

Policy Title:	Comprehensive Investment Statement
Policy ID:	4-419
Manual Classification:	Section 3 – Finance and Facilities
Approved by Board of Governors (BoG):	September 1, 2025
Effective Date:	September 1, 2025
Next Policy Review Date:	September 1, 2028
Contacts for Policy Interpretation:	Chief Financial Officer

1.0 - Policy Overview

The Ministry of Colleges and Universities (MCURES) requires colleges to have an Investment Policy Statement (IPS) approved by the Board of Governors to guide investment activities. The IPS is prepared in the following format, which is consistent with the Investment Manager's format.

2.0 - Purpose

This Investment Policy Statement sets out investment objectives for (a) endowed and restricted funds (e.g., Ministry and Donor funds to supporting continuing awards), and (b) operating funds. The Investment Policy Statement provides a framework for managing these Funds, and provides a useful process for decisions, reporting on progress and reviewing objectives.

3.0 - Definitions and Acronyms

Endowed Funds: the total value of the College's endowed funds. These funds are invested and used to support specific purposes, such as grants and scholarships. The principal of these funds is preserved to generate a perpetual income to be used for these purposes while preserving the original endowment.

Restricted Funds: a reserve of money that can only be used for specific projects, purposes or interests.

Operating Funds: The Operating Fund is comprised of the operating budget of the College, as well as pension and non-pension employee future benefits. This budget supports the daily operation of the College, including revenue from tuition, grants and other operational incomes.

4.0 - Scope

This policy applies to all endowed and restricted funds and operating funds of the College.

5.0 – General Principles

This policy shall be reviewed annually by its Policy Authority to ensure that it remains consistent with the overall objectives of the College and prudent and conservative investment practices. This policy may be reviewed and updated more frequently if necessary.

The CFO will present, at least annually, an Investment Performance Report for the fiscal year to the Board of Governors through the Finance and Audit Committee for review and approval.

5.1 – Investment Objectives

The overall objective is to achieve sustainable returns within the relevant restrictions, as set out by the Ministry.

For the restricted portfolio that consists of a total investment rate of return of 5.0% per year. This reflects the target award percentage of 3.5% (at the time of approving this policy) plus inflation protection of 1.5%.

For operating funds, the objective is to provide for the current operating requirement for the College. The operating portfolio is to be managed in such a way as to provide capital preservation and liquidity through investment in qualified money market investments.

All investments will adhere to the requirements as set out by the Ministry; the funds may be invested in investments identified in the Minister's Binding Policy Directive - Banking, Investments and Borrowing, as amended from time to time.

5.2 – Operating Portfolio

This section sets out investment guidelines related to the operating portfolio. For clarity, the remainder of this policy is in respect of restricted funds.

- a) The operating portfolio will be invested in short-term guaranteed debt securities such as GICs.
- b) The performance on the operating portfolio, due to the restrictions on eligible investments, will be determined by prevailing interest rates during the investment horizon.

5.3 – Risk Tolerance and Investment Restrictions

The restricted portfolio will be managed with the objective of generating growth of capital and income. This will be accomplished by investing in equity and fixed income.

This investment policy strictly prohibits the College from engaging in any investment activity that would be considered speculative according to the generally accepted principles of conservative investment management. The use of derivatives, purchasing on margin, and short selling of securities is expressly prohibited.

The purchase of any securities carrying a credit rating below BBB for bonds, R1 for commercial paper and Pfd-3H for preferred shares is strictly prohibited, as well as, investment in cryptocurrency.

The maximum investment in corporate fixed income is 75% of the fixed income portfolio.

5.4 – Performance Objectives

The 5% target rate of return may not be achieved in every year; however, the portfolio is expected to generate this minimum return on investments over rolling 3 to 5 year periods. The

initial investment of endowed funds is expected to be permanently invested, i.e., not spent. Distributions will consist of income generated through investment.

5.5 – Monitoring of the Portfolio

The portfolio will be managed on a discretionary basis. For the restricted portfolio, performance shall be assessed in relation to the following blended benchmark:

	Target
FTSE Canada Universe Bond Index	30%
FTSE Canada Short Term Overall Bond Index	15%
S&P/TSX Capped Composite Index	20%
MSCI World Net Index (\$C)	30%
MSCI/RealPAC Canada Annual Property Index	5%

Any significant under-performance of the benchmarks (defined as 3% or greater) over any four (4) consecutive semi-annual periods will automatically lead to a review of the manager. The performance is reported and monitored semi-annually.

