



INVESTMENT POLICY

Objectives

- To maximize income through the investment of reserves, deposits and surpluses, within the framework of the *Social Housing Reform Act* regulations, following the objectives of a prudent investor as defined in the *Trustee's Act*, aligned with the Risk Profile of Upwood Park Salvador Del Mundo Co-op Homes Inc.
- To give ready access to funds to carry out necessary capital projects, and provide working capital for housing operations.
- To protect the Cash, Fixed Assets and Investment Principal of Upwood Park Salvador Del Mundo Co-op Homes Inc.

Capital Reserves

- All **Capital Reserve Funds** will be invested in the Social Housing Investment Program (SHIP), as administered by Social Housing Services Corporation Financial Inc. (SHSC FI) and managed by Phillips Hager & North (PH&N).
- Funds currently offered within the SHSC FI and PH&N program are as follows:

SH Cdn ST Bnd-A	Social Housing Canadian Short Term Bond Fund Series A
SH Cdn Bond-A	Social Housing Canadian Bond Fund Series A
SH Cdn Equity-A	Social Housing Canadian Equity Fund Series A
- Selection of investments within the SHSC FI/PH&N investment program are to adhere to the seven guidelines, as listed under the Decision Making section of this policy, in accordance with the definition of a Prudent Investor as set out in the Trustee Act.
- Contributions to the capital reserve fund can be paid into the fund throughout the financial year and any top-up of the fund, if required, to meet reserve balance requirements will be transferred into the funds managed by the SHSC FI/PH&N no later than five months after the end of each fiscal year.
- All interest and other income earned on Capital Reserve Funds will be reinvested in additional securities of the applicable SHSC FI/PH&N fund.

Other Funds

- Sources of other funds include:
 - Proceeds on the Sale of Assets.
 - Tenants' last months' rental charge deposits.
 - Accumulated Surpluses (Retained Earnings).
 - Cash on hand not immediately required to cover anticipated operating expenses.
 - Donations and bequests.

- These **Other Funds** may be invested in:
 - Canadian Federal and Provincial Government Bonds.
 - Canadian Treasury Bills.
 - Canadian dollar money market mutual funds sold no load or sales charge by a Canadian bank, trust company or credit union.
 - Term deposits, guaranteed investment certificates or other interest-bearing deposits or securities offered by CDIC Insured financial institutions - a chartered bank, trust company or credit union.
 - Investment funds offered by SHSC FI.

- The funds shall not be invested in any security or investment other than those listed above. Any deviation from the above will be subject to the approval of the full Board.

- The investments will be selected based on the Investment (Asset Allocation) Plan that incorporates the short, medium and long term needs of Upwood Park Salvador Del Mundo Co-op Homes Inc .Two months normal operating expenses shall be retained in the current chequing account.

Investment Restrictions

- All investment transactions are to provide the option for liquidity and the term shall be for a term no longer than five years, other than investments in SHSC FI/PH&N Funds.

- No investment transaction can be processed without the prior approval of the Board of Directors of Upwood Park Salvador Del Mundo Co-op Homes Inc the Board having a minimum of three quarters of the full Board in attendance at the approval meeting.

- Distribution from investments in SHSC FI/PH&N funds will be reinvested in additional securities of the applicable fund.

Portfolio Composition

- Funds invested outside the SHSC FI/PH&N Funds shall be invested in accordance with the Asset Allocation Plan, structured in a ladder approach so that investments are purchased with staggered maturity dates.
- Terms, issuers and yields will be reviewed at least once per financial year to ensure they meet Upwood Park Salvador Del Mundo Co-op Homes Inc' objectives and are appropriated with the long-term view of the markets and economy.

Decision-making

- The Board of Directors Upwood Park Salvador Del Mundo Co-op Homes Inc and will approve an Asset Allocation Plan for both Capital Reserves and Surpluses each year.
- The Board of Directors of Upwood Park Salvador Del Mundo Co-op Homes Inc will follow the seven guidelines as set out in the Trustee Act definition that a "Prudent Investor" will take into consideration when making investment decisions, these being:
 1. General economic conditions.
 2. The possible effect of inflation or deflation.
 3. The expected tax consequences of investment strategies.
 4. The role that each investment or course of action plays within the overall trust of the portfolio.
 5. The expected total return from income and the appreciation of capital.
 6. The needs for liquidity, regularity of income and preservation and appreciation of capital.
 7. An asset's special relationship or special value, if any, to the purposes of the corporation.

Authority

Board of Directors:

- Shall approve an Asset Allocation Plan (Investment Plan) for both Capital Reserve Funds and Other Investment Funds each year which shall include:
 - An evaluation of previous years' investment performance.
 - An analysis of future operating and capital cash requirements.
 - Recommendations for investment including recommendation from professional financial advisors.

- Shall authorize through majority motion, as outlined in the Investment Restrictions Section of this Policy, all investment transactions.
- Shall direct the Property Manager to transfer funds between current accounts and investment accounts taking into account Upwood Park Salvador Del Mundo Co-operative Homes Inc.' future cash requirements.

Property Manager:

- Shall report quarterly to the Board of Directors of Upwood Park Salvador Del Mundo operative Homes Inc..' cash position and investments.

Audit Committee

- Shall prepare an Asset Allocation Plan (Investment Plan) for approval of the Board of Directors of Upwood Park Salvador Del Mundo C-operative Homes Inc..?.
- Shall seek advice from time to time from such authorities, but not limited to, the Corporation's Accountant, Bank Manager, Legal Counsel, Outside Auditor and the Financial Manager for Phillips Hager North.
- Shall recommend to the Board of Directors of Upwood Park Salvador Del Mundo operative Homes Inc. the investment of funds in accordance with this policy and the approved Asset Allocation Plan.
- Shall immediately receive a report from the Property Manager in the event of a current account overdraft.

Upwood Park Salvador Del Mundo Co-operative Homes Inc.

Asset Allocation Plan

It is recommended that the Investment Portfolio for Upwood Park Salvador Del Mundo Co-operative Homes Inc. be established as follows:

Capital Reserve Investment Funds and Other Investment Funds

**50% Canadian Bond Fund
30% Canadian Equity Fund
20% Canadian Short Term Bond Fund**

Passed by the Board of Directors on _____, 2016.

President

Corporate Secretary