
Investment Policy Statement

1 Purpose

This Investment Policy Statement (the “Statement”) applies to the financial assets held by St. Joseph’s Parish.

The purpose of this Statement is to outline the procedures and policies to effectively manage and monitor the financial assets held within the various Reserve Funds held by St. Joseph’s Parish (hereinafter collectively referred to as “the Fund”). The basic goal underlying the establishment of this Statement is to ensure that these assets, together with the investment income earned thereon, are invested in a prudent and diversified manner to meet the cash flow disbursements of the Parish as they come due.

Another goal is to ensure that the Fund is managed in accordance with all applicable legal requirements including the Income Tax Act (Canada) and the Ontario Trustee Act. It is understood that any investment manager (“the Manager”) or any other agent or advisor providing services in connection with the Fund, shall accept and adhere to this Statement.

As members of the Finance Committee, we are called to be God’s stewards of funds entrusted to us. Our understanding of stewardship is based in scripture. The first chapter of Genesis tells us that God created all things, including people, who are to be the managers, caretakers and stewards of all that God created, recognizing that all comes as a gift from God. As stewards we are responsible to tend these funds in a wise and just manner to the best of our ability.

2 Responsibilities

The Finance Committee is responsible for administration of this policy. The Finance Committee may delegate some of its responsibilities with respect to the investment of the Fund to agents or advisors.

The Finance Committee shall:

- a) establish the Statement;
- b) select the Manager (if required) and Custodian;
- c) obtain advice, as required, regarding the legal and regulatory requirements and constraints set out in this Statement applicable to the Fund;
- d) on an annual basis, review the Statement and make appropriate amendments thereto;
- e) provide regular reports to the Parish Council;
- f) monitor the Fund and the investment performance of assets; and,

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- g) identify an Investment Manager (as required).

The Investment Manager is responsible for:

- a) maintaining an understanding of legal and regulatory requirements and constraints applicable to the Fund;
- b) selecting securities within the asset classes assigned to them, subject to applicable legislation and the constraints set out in this Statement;
- c) providing the Finance Committee with quarterly reports of actual portfolio holdings and a review of investment performance and future strategy;
- d) attending meetings of the Finance Committee at least twice per year to review performance and to discuss proposed investment strategies;
- e) informing the Finance Committee promptly of any investments which fall outside the investment constraints contained in this Statement and what actions will be taken to remedy this situation;
- f) advising the Finance Committee of any elements of this Statement that could prevent attainment of the Fund's objectives; and
- g) explaining the characteristics of new asset classes or investments and how they may assist in achieving the Fund's objectives.

The Custodian, which may also be the investment manager, is responsible for:

- a) holding the assets of the Fund in accordance with applicable legislation.
- b) providing a quarterly consolidated report of the assets of the Fund to the Executive Director.

3 Fund Objectives

The overall investment objectives, in their *order of priority*, of the Fund are to:

- a) preserve capital, as adjusted for Canadian C.P.I. inflation and **net** of any investment fees; and,
- b) maintain liquidity to meet the standards set by the Reserve Policy, specifically:
 - a. The working capital requirements of the Parish related to an orderly wind-down (*i.e.* less than one-year investment horizon).
 - b. The asset replacement requirements of the Parish, related to church buildings and other infrastructure (*i.e.* less than a five-year investment horizon).

In keeping with the mission and charism of St. Joseph's Parish, the Fund shall be invested in companies that are socially responsible in the following areas:

- a) the rights and needs of such companies' employees;
- b) the economic development of the communities in which the companies engage in one or more facets of their businesses;
- c) the social and environmental condition of the communities;

- d) the social value of such companies' products;
- e) the manner in which the companies market their products;

The Fund is to be invested in accordance with these guidelines even in the absence of special instructions.

4 Authorized Investments

List of Permitted Investments:

- a) Short-term instruments: Cash; Demand or term deposits; Short-term notes; Treasury bills; Bankers acceptances; Commercial paper; and Guaranteed Investment Certificates issued by banks, insurance companies and trust companies.
- b) Fixed income instruments: Bonds;
- c) Debentures (non-convertible); Mortgages and other asset-backed securities.

The Fund will not borrow to invest (*i.e.* no leverage).

5 Risk Guidelines

All allocations are based on market values. The assets of the Fund will be invested at all times in a prudently diversified manner.

5.1 Cash and Cash Equivalents

- a) Maximum term to maturity for any single security/asset is five years.
- b) Maximum exposure to corporate issues is 50% of the cash pool:
 - Eligible securities must be from issuers with a credit rating of R1.

5.2 Fixed Income

Maximum and minimum holdings of the fixed income asset classes of the Fund by credit rating are:

Credit Quality	Maximum	Minimum	Maximum Position in a Single Issuer
Government of Canada	100%	0%	No limit
Provincial Governments	60%	0%	25%
Municipals	25%	0%	10%
Corporates	50%	0%	10%
AAA	100%	0%	10%

All debt ratings refer to the ratings of Dominion Bond Rating Service (DBRS), Standard & Poors' or Moody's.

Maximum holdings of the fixed income asset classes of the Fund by issuer:

- a) 20% for asset-backed securities;
- b) 20% for mortgages or mortgage funds;
- c) 20% for bonds denominated for payment in non-Canadian currency; and,
- d) 10% for real return bonds.

6 Performance Expectations For Fund

- A target rate of return will be established as part of the annual budget process.
- The target rate of return will be set so as to preserve capital against the effects of inflation and it will reflect a conservative bias, similar to a government pension fund.
- The target rate of return will be reviewed annually.
 - The initial target rate set under this policy, as at March X, 2013, is 1.5%.

7 Reporting and Monitoring

7.1 Investment Reports

Each year the Executive Director will provide the Finance Committee, as part of the fall Budget development process, a written report containing the following information:

- a) Fund holdings at the end of the third quarter (*i.e.* September 30th);
- b) Fund transactions during the year-to-date;
- c) A compliance report stating that the assets of the Fund are invested in compliance with this Statement.

7.2 Annual Review

It is the intention of the Finance Committee to ensure that this Statement is continually appropriate to the Parish's needs and responsible to changing economic and investment conditions. Therefore, the Statement shall be reviewed annually by the Finance Committee.

8 Standard of Care

The Manager is expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the C.F.A. Institute.

The Manager will manage the assets with the care, diligence and skill that a prudent Investment Manager would use in dealing with all clients. The Manager will also use all

relevant knowledge and skill that it possesses or ought to possess as a prudent Investment Manager.

9 Conflict of Interest

All fiduciaries, including the Manager and Custodian, shall disclose the particulars of any actual or potential conflicts of interest with respect to the Fund. This shall be done promptly in writing to the Chair of the Finance Committee.

The Chair will, in turn, table the matter at the next Finance Committee meeting. It is expected that no fiduciary shall incur any personal gain because of their fiduciary position.

This excludes normal fees and expenses incurred in fulfilling their responsibilities, if documented and approved by the Finance Committee.

10 Effective Date

This *Financial Reserves Policy* comes into effect on the date of approval by Parish Council.

11 Approvals

Parish Council approved by consensus on March 12, 2013.



Donald Duthie

Chair

St. Joseph Parish Council

March 12, 2013
Date