



Investments

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Category:	Finance
Approving Body:	Board of Governors
Executive Division:	Vice President Finance and Administration
Department Responsible:	Vice President Finance and Administration
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Policy Statement

In recognition of its fiduciary responsibilities, the BCIT Board of Governors has adopted the following Investment Policy Statement. These guidelines relate to the investment of non- endowment funds.

Investments will be limited to those firms and securities that adhere to the standards of these guidelines and that meet prudent investment standards.

Purpose of Policy

The purpose of this policy is to establish a written procedure for the investment of the British Columbia Institute of Technology’s (“BCIT”) non-endowment funds. This policy will establish appropriate risk and return objectives in light of BCIT’s risk tolerance. These objectives, as well as suitable investments, and responsibilities of BCIT, the investment manager, and the custodian, are outlined below.

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Application of this Policy

This policy applies to the Vice President Finance and the Director of Financial Services Department of BCIT.

Related Documents and Legislation

British Columbia:
Ministry of Finance - *Investment Governance Good Practice Checklist*

Definitions

Description of Non-endowment Funds

Short-Term Investments: Short-term investments consist of expendable funds that are combined for investment purposes until the funds are required for expenditure within a one-year time horizon.

Long-Term Investments: Long-term investments consist of funds that are combined for investment purposes until the funds are required for expenditures, usually within a three- to five- year period. For the purposes of this policy, long-term investments will include funds available for investments longer than a one-year time horizon.

Duties and Responsibilities

(a) Board of Governors

The role of BCIT's Board of Governors (or delegation to BCIT's Audit and Finance Committee) consists of:

- Establishing and adopting the investment policies and guidelines.
- Reviewing at least annually, and if appropriate making changes to, the investment management structure and policies.
- Selecting and supervising custodians and the investment managers.
- Evaluating investment returns. Investment performance relative to specified benchmarks will typically be assessed on a rolling four year cycle.

(b) Investment Manager

The role of the Investment Manager consists of:

- Allocating assets among asset classes in which they are authorized to invest
- Seeking securities or investments within each asset class
- Managing portfolios in accordance with the agreed upon policy, and providing regular reports to this effect
- Providing advice with respect to the management of investments when called upon to do so
- Providing quarterly compliance certificate
- Reviewing investment portfolios with the client at least semi-annually

(c) Custodian

The role of the Custodian consists of:

- Safekeeping of assets
- Collecting coupons, dividends, maturities, and other cash distributions attached to the securities
- Collecting contributions and paying expenses as directed by the client
- Processing transactions as directed by the Investment Manager
- Maintaining a record of all transactions
- Providing periodic reports of income and holdings

(d) BCIT Staff

The role of BCIT staff consists of:

- Managing cash and short term investments

Procedure

(a) General Investment Guidelines

Asset Class	Min	Target	Max*	Benchmark
Cash and Cash Equivalents	0%	50%	60%	DEX 91 Day T-Bill Index
Fixed Income	15%	35%	55%	DEX Short Bond Index
Canadian Equity	0%	5%	20%	S&P/TSX Composite Index
U.S. Equity	0%	5%	10%	S&P500 (CAD)
International Equity	0%	5%	10%	MSCI EAFE (CAD)

*Total equity shall not exceed 20%

BCIT's intent is to facilitate flexibility in the investment approach as determined by the Investment Manager's outlook for interest rates and equity market returns. Return on investment will be measured by the total return concept including interest and dividend income and capital gains (or losses).

As the funds invested are public funds, the primary objective is the preservation of capital. The secondary objective of BCIT, once the primary objective has been prudently managed, is to maximize total return on investment—both income and capital appreciation.

BCIT's portfolio will be diversified both by asset class and within asset classes. Within each asset class, securities will be diversified among economic sector, industry, quality, and size. The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total fund. This approach reduces the risk level associated with the portfolio.

(b) Investment Classes

Cash and short-term investments are to be managed by BCIT staff.

All other classes described in this section are to be managed by the approved Investment Manager.

Cash and Short-Term Securities

- Treasury Bills and other securities issued or guaranteed by the federal government, provinces, or municipalities of Canada including their agencies and crown corporations
- Banker's Acceptances and other bank and trust company obligations or deposits
- Corporate and asset-backed commercial paper
- Fixed-income investments with an effective term to maturity of less than 365 days

Procedure

The following securities constitute approved investments for the purposes of investing long-term on behalf of BCIT:

Fixed-Income Securities

- Securities issued or guaranteed by the federal government, provinces, or municipalities of Canada including their agencies and crown corporations
- Canadian corporate bonds
- Mortgage and other asset-backed securities
- Investment grade foreign-issued Canadian pay securities

Maximum effective term to maturity for any security will be 5.5 years.

Equity Securities

- Common and preferred shares listed on a recognized stock exchange
- Rights, subscription receipts, warrants, and IPOs to be listed on a recognized stock exchange
- Income trusts

Other

- Funds that invest primarily in the approved investments described above, including pooled and mutual funds, which include exchange-traded funds/index participation units

(c) **Additional Requirements**

- The minimum acceptable credit rating on any security is BBB (low) or R1 (low) by DBRS, or equivalent by S&P or Moody's.
- Maximum acceptable exposure to corporate bonds is 60%.
- Maximum exposure to any single non-government issuer is limited to 10% of the market value of the portfolio.
- The use of derivative instruments for speculative or leverage purposes is not permitted. Derivatives may be used for hedging purposes.
- The exercise of voting rights is delegated to the asset manager.

Credit Rating	Allowance
AAA/AA	50-100%
A	0-50%
BBB	0-20%

Forms Associated With This Policy

None

Amendment History

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| 1. Created | 2012 Nov 27 |
| 2. Revision 1 | 2014 Nov 25 |

Scheduled Review Date

2019 Nov 25