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**KEYWORDS**

Investment

**RATIONALE**

To provide governance over long term investments.

**POLICY**

**Investment Guidelines**

**1) Portfolio Objectives**

The overall objective of this portfolio is to provide for the current funding requirements of Canadian Mental Health Association Lambton Kent. The portfolio is to be managed in such a way as to provide maximum long term consistency and stability of return, with current income accounting for the majority of the portfolio returns.

Within the context of the above requirements, the preservation of capital, maximization of income, and the maintenance of a limited level of liquidity to meet unanticipated funding requirements are desirable.

**2) Asset Mix**

Investments in the portfolio will be biased towards fixed income and income producing instruments including money market instruments, long term fixed income instruments, subject to the following parameters:

	<b>Target Allocation</b>	<b>Minimum Allocation</b>	<b>Maximum Allocation</b>
<b>Cash and Money Market Securities</b>	10%	5%	15%
<b>Laddered fixed income instruments</b>	90%	85%	95%

**3) Implementation**

Investment strategies will be of a long term buy and hold nature, with changes in positions mandated by sound analysis of economic and industry fundamentals. No investment decisions will be made without first regarding the impact upon current income generated by the portfolio within the context of the above stated objectives. This investment policy strictly prohibits the Organization from engaging

in any investment activity that would be considered speculative according to the generally accepted principles of conservative investment management.

#### **4) Eligible Investments**

Investments may be made in:

##### **Cash and Fixed Income**

- Government obligations (i.e. Treasury Bills Notes, Strip Coupons, Debentures and/or Bonds) issued directly or indirectly by the Federal government or an agency (Canadian and U.S.) or any of the provinces with an appropriate credit rating (see investment limits below).
- Canadian Chartered Bank Securities, being Bearer Discount Notes, Deposit Receipts, Term Notes, Certificates of Deposit, Bankers Acceptances, bonds, and strip coupons with an appropriate credit rating.
- Securities of foreign banks or the Canadian affiliates of foreign banks provided that the obligations are guaranteed or carry separate appropriate ratings.
- Commercial paper, bonds, debentures and strip coupons issued of Canadian companies with an appropriate credit rating.
- Third party managed funds that co-mingle all participant investments provided that the Safety, Liquidity, and Yield characteristics of the fund are consistent with the parameters imposed by this investment policy statement.

#### **5) Investment Limits**

The purchase of any securities carrying a credit rating below \_A\_ for bonds or \_A1\_ for commercial paper is strictly prohibited.

Investments in preferred shares will be limited to those carrying a credit a rating of P2 or higher with a minimum outstanding float of 3 million shares.

Ratings used will be from one or more of the following ratings agencies: Canadian Bond Ratings Service, Dominion Bond Rating Service, Standard and Poor's Credit Rating Service, or Moody's Investor Services.

#### **6) Safekeeping**

Securities purchased will be held in safekeeping by RBC Investments.

#### **7) Application**

This investment policy will be implemented and monitored by the CMHALK Finance Committee. This Finance Committee will implement, review, and monitor these guidelines and must approve all changes to them.

## 8) Reporting

Quarterly investment reports are received by RBC and shall be distributed to CMHA LK's Finance Committee. These reports will contain the following information:

- Complete inventories of all portfolio investments and percentage breakdown by each type of investment type and credit rating.
- Average term to maturity of the portfolio.
- A list of all transactions, maturity date (regardless if passed), opening balances, maturities, dispositions, purchases, and accrued interest.
- Details of any variations from stated investment policy.
- The rate of return and financial fees or charges of each investment.

## 9) Policy Review

This policy shall be reviewed annually by the CMHALK Finance Committee to ensure that it remains consistent with the overall objectives of the Organization and prudent and conservative investment practices. This policy may be reviewed and updated more frequently if necessary.

### SCOPE

### PROCEDURE

Reference/Source: \_\_\_\_\_  
Distribution: \_\_\_\_\_  
Filing: \_\_\_\_\_

Monitoring:

Related Documents: