

INVESTMENT POLICY STATEMENT

OF THE

ALMA MATER SOCIETY

OF QUEEN'S UNIVERSITY

Responsibility	Investments Committee Chair
Approved by	Board of Directors
Date initially approved	March 29, 2018
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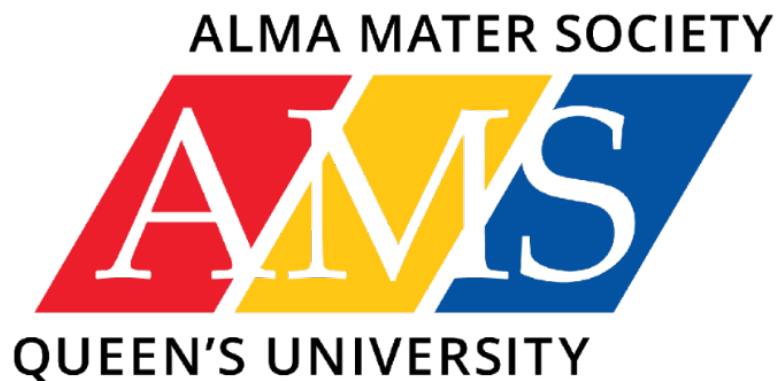


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Land Acknowledgement

We acknowledge that we are on the traditional lands of the Anishinaabe and Haudenosaunee peoples, known as Katarokwi, or colonially as “Kingston.” The Alma Mater Society at Queen’s University seeks to recognize the importance of these lands to the Indigenous peoples who have existed since time immemorial. The unjust acquisition of these lands occurred through the Crawford Purchase of 1783, a land treaty upheld by the First Peoples but later undermined by the British Crown and the “Canadian” government. This history of numerous broken promises and treaties continues to impact Indigenous communities today.

As settlers on this land, we acknowledge our continued benefit from systemic structures that marginalize Indigenous peoples. Recognizing systemic oppression, it is our duty to actively listen to and amplify Indigenous voices, addressing both past and ongoing injustices for meaningful, positive change. We are grateful to these lands for sustaining us and giving us the gift of life. This acknowledgment is a call to action, committing us to understand and respect the history and ongoing struggles of Indigenous peoples. We recognize that words alone are not enough; our actions must reflect our commitment to justice and reconciliation.

Purpose

The purpose of this IPS is to provide direction and an accountability structure in the execution and management of the Alma Mater Society of Queen’s Endowment Fund (Fund) investment portfolio. This IPS reflects the Alma Mater Societies commitment to ethical investment practices, transparency, and alignment with both the values of the cooperation and its stakeholders.

Scope

The Investment Policy Statement (IPS) is applicable to any investment manager that is investing on behalf of the AMS where the transaction is utilizing AMS funds or for generating a surplus that is to be the benefit of the AMS funds.

Terminology

“The AMS Investment Policy Statement”, hereby also referred to as “IPS”

“The AMS Investment Committee”, hereby also referred to as “the Committee”

“The Investment Committee Chair”, hereby also referred to as “Committee Chair”

“The AMS Chair of the Board of Directors”, hereby also referred to as “Board Chair”

“The AMS Board of Directors”, hereby also referred to as “the Board”

1. **Asset Allocation:** How investors divide their portfolios among different assets.

2. **Bonds:** A fixed-income investment product where investor lends money to a government or company at a specified interest rate for a predetermined period. The entity repays individuals with interest in addition to the original face value of the bond.
3. **Consumer Price Index (CPI):** It measures price change by comparing, through time, the cost of a fixed basket of goods and services.
4. **Code of Ethics and Standards and Professional Conduct:** A Code of Ethics governs decision-making, and a Code of Conduct govern actions; they both represent two common ways that companies self-regulate. The CFA Institute oversees the code and conduct, to foster integrity and professionalism within the investment industry.
5. **Dominion Bond Rating Service (DBRS):** Provides independent credit rating services for financial institutions, corporate and sovereign entities and structured finance products and instruments.
6. **Investor:** The organization that puts money into financial plans, property, etc. with the expectation of achieving a profit.
7. **Equity Securities:** Financial assets that represent ownership of a corporation
8. **Ethical Investment Screening Process:** A process that can be used to ensure investment portfolios reflect the ethical beliefs of end investors.
9. **Fixed Income:** Income from an investment that is set at a particular figure and does not vary or rise with the rate of inflation.
10. **Funds:** The sum of money made available for a specific purpose and is the total value of AMS investments.
11. **Global Industry Classification Standard (GICS) Energy Sector:** Comprises companies engaged in exploration, production, refining, marketing, equipment, services, storage and/or transportation of oil, gas, coal, or consumable fuels.
12. **Global Industry Classification Standard (GICS) Aerospace and Defense Industry:** Comprises companies engaged as manufacturers of civil or military aerospace and defense equipment, parts or products. Includes defense electronics and space equipment.
13. **Market Capitalization:** The value of a company that is traded on the stock market, calculated by multiplying the total number of shares by the present share price.
14. **Market Value:** The amount for which an investment product can be sold on a given market.
15. **Portfolio:** A range of investments held by an organization.
16. **Publicly Traded:** A company's stock that is bought and sold on a stock exchange, making it available for the public to invest in.
17. **Rates of Return:** The gain or loss of an investment over a certain period, often represented

