

INVESTMENT POLICY

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1.0 GENERAL PRINCIPLES

- 1.1 The Investment Policy of the Halifax Regional School Board ensures that available cash flow is invested to earn the maximum investment income with minimum to low risk to the principle value of the assets invested.
- 1.2 Investments undertaken by the Board shall be made in accordance with the guidelines outlined in Section 2.

2.0 INVESTMENT GUIDELINES

- 2.1 Investment of funds undertaken by the Board shall be made in accordance with all legal restrictions imposed by statute and the Trustee Act of Nova Scotia and any other applicable legislation.
- 2.2 Investment of funds undertaken by the Board shall be made with the objective of preserving and protecting the principle amount. As such, all investment opportunities shall be evaluated on the basis of risk of loss or diminution of capital. Investments, which are determined to be inconsistent with the objective of preserving and protecting the principle amount, are prohibited.

In determining the degree of investment risk, greater relevant importance shall be given to the objective of preservation of capital than to the extent to which an investment provides for maintenance of necessary liquidity, diversification of investment portfolio or a competitive return on investment.

- 2.3 Investment of funds undertaken by the Board shall be made with the objective of maintaining liquidity necessary to meet fluctuations in the cash flow requirements of the Board. The forecast of cash flow requirements will determine the proper proportion of investments that have terms to maturity, which match the cash flow requirements of the Board.

Funds not required for a specific short-term need can be invested in longer-term securities with the most important consideration being the expectation of future interest rates and a reliable forecast of the timing of the need for these funds.

- 2.4 Investment of funds undertaken by the Board shall be made with the objective of diversification of the investment portfolio in order to minimize the risk of loss and achieve optimal balance of risk and return.
- 2.5 Investments undertaken by the Board shall be made with the objective of obtaining a competitive return on investments and weighing investment alternatives within the constraints of the policy objectives.

3.0 AUTHORIZATION

- 3.1 The Superintendent is authorized to develop and implement procedures in support of this policy.

INVESTMENT PROCEDURES

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1.0 DEFINITIONS 2.0 INVESTMENT CATEGORIES

1.0 DEFINITIONS

- 1.1 **Short Term Investment** – any investment made for less than one year
- 1.2 **Medium Term Investment** – any investment made for one to five years
- 1.3 **Cash Flow** – Board bank account balances less outstanding commitments (outstanding cheques and payroll to be paid)
- 1.4 **Investment Horizon** – the timeframe equal to the period of excess funds available from cash flow analysis

2.0 INVESTMENT CATEGORIES

- 2.1 Investments undertaken by the Board shall be made in accordance with the Investment Policy. The Board may invest in the following asset categories:
 - Bankers' Acceptances
 - Bearer Deposit Notes
 - Canadian Treasury Bills
 - Commercial Paper
 - Federal, Provincial, and Municipal Bonds and Debentures
 - Provincial Treasury Bills
 - Term Deposits
 - Guaranteed Investment Certificates
 - CMHC Mortgage Backed Securities
 - Municipal Promissory Notes
 - Corporate Bonds and Debentures
- 2.2 Investments will generally be limited to securities with a remaining term to maturity of five years or less. Investments need not be held to maturity and may be bought and sold to enhance the return whenever deemed appropriate.
- 2.3 The purchase of any securities carrying a Dominion Bond Rating Service

(or equivalent accredited rating agency) credit rating below A (low) for bonds and R-1 (low) for corporate and commercial paper is strictly prohibited.

- 2.4 Investments of appropriate credit quality may be made subject to the following limits.

<u>Investment</u>	<u>Maximum Percentage of Portfolio</u>
Canadian Federal Government	100%
Provincial and Municipal Governments	100%
Financial institutions and their guarantees	50%
Corporations and their guarantees	50%
All other investment categories	15%

- 2.5 The Board's Financial Services Department will seek the advice of qualified investment managers for information and advice on proposed investments.
- 2.6 A projected cash flow analysis will be prepared prior to undertaking any investments to ensure that at no time over the course of the investment life will a negative cash flow result for the Board. Hence, only surplus funds will be invested.
- 2.7 A letter of instruction will be issued and signed by the Director of Financial Services to the contracted investment manager stating the amount to be invested and timeframe.
- 2.8 This policy will be implemented and monitored by the Board's Director of Financial Services.