

*La Fondation*  
*franco*   
*albertaine*

*Une francophonie albertaine autonome,  
dynamique et valorisée*

8627, rue Marie-Anne-Gaboury (91<sup>e</sup> Rue NO), bureau 140-H, C. P. 316, Edmonton (Alberta) T6C 3N1  
Téléphone : 780-490-7700 [www.fondationfa.ca](http://www.fondationfa.ca) [info@fondationfa.ca](mailto:info@fondationfa.ca)

## **Investment Policy**

**Adopted by the Board of Directors on  
January 25, 2016  
Updated April 29, 2023**

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## **1. General**

### **1.1 Purpose**

This Investment Policy applies to all assets held by the Fondation franco-albertaine the “Foundation”. The purpose of this policy is to outline the procedures and policies to effectively manage and monitor these investment assets. The assets shall be managed in accordance with all applicable laws and regulations.

It is recognized that from time to time the board’s view of risk, expectations and/or objectives may change. Therefore, this policy, upon approval of the board, may be amended as required over time.

Any portfolio manager or other agent who offers services to the Foundation in connection with the management of its funds shall accept and adhere to this policy.

### **1.2 Background**

The Foundation is a Canadian, Alberta-based community foundation. It was created by the Franco-Albertan community following a grant from the federal government and originally served primarily as the custodian of that grant. The Foundation is a registered charity and is exempt from income tax as provided under the Income Tax Act.

In 2005, the decision was made to change the Foundation from a *custodian of received funds* into a *community foundation* serving the Francophone community in Alberta, the main difference being that since that time, in order to increase its impact, the Foundation now seeks donations from the community to meet the needs of the community.

The Foundation’s tax year ends on June 30.

The Foundation is now an organization by and for the community which exists to develop philanthropy by offering everyone the opportunity to give back to the community on a permanent basis, no matter what their financial capacity may be. To this end, the Foundation receives, creates and manages endowment funds to be used for purposes specified by the donors or, otherwise, to meet the greatest possible number of needs arising within a community that is constantly seeking to maintain its well-being.

## **2. Responsibilities**

### **2.1 Board of Directors**

The Foundation’s Board of Directors holds the ultimate fiduciary responsibility and decision-making authority for the Foundation’s funds. The Board has the responsibility to govern the Foundation’s assets and may choose to appoint an Investment Committee. If no such committee exists, the tasks of this committee, as outlined in point 2.2 below, fall directly to the Board.

If an Investment Committee exists, the Board will:

- Appoint the members of the Committee.
- Receive the Investment Committee's recommendations with respect to the investment policy and approve or amend the policy as appropriate.
- Examine all of the Committee's recommendations and reports concerning the Foundation's funds and take whatever actions it deems appropriate.

**a. The Investment Committee**

The Investment Committee has been delegated the responsibility for the oversight of the investable funds of the Foundation. The Investment Committee has the responsibility to ensure that the invested funds of the Foundation are managed in a manner that is consistent with the policies and objectives outlined in this document.

The Investment Committee consists of a minimum of three and a maximum of five members. The members of the Investment Committee must be members of the Foundation's Board of Directors. The members of the Investment Committee are appointed by the Board for as long as their mandate on the board lasts.

The Investment Committee may delegate some of its responsibilities with respect to the investment of the Foundation's funds to agents or advisors, particularly if portfolio management or trustee services are retained.

The Investment Committee will play an active role in:

1. Maintaining an understanding of the legal and regulatory requirements and constraints applicable to the Foundation's funds.
2. Reviewing the investment policy on a regular basis and make appropriate recommendations to the Board.
3. Providing regular reports to the Board.
4. Providing recommendations to the Board concerning the selection, engagement or dismissal of the professional investment managers who oversee the Foundation's funds.
5. Formulating recommendations to the Board concerning the mandate of the portfolio managers.
6. Overseeing the Foundation's funds and the activities of the managers, including their compliance with their mandates, the performance of the assets managed by each portfolio manager and the general performance of the funds.
7. Ensuring that the portfolio managers are informed of changes to their mandates.

