



## **Section 1: Background**

### **1.1 George Brown College Foundation**

George Brown College Foundation [“the Foundation”], established in 1984, is a separately incorporated registered charity that serves as the primary fundraising vehicle for the George Brown College. The Foundation helps students achieve their career and life goals by ensuring that no student is denied a post-secondary education at George Brown College because of financial constraints and in doing so delivers academic excellence in a vibrant urban environment.

### **1.2 Description of the Funds**

The Foundation has an endowment portfolio [the “Funds”]. The Funds are contributed to the Foundation in the form of donations and fundraising activities by individuals, companies and organizations.

This Statement of Investment Policies and Guidelines (“SIPG”) applies to the Funds.

The Foundation is a registered charity and therefore is, under Section 149 of the Income Tax Act, exempt from payment of income tax.

The Foundation’s funds are endowment funds, and are, therefore, long-term investment capital, of at least five to ten years.

### **1.3 Purpose of the Statement of Investment Policies and Guidelines**

The Foundation Board has prepared this SIPG to address the manner in which the Funds shall be invested. Professional management of the assets entrusted to the Foundation is essential to its mission.

The SIPG is intended to:

- Define and assign the responsibilities of all involved parties
- Establish the investment objectives, principles and philosophies for the Funds
- Specify the long-term asset mix of the Funds and provide guidelines within which the Investment Manager(s) may formulate and execute investment decisions
- Establish a basis for evaluating investment results of the Funds

## Section 2: Fund Governance: Roles and Responsibilities

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### 2.1 Responsibilities of the Board

The Board of Directors of the George Brown College Foundation is entrusted as a fiduciary of the Funds.

The Foundation Board has the ultimate responsibility for the governance, overall management of, and decision-making authority, for the Funds. In fulfilling its responsibilities, the Board may delegate certain duties and responsibilities to committees [the Committees"] of the Board, including the Finance Committee ["FC"] of the Foundation in its role of fiduciary.

### 2.2 Responsibilities of the Finance Committee

The Finance Committee of the Foundation has responsibility for the oversight of all financial aspects of the Foundation including but not limited to budget approvals, audit approvals, appointment of auditors, granting approvals and includes oversight of the Investment Committee of Foundation. In fulfilling its responsibilities, the Finance Committee may delegate certain duties and responsibilities to the Investment Committee ["IC"] in its role of fiduciary. As a standing committee of the Board, the Finance Committee shall comply with its reporting role as described in the Board Bylaws.

### 2.3 Responsibilities of the Investment Committee

The Investment Committee of the George Brown College Foundation has the responsibility for making sound management decisions regarding the Funds' investment portfolios.

The Committee currently employs an investment consultant with sophisticated investment knowledge and additional resources to assist them with the management of the Funds.

The Investment Committee is charged with the responsibility for:

- Overseeing the Foundation's investment activities, including achieving the Foundation's objectives of investing and managing its funds.
- Developing appropriate investment policies and objectives
- Monitoring investment performance against investment objectives
- Determining and monitoring any deviation from policy within the approved asset mix ranges
- Making recommendations to the Board concerning the engagement and termination of Investment Managers, consultants providing performance measurement/ investment advice and investment custodians

- Recommending any changes to the endowment spending guidelines for the Funds
- Reviewing, at least annually the significant risks and uncertainties that may affect the Foundation's investment policies and practices
- Maintaining an understanding of legal and regulatory requirements and constraints applicable to the Funds

## **2.4 Responsibilities of the Investment Manager**

The Investment Manager(s) are appointed by the Board based on the recommendations of the Investment Committee. The Investment Manager(s) responsibilities include, but are not limited to, the following:

- Adhering to their respective SIPG and follow the recommendations of the Investment Committee
- Advising the Committee of any recommendations to modify or deviate from the their SIPG
- Staying informed about investment opportunities and about economic conditions in general
- Meeting the Investment Committee at least one time per year, providing the Investment Committee with quarterly reports of portfolio holdings and a review of investment performance and attending further meetings if necessary at the discretion of the Chair.
- Providing an annual review to the Investment Committee on the portfolio including a review of risk management practices and including reporting as to ESG as set out in section 3.3.
- Adhering to the compliance requirements of the SIPG, as outlined in Appendix A.

