

AMS INTERNAL POLICIES**Number & Title: AMS Investment Policy****Effective Date:**May 1st 2017**Approval Date:**March 29th 2017**Policy Type**

Internal Policy

Review Date:

This policy shall be reviewed every year.

Responsible Body:

Finance Committee

Authority:*AMS Code of Procedure Section II, Article 11(1)*

“Council may create external and internal policies as well as combined policies.”

Purpose and Goals:

This policy is designed to be:

- 1) An investment policy that provides the general investment goals and objectives of the society and describes the strategies that the Managing Director should employ to meet these objectives. Specific information on matters such as asset allocation, risk tolerance and liquidity requirements are included in the policy

Applicability:

This policy is applicable for all investments the society partakes in.

Exclusions:

There are no exclusions for this policy.

Definitions:

- 1) "Fixed Income" means:
 - a) Bonds or Debentures issued by the Government of Canada, any province, or corporations; and
 - b) Securities with maturities great than one (1) year at the time of issuance, including:
 - i) Pooled Fund units
 - ii) Mutual Funds
 - iii) Preferred shares
 - iv) ETF's and ETF Portfolios

- v) And insured mortgages
- 2) "Investment Manager" mean the company, organization, or Alma Mater Society of UBC Vancouver to who Alma Mater has given the responsibility to managed Alma Mater's investment portfolio. The AMS will and Investment Manager will facilitate an annual review of investments and Investment Manager.
- 3) "Mutual Funds" as defined in the Securities Act, R.S.A. 2000 c. S-4 means;
 - a) an issuer whose primary purpose is to invest money provided by its security holders and whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuers, or
 - b) an issuer that is designated as a Mutual Fund under Section 10 or in accordance with the regulations.
- 4) "Pooled Funds" means Mutual Funds that are exempt from the registration prospectus requirements of the Securities Act R.S.A. 2000 c. S-4.
- 5) "Securities" means securities as defined in the Securities Act, R.S.A. 2000 c. S-4

Policy:

1) Priority of Investment Objectives

- a) Preservation of Capital – The risk of permanent capital impairment should be minimized. Preservation of capital is paramount, as its replenishment can not be assured.
- b) Liquidity – Alma Mater Society investments shall not hinder its ability to meet payment of its financial liabilities as and when they become due. Alma Mater shall ensure that its liquidity needs are met through an appropriate level of investment in fully marketable securities. For the purpose of this Bylaw, the permitted classes of assets and the amount of exposure to each asset class must follow the requirement set out in Section 1 below.
- c) Return – Alma Mater Society shall require on its investments a minimum annual rate of return greater than the rate of return on its operating bank account (s). This rate of return can be a combined measurement of income flows and unrealized and realized capital gains or losses based on a rolling four (4) year average.

2) Portfolio Diversification and Asset Quality Constraints

- a) General Principles and Requirements
 - i) Investments should be made with a primary view to preserve capital with secondary objectives to meet liquidity requirements and earn a reasonable rate of return in the long-term within the investments parameters outlined in this Bylaw.
 - ii) The investment portfolios shall be comprised of the following classes of assets:

b) Section 1

Asset Class	Percentage of Total Investment Portfolio That May Be Invested in the Asset Class
	Maximum
Cash and Cash Equivalents and Fixed Income	100%

Equities	30%
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- i) Alma Mater Society ' Investment Manager shall determine the optimum split between classes of assets set out above, based on prevailing market conditions and Alma Mater' objectives.
- c) Cash and Cash Equivalent Investments
 - i) Alma Mater Society may invest in the following Cash and Cash Equivalents:
 - (1) Money market mutual funds;
 - (2) Guaranteed Investment Certificates issued by a Schedule 1 Bank, pursuant to the Bank Act S.C. 1991.c.46.
 - (3) Savings account
 - (4) Banker Acceptance
 - (5) Treasury Bills
 - (6) Bank Term Deposits & Short Term Investment Certificates
- d) Fixed Income
 - i) Fixed Income investments shall comply with the following terms, conditions, and criteria:
 - (1) Alma Mater Society may not invest more than 20% of its assets non-investment grade High Yield Fixed Income (BB or lower), Equity ETF's and ETF equity portfolios.
 - ii) Pooled Fund units recommended by the Investment Manager where the investment policy of the fund is classified as a Fixed Income fund by the Investment Manager; and
 - iii) Mutual Funds units where the simplified prospectus or investment policy of the fund is classified as a Fixed Income fund.
- e) Equity Investments
 - i) Alma Mater Society may invest in Securities listed on any Canadian or a major foreign stock exchange, provided that:
 - (1) Investments listed on foreign stock exchanges shall be limited to no more than fifty percent (50%) of the total value of the Securities purchased by Alma Mater Society;
 - (2) If Alma Mater Society invests in Securities, Alma Mater Society shall not directly or indirectly hold more than five percent (5%) of the aggregate of the equities and debt of the entity in which the investment is made.
 - ii) Alma Mater Society may invest in Pooled Fund units recommended by the Investment Manager where the investment policy of the fund is classified as an equity fund by the Investment Manager.
 - iii) Alma Mater Society may invest in Mutual Fund units where the simplified prospectus or investment policy of the fund is classified as an equity fund.

Consultations:

The following groups have been consulted during the development of this policy:

Budget Committee, Governance Committee, Managing Director, and Fund Managers

History:

This is the first draft of the first version of this policy.

Related Policies:

There are no policies related to this policy.

