

INVESTMENTS

This procedure is governed by its parent policy. Questions regarding this procedure are to be directed to the identified Procedure Owner.

Category:	B. Financial & Administrative
Parent Policy:	B14
Approval Date:	February 9, 2024
Effective Date:	February 9, 2024
Procedure Owner:	Chief Financial Officer Chief of Staff

Overview:	<p>This procedure establishes the processes by which the investment portfolio is managed to preserve capital, support growth greater than the rate of inflation and provide sufficient liquidity to meet Olds College of Agriculture & Technology (the "College") needs, and is consistent with Board of Governors Executive Limitations Policy EL-10 Investments.</p>								
Procedures:	<p>Asset Mix</p> <p>The portfolio will contain a balanced diversified mix of eligible assets and will be managed with due regard to the investment policy objectives and the nature of the funds under investment at any given time. The portfolio will be managed so that it supports the financial objectives of the College, with particular attention being paid to ensuring that the current liquidity requirements of the College are adequately provided for. The asset mix may, therefore, be adjusted from time to time. The limitations on the asset mix are:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Investment Class</th> <th style="text-align: left;">Limit</th> </tr> </thead> <tbody> <tr> <td>Cash or Cash Equivalents</td> <td>10% +/- 10%</td> </tr> <tr> <td>Fixed Income Investments</td> <td>55% +/- 10%</td> </tr> <tr> <td>Equity Investments</td> <td>50% +/- 10%</td> </tr> </tbody> </table> <p>The Portfolio Manager will manage the portfolio within the targeted maximum. Should the asset mix for any class exceed the maximum limitation for greater than 30 days, the Portfolio Manager will notify the College Director, Business Services and the Chief Financial Officer (CFO) to discuss the remedial action being taken and the timelines for that remedial action.</p>	Investment Class	Limit	Cash or Cash Equivalents	10% +/- 10%	Fixed Income Investments	55% +/- 10%	Equity Investments	50% +/- 10%
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Cash or Cash Equivalents	10% +/- 10%								
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Quality and Nature of Eligible Investment Assets

1. Cash or Cash Equivalents

This segment of the portfolio is made up of deposits, money market securities issued by governments or corporations and guaranteed investment contracts or equivalent financial instruments issued by insurance companies, banks or other eligible issuers. No money market instrument may be acquired with a rating below "R-1" or "A-1", as determined by a recognized rating agency. Investments may also be made in pooled funds, which invest primarily in such instruments, provided that the management strategy of the fund meets the general requirements noted for this class of investments.

2. Fixed-income Investments

This segment of the portfolio must be diversified by both term and issuer. No more than 20% of the total portfolio may be invested in a single Government Issue, other than those guaranteed by the Government of Canada or the Province of Alberta. No more than 10% of the total portfolio may be placed with any single corporate issuer. Convertible debentures will be considered fixed income for the purposes of asset allocation.

Investments may be made in Canadian, US and International bonds rated "BBB minus" or better as determined by a recognized rating agency, at the time of purchase, with an overall portfolio rating of A.

Preferred shares may also be purchased for the portfolio provided they are rated "P-3" or better by a recognized rating agency at the time of purchase.

Investments may also be made in pooled funds, which invest primarily in such instruments, provided that the management strategy of the fund meets the general requirements noted for this class of investments.

3. Equity Investments

This segment of the portfolio is to be made up of a balanced group of publicly traded common stocks. Equities will generally be large capitalization growth companies that typically pay dividends. No single position may comprise more than 10% of the total investment portfolio and the holdings are to be diversified by industry group.

The portfolio may invest in publicly traded Canadian, U.S. and International stocks, including exchange traded funds, mutual funds and income trust units, as appropriate. The portfolio may invest in equity pooled funds, provided that the management strategy of the fund meets the general requirements noted for this class of investments. The risk tolerance for the equity portfolio is moderate.

Decision Making

The College will appoint a professional portfolio manager to advise the College on the investment of available funds and to conduct the resulting investment transactions. The portfolio manager(s) will have the discretion to manage College funds under their control without the specific approval of the College, however, all investment decisions made under any discretionary management agreement must be within the constraints imposed by this policy.

Business Services will keep a detailed record of all investment transactions and will ensure that they conform to all applicable Federal and Provincial laws and regulations, as well as to generally accepted accounting principles. The person responsible for recording and reconciling investment transactions and the Director, Business Services will not have authorization to perform investment transactions.

Prior to the beginning of each fiscal year the College will inform the portfolio manager of the investment objectives, set out in the budget for the coming year.

From time to time, management will perform a request for proposal process to select the portfolio manager and determine the need for renewal or initiation of a search for a portfolio manager.

Reporting

As per **Executive Limitations Policy EL-10 Investments** the Audit and Finance Committee of the Board of Governors will receive a quarterly report outlining the performance of current investments. Compliance with the investment policy will be monitored as part of the quarterly reporting. This will include a review by the Audit and Finance Committee of the portfolio holdings for investments that could pose a reputational risk to the College. The investment management oversight activities of the Audit and Finance Committee are provided to the Board of Governors as part of the Committee’s regular reporting.

An annual review, including performance history and strategy recommendations from the portfolio manager, will be provided to the Audit and Finance Committee and the Board of Governors. The CFO will provide an annual assessment on the performance of the portfolio manager(s) to the Audit and Finance Committee of the Board of Governors.

The Annual Report on Controls at a Service Organization (CSAE 3416) will be reviewed to monitor the control compliance of the portfolio manager’s institution.

The College’s compliance with the Complementary User Entity Controls will be performed annually.

Definitions:

Eligible Investment Assets: Specific investment categories that College funds may be invested in; cash and cash equivalents, fixed income investments and equity investments.

Portfolio Manager: External resource responsible to carry out investment activities on behalf of the College.

Government Issue: Securities issued by governments and are guaranteed full repayment of principal at a maturity date, and pay periodic interest payments.

Preferred Shares: A class of stock ownership that has a higher claim on earnings and assets than common stock.

Related Information:

A25 Code of Conduct Policy
A28 Fraud and Irregularities Policy
B24 Endowments, Inflation and Investment Recapitalization Policy
Board Policy EL-4: Financial Condition & Activities
Board Policy EL-10: Investments

Review Period:

3 years

Revision History:

Revised: May 1999
Revised: October 2004
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