

**CHARTERED PROFESSIONAL ACCOUNTANTS
OF MANITOBA FOUNDATION INC.**

Investment Policy Statement

June 2023

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Section 1 – Definitions

1.1 In this Investment Policy Statement, the following terms and expressions will have the following meanings:

- (a) “Board” means the directors of the Foundation;
- (b) “CPA” means Chartered Professional Accountant;
- (c) “CRA” means the *Canada Revenue Agency*;
- (d) “Executive Director” means the Executive Director of the Foundation;
- (e) “Foundation” means *Chartered Professional Accountants of Manitoba Foundation Inc.*;
- (f) “Fund” means the assets held in trust in respect of the restricted and unrestricted endowment and general funds held by the Foundation;
- (g) “Investment Committee” means the Investment Committee of the Foundation;
- (h) “Investment Manager” means any investment manager, investment company, trust company, insurance company, broker, or other agent or advisor providing services in connection with the investment of the Fund; and
- (i) “Statement” means this Investment Policy Statement.

Section 2 – Application

2.1 This Statement shall apply to all of the assets under the management of the Fund.

Section 3 – Purpose

3.1 The purpose of this Statement is to set out a prudent and mutually accepted basis for the management of the Fund. It also specifies the investment objectives and defines the agreed framework, principles and procedures within which an Investment Manager will exercise its investment discretion and establishes standards for performance, reporting, monitoring and review. Any Investment Manager or other agent or advisor providing services in connection with the investment of the Fund shall accept and adhere to this Statement.

3.2 It is acknowledged that permitted investments in each asset class may be made through the direct purchase of securities or indirectly through pooled investments, provided that the investment policy of the pooled fund is approved by the Investment Committee.

3.3 It is recognized that certain restrictions may not be complied with entirely, nor are they enforceable, to the extent the Investment Committee elects to use mutual or pooled funds. In this case and to the extent possible, the Committee shall invest in mutual or pooled funds that best meet these constraints and monitor the contents of the pooled funds for compliance with the foregoing expectations and make changes in the choice of pooled funds as deemed appropriate to meet the objectives of the Statement.

Section 4 – Profile

4.1 The Foundation was established on July 1, 2015, by the amalgamation of two CPA legacy foundations: The Certified Management Accountants of Manitoba Foundation Inc. and the Manitoba Chartered Accountants Foundation Inc. The assets and liabilities of The Certified General Accountants Association of Manitoba Scholarship Trust were subsequently transferred to the Foundation on March 1, 2017.

4.2 The Foundation is registered with the CRA as a charitable foundation. Its year-end is March 31. The undertaking of the Foundation is to provide funding, including awards, scholarships and bursaries to current and prospective accounting students, for the purpose of enhancing the quality of accounting and business education in Manitoba and the legacy of continued academic success. The Foundation disburses funds annually in accordance with [CRA guidelines](#).

4.3 The purpose of the Fund is to generate a return on invested assets to be disbursed or re-invested at the discretion of the Board of Directors of the Foundation.

Section 5 – Investment Risk

5.1 There is always some degree of uncertainty (investment risk) concerning the rate of return or growth that may be generated over any future period. Risk in the context of capital markets investment may be defined as the magnitude of changes (both increases and decreases) in the market value of a portfolio. As a principle of financial theory, there is generally a trade-off between short-term risk and long-term growth; that is, the greater the ability to assume short-term risk, the more likely, but not necessarily, that assets will generate superior long-term growth. It is vital to fully understand the implications of risk levels assumed when determining asset mix.

5.2 Since the Canadian equity market represents a very small portion of the total equity market in terms of capitalization, non-Canadian investments will be part of the asset mix of the Fund in order to add diversification and reduce volatility of returns. Foreign investments do however present foreign exchange risk. This is because investments outside of Canada can result in gains or losses from increases or decreases in the value of the Canadian dollar relative to currencies in other countries. Foreign currency risk is an acknowledged risk within the fund, whereby any risk will be reported to the Board.

5.3 To reduce the investment risk of the Fund there shall be adequate diversification within each asset class. To achieve such diversification the total market value of a particular security (other than a pooled fund or exchange traded fund) that is held by an Investment Manager shall not exceed 10% of the total market value of the respective asset class of that security that is entrusted with that Investment Manager. This constraint shall not apply to securities issued, guaranteed, or charged against the Consolidated Revenue Fund of the Government of Canada or a Canadian province. This constraint shall also apply to securities indirectly held by a pooled fund or exchange traded fund.

