



**YMCA OF SIMCOE/MUSKOKA
ENDOWMENT FUND AND CAPITAL FUND
STATEMENT OF INVESTMENT POLICY**

**Originally Approved February 5, 2011
Approved February 21, 2014**

I. PURPOSE OF THE ENDOWMENT FUND (Restricted Funds)

1. Generate funds to enrich programs of the YMCA of Simcoe/Muskoka.
2. Provide funding to projects which have been endowed for specific purposes.

II. PURPOSE OF THE CAPITAL FUND (Unrestricted Funds)

1. Generate funds for the addition and replacement of fixed assets for the YMCA of Simcoe/Muskoka.
2. Provide funding to capital projects.
3. Provide funding for such plans and contingencies as the Board of Directors may consider appropriate.

III. PURPOSE OF THE STATEMENT OF INVESTMENT POLICY

1. This statement of Investment Policy is set forth by the Board of Directors in order to:
 - Define and assign the responsibilities of all parties involved.
 - Establish a clear understanding of the investment goals and objectives of the Endowment Fund(s) and the Capital Fund(s).
 - Offer guidance and limitations to the Investment Manager(s) of the Endowment Fund(s) and the Capital Fund(s).
 - Establish a basis for evaluating investment results.

IV. DEFINITIONS

1. **AIMR:** Association for Investment Management and Research.
2. **Board of Directors:** The YMCA of Simcoe/Muskoka Board of Directors.
3. **Capital Fund:** The Fund may be segregated into separate Funds as required.
No segregated funds exist at the current time.
4. **DBRS:** Dominion Bond Rating Service.
5. **Endowment Fund:** The Fund may be segregated into separate Funds as required. *Current funds are the Barrie Endowment Fund; the Orillia Endowment Fund; the Future Fund.*
6. **Fiduciary:** Any individual, or group of individuals, that exercise discretionary control or authority over the management, disposition, or administration of the Fund assets.
7. **Fund/Funds:** Means, as the context dictates, any and all of the Capital Funds and Endowment Funds.
8. **Finance/Audit/Investment Committee:** Board Committee comprised of at least 3 Board members and other members as determined.



9. **Investment Manager:** any individual, or group of individuals, employed to manage all or part of Fund assets.
10. **Investment Management Consultant:** any individual or organization employed to provide advisory services, including investment objectives and/or asset allocation, manager search, and performance monitoring.

V. ASSIGNMENT OF RESPONSIBILITY

A. Responsibility of the Board of Directors and the Finance/Audit/Investment Committee (herein referred to as the Finance Committee)

The Board of Directors, working under the recommendations of the Finance Committee, is charged with the responsibility for the management of the Endowment Fund and the Capital Fund. The Finance Committee shall discharge its duties in good faith, with the care that an ordinary prudent person would exercise in a like position, and in a manner the Finance Committee reasonably believes to be in the best interest of the YMCA of Simcoe/Muskoka. The responsibilities of the Finance Committee include making recommendations to the Board of Directors relating to:

1. Reviewing the projections of the needs of the Association. Funds.
2. Establishing appropriate and consistent investment objectives.
3. Selecting qualified Investment Manager(s) and Investment Consultant(s).
4. Regularly evaluating the performance of Investment Manager(s) and Investment Consultant(s) to assure adherence to policy guidelines and monitor investment performance.
5. Enacting proper control procedures addressing the unsatisfactory performance of the Investment Manager(s).
6. Determining whether a particular investment within a Fund does not comply with any socially responsible investment principles or guidelines that may be established from time to time by the Board of Directors or the Finance Committee

B. Responsibility of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its management, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in the Investment Policy. Specific responsibilities of the Investment Manager(s) include:

1. Adhering to the Asset Mix Guidelines for each Endowment Fund and each Capital Fund as set out in the Statement of Investment Policy and adhering to the general investment principles outlined below.
2. Distributing a monthly statement of each Endowment Fund and each Capital Fund to the CFO of the YMCA of Simcoe/Muskoka on a timely basis.
3. Reporting on a timely basis quarterly investment performance results for each Fund as outlined in Section VIII of this Policy, including being present (in person or by phone) on the quarterly Finance meetings that occur in April, October and January of each year. The second quarter report will be to the CEO and the chair of the finance committee in July and a meeting of the finance committee can be arranged if necessary.
4. Communicating any major changes to the investment management organization, or any other factors which affect implementation of the investment process in accordance with this policy. Examples include: changes in portfolio management personnel, ownership structure, investment philosophy, etc., or unusual losses in the value a Fund.



5. Complying with the AIMR Code of Ethics and Standards of Professional Conduct.
6. Identify to the YMCA Staff any investments within a Fund which may be offensive to the ethical and/or moral principles of the YMCA of Simcoe Muskoka.

C. Responsibility of YMCA Staff.

1. Transferring monies received into the appropriate Fund.
2. Ensuring a process is in place to allow for donors to transfer shares directly into the appropriate Fund.
3. Requesting transfers between Funds as required.
4. Receiving the monthly statements from the Investment Manager(s).
5. Summarizing transactions and recording into the records of the Association.
6. Distribution of the monthly statements from the Investment Manager(s) to the Finance committee at least quarterly or as requested from time to time and identifying to the Investment Committee any investments which the Investment Manager or the YMCA staff has identified as potentially being offensive to the ethical and/or moral principles of the YMCA of Simcoe Muskoka .
7. Distribution of the Investment Manager(s) quarterly performance results to the Finance Committee.
8. Advising the Finance Committee on the financial needs of the Fund(s).
9. Notifying the Investment Manager(s) of a request to transfer required monies back to the YMCA Operating Account.