as a percentage of the original investment value.

18. **Shareholder Interest:** The interest expressed on behalf of AMS shareholders through the Board of Directors to represent interests around profitability, ethical standards, or strategic priorities. This will be measured via market research, plebiscite questions, corporate members of the corporations or another way determined by the Investment committee chair
19. **Stocks:** A share in the ownership of a company. The owner of the share is titled the "Shareholder".
20. **Term Deposits:** A deposit in a financial institution with a specific period to maturity, commonly referred to as its "term".
21. **Treasury Bills:** Short-term debt obligations issued by a government, where the bill is sold at a discounted face value and mature at face value.
22. **Trustee Act of Ontario:** Outlines the powers, duties, and responsibilities of trustees in managing trusts.

Roles and Responsibilities

The Board of Directors

- ☯ The Board is ultimately responsible for investment of funds and overseeing the reporting of the Investment Committee through the Investment Committee Chair. The Board provides necessary direction and approval on recommendations for investments made by the Investment Committee.

The Investment Committee

- ☯ The Investment Committee is responsible for meeting to uphold the duties outlined in the Board of Directors Policy Manual this includes maintaining an understanding of the legal and regulatory requirements, constraints applicable, or major changes and keep the board apprised of these. They also review the draft copy of the IPS following its standard two-year review prior to going to board for approval. Further, the committee regularly monitors investment results reported by the committee chair, the general manager, and/or the controller; further analyzes the annual report provided by the Investment Manager. The committee is responsible to make recommendations to the board and brings any necessary information to board meetings that seek approval of official recommendations for the Investment Manager to ensure IPS compliance and/or address performance concerns. The committee is also responsible for monitoring reputational and stakeholder risks associated with investment holdings of the AMS and its ethical standards.

Chair of the Board of Directors

- ☯ The Chair of the Board supports the Investment Committee Chair and participates fully in the Investment Committee. They are also supporting the review process of the IPS biennially, attending all quarterly report meetings and the annual report meeting, as well ensure all matters of the committee that should be brought to board in accordance with the IPS are done in a timely manner. The Chair of the Board also assists the outgoing Investment Committee Chair with training for incoming Board Chair on the IPS and how to plan the investment quarterly reports timeline.

Investment Manager

- ☯ The investment manager is responsible for performing on behalf of the AMS all investment transactions across a variety of financial assets and also ensure that the assets are in compliance with the IPS in its entirety. The investment manager is also responsible for meeting quarterly with members of the Investment Committee, that also will include a introduction to the Investment Committee at the end of summer semester or beginning of the fall semester; as well the meeting includes the annual report presentation at the end of the winter semester.

Investment Committee Chair

- ☯ The Investment Committee Chair is responsible for the planning and coordinating of all Investment Committee meetings and it's items including the investment quarterly review, annual report, and investment manager introductions. They also are required to attend all quarterly report call with the Investment Manager, and analyze and report to the committee all documents sent by the Investment Manager including quarterly reports and the annual report; with developing any necessary recommendations or discussion items for the committee to develop a recommendation to be brought to the Board. The Investment Committee Chair is responsible for reporting and bringing all motions of the Investment Committee to the Board.

General Manager, Controller, and Vice-President of Operations

- ☯ The three positions are responsible to attend all quarterly report meetings and the annual report meeting, as well attend and participate in all Investment Committee meetings in full. The General Manager and Vice-President of Operations are responsible to work with the Investment Committee Chair on implementing any recommendations approved by the Board for the Investment Manager. The three positions shall work together in the early summer months (May-June) to determine the projected investment returns with guidance from the Investment Manager for use in the yearly budgeting process.

Part A: General

Section 1: Administration

1. The Investment Manager provides policy advice where appropriate and ensures that investments are managed consistent with the policies set out in this IPS and with all applicable legal requirements, including the Trustee Act (Ontario).
2. The Investment Committee is to initiate a formal review of the IPS a minimum of every two years, making any recommendations to the board in addressing changes to market conditions, shareholder interests, or legislation.