## **2.3 Portfolio managers**

The portfolio managers have the responsibility to:

1. Select securities within the asset classes assigned to them, subject to applicable legislation and the constraints set out in this policy.
2. Provide the Investment Committee with quarterly reports on the portfolio's current assets and a review of investment performance and future strategies.
3. Attend Investment Committee meetings at least twice a year or more frequently as needed, to review the Fund's performance and discuss proposed investment strategies.
4. Promptly inform the Investment Committee of any investment that falls outside the investment constraints established in this policy and of the actions that will be taken to remedy this situation.
5. Advise the Investment Committee of any aspect of this policy that could prevent the attainment of the Fund's objectives.
6. Vote proxies in the best interest of the Foundation.
7. Adhere to the code of ethics established by the CFA Institute.

## **3. Objectives of the Fund**

### **3.1 Investment objectives**

In order of importance, the general objectives of the Fund are to:

1. Focus the investment horizon on the long-term (over five years).
2. Preserve capital, in real terms.
3. Maximize the rate of return within acceptable risk levels.
4. Maintain liquidity to meet cashflow requirements.

## **4. Investment Guidelines**

The general investment criteria are outlined below. If pooled funds are used, the portfolio manager shall inform the Committee in writing before any change in policy of any of the pooled funds. At that time, the Committee will re-evaluate the investment in that fund and issue a recommendation to the Board.

### **4.1 List of permitted investments**

#### **(a) Short-term investments**

- Cash
- Demand or term deposits
- Short-term notes
- Treasury bills
- Bankers' acceptances
- Commercial paper
- Investment certificates issued by banks, insurance companies and trust companies

**(b) Fixed Income**

- Bonds
- Convertible or non-convertible debentures
- Mortgages or other asset-backed securities

**(c) Equities**

- Common and preferred stocks
- Rights and warrants
- American or Global Depositary Receipts (ADRs or GDRs)

**4.2 Derivatives**

Investments in derivative instruments may be used for hedging purposes to manage risk or to economically replicate a direct investment, but under no circumstances shall derivatives be used for speculative purposes or to create leverage.

**4.3 Pooled funds**

With the approval of the Committee, the portfolio manager may hold any portion of the portfolio in one or more pooled or commingled funds managed by the portfolio manager, provided that these funds are managed in accordance with constraints reasonably similar to those described in this mandate. The Committee acknowledges that complete adherence to this statement may not be possible; however, the portfolio manager is expected to advise the Committee if the pooled funds exhibit or may exhibit significant differences from this policy.

In such cases, the investment policy of the pooled fund(s) supersedes this policy regarding the constraints and guidelines outlined after agreement between the Investment Committee and the Portfolio Manager has been reached.

**5. Investment Constraints**

All allocations are based on market values.

**5.1 Cash and cash equivalents**

Credit rating of R1 or better by the Dominion Bond Rating Service (DBRS).

## **5.2 Fixed income**

- (a) Minimum allocation to Government of Canada bonds is 30% of the Fixed Income portfolio.
- (b) The Fixed Income portfolio will have a weighted average credit quality of A or higher.
- (c) Securities rated below investment grade will not be purchased.
- (d) Maximum allocation to Fixed Income instruments rated BBB is 30%.
- (e) Maximum holdings per issuer in the fixed-income portfolio:
  - 20% in asset-backed securities.
  - 20% in bonds denominated for payment in non-Canadian currency.
  - 10% in real return bonds.
  - 20% in mortgages or mortgage funds.
- (f) All credit ratings refer to the evaluation ratios issued by Dominion Bond Rating Service (DBRS), Standard & Poor's or Moody's. If a rating change causes a maximum to be surpassed or the investment to become non-compliant, the portfolio manager shall sell the security as soon as possible to return to compliance or obtain approval from the Investment Committee to continue to hold the security.

## **5.3 Equities**

- (a) No single equity shall represent more than 15% of the market value of the assets of a single pooled fund.
- (b) Each pooled fund portfolio shall hold a minimum of 30 stocks.
- (c) No more than 5% of the market value of a pooled fund may be invested in companies with a market capitalization of under \$100 million at the time of purchase.

## **6. Fund performance expectations**

The return target is a rate of return on assets that is at least 4% after inflation and management fees. This is to satisfy the objectives (see section 3.1) of preserving capital, protecting the real (net of inflation) purchasing power of the Foundation's assets, and allowing flexibility in the Foundation's spending policy.

