

1.0 POLICY STATEMENT

- 1.1 MacEwan University (the “university”) holds monetary assets that include short-, mid- and long-term non-endowed working capital (the “operating fund”) and endowment funds (the “endowment fund”), collectively referred to as the Funds. All assets require investment decisions to maximize returns and preserve capital while meeting liquidity requirements.

The university shall invest the operating fund and endowment fund by creating diversified portfolios based on the investment objectives of each individual Fund.

2.0 PURPOSE

- 2.1 The purpose of this policy is to establish asset allocation strategies and risk and volatility tolerances for each of the university’s funds according to the individual fund’s spending obligations, objectives, and liquidity requirements.
- 2.2 This policy is governed by the “prudent person portfolio approach”. Those holding responsibilities as noted in Section 5, as a whole, and each individual member thereof, shall exercise that degree of care, diligence, and skill that a person of ordinary prudence would exercise in dealing with the property of another. If any member possesses, or by reason of their profession, business or calling, ought to possess, a particular level of knowledge or skill relevant to their duties that is over and above that of the ordinary prudent person, then such person shall employ that particular level of knowledge or skill in carrying out their responsibilities.

3.0 APPLICABILITY

- 3.1 This policy applies to the investment of all operating and endowment funds held by the university. This policy is limited to investing and managing such Funds and does not address operational cash management.

4.0 DEFINITIONS

Operating Fund

refers to expendable (non-endowed) funding that is pooled for investment purposes and may include internally restricted surplus, accumulated surplus from operations, and returns on non-endowed investments.

Endowment Fund

refers to endowed capital contributions plus any matching of these funds by other grant sources, and returns on the endowed investments.

The operating fund and endowment fund are known collectively as the “**Funds**”.

Short-term investments

- span a time horizon up to and including two years, including bank deposits, Canada T-bills, major bank paper or commercial paper rated ‘R1’ or better,
- require liquidity on-demand, and
- maintain a low tolerance for relative volatility.

Mid-term investments

- span a time horizon of two to ten years,
- require a moderate level of liquidity required as funds could be required over the two-to-ten year period, and
- maintain a moderate tolerance for relative volatility.

Long-term investments

- span a time horizon of greater than ten years,
- require a low level of liquidity, and
- maintain a moderate to high tolerance for relative volatility.

Advisors

are third party advisors, brokers or delegates, custodians, Outsourced Chief Investment Officer (“OCIO”), or any persons providing management or advisement services related to the university’s funds.

Management

is defined as the university employees responsible for overseeing the funds’ investments, re-balancing activities, and third-party advisors.

5.0 POLICY ELEMENTS

5.1 RESPONSIBILITIES

5.1.1 Board of Governors shall:

- maintain full oversight responsibility for university investment activities by monitoring the performance of the Funds in meeting the objectives and philosophy of this policy, and
- delegate to FPI and management, those responsibilities as noted in 5.1.2 and 5.1.3 respectively.

5.1.2 Finance, Property and Investment Committee (“FPI”) shall:

- recommend for approval by the Board of Governors, management’s changes to this investment policy statement, including broad asset allocation guidelines, endowment fund distribution objectives, and risk tolerances,
- monitor the performance of each portfolio relative to established benchmarks identified in Section 5.3 as well as the execution of the investment strategy against policy, and
- review this policy at least annually.

5.1.3 Management shall:

- create and recommend the investment policy statement to the FPI,
- monitor the results of implementation of the policy,
- appoint, monitor, and remove custodians, investment advisors, OCIO, and brokers in accordance with the provisions of this policy,
- recommend changes to the policy, asset allocations, endowment fund distributions, apportionment of funds, or other matters, to the FPI,
- employ treasury and cash management practices that maximize the funds available for investment, including day-to-day management and oversight of cash positions, taking prompt action to address any shortfall or to effectively invest any excess funds,

- employ fund management practices that allow for withdrawal from the operating fund for university operations as required,
- manage the funds in accordance with all applicable legislation and regulations, under the overall direction of the Board of Governors as reflected in this policy, and
- provide reporting on a quarterly basis to the Board of Governors, on the status of the investment assets.

5.1.4 **Advisors** that may be appointed by management to manage or provide guidance on any portion or any matter relating to the funds shall:

- adhere to this policy and operate under specific written guidelines agreed to between the advisors and the Board, and
- remain in compliance with all applicable laws and regulations, Codes of Ethics, and Standards of Professional Conduct as applicable.

5.2 INVESTMENT OBJECTIVES

5.2.1 Endowment Fund

5.2.1.1 The primary objective of the fund is to support the university's endowment objectives through long-term growth in perpetuity in the value of the assets, while meeting or exceeding annual distributions from endowments, protecting the original contribution, and complying with the requirement of the university's endowment policies.

