

**POLICY**

SECTION:	BUSINESS	POLICY:	<b>B-04</b>
TOPIC:	<b>INVESTMENT OF BOARD FUNDS</b>	PAGE:	Page 1 of 3
REVIEW DATE:	October 2019	DATE:	October 2014
		REVISED:	September 2016

**1. Purpose**

The purpose of this policy is to provide an effective framework for the investment and management of District School Board of Niagara (DSBN) funds that ensures the security of principal and optimizes investment returns while conforming to the education act and applicable regulations.

**2. Scope**

This policy applies to the investment of centrally managed operating, reserve and trust funds.

The amount of investments is to be maintained at levels which will maximize the interest income earned by the DSBN (net of any short-term borrowing costs).

**3. Authority to Make Investments**

The Board of Trustees delegates the authority to make investments in compliance with the DSBN's Investment Policy to the Superintendent of Business Services and the Chief Financial Officer.

All investment activity requires the written approval by any two of the following:

Superintendent of Business Services & Treasurer  
 Chief Financial Officer  
 Manager of Financial Services or designate

**4. Investment Objectives**

The investment objectives of the DSBN shall, in order of priority, be as follows:

- a) Adherence to statutory requirements;
- b) Preservation of principal;
- c) Ensuring availability of cash to meet disbursements and other obligations;
- d) Maintenance of liquidity;
- e) Diversification of investment portfolio;
- f) Competitive rate of return on investments commensurate with constraints in (a) to (e).

**5. Authorized Investments**

The Education Act, R.S.O. 1990, section 241 provides the legislative authority for the DSBN to invest funds in accordance with certain prescribed rules. The prescribed rules which limit permitted investments to high quality fixed income type investments are contained in Ontario Regulation 41/10, Part IV, Eligible Investments.

In order to ensure maximum security and proper diversification in the DSBN's portfolio, the maximum exposure for each category of investment allowed under Ontario Regulation 41/10 and each individual investment within the category as a percentage of the total portfolio which is locked in for terms of one year or greater, is as follows:

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Category Type	Investment Quality Limit (Minimum)	Category Limit Maximum	Individual Organization Limit (Maximum)
Federal and Federal Guaranteed	AA	100%	100%
Provincial and Provincial Guaranteed	A	50%	25%
Municipal and Municipal Guaranteed	AA (low)	25%	10%
Corporate (Banks listed in Schedule I and II of the Bank Act (Canada), Loan or Trust Corporations registered under the Loan and Trust Corporations Act, Credit Unions to which the Credit Unions and Caisses Populaires Act, 1994 applies)	AA (low)	100%	20% <sup>(1)</sup>

<sup>(1)</sup> For the corporate investment category, the individual organizational limit of 20% can be increased to 40% provided the investment is one of the six largest Canadian chartered banks with a minimum investment quality rating of AA or greater.

a) Investment Quality Restrictions

The DSBN shall not invest in any security which does not meet the minimum credit ratings as provided in the above table, as rated by the Dominion Bond Rating Service Limited or comparable ratings from other rating agencies.

Should the credit rating of any security be downgraded below the minimum credit rating required by this policy, it shall be sold within 90 days after the day the investment rating was downgraded.

b) Investment Term Restrictions

All long-term fixed income investments (i.e. investments with a remaining term to maturity equal to or greater than 1 year) shall have a remaining term to maturity not greater than 5 years from the date of purchase. The amount to be invested in long-term investments shall be spread over a period not to exceed 5 years as part of a fixed income ladder portfolio.

c) Investment Brokers

Investments will be made through the services of brokers or investment services offered by the top five largest Canadian Chartered Banks.

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**6. Reporting**

The Superintendent of Business Services shall submit to the Board of Trustees a report on the performance of the DSBN's portfolio of investments as part of the annual financial report to the Board. The report shall include the following:

- a listing of individual investments held at the end of the fiscal year;
- percentage of the total portfolio by institutional category and by individual organization;
- a statement about the performance of the investment portfolio during the fiscal year;
- a statement by the Superintendent of Business Services as to whether or not, in his or her opinion, all investments were made in accordance with the investment policy and objectives adopted by the Board.