

**TO:** Board of Directors

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

**DATE:** May 30, 2022

**SUBJECT:** 10.2 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.

The monitoring report covers the period from January 2022 to May 2022. The next Investment Policy Monitoring Report is due in December 2022.

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. In September 2021, the Registrar, CEO considered the impact of the ongoing pandemic on investment rates and invested funds that will achieve a reasonable return on investment, no lower than 0.46% against the market at the time. In May 2022, \$1,053,202 was reinvested in 11 secure GICs at the highest available rates ranging from 3.10% to 3.27% against the current market. The Registrar, CEO operates with a diverse investment portfolio though multiple GICs. To date, the Registrar, CEO has not borrowed any funds in the 2022 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 Board in May 2021 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.

**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.

#### **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 principle.
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.

##### **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. Fail to assess the effect of inflation and deflation on the investment.
- f. Fail to assess social responsibility of the investment being considered.
- g. 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 annually to the Board on investment results and compliance with this Investment Policy.