

Title: INVESTMENTS
Policy No. 102

1. PURPOSE

To safeguard funds held by the Foundation while maintaining sufficient liquidity to meet financial obligations and maximizing investment revenue at an acceptable level of risk.

2. DEFINITIONS

Asset allocation: The relative percentage of holdings of investment types and maturities.

Endowment funds: Funds held by the Foundation where the principal amount is held in perpetuity.

Investment return: The interest and/or capital appreciation on an investment.

Liquidity: The ability to convert into cash quickly without affecting the asset's price.

Management of portfolio risk: Maintaining an acceptable level of risk through investment diversification and asset allocation.

Preservation of capital: The maintenance of the principal amount and protection from the effects of inflation.

Risk: The standard deviation of the portfolio's return.

3. AUTHORITY**3.1 Related Acts and Regulations**

B.C. College and Institute Act
B.C. Society Act
B.C. Trustee Act
Income Tax Act, Canada

3.2 Related Policies

Endowments

4. POLICY

4.1 The Executive Director will recommend to the Foundation Board an investment policy and standards that a reasonable and prudent person would apply in respect of a portfolio of investments in order to avoid undue risk and obtain a reasonable return for the portfolio.

4.2 All Investments will adhere to the requirements of the Society Act and the Trustee Act.

- 4.3 Endowment funds will be invested in order to preserve capital and also provide income for endowment awards.
- 4.4 A portion of income from endowment fund investments may be reinvested in the endowment in order to maintain the capital of the endowments.
- 4.4 All investments will be made with the following objectives in priority order:
 - a. Preservation of capital
 - b. Management of portfolio risk
 - c. Achieve high investment returns

5. RESPONSIBILITY

Executive Director, who may delegate according to Appendix 1.

7. GUIDELINES/STANDARDS

Langara College Foundation Investment Guidelines (see Appendix 2).

8. REPORTING

A summary of investment activity will be reported semi-annually to the Board.

APPENDIX 1
Langara College Foundation Investment Procedures

PROCEDURES

- 1) The Vice-President, Administration and Finance of Langara College is responsible for the management of the investment portfolio.
- 2) The Vice-President, Administration and Finance of Langara College may delegate day-to-day management of the investment portfolio to another competent manager.
- 3) The services of professional investment counsel may be retained to assist in the selection and management of the investments. Where the services of professional investment council are retained:
 - a. Prudence will be used in selecting the Investment counsel.
 - b. The investment objectives will be determined and communicated in an Investment Policy Statement signed by both parties.
 - c. The limits of the investment counsel's authority will be defined in an Investment Policy Statement.
 - d. Where the investment counsel has discretionary authority over trading, they will maintain sufficient depositor's insurance.
 - e. The investment counsel's performance relative to the Investment Policy Statement's defined objectives will be supervised.
- 4) Acceptable types of investments and asset allocations and limits thereto will be determined by the Board (Appendix 2 – Langara College Foundation Investment Guidelines).

APPENDIX 2

Langara College Foundation Investment Guidelines

DEFINITIONS

Endowment Funds: Funds held by the Foundation where the principal is held in perpetuity and only the investment earnings can be used.

Investment Grade: A rating that indicates that a government, municipal or corporate bond has a relatively low risk of default. Bond rating firms, such as Standard and Poor's, use different designations consisting of upper-and lower-case letters 'A' and 'B' to identify a bond's credit quality rating. 'AAA' and 'AA' (high credit quality) and 'A' and 'BBB' (medium credit quality) are considered investment grade. Credit ratings for bonds below these designations ('BB', 'B', 'CCC', etc.) are considered low credit quality.

INVESTMENT GUIDELINES

A. Acceptable Investments

- A.1 Interest-bearing accounts, fixed-term deposits, notes, certificates and short-term investments (including Bankers' Acceptances) of a Canadian Financial Institution (Chartered Bank, Trust Company and Credit Union);
- A.2 Obligations of the Government of Canada or of a Provincial Government, including their respective agencies, which have an "Investment Grade" credit rating as rated by any major bond rating agency;
- A.3 Obligations of foreign governments, including their respective agencies, which have an "Investment Grade" credit rating as rated by any major bond rating agency;
- A.4 Corporate bonds, debentures, commercial paper and similar securities issued by a corporation incorporated under the laws of Canada, a provincial government or a foreign government, the securities of which have an "Investment Grade" credit rating as rated by any major bond rating agency;
- A.5 Common and preferred stocks of companies publicly traded on recognized stock exchanges, but excluding stocks traded on venture exchanges;
- A.6 Community Foundations (such as the Vancouver Foundation) who invest funds on a pooled basis for the community;
- A.7 All corporate investments (equities and debt instruments) shall be in companies listed on recognized Canadian or foreign stock exchanges that are not venture exchanges;
- A.8 Mutual and investment funds including income trusts investing in securities in the above categories;
- A.9 Exchange-traded funds are subject to the same credit ratings and classes of investments as above; and,
- A.10 The use of derivatives shall be limited to reducing risks on investments, and under no circumstances shall be used for speculative purposes.

B. Asset Allocation Limitations

- A.1 Total investment in equities cannot exceed sixty percent (60%) of the market value of the

Endowment Fund portfolio;

- B.2 Investments in any one corporate issuer cannot exceed five percent (5%) for both equities and debt instruments of the market value of the Endowment Fund portfolio;
- B.3 Investment (total equity and debt) in any one country, other than Canada and the United States, cannot exceed ten percent (10%) of the market value of the Endowment Fund portfolio;
- B.4 Investments in debt with a credit rating of “BBB+, BBB, BBB-“ can be a maximum of twenty percent (20%) of the market value of the Endowment Fund portfolio;
- B.5 Investments in debt instruments shall be diversified over a wide range of maturity dates, terms to maturity, governments, corporations, and industries; and,
- B.6 Investment in equities shall be diversified over a wide range of corporations and industries.