



# INVESTMENT POLICY AND GUIDELINES ENDOWMENTS

## OVERVIEW

This Investment Policy and Guidelines (Policy Statement) apply to the endowment financial assets held by the George Brown College Foundation (the Foundation). The Foundation Fund shall be managed in accordance with all applicable legal requirements. The fiscal year end of the Foundation is March 31.

This Statement of Investment Policies and Guidelines (the "Statement") has been adopted by the George Brown College Foundation Board of Directors (the "Board") on the recommendation of the Foundation's Finance Committee (the "Committee").

This Statement applies to all Foundation investments ("Funds") managed by all internal and external Investment Manager(s).

The purpose of this Statement is to provide guidelines for the investing, monitoring and reporting with respect to the management of the Foundation assets/endowments and is issued for the guidance of the Foundation's directors, officers and other fiduciaries, and investment manager(s).

This Statement will be reviewed periodically on an as-needed basis and may be revised by the Board to reflect changes in the law, benefits, corporate financial objectives, Foundation risk characteristics, and business and financial market conditions.

The Foundation has, in short, been established, as set out in the Letters Patent to receive, maintain, invest and administer funds and apply them for charitable purposes associated with or related to the use, buildings, maintenance, renovations, endowments, chairs, scholarships/bursaries, etc., or any of its real or personal property or its facilities or the charitable purposes carried on by it, including its general purposes.

Endowment financial assets – endowment financial assets held by the Foundation include donor contributed endowments (Donor Fund) and Ministry of Training, Colleges and Universities matching endowment grants under the Ontario Student Opportunity Trust Fund and the Ontario Trust for Student Support programs (MTCU Fund).

## DESCRIPTION

The Foundation identifies and builds deep relationships with private donors and sponsors who are passionate about the College's vision and the role it plays in the city of Toronto. The Foundation will establish a seamless partnership with the College's academic and administrative leaders, supported by excellence in fundraising leadership and practice in our professional team, our Board and our volunteers.

To accomplish this mission, vision and strategic directions the Foundation supports:

- College-wide campaign initiatives which are aligned with George Brown College's strategic plan
- The creation of endowments to provide annual student awards or program funding in perpetuity
- Program and special initiative fundraising
- Fundraising efforts by College faculty, staff, alumni, and students by providing centralized resources and information
- The Foundation operates long-term in support of George Brown College's strategic initiatives

Professional management of the assets entrusted to the Foundation is essential to the Foundation's mission. To fulfill the Foundation's mandate, ensure accountability to donors, and maintain continued capital flow through investments to support the Foundation's projects, the Foundation Board of Directors (Foundation Board) has adopted the following investment policies, consistent with the Ontario Trustees Act and the Prudent Investors Rule.

## PHILOSOPHY/ OBJECTIVES

A second purpose of this Statement is to express the Board's position regarding the asset mix of the Foundation, set forth the appropriate goals for Foundation assets, and define guidelines within which the Foundation's investment manager(s) may formulate and execute investment decisions.

The Foundation assets are to be managed on a going concern basis. Within the levels of risk identified below, the overriding objective is to ensure appropriate utilization and protection of cash resources. The Foundation will invest its resources in a manner that will ensure that cash is available to meet forecasted disbursement requirements and achieve a reasonable rate of return with acceptable levels of risk.

The primary objective is capital (endowment) preservation while emphasizing income generation to meet spending requirements. Due to the charitable nature of the foundation and the fiduciary obligations of the Board, the Foundation's risk tolerance, including volatility and exposure to loss, is low. While this objective implies a willingness to incur some short-term return volatility to achieve greater long-term results, efforts to achieve this objective must not expose the Foundation to unacceptable levels of liquidity risk.

Liquidity risk is the risk that it will become necessary to liquidate Foundation assets under unfavorable market conditions in order to meet spending requirements. The Committee intends to pursue investment strategies that will not subject Foundation assets to extreme swings in value and which will provide for sufficient liquidity at all points in an economic cycle. These factors should not deter the Investment Manager from exercising "due diligence" and best efforts to achieve the long term investment objectives for the Donor Fund and the MTCU Fund. The Foundation recognizes that even with the guidelines outlined in this Policy Statement, the investment returns from the portfolio will vary from year to year, reflecting market and economic conditions and many other factors which are beyond the control of the Investment Manager.

