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Adopted By:	Board of Directors	Last Amended:	
Executive Responsibility:	Executive Director	Procedure:	

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## Section 1. Overview

### 1.1 Background and Purpose

The Students' Union of VCC offers an inclusive, practical and fun environment, physical as well as online, for students to share experiences, skills and concerns.

The Students' Union of Vancouver Community College (SUVCC) has cultivated a lively and involved student body at VCC. The SUVCC aim is to create an inclusive, hand-on, and enjoyable atmosphere where students share experiences, develop skills and address concerns. It serves as the gateway to the VCC community for newcomers, and immigrants, and is recognized as the hub of student life and community engagement.

#### History and Services

Established in 1974, the SUVCC was created to represent the 13,000 students enrolled at Vancouver Community College. Committed to the well-being of its members, the SUVCC is deeply integrated into campus life, offering students access to recreational activities, events, and opportunities for community involvement. As a members of the British Columbia Federation of Students' and an advocate for students' rights, the SUVCC has successfully campaigned for, and implements, a universally accessible and reasonably priced Transit pass for all Metro Vancouver students, Free Adult Basic Education in BC, 0% interest on both provincial and federal student loans, and an expanded grants program, among others.

The SUVCC also provides its diverse student body with a high value, affordably priced health & dental plan tailored to our member's needs.

The purpose of this Investment Policy Statement ("IPS") is to establish an understanding of the investment principles and to provide guidelines for the management and oversight of SUVCC investment portfolio (the "Portfolio"). The investment policies described in this IPS reflect the SUVCC current goals, financial and social obligations and its investment philosophy related to the investment of the Portfolio.

Any outside investment manager or other agent or advisor providing services in connection with the investment of the Portfolio shall accept and adhere to this IPS and/or specific investment directives consistent with this document.

This IPS applies to all investment assets of the SUVCC that are managed through a portfolio held with the Investment Manager, Vancity Investment Management (“VCIM”), or directly invested as cash or other instruments consistent with this investment policy and as directed by the SUVCC Budget & Operations Committee, the Board remains accountable for overall asset stewardship.

## 1.2 Responsibilities of the Board

The Board holds the ultimate responsibility for all prudent investment decisions regarding the Portfolio. This includes creating an investment policy, establishing and managing an investment structure, and overseeing investment performance.

While day-to-day responsibilities may be assigned to the SUVCC Budget & Operations Committee, the Board remains accountable for overall asset stewardship.

The Board may establish procedures for delegated decision-making authority and designate individuals or committees (such as investment managers, trustees, finance and investment committees, or the Executive Director) to carry out specific tasks outlined in the investment policy statement (IPS). In cases of delegation, references to the Board within the IPS shall apply to the appropriate delegates.

## 1.3 Responsibilities of the Board

The Committee assists the Board in providing its oversight responsibilities with respect to the investment of the assets of SUVCC, including reviewing the performance of the Portfolio and the underlying holdings at least quarterly.

The Committee shall provide as much notice as possible regarding cash requirements or additional funds available for investment.

## 1.4 Responsibilities of the Investment Manager

The Investment Manager shall manage the Portfolio in a manner consistent with all specific guidelines in this IPS or as directed by the Foundation and shall exercise competence and skill as may be expected of a prudent, diligence Investment Manager in similar circumstances.

The Investment Manager is responsible for:

- Recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints set forth in this IPS,
- Monitoring performance of the Portfolio and the underlying holdings,

- Rebalancing the Portfolio if the asset class weightings have materially drifted from the target asset mix on a semi-annual basis, and
- Periodically reviewing the suitability of the investments.

## **Section 2. Investment Profile**

### **2.1 Investment Objectives**

The investment objectives of SUVCC are to provide for long-term growth of principal and income in order to:

- Maintain purchasing power, thus beating inflation.
- Grow funds for future projects.

Note:

Overall objective for funds (Invested with VCIM and Vancity terms/cash) is safety and security.

Approx. \$1,000,000 held externally (Vancity) to the managed portfolio to provide safety and security for overall funds.

### **2.2 Performance Objective**

The Board, after discussions with the Investment Manager, has decided upon the following measurable performance objective, reflective of their risk tolerance level.

- The main goal of investment plan is to preserve capital while also achieving reasonable growth of the Portfolio (Inflation/Canadian Consumer Price Index plus three percent).

