

INVESTMENT OF FUNDS IN EXCESS OF OPERATING REQUIREMENTS

Section:	Finance (FN)
Subject:	Investment of Funds in Excess of Operating Requirements
Legislation:	<i>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

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.

PROCEDURE

DEFINITIONS

Deferred salary leave plan funds Funds from deferred salary plans and programs.

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.

Restricted funds Funds that are:

- Donations to be used for the purpose authorized by the

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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.
- Endowments for which donors have specified that the principal is to be held intact.

GOVERNING PRINCIPLE

The funds available for investment include deferred salary leave plan funds, operating funds and restricted funds, as defined above.

PROCEDURE

A. Investment Portfolios

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

1. Portfolio 1
 - a) Operating funds designated for expenditure within five years.
 - b) Restricted funds intended to be used within five years.
 - c) Funds held on behalf of related organizations.
 - d) Internally restricted funds intended to be used within five years.
 - e) Deferred salary leave plan funds.
2. Portfolio 2
 - a) Operating funds designated for long-term working capital.
 - b) Restricted funds intended to be used in more than five years.
 - c) Internally restricted funds intended to be used in more than five years.
 - d) Endowments.

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B. Objectives

1. Portfolio 1 investment 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. Portfolio 2 investment 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 capital.

C. Investment Restrictions

1. Portfolio 1 Investments are restricted as follows:
 - a) A quality constraint of BBB minimum and no money market below R1 Low.
 - b) Fixed income investments only. 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 Investments should be restricted as follows:
 - a) No fixed income investments below BBB and no money market below R1 Low. The Investment Committee of the Board of Governors may approve specialized alternative fixed income strategies that hold non-investment grade fixed income investments, provided those strategies are deemed appropriate.
 - b) No more than 25% of the equity portion in small cap securities (less than \$650 million market cap).
 - c) No single position, other than Government of Canada credits, at more than 10% of the portfolio.

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3. 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

1. The CFO and vice president, corporate services will provide written quarterly certification to the Investment Committee of the Board of Governors that the vice president, finance and corporate services, has reviewed and confirmed that to the best of this individual's knowledge, SAIT's executive management is in compliance with this policy and procedure.
2. 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

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