An investment style with a fixed income asset mix in order to maximize the rate of return within acceptable risk tolerances and the compliance guidelines under the College of Applied Arts and Technology Policy Framework 2.0 Finance & Administration Banking, Investments and Borrowing Minister’s Binding Policy Directive for the MTCU Fund.

**ASSET ALLOCATION**

Asset allocation or mix refers to the allocation of Fund assets among the major asset classes, including, but not limited to, domestic and global equities, domestic bonds and cash. Since the asset mix of a Fund tends to determine its risk and return characteristics, control of the Fund’s asset mix is the Board’s principal means of defining the Fund’s risk and return parameters. Asset classes, Benchmark weights and permissible ranges for the Fund are set forth below.

Alternative strategies may include hedge funds, private equity, venture capital, real estate, commodities, foreign exchange or other investment strategy that is not included in the traditional asset classes outlined above.

<b>Asset Class</b>	<b>Benchmark Allocation</b>	<b>Permissible Range</b>	<b>Portfolio Benchmark</b>
Cash & Cash Equivalents	5%	0% - 20%	DEX 30-day T-Bill Index
Fixed Income instruments	30%	15% - 45%	DEX Universe Bond Index
Equities & Alternative Strategies			
• Canadian	20%	10% - 35%	S&P/TSX Composite Index
• US	20%	10% - 35%	S&P 500 Index (C\$)
• International	15%	5% - 25%	MSCI EAFE (C\$)
• Alternative Strategies	10%	0% - 15%	As appropriate, TBD

## INVESTMENT GUIDELINES/PERFORMANCE STANDARDS GENERAL

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Donor Fund Portfolio as a whole. In addition, investment in the securities of any single issuer should not constitute more than 10% of the market value of the equity asset class.

Investment managers shall use their best efforts to ensure that all transactions are accomplished on a "best execution" basis.

There shall be no specific limitation to portfolio turnover. However, above average turnover should be justified by performance.

Investments using short sales are permitted in the interest of reducing price volatility and preserving capital.

The use of derivatives is not permitted except in the management of currency exposure.

Investments in pooled funds or mutual funds shall be managed in accordance with the objectives, policies and restrictions set forth in the pooled fund's guidelines or mutual fund's prospectus, so long as said guidelines are consistent with the spirit of this document.

Investments in the following securities are prohibited:

Privately placed or other non-marketable debt and equity (for purpose of this statement investment pooled funds should not be considered private placements):

- Lettered legend or other restricted stock
- Naked options or futures contracts
- Uncovered short positions
- Leverage positions
- Commodities
- Securities A securities Lending Program

Responsibility for the exercise of ownership rights through proxy solicitations shall rest solely with investment managers, who shall exercise this right solely for the economic benefit of the Fund. The investment manager(s) shall report to the Committee annually in writing their standing policies with respect to proxy voting, including any changes that have occurred in these policies, and, on request, provide a written report of the proxy votes for all shares of stock in companies held in the Fund's investment programs. These reports shall specifically note any instances where proxies were not voted in accordance with standing policies.

The investment manager(s) shall adhere to the Association of Investment Management and Research Code of Ethics and Standards of Professional Conduct.

## Equities

Investments in the following equity securities are permitted:

- Publicly traded common stocks
- Rights, warrants, installment receipts, convertible debentures and other instruments convertible into common stocks
- Convertible securities
- Income trust units issued and/or registered in jurisdictions where appropriate legislation is in place to limit the liability of unit holders
- American Depositary Receipts
- Global Depositary Receipts.

Individual equities or equities held within equity funds must be listed on a major stock exchange and be of 'investment grade.

