

<b>Policy Title:</b>	Operating Account Investment Policy Statement (IPS)
<b>Policy ID:</b>	#4-419C (formerly #4-424)
<b>Manual Classification:</b>	Section 4 – Corporate Services
<b>Approved by:</b>	Board of Governors
<b>Revision Date(s):</b>	January 25, 2012; June 28, 2017, October 7, 2021
<b>Effective Date:</b>	October 7, 2021
<b>Next Policy Review Date:</b>	October 2022
<b>Contacts for Policy Interpretation:</b>	Vice President, Corporate Finance

## **1.0 – Policy Overview**

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

### **Statement of Objectives and Investment Policy**

The Investment Policy Statement expresses the Sir Sandford Fleming College's Operating account investment objectives in a document that can help guide the content of its portfolio. The Investment Policy Statement provides a framework for managing the Sir Sandford Fleming College's Operating account and provides a useful process for making decisions, reporting on progress and reviewing objectives in a timely and regular manner.

## **2.0 – Purpose**

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To establish guidelines governing the College's Operating account.

## **3.0 – Objectives**

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The overall objective of the portfolio is to provide for the current operating requirements for the College.

The portfolio is to be managed in such a way as to provide capital preservation and liquidity through investment in qualified money market investments. In addition, the 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.

#### **4.0 – Investor Profile**

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The College is seeking income and preservation of capital.

#### **5.0 – Time Horizon**

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The funds are expected to be required in one year or less.

#### **6.0 – Liquidity**

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The College requires that the entire Operating account must be in liquid investments at all times.

#### **7.0 – Asset Mix Guidelines**

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The portfolio will be invested in money market securities in accordance with the following guidelines:

	Long-Term Target	Asset Allocation Guidelines	
	Asset Mix	Minimum	Maximum
Cash and Money Market Securities	100%	100%	100%

#### **8.0 – Investment Guidelines for College Operating Funds**

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A college may only invest its College Funds, as defined in the Minister's Binding Policy Directive – Banking, Investments and Borrowing, which are not immediately required to operate the college in the following securities, expressed or made payable in Canadian dollars, subject to the ratings identified in section VI:

- I. Bonds, debentures and promissory notes or other evidence of indebtedness, issued or guaranteed by:
  - a. Canada or a province or territory of Canada, or
  - b. an agency of Canada or a province or territory of Canada.
- II. Bonds, debentures, promissory notes or other evidence of indebtedness, issued or guaranteed by:
  - a. a municipality in Canada;

- b. a university in Ontario that receives ongoing operating and capital funding from Ontario;
  - c. the board of governors of a college established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*;
  - d. a board of a public hospital within the meaning of the *Public Hospitals Act*;
  - e. a school board in Canada;
  - f. Ontario Infrastructure Projects Corporation; or
  - g. the Municipal Finance Authority of British Columbia.
- III. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper or similar instruments, issued, guaranteed or endorsed by:
- a. a bank listed in Schedule I or II or a branch in Canada of an authorized foreign bank under the *Bank Act (Canada)*;
  - b. a loan corporation or trust corporation registered under the *Loan and Trust Corporation Act*; or
  - c. a credit union to which the *Credit Unions and Caisses Populaires Act, 1994* applies.
- IV. Bonds, debentures, promissory notes or other evidence of indebtedness, issued by a corporation that is incorporated under the laws of Canada or a province of Canada; or
- V. Promissory notes or commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada.
- VI. A college is not to invest in a security under subsection IV or V above unless the security has a minimum rating, at the time the investment is made by the college by at least one rating agency of:
- “R-1 (high)” or “AAA” by Dominion Bond Rating Service Limited;
  - “Prime-1” or “Aaa” by Moody’s Investors Services Inc.;
  - “A-1+” or “AAA” by Standard and Poor’s; or
  - “F1+” or “AAA” by Fitch Ratings.
- VII. If an investment falls below the standard required in section VI, the college is to sell the investment within 90 days after the day the investment falls below the standard.

## **9.0 – Application**

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This investment policy will be implemented by our chosen investment advisor and monitored by the Board of Governors through the Finance and Audit Committee.

Investments will be recommended to one of the Investment Transactions Signing Officers as set out in the College Policy #4-417 – Signing Authority, for their approval prior to any investment being made.

The investments will be managed on a transaction basis.

## **10.0 – Reporting**

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Annual investment reports shall be prepared for and distributed to the Board of Governors.

These reports will contain the following information:

- Complete inventories of all portfolio investments and percentage breakdown by each kind of investment type and credit rating.
- Average term to maturity of the portfolio.
- A list of all maturities, dispositions, purchases and accrued interest.

## **11.0 – Policy Review**

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This policy shall be reviewed annually by Administration 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 Vice President, Corporate Finance 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.

## **12.0 – History of Amendments/Reviews**

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Operating Account IPS established (evolves into policy #4-419E), approved by BOG March 24, 2010

Regular review (renumbered #4-424), approved by BOG Jan 25, 2012

Regular review (Finance and Property Committee) February 2014

Regular review (Administration and RBC) March 2016, received by BOG for information – no changes

Regular review (format updated), approved by BOG June 28, 2017

Regular review (format updated, renumbered to #4-419C) October 2021