4-016 – Investment Policy

MOTION: 2018-16

DATE INITIALLY APPROVAL: April 5, 2018

DATE LAST REVIEWED: October 29, 2026

POLICY NO: 4-016

Purpose

To establish guidelines governing short and long-term investments of The Lambton College of Applied Arts and Technology (the College).

Objective

The objectives of the investment policy are to:

- Maximize investment income at minimal and acceptable risk to capital.
- Maintain liquidity to ensure funds are available to meet all cash flow requirements.

Policy

The investment policy of Lambton College:

- Establishes principles and guidelines to ensure the integrity of investment and management of College Restricted and Endowment Funds;
- Maximizes investment income at minimal and acceptable risk to capital;
- Directs investments in accordance with the *Trustee Act, Ontario*.

Definitions

- **Restricted Funds** are monies received for specific purposes.
- **Donor Endowed Funds** are donated monies for which the donor stipulates preservation of capital and disbursement of interest earned.
    - **Government Endowed Funds** provided in support of student financial assistance.
- **College Funds** are:
    - **Operating Funds** generated from the business of the College;

Lambton College | Board of Governors

Investment Parameters and Constraints

1. **College Operating Funds** not immediately required to operate the College may be invested only in guaranteed vehicles as defined in the Ontario Ministry of Colleges and Universities, *Minister's Binding Policy Directive 2.0: Banking, Investments and Borrowing* (Section E).

    I. Bonds, debentures and promissory notes or other evidence of indebtedness, issue or guaranteed by:

        a. Canada or a province or territory of Canada, or

        b. An agency of Canada or a province or territory of Canada.

    II. Bonds, debentures, promissory notes or other evidence of indebtedness, issued or guaranteed by:

        a. A municipality in Canada;

        b. A university in Ontario that receives ongoing operating and capital funding from Ontario;

        c. The board of governors of a college established under the Ontario Colleges of Applied Arts and Technology Act, 2002;

        d. A board of a public hospital within the meaning of the Public Hospitals Act;

        e. A school board in Canada;

        f. Ontario Infrastructure Projects Corporation; or

        g. The Municipal Finance Authority of British Columbia.

    III. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper or similar instruments, issued, guaranteed or endorsed by:

        a. A bank listed in Schedule I or II or a branch in Canada of an authorized foreign bank under the *Bank Act* (Canada);

        b. A loan corporation or trust corporation registered under the *Loan and Trust Corporation Act*; or

        c. A credit union to which the *Credit Unions and Caisses Populaires Act 1994* applies.

    IV. Bonds, debentures, promissory notes or other evidence of indebtedness, issued by a corporation that is incorporated under the laws of Canada or a province of Canada.

    V. Promissory notes or commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada.

    VI. A college is not to invest in a security under subsection IV or V above unless the security has a minimum rating, at the time the investment is made by the college by at least one rating agency of:

        i. "R-1 (high)" or "AAA" by Dominion Bond Rating Service Limited;

        ii. "Prime-1" or AAA" by Moody's Investors Services Inc.;

        iii. "A-1+" or "AAA" by Standard and Poor's; or

        iv. "F1+" or "AAA" by Fitch Ratings.

2. **Restricted, Donor and Government Endowed Funds** may be invested in a variety of vehicles as outlined in this Policy statement and within the parameters of the *Ontario Trustee Act*.

Normally no one issuer (with the exception of the Government of Canada) will represent more than 25% of the total portfolio.

Asset Mix Guidelines

Restricted and Donor Endowed Funds shall be invested in money market securities, long term fixed income securities, Canadian, U.S and International equities in accordance with one of the following asset allocations:

Investment Type	Conservative Allocation	Balance Allocation
Cash and Money Market Securities	0% - 3%	0% - 3%
Canadian Equities	20% - 26%	30% - 36%
U.S. Equities	9% - 15%	19% - 25%
Long Term Fixed Income	57% - 63%	37% - 43%

Investment Management

The College's Finance & Property Committee, or at direction of the Committee through a sub-committee, may approve appointment and termination of an Investment Manager and any changes to the mandate provided to same.

The Investment Manager will have complete discretion within the Investment Parameters and Constraints set forth in this policy, complying with all applicable laws and regulations

Whether managed by Lambton College or externally by an investment manager, this Policy provides a framework to ensure that a proper level of management and risk is maintained, given the particular objectives and constraints of this policy.

Monitoring and Reporting

On an annual basis, the Board of Governors will receive from the Investment Manager:

- An update on the year-to-date investment income earned.
- An update on any issues that may affect future investment performance.
- A presentation comparing the performance of College investments versus benchmarks.
- Certification that all investments adhere to this Investment Policy.

Appendices

1.1. *Ministry of Advanced Education and Skills Development – Minister's Binding Policy Directive – Banking, Investments and Borrowing*