## Domestic Fixed Income

Domestic fixed income investments may include Canadian and Provincial Government and Agency obligations, municipal bonds, corporate bonds, zero coupon bonds, debentures, real return bonds, mortgage-backed securities, commercial paper, bankers acceptances, foreign pay domestic issuer bonds and other such instruments as deemed prudent by the investment manager.

Such instruments must be:

- Issued or guaranteed by the Government of Canada or one of its agencies
- Issued or guaranteed by a Canadian provincial government or one of its agencies
- Issued by a Canadian municipality of regional government
- Issued by a Canadian corporation or
- Issued by a foreign government or foreign corporation.

Notwithstanding the above:

Preferred shares must have a minimum DBRS credit rating of PFD-3 or an equivalent rating by another well-established rating agency at the time of purchase and thereafter, if considered as part of the fixed income component of the Donor Fund Portfolio.

All other fixed income instruments must, as a group, have a market weighted average DBRS credit rating of A, or an equivalent rating by another well-established rating agency, or better at the time of purchase and thereafter.

Fixed income securities are to be managed to ensure appropriate balances in quality and maturities consistent with current market and economic conditions. The portfolio shall have an average quality rating of A or better at all times. The portfolio shall have a maximum exposure to BBB of 15%, on a market value basis. The minimum quality rating per issue shall be BBB with a maximum exposure of 15% in BBB bonds, on a market value basis. The portfolio shall be well diversified.

Active fixed income management shall include the flexibility to adjust the maturity structure to take advantage of current and anticipated market conditions and yield curve opportunities. The average duration

of the domestic fixed income portfolio shall not differ from the duration of the benchmark by more than 40%.

Equity investments in fixed income portfolios, including common stock, warrants and rights are prohibited. Straight preferred stock and convertible bonds should not be held unless pricing anomalies in the market place suggest the likelihood of near-term gains when normal spread relationships resume.

### Money Market Investments

Money Market investments may include Federal and Provincial Government and Agency obligations, corporate bonds, commercial paper, bankers acceptances, cash and other such instruments as deemed prudent by the investment manager.

Money market securities are to be managed to ensure appropriate balances in quality and maturities consistent with current market and economic conditions. Cash investments should be made primarily on the basis of safety and liquidity of the investment, and only secondarily by the yield available. Such securities shall carry the equivalent of a R1 or better as measured by a recognized Canadian Bond rating service. The investment managers are responsible for making independent analyses of the credit worthiness of securities and their appropriateness as investments regardless of the classifications provided by the rating services.

Notwithstanding the above, ‘maple bonds’, i.e., bonds denominated in Canadian dollars both in terms of interest payments and principal payments but issued by non-Canadian entities, may be held in the Portfolio provided they meet the minimum credit rating standards set out below. Maple bonds should not constitute more than 10% of the market value of the fixed income asset class.

## PERFORMANCE STANDARDS

### Investment Returns

The Funds Portfolio’s investment performance will be measured against the performance of a ‘benchmark’ index calculated using appropriate market indices combined in the same proportion as the Funds Portfolio’s benchmark asset mix in G and I. Performance measurement will be reported quarterly in accordance with the CFA Institute standards.

The Funds Portfolio’s investment performance will be measured net of investment management fees and is expected to:

- Exceed the investment performance of the benchmark index over rolling 5 year periods, with an emphasis on 3-year and 5-year periods
- Rank in the top 50% of comparable portfolios with an emphasis on over rolling 3-year and 5-year periods.

The performance of the Manager(s) relative to an appropriate peer group over rolling 3 to 5-year periods, with an emphasis on 3-year and 5-year periods will be evaluated quarterly. The performance of individual asset classes is expected to: exceed the return of their corresponding benchmark indices; and rank in the top

50% of the appropriate investment manager performance measurement universes over rolling 3 to 5-year periods.

Further, the Manager(s) will be evaluated in terms of:

- Compliance with the provisions of this Investment Policy Statement and any amendments thereto as well as any specialized instructions and mandates issued by the Committee
- The provision of satisfactory reporting and client service.

### Risk Exposure

The Funds Portfolio's risk exposure, as measured by the standard deviation of its returns, will be evaluated on a quarterly basis.