The objective may be modified at any time by the Board, and accordingly, will be periodically reviewed and monitored considering actual investment results and emerging economic conditions. “Long-term” when referred to in the objectives is meant to approximate a market cycle, generally four to six years.

### **2.3 Time Horizon**

SUVCC is expected to exist in perpetuity. For planning purposes, the time horizon for investments is assumed to be a minimum of 5 – 10 years Cash Flow Requirements

### **2.4 Cash Flow Requirements**

SUVCC is not required to make periodic withdrawals from the Portfolio. No annual disbursements are expected from the Portfolio other than the management and custodial fee.

## 2.5 Risk Tolerance

In view of the purpose of the Portfolio and SUVCC current financial position and investment goals, a moderate level of risk, in terms of short-term variability of returns, relative to other broad-based market indices, will be accepted for the Portfolio's investments in pursuit of higher long-term returns.

## 2.6 Taxation

SUVCC is a non-taxable entity; therefore, all investment decisions are to be made without consideration of tax impact.

## 2.7 Unique Requirements

Long Term:

In addition to the managed portfolio:

VCC maintains approx. \$1,000,000 external to the portfolio in terms/cash at Vancity Savings Credit Unions.

General Fund: No Unique Requirements

Dental/Benefits Reserve:

In addition to the portfolio VCC maintains a H&D Fund which is maintained at Vancity Savings Credit Union. This fund is approximately \$1,010,000 held in cash/terms and can provide a large easily accessible pool of capital to cover costs should a deficit occur.

## **Section 3. Diversification**

### 3.1 Permitted Categories of Investments

Subject to other provisions of this IPS, the Portfolio may be invested in any or all of the following asset categories:

- Common stocks, income trusts, convertible debentures, or preferred securities of Canadian or foreign corporate entities,
- Bonds, debentures, mortgages, notes or other debt instruments of governments, government agencies, or corporations, including asset-backed and mortgage-backed securities,
- Term deposits or similar instruments issued or unconditionally guaranteed by trust companies, banks or credit unions,
- Money market, or other fixed income securities issued by governments, government agencies, or corporations,

- Guaranteed investment certificates or equivalent of insurance companies, trust companies, banks or other eligible issuers, or funds which invest primarily in such instruments, and
- Ethically screened mutual, pooled or segregated funds which may invest in any or all of the above instruments or assets.

### 3.2 Warrants, Rights and Derivatives

Subject to criteria stipulated below, any share purchase warrants, share rights and other derivatives of otherwise permissible securities may be used only when they are regularly traded upon a recognized public exchange and issued by a recognized financial institution.

The value of warrants and share purchase rights may not exceed 5% of the market value of the Portfolio unless cash or highly liquid short-term securities, equal to the value of an equivalent common share position, is held as a matching hedge offset.

### 3.3 Other Investment Considerations

## **Section 4. Responsible Investment (RI)**

### 4.1 Ethical Screens

Ethical screens will be applied to all investment selections. As a guide for incorporating these screens, we recognize and ascribe to the United Nations Principles for Responsible Investing (UNPRI) which are as follows:

- We will incorporate Environmental, Social and Governance (“ESG”) issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

### 4.2 Other RI Guidelines

Consistent with the principles articulated in 4.1 above, the Investment Manager will follow their Responsible Investing Principles and Guidelines as set out as Appendix One to this IPS.

### 4.3 Voting Rights

Any voting rights associated with securities held by the Portfolio will be exercised at the discretion of the Investment Manager using their policies developed in collaboration with Shareholder Association for Research and Education (SHARE), which partnered with Groupe Investissement Responsable to launch a new jointly owned proxy voting and advisory services entity called GIR in 2020, as the only voting criteria.

## Section 5. Asset Allocation Guidelines

### 5.1 Proposed Investment Solution

In view of the foregoing considerations, the overall allocation of investments, which consists of a combination of 55% equity exposure and 45% fixed income exposure, shall be maintained within the structure presented in the table below. The target weight is the desired weight for each asset class and underlying holding, at market value.

Asset Class	Holdings	Benchmark	Min	Target	Max
<b>Equities</b>			<b>45%</b>	<b>55%</b>	<b>60%</b>
<b>Bonds</b>			<b>40%</b>	<b>44%</b>	<b>55%</b>
<b>Cash &amp; Equivalents</b>			<b>0%</b>	<b>1%</b>	<b>5%</b>
<b>Total</b>				<b>100%</b>	

\*excludes cash in the underlying holdings

The minimum and maximum weights are to allow for normal market fluctuations and/or discretionary asset allocation decisions made by the investment managers or as specified by the Board. It shall be the responsibility of the Investment Manager to remain within the range specified for each asset class for all assets under their management. The Managers should rebalance the Portfolio according to the target weights semi-annually or justify the overweight or underweight stance.

