

<b>Title</b>	Investments
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<b>Approving Body</b>	Board of Governors
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## 1. OVERVIEW

The Board is responsible for oversight of the financial assets of the College. Its responsibility to do so is governed by the *College and Institute Act* and the *Trustee Act*.

## 2. PURPOSE

The purpose of this Policy is to establish the principles guiding investment decisions of the College and to ensure the financial assets of the College are invested in a prudent and effective manner.

## 3. DEFINITIONS

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

**Endowment funds:** Funds held by the College where the principal amount is held in perpetuity and investment returns are used for designated purposes.

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

**Liquidity:** The degree to which an asset can be quickly bought or sold in the market without affecting the asset's price.

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

**Operating funds:** Funds used for ordinary College operations (including funds for capital projects).

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

**Risk:** The possibility that an investment's actual return is different from its expected return measured by calculating the standard deviation of the portfolio's return.

## 4. RESPONSIBILITY

4.1 The Audit and Finance Committee of the Board is responsible for making recommendations to the Board on this Policy.

- 4.2 The Vice-President responsible for finance is responsible for the management of the investment portfolio.
- 4.3 The Vice-President responsible for finance may delegate day-to-day management of the investment portfolio to the Director, Financial Services, professional investment counsel, or other competent manager.

## 5. PRINCIPLES

- 5.1 The College's investment goal is to maintain sufficient liquidity to meet financial obligations and maximize investment returns at an acceptable level of risk.
- 5.2 In making investments, the College shall exercise the same care, skill, diligence and judgment as a reasonable and prudent investor.
- 5.3 Acceptable types of investments and asset allocations and limits thereto shall be established by the Board on the recommendation of its Audit and Finance Committee (Appendix 1 – Langara College Investment Guidelines).
- 5.4 Funds may only be invested in permitted investments as outlined in the Langara College Investment Guidelines to this Policy.
- 5.5 All investments will be made with the following objectives in priority order:
- Preservation of capital
  - Management of portfolio risk
  - Achieve target investment returns
- 5.6 All investment decisions made by the Board, an officer, employee, investment counsel or other person working on behalf of the Board must be free from any conflict of interest that may impact their ability to make impartial investment decisions.
- 5.7 Operating funds and endowment funds shall be invested in separate portfolios.
- 5.8 A portion of investment returns in endowment fund portfolios may be reinvested in the endowment fund portfolio for preservation of capital of the endowments.
- 5.9 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 counsel are retained:
- College Purchasing Policy will be followed.
  - Prudence will be used in selecting the investment counsel.
  - All investment activities conducted by investment counsel must be conducted in accordance with the "Code of Ethics and Standards of Professional Conduct" adopted by the [CFA Institute](#).
  - The investment objectives will be determined and communicated in an Investment Policy Statement agreed upon by both parties.
  - The limits of the investment counsel's authority will be defined in an

Investment Policy Statement.

- f. Where the investment counsel has discretionary authority over trading, they will maintain sufficient depositor's insurance.
- g. The investment counsel's performance relative to the Investment Policy Statement's defined objectives will be supervised.

## 6. REPORTING

A summary of investment activity will be reported semi-annually to the Audit and Finance Committee of the Board.

## 7. REVIEW DATE

A review of this Policy should be completed no later than every five years.



## APPENDIX 1

### Langara College Investment Guidelines

#### DEFINITIONS

**Investment Grade:** A credit rating that indicates that a government, municipal or corporate bond has a relatively low risk of default and shall be a Standard and Poor's rating of "AAA" or "AA" or equivalent

#### INVESTMENT GUIDELINES

##### A. Acceptable Investments – Operating Funds:

- A.1 Interest-bearing accounts, fixed-term deposits, notes, certificates and short-term investments (including Bankers' Acceptances) of Canadian Financial Institutions (Chartered Banks, Trust Companies and Credit Unions);
- A.2 Obligations of the Government of Canada or of a Provincial Government, including their respective agencies, which have an "Investment Grade" credit rating;
- A.3 Obligations of foreign governments, including their respective agencies, which have an "Investment Grade" credit rating;
- A.4 corporate bonds, debentures, commercial paper and similar securities issued by a corporation incorporated under the laws of Canada or a province, the securities which have an "Investment Grade" credit rating;
- A.5 All corporate investments will be in companies listed on recognized Canadian or foreign stock exchanges;
- A.6 Money-market funds invested solely in securities in the above four categories.
- A.7 Investments whose ratings fall below their bond rating threshold subsequent to acquisition shall be sold from the portfolio as soon as practicable.
- A.8 The use of derivatives shall be limited to reducing risks on investments.

##### B. Asset Allocation Limitations – Operating Funds

- B.1 At least fifty percent (50%) of the market value of the Operating Fund portfolio must consist of investments in the A1 and A2 categories;
- B.2 Investment in any one issuer that falls in either the A3 or A4 categories cannot exceed five percent (5%) of the market value of the Operating Fund portfolio.
- B.3 Investments with a credit ratings of "BBB+, BBB, BBB-" cannot exceed 20% of the market value of the Operating Fund portfolio;
- B.4 Investment in any one country, other than Canada and the United States, cannot exceed ten percent (10%) of the market value of the Operating Fund portfolio;

- B.5 Investments shall be diversified over a wide range of maturity dates, terms to maturity, governments, corporations, and industries;
- B.6 Any single investment cannot have a maturity term exceeding ten years.

### **C. Acceptable Investments – Endowment Funds**

#### **1. The following types of investments are permitted for operating funds:**

- C.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);
- C.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;
- C.3 Obligations of foreign governments, including their respective agencies, which have an "investment Grade" credit rating as rated by any major bond rating agency;
- C.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;
- C.5 Common and preferred stocks of companies publicly traded on recognized stock exchanges, but excluding stocks traded on venture exchanges;
- C.6 Community Foundations (such as the Vancouver Foundation) who invest funds on a pooled basis for the community;
- C.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;
- C.8 Mutual and investment funds including income trusts investing in securities in the above categories;
- C.9 Exchange-traded funds are subject to the same credit ratings and classes of investments as above;
- C.10 The use of derivatives shall be limited to reducing risks on investments, and under no circumstances shall be used for speculative purposes.

### **D. Asset Allocation Limitations – Endowment Funds**

- D.1 Total investment in equities cannot exceed sixty percent (60%) of the market value of the Endowment Fund portfolio;
- D.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;

- D.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;
- D.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.
- D.5 Investments in debt instruments shall be diversified over a wide range of maturity dates, terms to maturity, governments, corporations, and industries;
- D.6 Investment in equities shall be diversified over a wide range of corporations and industries.