## 6.1 Asset mix, ranges and benchmarks

Mawer Investment Management Ltd. has defined ranges for various asset classes as follows for their Balanced Pooled Fund as of May 2019:

Asset Class	Benchmark Index (CAD)	Benchmark Weight	Asset Mix Range
Cash & Cash Equivalents	FTSE TMX 91 Day T-Bill Index	5.0%	0 – 15%
Canadian Bonds	FTSE TMX Canada Universe Bond Index	35.0%	25 – 50%
<b>Total Fixed Income</b>		<b>40.0%</b>	<b>30 – 55%</b>
Canadian Large Cap Equity	S&P/TSX Composite Total Return Index	15.0%	10 – 35%
Canadian Small Cap Equity	S&P/TSX Small Cap Index	7.5%	0 – 10%
US Equity	S&P 500 Total Return Index	15.0%	10 – 35%
International Equity	MSCI ACWI World ex US (Net) Total Return Index	15.0%	10 – 35%
Global Small Cap Equity	MSCI ACWI Small Cap (Net) Total Return Index	7.5%	0 – 10%
<b>Total Equity</b>		<b>60.0%</b>	<b>45 – 70%</b>

## 7. Reporting and monitoring

### 7.1 Investment reports

Each quarter, the portfolio manager shall provide a written investment report containing the following information:

- Value of the portfolio at the end of the quarter.
- Portfolio transactions during the last quarter.
- Rate of return on the portfolio compared with comparable indexes.
- Real return – including an indication of the Consumer Price Index.



## **7.2 Monitoring**

At the discretion of the Investment Committee and as required, the portfolio manager shall meet with the Committee regarding:

- The rate of return achieved by the portfolio manager.
- The portfolio manager's future strategies and other points raised by the Investment Committee.
- The filing of compliance reports.

## **7.3 Review**

The Foundation intends to ensure that this policy continues to reflect the Foundation's needs as well as changing economic realities and investment conditions. Consequently, the investment policy shall be reviewed on a regular basis by the Investment Committee and at least every three years by the Foundation's Board of Directors.

## **8. Code of ethics**

The portfolio managers are expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute.

The portfolio managers shall manage the assets with the care, diligence and skill that an investment manager of ordinary prudence would use in relation to all clients. The portfolio managers shall also use all relevant knowledge and skills that they possess or should possess as prudent investment managers.

## **9. Conflict of Interest**

All trustees shall declare the details of any real or potential conflict of interest with respect to the Funds. This shall be done promptly in writing to the Chair of the Foundation's Board of Directors. The Chair shall table the subject at the next Board meeting. No trustee shall gain any personal benefit due to their fiduciary position with the Foundation. This excludes normal fees and expenses incurred in the exercise of their duties if documented and approved by the Board.

## 10. Proxy voting rights

- (a) Proxy voting rights with regard to the funds and securities are delegated to the portfolio manager.
- (b) The portfolio manager shall maintain written records indicating how the voting rights for Fund securities were exercised.
- (c) The portfolio manager shall exercise the acquired voting rights in the best interests of the Foundation's Funds. In case of doubt concerning the best interests of the Foundation's Funds, the portfolio manager shall request instructions from the Investment Committee and act in accordance with the instructions received.

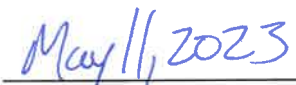
## 11. Approval of the policy

This policy has been adopted by the Foundation's Board of Directors on January 5, 2016, and has been updated April 29, 2023.

  
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Suzanne Corneau  
Chair of the Board of Directors

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Andrew Johnson, CFA  
Institutional Portfolio Manager

  
\_\_\_\_\_  
Date

## Annex

# Mawer Balanced Pool Fund Investment Policy Statement



# Mawer Balanced Pooled Fund Investment Policy Statement

## Investment Objectives

The investment objective of the Mawer Balanced Pooled Fund (the "Fund") is to achieve above-average long-term returns from income and capital gains by investing up to all of the assets of the Fund in other Mawer Funds, as well as by investing directly in equity and equity-related securities and fixed-income securities such as treasury bills, short-term notes, debentures, and bonds.

## Investment Strategies

Mawer Investment Management Ltd. (the "Portfolio Manager" or "we") will analyze the economy and markets with a view to determine which of the asset classes are more likely to offer attractive risk/return characteristics within a medium to long-term time frame.

We have determined that radical shifts in asset mix expose unitholders to increased risk. We believe that incremental shifts in asset mix are more desirable.

The Portfolio Manager's approach is strategic—limiting individual asset mix changes to no more than 5% of the portfolio at any one time.

## Performance Objective and Benchmark

The Fund's return objective is to provide attractive, long-term risk-adjusted returns over a full economic cycle. An appropriate benchmark to measure this strategy against would be the blended benchmark specified in the asset mix table below.

