

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:	February 24, 2025
Effective Date:	February 24, 2025
Procedure Owner:	Chief Financial Officer Chief of Staff

Overview:

Procedures:

This procedure establishes the processes by which the investment portfolio is managed to ensure that it is executed in alignment with Olds College of Agriculture & Technology (the “College”) needs, and is consistent with Board of Governors Executive Limitations Policy EL-10: Investments.

Asset Mix

The portfolios for each defined fund category will contain a 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 each fund’s asset mix are:

Capital/Projects (Facility) Investment Pool

These funds shall be invested with the following asset class ranges:

Asset Class	Minimum	Neutral	Maximum
Cash & Equivalents	0%	50%	100%
Fixed Income	0%	50%	100%
Total Equities	0%	0%	20%
Canadian Equity	0%	0%	10%
US Equity	0%	0%	10%

International Equity	0%	0%	10%
Total		100%	

Operating Investment Pool

These funds shall be invested with the following target asset mix:

Asset Class	Minimum	Neutral	Maximum
Cash & Equivalents	5%	15%	25%
Fixed Income	15%	25%	35%
Total Equities	50%	60%	70%
Canadian Equity	10%	20%	30%
US Equity	10%	20%	30%
International Equity	10%	20%	30%
Total		100%	

Endowment Investment Pool

These funds shall be invested with the following target asset mix:

Asset Class	Minimum	Neutral	Maximum
Cash & Equivalents	0%	2%	10%
Fixed Income	30%	38%	50%
Total Equities	50%	60%	70%
Canadian Equity	10%	20%	30%
US Equity	10%	20%	30%

International Equity	10%	20%	30%
Total		100%	

Deferred Salary Investment Pool

These funds shall be invested with the following asset class ranges:

Asset Class	Minimum	Neutral	Maximum
Cash & Equivalents	0%	50%	100%
Fixed Income	0%	50%	100%

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's Director, Business Services and CFO to discuss the remedial action being taken and the timelines for that remedial action.

Restrictions

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.

The Capital/Projects, Operating and Deferred Salary funds can only invest in 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.

Equity Investments

- This segment of the portfolio is to be made up of a balanced group of publicly traded common stocks. 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.

Roles and Responsibilities

The Board of Governors has ultimate responsibility for the investments. The Board of Governors has delegated to the Audit and Finance Committee oversight of the investment portfolios to ensure compliance with Board Policy. Day-to-day oversight of the funds shall be the responsibility of Business Services (Management). An external professional Investment Manager shall be appointed by the CFO when satisfied with their suitability and competence to act as an agent for the organization.

Board of Governors

- Provide Investment Limitations and provide oversight into its compliance.
- Approve changes to the limitations following recommendations from the Audit and Finance Committee and majority vote from the Board.
- Adhere to requirements of legislation or contractual arrangements.

Audit and Finance Committee

- Review the Investment Limitations annually and make recommendations for changes to the Board.
- Monitor compliance of the investment program to the Investment Limitations quarterly, including a review of the portfolio holdings for investments that could pose a reputational risk to the College.
- Report to the Board of Governors regarding investment oversight.
- Adhere to this and all related policies, legislation or contractual arrangements.

Business Services (Management)

- Implement the policy and reporting requirements.
- 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.
- Notify the Investment Manager of any material changes in investment objectives, risk tolerance, time horizon or spending plans.
- Ensure the Investment Manager provides timely reporting.
- Upon request of the Audit and Finance Committee, conduct an Investment Manager request for proposal (RFP) and present recommendations to the Board of Governors.
- Adhere to this and all related policies.
- From time to time, Management will perform a RFP process to select the Portfolio Manager for renewal or replacement.
- Evaluate the College's compliance with the Complementary User Entity Controls annually.

	Investment Manager <ul style="list-style-type: none"> • Accept discretionary day-to-day management of the portfolio within the constraints imposed by this policy. • Notify Management and the Committee of material changes impacting the portfolio. • Provide the monthly, quarterly and annual reports including performance, fees, material changes and compliance to Investment Limitations. • Meet and communicate regularly regarding the investment program and the market environment. • Meet with the College at least annually to present a full review of the portfolio and provide an update on economic and market conditions and investment strategy recommendations. • Adhere to this and all related policies, including conflict of interest. • Provide an Annual Report on Controls at a Service Organization (CSAE 3416) to be reviewed to monitor the control compliance of the portfolio manager's institution.
Definitions:	<p>Eligible Investment Assets: Specific investment categories that College funds may be invested in; cash and cash equivalents, fixed income investments and equity investments and mutual funds.</p> <p>Portfolio Manager: External service provider responsible to carry out investment activities on behalf of the College.</p> <p>Government Issue: Securities issued by governments and are guaranteed full repayment of principal at a maturity date, and pay periodic interest payments.</p> <p>Equity Investments: Shares of a company that are typically traded in the stock market.</p> <p>Fixed Income Investments: Investments that pay a fixed amount of interest or return to Investors, which includes bonds and preferred shares.</p> <p>Preferred Shares: A class of stock ownership that has a higher claim on earnings and assets than common stock.</p>
Related Information:	Board Policy EL-4: Financial Condition & Activities Board Policy EL-10: Investments B03 Fraud & Irregularities Policy F08 Endowments, Inflation and Investment Recapitalization Policy G02 Code of Conduct Policy
Review Period:	3 years
Revision History:	Revised: May 1999 Revised: October 2004 Revised: September 2013 Revised: February 2017 Revised: March 2021 Revised: February 2025