

**TO:** Board of Directors

**FROM:** Fazal Khan, Registrar and CEO

**DATE:** June 5, 2023

**SUBJECT:** Investment Policy Monitoring Report

☐ For Decision

☐ For Information

☒ Monitoring Report

**Purpose:**

To provide the Board with a monitoring report on the Investment Policy, in accordance with the monitoring report schedule approved by the Board.

**CEO Interpretation and Evidence:**

The Investment Policy (Appendix A) was approved by the board in October 2018 and was last reviewed/revised in October 2021.

The monitoring report covers the period from January 2023 to May 2023. The next Investment Policy Monitoring Report is due in December 2023.

Policy Requirement	Interpretation and Evidence
Investment Funds Management	The Registrar, CEO has managed the COO investments with the services of a designated Associate Investment Advisor (BMO Nesbitt Burns) to provide expertise in the investment approach and investment portfolio.
Investment Parameters	The Registrar, CEO has met the Board's expectations of reasonable liquidity (by maintaining a liquidity ratio over 2.0 which measures the College's ability to cover liability obligations), continued revenue (through operations impacted by a second year of the pandemic) and ensured preservation of capital through a conservative and low risk investment strategy as recommended by the College's Financial Advisors and External Auditors. During the reporting period, \$1,087,129 previously held in secure GICs has matured and will be reinvested, while 7 secure GICs (at rates ranging from 4.35-4.75%) are set to mature in October 2023. The Registrar, CEO operates with a diverse investment portfolio through multiple GICs. To date, the Registrar, CEO has not borrowed any funds in the 2023 fiscal year.
Evaluation of Results	With the assistance of the Deputy Registrar and the Accounting Specialist, the Registrar, CEO monitors the investments to ensure compliance with the Investment Policy and the recommended investment approach.

Reporting	The Registrar, CEO provided audited financial statements to the Executive Committee in May 2023 and arranged for an analysis to be presented to both the Executive Committee and the Board by the External Auditor. These reports present investment results for the previous fiscal year in the Statement of Financial Position and the Statement of Operations.
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**Public Interest Considerations:**

Does the Registrar, CEO's interpretation of the policy serve or impact the public's interest or trust in the College?

**Diversity, Equity, and Inclusion Considerations:**

Does the Registrar, CEO's interpretation of the policy impact the College's commitment to Diversity, Equity, and Inclusion?

**Recommendations/Action Required:**

The Board is asked to provide comments and feedback on the following questions:

1. Was the Registrar, CEO's interpretation of the policy reasonable?
2. Did the Registrar, CEO comply with this policy, as reasonably interpreted?

## POLICY TYPE: OPERATIONAL BOUNDARIES

### 2-06 Investment Policy

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#### **PURPOSE**

To outline the Board's operational boundaries and risk tolerances for the Registrar, CEO regarding the management of COO investments. The Board's role with respect to this policy is one of oversight, as it has delegated responsibility for investing to the Registrar, CEO.

#### **BACKGROUND**

The objective of this Investment Policy is to ensure the prudent management and stewardship of the financial resources of the College. This includes the reasonable safeguarding of the College's invested assets and reasonable expectations for growth. The capital reserves, held within COO's investments, exist to ensure COO's long-term operating stability and to provide a source of internal funds for organizational priorities such as capital improvements and strategic initiatives.

#### **Investment Objectives and Risk Tolerances Summarized**

The Board's objectives and risk tolerances include:

1. Preservation and protection of principal.
2. Maintenance of appropriate liquidity.
3. Reasonable growth of the value of the investments.

#### **POLICY**

##### **1. Investment Funds Management**

Accordingly, the Registrar, CEO will not:

- a. Manage the COO investments without the services of a financial advisor to provide expertise in the investment approach and investment portfolio.
- b. Develop and update the investment approach without addressing the responsibilities of various parties, the allowable and prohibited investments, risk controls and monitoring and evaluation procedures, in accordance with Paragraph 2 of this policy.

##### **2. Investment Parameters**

In determining what are allowable and prohibited investments, the Registrar, CEO will not:

- a. Operate without meeting the Board's expectations of reasonable liquidity, achieving regular income, and ensuring preservation and appreciation of capital (except where the Board has approved the use of invested capital to cover deficit budgets and/or capital investments).
- b. Increase the organization's risk profile by operating without diversifying the investment portfolio.
- c. Unreasonably delay investing funds that are not required to ease cash flow or operational transactions.
- d. Invest capital in funds that do not have a demonstrated track record of achieving a reasonable return on investment.
- e. Invest or hold operating capital in insecure instruments, including uninsured chequing accounts and bonds of less than AA rating, or in non-interest-bearing accounts except where necessary to facility ease in operational transactions.
- f. Fail to assess the effect of inflation and deflation on the investment.

- g. Fail to assess the social responsibility of the investment being considered, including whether the investment is consistent with the COO's organizational values.
- h. Borrow solely for investment purposes.

### **3. Evaluation of Results**

Further, the Registrar, CEO will not operate without:

- a. Monitoring the financial advisor and the investments to ensure compliance with this Investment Policy and the investment approach.
- b. Assessing the adequacy of the performance of the financial advisor.

### **4. Reporting**

Further, the Registrar, CEO will not operate without:

- a. Reporting semi-annually to the Board on investment results and compliance with this Investment Policy.