



Landscape of Grand Pré Inc. – Le Paysage de Grand-Pré inc.

Investment Policy

Landscape of Grand Pré Inc. (the Corporation) is responsible for coordinating the management of the Landscape of Grand Pré UNESCO World Heritage Site. The Corporation manages its funds to support the protection, preservation and promotion of the Landscape of Grand Pré as per the investment guidelines provided in this policy.

1. RESPONSIBILITIES OF THE FINANCE AND AUDIT COMMITTEE AND THE BOARD OF DIRECTORS

- a) The Finance and Audit Committee (the Committee) serves as the investment committee for the Corporation. The Committee shall provide good stewardship of endowment and trust funds; set policy for investment and asset management; and provide general oversight of total portfolio management. The Committee shall have charge of the investment of the trust funds and any other sums of money of the Corporation, subject always to the general directions of the Board, and shall have power to purchase and sell securities.
- b) The Committee will be responsible for:
 - i) Setting policy for investment and asset management;
 - ii) Ensuring prudent investing and spending;
 - iii) Directing the selection of the investment managers and monitoring the investment managers;
 - iv) Ensuring adequate reporting to the Board at each regular meeting of the Board;
 - v) Ensuring compliance with donor specifications regarding use of trust funds.

2. INVESTMENT OBJECTIVES

The basic investment objectives are to ensure that funds are invested in a prudent and effective manner and shall be sufficient to support cash flow requirements as they arise.

The expected required rate of return over a three-year rolling period for the portfolio is 4% to 6% in order to cover the Corporation's income requirements and to protect the value of the portfolio against inflation. The expected rate of return incorporates the income requirement and inflation protection as determined through the Corporation's Capital Preservation Policy.

The funds held by the Corporation are classified as either **Short-Term Portfolio** or **Long-Term Portfolio**.

(See Appendix I for description)

Primary investment objectives for Short-Term Portfolio are:

- a) to preserve capital;
- b) to maintain liquidity necessary to meet cash requirements;
- c) to optimize the rate of return, within the constraints of a) and b).

Primary investment objectives for Long-Term Portfolio are:

- a) to preserve capital, in real terms;
- b) to optimize the rate of return, within acceptable risk levels as set by the Board of Directors.

3. AUTHORIZED INVESTMENTS

The Corporation will invest in any form of property in which a prudent investor might invest.

This policy contains separate asset allocation guidelines (authorized types of investments) for short-term portfolio and long-term portfolio. It will be at the investment manager(s)' discretion to determine the asset mix within these limits.

4. RESTRICTIONS

- a) Except for government bonds, not more than 10% of the total market value of the portfolio will be invested in securities of any one issuer.
- b) There will be no borrowing from any source to make investments.
- c) The investment manager may invest in pooled funds that may use derivatives, such as options, futures and forward contracts, for hedging purposes, to protect against losses from changes in interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment. However, the pooled funds must hold enough assets or

cash to cover its commitments under the derivatives. The pooled funds cannot use derivatives for speculative trading or to create a portfolio with excess leverage.

- d) Liquid assets are restricted to 10% of the net assets of each pooled fund.
- e) Investment in equities will be limited to 30%; as a higher percentage would expose the Corporation to unacceptable risk.

5. SOCIALLY RESPONSIBLE INVESTING

Socially Responsible Investing is defined as making investments which are sustainable and equitable. No investments will be made in companies which are inconsistent with the Corporation's purpose, vision and mission. The Corporation's investment manager(s) will be required to follow these principles when suggesting possible investments, or investing the Corporation's money.

6. PERFORMANCE TARGETS AND STANDARDS

Over a four-year moving average basis, the investment manager(s) should achieve the following objective:

- to exceed a passive benchmark return (before fees) on the components of the portfolio equal to (for the short-term portfolio) the DEX 30-Day T Bill Index (for the long-term portfolio) DEX 30-Day T Bill Index, DEX Universe Bond Index, S&P/TSX Composite Index, Standard & Poor's 500 Total Return Index and/or MSCI EAFE Index.

7. RESPONSIBILITIES OF THE INVESTMENT MANAGER(S)

- a) The investment manager(s) shall invest the funds of the Corporation within these specific written guidelines and in accordance with the investment objectives. In carrying out their duties and responsibilities, the investment manager(s) shall exercise such competence and skill as may be expected of a prudent, diligent investment manager in similar circumstances.
- b) The investment manager(s) shall prepare reports, which shall contain, as a minimum:

Monthly

- list of portfolio holdings and their cost vs. current market values;
- list of transactions for the month;
- portfolio listing by security showing cost vs. market value.

Quarterly

- income for the quarter and annualized asset mix;

- quarterly and past 12-month total return calculations by asset class versus benchmarks (defined in point 7);
- economic and market commentary with forecasts for the next 12-month or other relevant period.

In addition, investment manager(s) should have at least one formal annual meeting with the Committee to review the portfolio performance and discuss strategy for the ensuing period, and make at least one presentation per year to the Board of Directors. Investment manager(s) will refer, on a timely basis, any contentious issue to the Committee so that guidance may be provided.