The risk profile of the Manager(s) will be evaluated quarterly over rolling 3 to 7-year periods, with an emphasis on 4-years and 7-years, relative to an appropriate peer group.

The risk profile of the Fund portfolio and the Manager(s) should rank below the median risk for comparable portfolios and Managers.

### Rebalancing

Each calendar quarter, the Fund Portfolio will be reviewed for compliance with the ranges established in section G. If the portfolio mix violates the above ranges, the portfolio will be rebalanced to the upper or lower bound of the ranges for each asset class, unless otherwise approved by the Investment Committee. To the extent that is reasonable and possible, inflows and outflows of cash or assets in kind will be directed in such a way as to maintain:

- The long-term strategic asset allocation of the Fund Portfolio
- The targeted allocation of assets between or among Managers.

In the event that such flows of cash and/or assets in kind are absent or insufficient, the Committee will take steps to rebalance the Fund Portfolio by way of the transfer of cash and/or assets between or among the Managers.

### Proxy Voting

Proxy voting rights for the Funds are delegated to the Investment Manager. The Investment Manager shall maintain a record of how voting rights for the fund were exercised and report to the Audit Committee when votes were cast against management.

## Monitoring

At the discretion of the Audit Committee as required, the Investment Manager will meet with the Committee regarding:

- Rate of return achieved by the Investment Manager
- Investment Managers future strategies and other issues as requested
- Report of compliance with the Policy Statement.

## Standard of Care

All investment activities must be conducted according to the CFA Code of Ethics and Standards of Professional Conduct as promulgated by the Association for Investment Management and Research (AIMR).

## Conflict of Interest

Any person who participates in making a decision on any matter relating to the Funds must immediately disclose to the Chair of the Board, in writing, any actual or potential conflicts of interest with respect to the Funds. The Chair shall table the matter at the next Board meeting. No fiduciary shall incur any personal gain because of their fiduciary position of excluding normal fees and expenses incurred in fulfilling their responsibilities if documented and approved by the Board.

## CONTROL PROCEDURES

### 1. Board of Directors

The Foundation Board has ultimate responsibility and decision-making authority for the Funds. The Board has the responsibility to govern the Funds and shall appoint the Audit and Finance Committee to oversee the management of the Funds.

The Board shall:

1. Appoint members to the Audit and Finance Committee.
2. Receive the Audit and Finance Committee's recommendations with respect to the Foundation Investment Policies and approve or amend the policies as appropriate.
3. Review all other recommendations and reports of the Audit and Finance Committee with respect to the Funds and take appropriate action.

## 2. The Audit and Finance Committee

The Audit and Finance Committee (Finance Committee) consists of a minimum of 5 members, 4 of whom must be members of the Board. The Finance Committee's responsibilities include, but are not limited to, the following:

1. Maintain an understanding of legal and regulatory requirements and constraints applicable to the Funds.
2. Reviewing on an annual basis the Policy Statement and the performance measurements to be used on behalf of the Foundation.
3. Advising the Investment Manager of anticipated cash flows to and from the Foundation, including any material developments on an interim or annual basis.
4. Monitoring the Investment Manager's performance and compliance to the stated mandates within the Policy Statement, assessing the performance of the portfolio managed by the Investment Manager on an interim or annual basis.
5. Approving recommendations made by the Investment Manager.
6. Providing ongoing timely reports to the Board.
7. Conducting a review of the Investment Manager at a minimum of every 3 years and making recommendations to the Board to continue or seek a change of Investment Manager.
8. Provide recommendations to the Board regarding the selection, engagement or dismissal of the Investment Manager or any other specialist or consultant involved or to be involved with the Funds.

