

**Working Capital
Investment Policy**

University Policy No.: FM5200

Classification: Financial Management

Approving Authority: Board of Governors

- to achieve a commitment of investing at least 25% of the portfolio in thematic impact investments.

The working capital fund will be categorized into the following three categories:

a) Liquidity

Assets used to meet the day to day cash requirements of the university. These assets should be principal guaranteed, and cash redeemable at any time for at least the principal value. Assets in this category are limited to cash, funds held in the Central Deposit Program with the Provincial Government, as well as fully guaranteed investment certificates (GICs) with credit unions and banks.

b) Yield

Assets used to generate additional return at an appropriate level of risk. Assets are limited to fixed income securities, mortgage funds, and private debt.

c) Return Seeking

Assets used to generate a higher rate of return to provide long term growth to the short-term pool. Assets are limited to public equities, private equities, infrastructure, and venture capital.

Investment Constraints

4.00 The investment constraints are:

a) Liquidity

All liquidity assets must be redeemable on short notice with principal value fully guaranteed.

Funds invested in GICs

iv. Venture Capital

Assets are to be invested at all times in a prudently diversified portfolio. The portfolio manager will be responsible for diversifying the securities and for prudently and diligently managing the risks associated with exposure to this asset class. Investment in this asset class will not make up more than 1% of the overall working capital investments.

Investment Managers

5.00 The Vice-President Finance and Operations will develop investment manager guidelines for all external mandates. These will be developed in conjunction with the investment managers to ensure consistency with applicable pooled funds. These guidelines will be reported to the Board as part of the semi-annually reporting on performance.

a) Selection

The Vice-President Finance and Operations will recommend for the Board to appoint one or more suitably qualified external professional investment managers. The selection of an investment manager will be made in a prudent manner, applying fair and reasonable identification, evaluation, and selection standards, taking into account for a potential investment manager:

- the relevant experience and expertise;
- suitability of investment style;
- the structure of the organization;
- turnover of personnel;
- capacity and servicing capabilities;
- investment performance record, including consistency of performance and risk;
- investment management fees;
- ability to effectively incorporate environmental, social, and governance factors into investment management practices; and
- ability to actively engage with companies to foster disclosure of climate related risks, and adoption of operational practices that reduce carbon emissions.

b) Duties and Responsibilities

- exercise care, diligence, and skill of a prudent investment counsellor and at all times act on a basis that is fair and reasonable;
- adhere at all times to the Code of Ethics and Standards of Professional Conduct adopted by the Association of Investment Management and Research;
- provide monthly reports of transactions and rates of return;
- provide quarterly reports of portfolio holdings, results achieved, and explanations of any shortfall from the benchmark; and
- inform the Vice-President Finance and Operations promptly of any changes in the investment manager's firm, including changes of ownership, senior investment personnel, or investment style.

Authorized Investments and Limits

- 6.00 In placing working capital investments, the Vice-President Finance and Operations will advance funds to be managed within the benchmarks and asset mix guidelines, as noted in the following tables. Should a large cash inflow or outflow occur resulting in a breach of the maximum and minimum percentages below, the university's treasury staff will advise the Vice-President Finance and Operations of the breach and take the steps necessary to rebalance within the policy parameters in a prudent manner.

The distribution of weights among asset classes will be determined based on the university's cash balances, near-term liquidity requirements, and capital plans over the long term horizon. Cash flow modeling will be used to determine the level of liquidity needed with allocations to liquidity and yield assets reflecting those needs. Where it is determined that a portion of the fund will not be required over the longer term, funds can be invested in return seeking assets.

Benchmarks

Asset Class	Benchmark	Benchmark (%)
Liquidity	Canadian Consumer Price Index (CPI)	55
Yield	Canadian Consumer Price Index (CPI) + 1%	40
Return Seeking	Canadian Consumer Price Index (CPI) + 3%	5

Managers are expected to achieve the performance objectives included in their mandates over the relevant time horizon.

Allocation Ranges

Asset Class	Minimum (%)	Target (%)	Maximum (%)
Liquidity			

mana