5.2.1.2 The fund should be managed to provide a comparable level of support to future generations as current beneficiaries receive. The value of the fund should be preserved over time in real dollar terms in order to maintain the future purchasing power of the assets. The focus should be to preserve and grow the real value of assets over time.

5.2.1.3 Allocation of funds to various classes will be based on an asset allocation study which takes into consideration return requirements and expectations, risk and volatility tolerances, liquidity requirements, legal constraints, time horizon, and other factors as required.

5.2.1.4 The endowment fund is considered a long-term investment.

5.2.2 Operating Fund

5.2.2.1 The primary objective of the fund is to provide liquidity for university operations with the potential for return enhancement to support strategic initiatives.

5.2.2.2 The operating fund is presumed to be invested over the midterm, and requires a moderate level of liquidity.

5.2.2.3 After determining the expenditure requirements to meet university obligations, it is projected that there will be funds available from time to time that may be invested within a longer time horizon, and with less-than-immediate liquidity requirements.

- 5.2.2.4 Should management determine that a portion of the operating fund is long-term in nature, then the primary objective of the long-term portion of the operating fund is to provide the potential for return enhancement to support strategic initiatives. The long-term fund will have moderate levels of liquidity.

5.3 ASSET MIX AND RETURN EXPECTATIONS

5.3.1 Endowment Fund

- 5.3.1.1 The primary return objective of the endowment fund is to achieve a long-term rate of return, after inflation, that shall equal or exceed the annual distribution rate of 4% plus management fees of 0.5%, before third-party fees, within an acceptable level of risk, measured over a rolling four-year period.
- 5.3.1.2 The secondary return objective of the endowment fund is to achieve an annual rate of return which is at least equal to the return that could have been earned by passively investing in the benchmark portfolio outlined below, measured over a rolling four-year period.
- 5.3.1.3 To diversify risk and enhance expected returns, the fund will be allocated among the following asset classes and will be maintained within the corresponding ranges expressed as a percentage of the fund's market value:

ENDOWMENT FUND (LONG TERM)				
Investment Category	Benchmark	Policy Allocation	Min	Max
Fixed Income				
Cash & Short Term	FTSE Canada 91 Day T-Bill Index	0%	0%	5%
Universe Bonds	FTSE Canada Universe Bond Index	15%	13%	17%
Mortgages	FTSE Canada Short Term Bond Index+1%	5%	0%	10%
Total Fixed Income		20%	15%	25%
Public Equity				
Canadian Equity	S&P/TSX Composite Index	9%	7%	11%
Global Equity	MSCI World Net Index \$C	21%	17%	25%
Global Equity Small Cap	MSCI World Small Cap Net Index \$C	4%	2%	6%
Emerging Market Equity	MSCI Emerging Market Net Index \$C	4%	2%	6%
Total Public Equity		38%	33%	43%
Alternatives				
Canadian Real Estate	MSCI/REALPAC Canada Property Index	6%	3%	9%
Infrastructure	CPI + 4%	6%	3%	9%
Private Equity	MSCI World Index Net (\$C) + 2%	10%	5%	15%
Private Debt	FTSE Canada 91 Day T-Bill Index + 5%	10%	5%	15%
Hedge Funds	HFRI FoF Diversified Index	10%	5%	15%
Total Alternatives		42%	37%	47%

5.3.2 Operating Fund (Mid-Term) Investments

- 5.3.2.1 The mid-term return objective of the operating fund is to achieve an annual rate of return which is at least equal to the return that could have been earned by passively investing in the benchmark portfolio outlined below, measured over a rolling four-year period.
- 5.3.2.2 To diversify risk and enhance expected returns, the fund will be allocated among the following asset classes and will be maintained within the corresponding ranges expressed as a percentage of the fund's market value:

OPERATING FUND (MID TERM)				
Investment Category	Benchmark	Policy Allocation	Min	Max
Cash & Short Term	FTSE Canada 91 Day T-Bill Index	0%	0%	5%
Short Term Bonds	FTSE Canada Short Term Bond Index	20%	16%	24%
Mortgages	FTSE Canada Short Term Bond Index+1%	30%	26%	34%
Multi-Asset Credit	50% ICE BofAML Global High Yield Constrained Index (\$US) and 50% Morningstar LSTA US Leveraged Loan Index (\$US)	40%	36%	44%
Global Low Volatility Equity	MSCI World Minimum Volatility Index Net (\$C)	10%	8%	12%

