thus should not exceed $100,000 per Bank however, the Committee will approve an investment of up to $1,000,000 with the Royal Bank of Canada subject to a semi-annual review of the Short Term Debt Rating of the Royal Bank of Canada at March 31 and September 30. The Committee will also review the Short Term Debt Rating if there is a downgrade in the rating.

3. Money market mutual funds whereby the underlying investments are in the form of Treasury Bills guaranteed by the Canadian Government and subject to the Committee's approval.

VII. EXPRESSLY PROHIBITED TRANSACTIONS

- Equities.
- Bonds.
- Bankers Acceptance and commercial paper.
- Repo and Reverse Repo agreements.
- Derivatives, including Futures, forwards, options and other similar contracts.
- Instruments not denominated in Canadian currency.
- Instruments whose return in is any way linked to commodity prices.
- Convertible securities.

VIII. CONCENTRATION LIMITS

There is no concentration limit on investments meeting the requirements of sections VI.1. and VI.2. of this policy.

For Money market mutual funds that meet the requirements of section VI.3, concentration shall be limited to no greater than 50% of the portfolio.

IX. TRADING RESTRICTIONS

Investment purchased as direct investments from operating cash and the Capital fund will ordinarily be held to maturity. The Centre will not engage in "trading" activities.

Investment purchased as direct investments from operating cash and the Capital fund may only be sold prior to maturity date for the following reasons:

1. To meet the daily liquidity needs of the Centre;

2. In response to a downgrade in the credit quality of an investment below the guidelines in this policy; The Executive Director should arrange to sell such an investment (and, if appropriate replace it with another instrument) as soon as is practical after such a downgrade.