



Investment Policy

for

Association of Canadian Archivists Foundation (the “Corporation”)

Twenty-sixth day of April, 2010

SECTION I **DEFINITIONS AND INTERPRETATIONS**

1.01 Definitions

In this Investment Policy, the following words shall, unless the context otherwise requires, have the following meaning:

“Agency Agreement” means an agency agreement appointing an Investment Manager as an agent to make investment decisions on behalf of the Corporation in accordance with this Investment Policy.

“Board” means the board of directors of the Corporation.

“Corporation” means the Association of Canadian Archivists Foundation/ Fondation D’Association des Archivistes Canadiennes, a non-share capital corporation incorporated pursuant to the *Canada Corporations Act* by letters patent issued on the 21st day of February, 2006.

“Fund” or “Funds” means the monies, funds, securities, cash, real property and personal property held by the Corporation from time to time.

“Investment” means any form of investment by which a Fund or Funds of the Corporation are invested.

“Investment Committee” means an investment committee established by the Board.

“Investment Manager” means the investment manager appointed by the Board to act as an agent on behalf of the Corporation.

“Investment Advisor” means the investment advisor utilized by the Board .

“Investment Policy” means the investment policy of the Corporation in place from time to time, including the terms of any Specific Investment Plans.

“Specific Investment Plan” means a specific investment plan for a Fund or Funds of the Corporation in place from time to time and forming part of this Investment Policy.

1.02 Interpretations

In this Investment Policy, the following interpretations shall apply:

- (a) the masculine gender shall include the feminine gender;
- (b) the singular shall include the plural and *vice versa*; and
- (c) the headings are for convenience of reference only and do not form a part of this Investment Policy and do not affect its interpretation.

SECTION II **GENERAL**

2.01 Funds held by the Corporation

The Corporation may from time to time hold both general and restricted Funds that it is responsible to invest. The Board recognizes that it has a fiduciary duty to prudently invest the Funds of the Corporation to the best of its ability.

2.02 Purpose of Investment Policy

The purpose of this Investment Policy is to:

- (a) identify the key factors bearing upon decisions for the Corporation's investment portfolio and provides a set of written guidelines for the managements of its assets;
- (b) establish a policy for the Investment of Funds of the Corporation that comprises reasonable assessments of risk and return that a prudent investor would adopt under comparable circumstances; and
- (c) ensure that the Investment of Funds of the Corporation is carried out in accordance with the best interests of the charitable purposes of the Corporation.

2.03 Application of Investment Policy

- (a) This Investment Policy shall apply to all Investments of the Corporation invested within the Province of Ontario.
- (b) Whenever possible, all Investments of the Corporation shall be made within the Province of Ontario for ease of administration.
- (c) In the event that a Fund is invested outside of the Province of Ontario, then in addition to complying with the terms of this Investment Policy, the Funds shall be invested, where applicable and as much as possible, in accordance with the terms of the applicable legislation regulating the investment of trust funds in the applicable jurisdiction. In the event that a conflict develops between the terms of this Investment Policy and the

applicable investment legislation in that jurisdiction, then the terms of this Investment Policy shall prevail and the Investment in question shall be sold and transferred for reinvestment within the Province of Ontario as soon as reasonably possible thereafter in accordance with the terms of this Investment Policy.

2.04 Investment Power of the Corporation

- (a) Subject to section 2.04(b), the investment standard provided for under the *Trustee Act* (Ontario) and as described in section 3.01 shall apply to all Funds of the Corporation. In the event of a conflict between the terms of this Investment Policy and the terms of the *Trustee Act* (Ontario), the terms of the *Trustee Act* (Ontario) shall prevail.
- (b) A specific investment power contained within a gift agreement or document creating a Fund shall override the terms of this Investment Policy where the specific investment power in question is different from the investment powers provided for under this Investment Policy

2.05 Effective Date and Transition

- (a) This Investment Policy shall be effective on the ____ day of _____, _____, and all Investments thereafter shall be made in accordance with the terms thereof. This Investment Policy supersedes all existing investment policies of the Corporation in effect on the said effective date.
- (b) In the event that a Fund or Funds of the Corporation is not invested in accordance with the terms of this Investment Policy as of said effective date, or in the event that a Fund is received by the Corporation that does not comply with the terms of this Investment Policy, then such Fund shall be reinvested in order to be brought within the terms of this Investment Policy within one hundred and twenty (20) days of the said effective date, failing which the Investment will be sold and the proceeds thereof shall be invested as soon as reasonably possible therefore in accordance with the terms of this Investment Policy.

