

FN.9.1.1 INVESTMENT OF FUNDS	
Section:	Finance (FN)
Subject:	Investment of Funds
Legislation:	<i>Bank Act (S.C. 1991, c.46); Post-Secondary Learning Act (SA 2003 cP-19.5).</i>
Effective:	November 28, 1985
Revision:	June 25, 1991; April 26, 1994; May 31, 1994; December 17, 1996; November 25, 1997; March 31, 1998; August 15, 2003 (reformatted); April 26, 2005 (reconfirmed); June 1, 2006 (reconfirmed); June 4, 2007(reconfirmed); May 27, 2008 (reconfirmed); May 26, 2009 (reconfirmed); April 27, 2010 (reconfirmed); June 1, 2010 (reconfirmed); May 31, 2011 (reconfirmed); May 29, 2012 (reconfirmed); May 27, 2014 (reconfirmed); January 28, 2015; May 26, 2015 (reconfirmed); September 1, 2016 (reformatted); February 23, 2018; September 29, 2021

APPROVED: _____
President and CEO

POLICY

The policy of the Board of Governors is to follow an investment strategy that will preserve capital, achieve a growth rate beyond the rate of inflation, and provide a secure and consistent income flow as required for daily operations and/or special projects and initiatives

PROCEDURE

DEFINITIONS

- | | |
|---|---|
| Bissett scholarship fund | Funds donated for the purpose of the Bissett scholarship program. |
| Deferred salary leave plan funds | Funds from deferred salary plans and programs. |
| Endowments | Externally restricted donations and internal allocations by the Board of Governors, the principal of which is required to be maintained intact in perpetuity. |

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Operating funds

Funds designated for:

- Expenditure within five years, including those intended for facilities and curriculum development.
- Long-term working capital, including those for accrued vacation pay and pension liability.

Pension fund

Funds designated for the Notional Defined Contribution Pension Plan (NDCPP).

Restricted funds

Funds that are:

- Donations to be used for the purpose authorized by the donor or funding agency and which may be intended for use over various timeframes.
- Held on behalf of related organizations.
- Internally restricted by the Board of Governors for Board-designated purposes and which may be intended for use over various timeframes.

Student Investment Management Trust (SIMT)

Funds that are donated for the purpose of providing SAIT’s School of Business students with educational experience.

GOVERNING PRINCIPLE

The funds available for investment include the Bissett Scholars fund, deferred salary leave plan funds, endowments, operating funds, pension funds, restricted funds and the Student Investment Management Trust, as defined above.

PROCEDURE

A. Investment Portfolios

Investment funds shall be assigned to one of seven investment portfolios as follows:

1. **Portfolio 1 – Short Term Investment Fund** (90 days)

Temporary investment of excess cash, with term of investment not more than 90 days.

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2. **Portfolio 2 – Short/Medium Term Investment Fund** (less than five years)

- a) Operating funds designated for expenditure within less than five years.
- b) Restricted funds intended to be used within less than five years.
- c) Funds held on behalf of related organizations.
- d) Internally restricted funds intended to be used within less than five years.
- e) Deferred salary leave plan funds.

3. **Portfolio 3 – Bissett Scholarship Fund**

Restricted fund for the Bissett Scholarships.

4. **Portfolio 4 – Non-Endowment Investment Fund** (five or more years)

- a) Operating funds designated for long-term working capital.
- b) Restricted funds intended to be used in five or more years.
- c) Internally restricted funds intended to be used in five or more years.

5. **Portfolio 5 – Endowments** (Perpetuity)

Endowment principal and capitalized endowment income.

6. **Portfolio 6 – Pension Fund**

Investment of contributions to the Notional Defined Contribution Pension Plan.

7. **Portfolio 7 – Student Investment Management Trust**

Investment of funds of the Bachelor of Business Administration degree program, Financial Services major.

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B. Objectives

1. **Portfolio 1 – Short Term Investment Fund** primary objectives are to:
 - a) Generate a current yield at or above the rate of inflation.
 - b) Provide a secure and consistent income flow. As a portion of these funds will be used for daily operations, these funds must remain liquid.