- c) Investment manager(s) must disclose any material interest in any investment or proposed transaction. All investment activities must be conducted in accordance with the Chartered Financial Analyst code of ethics, and the Code of Conduct as adopted by the Corporation's Board of Directors.
- d) The investment manager is delegated the responsibility of exercising all voting rights with the intent of fulfilling the objectives and goals of the Corporation. The investment manager shall maintain a record of how voting rights of securities in the portfolio were exercised.
- e) Asset class allocations may fluctuate over time due to market movements. The portfolio allocations should be reviewed at least quarterly by the investment manager(s), and rebalancing should be considered by the investment manager when the asset class allocations fall outside of the ranges established in Appendix II. To the extent that it is reasonable, cash inflows and outflows should be used to rebalance the long-term strategic allocation of the Long-Term Portfolio.

The Committee shall provide as much notice as possible regarding cash requirements or additional funds available for investment. But as these may not always be known in advance, consideration of this factor will be taken into account in assessing investment performance.

8. REVIEW OF INVESTMENT MANAGER(S) SERVICES

It is the responsibility of the Board of Directors to monitor the performance of the investment manager(s) on an ongoing basis with input from the Committee. Circumstances which could require a special review of an investment manager appointment include, but are not limited to:

- a) Changes in ownership, personnel, structure, investment philosophy, style or approach of the investment management firm, which might adversely affect the potential performance and/or risk level of the fund portfolio(s). It is expected that the investment manager(s) will routinely advise the Committee of any significant changes within the firm.

- b) Unauthorized departure from the stated investment guidelines. (Note: If the investment manager(s') believes the guidelines are no longer appropriate, the investment manager(s') should make a recommendation for amending the policy).
- c) Investment performance which over a reasonable period of time is less than the performance targets and standards as outlined in this policy.

9. FUND WITHDRAWALS

- a) Cash flow activity will be reported by the Executive Director of the Corporation to the Committee and Board of Directors on a quarterly basis. This information will enable the Committee to prepare a notice to the Board of Directors of any anticipated significant change in expected investment income. This information is relevant when the Committee and Board are reviewing the expectations and outcomes of the investment manager(s) performance. Any change of expectation should be documented and included in Board minutes.
- b) The Committee and the Board of Directors should be advised by the Corporation's Executive Director if an unscheduled fund withdrawal is required from the endowment fund (the portion of the fund under Board discretion, not the 10-year gifts.) The Board of Directors is required to pass a resolution allowing the funds to be withdrawn. Any such unanticipated withdrawal will potentially change the investment income expectation and becomes relevant in reviewing the expectations and outcomes of the investment manager(s) performance. Any change of expectation should be documented and included in Board minutes.

APPENDIX I

Short-term Portfolio can consist of

- i) Board related reserves which consist of 50% of the Corporation's annual budget;
- ii) unrestricted operating reserve funds.

Long-term Portfolio (Endowment Reserve) can consist of

- i) donor restricted funds – legally restricted 10-year gifts. The principal of these funds cannot be used within 10 years of receiving the funds. Income generated from these funds is immediately available for use.
- ii) Board restricted funds – bequests, memorial funds and other funds restricted by Board motion such as investment income and gifts that have completed 10-year restrictions. Their restriction by the Board is in keeping with the wish of the donors or families of the deceased. Income generated from these funds is immediately available for use.

These funds are intended to be invested for perpetuity, with the income generated to be available to be used for the operations of the Corporation.

SHORT-TERM PORTFOLIO

Asset Class	Strategic Target	Range	Benchmark	Minimum Rating	Authorized Investments
Cash and Cash Equivalents	100%	N/A	DEX 30 Day T-Bill Index	R1-low	Deposit receipts, deposit notes, certificates of deposit, bankers' acceptances, guaranteed investment certificates, commercial paper and other similar instruments issued or endorsed by any Chartered Bank to which the Bank Act (Canada) applies, Treasury Bills.

LONG-TERM PORTFOLIO

Asset Class	Strategic Target	Range	Benchmark	Minimum Rating	Authorized Investments
Cash and Cash Equivalents	5%	0% – 15%	DEX 30 Day T-Bill Index	R1-low	Deposit receipts, deposit notes, certificates of deposit, bankers' acceptances, guaranteed investment certificates, commercial paper and other similar instruments issued or endorsed by any Chartered Bank to which the Bank Act (Canada) applies, Treasury Bills.
Bonds	50%	40% – 60%	DEX Universe Bond Index	BBB or higher	Federal, provincial or corporate. Maximum amount of 'BBB' rated bonds will be 15% of the total portfolio. All ratings are at time of purchase.
Equities – consisting of: Canadian Global	45% 25% 20%	35% – 55% 15% – 35% 10% – 30%		S&P/TSX Composite Index	Equity investments shall be in common or preferred shares of any company listed and publicly traded upon a recognized stock exchange, mutual funds, trust units, exchange traded funds (ETFs)

Asset Class	Strategic Target	Range	Benchmark	Minimum Rating	Authorized Investments
					<p>thereto. Investment in preferred shares will be rated at least PFD-2 or higher by DBRS and rated at least BBB- or higher by Standard & Poors. Illiquid securities are restricted to 10% of the net assets of each pooled fund.</p>

Approved by the Board: September 8, 2022

Resolution: [Resolution 22BOD.Sep.08.006](#)