Within each asset class and for each Manager there will be a prudent level of diversification subject to the following limitations listed in 5.2 through 5.3, based on market values.

## 5.2 Equity Guidelines

With respect to the Equity allocation of the Portfolio:

Not more than 10% shall be invested in equity issues of any one corporation, and

Must be diversified across at least seven of 11 GICS sectors

## 5.3 Fixed Income Guidelines

With respect to the Fixed Income allocation of the Portfolio:

i. Not more than 10% shall be invested in the debt issues of any issuer, except for securities of, or fully guaranteed by, the Government of Canada, or a Province of Canada having a credit rating of at least "A+" per Dominion Bond Rating Service ("DBRS") or other major rating agency (S&P, Moody's and Fitch)

ii. Quality standard for the bond investments shall be as follows:

Debt Rating	Max % of Fixed Income Allocation
BBB	20%
A- or higher	No Limit

iii. The minimum credit quality of the bond investments will be BBB- (or equivalents). Bonds with a rating of BBB- or higher are considered investment grade, and

iv. Composite ratings such as Bloomberg and FTSE may also be used when evaluating credit quality.

The limits stated in ii will be applied with some temporary latitude in the event of a security with a rating downgrade.

## Section 6. Valuation of Investments

Investments in publicly traded securities shall be valued no less frequently than quarterly at their market value.

If a market valuation of the investment is not readily available, then a fair value shall be determined by the Investment Manager. For each such non-traded investment, an estimate of fair value shall be supplied by the Fund custodian not less frequently than quarterly. In all cases, the methodology should be applied consistently over time.

## Section 7. Investment Monitoring

### 7.1 Reports

The Investment Manager shall provide:

- Monthly custody statements that list all assets held in the Portfolio,
- Quarterly portfolio review report and any additional documents within 30 days after each quarter-end that includes:
  - i. Market commentary,
  - ii. List of holdings held in the Portfolio,
  - iii. Cost and market value of each holding,
  - iv. Asset mix of the Portfolio at the end of the period,
  - v. Total withdrawals and contributions that occurred in the period,
  - vi. Portfolio performance results over the last quarter, year, 3 years, 5 years, since inception and longer periods when applicable, and
  - vii. Performance results of the Portfolio's underlying holdings and their respective benchmarks listed in Section 5.1 over the last quarter, year, 3 years and longer periods when applicable.

## 7.2 Meetings

The Board or the Committee, will meet with the Investment Manager at least annually, or on a more frequent basis as required to review:

- Asset values and cashflow of the Portfolio,
- Current economic outlook and investment plans of the Investment Manager,
- Asset mix of the Portfolio at the end of the reporting period,
- Performance of the Portfolio and its underlying holdings with regard to the long-term investment and performance objectives,
- Social and environmental screen compliance, proxy voting or other relevant impacts, and
- Changes to the financial situation of SUVCC

## 7.3 Performance Evaluation

All investments go through cycles and there will be periods of time in which the investment objectives or expected performance targets are not met; therefore, a longer-term perspective will be employed when evaluating investment performance.

## **Section 8. Investment Policy Statement Review**

The Board and/or the Committee will determine the timing of review for changes to this IPS, which occur no less than every two year.

Such review may be caused by a significant revision to the expected long-term tradeoff between risk and reward on key asset classes, normally dependent upon basic economic political and/or social factors. This timing will also provide an opportunity to review the risk tolerance of the Board, characteristics of the Portfolio, and the appropriateness of this IPS



## Section 9. Fee Structure

### 9.1 Management Fee

VCIM shall calculate the Management Fee payable for the calendar quarter at the close of business on the applicable Quarterly valuation date.

\$0	- \$1,000,000	0.75%
\$1,000,000	- \$2,000,000	0.75%
\$2,000,000	- \$5,000,000	0.50%

over \$5,000,000 negotiable

**Plus:**

#### Custodial Fee (Fidelity Clearing Canada)

Custodial fees will be charged automatically based on the fair market value of the account at the previous month end at a annualized rate of:

**Flat 0.07%**

**\*\*See management agreement**