VI. GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the purposes of the YMCA of Simcoe/Muskoka.
2. The Funds shall be invested with the care, prudence, and diligence under the circumstances then prevailing that a prudent person in a like position would exercise, in a manner the Board of Directors and the Investment Committee reasonably believe to be in the best interest of the YMCA of Simcoe/Muskoka.
3. Investment of the Funds shall be so diversified as to minimize the risk of large losses.
4. The Board of Directors may employ one or more investment managers of varying styles and philosophies to attain the Funds objectives.
5. Donations received in the form of marketable securities shall be
6. Investments shall not knowingly be made into entities or organizations which the Board of Directors or the Finance Committee reasonably believe to be in direct conflict with the ethics and/or morals of the YMCA of Simcoe Muskoka (such as organizations profiting from the sale of tobacco, the sale munitions and/or child exploitation).

VII. INVESTMENT OBJECTIVES

The primary objectives of each and every Fund are:

1. **Preservation of Capital** – To ensure that the rate of growth in the capital value of the fund matches or exceeds the rate of inflation over time.
2. **Predictable Income** – To achieve a balanced return of current income and modest growth of principal.
3. **Rate of Return** – To equal or exceed a return from a benchmark over a period of time as determined by the Board of Directors, under recommendation of the Finance Committee. Any changes must be communicated to the Investment Manager(s) in writing.



VIII. INVESTMENT PERFORMANCE

1. The Finance Committee will measure the performance of the Funds using two benchmarks:
 - (a) A Composite Passive Benchmark constructed with market Indexes for each asset class within each fund, weighted in accordance with the Asset Mix Guidelines.
 - (b) The Canadian Consumer Price Index.
2. The performance of each Fund shall be evaluated over rolling four-quarterly periods.
3. The return of each Fund is expected to:
 - a) Exceed the Composite Passive Benchmark by 1% annually; and
 - b) Exceed the Canadian Consumer Price Index.
4. Quarterly reports on the investment performance shall contain a comparison of the actual asset mix for each and every Fund compared with the Investment Guidelines of this Policy, which report shall include commentary on how mutual funds and derivatives are split into the Asset Mix Guidelines.

IX. INVESTMENT GUIDELINES

A. Current Asset Mix Guidelines:

Item	Benchmark	Minimum	Maximum
Cash/Fixed Income	40%	20%	60%
Equities	60%	20%	70%

*If there is a large capital withdrawal requirement (for example, money is needed to fund a capital project), the amount of cash in the Fund may need to be higher than the maximum percentage in this table. In that situation, the investment manager will be notified of the total amount needed and the timing. Otherwise, cash should be within this range.

**Cash and cash equivalents should not drop below an available balance of \$500,000.

Should due to any circumstance, the percentage of asset mix falls outside the allowable guidelines, the investment manager will inform the YMCA and will make the adjustment as quickly as possible but definitely within 90 days

B. Permitted Investments

1. Cash Equivalents

- Treasury Bills
- Commercial Paper
- Banker’s Acceptance
- Repurchase Agreements
- Certificates of Deposit

2. Fixed Income Securities



- Canadian Government and Agency Bonds
- Canadian Provincial Bonds
- Corporate Notes and Bonds
- Mortgage Backed Bonds
- Preferred Stock
- Fixed Income Securities of Foreign Governments and Corporations
- Collateralized Mortgage Obligations

3. Equity Securities

- Major Stock Exchanges Listed Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- Income Trusts

4. Derivative Instruments

- Portfolio currency hedges
- To facilitate the management of (1) risk, or (2) the economical substitution of a direct investment in fixed income securities. (i.e. Covered Call Options)

5. Mutual Funds

C. Prohibited Investments

1. Derivative Instruments (1) having a speculative purpose, or (2) resulting in the creation of portfolio leverage.
2. Direct Real Estate Investments
3. Short Selling
4. Margin Purchases

D. Guidelines for Fixed Income Investments and Cash Equivalents

1. Bonds shall be rated BBB or higher by DBRS
2. Money markets securities shall be rated R1 or higher by DBRS.

X. MARKETABILITY OF ASSETS

All Fund assets shall be invested in liquid securities, defined as securities that can be transacted with minimal impact on the Fund.

XI. INVESTMENT MANAGER REVIEW

1. The Investment Manager(s) shall provide performance reports to the Finance Committee at least quarterly.
2. The Board of Directors reserves the right to terminate an Investment Manager for any reason, including:
 - Investment performance which is significantly less than anticipated, given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
 - Failure to adhere to any of this Investment Policy, including communication and reporting requirements.
 - Significant qualitative changes to the Investment Manager's organization.
3. Every five years the choice of Investment Manager will be reviewed through the solicitation of requests of at least two additional interested parties.



XII. INVESTMENT POLICY REVIEW

To assure continued relevance of the fund's guidelines, objectives, and financial status as established in this Investment Policy, the Finance Committee shall review the investment policy annually.