Section 2: Investment Manager

1. The Investment Manager is responsible for:
 - a. Ensuring that the investments are managed in accordance with the requirements of this IPS and with all applicable legal and regulatory requirements and constraints.
 - b. Guaranteeing all investments conform to the stated goal of the strict exclusion of investments in the Global Industry Classification Standard (GICS®) Energy Sector and Aerospace and Defence Industry Group.
 - i. This is classified as Sector 10 and Industry Group 201010 within the GICS®
 - c. Participating in the ethical investment screening process as requested by the Investment Committee.
2. The Investment Manager will make direct investments in stocks and bonds. Investments in structured products (except in bank sponsored short term deposit funds), derivatives (except in stripped coupons and residuals), mutual funds and exchange traded funds (ETFs) will not be permitted, in part to guarantee the exclusion of investments outlined in Part A section 2.1.b.
3. The Investment Manager is responsible for exercising the voting rights for the shares in their respective portfolios, using the best interests of the Fund as the sole voting criterion.
4. The Investment Manager is expected to meet reporting and monitoring standards including:
 - a. Communicate monthly statements and individual transaction reports with the Investment Committee Chair.
 - b. For each quarter and one for the end of fiscal year, the Investment Manager will provide a written report with the following information to the Investment Committee Chair and Chair of the Board of Directors:
 - i. Market value of the portfolio.
 - ii. Transaction summary during the quarter.
 - iii. Asset allocation.
 - iv. Rates of return comparisons with FTSE Universe Bond Index, MSCI, S&P/TSX Composite and the S&P500.
 - v. Summary detail of each corporate holding in the portfolio

- c. The Investment Manager will meet with a composition of at least two of the following but best practice to have all attend: The Investment Committee Chair, Chair of the Board of Directors, Vice-President of Operations, Controller, and General Manager at least four (4) times per fiscal year to present the quarterly and/or annual report. The Investment Manager will present in the report information consistent with Part A s.2.4.b. and information as required by the auditors.
- d. The Investment Manager will be introduced to the Investment Committee Members within the first two investment committees held within the fiscal year as coordinated by the Investment Committee Chair and Board Chair. This can also be covered included as a part of the quarterly meeting; as outlined in Part A s.2.4.c.

Conflicts of Interest

- 5. The Investment Manager must disclose any actual or perceived conflict of interest to the Investment Committee. A conflict of interest exists when a fiduciary has an interest of sufficient substance and proximity to their duties and powers with respect to the investment portfolio that it could impair or potentially affect the Investment Manager's ability to render unbiased advice or to make unbiased decisions affecting the investments.

Section 3: Objectives

- 1. The investment objectives are to:
 - a. Generate cash flow and grow the investment portfolio.
 - b. Preserving and protecting capital invested.
 - c. Ensuring all investments align with The Alma Mater Society's ethical standards.
- 2. The performance objectives are to preserve the purchasing power of the capital invested (that is, exceed the annual rate of the Consumer Price Index-CPI on a rolling five-year basis), while benefiting from the long-term returns expected of prudently managed investments.
- 3. The funds will be invested in a mix of publicly traded fixed income and equity securities.
- 4. The Investment Manager will adhere to the general objectives of the portfolio and manage the funds in such a way as to be able to respond, from time to time, to periodic cash requirements.

Section 4: Standard of Care

- 1. The Investment Manager will comply, at all times and in all respects, with the Code of Ethics and Standards and Professional Conduct promulgated by the CFA Institute.

2. Prudent Investor Standard of Care:
 - a. In accordance with the Trustee Act (Ontario), the standard of care that shall apply to the investments of the Fund shall be the care, skill, diligence and judgment that a prudent investor would exercise in making similar investments.
 - b. In accordance with the Trustee Act (Ontario), the Investment Manager shall consider the following criteria in making investments, in addition to other factors that may be relevant:
 - i. General economic conditions.
 - ii. Possible effect of inflation, deflation, or impact of tariffs imposed by domestic or non-domestic governments.
 - iii. The role that each investment or course of action plays within the overall investment portfolio.
 - iv. Expected total return from income and the appreciation of capital.
 - v. Need for liquidity, regularity of income and preservation or appreciation of capital.

Section 5: Board of Directors and Investment Committee

Board of Directors

1. The Board has ultimate authority over and responsibility for the investments of the Fund.
2. To assist it in the performance of the duties of the Board and to ensure that the Fund's investments meet the Fund's stated objectives, the Board of Directors Policy Manual requires:
 - a. To establish an Investment Committee to have oversight of the investments of the Fund. The Investment Committee shall always remain under the direction and control of the Board and shall report to the Board as required under section (c).
 - b. Will review all reports and recommendations sent or proposed by the Investment Committee, through the Investment Committee Chair; with respect to the investments and this policy to take any necessary or appropriate action.