## 3. Trustee

The Trustee is appointed by the Foundation and reports directly to the Audit and Finance Committee. The Trustee's responsibilities include, but are not limited to, the following:

1. To oversee and manage the investments of the Donor Fund on behalf of the Foundation within a pooled fund arrangement held in trust for the Foundation.
2. Report to the Foundation on a monthly basis the Foundation's prorated shares of the pooled fund providing a summary of the balances and transactions including contributions, investment income, distributions and expenses. In addition a monthly report on the performance of the overall pooled fund by Investment Manager.
3. Report to the Foundation at least on an annual basis a performance summary and compliance report on the performance of the pooled fund and Investment Managers performance, including rates of return for the portfolio with comparisons with relevant indices or benchmarks, current and anticipated market conditions and current and anticipated economic conditions.
4. Arrange for the Investment Managers to report directly to the Foundation; the Investment Managers performance, including rates of return for the pooled fund portfolio with comparisons with relevant indices or benchmarks, current and anticipated market conditions and current and anticipated economic conditions.
5. Monitor the Trustee's Investment Managers performance and compliance to the stated mandates within the Trustee's Investment Policy Statement, assessing the performance of the pooled fund portfolios managed by the Investment Managers on an interim or annual basis.
6. Conduct a review of the Trustee's Investment Managers and makes changes of Investment Managers as required.

7. Select, engage or dismiss Investment Managers or any other specialist or consultant involved or to be involved with the Pooled Fund as required.

#### D. Investment Manager(s)

The Investment Managers are appointed by the Trustee or the Foundation and report directly to the Investment Committee of the Trustee (Investment Committee) or the Foundation. The Investment Manager's responsibilities include, but are not limited to, the following:

1. Approving the selection of securities within each asset class made by the Investment Manager, subject to constraints in section H.
2. Submitting to the Investment Committee or the Foundation a report on the quarterly performance, including rates of return for the portfolio with comparisons with relevant indices or benchmarks, current and anticipated market conditions and current and anticipated economic conditions.
3. Providing a full quarterly portfolio statement, with holdings at quarter end, transactions during the period and summary of interest and dividends, to the Investment Committee or the Foundation.
4. Providing quarterly accounting reports, sufficient to track the monthly earnings, purchases and sales, and transfers to and from the Fund portfolio, to the Trustee or the Foundation.
5. Adhering to the compliance requirements of the Policy Statement of the Trustee or the Foundation and providing confirmation that these requirements are satisfied or a report outlining the non-attainment of these requirements and any actions to achieve the requirements.
6. In the event that a Manager plans to make a material change to the mandate or investment policy of one or more of the Manager's index, mutual or pooled funds held in the Donor Fund Portfolio, the Manager must provide the Committee with prior notice of the revision. This notification must be provided to the Committee at least one month in advance of the proposed revision.

#### E. Administration and Investment Management Fees

In any fiscal year, the fee to cover the cost of administrative services and investment management shall not exceed 1.50% of the market value of the fund, computed at the end of each month.

#### F. Investment Assumptions and Expectations

The investment assumptions applicable to the invested funds support the long-term investment strategy of the Foundation:

1. The income and growth be commensurate with a moderate level of risk.
2. The minimum return objective for the Donor Fund is 5% to cover the minimum distribution requirement of 3.5% and expenses of 1.5% however; the Foundation would like to achieve a return of 7.5% per annum which includes inflation protection at an estimated inflation rate of 2% and a slightly higher distribution rate of 4%. The Donor Fund Portfolio is expected to generate this minimum return over on investments over rolling year periods. The minimum return objective for the MTCU Fund is 4.5% to cover the minimum distribution requirement of 3.5% and expenses of 1.0%.
3. The Foundation will disburse at a minimum such amount as may be required to meet its disbursement quota under the Income Tax Act (Canada). The current requirement is 3.5%.

4. The Foundation Portfolio should be structured and managed so as to provide for the generation of its targeted rate of investment return while assuming the lowest possible risk.
5. It may be expected that the Foundation Portfolio will experience an annual negative return in 1 out of every 8 years. These statistics are based on the historic performance over the past 45 years of a 40% fixed income / 60% equity (27.5% Canadian equity, 16.25% US equity, 16.25% international equity) asset allocation. The recommended asset mix corresponds with the long-term, strategic asset mix set out for the Donor Fund Portfolio in section H and the MTCU Fund Portfolio as noted in Appendix A.
6. The level of risk to which the Fund Portfolio is exposed will be controlled by diversifying the Portfolio's holdings, not only in terms of asset class, but also in terms of holdings within each asset class, geographically and by investment management style and investment manager.
7. The Foundation will exist in perpetuity. For planning and Funds Portfolio structuring purposes, it will be assumed that the investment time horizon of the Fund Portfolio is ten years. It should be noted; however, this investment Policy will be reviewed on at least an annual basis.