The rate of return for the overall portfolio will also be reported versus the benchmark return objective of 5%. The portfolio is expected to generate this minimum return on investments over rolling 3-to-5-year periods.

5.6 – Restricted Portfolio

The portfolio will be invested in money market securities, fixed income securities and equities in accordance with the following guidelines.

Asset allocation guidelines will be managed and reported to Administration on a fund-by-fund basis for the OSOTF Phase 1 funds, OSOTF Phase 2 funds, OTSS funds and Other Endowed funds.

Asset allocation guidelines will be reported to the Board of Governors through the Finance and Audit Committee on a combined basis.

Asset Class	Target Allocation	Range
Cash & short-term	0%	0% - 15%
Fixed Income	40%	30% - 50%
Investment Grade Bonds	30%	-
Short Term Bonds	10%	-
Equities	50%	45% - 60%
Canadian Equities	20%	-
Global Equities	30%	-
Alternatives	10%	0% - 20%
Real Estate	5%	-
Commercial Mortgages	5%	-

From time-to-time market fluctuations or timing of deposits may cause the portfolio to be temporarily inconsistent with the asset allocation set out in this Investment Policy Statement. When this occurs, rebalancing shall be completed within the next six months.

5.7 – Implementation

The investment manager will manage the portfolio on a discretionary basis diversified across multiple sectors. The investments will meet the guidelines structured in this Policy; the majority of the equity holdings will be in mid-to-large companies as measured by market capitalization.

5.8 – Standards of Care

This Investment Policy Statement will be implemented by the College's chosen Investment Manager and monitored by the Board of Governors through the Finance and Audit Committee.

Investments are made at the discretion of the Investment Manager subject to all guidelines established in this document.

5.9 Investment Management Guidelines Quality

General Guidelines

Accounts will adhere to the following guidelines:

- a) All individual debt securities will be rated BB or higher, R-1 for money market securities and Pfd-3H for preferred shares or better by a recognized Rating Agency when purchased.
- b) The maximum exposure to debt securities rated BB is 10%.

- c) If a fixed income holding is downgraded below BB, P3H for preferred shares or R1 for money market securities by any one of the three (3) rating agencies (Dominion Bond Rating Services, Standard and Poor's Credit Rating Service, and Moody's Investor Services) it will be sold within the next six months following the downgrade.

Ratings will be used from one or more of the following ratings agencies: Dominion Bond Rating Services, Standard and Poor's Credit Rating Service, and Moody's Investor Services.

Diversification Guidelines

The maximum amount allowable per investment grade non-government fixed income issue will be the greater of 15% of the total portfolio or 20% of the fixed income portfolio. The diversification guidelines will be applied on a separate basis for each of the OSOTF Phase 1, OSOTF Phase 2, OTSS and other Endowed Bursaries.

- a) The maximum amount allowable per equity security will be the greater of 10% of the total portfolio or 15% of the equity portfolio. The diversification guidelines will be applied on a separate basis for each of the OSOTF Phase 1, OSOTF Phase 2, OTSS and other Endowed Bursaries.
- b) The majority of the equity holdings will be in mid-to-large companies as measured by market capitalization diversified across a minimum of five (5) equity sectors. Equity investments will not be made in any small cap companies.

From time-to-time market fluctuations, timing of deposits or approval may cause the portfolio to be temporarily inconsistent with the asset allocation set out in this Investment Policy Statement. When this occurs, rebalancing shall be completed within the next six months.

Eligible Investments

Investments may be made in:

- a) Government obligations (i.e., Treasury Bills Notes, Strip Coupons, Debentures and/or Bonds) issued directly or indirectly by the Federal government or an agency (Canadian and U.S.) or any of the provinces with an appropriate credit rating (see investment limits below).
- b) Canadian Chartered Bank Securities, being Bearer Discount Notes, Deposit Receipts, Term Notes, Certificates of Deposit, Bankers Acceptances, bonds and strip coupons with an appropriate credit rating.
- c) Securities of foreign banks or the Canadian affiliates of foreign banks provided that the obligations are guaranteed or carry separate appropriate ratings.
- d) Commercial paper, bonds, debentures, preferred shares and strip coupons issued of Canadian companies with an appropriate credit rating.
- e) Loans to investment dealers (call loan) providing that full collateral value plus applicable margin are held at a banking institution.