SECTION III GENERAL TERMS OF INVESTMENT

3.01 Prudent Investor Standard of Care

- (a) In accordance with the *Trustee Act* (Ontario), the standard of care that shall apply to the investment of Funds of the Corporation shall be the care, skill, diligence and judgment that a prudent investor would exercise in making similar investments.
- (b) In accordance with the *Trustee Act* (Ontario), the Board shall consider the following criteria in making investments, in addition to other factors that may be relevant in the circumstances:
 - (i) the general economic conditions;

- (ii) the possible effect of inflation or deflation;
 - (iii) the expected tax consequences of investment decisions or strategies;
 - (iv) the role that each Investment or course of action plays within the overall Investment portfolio;
 - (v) the expected total return from income and the appreciation of capital;
 - (vi) the need for liquidity, regularity of income and preservation or appreciation of capital; and
 - (vii) the Fund's special relationship or special value, if any, to the charitable objects of the Corporation or to one or more of the restricted and/or special purpose trusts that apply to the Fund or Funds in question.
- (c) In accordance with the *Trustee Act* (Ontario), the Board shall also diversify the Investments to an extent that is appropriate to:
- (i) the requirements of the Fund or Funds; and
 - (ii) the general economic and investment market conditions.

3.02 Authorized Investment

The Funds of the Corporation may be invested in any of the following:

- (a) any form of investment in which a prudent investor might invest;
- (b) subject to section 3.02(a) above, in a mutual fund, pooled fund or a segregated fund under a variable insurance contract; and
- (c) in the event that any Fund is held with a trust corporation as defined under the *Loan and Trust Corporations Act* (Ontario), in a common trust fund maintained by such trust corporation.

3.03 Specific Terms of Investments

The specific terms of the Investments (e.g. description of investment objectives, asset mix, etc.) shall be set out in one or more Specific Investment Plans in accordance with section 4.01

3.04 Utilization of Investment Managers, Investment Advisors and Professional Advisors

- (a) The Board may delegate investment decision making by engaging a qualified Investment Manager to invest Funds on behalf of the Corporation in accordance with section 5.01.
- (b) Where an Investment Manager has not been retained, the Board may retain a qualified Investment Advisor to provide investment advice to the Corporation.
- (c) The Corporation may obtain the services of a lawyer and/or a chartered accountant or actuary to provide professional advice to the Board in relation to the implementation of this Investment Policy and any amendments thereto, or the interpretation in relation to its terms that may require clarification from time to time.

3.05 Responsibilities of the Board and Investment Committee

- (a) The Board has ultimate authority over and responsibility for the Investments of the Corporation.
- (b) To assist it in the performance of the duties of the Board and to ensure that the Corporation's Investments meets its objectives, the Board may:
 - (i) establish an Investment Committee to have oversight of the Investments of the Corporation, provided that the Investment Committee shall at all times remain under the direction and control of the Board and shall report to the Board as required under section (c); and
 - (ii) review all other reports and recommendations of the Committee with respect to the Investments and this Investment Policy and take appropriate action.
- (c) If an Investment Committee is established by the Board, it shall have the following duties in addition to those set out in the terms of reference for the Investment Committee:
 - (i) maintain an understanding of the legal and regulatory requirements and constraints applicable to the Investments and keep the Board fully apprised of these;
 - (ii) on an annual basis, or more frequently if appropriate, review this Investment Policy and make appropriate recommendations to the Board regarding its amendment;
 - (iii) formulate recommendations to the Board regarding the selection, engagement or dismissal of Investment Managers, Investment Advisors, custodians and any other specialists or consultants the Investment Committee may wish to hire;
 - (iv) formulate specialized instructions and mandates for the Investment Manager which will derive from, reflect and be consistent with the provisions of this Investment Policy;
 - (v) regularly monitor the Investments' performance and compliance with this Investment Policy and report on these matters to the Board;

- (vi) regularly monitor the Investment Manager's performance and compliance with this Investment Policy as well as the Investment Manager's compliance with any specialised instructions and mandates they have been given;
- (vii) take appropriate steps to resolve conflict of interest issues as provided in section 3.07 of this Investment Policy; and
- (viii) report to the Board on the above matters, where possible, at each Board meeting.

3.06 Co-Mingling of Restricted Funds

- (a) The Board may authorize the co-mingling of restricted and/or special purpose funds of the Corporation for investment purposes where such co-mingling would result in the improved administration and/or an improved investment return for the Corporation.
- (b) The co-mingling of restricted and/or special purpose funds may only be done in accordance with the regulations in place from time to time under the *Charities Accounting Act* (Ontario).
- (c) At no time shall any restricted and/or special purpose funds be co-mingled with the general funds of the Corporation.
- (d) A Specific Investment Plan shall be prepared for each special grouping of co-mingled funds in accordance with this Investment Policy and regulations under the *Charities Accounting Act* (Ontario).