5.3.3 Operating Fund (Long-Term) Investments

- 5.3.3.1 Should management determine that a portion of the operating fund is determined to be long term in nature, then the primary investment objective of the long-term fund is to achieve an annual rate of return which is at least equal to the return that could have been earned by passively investing in the benchmark portfolio outlined below, measured over a rolling four-year period.
- 5.3.3.2 To diversify risk and enhance expected returns, the fund will be allocated among the following asset classes and will be maintained within the corresponding ranges expressed as a percentage of the fund's market value:

OPERATING FUND (LONG TERM)				
Investment Category	Benchmark	Policy Allocation	Min	Max
Fixed Income				
Cash & Short Term	FTSE Canada 91 Day T-Bill Index	0%	0%	5%
Universe Bonds	FTSE Canada Universe Bond Index	15%	13%	17%
Mortgages	FTSE Canada Short Term Bond Index+1%	5%	0%	10%
Total Fixed Income		20%	15%	25%
Public Equity				
Canadian Equity	S&P/TSX Composite Index	9%	7%	11%
Global Equity	MSCI World Net Index \$C	21%	17%	25%
Global Equity Small Cap	MSCI World Small Cap Net Index \$C	4%	2%	6%
Emerging Market Equity	MSCI Emerging Market Net Index \$C	4%	2%	6%
Total Public Equity		38%	33%	43%
Alternatives				
Canadian Real Estate	MSCI/REALPAC Canada Property Index	6%	3%	9%
Infrastructure	CPI + 4%	6%	3%	9%
Private Equity	MSCI World Index Net (\$C) + 2%	10%	5%	15%
Private Debt	FTSE Canada 91 Day T-Bill Index + 5%	10%	5%	15%
Hedge Funds	HFRI FoF Diversified Index	10%	5%	15%
Total Alternatives		42%	37%	47%

5.4 PERMITTED INVESTMENTS AND INVESTMENT GUIDELINES

5.4.1 All investments of the Funds must comply with the requirements and restrictions set out in this policy.

5.4.2 The following categories of investments are permitted for the Funds:

- cash and cash equivalents, term deposits offered by banks or other financial institutions, money market securities,
- fixed income, including mortgages and private debt,
- public equities,
- real estate investments invested in actively managed open-end or closed-end real estate Pooled Funds or real estate investment trusts,
- infrastructure investments invested in actively managed open-end or closed-end infrastructure Pooled Funds, and / or
- hedge funds.

5.4.3 Derivatives, options, and futures are permitted investments under this policy for the purposes of efficient portfolio management, investment, and risk management, but shall not be used for speculative purposes.

5.4.4 Commingled Vehicles: Where investments are made in Pooled Funds, those investments are to be governed in accordance with the investment policy of the Pooled Fund.

5.5 REGULATIONS

5.5.1 The Post-Secondary Learning Act, Sections 75 and 76, provides the Board of Governors of the university with investment powers, the authority to pool funds, and the authority to distribute income, subject to the terms of a trust on which it may be held. Investments in any asset or asset class must be in compliance with any statutory requirements that govern the university.

5.6 CONFLICTS OF INTEREST

5.6.1 Whether actual or perceived, conflicts of interest are defined for the purposes of this policy as any event in which the Board of Governors, an employee of the university, or any advisor may benefit materially from knowledge of, participation in, or by virtue of, an investment decision or holding of the funds.

5.6.2 Should a conflict of interest arise, the person(s) in the actual or perceived conflict, or any person(s) who become aware of a conflict of interest situation, shall immediately follow the Conflict of Interest clause(s) found in The Board of Governors Code of Conduct and / or the Employees' Code of Conduct.

5.7 VALUATION OF INVESTMENTS

5.7.1 Investments in Pooled Funds shall be valued according to the unit values published by the funds' Investment Manager.

5.8 VOTING RIGHTS

5.8.1 The authority for exercising all voting rights is delegated to the Investment Manager of the Pooled Fund, to be exercised in accordance with the Pooled Fund's policies.

5.9 LOANS AND BORROWING

5.9.1 The university shall not borrow for the purpose of investing in the operating or endowment funds.

5.9.2 The assets of the Funds may not be pledged, hypothecated, or otherwise encumbered in any way except where temporary overdrafts occur in the normal course of business.

5.9.3 No part of the Funds shall be loaned to any Board member, employee of the university, advisor, nor any other party.

5.10 POLICY REVIEW

5.10.1 This policy shall be reviewed at least annually by the FPI.

5.10.2 The FPI shall recommend to the Board for approval, any amendments which it believes are in the best interests of the university.

5.10.3 In determining whether changes in this policy are required, the Board will consider:

- the recommendations by the FPI,
- any fundamental change in the time horizon, income requirements, or risk tolerance of the Funds,
- any significant revisions to the expected long-term trade-off between risk and reward on key asset classes, dependent upon basic economic, political, and social factors,
- problems arising in the operation or implementation of this policy, and
- any other relevant matter.

