

FOUNDATION FOR SUPERANNUATION OF THE CANADIAN REFORMED CHURCHES

INVESTMENT POLICY – LONG-TERM ASSETS

LONG RANGE INVESTMENT OBJECTIVES AND POLICY STATEMENT

1.1. Purpose

- 1.1.1 The purpose of this statement is to establish a clear understanding between the members of the Foundation for Superannuation of the Canadian Reformed Churches, its board of governors, its administration committee, and its investment managers of the investment policies and objectives of managing assets. This statement outlines an overall philosophy that is specific enough for all to know what is expected, but sufficiently flexible to allow for changing economic conditions and dynamic securities markets. This statement provides realistic risk policies to guide the administration committee and the investment managers toward long term rate-of-return objectives which serve as standards for evaluating investment performance. This statement establishes the investment restrictions placed upon the administration committee and the investment managers and outlines procedures for policy and performance review.

1.2. Investment Objectives

- 1.2.1 The long range investment goal of the Foundation is to achieve a maximum rate of return on assets consistent with prudent investment management. This policy, which emphasizes preservation of capital, should enhance “real” asset value and provide liquidity sufficient to meet unexpected cash needs. “Real” asset value is defined as protection of the investment principal from its loss of purchasing power over time. To the degree consistent with specific rate-of-return objectives, and relative to appropriate benchmark indices, all funds shall be invested to maintain a high level of stability and security by minimizing risk and volatility.
- 1.2.2 Liquidity shall be maintained to provide for all anticipated withdrawals by means of investment in securities with sufficient marketability to provide for such withdrawals.

1.3. Policy Statement

- 1.3.1 It is the policy of the Foundation to give the administration committee full discretion in all investment decisions subject to the restrictions stated below. The Foundation expects the assets to be invested with care, skill, prudence, and diligence under the circumstances prevailing from time to time that a prudent person in like capacity and familiar with such matters would use in the investment of funds of like characters with similar aims. To that end the Foundation requires that the administration committee use the services of one or more investment advisers, duly licensed to provide such services, in order to receive professional advice and recommendations before entering into buy or sell transactions.

1.3.2 The investment performance objective is to obtain a minimum total annual rate of return of 4% plus the inflation rate. The inflation rate is defined as the three-year moving average of the Canadian Consumer Price Index. Recognizing the volatility of both the equity and the bond markets, it is understood that this objective may not be met on an annual basis. However, it is expected to be achieved when measured over a minimum three-year average. Furthermore, the investment portfolio is expected to produce a total annual return which equals or exceeds the average Canadian government treasury bill yield plus 1.5%.

1.3.3 The asset allocation will be at all times within the following guidelines:

	Minimum %	Maximum %
Cash equivalents *	0%	75%
Fixed income	25%	65%
Real estate mutual funds	0%	5%
Equity	0%	60%

* Cash equivalents are defined as less than one-year maturities. Fixed income investments can be invested in cash equivalents as necessary.

1.3.4 The Foundation prohibits investments which jeopardize the safety of principal concept, non-profit status of the Foundation. The following types or methods of investments are prohibited:

- trading in securities on margin;
- trading in commodity futures, commodity contracts, financial futures, mineral leases, mineral rights or royalty contracts;
- investing in working interests in oil or gas wells;
- purchasing precious metals
- purchasing “puts” and “calls”;
- selling and purchasing warrants and options without prior approval;
- selling short;
- derivatives;
- real estate and/or real estate development;
- companies whose principal business includes the manufacturing of tobacco products or any other products or services which would be contrary to sound Biblical principles;
- purchasing shares or bonds issued by a private corporation or by a corporation not listed on an established, recognized stock exchange

1.3.5 The Foundation further instructs its administration committee as follows:

- Investments shall not be made in securities for which market quotations are not readily available;
- Investments shall not be made if such investments will result in income which would require the filing of federal, provincial or local tax returns.
- No investments shall be made knowingly in which any member of the board of governors or the administration committee or any related person has, directly or indirectly, a known significant financial interest.

1.4. Reporting

1.4.1 At least annually, the administration committee will maintain and review with the board of governors the following:

- This statement of policies;
- The fees and expenses, if any, related to the investments owned during the year;
- Records relating to the performance of the investments and the extent to which the performance meets the objectives of the Foundation as set out in this policy statement