3.07 Conflict of Interest in relation to Investments

- (a) No director shall directly or indirectly receive any benefit or gain from any Investment of Funds of the Corporation that is of a material nature, save and except for reimbursement of out of pocket expenses. "Material nature" means that the director in question is personally receiving a direct or indirect material benefit or gain, either financially or otherwise, with the determination of "material benefit or gain" in such circumstances to be determined by the Board from time to time. For greater certainty, no disclosure or prohibition of involvement is required in relation to an Investment of Funds unless the direct or indirect personal interest, gain or benefit of the director in such Investment of Funds is of a material nature.
- (b) In the event that there is a director who has a direct or indirect personal interest, gain or benefit concerning any proposed Investment of Funds that is a material nature:
 - (i) the director shall declare his or her interest therein in writing to the chair of the Board (or the executive director of the Corporation, if any) in advance of such Investment of Funds being made by the Corporation; and
 - (ii) the said director shall not be present during any discussions and refrain from voting in relation to the said Investment of Funds, with such actions being recorded in the minutes of the meeting.

- (c) After holding discussions outlined in section 3.07(b), the Board may, acting in the best interests of the Corporation:
 - (i) decide not to proceed with the proposed Investment of Funds; or
 - (ii) decide to proceed with the said Investment of Funds, provided that the said director shall be required to immediately resign from the Board, failing which the said director shall be deemed to have resigned from the Board upon the passing of the Board resolution approving the said Investment of Funds; or
 - (iii) decide to divest the said Investment.
- (d) Any other person who is directed by the Board to provide assistance or advice with regard to investment decision making in accordance with the terms of this Investment Policy shall not, directly or indirectly, permit himself or herself to be put into conflict of interest or breach of his or her fiduciary duty. All such individuals shall disclose any potential, perceived or actual conflict of interest to the Board on a timely basis, and the Board may decide either not to proceed with the Investment in question, or seek the written resignation from the individual in question or terminate the individual in question from providing assistance or advice to the Corporation.
- (e) An Agency Agreement with an Investment Manager appointed in accordance with this Investment Policy may permit a conflict of interest in certain situations, if it is reasonable and prudent to do so in the circumstances, as determined by the Board.

3.08 Disbursement of Investment Income

The income earned from the Investment of Funds shall be disbursed by the Board in accordance with the disbursement policy of the Corporation in place from time to time. In the event that a disbursement policy is not in place, the disbursement of income earned from the Investment of Funds shall be disbursed as determined by the Board.

SECTION IV SPECIFIC INVESTMENT PLANS

4.01 Application of Specific Investment Plans

- (a) A Specific Investment Plan shall be prepared for each Fund or grouping of Funds which requires a separate Investment Plan as a result of either the nature or the intended use of the Fund.
- (b) The Board may adopt as many Specific Investment Plans as necessary from time to time, but at least one Specific Investment Plan for the general Fund of the Corporation must be in place at all times. Each Investment Plan shall include the elements set out in Schedule “A” to this Agreement.

- (c) Restricted funds and/or special purpose funds of the Corporation may be invested in accordance with a single Specific Investment Plan where there are similarities in applicable terms of the restricted and/or special purpose funds.
- (d) A Specific Investment Plan may be prepared with the assistance of an Investment Manager or an Investment Advisor (if an Investment Manager is not appointed).
- (e) In the event that the Board delegates investment decision making to an Investment Manager, then the Specific Investment Plan adopted for a particular Fund or Funds to be managed by the Investment Manager and the Agency Agreement engaging the services of the Investment Manager may be combined into one document.
- (f) A Specific Investment Plan shall not come into effect until it has been adopted by the Board.

4.02 Relationship between Investment Policy and Specific Investment Plans

- (a) The terms of a Specific Investment Plan shall be made in accordance with and be subject to the terms of this Investment Policy, and where a conflict exists, the terms of this Investment Policy shall prevail.
- (b) Each Specific Investment Plan shall be deemed to be a part of and incorporated by reference into this Investment Policy.
- (c) Each Specific Investment Plan shall be kept with this Investment Policy as part of the corporate records of the Corporation.

