

INVESTMENTS

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

Category:	F. Finance
Parent Policy:	F14
Approval Date:	March 18, 2021
Effective Date:	March 18, 2021
Procedure Owner:	Chief Financial Officer

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")'s needs, and is consistent with Board of Governors Executive Limitations Policy EL-11 Investments.</p>												
Procedures:	<p>A. 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 border="1"> <thead> <tr> <th>Investment Class</th> <th>Target Range</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>Cash or Cash Equivalents</td> <td>0 - 5%</td> <td>30%</td> </tr> <tr> <td>Fixed Income Investments</td> <td>50 - 55%</td> <td>65%</td> </tr> <tr> <td>Equity Investments</td> <td>45 - 50%</td> <td>65%</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 Olds College Controller and CFO to discuss the remedial action being taken and the timelines for that remedial action.</p> <p>B. Quality and Nature of Eligible Investment Assets</p>	Investment Class	Target Range	Maximum	Cash or Cash Equivalents	0 - 5%	30%	Fixed Income Investments	50 - 55%	65%	Equity Investments	45 - 50%	65%
Investment Class	Target Range	Maximum											
Cash or Cash Equivalents	0 - 5%	30%											
Fixed Income Investments	50 - 55%	65%											
Equity Investments	45 - 50%	65%											

- **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.

- **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.

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.

- **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 equity portfolio and the holdings should 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.

C. Decision Making

The Board of Governors of 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 Controller 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, approved by the Board of Governors, and set out in the budget for the coming year.

From time to time, as directed by the Audit Committee, management will perform a request for proposal process to select the portfolio manager and make a recommendation to the Board of Governors for renewal or initiation of a search for a portfolio manager.

D. Reporting

As per **Executive Limitations Policy EL-11 Investments** the Audit 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 Committee of the portfolio holdings for investments that could pose a reputational risk to the College. The Investment Management oversight activities of the Audit Committee are provided to the Board of Governors as part of the Audit Committees regular reporting.

An annual review, including performance history and strategy recommendations from the portfolio manager, will be provided to the Audit Committee and the Board of Governors. The Chief Financial Officer (CFO) will provide an annual assessment on the performance of the portfolio manager(s) to the Audit 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 Olds College funds may be invested in; cash and cash equivalents, fixed income investments and equity investments.

Portfolio Manager: External Olds College resource that is responsible to carry out investment activities on behalf of Olds 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:

- G02 Code of Conduct Policy
- B09 Records Management & Disposition Policy
- B03 Fraud and Irregularities Policy
- F08 Endowments, Inflation and Investment Recapitalization Policy
- Executive Limitations 3 Planning
- Executive Limitations 11 Investments

Review Period:

3 years

Revision History:

Revised: May 1999
Revised: October 2004
Revised: September 2013
Revised: February 2017
Revised: March 2021