5.4 The exposure to investment risk in fixed income and short-term securities shall be constrained as follows:

- (a) All short-term individual securities held by the Fund shall have a minimum credit rating from at least two recognized credit rating agencies of R-1 and minimum short-term credit rating of A-1 or their equivalents.
- (b) All fixed income securities directly held by the Fund other than short-term securities shall have a credit rating of A or higher.
- (c) All bond mutual or pooled funds held by the Fund shall hold securities with a credit quality rating of BBB or higher. As an exception to the foregoing constraint, any particular fund may hold securities rated below BBB (sub-investment grade), but may not have a long-term, targeted exposure to sub-investment grade (high yield) credit unless pre-approved by both the Investment Committee and the Board of CPA Manitoba

Section 5.1 – Cash and Liquid Holdings

On occasion there may arise a situation where the Foundation may receive funds for operating purposes. These funds may be for short-term or long-term (not more than 5 years) basis and should not be included with the investments of the endowed funds which carry some market risk.

The Executive Director (not the Investment Manager) will have the authority to review and invest these funds in financial instruments that will generate the maximum return for the term in accordance with Section 5.4 (b).*

These investments must include high-rate interest savings accounts and/or GICs for the term stipulated by the donor for the intended purpose.

Section 6 – Asset Allocation

6.1 The purpose of the asset allocation guidelines is twofold:

- (a) To quantify, by way of *minimum* and *maximum* ranges, the proportion of the Fund's assets that may be allocated to the asset classes as defined in subsection 6.3. The ranges ensure that, at all times, the commitment to each asset class is consistent with the Foundation's investment objectives and investment risk tolerance.
- (b) The long-term or '*neutral*' allocation to each different asset class acts as a reference point for making active asset allocation decisions. That is, within the minimum and maximum ranges, the Investment Manager may allocate assets to the asset classes that it expects to offer a reasonable risk/reward combination.

6.2 For purposes of investment management of the Fund, the minimum and maximum allocation limits in subsection 6.3 have been determined to meet the Foundation's investment objectives for the Fund. These minimum and maximum allocations take into account acceptable asset mix drift and provide for the opportunity to exploit tactical asset allocation. The Investment Manager may manage the Fund within these minimum and maximum allocation limits.

6.3 The portfolio composition and asset mix of the Fund shall be as follows, based on market value:

Asset Class	Minimum	Neutral	Maximum
Canadian Equity	15%	20%	25%
US Equity	12.5%	17.5%	22.5%
International Equity	12.5%	17.5%	22.5%
Total Equity	40%	55%	70%
Real Estate	5%	10%	15%
Fixed Income Securities	25%	30%	35%
Mortgage Securities	0%	5%	10%
Short-Term Investments	0%	0%	5%
Total		100%	

- (a) On an ongoing basis, the Fund shall be rebalanced when the actual asset mix of the portfolio falls outside any limits outlined in subsection 6.3.
- (b) The actual asset mix of the portfolio falls outside any limits outlined in subsection 6.3.

Section 7 – Permitted Investments

7.1 The Fund shall only be invested in the asset classes that are permitted under this section. An investment will be considered appropriate so long as the investment is consistent with the overall investment objectives of the Fund. The entire Fund is considered when determining the prudence of an individual investment. Diversification is explicitly required as a duty for prudent fiduciary investing. Speculation and outright risk taking is not permitted.

7.2 The Fund may only be invested in the following investments:

- (a) Equities – Publicly traded equity securities (common and preferred stocks, including depository receipts, listed on established exchanges and over-the-counter markets), warrants or rights to equity securities, exchange traded funds, closed-end funds, participation notes convertible debentures and any other asset type not described herein and traded as part of the benchmark, or received as a result of a corporate action.
- (b) Fixed Income and Short-term Securities – Cash and cash equivalents, money market securities, including bills, notes, and deposits with a maturity of less than one year; Publicly traded bonds, debentures, notes, GICs, or other instruments of governments, government agencies, or corporations; Mortgage securities, and Exchange traded notes.
- (c) Real estate – Pooled funds invested in private real estate, real estate investment trusts, or exchange traded funds invested therein.
- (d) Mortgages – pooled funds primarily invested in mortgages on Canadian properties.

7.3 It is acknowledged that permitted investments in each asset class may be made through the direct purchase of securities or indirectly through pooled investments, provided that the investment policy of the pooled fund is approved by the Committee.

7.4 The Fund may not hold derivative financial, commodity or currency related instruments such as forward contracts, options, futures or swaps. The use of derivatives within pooled investments employed by the Fund is permitted, provided they are not used for speculative or leverage purposes.