2. **Portfolios 2, 3 and 4 – Short/Medium Term, Bissett Scholarship, and Non-Endowment Investment Fund** primary objectives are to:
 - a) Achieve a growth rate beyond the rate of inflation. Attempts to achieve growth must not jeopardize the capital base in the long term.
 - b) Preserve and grow capital

3. **Portfolio 5 – Endowments** primary objectives are to:
 - a) Achieve a growth rate beyond the rate of inflation. Attempts to achieve growth must not jeopardize the capital base in the short to medium term.
 - b) Preserve and grow capital.
 - c) Generate sufficient yield to meet Canada Revenue Agency disbursement requirements.

4. **Portfolio 6 – Pension Fund** primary objectives are to:

Invest funds in alignment with members' investment instructions as defined by the Notional Defined Contribution Pension Plan.

5. **Portfolio 7 – Student Investment Management Trust** primary objectives are to:
 - a) Provide real-life learning experience in fundamentals of investing, ethics, and professional money management for SAIT School of Business students.
 - b) Generate returns in accordance with the Student Investment Management Trust

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governance framework.

C. Investment Restrictions

1. **Portfolio 1 - Short Term Investment Fund investments** are restricted as follows:
 - a) A quality constraint of A Low minimum and no money market below R1 Low.
 - b) Fixed income investments only, and no use of equity investments.
 - c) May be held as cash within an interest-bearing demand deposit account at SAIT's bank.
 - d) No single position, other than Government of Canada credits, at more than 10% of the portfolio.

2. **Portfolio 2 – Short/Medium Term Investment Fund investments** should be restricted as follows:
 - a) A quality constraint of A Low minimum and no money market below R1 Low.
 - b) Permitted issuers:
 - i) The Federal Government of Canada (including crown corporations).
 - ii) Any Provincial Government body or entities guaranteed by such province.
 - iii) Any obligations fully guaranteed by one of the Chartered Banks in Canada listed in Schedule 1 of Canada's *Bank Act*.
 - c) Portfolio diversification and constraints:
 - i) Not more than 10% of the portfolio shall be invested in any single security.
 - ii) Not more than 35% shall be invested in any single issuer.

3. **Portfolio 3 – Bissett Scholarship Fund** shall be retained as pooled fund units as originally donated or a similar high-dividend pooled fund.

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4. **Portfolios 4 and 5 – Non-Endowment Investment Fund and Endowments**

- a) Marketable bonds, notes, debentures and convertible debentures will be investment grade (rated at least BBB or equivalent by a recognized bond rating service), with the exception of high yield fixed income strategies that may be approved. Such fixed income strategies may include bonds that are rated below investment grade. Issues without an established credit rating may be held in the portfolio if recommended and internally rated by an approved fixed income or high yield manager.
 - b) No more than 25% of the equity portion in small cap securities (less than \$2 billion market cap).
 - c) No single position, other than Government of Canada bonds, will exceed 10% of the portfolio.
 - d) Alternative investments, which may include alternative credit, private debt, private credit, private equity, absolute return strategies, infrastructure, real estate, non-equities-based ETFs, or other investments not included in traditional asset classes, utilized through an approved alternative investment manager, are eligible investments, if approved for inclusion by the Investment Committee of the Board of Governors.
5. **Portfolio 6 – Pension Fund** investment shall be aligned with selections of the plan members, or in the default investment option established by SAIT. A line-up of investment options will be made available to the plan members comprised of pooled funds chosen to align with various investment objectives.
6. **Portfolio 7** – Student Investment Management Trust shall be in accordance with the Student Investment Management Trust governance framework. This fund is out of scope of the compliance certification process outlined in section D below.
7. Investment management firms may be used to manage SAIT’s investment portfolios. The investment management firm will operate within this procedure. SAIT will communicate with the investment management firm and will monitor SAIT’s portfolios. Administration and custodian fees from investment management firms will be charged appropriately to each of the previously defined funds.

D. Officer Certifications

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1. The CFO and Vice President Corporate Services or designate will provide written quarterly certification to the Investment Committee of the Board of Governors that the CFO or designate has reviewed and confirmed that to the best of knowledge, the investment portfolios comply with this policy and procedure.
2. Compliance certification for Portfolio 6 Pension Fund will be provided semi-annually.
3. The officer certification form is found in Schedule A, an Associated Document to this procedure.

ASSOCIATED DOCUMENT

Schedule A Officer Certification Form

POLICY/PROCEDURE REFERENCE

FN.9.1 Investment of Funds policy

PROCEDURE

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