

<b>Section:</b>	Finance (FN)
<b>Subject:</b>	Investment of Funds
<b>Legislation:</b>	<i>Bank Act (S.C. 1991, c.46); Post-Secondary Learning Act (SA 2003 cP-19.5).</i>
<b>Effective:</b>	November 28, 1985
<b>Revision:</b>	June 25, 1991; April 26, 1994; May 31, 1994; December 17, 1996; November 25, 1997; March 31, 1998; August 15, 2003 (reformatted); April 26, 2005 (reconfirmed); June 1, 2006 (reconfirmed); June 4, 2007(reconfirmed); May 27, 2008 (reconfirmed); May 26, 2009 (reconfirmed); April 27, 2010 (reconfirmed); June 1, 2010 (reconfirmed); May 31, 2011 (reconfirmed); May 29, 2012 (reconfirmed); May 27, 2014 (reconfirmed); January 28, 2015; May 26, 2015 (reconfirmed); September 1, 2016 (reformatted); February 23, 2018; September 29, 2021; March 15, 2023; November 21, 2023

**APPROVED:** \_\_\_\_\_

**President and CEO**

## POLICY

The policy of the Board of Governors is to follow an investment strategy that will preserve capital, achieve a growth rate beyond the rate of inflation, and provide a secure and consistent income flow as required for daily operations and/or special projects and initiatives

## PROCEDURE

### DEFINITIONS

<b>Bissett scholarship fund</b>	Funds donated for the purpose of the Bissett scholarship program.
<b>Endowments</b>	Externally restricted donations and internal allocations by the Board of Governors, the principal of which is required to be maintained intact in perpetuity.
<b>Operating funds</b>	<p>Funds designated for:</p> <ul style="list-style-type: none"> <li>• Expenditure within one to ten years, including those intended for facilities and curriculum development.</li> <li>• Long-term working capital, including those for accrued vacation pay and pension liability.</li> </ul>

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**Pension fund**

Funds designated for the Notional Defined Contribution Pension Plan (NDCPP).

**Restricted funds**

Funds that are:

- Donations to be used for the purpose authorized by the donor or funding agency and which may be intended for use over various timeframes.
- Deferred salary plans and programs.
- Held on behalf of related organizations.
- Internally restricted by the Board of Governors for Board-designated purposes and which may be intended for use over various timeframes.

**Student Investment Management Trust (SIMT)**

Funds that are donated for the purpose of providing SAIT's School of Business students with educational experience.

**GOVERNING PRINCIPLE**

The funds available for investment include the Bissett Scholars fund, deferred salary leave plan funds, endowments, operating funds, pension funds, restricted funds and the Student Investment Management Trust, as defined above.

**PROCEDURE****A. Investment Portfolios**

Investment funds shall be assigned to one of seven investment portfolios as follows:

1. **Portfolio 1 – Short Term Investment Fund** (90 days)

Temporary investment of excess cash, with term of investment not more than 90 days.

2. **Portfolio 2 – Short/Medium Term Investment Fund** (less than ten years)

- a) Operating funds designated for expenditure within less than ten years.
- b) Restricted funds intended to be used within less than ten years.

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- c) Funds held on behalf of related organizations.
- d) Internally restricted funds intended to be used within less than ten years.
- e) Deferred salary leave plan funds.

3. **Portfolio 3 – Bissett Scholarship Fund**

Restricted fund for the Bissett Scholarships.

4. **Portfolio 4 – Non-Endowment Investment Fund** (ten or more years)

- a) Operating funds designated for long-term working capital.
- b) Restricted funds intended to be used in ten or more years.
- c) Internally restricted funds intended to be used in ten or more years.

5. **Portfolio 5 – Endowments** (Perpetuity)

Endowment principal and capitalized endowment income.

6. **Portfolio 6 – Pension Fund**

Investment of contributions to the Notional Defined Contribution Pension Plan.

7. **Portfolio 7 – Student Investment Management Trust**

Investment of funds of the Bachelor of Business Administration degree program, Financial Services major.

**B. Objectives**

1. **Portfolio 1 – Short Term Investment Fund** primary objectives are to:

- a) Generate a current yield at or above the rate of inflation.

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- b) Provide a secure and consistent income flow. As a portion of these funds will be used for daily operations, these funds must remain liquid.

2. **Portfolio 2 – Short/Medium Term Fund** primary objectives are to:

- a) Generate returns while maintaining liquidity.
- b) Maintain a very low level risk of loss of capital.

3. **Portfolios 3 and 4 –Bissett Scholarship and Non-Endowment Investment Fund** primary objectives are to:

- a) Achieve a growth rate beyond the rate of inflation. Attempts to achieve growth must not jeopardize the capital base in the long term.
- b) Preserve and grow capital.

4. **Portfolio 5 – Endowments** primary objectives are to:

- a) Preserve capital;
- b) Generate income; and
- c) Generate growth in the capital value of the portfolio's assets in real (i.e., inflation-adjusted) terms.

Returns from endowment funds are for:

- a) Distribution – generate sufficient income to meet spending goals.
- b) Growth – returns maintain purchasing power of the endowment funds over time, grows the endowment portfolio to increase future earnings, and for setting aside to maintain spending levels in years of poor returns.