7.5 An Investment Manager shall not borrow money, pledge or otherwise encumber any of the Fund's assets except to the extent that a temporary overdraft occurs in the normal course of day to day portfolio management.

7.6 The Fund shall not engage in short-selling of securities.

7.7 The Foundation reserves the right to advise an Investment Manager to sell a holding or to restrict that Investment Manager from buying certain assets. The Foundation will provide written instructions detailing what assets are to be restricted and it will be the Foundation's responsibility to revise the instructions if and when they feel it is appropriate. The Foundation acknowledges that the imposition of any restrictions on assets that are to be held by the Fund may affect the performance of the portfolio.

7.8 A custodian independent of the Investment Manager shall hold the assets of the Fund on behalf of the Foundation.

Section 8 – Investment Objectives and Benchmarking

8.1 To fulfill the Foundation's goals over the long term, the Fund should achieve a return, net of all Investment Manager fees, brokerage, and other investment fees, at least equal to the composite benchmark of various market indices as defined in section 8.2, at the neutral allocation defined in section 6.3 over a complete market cycle. This is to satisfy the objectives of minimizing short to intermediate term risk, seeking long-term growth in investments, protecting the real purchasing power of the Foundation's assets, and allowing flexibility in the Foundation's pending policy.

8.2 The following indices shall be utilized as the benchmarks for assessment of performance of each asset class invested in by the Foundation:

Asset Class	Index
Canadian Equity	S&P/TSX Capped Composite Total Return Index
US Equity	S&P 500 Total Return Index
International Equity	MSCI EAFE Net Dividend Total Return Index
Real Estate	MSCI Canada Quarterly Property Fund Index
Fixed Income Securities	FTSE TMX Universe Bond Index
Mortgages	60% FTSE Canada Short Term Bond Index and 40% FTSE Canada Mid Term Bond Index +0.5%
Cash and short-term	FTSE Canada 91 Day T-Bill Index

Section 9 – Investment Committee

9.1 The Board shall appoint an Investment Committee to monitor and report on the Manager and otherwise discharge the Board's obligations as outlined in the section entitled "Governance and Division of Duties" of this Statement.

The Investment Committee Terms of Reference is attached in Appendix A for reference to the Committee composition, quorum requirements and duties and responsibilities of the Committee.

Section 10 – Governance and Division of Duties

10.1 The Fund shall be managed in accordance with all applicable legal requirements notwithstanding any indication to the contrary which might be construed from this Statement.

10.2 The Board has ultimate authority over and responsibility for the Fund and its investments. The Board, in considering feedback from the expertise of the Investment Committee, shall have authority to:

- (a) Amend this Statement;
- (b) Establish investment policy and objectives for the Fund ;
- (c) Appoint members to and remove members from the Investment Committee;
- (d) Require the Investment Committee to provide information to the Board or to undertake specific actions;
- (e) Require an Investment Manager to provide information or reports to the Board;
- (f) Engage or terminate the engagement of an Investment Manager; and
- (g) Liaise with the Executive Director to determine the minimum cash requirements for the Fund.

10.3 The Investment Committee is responsible for and accountable to:

- (a) Monitor the return on investment of the Fund and at least semi-annually report on such returns to the Board;
- (b) Review the investments and the investment activity of the Fund at least once every three months, including but not limited to asset allocation, to ensure compliance with this Statement and report any non-compliance to the Board;
- (c) Monitor the performance of each Investment Manager and at least semi-annually report on such performance to the Board;
- (d) Meet periodically with each Investment Manager to review the investment strategy and performance of the Fund, and periodically review the appropriateness and adequacy of this Statement;

- (e) Review this Statement, including but not limited to the neutral asset allocation and asset mix ranges, at a minimum annually or as directed by the Board and as applicable provide recommendations to the Board for changes to this Statement;
- (f) Advise the Board on an annual basis the expected rate of return for the Fund, including anticipated investment income for the upcoming year for purposes of the Board determining the spending rate for the Foundation for the upcoming year;
- (g) Ensure appropriate policies and procedures are in place for custodianship and access to securities held by the Foundation;
- (h) Undertake the process, including a request for proposal, as may be directed by the Board, to select and recommend for Board approval the Investment Manager(s); and
- (i) Advise, inform, and recommend to the Board on any matter related to investments or the Fund.

