

Policy History
Policy No. FM2
Approving Jurisdiction: Board of Governors
Administrative Responsibility: Vice President Finance & Administration
Effective Date: June 20, 2012

Management and Investment of Operating Funds Procedure

DEFINITIONS

Endowment Funds: Endowment funds refer to a transfer of money to an institution usually with the stipulation that it be invested, that the interest be used for a specific purpose and that the principal remain in perpetuity or for a defined period of time.

Investment Return Benchmarks: Investment Return Benchmarks refer to the performance of a predetermined set of investments against a comparator group. Such comparator groups may include published indices or may be customized to suit an investment strategy.

Non-Endowment Investment Funds: Non-endowment funds refer to 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 intended for future building expansion would be an example of a non-endowment, specific purpose fund.

Short-term Operating Funds: Short term operating funds are 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.

PROCEDURES

PREAMBLE

Officers, employees, Board members and any others involved in Kwantlen’s investment process shall refrain from engaging in personal business activities that could conflict

with the proper execution of the investment strategy or which could impair the ability of these individuals to make impartial investment decisions. All such individuals shall disclose any material financial interest in financial institutions and/or investment dealers that conduct business with Kwantlen.

All investment activities must be conducted in accordance with “The Code of Ethics and Standard of Professional Conduct” adopted by the Association of Investment Management and Research. Potential conflicts of interest must be disclosed as outlined in a separate Policy and Procedures document, G1 “Conflict of Interest”.

SPECIFIC PROCEDURES

1. Consistent with its Terms of Reference, the Finance and Audit Committee of the Board has responsibility for overseeing the investment strategy of the University.
2. The Vice-President, Finance and Administration has operational responsibility for managing the University’s investments.
3. The Vice-President, Finance and Administration and the Executive Director, Finance will be accountable to the Finance and Audit Committee for its activities and will report regularly to that body on its activities and the status of the investment funds.
4. The University will determine the investment strategy for each of the sets of funds within its mandate. These investment strategies will be reviewed and updated annually and more frequently if the investment climate requires it.
5. The investment strategies will vary with each fund but will, nevertheless, be guided by the general principles identified in the policy:
 - preservation of capital
 - minimization of risk and volatility
 - returns that are linked to recognized investment return benchmarks
 - assurance that liquidity goals are reached to meet the needs of the University and the fund’s purposes
6. The investment strategy will identify the asset classes that will be eligible for investment in each of the fund portfolios as well as any constraints on those asset classes.
7. The University, with the approval of the Finance and Audit Committee of the Board, will determine the need and desirability of engaging professional investment advisors for each of its funds and, to the extent that this is determined to be desirable, will arrange for a tendering process to identify and engage such advisors. Normally investment advisors will be engaged for a period of 3-5 years, with a possibility for renewal. The tendering process will be handled through the University’s normal purchasing practices.
8. The University will report periodically, and at least annually, to the Finance and Audit Committee of the Board.

RELATED POLICY

FM2 Management and Investment of Operating Funds Policy
FM2 Investment Policy Statement & Strategies