4.03 Criteria for Specific Investment Plan

- (a) The terms of a Specific Investment Plan shall reflect and further the charitable purposes of the Corporation, as well as any restricted and/or special purpose trust that apply to the Fund or Funds in question.
- (b) When adopting a Specific Investment Plan, the Board shall consider the investment criteria required of a prudent investor as described in section 3.01, in addition to any other factors that may be relevant under the circumstances
- (c) In accordance with the *Trustee Act* (Ontario), each Specific Investment Plan must involve a diversification of the Fund or Funds to an extent that is appropriate to:
 - (i) the requirements of the Fund or Funds; and
 - (ii) the general economic and investment market conditions.

SECTION V **DELEGATION**

5.01 When Delegation of Investment Decision Making is Permitted

The Board may, by resolution, delegate investment decision making to a qualified Investment Manager to invest Funds on behalf of the Corporation, provided that:

- (a) the Board has exercised prudence in selecting a qualified Investment Manager;
- (b) the Board has exercised prudence in developing an Agency Agreement with the selected Investment Manager that meets the requirements set out in section 5.03;
- (c) the Investment Manager is willing to comply with all of the duties imposed under the Agency Agreement and this Investment Policy; and
- (d) the Board is prepared to exercise prudence in monitoring the actions of the Investment Manager that meets the requirements set out in section 5.05.

5.02 No Further Delegation Permitted

The Investment Manager shall not sub-delegate such authority to any other person or persons. The Investment Manager may, however, authorize agents to act on its behalf in accordance with this Investment Policy.

5.03 Requirement For Agency Agreement

- (a) The Board shall require an Investment Manager to enter into a written Agency Agreement with the Corporation, which Agency Agreement, shall:
 - (i) require the Investment Manager to comply with this Investment Policy, as amended from time to time, inclusive of all Specific Investment Plans;
 - (ii) require the Investment Manager to provide written reports to the Corporation at least once every three months, together with a written report within 30 days of the end of each fiscal year;
 - (iii) require the Investment Manager to report to the Board at regular intervals, and to report to the executive director of the Corporation on a more frequent basis in the intervening period as required by the executive director;
 - (iv) describe the duties of the Investment Manager in compliance with this Investment Policy; and
 - (v) provide that the Agency Agreement is to be read in accordance with and subject to the terms of this Investment Policy, and that in the event of a conflict, the terms of this Investment Policy shall prevail and that the terms of the Agency Agreement

shall be deemed to be automatically amended in compliance with the terms of this Investment Policy.

- (b) The Agency Agreement may form a part of a Specific Investment Plan.
- (c) The Agency Agreement shall, where possible, be reviewed by legal counsel for the Corporation before the Agency Agreement is signed.

5.04 Investments by Investment Manager

All Investments made by the Investment Manager on behalf of the Corporation shall be in accordance with the following:

- (a) the standard of care expected of a person carrying on the business of investing the monies of others;
- (b) the Agency Agreement; and
- (c) this Investment Policy, including any Specific Investment Plan to which the Funds being managed apply.

5.05 Monitoring Performance of the Investment Manager

The Board shall exercise prudence in monitoring the actions of the Investment Manager as follows:

- (a) review reports from the Investment Manager;
- (b) regularly review the Agency Agreement at least once a year and how it is being put into effect, including considering whether this Investment Policy should be revised or replaced, replacing this Investment Policy if the Board considers it appropriate to do so, and assessing whether this Investment Policy is being complied with;
- (c) consider whether directions should be provided to the Investment Manager or whether the Investment Manager's appointment should be revoked; and
- (d) provide directions to the Investment Manager or revoke the appointment of the Investment Manager if it is appropriate to do so.

5.06 Proceedings Against An Investment Manager

In the event that the Corporation suffers a loss because of the breach of duty of the Investment Manager contrary to the requirements of this Investment Policy, the Board may commence proceedings against the Investment Manager as soon as possible thereafter in order to recover such loss.

SECTION VI
REVIEW AND AMENDMENT OF INVESTMENT POLICY

6.01 Review of Investment Policy

The Board shall review this Investment Policy at least once annually.

6.02 Amendments to Investment Policy

- (a) This Investment Policy may be amended by the Board adopting a revised Investment Policy.
- (b) Upon adoption of a new Investment Policy, copies of this Investment Policy shall be forwarded to the Investment Manager acting on behalf of the Corporation, if any, and requiring that the Investment Manager acknowledge and agree in writing to comply with the terms of this Investment Policy within sixty days of the date of the revised Investment Policy, failing which the appointment of the Investment Manager shall be terminated and a new Investment Manager shall be retained who is able to comply with the terms of the revised Investment Policy.
- (c) A copy of any revised Investment Policy, as well as a copy of this Investment Policy, shall be forwarded to the auditor for the Corporation.