10.4 The Executive Director is responsible for and accountable to:

- (a) Assist the Investment Committee with the day-to-day operational management and oversight of Fund;
- (b) Act as the primary contact between the Foundation and each Investment Manager;
- (c) Ensure that each Investment Manager provides their respective monthly investment statements and quarterly reporting to the Foundation for the portion of the Fund that is entrusted with that Investment Manager;
- (d) Provide to the Investment Committee quarterly reporting and any other relevant material for the Fund received from each Investment Manager;
- (e) Organize periodic meetings between the Investment Committee and each Investment Manager as directed by the Investment Committee;
- (f) Maintain appropriate accounting records and prepare reports which includes taking meeting minutes and revising this Statement as required to allow the Board and Investment Committee to fulfill their responsibilities;
- (g) Execute contracts and this Statement with each Investment Manager on behalf of the Foundation as directed by the Board;
- (h) Provide recommendations and negotiate as directed by the Board all contracts and agreements with an Investment Manager, and;
- (i) Provide recommendations to the Investment Committee regarding changes to this Statement and the retention of each Investment Manager.

10.5 Each Investment Manager is responsible for and accountable to:

- (a) To accept and adhere to this Statement.
- (b) Trade securities, hold investments, and manage the Fund in accordance with the parameters and constraints contained in this Statement for the portion of the Fund that is entrusted with

such Investment Manager;

- (c) Provide to the Executive Director monthly investment statements that detail all activity and investments held for the portion of the Fund that is entrusted with such Investment Manager. These statements shall include, but not be limited to, an amount for the fair market value of each investment at the end of each month. Where an investment is not regularly traded, that investment shall be valued by such Investment Manager according to a methodology acceptable to the Committee, provided that where such an investment represents more than 1% of the market value of the Fund, it must be valued by a qualified independent appraiser or by the Investment Committee through a unanimous resolution at least once per year;
- (d) Provide reports every three months to the Executive Director for the portion of the Fund that is entrusted with such Investment Manager that:
- (e) Review the transactions in that three-month period and the investments held at the end of the period and explain how they relate to the strategy advocated;
- (f) Explain the latest investment performance for that three-month period for each asset class relative to its benchmark index as outlined in the section entitled “Investment Objectives and Benchmarking” of this Statement;
- (g) Explain the latest overall investment performance for that three-month period for the portion of the Fund that is entrusted with such Investment Manager relative to the weighted average performance of the benchmark indices (as outlined in the section entitled “Investment Objectives and Benchmarking” of this Statement) for the neutral portfolio (as outlined in the section entitled “Asset Allocation” of this Statement); and
- (h) Provide an economic outlook and commentary on the expected returns of the portfolio, along with an investment strategy under such outlook with respect to the portion of the Fund that is entrusted with such Investment Manager;
- (i) Safeguard the portion of the Fund that is entrusted with such Investment Manager;
- (j) Advise the Executive Director forthwith of each and every incident whereby securities are traded, investments are held, or the Fund is managed in a manner that is not accordance with the parameters and constraints contained in this Statement for the portion of the Fund that is entrusted with such Investment Manager;
- (k) Provide to the Executive Director on a quarterly basis a compliance statement affirming compliance with this Statement and disclosing any instances of non-compliance; and
- (l) Conduct all investment activities in accordance with the Investment Manager’s Code of Conduct that is provided to the Investment Committee upon request for review.

Section 11 – Conflict of Interest and Duty

11.1 This section applies to members of the Investment Committee, the Executive Director, employees of the Foundation involved in the management and administration of the Fund, an Investment Manager and its delegates and employees, and every custodian of the Fund and their delegates and employees.

11.2 A “Conflict of Interest” is defined as a conflict between the private interests and the responsibilities and duties of a person involved with the Fund, including but not limited to a situation

which gives an individual the opportunity for personal or financial gain arising from an investment decision or holding of the Fund. A Conflict of Interest can be actual, potential or perceived.

11.3 An individual referenced in this section must forthwith disclose any actual or perceived Conflict of Interest in writing along with all relevant details to the chairperson of the Investment Committee who shall forthwith disclose that conflict to all Investment Committee members and the Board.

11.4 An individual referenced in this section has a duty to act in the best interest of the Fund and the Foundation and shall not act in any manner that is:

- (a) Incompatible with the impartial, objective and effective performance of their responsibilities and duties with regard to the Fund; or
- (b) Detrimental to the best interests of the Fund and Foundation.

