

FINANCIAL AND OPERATIONAL POLICY

APPENDIX 3.1.2A

Policy Title: 3.1.2A Investment Framework

Section: 3.0 Operations

Last Approved: December 2023

INVESTMENT FRAMEWORK

Investment Objective

The objective is to generate a total portfolio return that will enable the Association to finance current and future obligations and to maintain appropriate stewardship of longer-term assets. The objective of the Investment Manager is to meet or exceed approved relative benchmarks over the long term within the risk constraints set forth.

Fund Profile

The Fund includes assets supporting the following four programs:

- General Association Fund
 - provides services to Boards and represents the Association on education initiatives;
- Employee Benefit Plan Fund
 - provides access to benefits to all non-teaching employees and to the Board of Education trustees of member boards;
- General Insurance Plan Fund
 - includes pools for property, sexual molestation, air quality, and general liability losses as well as unrestricted and/or restricted reserve funds; and
- Specific Claims Tax Loss Compensation Trust Fund
 - funds administered by the SSBA as per the School Division Specific Claims Agreement.

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Asset Mix & Performance Benchmark

Operating Fund

Asset Class	Min	Max	Benchmark ¹
Cash and Short Term Securities	5	50	FTSE Canada 60 Day T-Bill Index
Fixed Income	25	75	FTSE Canada Universe Bond Index
Total Equity	10	50	
Canadian Equities	5	25	S&P/TSX Composite Index
US Equities	5	15	S&P 500 Index (C\$)
International Equities ²	0	10	MSCI EAFE Index (C\$)

Employee Benefit Fund

Asset Class	Min	Max	Benchmark ¹
Cash and Short Term Securities	5	50	FTSE Canada 60 Day T-Bill Index
Fixed Income	25	75	FTSE Canada Universe Bond Index
Total Equity	10	50	
Canadian Equities	5	25	S&P/TSX Composite Index
US Equities	5	15	S&P 500 Index (C\$)
International Equities ²	0	10	MSCI EAFE Index (C\$)

Insurance Plan Fund

Asset Class	Min	Max	Benchmark ¹
Cash and Short Term Securities	5	50	FTSE Canada 60 Day T-Bill Index
Fixed Income	25	75	FTSE Canada Universe Bond Index
Total Equity	10	50	
Canadian Equities	5	25	S&P/TSX Composite Index
US Equities	5	15	S&P 500 Index (C\$)
International Equities ²	0	10	MSCI EAFE Index (C\$)

Specific Land Claims Fund

The Specific Land Claims Fund will be invested in safe, low-risk cash and short term securities as the funds are held by the Association on behalf of the Federal/Provincial government.

Asset Class	Min	Max	Benchmark ¹
Cash and Short Term Securities	100	100	FTSE Canada 60 Day T-Bill Index

¹ Benchmark references:

FTSE Canada* 60 Day T-Bill Index: <https://www.ftse.com/products/FTSETMX/Home/Indices>
 FTSE Canada* Universe Bond Index: <https://www.ftse.com/products/FTSETMX/Home/Indices>
 S&P/TSX Composite Index: <https://ca.spindices.com/indices/equity/sp-tsx-composite-index>
 S&P 500 Index (C\$): <https://ca.spindices.com/indices/equity/sp-500>
 MSCI EAFE Index (C\$): <https://www.msci.com/eafe>

² International Equities provides flexibility to the Investment Manager should the risk/reward requirements change. Prior permission from the Audit and Investment Committee is required.

Approved Investments:

Cash and Short Term Securities

The Manager will invest in cash and short-term securities deemed appropriate for this portfolio including but not limited to:

- Treasury Bills and other securities issued or guaranteed by the federal government, provinces or municipalities of Canada including their agencies and crown corporations.
- Banker's Acceptances and other bank and trust company obligations or deposits.
- Corporate and asset backed commercial paper with credit ratings of A or stronger.

Fixed Income Securities

The Manager will invest in fixed income securities deemed appropriate for this portfolio including but not limited to:

- Securities issued or guaranteed by the federal government, provinces or municipalities of Canada including their agencies and crown corporations.
- Corporate bonds with credit ratings of B or stronger. Aggregate exposure to B, BB and BBB rated bonds limited to a maximum of 10% or the market value of the portfolio.
- Mortgage and other Asset backed securities.
- Fixed Income securities with an effective term to maturity of less than 365 days will remain fixed income securities for asset mix purposes. Floating Rate Notes (FRNs) will also be considered fixed income securities, with the next reset date deemed to be the final maturity date.

Equity Securities

The Manager will invest in equity securities deemed appropriate for this portfolio including but not limited to:

- Common and Preferred Shares listed on a recognized stock exchange in Canada and/or the United States.

Other Securities

- Funds which invest primarily in the Approved Investments described above, including pooled and mutual funds, and exchange-traded funds/index participation units.

In the case of rapidly fluctuating markets, market forces may cause an asset class to move outside of its permitted range. In such cases the manager may use its discretion in adjusting back to with the established limits but in any case this must be completed by the following month end.

Prior Permission Required

Prior permission from the Audit and Investment Committee is required for investment in:

- International equities,
- Income trusts,
- Real estate investment trusts,
- Other investments currently not listed as Approved Investments but the Investment Manager considers appropriate for consideration by the Audit and Investment Committee, and
- an asset class outside of its permitted range that cannot be corrected by the following month end.

Prohibited Investments

The investment manager shall not:

- Invest in companies for the purpose of managing them;
- Purchase securities on margin or engage in short sales, or invest in derivatives or commodity markets;
- Invest in companies that disregard the responsible investing factors; or
- Make any investment not specifically permitted by this policy.

Qualitative & Quantitative Restrictions

Maximum exposure to preferred shares is 10% of the market value of the total portfolio.

- Maximum effective term to maturity for short-term securities will be 365 days.
- The use of derivative instruments for speculative or leverage purposes is not permitted.
- Maximum aggregate exposure to any single non-government issuer is limited to 10% of the market value of the portfolio.

Voting Rights

- The exercise of voting rights is delegated to the Investment Manager