

The purpose of these guidelines are to provide the investment framework by which the assets of the Kwantlen Polytechnic University portfolio will be managed. Kwantlen Polytechnic University is a post-secondary institution, the revenues of which are non-taxable.

a) Management Responsibility:

Management Responsibility for the investment program is hereby delegated and restricted to the Finance and Audit Committee of the Board, which shall establish and maintain procedures for the operations of the investment program consistent with this investment policy. The VP Finance & Administration (and designates) has operational responsibility for the day to day management of University Investments.

b) Investment Principles:

- 1) The principal value of each investment must be protected.
- 2) The return of investment should be maximized, given that consideration of risk is the overriding factor.
- 3) The investment portfolio should be diversified.

Accordingly, the investment objectives of the portfolio are:

- 1) to achieve a growth of capital which is equal or greater than the rate of inflation;
- 2) to provide adequate income to augment cash disbursements;
- 3) to maintain a proper balance between meeting cash flow requirements and preserving the capital for future requirements;
- 4) to achieve returns in excess of 50% DEX Short Term Bond Index (which represents bonds 1-5 years) and 50% DEX Mid Term Bond Index (which represents bonds 5-10 years) benchmarks.

c) Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment employees and officials shall disclose any material financial interests in financial institutions and/or investment dealers that conduct business with Kwantlen Polytechnic University. 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.

d) The following asset classes will be eligible for investment in the portfolio:

- 1) Securities of Canada or a province;
- 2) Guaranteed Investment Contracts or equivalent financial instruments of insurance companies, trust companies, banks or corporations, or funds which invest primarily in such instruments; cash, or money market securities issued by governments or corporations.

e) Constraints by Asset Class

1. Fixed Income

- Bonds
 - Minimum BBB rating
 - 50% minimum in government issue
 - 10% maximum in any one issuer (other than government)
 - Maximum term of single investment generally not to exceed ten years less a day

Credit Rating	Percent (Market Value)
A or above	50% to 100%
A or below	0% to 10%
BBB	0% to 10%
Below BBB	0%

2. Cash and Equivalent

- Money market securities must be rated R-1 high or middle; those whose ratings fall below this shall be removed from the portfolio as soon as practicable
- Maximum term of single investment not to exceed ten years less a day

3. Equities

- Mutual Funds - 10% maximum in any one issuer

4. Derivative Products

- Not permitted

f) Reporting Requirements

- 1) Quarterly reporting on investments will be required by Kwantlen Polytechnic University.
- 2) On a semi annual basis, the Finance and Audit Committee of the Board of Governors requires a statement:

- a. That the investment company(s) acknowledges that they have, in managing the University's investment funds, followed the Investment Policy of the Board of Governors.
- b. That provides a summary of the returns earned on the funds invested through you, at the 6 month, 1 year and 5 year mark.

g) Investment portfolio may be evaluated and audited at the discretion of Kwantlen Polytechnic University.