

SUBJECT: Financial - Investments	POLICY NO: INT-32	LAST REVIEWED: February 2021
APPROVED BY: Executive Board	MANAGED BY: Director of Finance	NEXT REVIEW: February 2022

SUMMARY

Policy Statement

BCITSA strives to protect and grow its assets through responsible, conservative investing. BCITSA also strives to select investment options to ensure that its investments mirror the mandate of the organization.

Purpose of This Policy

The purpose of this Policy is to:

- Identify a monitoring process for BCITSA investments
- Establish parameters for evaluating and selecting investment options
- Protect the value of BCITSA investments

Application of This Policy

This Policy applies to all employees that deal with investments of the BCITSA, and Executives.

Related Documents and Legislation

N/A

Forms Associated With This Policy

N/A

Amendment History

- Created 2018-09-10
- Amended 2021-02-01

DEFINITIONS

Accounting Department

The Accounting Department is the department within the BCITSA whose main responsibility is to manage the cash operations and accounting of BCITSA.

Investment Advisor

The Investment Advisor is a professional contracted by the BCITSA to oversee and provide guidance on operations related to investments.

Investment Portfolio

The Investment Portfolio is the entirety of all investments of the BCITSA, not including investments intended for endowment or scholarship funds.

DUTIES AND RESPONSIBILITIES

Director of Finance

The Director of Finance is ultimately responsible for interpretation and enforcement of this policy. The Director of Finance also has the sole authority to execute trades and transactions as they relate to investments.

VP Finance and Administration

The VP Finance and Administration is responsible for providing all necessary financial information to the Council in a timely fashion.

POLICY

1. Administration of Investments

1.1. Professional Investment Advisor

- a.** An Investment Advisor must be consulted to provide guidance and advice for all investment related matters.
- b.** The Director of Finance shall be the main contact for the Investment Advisor.

1.2. Transferring of Funds

- a. Two signing authorities shall be required to withdraw money from any investment account.
- b. All transfers of funds from the investment account shall be approved prior to transfer by Council.

2. Break Down of Investments

2.1. Money, Money-like and Fixed Income (Bonds) instruments

- a. Money and money-like instruments shall account for 0% to 30% of the market value of the Investment Portfolio.
- b. All short-term money market investments, such as Government of Canada Treasury Bills, shall be rated no lower than R-1 by Dominion Bond Rating Service (DBRS).
- c. Fixed Income bonds shall account for 30%-50% of the portfolio.
- d. A ladder investment approach shall be used as appropriate.
- e. No more than 10% of the market value of the portfolio shall be invested in the debt of a singular issuer, except for securities fully guaranteed by the Government of Canada or by a Province having an "A" rating or higher.
- f. All bonds must be of investment grade.

2.2. Equities

- a. Equity investments shall optimally account for 50% to 70% of the Investment Portfolio with an initial target of 55%.
 - i. When the market value of the equity investments reaches 70% of the total investment portfolio, the equities investments shall be rebalanced back down to target weights at an appropriate time as decided by the Director of Finance.
- b. No more than 10% of the portfolio by market value shall be invested in the common stock, preferred shares or other equity equivalents of a single corporation or issuer.

- c. Emphasis of equity investments shall be in dividend paying blue chip companies.

2.3. Locations of Investments

- a. Target 65% of the equity portfolio to be invested in Canada.
- b. Target 35% of the equity portfolio to be invested in the United States.

3. Eligible investments – investments considered eligible for inclusion in the portfolio will be limited to the following:

- a. Short-term money market instruments and fixed income securities of a Canadian issuer (corporate or government, and subject to the above credit criteria) or by the United States Treasury Equities.
- b. Securities issued by public companies trading on a North American stock exchange, subject to the above “small capitalization” limitation and to prudent diversification. This can also include securities traded in North America but issued by non-North American companies through American Depository Receipts.
- c. Pooled Fund units where the investment policy of the fund is deemed suitable for the portfolio
- d. Exchange traded funds trading on a North American market.
- e. Income funds and/or income trusts trading on a Canadian exchange.
- f. No leverage of investment positions through margin and/or derivatives of any kind will be pursued.

4. Reconciliation and Review

4.1. Reconciliation

- a. The Director of Finance shall reconcile the investment statement at the end of every month.

4.2. Review

- a. The Director of Finance shall review the performance of the Investment Portfolio quarterly.

- b.** The Director of Finance shall submit each review to the VP Finance and Administration.
- c.** The Director of Finance and VP Finance and Administration shall meet with the Investment Advisor to review the Investment Portfolio at minimum annually, but may meet more often as required.

PROCEDURE

N/A