

**ST. JOSEPH'S FOUNDATION OF THUNDER BAY
63 CARRIE STREET, THUNDER BAY, ON P7A 4J2**

POLICY/PROCEDURE

# 8	DATE APPROVED: March 2025
	NEXT REVIEW DATE: March 2027
	APPROVAL: Board of Directors
INVESTMENT POLICY STATEMENT	

Refer to Policy/Procedure #9 Donor Recognition Program & #11 Endowment Fund Withdrawal Policy

1. Introduction

The primary purpose of St. Joseph's Foundation of Thunder Bay is to raise funds to support the capital equipment, programming and financial needs of St. Joseph's Care Group.

2. Purpose of the Investment Policy Statement

This Investment Policy Statement (the "Statement") identifies key factors bearing upon investment decisions for the Fund and provides a set of written guidelines for its management. This Statement supersedes any existing investment policy statement and will be reviewed at least biennially to ensure that it continues to reflect the objectives identified in the policy.

Roles and Responsibilities

3.1 Board of Directors

The Board of Directors (the "Board") has ultimate authority over and responsibility for the Fund. To assist it in the performance of its duties and to ensure that the Fund meets its objectives, the Board will:

- Appoint the members of the Finance Committee (the "Committee"); and
- Receive the Committee's recommendations with respect to the Fund's Investment Policy Statement.

3.2 Finance Committee

The Committee is appointed by the Board. The Committee will:

- Maintain an understanding of legal and regulatory requirements and constraints applicable to the Fund and keep the Board fully apprised of these;
- On a biennial basis, or more frequently if appropriate, review the Investment Policy Statement and make appropriate recommendation to the Board regarding its amendment or re-approval;

- Recommend to the Board of Directors the selection, engagement or dismissal of the professional investment manager or managers (the “Manager(s)”);
- Formulate specialized instructions and mandates for each Manager, as necessary. These instructions and mandates will derive from, reflect and be consistent with the provisions of this Investment Policy Statement;
- Monitor the Managers’ performance and compliance with the Investment Policy Statement as well as with any specialized instructions and mandates they have been given;
- Provide recommendations and regular reports to the Board on all aspects of the Fund, in addition to those listed above, that the Committee deems appropriate or that the Board requests;
- Take appropriate steps to resolve conflict of interest issues; and
- Keep the Manager apprised of developments that will affect the Fund’s liquidity requirements.

3.3 Investment Manager

The Manager will:

- Provide the Committee with information, proactive advice and, as required, definitive recommendations on:
 - Alternative asset mix arrangements;
 - Alternative manager structures;
- Monitor the Fund’s asset allocation and provide recommendations to the Committee with respect to rebalancing assets among asset classes;
- Provide quarterly reports to the Committee with respect to the performance and risk characteristics of the Fund in keeping with the performance measurement monitoring protocols and requirements set out in Section 8;
- Provide information and advice with respect to developments that might affect the Manager’s performance, risk characteristics and service capabilities;
- Provide semiannual reports to the Finance Committee as outlined in section 10.1;
- Meet with the Finance Committee on a regular basis, as determined by the Finance Committee’s requirements;
- Have responsibility for day-to-day investment management decisions for the Fund;
- Have full discretion in day-to-day investment management of the Fund, or that portion of the Fund for which they have been given responsibility, subject to this Statement and any amendments thereto as well as any specialized instructions and mandates issued by the Committee;
- Have the authority to vote all proxies and in exercising this authority, the Manager(s) will act prudently and solely in the interest of the Fund; however, the committee retains the right to instruct the Manager(s) on how to exercise voting rights and it is recognized that the above policy on voting rights is not enforceable by the Committee to the extent that the subject investments are held within a pooled fund;
- Ensure that all transactions are completed on a “best execution” basis;
- Exercise the care, skill and diligence that can reasonably be expected of a prudent expert and will adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct.

4. Investment Objectives

4.1 Return on Investments

The goal of the Fund is to provide long-term, capital appreciation with a focus on income that meets our disbursement requirements outlined in Policy #11 Endowment Fund Withdrawal Policy.

The Fund's goal is to attain a 5% of the return net of inflation and fees.

The long-term average inflation rate target is 2% by the FED and BOC.

4.2 Risk Tolerance

The level of risk to which the Fund is exposed will be controlled by diversifying the Fund's holdings, not only in terms of asset class, but also in terms of holdings within each asset class, geographically and (to the extent feasible) by investment management style and investment manager.

The Fund's exposure to risk will be measured in terms of the standard deviation of its investment returns. While the Fund should be structured and managed to achieve its targeted rate of investment return with the lowest possible risk, it is important to recognize that market fluctuations may at times result in decreases in valuations. This inherent risk is a normal aspect of investing and should be considered in the Fund's overall risk management strategy.

