

Investment Policy

Policy

It is Council's policy that Nipissing First Nation investments will be managed and administered in a manner to preserve capital and generate sufficient income and growth to meet Nipissing First Nation's operational or strategic objects.

Purpose

The purpose of this policy is to provide a framework for management of Nipissing First Nation investments to achieve short and long term operational and strategic objectives within an acceptable level of risk.

Scope

This policy and procedure applies to Council, the Finance and Audit Committee, the Chief Executive Officer and the Chief Financial Officer.

Definitions

“Restricted Investments” are investments made with funds the source of which is either government transfers, self generating revenues, or other revenues with restrictions on use.

“Unrestricted Investments” are investments made with funds the source of which is not government transfers or self generating revenues.

“Portfolio rebalancing” refers to the realigning of the weightings of Nipissing First Nation's portfolio of assets and involves periodically buying or selling assets in the portfolio to maintain the original desired level of asset allocation.

Responsibilities

Council is responsible for:

- determining Nipissing First Nation's short and long term investment objectives;
- determining allowable uses of available funds;
- approving preliminary risk assessment of funds;
- selecting / de-selecting investment manager(s) and custodian(s);
- approving the creation of an investment account;
- approving funds to be invested; and
- approving the redemption of invested funds.

The Finance and Audit Committee is responsible for:

- providing Council with recommendations in relation to the funds to be invested;
- monitoring performance; and
- the redemption of invested funds.

The Chief Executive Officer is responsible for:

- monitoring the performance of all parties to whom duties have been delegated;
- reporting any significant changes to the investment portfolio to Council;
- liaising with the Finance and Audit Committee, Chief Financial Officer, and Investment Consultants as required; and
- providing the Finance and Audit Committee with recommendations in relation to preliminary risk assessment of funds, selection / de-selection of the investment manager(s) and custodian, funds to be invested, monitoring performance, rebalancing portfolios, and the redemption of invested funds.

The Chief Financial Officer is responsible for:

- analysis of proposals received from Investment Managers and Custodians;
- performing a preliminary risk assessment analysis against criteria to be met prior to investing decisions are made by Council;
- overseeing rebalancing of the investment portfolios asset mix according to Council instructions;
- executing transfers of funds to / from the investment account(s) according to Council instructions;
- preparing an accounting for additions, withdrawals and balances in the investment account;
- maintaining a record of the amount of, and market value of, the asset classes and units held within the investment portfolio; and
- preparation of a quarterly investment monitoring report including investment performance and a summary of professional advisory fees attributed to the management of the portfolio;
- recommending transfers, rebalancing, monitoring actions, Investment Manager changes, and any other recommendations relevant to the successful management of the investments.

Procedures

Selection of Investment Manager(s) and Custodian

Council will select the Investment Manager(s) and Custodian. The Chief Financial Officer may review and analyze the proposals, or Council may engage an independent consultant to facilitate the selection process of Investment Manager(s) and Custodian.

Investment Manager(s) proposals will be analyzed using a number of criteria including:

- experience, qualifications, investment management style, costs, past performance, volatility of returns, and any other criteria identified by Council.
- Custodian proposals will be analyzed based on experience, security, service and fees.

A Custodian agreement and Investment Management agreement(s) will be entered into by Nipissing First Nation. Agreements must be consistent with this policy and procedure, and must facilitate execution of the short and long term investment strategies. The agreements must be entered into before any funds are transferred into the investment account(s).

Risk assessment to be performed and the investment criteria (as set out below as permitted investment) are to be met with respect to risk before investing.

Termination of Investment Manager(s)

Council may terminate an Investment Management agreement for:

- performance results;
- changes in Nipissing First Nation or its investment strategy which would no longer require the services of an Investment Manager;
- changes in Investment Manager personnel, firm or ownership structure, investment philosophy, style or approach which might adversely affect the potential return and / or risk level; and
- failure to adhere to this policy and procedure.

Designation and transfers of investment funds

The Chief Financial Officer will notify Council in writing when there is Nipissing First Nation funds available for transfer to the investment account(s). The written notification must identify the source(s) of the available funds (i.e. government transfer, self generating revenues, or unrestricted) and whether they are to be invested according to the short-term or long-term strategy.

Council must approve the transfer of funds to and from the investment account(s) and authorize the creation of a new investment account if required.

The Chief Financial Officer will transfer the approved funds into the designated investment account(s) and communicate to the Custodian and Investment Manager whether the funds are restricted or unrestricted, and whether they are to be invested over the short term or long term.

The Chief Financial Officer will communicate and oversee approved requests to redeem investments and transfer the proceeds to Nipissing First Nation.

Investment Criteria - Permitted Investments

Restricted funds may only be invested in:

- securities issued or guaranteed by Canada or a province;
- securities of a local, municipal, or regional government in Canada;
- investments guaranteed by a bank, trust company or credit union;
- deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union; or
- securities issued by the First Nations Finance Authority.

Unrestricted funds may be invested in:

- securities issued or guaranteed by Canada, a province or the United States of America;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by a financial institution including swaps in United States of America currency;
- securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada;
- commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;
- any class of investments permitted under an Act of any province relating to trustees;
- any other investments or class of investments prescribed by a regulation under the Act;
- a company that is incorporated under the laws of Canada or of a province or territory and in which Nipissing First Nation is a shareholder;
- a trust in which Nipissing First Nation is a beneficiary;
- a limited partnership in which Nipissing First Nation is a partner; and
- subject to Nipissing First Nation's Financial Administration Law, a member investment program as described in section 64 of the Law.

Monitoring of Investments

The Chief Financial Officer will reconcile the investment and custodian accounts to the general ledger and financial statements in a timely manner (either monthly or quarterly).

The Chief Financial Officer will recalculate the investment management and custodian fees charged to ensure they are consistent with the underlying contracts.

The Chief Financial Officer will prepare a quarterly monitoring report and provide that report to the Chief Executive Officer. The report will summarize:

- the performance of the investments under management to relevant benchmark(s);
- the weighting of the investment portfolio and comparison to the target portfolio asset allocation;
- any relevant media or news articles about the Investment Manager and / or Custodian;

- any ownership and / or staffing changes within the Investment Manager organization;
- any instances of non-compliance with the FSMA, Nipissing First Nation's Financial Administration Law, or this policy and procedure;
- recommendations in relation to rebalancing of the portfolio and / or de-selection of the Investment Manager, or any other recommendation(s).

The Chief Executive Officer will review the report, add his / her recommendation(s), and provide the report to the Finance and Audit Committee.

The Finance and Audit Committee will review the quarterly monitoring report, add their recommendation(s), and provide the report to Council.

The Council will review the quarterly monitoring report and accompanying recommendations and make any necessary decisions.

The Investment Manager will be required to attend a Council meeting and discuss investment performance, and changes in strategy, approach or personnel.

Re-balancing of the Investment Portfolio

The Chief Executive Officer and the Chief Financial Officer will transmit any rebalancing instructions to the Custodian and Investment Manager only if first approved by the Council.

Record Keeping

All agreements and investment decision records will be stored in Nipissing First Nation's financial records.