5. **Portfolio 6 – Pension Fund** primary objectives are to:

Invest funds in alignment with members' investment instructions as defined by the Notional Defined Contribution Pension Plan.

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6. **Portfolio 7 – Student Investment Management Trust** primary objectives are to:

- a) Provide real-life learning experience in fundamentals of investing, ethics, and professional money management for SAIT School of Business students.
- b) Generate returns in accordance with the Student Investment Management Trust governance framework.

### **C. Investment Restrictions**

1. **Portfolio 1 - Short Term Investment Fund investments** are restricted as follows:

- a) A quality constraint of A Low minimum and no money market below R1 Low.
- b) Fixed income investments only, and no use of equity investments.
- c) May be held as cash within an interest-bearing demand deposit account at SAIT's bank.
- d) No single position, other than Government of Canada credits, at more than 10% of the portfolio.

2. **Portfolio 2 – Short/Medium Term Investment Fund investments** should be restricted as follows:

- a) A quality constraint of A Low minimum and no money market below R1 Low.
- b) Fixed income investments only. Permitted issuers include:
  - i) The Federal Government of Canada (including crown corporations).
  - ii) Any Provincial Government body or entities guaranteed by such province.
  - iii) Any obligations fully guaranteed by one of the Chartered Banks in Canada listed in Schedule 1 of Canada's *Bank Act*.
- c) Portfolio diversification and constraints:
  - i) Not more than 10% of the portfolio shall be invested in any single security,
  - ii) Not more than 35% shall be invested in any single issuer. The portfolio diversification constraints exclude guaranteed investment certificates (GIC)

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where the principal amount is protected.

3. **Portfolio 3 – Bissett Scholarship Fund** shall be retained as pooled fund units as originally donated or a similar high-dividend pooled fund.
4. **Portfolios 4 and 5 – Non-Endowment Investment Fund and Endowments**
  - a) Fixed income securities will be investment grade (rated at least BBB or equivalent by a recognized bond rating service), with the exception of high yield fixed income strategies that may be approved. Such fixed income strategies may include bonds that are rated below investment grade. Refer to section 7.2(b) of the Investment Policy Statement (IPS) for the maximum allowable allocation to high yield fixed income investments.
  - b) No single position, other than Government of Canada bonds, will exceed 10% of the portfolio.
  - c) No investment in equity securities of a single issuer will exceed 5% of the portfolio market value, nor will it exceed 10% of the market value of the equity asset class.
  - d) Refer to section 7.2(c) of the IPS for the maximum allowable allocation to small cap equity securities.
  - e) Alternative investments, which may include alternative credit, private debt, private credit, private equity, absolute return strategies, infrastructure, real estate, non-equities-based ETFs, or other investments not included in traditional asset classes, utilized through an approved alternative investment manager, are eligible investments, if approved for inclusion by the Investment Committee of the Board of Governors.
5. **Portfolio 6 – Pension Fund** investment shall be aligned with selections of the plan members, or in the default investment option established by SAIT. A line-up of investment options will be made available to the plan members comprised of pooled funds chosen to align with various investment objectives.
6. **Portfolio 7 – Student Investment Management Trust** shall be in accordance with the Student Investment Management Trust governance framework. This fund is out of scope of the compliance certification process outlined in section E below.
7. Investment management firms may be used to manage SAIT's investment portfolios. The investment management firm will operate within this procedure. SAIT will communicate with the investment management firm and will monitor SAIT's

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portfolios. Administration and custodian fees from investment management firms will be charged appropriately to each of the previously defined funds.

#### **D. Investment Governance**

1. The Board of Governors' Investment Committee is responsible for ensuring that SAIT's assets are prudently invested in vehicles which meet SAIT's investment and policy objectives. This includes the review and approval of the Investment Policy Statement (IPS) and Statement of Investment Policy and Goals (SIPG).
2. Executive Management Council is charged with the general oversight of SAIT's investments, including monitoring the performance of SAIT's investments and implementing internal control procedures to ensure compliance with investment policies.
3. The Finance Department is responsible for making day-to-day investment decisions, including moving funds and reconciling investments and investment income. The Investment Advisor, in collaboration with the Finance Department recommends new or changes to fund managers and portfolio allocation changes, manages portfolio performance and ensures SAIT complies with SAIT's IPS and SIPG.
4. The Investment Management Flow summarizes each party's responsibilities in the investment management process for all SAIT portfolios, as outlined in Schedule B, an Associated Document to this procedure.

#### **E. Officer Certifications**

1. The CFO and Vice President Corporate Services or designate will provide written quarterly certification to the Investment Committee of the Board of Governors that the CFO or designate has reviewed and confirmed that to the best of knowledge, the investment portfolios comply with this policy and procedure.
2. Compliance certification for Portfolio 6 Pension Fund will be provided semi-annually.
3. The officer certification form is found in Schedule A, an Associated Document to this procedure.

### **ASSOCIATED DOCUMENT**

Schedule A     [Officer Certification Form](#)  
Schedule B     [Investment Management Governance](#)

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## **POLICY/PROCEDURE REFERENCE**

FN.9.1      [Investment of Funds policy](#)

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