

# **Christian Senior Citizens Home of Chatham**

**40 Elm Street, Chatham, ON**

## **INVESTMENT POLICY**

*(For Christian Senior Citizens Home of Chatham (the corporation) division under the Social Housing Reform Act and the divisions under signed operating agreements)*

### **Objectives**

- To maximize income through investment reserves, deposits and surpluses, within the framework of the Social Housing Reform Act regulations and/or the operating agreement with the government as applicable.
- To give ready access to money to carry out necessary capital projects, and provide working capital for housing operations.
- To protect the security of the principal.

### **Capital Reserves**

All capital reserve funds will be invested in securities of mutual or investment funds managed or offered by the Social Housing Services Corporation Financial Inc. (SHSC FI)

Selection of investments within the SHSC FI investment program will be based on an Investment (Asset Allocation) Plan that identifies when capital funds are likely to be needed for capital replacements.

Annual contributions to the capital reserve will be paid into the fund no later than 5 months after the end of each fiscal year.

All money earned on capital reserves will be reinvested in additional securities of the applicable SHSC Funds.

### **Other Funds**

Sources of other funds to be invested may include:

- Retained earnings/subsidy surplus
- Dues and donations

These funds may be invested in:

- Government bonds
- Treasury bills
- Canadian dollar money market mutual funds sold with no load or sales charge by a Canadian bank, credit union, trust company or other approved financial institution.
- Term deposits, guaranteed investment certificates, or other interest-bearing deposits or securities with a chartered bank, credit union, or trust company insured by the Canada Deposit Insurance Corporation.
- Investment funds managed or offered by the SHSC FI. (Capital reserve funds under CMHC-signed operating agreements subject to the approval of the ministry Service Manager).

The funds shall not be invested in any security or investment other than those listed above.

These investments will be selected on an Investment (Asset Allocation) Plan that identifies the short, medium and long term needs of the corporation. Money required to pay outstanding cheques, bank charges, and one month's salaries and payroll expenses, shall be retained in a current account.

### **Investment Restrictions**

No investment transaction is to exceed a term of five (5) years, other than investments in securities of SHSC FI Funds.

No investment transaction is to exceed \$100,000 without the prior approval of the board.

Money earned will be reinvested into the respective funds.

### **Portfolio Composition**

Funds invested outside of SHSC FI Funds shall generally be invested in money market funds or fixed income securities, structured in a ladder approach so that investments are purchased with staggered maturity dates. Terms, issuers and yields will be reviewed regularly to ensure they meet the Corporation's objectives and are appropriate with the long-term view of markets and economy.

## **Decision-making**

The Board will approve an Investment Plan for both capital reserves and surpluses each year. The Board will consider the following factors before approving the Investment Plan:

- general economic conditions
- the possible effect of inflation or deflation on the investment
- the role that each investment or course of action plays with the overall portfolio
- the expected total return from income and the appreciation of capital
- the needs for liquidity, regularity of income and preservation or appreciation of capital
- an asset's special relationship or special value, if any, to the purposes of the corporation

## **Authority**

### **The Board of Directors:**

- shall approve an Investment Plan for both capital reserves and other funds each year which shall include:
  - an evaluation of previous year's investment performance;
  - an analysis of future operating and capital cash requirements
  - recommendations for investment including recommendations from professional financial advisors.
- Shall authorize investment transactions in excess of \$100,000.

### **The Treasurer:**

- shall prepare and Investment Plan for the Board annually
- shall seek advice from time to time from such authorities as the corporation's accountant, banker, legal counsel, and the financial manager for the SHSC FI.
- shall invest funds in accordance with this policy and the approved Investment Plan
- has authority to transfer funds between current accounts and investments within designated limits, taking into account the corporation's future cash requirements
- shall report to the Board quarterly on the corporation's cash position and investments
- shall manage daily funds required in the current account.