Section 12 – Voting Rights

12.1 The responsibility of exercising and directing voting rights acquired through a Fund investment is delegated to the Investment Manager who is managing such investment, and:

- (a) In exercising such rights such Investment Manager shall at all times act prudently and in the best interests of the Fund;
- (b) Such Investment Manager should maintain a record of how such rights have been exercised in the portion of the Fund that is managed by such Investment Manager;
- (c) In the case where such rights have not been exercised such Investment Manager shall forthwith inform the Executive Director in writing with such Investment Manager's reasons for not exercising the right to vote; and
- (d) In the case where the vote is related to anti-takeover, charter and bylaw amendments, or shareholder rights, such Investment Manager shall forthwith inform the Executive Director in writing and provide details and advice on the appropriate course of action prior to exercising the right to vote.

Section 13 – Review and Modifications

13.1 The Board may modify this Statement at any time, considering the recommendations from the Investment Committee. Any such changes shall be immediately communicated to the Investment Committee and each Investment Manager.

13.2 The Board shall review this Statement at least once every twelve months.

Section 14 – Effective Date

14.1 This Statement applies to the Fund and all investment activity of the Fund on or after the latest of the dates that are written below, the "Effective Date".

IN CONSIDERATION OF MUTUAL BENEFITS HEREIN, the parties hereto have executed this Statement to be effective as of the Effective Date.

This Statement has been approved by the Board:

CPA Manitoba Foundation Inc.

Per:

D. Henzel

I have authority to bind the corporation

Date: June 2, 2023

Appendix A

Investment Committee

Terms of Reference

Purpose

The purpose of the Investment Committee (the “Committee”) is to assist the Board in overseeing all investment activities of the Foundation.

Membership

The Committee is comprised of:

1. Five (5) voting members as follows:
 - Two (2) members from the Board, one of whom will act as Chair of the Investment Committee;
 - Two (2) representatives from the CPA Manitoba membership with expertise in investment fund management; and
 - One (1) member from the community at large, with expertise in investment funds. These shall be the voting members of the Committee.
2. Two ex-officio non-voting members as follows:
 - Chair, CPA Manitoba Foundation Board
 - Executive Director, CPA Manitoba Foundation

All members of the Committee shall attend Committee meetings, abiding by any board standards with regard to meeting absences.

Term

Appointed annually for a one-year renewable term.

Key Duties and Responsibilities

The Committee will adhere to the highest standards of ethics and, in cooperation with the Executive Director, will act as advocates and ambassadors of the CPA Manitoba Foundation.

The specific responsibilities of the Investment Committee are set out in the IPS as per section 10 – Governance and Division of Duties. These terms can be amended from time to time.

Meetings

The Committee shall meet a minimum of two (2) times annually with meeting length determined by the agenda. Additional meetings may be called by the Committee Chair or the Executive Director.

Meetings will be convened at the request of the Chair of the Investment Committee, or at the request of the Board by way of resolution.

The first investment committee meeting of the year is set after the board’s latest annual general meeting. At this meeting, the Investment Committee will review the expected rate of return for the Foundation’s investment portfolio for the purpose of assisting the Board in setting the budget for the upcoming fiscal period.

At the second meeting of the year, the Investment Committee will undertake the annual review of the IPS.

At both meetings, the Investment Manager is expected to present the most recent investment results and to provide any other comments with respect to the Foundation's investment portfolio as agreed to in the Investment Policy Statement. The Executive Director shall be responsible for arranging the attendance of the Investment Manager during the relevant portion of the meeting agenda.

Minutes of each meeting must be prepared.

Quorum

A quorum at any meeting will be a majority of the voting members of the Committee and the Chair will be considered a voting member for that purpose.

Voting at Meetings

The will of the Committee will be determined by a majority of members in attendance at a meeting. The Chair will only vote in the event of a tie.

In the case of an equality of votes, a motion will be deemed as not carried.

In the absence of the Committee Chair, the duties of the Chair may be performed by another voting member of the Committee (as appointed by the Committee Chair).

Accountability

The Investment Committee is accountable to the Board. The Executive Director, in collaboration with the Committee Chair, will prepare written reports for inclusion in board packages. The Committee Chair will report to the Board as appropriate.

Resources

The Committee is supported by the Executive Director and CPA Manitoba Foundation staff.

Confidentiality and Code of Conduct

All information obtained through participation on the Committee is to be kept in strict confidence.

Any member of the Committee who is also not a Director of the Board must also complete the Conflict of Interest and Pledge of Confidentiality documents that are adhered to by individual Board members.

Review

The Committee Terms of Reference as well as the IPS shall be reviewed by the Committee regularly and no less frequently than once per year. Terms of Reference (and any amendments to Terms of Reference) must then be submitted to the Board for approval.

Approval Date: June 2023

Review Date: Fall 2023