6.0 RELATED POLICIES, FORMS, AND OTHER DOCUMENTS

- Employees' Code of Conduct
- The Board of Governors Code of Conduct
- Internal Controls
- Cash Management
- Cash Internal Controls
- Delegation of Signing Authority
- Fundraising
- Endowments

7.0 ACCOUNTABILITY

Policy Sponsor

Vice President Finance and Administration & CFO

Responsible Office

Financial Services

8.0 HISTORY

Relevant Dates

Approved: **24.06.13**

Effective: **24.06.13**

Next Review: **29.06**

Modification History

81.10.22: Original Banks & Investments Policy D3010 approved by Board Motion 14-5-81/82. Replaces paragraph 1 and 2 of Policy 6.1 approved 26-31-71 and 36-6-71; and Policy 6.3 approved by Board Motion 31-1-77/78.

83.10.20: Revisions to regulations 2.2., 2.3, and 2.4 approved by Board Motion 8-3-83/84.

85.12.19: Amended as recommended by the Audit Committee, new Investments Policy approved by Board Motion 4-6-85/86.

87.03.03: Amended as recommended by the Finance Committee, revision to regulation 2.1 approved by Board Motion 3-3-87/88.

- 95.10.19:** Amended as recommended by the Finance Committee, approved by Board Motion 4-10-95/96.
- 97.03.20:** Amended as recommended by the Finance Committee, approved by Board Motion 4-3-20-96/97.
- 97.04.17:** Amended as recommended by the Finance Committee, approved by Board Motion 3-4-17-96/97.
- 00.05.15:** Amended as recommended by the Finance Committee, approved by Board Motion 02-05-18-99/00.
- 02.06.20:** Amended as recommended by the Finance Committee, approved by Board Motion 02-06-20-2001/02.
- 03.02.01:** Terminology and format updated – “Board of Directors of the Foundation” changed to “Foundation Management Board”.
- 04.02.24:** Amended as recommended by the Finance/Audit Committee, approved by Board Motion 01-2-24-2003/04.
- 05.01.20:** Amended as recommended by Executive Committee 12-03-2004 approved by Board Motion 01-1-20-2004/05.
- 09.10.08:** Terminology updated to reflect name change to Grant MacEwan University. Approved by Board motion 01-10-8-2009/10.
- 12.05.04:** Policy amended as recommended by the Investment Committee and re-formatted to conform to policy standards. Approved by Board Motion 01-05-24-2011/12.
- 12.06.22:** Policy amended as recommended by the Investment Committee to remove reference to hedge funds in Schedule A as these are not an alternative for investment. Additionally, the term ‘unhedged’ was removed from the endnote on Emerging Market Equity.
- 13.12.19:** Policy amendment recommended to provide clarity on management’s responsibility regarding Operating Fund re-balancing between asset categories based on forecasts of cash flow requirements. Approved by Board Motion 04-12- 19-2013/14.
- 15.02.26:** Policy amendment to include additional information on re-balancing procedures and to replace the Appendix I Historical Benchmark with a Model Benchmark which does not tilt toward small and value stocks. This index does not try to replicate the characteristics of the DFA strategy to give a comparison to the broad market. Approved by Board Motion 02-02-26-2014/15.
- 17.02.23:**
1. Updated contents to clarify Endowment Fund investments are assets of MacEwan University and not the Grant MacEwan University Foundation.
 2. Clarified wording of return objective for the Endowment Fund to remove reference to intergenerational neutrality and the requirement be long-term growth in the value of the endowment assets while maintaining annual distributions from endowments, protecting the original contribution, and complying with the requirement of the university’s endowment policies.
 3. Updated reference to “officer responsible for Finance” to be the Associate Vice President Finance and Chief Investment Officer, and the executive officer responsible for Finance to be the Vice President Finance and Administration.
 4. Removed reference to code of conduct policy as this is now a code and not a policy.
 5. Updated equity asset class allocations.
 6. Provided clarity on fixed income assets which the university can invest in.
 7. Corrected symbol and currency for iShares Russell 2000 Index ETF.
 8. Updated to new format of policy.
- Approved by Board Motion 01-02-23-2016/17.

- 17.12.14:** Policy amendments to reference board bylaws and to reflect changes to position titles and the approval required for rebalancing or transfers to and from portfolio investments funds. Approved by Board Motion 01-12-14-2017/18
- 24.06.13:** Policy re-written to modernize the University's investment policy and optimally manage funds, including a title change from Investment Policy to Investment Policy Statement. Approved by Board Motion #BOG-08-06-13-2023/24, effective June 13, 2024 with operationalization by September 30, 2024.