5. Investment Constraints

5.1 Legal Status

St. Joseph's Foundation of Thunder Bay was established in June 1983. The Fund must be operated in compliance with the provisions of the Trustee Act. It is subject to the provisions of the Income Tax Act of Canada and regulations promulgated by the Canada Revenue Agency under the authority of that Act.

The Foundation is registered with the Canada Revenue Agency as a charitable organization. Its year-end and the Fund's year-end is March 31.

5.2 Taxation Status

The Fund is not subject to income tax provided that it meets requirements enumerated in the Income Tax Act of Canada and regulations promulgated by the Canada Revenue Agency.

6. Asset Mix

A portfolio's asset mix is the proportion within which various asset classes are represented in the portfolio. Given the Fund's minimum targeted return on investments, its risk tolerance, legal and taxation status, its investment time horizon, liquidity and income requirements, the following 'benchmark' or long-term strategic asset allocation, and permissible asset class holding ranges have been established:

Asset Mix:	Minimum %	BM %	Maximum %
Cash & Cash equivalents	0	5	20
Bonds	15	40	50
Real Assets (as Fixed Income)	0		20
Equities			
Canadian	10	22	40
U.S.	10	16	50
International	0	16	40
			** maximum % for Equities is 70% combined

1. Investment Management Guidelines

7.1 Eligible Asset Classes – Definitions and Constraints

7.1.1 Cash Equivalents

Cash equivalents will consist of instruments with terms to maturity of 0 – 12 months and may include instruments originally issued with a term to maturity in excess of 12 months.

Cash equivalents originally issued with terms to maturity of 12 months or less will have a minimum credit rating of R-1 (Dominion Bond Rating Service or Canadian Bond Rating Service equivalent) at the time of purchase and thereafter. Cash equivalents originally with terms to maturity greater than 12 months will have a minimum credit rating of A (Dominion Bond Rating Service or Canadian Bond Rating Service equivalent) at the time of purchase and thereafter.

7.1.2 Fixed Income Instruments

Investments in the following fixed income instruments are permitted:

- Bonds;
- Debentures;
- Notes;
- Coupons and Residuals;
- Asset –backed securities; and
- Preferred shares.
- Real assets

All fixed income instruments must, as a group, have an average credit rating of A (Dominion Bond Rating Service or equivalent rating by a similarly recognized

rating agency) or better at the time of purchase and thereafter. The minimum credit quality per issue shall be BBB.

Investment in the securities of any single issuer should not constitute more than 10% of the market value of the Fund as a whole. 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.

7.1.3 Equities

Investments in the following equity securities are permitted:

- Common Stocks;
- Income Trust units; and
- Rights, warrants, installment receipts, convertible debentures, and other instruments convertible into common shares;
- American Depositary Receipts and Global Depositary Receipts.

Individual equities or equities held within equity funds must be listed on a major stock exchange, be of 'investment grade' and be liquid at the time of purchase and thereafter.

Income trust units held in the Fund shall possess a minimum average DBRS stability rating of STA-3 (or an equivalent S&P rating). The minimum stability rating per issue shall be DBRS STA-4 (or an equivalent S&P rating). The Investment Manager(s) are responsible for making independent analyses of the investment worthiness of these securities and their appropriateness as investment regardless of the classifications provided by the rating services.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Fund 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.

7.2 Additional Constraints, Inclusions and Exclusions

The Fund as a whole and each asset class represented in the Fund must be reasonably diversified. If more than one Manager is employed, all reasonable attempts will be made to ensure that the fund is diversified in terms of investment management 'style'.

All investments must be reasonably liquid at the time of purchase and thereafter. In the event that the Manager(s) forecast(s) an impairment in the liquidity of an investment, the Manager will make all reasonable efforts to liquidate the investment on a timely basis.

Index and pooled funds may be held in the Fund. These funds will be categorized as Cash Equivalents, Fixed Income Instruments or Equities as appropriate given their underlying securities or the capital markets to which they are intended to provide exposure.

Derivative securities may be held in the Fund for hedging purposes. Derivative securities may not be used for speculative purposes. The purchase of securities on margin are not permitted.

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.

Gifts or donations consisting of marketable securities transferred into the Fund will be liquidated as soon as practicable by the Manager(s). In the event that, on the date that the securities are deposited, the Manager has plans to purchase the subject securities for the Fund, the Manager may retain the deposited securities (in whole or in part) rather than liquidate them. This provision is included so that trading costs can be minimized.

8. Performance Standards

8.1 Investment Performance

The Fund'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 Fund's benchmark asset mix.