The minimum credit quality per issue shall be BBB (low) or equivalent at time of purchase. Bonds rated BBB should not constitute more than 10% of the market value of the fixed income asset class. In the event that a Manager expects a downgrade in the credit rating of a fixed income instrument to below the minimum BBB credit rating, the Manager shall develop a strategy for disposing of the fixed income instrument in a timely, orderly and efficient manner.

In the event that a fixed income investment held in the Donor Fund Portfolio experiences an unanticipated credit rating downgrade so that it falls below the minimum credit rating of BBB, the Manager may sell the investment immediately. In the event that the Manager wishes to retain the investment in the Donor Fund Portfolio, the Manager will contact the Committee within five business days to provide detailed information on the downgrade as well as the Manager's rationale for retaining the investment in the Donor Fund Portfolio. The Committee may require that the Manager dispose of the investment immediately. Alternatively, the Committee may authorize retention of the investment. In this instance, the Committee will provide the Manager with a deadline by which the investment must be disposed of and the Manager will provide, at a minimum, monthly updates on the investment in question, including its trading pattern and the Manager's strategy for disposing of it on a timely basis.

In the event of a 'split' rating (i.e., a situation in which credit rating agencies assign non-equivalent ratings), the lowest rating will apply.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Donor Fund Portfolio as a whole. In addition, investment in any single issuer should not constitute more than 10% of the market value of the fixed income asset class. Fixed income instruments issued or guaranteed by the Government of Canada or one of its agencies or by a Canadian provincial government or one of its agencies are exempted from this provision. Pooled funds of the investment manager are also exempted from this provision. Foreign pay bonds should not constitute more than 10% of the market value of the fixed income asset class and only be invested in if the Manager believes it is in the best interest of the portfolio.

#### Additional Constraints, Inclusions and Exclusions

The Donor Fund Portfolio as a whole and each asset class represented in the Portfolio must be reasonably diversified.

Index, mutual and pooled funds may be held in the Donor Fund Portfolio with the understanding that the guidelines in the Fund’s offering memorandum will supersede the aforementioned guidelines. While such funds will be managed in keeping with their own investment policies, these policies must be consistent with the spirit of this Investment Policy Statement. In the event that there are any substantive inconsistencies between the provisions of this Investment Policy Statement and the policies applicable to a fund that a Manager wishes to employ in the Portfolio, the Committee must provide written approval for investing in the fund before any such investment is made. These funds will be categorized as cash equivalents, fixed income investments or equities as appropriate given their underlying securities or the capital markets to which they are intended to provide exposure.

Derivative securities, other than those employed by hedge fund managers, may be held in the Donor Fund Portfolio for hedging purposes only. Derivative securities may not be used for speculative purposes.

Overdraft positions are not to be intentionally created.

The Committee reserves the right to instruct the Manager(s) to exclude any asset, security or category of investment and will notify the Manager(s) by written notice in the event that such restrictions are to be imposed.

The Committee may place further constraints, limitations or requirements on the Donor Fund Portfolio in order to achieve specific short-term objectives.

Gifts or donations consisting of marketable securities transferred into the Donor Fund Portfolio will be liquidated as soon as practicably possible.

**G. Allocation of MTCU Fund and Trust Fund**

All allocations are based on market values.

