

INVESTMENT POLICY OF THE BOARD

Approval Authority	Board of Governors
Responsible Executive	President
Related Policies / Legislation	Board Policy Direction on Real Property, Heritage Sites, Endowments, Intellectual Property, and other Assets (BPD-215) Board Policy Direction on Financial Management (BPD-205) Board Policy Direction on Risk Management (BPD-220) <i>University Act, section 27(2)(o) & 57</i>

PURPOSE

The Board of Governors has responsibility pursuant to paragraph 27 (2) (o) and 57 of the University Act to administer funds and make investments. The purpose of this document is to set out the University's policy for the investment of endowment, non-endowment and short-term operating funds, to describe the governance structure established for the investment of funds, and to provide guidance for the effective management of the investments by setting reasonable parameters to ensure prudence and care in the execution of the investment program.

SCOPE

This Policy applies to the investment of all funds under the control of the University, including:

- Short-term operating funds
- Endowment funds
- Non-endowment investment funds
- Other funds as may be identified from time to time, excluding related entities

DEFINITIONS

Endowment: An endowment is a gift to the university which, under the terms of the gift, may not be spent in its entirety.

Endowment Fund: Investment of endowments with the stipulation that the interest be used for a specific purpose and that the principal remain in perpetuity or for a defined period of time.

ESG: ESG refers to environmental, social and governance issues and is an approach to investing that integrates ethical values and societal concerns with investment decisions

Funds Other Than Endowment: Non-Endowment funds, Short-Term operating funds, and Other funds as further defined.

Non-Endowment Fund: a variety of funds that may be generated through operating surpluses or

may be granted to the University from time to time and that may or may not be associated with a specific purpose; a fund for future buildings would be an example of a non-endowment, specific purpose fund.

Short-term Operating Fund: funds normally generated from grants, tuition fees and other sources that are received in advance and are expected to be used within a short period of time, usually 12 months, for the operating expenses of the University.

Other Funds: Other funds that are entrusted to the University as may be identified from time to time.

Investment Manager: person or organization that makes investments in portfolios of securities on behalf of clients under the investment objectives and parameters the client has defined.

POLICY

1. Principles:

The university will establish standards of care and governance for the effective management of its investments and to create balance between returns and risks.

Effective standards of care will include:

Prudence

The prudent person standard will guide investment management at UFV. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Ethics and Conflict of Interest

Board members and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Board members and employees shall disclose any material interest in financial institutions with which UFV conducts business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

2. Investment Governance Structure

The Board of Governors, through its Finance & Audit Committee, will give guidance to investment strategies and monitor the performance of the investments of UFV. The President is delegated the administrative and operational responsibility of UFV investments within the parameters of this policy.

The President or designate will ensure the appointment of one or more suitably qualified external professional Investment Managers to manage the Endowment Fund(s) of UFV. The selection of (an) Investment Manager(s) will be made in a prudent manner, applying fair and reasonable identification, evaluation, and selection standards.

Appointed Investment Manager(s) will operate under guidelines and investment mandates, agreed upon between the Investment Manager(s) and the President or designate, and approved by the Finance & Audit Committee of the Board of Governors. All investment activities will be

made in accordance with the Code of Ethics and Standards of Practice of the Chartered Financial Analyst (CFA) Institute.

3. Responsible Investing

The University believes that its fiduciary responsibility for managing investment risks includes the risk pertaining to environmental, social and governance (ESG) issues. As a responsible owner, the University will require that its Investment Manager(s) be signatories to the United Nations Principles of Responsible Investment (UN PRI), and incorporate ESG considerations into the investment decision-making process, including individual security selection. The University will regularly engage and collaborate with its active Investment Manager(s) on matters related to ESG, including, but not limited to, information on proxy voting, AGM attendance and company engagement.

Specifically, the University will:

Integrate the consideration of ESG factors into the investment process as an additional criterion in the selection and ongoing monitoring of active Investment Manager(s)

Obtain, review and disclose annual disclosures from active Investment Manager(s) on how ESG factors are incorporated into their investment decision making processes

4. Investment Objectives

The investment management of the Funds will be made in a manner that reflects the different objectives of those Funds. Each Fund will be managed to balance the investment return and risk objectives of those Funds.

Endowment Fund(s)

The primary investment objectives of Endowment Funds are to preserve and maintain the purchasing power of the endowment capital and to meet the annual cash flow obligations of the Fund(s). Liquidity is not paramount as long as the funds generate enough cash flow to meet the annual spending allocation. Considering a long-term time horizon and the ability of the portfolio(s) to accept some volatility, the investment portfolio(s) will be sufficiently diversified to meet the investment objectives. Endowment Funds will be managed by the appointed Investment Managers operating within approved investment mandates. Acceptable securities will be aligned with the fund objective as outlined in the investment mandates.

Funds Other Than Endowment Fund(s)

The primary investment objectives of Funds Other Than Endowment are, in priority order, safety, liquidity, and return.

Risk of loss will be diminished by investing in high-grade instruments and evaluating the portfolio so that the impact of potential losses from any one type of security or individual issuer will be minimized.

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that can be reasonably anticipated. The intent to invest in securities with maturities of longer than five years shall be disclosed in writing to the Finance and Audit Committee of the Board of Governors of UFV.

The investment portfolio shall be designed to attain a market rate of return, taking into account, the risk constraints and liquidity needs. Investments are limited to relatively low risk securities and a list of acceptable securities is included in Appendix A

APPENDICES

Appendix A

Funds Other Than Endowment Acceptable Securities

a. Short term instruments

Certificates of deposit

Investment certificates issues by banks, credit unions, insurance companies
and trust companies Treasury Bills

Commercial paper, rated R-1, high or middle Banker's Acceptances, rated R-1,
high or middle

b. Fixed income instruments

Canadian government bonds

Provincial & municipal government bonds – minimum of AA rating Corporate Bonds – minimum
AA rating Investments for the betterment of UFV as specifically approved by the Board of
Governors