## **2.5 Responsibilities of GBCF Management**

Management is responsible for all internal operational aspects of the Funds, including;

- Ensuring Investment Managers provide timely reports
- Scheduling Investment Managers' presentations
- Managing cash disbursements and contributions
- Ensuring compliance with legal and College requirements

# **Section 3: Funds Overview and Investment Implications**

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## **3.1 Nature of the Funds**

The SIPG applies to all funds invested by the Foundation. The portfolios may include more than one account segregated for reporting purposes.

### 3.2 Long-Term Rate of Return Goal

Funds are to be managed within the level of risk identified within the SIPG and in the context of Total Return. The overriding objective is to:

- Maximize the Funds' total long-term investment return while incurring a prudent amount of investment risk
- Generate sufficient total investment return to support annual granting requirements and meet statutory requirements
- Protect the purchasing power of the capital base of the Funds

The Funds' Portfolio's investment performance will be measured net of investment management fees and is expected to:

- a. Exceed the investment performance of the benchmark index over rolling five-year periods, with an emphasis on three-year and five-year periods
- b. Rank in the top 50% of comparable portfolios with as focus on over rolling three-year and five-year periods.
- c. Achieve the long-term return objective of 5% net of inflation.

### 3.3 Support for the United Nations Principles of Responsible Investing

The Foundation supports the United Nations Principles of Responsible Investing initiative (the "UN Principles") launched formally in April 2006. Responsible investment is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors, and the long-term health and stability of the market as a whole. It recognizes that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.

The UN backed initiative developed Six Principles of Responsible Investing. The Six Principles offer possible actions for incorporating ESG issues into investment practices across asset classes. Responsible investment is a process that must be tailored to fit each organization's investment strategy, approach and resources. The Principles are voluntary and aspirational.

The Foundation delegates the investment management of its Funds to external Investment Managers who must adhere to policies and guidelines established by the Investment Committee and approved by the Board.

The Foundation’s support for the UN Principles will be enacted through an evaluation process of its current and future Investment Managers based on their consideration of the United Nations Six Principles of Responsible Investing.

## Section 4: Investment Parameters

### 4.1 Permissible Investments and Investment Strategies

General	No more than 10% of any asset class shall be invested in the securities of a single issuer (excluding the Government of Canada and Provincial Government securities rated Single A or better).
Fixed Income	Bonds rated BBB (low) or better (without prior approval to deviate from the Investment Committee)
Equities	Not more than 75% of the portfolio by market value
Currency	At least 50% of the portfolio must be denominated in Canadian dollars
Derivatives	Not permitted without prior approval of the Investment Committee
Securities Lending	Not permitted without prior approval of the Investment Committee

### 4.2 Long-term Asset Mix Policy

The long-term performance of the Funds is primarily determined by the long-term asset mix policy. The approach of broad diversification across various asset classes within the asset mix is the Foundation’s most important risk management and control tool. The Investment Committee will review the long-term asset mix policy annually.

The asset classes, asset allocation targets and permissible ranges for the Funds are as follows:

Asset Class	Target	Permissible Range
Cash & Equivalents	5%	0%-20%
Fixed Income	25%	15%-45%
Canadian Equities	20%	5%-40%
U.S. Equities	25%	15% - 50%

International Equities*	15%	10%-25%
Alternatives**	10%	0-15%
Total	100%	

\*Up to 15% of the allocation to International Equities may be invested in Emerging Markets equities

\*\* For the purposes of this portfolio, Alternatives may include long only fixed income portfolios with the ability to hold below investment grade bonds.

### 4.3 Diversification

Through its Investment Managers, the Foundation’s Funds follow an approach of asset diversification. The purpose of such diversification is to have different segments of the Funds exposed to different investment risks to achieve an averaging of risks and returns in a fashion that reduces the likelihood of an overall decline in value and increases the opportunity for gains. Diversification of the Funds is maintained in order to:

- reduce the annual total return variability;
- reduce market and credit exposure to any single issuer and to any single component of the capital markets;
- reduce exposure to unexpected inflation; and
- achieve the long term risk-adjusted return potential of the Funds.