The Fund's benchmark index is a combination of the following indices, held in the following proportions:

Asset Class	Benchmark
Cash & Cash equivalents	6% FTSE TMX Canada 91 Day Treasury Bill Index
Bonds	40% FTSE TMX Canada Universe Bond Index
Canadian	22% S&P/TSX Composite
U.S.	16% S&P 500 \$Cdn
International Real Assets	16% MSCI EAFE / MSCI Emerging Markets- \$Cdn Relative to the TSX Composite

The benchmark index indicates the return that a passive investor (that is, one who invests in market indices) would earn by consistently employing the benchmark asset allocation set forth in Section 6.

The Fund's investment performance will be measured on gross returns prior to management and custodian fees and is expected to:

- Exceed the investment performance of the benchmark index over 5 years; and
- Rank in the top 50% of comparable portfolios over 5 years.

In addition, the Fund's performance will be evaluated in terms of:

- The extent to which it generates capital appreciation in excess of the rate of inflation.

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 with an emphasis on 5 years.

The performance of the Manager(s) will be reviewed quarterly relative to an appropriate peer group over rolling 5 year periods.

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

- Compliance with the provisions of this Statement and any amendments thereto as well as any specialized instructions/mandates provided to the Manager if more than one Manager is engaged; and
- The provision of satisfactory reporting and client service.

8.2 Risk Exposure

The Fund's risk exposure, as measured by the standard deviation of its returns, will be evaluated on a bi annual basis. The Fund's risk profile should rank in the midrange of comparable portfolios.

The risk profile of the Manager(s) will be reviewed quarterly over rolling 3 to 5 year periods with an emphasis on 5 years relative to an appropriate peer group.

9. Rebalancing

The Fund's allocation among asset classes will be reviewed annually. Rebalancing will be considered when allocations fall outside of the ranges established in Section 6 or outside of established parameters related to the allocation of assets between or among Managers.

To the extent that is reasonable of 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; and
- 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 Investment Manager will take steps to rebalance the Fund by way of the transfer of cash and/or assets between or among the Managers.

10. Reporting and Service

10.1 Investment Manager

Bi annually and within 30 days of its year end, each Investment Manager (s) will provide the Committee with reports containing, at a minimum:

- A valuation of the Fund as at the end of the 6 month period, including the market value of each security;
- A listing of transactions that were completed or initiated during the quarter;
- Data on the Manager investment performance for the past quarter relative to benchmarks established in this Investment Policy Statement or to the Manager's specialized mandate in the event that more than one Manager is engaged;
- A commentary on the investment strategy and tactics employed over the previous six (6) months;
- The Investment Manager's outlook of capital markets for the upcoming quarter and proposed strategies to be employed during the quarter;
- Information pertaining to changes in the Manager's investment or senior management personnel and/or ownership structure, if any; and
- Information pertaining to changes to the Manager's investment style, process or discipline or any other philosophical, operational or organizational matter that might reasonably be expected to have a bearing on the performance or risk profile of the assets managed by the Manager.

The Investment Manager will be available for meetings with the committee on a quarterly basis, or more frequently if required by the Committee, and will be available for discussion and consultation on an ad hoc basis. In addition, the Investment Manager will be available for meetings with the President and/or the Board as requested.

On an annual basis, each Manager will provide the committee with a signed Certificate of Compliance indicating that the assets managed and investment activities completed have been conducted in accordance with requirements of the applicable securities commissions and the CFA Institute's Code of Ethics and Standards of Professional Practice.

On an annual basis, the Manager (s) will report on compliance with parameters and identify any changes required if necessary.

11. Termination of Manager

The Committee will consider recommending to the Board that a Manager be terminated when one or more of the following circumstances prevail:

- The Manager's investment performance results have been below the median performance results of the appropriate Manager peer group and/or the appropriate market benchmark indices(s) for 3 consecutive years;
- The Manager's short-term underperformance is found to be a result of a change in the Manager's investment style, process or discipline or a change in the Manager's key investment personnel;
- There is a significant change in the risk profile of the Manager;
- The Manager's investment style is no longer appropriate given the Fund's requirements;
- The Manager's reporting and client services are unsatisfactory; or
- The Committee has concerns regarding the Manager's ethics.

Notwithstanding the above, the Committee may recommend to the Board that a Manager be terminated for any reason that the Committee deems appropriate.

12. Conflict of Interest

Neither fiduciary, nor any of its directors, officers, personnel or any party related thereto will knowingly permit his or her interest to conflict with his or her duties or powers relating to investment of the Fund's assets or to any other matter related the Fund. Any actual or perceived conflict of interest must be reported to the committee. Such disclosure will be made when the affected party first becomes, or ought to have become, aware of the conflict or potential conflict. The Committee will be the sole arbiter in determining whether the conflict of interest exists and, if it determines that a conflict does exist, will take all necessary and appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the relevant Committee meeting. The failure of fiduciary to comply with the requirements of this Section will not of itself invalidate any decision, contract or other matter.