<b>Asset Class</b>	<b>Benchmark Allocation</b>	<b>Permissible Range</b>	<b>Portfolio Benchmark</b>
Cash & Cash Equivalents *	0%	0% - 15%	30-day T-Bill Index
Fixed Income instruments	100%	85% - 100%	SC Universe Bond Index

\*Includes GIC instruments

**H. Eligible Asset Classes and Constraints MTCU Fund**

Permitted and approved by the Board

Cash Equivalents:

- Cash equivalents will consist of instruments as outlined in Appendix A (Binding Policy Directive E.) with terms to maturity of 0 to 12 months and include fixed income instruments originally issued with a term to maturity in excess of twelve months
- Cash equivalents will have a minimum credit rating as outlined in Appendix A (Binding Policy Directive F).

Fixed Income Instruments:

- Fixed Income Instruments will consist of instruments as outlined in Appendix A (Binding Policy Directive E)
- Fixed Income Instruments will have a minimum credit rating as outlined in Appendix A (Binding Policy Directive F).

Other constraints:

- Fixed Income Instruments other constraints as outlined in Appendix A (Binding Policy Directive G and F).

## Appendix A

Excerpt from Ministry of Training, College and Universities – Colleges of Applied Arts and Technology Policy Framework, 2.0 Finance & Administration Banking, Investments and Borrowing Ministers Binding Policy Directive Revised May 2009

### Binding Policy Directive

- D. The college board of governors is to approve an investment policy to guide its investment activities. The board of governors is to review and approve at least annually an investment performance report that will include a statement signed by the senior financial officer stating that the college is in compliance with relevant legislative requirements in force at the time of the review and with this binding policy directive.
- E. A college may only invest college funds not immediately required to operate the college in the following securities, expressed or made payable in Canadian dollars, subject to the ratings identified in section F:
  - I. Bonds, debentures and promissory notes or other evidence of indebtedness, issued or guaranteed by:
    - a. Canada or a province or territory of Canada, or
    - b. an agency of Canada or a province or territory of Canada.
  - II. Bonds, debentures, promissory notes or other evidence of indebtedness, issued or guaranteed by:
    - a. municipality in Canada
    - b. a university in Ontario that receives ongoing operating and capital funding from Ontario;
    - c. the board of governors of a college established under the Ontario Colleges of Applied Arts and Technology Act, 2002;
    - d. a board of a public hospital within the meaning of the Public Hospitals Act;
    - e. a school board in Canada;
    - f. Ontario Infrastructure Projects Corporation; or
    - g. the Municipal Finance Authority of British Columbia.
  - III. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper or similar instruments, issued, guaranteed or endorsed by:
    - a. a bank listed in Schedule I or II or a branch in Canada of an authorized foreign bank under the Bank Act (Canada);

- b. a loan corporation or trust corporation registered under the Loan and Trust Corporation Act; or
    - c. a credit union to which the Credit Unions and Caisses Populaires Act, 1994 applies.
  - IV. Bonds, debentures, promissory notes or other evidence of indebtedness, issued by a corporation that is incorporated under the laws of Canada or a province of Canada; or
  - V. Promissory notes or commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada.
- F. A college is not to invest in a security under subsection E.IV or E.V above unless the security has a minimum rating, at the time the investment is made by the college by at least one rating agency of:
  - I. “R-1 (high)” or “AAA” by Dominion Bond Rating Service Limited;
  - II. “Prime-1” or “AAA” by Moody’s Investors Services Inc.;
  - III. “A-1+” or “AAA” by Standard and Poor’s; or
  - IV. “F1+” or “AAA” by Fitch Ratings
- G. If an investment falls below the standard required in section F, the college is to sell the investment within 90 days after the day the investment falls below the standard.
- H. If an investment made by a college prior to the effective date of this directive does not comply with this directive, the college is to sell the investment within one year of the effective date of this directive.
- I. A college is not to enter into interest rate or currency exchange agreements, forward rate agreements, foreign exchange transactions, futures, options or any other type of financial agreements to manage its financial assets, liabilities or risks.

POLICY:

APPROVING AUTHORITY:

EFFECTIVE DATE:

MANDATED REVIEW:

INVESTMENT POLICY & GUIDELINES ENDOWMENTS

GBCF BOARD OF DIRECTORS

OCTOBER 12, 2017

OCTOBER 12, 2020