



Policy Number: I-8
Title: AMS Investment Policy

Summary:

Sets out the general investment goals and strategies of the AMS.

Number & Title:

1-8: AMS Investment Policy

Effective Date:

August 15, 2018

Approval Date:

August 1, 2018

Policy Type:

Internal Policy

Review Date:

This policy shall be reviewed every four (4) years

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:

The purpose of this policy is to be 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:

Fixed Income

shall mean:

a) Bonds or Debentures issued by the Government of Canada, any province, or corporations’

b) Preferred shares and insured mortgages with maturities greater than one (1) year at the time of issuance; and

- c)
 - i) Pooled Fund units
 - ii) Mutual Funds
 - iii) Preferred shares
 - iv) ETF's
- That consist exclusively of the items listed in a) and b)

Investment Manager

shall 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 facilitate an annual review of investments and Investment Manager.

Mutual Funds

shall be as defined in the Securities Act, R.S.B.C. 1996, c. 418:

"Mutual fund" means

- (a)an issuer of a security that entitles 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 a part of the net assets, including a separate fund or trust account, of the issuer of the security,
- (b)an issuer described in an order made under section 3.2, and
- (c)an issuer that is in a class of prescribed issuers,

but does not include an issuer, or a class of issuers, described in an order made under section 3.1;

Pooled Funds

"Pooled" funds shall mean as the same in form and function as "Mutual Fund Trusts". These are "Mutual Funds" that are exempt from the registration prospectus requirements of the Securities Act R.S.B.C. 1996, c. 418.

Securities

shall mean securities as defined in the Securities Act, R.S.B.C. 1996, c. 418.

Fossil Fuel Free

shall mean:

- a) Funds will use an exclusion list based on the Carbon Underground 200. Any company included in the Carbon Underground 200 report is ineligible for the Fund. The Carbon Underground 200 report identifies the top 100 public coal companies globally

and the top 100 public oil and gas companies globally, ranked by the potential carbon emissions content of their reported reserves. The Carbon Underground 200 list is maintained by the independent third-party provider Fossil Free Indexes LLC, and is revised quarterly.

b) Funds will also not invest in any issuers involved in exploring for, extracting, processing, and transportation of coal, oil or natural gas.

ESG (Environment, Social, and Governance)

shall mean the three key factors when measuring the sustainability and ethical impact of an investment in a business or company. ESG is used to screen investments to improve the holistic sustainability of a portfolio.

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 – AMS investments shall not hinder the ability of the AMS to meet payment of its financial liabilities as and when they become due. The AMS shall ensure that its liquidity needs are met through an appropriate level of investment in fully marketable securities. For the purpose of this policy, 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 – The AMS 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.
- d. Ethics – Investments shall be informed by ethical considerations, including but not limited to environmental sustainability, social justice, human rights and good governance. Investments shall strive to both minimize negative impact and create positive impact in these areas. Examples of bullying and harassment based on grounds of discrimination

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. Environmental, Social, and Governance (ESG) principles must be applied to all investment decisions.
 - iii. All investments shall be FOSSIL FUEL FREE.
- b. The investment portfolios shall be comprised of the following classes of assets:

Table 1:

<i>Asset Class</i>	<i>Percentage of Total Investment Portfolio That May Be Invested in the Asset Class</i>
<i>Cash and Cash Equivalents and Fixed Income</i>	<i>Min: 65% to Max: 100%</i>
<i>Equities</i>	<i>Min: 0% to Max: 35%</i>

- i. The AMS ' Investment Manager shall determine the optimum split between classes of assets set out above, based on prevailing market conditions and the AMS's objectives.
- c. Cash and Cash Equivalent Investments
 - i. The AMS 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. The AMS may not invest more than 20% of its assets in 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. The AMS may invest in Securities listed on any Canadian or a major foreign stock exchange, provided that:
 1. If the AMS invests in Securities, it 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. The AMS 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. The AMS 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 the second version of this policy:

Finance Committee, Governance Committee, Managing Director, AMS Sustainability, Sauder S3i and Fund Managers.

The following groups were consulted during the development of the first version of this policy:
Budget Committee, Governance Committee, Managing Director, and Fund Managers

History:

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

Related Policies:

N/A

Appendix/Appendices:

N/A