

B5: Investment Policy

Created: November 29, 2001
Board Approval Required: Yes

Last Updated: March 2025
Next Review: May 2028

A Policy relating to the prudent and effective management of the funds of United College, as mandated to the Finance & Investment Committee (hereafter the “Committee”) by the Board Resolution dated December 7, 2006.

1. POWERS AND DUTIES

The Committee shall perform its duties in line with College policy and the Ontario Trustee’s Act 1999, which specifies a “prudent investor” and delineates seven mandatory criteria that a trustee must consider in making an investment decision, as follows:

1. General economic conditions
2. The possible effect of inflation or deflation
3. The expected tax consequences of investment decisions or strategies
4. The role that each investment or course of action plays within the overall trust portfolio
5. The expected total return from income and the appreciation of capital
6. Needs for liquidity, regularity of income, and preservation or appreciation of capital
7. An asset’s special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries.

Donations of investment assets will be liquidated immediately unless sale volume affecting price would be an issue. In this case, Management will consult the Investment Advisor on a liquidation strategy. The donor may be included if appropriate.

The Committee is responsible for mandating a return expectation of invested endowment funds.

An investment model agreed by the Committee must be used for investment decision making. Discretionary investment management of the Fund Manager is not permitted. Funds within the endowment investment mandate shall be invested in strict accordance with an investment model as directed by the Committee.

2. PERMITTED INVESTMENTS

- A. Cash and Short-Term Investments:** Cash on hand, demand deposits, treasury bills, short-term notes and banker’s acceptances, commercial paper, term deposits and guaranteed investment certificates having a term of less than or equal to one year.
- B. Fixed Income:** Bonds, debentures, or other debt instruments of corporations, Canadian Governments, Government agencies, or guaranteed by Governments, supranationals, federal real return bonds, mortgage-backed securities, mortgages, asset-backed securities, non-convertible preferred shares, term deposits, guaranteed investment certificates, insurance contracts, private placements and bonds where capital, interest or both are linked to increases in the cost-of-living (i.e. real return bonds).
- C. Equities:** Common shares, preferred shares, American Depository Receipts, Global Depository Receipts, rights, warrants, installment receipts, index units, income trust units (including real estate investment trusts) and securities convertible into common shares.

B5: Investment Policy

Created: November 29, 2001
Board Approval Required: Yes

Last Updated: March 2025
Next Review: May 2028

- D. Investments in verified Indigenous companies: The College will actively seek out opportunities to invest in profitable Indigenous companies or ventures. Any such investments require approval from the full Finance and Investment Committee.

3. LEGAL, TAX & REGULATORY ISSUES

Income earned by the College is tax-free. The College is subject to a disbursement quota of 3.5% on the invested funds which is sufficiently satisfied through normal programing at United College.

4. ASSET MIX AND RETURN EXPECTATIONS

LONG TERM MANDATE

All Long Term Mandate Funds may be pooled for investment and invested to achieve capital protection and growth with a view to off-setting program expenditures for which the funds were earmarked.

The Long Term Mandate Funds may be invested in cash and cash equivalents, fixed income and equities and must have a proper balance between Canadian and foreign equities. As a guideline, foreign equities at any one time may not exceed the limit as defined in the reporting table (below). The Committee will be responsible for determining the asset mix for investment.

SHORT TERM MANDATE

The Short Term Mandate Funds will be invested with the objective of capital preservation and liquidity. The investment within the short-term investment pool takes the form of cash and cash equivalents and investment grade fixed income instruments.

5. FUNDS AND THEIR PURPOSE

Short Term Mandate Funds:

- A. **Operating Fund Accumulation:** This investment allocation includes the accumulation of operating balance from the operating fund, not needed in daily cash flow.

Long Term Mandate Funds:

- A. **Lectureship Fund:** records the accumulated donations, purchasing power adjustments and expendable for the purpose of operating certain public lectures and lectureships.
- B. **Student Award Fund:** records accumulated donations for payments attached to student bursaries, scholarships and other awards.

B5: Investment Policy

Created: November 29, 2001
Board Approval Required: Yes

Last Updated: March 2025
Next Review: May 2028

- C. **Development Fund:** finances specific capital improvements or additions and special programs. It also holds donations for annual transfer to other funds, e.g., donations for a new student award.
- D. **Academic Fund:** finances the development of new academic activity.

6. RESPONSIBLE INVESTING

Responsible investing actively incorporates Environmental, Social and Governance (ESG) factors into each investment decision and monitors those decisions. While ESG factors are relevant throughout all stages of the investment process from pre-investment, to monitoring, to exiting, the degree to which ESG factors are integrated depends on many factors such as active vs. passive mandates, the asset type, the time horizon, and the specific investment strategy.

The College recognizes that in addition to the College's commitment of making positive impacts in the community, making commitments to Responsible Investing within the investment portfolio is important. As such, United College recognizes that Environmental, Social, and Governance factors need to be considered when making investment on behalf of The College.

The College is committed to investing in companies that meet strict screening criteria as set out by Morningstar Sustainalytics screening services. Morningstar Sustainalytics provides high-quality, analytical environmental, social, and governance research, ratings and data to institutional investors and companies.

The College has incorporated the following ESG screening criteria for the portfolio:

Investment Screen Threshold: Overall ESG Risk Rating 40 or Lower

Investment Exclusions:

- A. Companies primarily focused on thermal coal extraction
- B. Companies primarily focused on oil & gas Extraction
- C. Companies primarily focused on tobacco and cannabis sales and/or production
- D. Companies primarily focused on the production of military weapons

Controversies Rating: Category 3 or Lower

7. REPORTING & ACTION

Not less than yearly, the following table will provide the summary of the investment mandated as compared to its achievements, to the Board of Governors. The Committee will take action to correct any deviation from the investment mandate no less than quarterly. The Committee will manage the Short Term and Long -Term Mandates as a combined mandate with the restrictions as set forth in Section 3

B5: Investment Policy

Created: November 29, 2001
Board Approval Required: Yes

Last Updated: March 2025
Next Review: May 2028

with respect to their respective investment mandates. Return is defined as earned income plus or minus unrealized gains or losses.

Metric	Min	Max	Target	Reported Result %
Long Term Mandate Market Value (CAD)	n/a	n/a	n/a	Actual at measurement date
Short Term Mandate Market Value (CAD)	n/a	n/a	n/a	Actual at measurement date
Combined Market Value (CAD)	n/a	n/a	n/a	Actual at measurement date
Combined Rate Of Return	n/a	n/a	Market Index **	Year to Date & Rolling 1 Year & Rolling 5 Year (3 percentages)
Combined Equity %	25	65	50	Actual (%) at measurement date
Combined Cash, Cash Equivalents & Fixed Income %	35	75	50	Actual (%) at measurement date
Foreign Equity % as a % Combined Market Value	0	25%	n/a	Actual % at measurement date

** Market Index is comprised of 25% S&P/TSX Composite, 25% S&P 500 Index, 50% DEX Bond Universe

The Chair of the Finance and Investment Committee, or a Member of the Committee designated by the Chair, will liaise with our investment advisor to approve changes to our portfolio and to ensure that the investment mandate described above is followed.

8. PUBLIC REPORTING

On an annual basis, the College will publish the following information on its website:

- a) A list of all direct investments
- b) A list of all funds of pooled investments
- c) The names of any fund managers providing investment services to the College
- d) A copy of this policy

9. REVIEW

This policy shall be reviewed every three years by the Finance and Investment Committee.