## Asset Mix & Benchmark

The Fund has defined ranges for various asset classes as follows:

Asset Class	Benchmark Index (\$ CAD)	Benchmark Weight	Fund Asset Mix Range
Cash & Cash Equivalents	FTSE Canada 91 Day T-Bill Index	5.0%	0 – 15%
Canadian Bonds	FTSE Canada Universe Bond Index	35.0%	25 – 50%
<b>Total Cash &amp; Bonds</b>		<b>40.0%</b>	<b>30 – 55%</b>
Canadian Large Cap Equity	S&P/TSX Composite Total Return Index	15.0%	10 – 35%
Canadian Small Cap Equity	S&P/TSX SmallCap Index	7.5%	0 – 10%
U.S. Equity	S&P 500 Total Return Index	15.0%	10 – 30%
International Equity	MSCI ACWI ex US (Net) Total Return Index	15.0%	10 – 30%
Global Small Cap Equity	MSCI ACWI Small Cap (Net) Total Return Index	7.5%	0 – 10%
<b>Total Equity</b>		<b>60.0%</b>	<b>45 – 70%</b>

The Fund is managed utilizing a fund-of-fund approach to gain exposure to the various asset classes, but may use individual securities if deemed beneficial to unitholders. Cash within the underlying Mawer Funds, if utilized, is taken into account when setting asset mix targets, which on occasion may result in Asset Class weights slightly outside the ranges indicated above.

### Permitted Securities

- Cash & Cash Equivalents which may include treasury bills, notes, and short-term instruments
- Fixed Income securities which may include bonds, debentures, mortgage-backed securities, and asset-backed securities
- Derivatives which may include interest rate & currency futures, forwards and swaps
- Mawer Mutual Funds
- Mawer Investment Management Pooled Funds
- Equity and equity-related securities

The Fund may also invest in or use derivative instruments for purposes consistent with the investment objectives of the Fund, provided it is done so in accordance with and subject to the Offering Memorandum of the Mawer Investment Management Pooled Funds.

### Investment Constraints

The Fund's investments in mutual funds and pooled funds are limited to those sold subject to a prospectus and an offering memorandum respectively. The Fund may invest up to all of its assets in other Funds Mawer manages in order to achieve the investment objectives and investment strategies of the Fund. The Funds utilized serve as model portfolios for the asset classes in which they provide participation and will comply with their respective Investment Policy Statements in addition to the below constraints.

#### Short-term Investments Constraints:

- Treasury bills or short-term investments may not exceed three years to maturity and may not be rated below investment grade as defined by a recognized credit rating agency.

#### Fixed Income Constraints:

- Duration constrained within 1 year of the benchmark
- Maximum 30% in bonds rated BBB
- Minimum 40% in government bonds
- Securities rated below investment grade will not be purchased
- A maximum 5% exposure to any single corporate bond issuer
- Maximum 10% in foreign securities
- Foreign currency exposure will be hedged back to Canadian Dollars

#### Equity Constraints

- For each of the equity Mawer Funds, the Fund may hold a maximum of 20% in a single industry as defined by the Global Industry Classification Standard.
- Each Mawer Fund may hold a maximum of 10% of the portfolio in a single stock.
- Small Cap exposure is restricted to a maximum of 20% of the Fund. Small Cap is defined as investments in either of the Canadian Small Cap Equity (New Canada Fund or securities we have defined as Canadian Small Cap) or Global Small Cap Equity (Global Small Cap Fund) asset classes.

## Legal Constraints

The Fund is an open-end investment fund established under the laws of Alberta as a trust. It is offered by way of private placement in reliance upon exemptions from the prospectus requirements of applicable securities law. Please refer to the Offering Memorandum for more information.

The Fund may invest in Mawer Mutual Funds which are required to comply with the standard investment restrictions and investment practices outlined in *National Instrument 81-102*. Please refer to the Mawer Mutual Funds Simplified Prospectus, Annual Information and Fund Facts for more information.

Investments of the Fund must comply with the requirements of the *Pension Benefits Standards Act, 1985 (Canada)*, the *Employment Pension Plans Act (Alberta)* and substantially similar pension standards legislation that may be in force in other Canadian jurisdictions from time to time.

## Statement of Responsibilities

The Portfolio Manager(s) shall adhere to the Code of Ethics and Standards of Professional Conduct of the CFA Institute.