Investment Committee

1. The composition, rules of order and specific duties of the Investment Committee are set out in Board of Directors Policy Manual section 6.7.
2. The Investment Committee shall have the following duties in addition to those set out in Board Policy for the Investment Committee:

- a. Maintain an understanding of the legal and regulatory requirements and constraints applicable to the investments and keep the Board fully apprised of these.
 - b. Perform a bi-annual review of the IPS as outlined in Part A s.1.2
 - c. Formulate specialized instructions and mandates for the Investment Manager which will derive from, reflect and be consistent with the provisions of this IPS.
 - d. To monitor reputational and stakeholder risks associated with holdings with respect to The Alma Mater Society's ethical standards.
 - e. Regularly monitor performance and compliance with this IPS and report on these matters to the Board.
3. The Investment Committee Chair is responsible for the administration, oversight, and reporting of the committee and its responsibilities. The Investment Committee Chair is also responsible to:
 - a. Reviewing and analysing the monthly statement, transaction statements, quarterly reports, and annual report as communicated by the Investment Manager.
 - b. Attending all quarterly and annual report meetings as available with the Investment Manager, Chair of the Board, General Manager, Controller, and Vice-President of Operations.
 - c. Coordinate the introduction of the Investment Manager to the whole Investment Committee to occur within the first two Investment Committee meetings of the fiscal year.
 - d. Plan, coordinate, and communicate a minimum of four (4) Investment Committee meetings to occur that follows the receipt of each quarter's report.

Part B: Financial Instruments

Section 1: Asset Mix

1. The target asset mix of total investments is:
 - a. Fixed Income: 40-80%
 - b. Equity: 20-60%
2. At any point in time the Investment Manager might strategically, or for the purposes of anticipated cash disbursements, designate some portion of the fixed income and/or the equity asset classes to cash or cash-equivalents.
3. The Investment Manager will monitor the asset mix monthly and, should the asset mix move materially outside the stipulated range, will take appropriate rebalancing action.

Section 2: Risk Guidelines

1. Derivatives will not be used as any risk reduction or return enhancement within the portfolio.
2. The maximum level of risk permitted will be defined in the subsequent sections "Fixed Income and Equities."

Section 3: Fixed Income

1. Guidelines for Fixed Income are as follows:
 - a. Bonds, both interest bearing and compound, with a investment grade "BBB (low)" rating or better.
 - i. Investment grade shall be based on DBRS (Dominion Bond Rating Service or equivalent) ratings.
 - ii. Canadian dollar denominated bonds issued by Canadian governments or corporations only.
 - iii. A downgrade below BBB (low) will require sale of the security within 180 days.
 - b. Treasury Bills issued by the Canadian Government or any of the Provinces and Territories.
 - c. Money market instruments issued by a Canadian Corporation.
 - i. Such instruments to be rated R-1 middle or better by DBRS (or equivalent) and have an initial maturity of less than two years.
 - ii. A downgrade below R-1 will require sale of the security within 30 days.
 - d. Term Deposits or similar instruments issued by or unconditionally guaranteed by a major Canadian Bank, Trust Company or Credit Union.
 - e. Cash deposited with a Canadian bank owned investment dealer.
 - f. Preferred shares rated P2(low) or higher, as rated by DBRS (or equivalent).
 - i. A downgrade below P2(low) will require sale of the security within 180 days.
 - g. Cash on deposit, or equivalent, with a Canadian Chartered Bank.
2. Limitations for Fixed Income are as follows:
 - a. No one issuer shall exceed 10% of the overall portfolio, unless the issuer is a Canadian bank, municipality, province or the Government of Canada, in which case the maximum is 20%.

Section 4: Equities

1. Guidelines for Equities are as follows:
 - a. Investments will be well diversified across industry sectors.
 - b. No singular equity holding will represent more than 10% of the value of the asset class.

- c. Not more than 15% of the asset class will be invested in companies with a market capitalization of less than \$250 million at the time of purchase.
- d. No short sales, private placements, or transactions on margin will be executed in the portfolio. Warrants and/or installment receipts, however, may be purchased.

Contact person	<i>Investment Committee Chair</i>
Date of next review	<i>2027-2028</i>
Related policies, procedures and guidelines	<i>Board of Directors Policy Manual Corporate By-Laws Articles of Incorporation</i>
Policies superseded by this policy	