### 4.4 Liquidity

The Funds are managed with a view of providing sufficient liquidity to enable the Foundation to meet all of its future obligations. Investments are selected with consideration given to their effect on liquidity risk within the context of the investment portfolio as well as the income to be derived.

### 4.5 Benchmarks

The total portfolio performance shall be measured after investment management fees on a total Funds basis against an appropriate benchmark. The performance benchmark shall be calculated as a combination of financial market indices weighted on the basis of the normal asset mix of the portfolio as detailed in the following table:

Relevant Index	Benchmark Weighting
DEX 91-Day T-Bill Index	5%
FTSE Canada Universe Bond Index	25%

TSX Composite	20%
S&P 500 Index (C\$)	25%
MSCI EAFE Index (net)*	15%
Alternative Assets - FTSE Canada Universe Bond Index	10%
<b>Total</b>	<b>100%</b>

\*Up to 15% of the allocation to International Equities may be invested in Emerging Markets equities

Performance of the Investment Manager(s) will be evaluated annually. Emphasis will be placed on the degree to which performance results meet performance goals. The following standard will be used in evaluating investment performance of the Investment Manager(s):

- a) Compliance with the SIPG
- b) Performance over three and five year annualized periods
- c) Reporting and communications to the Investment Committee and Board of Governors
- d) Investment Manager's adherence to their stated investment philosophy and process

## Section 5: Voting Rights

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Voting rights for the Funds are delegated to the Investment Manager(s). The Investment Manager(s) shall maintain a record of how voting rights for the Funds were exercised and report to the Investment Committee when votes were cast against management.

## Section 6: Fees and Expenses

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The Investment Committee shall give consideration to the impact of administrative expenses and external management fees when establishing its long term asset mix policy. The Foundation Board receives reports on the performance of the Funds both before and after expenses throughout the year.

**Section 7: Conflict of Interest**

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The Foundation's Conflict of Interest policy will apply to the management and operations of the Funds.

POLICY:	GEORGE BROWN COLLEGE INVESTMENT POLICY AND GUIDELINES FOR GBCF ENDOWMENT FUNDS
APPROVING AUTHORITY:	GBCF BOARD OF DIRECTORS
EFFECTIVE DATE:	FEBRUARY 27, 2020
MANDATED REVIEW:	FEBRUARY 27, 2022



## Appendix A: Compliance Report

**Investment Manager** \_\_\_\_\_ **(name of Investment Manager)**  
**Compliance Report**  
**for the period** \_\_\_\_\_ **(date)**

		GUIDELINES	COMPLIED WITH POLICY YES/NO *
<b>ASSET MIX (at Market Value)</b>		%	
<b>EQUITIES</b>	CANADIAN		
	U.S.		
	INTERNATIONAL		
<b>FIXED INCOME</b>	FIXED INCOME		
	CASH & EQUIVALENTS		
<b>ALTERNATIVES</b>			
<b>ESG REPORTING</b>			

\* If Policy not complied with, comment on specifics

The undersigned hereby confirms that throughout the reporting period noted above:

1. The management of the Funds was in accordance with all the terms, conditions and guidelines stipulated in the SIPG and Investment Management Agreement dated (together the "Policy").

If not, attached are details of what activities were outside the Policy guidelines, the consequence of such activities to the Funds, and the actions taken to remedy the situation.

2. The Funds were managed in compliance with provisions of the income tax and other legislation, as applicable, which govern the investment of assets.

If not, attached are details of any non-compliance issues.

3. The Investment Manager has complied with the Code of Ethics and Standards of Professional Conduct ("Code and Standards") of the CFA Institute. If not, attached are details of any noncompliance issues.

4. The Investment Manager and/or its professional staff are not currently under investigation by any regulatory authority. If yes, attached are details of such investigations.

COMPLETED BY: \_\_\_\_\_