

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 input into the preliminary risk assessment and making recommendations to Council on steps to mitigate potential risks identified prior to investing;

- providing Council with recommendations for an investment strategy and appointment of investment manager(s);
- monitoring performance; and
- the redemption of invested funds not related to operational financial institution accounts and the rebalancing of funds.

The Chief Executive Officer is responsible for:

- 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

Determining an Investment Management Strategy

Council will establish an implement a document investment management strategy for First Nations fund that meet the requirements of the Financial Administration Law.

The investment management strategy will:

- include both short and long-term strategies

- will determine the allowable uses of available funds in accordance with the First Nation's Financial Administration Law
- identify criteria that must be met before an investing decision is made by Council
- require an annual review of investments to confirm if they meet the requirements of the First Nation's Financial Administration Law and are consistent with the approved investment management strategy
- the investment management strategy will also be reviewed on an annual basis.

Risk Assessments

New Investments

Prior to making any investment decisions, the Chief Financial Officer will lead the preparation of a preliminary risk assessment (including whether the activity will result in a material liability of Nipissing First Nation or expose Nipissing First Nation's financial assets, property or resources to significant risk).

The preliminary risk assessment should address all risks related to the investment and the resulting overall impacts of Nipissing First Nation.

For each risk, a detailed mitigation plan with assigned responsibility will be developed.

The complete preliminary risk assessment will be presented to the Chief Executive Officer for review and recommendation and then to the Finance and Audit Committee for review and recommendation to Council for approval of the investment. Council will ensure that any approved investments comply with Nipissing First Nation's Financial Administration Law and any applicable First Nation policies.

Existing Investments

The annual risk management plan will include identification of risks related to existing investments and detailed mitigation plan and assigned responsibility for each risk identified.

The Chief Financial Officer will be responsible for ongoing monitoring of risk assessments and risk mitigation plans related to investments.

Investment Account

If Nipissing First Nation establishes an investment account, Nipissing First Nation may invest funds in that account in:

- *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*
- *securities issued by the First Nations Finance Authority or by a local, municipal or regional government in Canada*
- *a limited partnership in which Nipissing First Nation is a partner*

- *a member investment program described in Loans, Guarantees and Indemnities section of this policy.*

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, management fees, 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).

Termination of Investment Manager(s)

Council may terminate an Investment Management agreement for:

- Failure to achieve performance goals and investment returns;
- 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.

Designation and transfers of investment funds

The Chief Financial Officer will notify Finance and Audit Committee 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;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by a financial institution;
- 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 investment statements.

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.

*Approved this 6th day of October, 2015;
Amended and approved by C&C this 4th day of October, 2016;
Amended and approved this 18th day of December, 2018;
Amended and approved this 21st day of December, 2021.*