

ANGLICAN DIOCESE OF NIAGARA

INVESTMENT POLICY STATEMENT

Part One - Governance

1.1 Purpose

The Consolidated Trust Fund (Fund) of the Anglican Diocese of Niagara was established to bring together the trust funds held by the Diocese and its parishes for the purpose of providing cost-effective professional investment management for the combined funds.

The purpose of this Statement is to outline the procedures and policies to effectively manage and monitor the assets of the Fund.

Another goal is to ensure that the Fund is managed in accordance with all applicable legal requirements. Any Portfolio Manager or any other agent or advisor providing services in connection with the Fund, shall accept and adhere to this Statement.

1.2 Background of the Organization

The Diocese of Niagara is incorporated by “An Act to Incorporate the Synod of the Diocese of Niagara, and to unite the Church Society of the Diocese of Niagara therewith”, being an Act of the Ontario Legislature passed on February 10, 1876, as amended. The Corporation created by this statute is “The Incorporated Synod of The Diocese of Niagara” and is referred to herein as “the Diocese of Niagara”. The Diocese of Niagara is a registered charitable organization and is exempt from income tax as provided under the *Income Tax Act (Canada)*.

The fiscal year end of the Diocese of Niagara is December **31st**.

1.3 Administration

The Investment Committee (IC) is an advisory committee of the Financial Advisory Committee (FAC) of the Diocese, and its members are appointed by FAC.

1.4 Investment Committee

Appointed by and responsible to the Diocesan Financial Advisory Committee (FAC). The IC shall have a minimum of six (6) members, one of whom shall be a current or past member of FAC. In addition, the Treasurer shall be ex officio member. The committee will meet at least two times annually.

The major task of the Committee is to monitor the investment performance of the funds held by the Diocese (Synod, Parishes and Foundation), and the performance of the investment manager or managers.

Responsibilities

To provide advice and where appropriate make recommendations to the FAC with respect to matters listed below, relating to the investment of the trust property of the Synod. The FAC is not bound to act on the advice or recommendations given by the sub-committee and it is recognized that fiduciary responsibility rests with the FAC and Synod Council.

1. The general economic conditions and the possible effect of inflation or deflation.
2. The role that each investment of course of action plays within the overall trust portfolio.
3. Needs for liquidity, regularity of income and the preservation or appreciation of capital.
4. The policy asset mix, the selection of managers and the overall investment strategy, It is expected that a full review of the manager or managers and the overall investment strategy will be conducted at least every five years, using outside consultants if required.
5. To review the Investment Policy from time to time as required.

1.5 Portfolio Manager

FAC, on the advice of the Investment Committee, shall recommend an Investment Portfolio Manager. The roles and responsibilities of the Portfolio Manager are set out below:

The Portfolio Manager is responsible for

- ensuring that the Fund is managed in accordance with the requirements of this Statement and with all applicable legal and regulatory requirements and constraints;
- advising the Committee of any elements of this Statement that could prevent attainment of the Fund's objectives;
- explaining the risks, potential rewards and other characteristics of any proposed new class(es) of investments, and how they may assist in achieving the Fund's objectives; and
- reporting to and meeting with the Committee as set out in Section 2.5 of this Statement.

The Portfolio Manager's role is to manage the assets of the Fund, directly and/or through the use of portfolio sub-managers with expertise in specific asset classes appointed by the Portfolio Manager, to achieve the Fund's investment objectives.

A Portfolio Manager must adhere to The UN's Principles for Responsible Investing as noted in 2.1.2 of this policy.

1.6 Custodian

Where a separate Custodian is employed, the Custodian is responsible for

- holding the assets of the Fund in accordance with applicable legislation, and
- providing a monthly consolidated report of the assets of the Fund to the Committee.

1.7 Conflict of Interest

Committee members of FAC or Investment Committee, must disclose any actual or perceived conflict of interest to Synod Council. A conflict of interest is deemed to exist when a committee member has an interest of sufficient substance and proximity to his/her duties and powers with respect to the Fund to impair or potentially impair his/her ability to render unbiased advice or to make unbiased decisions affecting the Fund.

The Portfolio Manager shall fully disclose to the Committee information on any actual or potential conflicts of interest.

Part Two - Investment Objectives

2.1 Fund Objectives

2.1.1 Investment Objective

The overall investment objectives of the Fund are to:

- preserve capital, as adjusted for Canadian C.P.I. inflation
- maintain liquidity
- generate a rate of return sufficient to cover the anticipated disbursements of the Fund.

2.1.2 Corporate Social Responsibility

The Investment Committee has adopted the United Nation's Principles for Responsible Investing. The UN Principles are a voluntary set of global best practices that aim to provide a framework for integrating ESG (Environmental, Social and Corporate Governance) issues into financial analysis, investment decision making and ownership practices.

2.2 Performance Objectives

The Portfolio Manager and sub-managers are expected to add value to the Fund by achieving investment performance on a rolling five-year period that meets or exceeds the relevant industry standard indices.

2.3 Asset Mix, Ranges and Benchmark Indices

Target Allocation:	Target Asset Mix
Canadian Equity Fund	25-35%
U.S. Equity Fund	10-20%
Overseas Equity Fund	10-20%
Global Fund	0-10%
Fixed Income Fund	30-40%

The Actual Allocation within these ranges shall be determined from time to time by FAC with advice from IC.

While there is no cash allocation per se, it is understood that at any point in time a sub-manager or the Diocese of Niagara may have some portion of its portfolio in cash or cash-equivalent. The Portfolio Manager will monitor asset mix on a monthly basis and, should the mix be more than plus or minus 2% points different from the Actual Allocation then the manager will rebalance it to the Actual Allocation, as close as reasonably possible.

2.4 Risk Guidelines

The assets of the Fund will be invested at all times in a prudently diversified manner.

2.5 Reporting and Monitoring

2.5.1 Investment Reports

Each month the Portfolio Manager will provide to the Investment Committee, within seven business days after the end of the month, an Account Summary for the fund in total and a monthly transaction summary comparing the book value to the market value.

Each quarter the Manager will provide to the Investment Committee, within thirty business days from the last day of the quarter, a written report containing the following information:

- Fund holdings at the end of the quarter;
- Fund transactions during the quarter;
- Rates of return for the Fund with comparisons with relevant indexes or benchmarks; and
- A compliance report stating that the assets of the Fund are invested in compliance with this Statement.

2.5.2 Monitoring

At least semi-annually, and more frequently if so required, the Portfolio Manager will meet with the Committee to present his/her report, which will address in particular

- the performance of the Fund and of each of the sub-managers;
- the investment outlook, investment strategies, and risks and rewards inherent therein; and relevant compliance matters.

2.5.3 Parish Communication

The Diocesan Administrator of Investments will issue monthly statements to all parishes which have invested with the Diocese. The reports will keep them up to date on the overall value of the parishes' particular fund(s) including the growth or loss and any transactions (withdrawals or deposits) processed during the month.

2.5.4 Standard Of Care

The Portfolio Manager will comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct promulgated by the CFA Institute, and will take reasonable steps to ensure that the sub-managers adhere to the same or equivalent standards.