- f) Income units being Royalty Trust Units and Real Estate Investment Trusts. Common Equity consisting of common and preferred shares, income trusts, and rights and warrants.
- g) Alternative assets:
 - Real Estate consisting of commercial investment grade income producing real-estate through a pooled fund structure
 - Mortgages consisting of income producing commercial mortgages through a pooled fund structure

Alternative Investments

Alternative investment solutions have the potential to enhance fixed income returns, reduce equity risk, reduce portfolio volatility and improve portfolio efficiency. They typically require a longer investment horizon, are less liquid, and when considered in isolation may be deemed more risky than other securities. The associated risks, fees and expenses are detailed in the Offering Memorandum which the investment manager is expected to provide for each alternative investment vehicle purchased in the portfolio.

Responsible Investing Guidelines

The Committee will delegate investment management responsibilities to third party managers that have a demonstrated commitment to incorporating ESG (Environmental, Social, and Governance) factors in their investment decision making process. At a minimum, contracted investment managers are expected to be signatories to the United Nations Principals for Responsible Investment (UN PRI) and offer investment solutions that are aligned with the UN PRI's six principals of Responsible Investment. Investment managers are also expected to undertake active engagement with investee companies to advocate for more sustainable business practices, have clearly articulated proxy voting guidelines that clearly address ESG considerations, and vote proxies' firm-wide (as opposed to per fund or client).

5.10 – Reporting

Annual Reports to Finance and Audit Committee

Annual investment reports shall be prepared for and distributed to the Finance and Audit Committee and Administration.

Annual reports for the Finance and Audit Committee shall contain the following information:

- a) A summary of the asset allocation percentage at the end of the period, on a combined basis for the OSOTF Phase 1, OSOTF Phase 2, the OTSS and the Other Endowed Fund;
- b) An assessment of performance versus the benchmark return objective of 5% on a consolidated basis for all accounts;
- c) An assessment of performance against the blended benchmark over the same period on a consolidated basis for all discretionary accounts; and
- d) A written statement of compliance with relevant portions of the IPS as follows:

- Asset Mix
- Quality and Diversification Guidelines
- Eligible Investments
- Investment Limits
- A written market commentary

Quarterly Reports for the Administration

Quarterly reports for the Administration shall contain the following information:

- a) Asset allocation for investments by asset class and geography;
- b) Portfolio valuation; and
- c) Portfolio performance

Semi-Annual Reports for the Administration

Semi-annual reports for the Administration shall contain the following information:

- c) Portfolio valuation including asset allocation and each security, quantity, market price, market value, fixed income summary, weighted average term to maturity, accrued interest, on a combined basis for each OSOTF Phase 1, OSOTF Phase 2, the OTSS and the Other Endowed Fund;
- d) A summary of the asset allocation percentage at the end of the period, on a separate fund by fund basis for the OSOTF Phase 1, OSOTF Phase 2, the OTSS and the Other Endowed Fund;
- e) Fixed income report on a consolidated basis that includes a credit rating for each fixed income instrument by the following rating agencies: DBRS, Moody's and S&P; and

A transaction report including a list of disposition and purchases on a consolidated basis for all accounts.

Annual Reports for the Administration

Annual reports for the Administration shall contain a market capitalization report for all equity holdings on a consolidated basis for all equity held in discretionary accounts. This report shall be included with the March reporting each year.

6.0 - Related Documents

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History of Amendments/Reviews

Date Approved	Approved By	List of Approved Amendments / Review
January 2008	Board of Governors	NEW
March 2010	Board of Governors	General revisions.
January 2012	Board of Governors	Combined 4-419B and C into 4-419A
March 2016	NA	Reviewed with no changed.
June 2017	Board of Governors	Reviewed and format updated.
March 2020	Board of Governors	General Revisions.
October 2021	NA	Reviewed.
November 2022	Board of Governors	Existing 4-419 A,B and C combined into 4-419.
September 2025	Board of Governors	Reviewed and revised with external consultation.
November 2025	NA	Revisions based on external consultation update, formatting correction and update.