INVESTMENT POLICY

PURPOSE OF THE INVESTMENT POLICY

This policy establishes CBV Institute's investment objectives and guidelines, and defines and assigns the responsibilities of all involved parties, with respect to funds held by CBV Institute for investment purposes.

The purpose of this Investment Policy is to provide CBV Institute with an investment strategy comprising reasonable assessments of risk and return that a prudent investor could adopt under comparable circumstances. This policy will help to ensure consistency, continuity and good governance in the management of the Institute's investments.

ROLES AND RESPONSIBILITIES

CBV Institute's Board of Directors, Audit and Finance Committee, Treasurer, President and CEO, and Investment Manager(s) have roles and responsibilities for the administration, management, and oversight of investments, as described below.

1. Fiduciaries of CBV Institute's investments will manage them in a responsible and prudent manner, exercising the care, skill, diligence, and judgement of a prudent investor.
2. The Board of Directors is responsible for:
    a. appointing the members of the Audit and Finance Committee on an annual basis.
    b. approving CBV Institute's acceptable risk levels with respect to investments.
    c. ensuring that an Investment Policy exists that is appropriate for the Institute's investment objectives (see the **Investment Objectives** section of this policy).
    d. approving changes to this Investment Policy.
    e. approving CBV Institute's Investment Manager (see point 6 below).

3. The Audit and Finance Committee is responsible for:

    a. monitoring portfolio exposures and returns on a quarterly basis to evaluate the effectiveness of the investment strategy.

    b. reviewing this Investment Policy and investment guidelines (see the **Investment Guidelines** section of this policy) at least annually, to ensure that the investment strategy as outlined in this Investment Policy continues to be suitable for CBV Institute's needs and responsive to changing economic and investment conditions, and proposing recommended changes to the Board of Directors for approval.

    c. providing oversight of investment management performance and compliance with the Investment Policy (including the performance of the Investment Manager as outlined in Point #6 below), and for reporting to the Board of Directors on such.

4. The Treasurer is responsible for:

    a. providing oversight that the Institute's investments are made and maintained in a manner that is in compliance with this policy, or as otherwise directed by the Board of Directors. Also see the **Transaction Guidelines** section of this policy.

5. The President & CEO is responsible for:

    a. ensuring that adequate safekeeping procedures are in effect for all investments.

    b. reporting to the Audit and Finance Committee on the status and operation of the investment portfolios on a periodic basis, approximately quarterly.

    c. reporting to the Audit and Finance Committee on cash flow activity on a periodic basis, approximately quarterly. This information will enable the committee to understand any anticipated significant change in expected investment income. This information is relevant when the Committee and Board are reviewing the expectations and outcomes of the Investment Manager performance.

    d. assessing the overall health of the portfolios by comparing the value of CBV Institute's investments against the disbursements plus inflation and fees, at least annually (when applicable)

    e. ensuring the sufficient liquidity of funds available to service the obligations of the Institute.

    f. initiating transactions for the Treasurer's approval. Also see the **Transaction Guidelines** section of this policy.

6. Investment/ brokerage accounts held by the Institute in a long-term portfolio (see the **Investment Objectives** section of this policy) shall be maintained by specified authorized brokers or investment managers ("Investment Managers") approved by the Board. A copy of the Investment Policy shall be given to the authorized Investment Manager. The Investment Manager is responsible for:
    a. preparing reports, which shall contain, as a minimum:
        i. Monthly
            - list of portfolio holdings and their cost vs. current market values
            - list of transactions for the month.
            - portfolio listing by security showing cost vs. market value
        ii. Quarterly
            - income for the quarter and annualized investment mix
            - quarterly and past 12-month total return calculations by investment class versus benchmarks
            - economic and market commentary with forecasts for the next 12-month or other relevant period
    b. formally meeting with the Audit and Finance Committee at least once per year to review the portfolio performance and discuss strategy for the ensuing period, and making at least one presentation per year to the Board of Directors.
    c. referring to the Audit and Finance Committee (via the President and CEO), on a timely basis, any contentious issue so that guidance may be sought from the Audit and Finance Committee.
    d. providing additional advice, services, or communication as defined by the Board of Directors, in a timely fashion.

INVESTMENT OBJECTIVES

The basic investment objectives are to ensure that funds will be invested in a prudent and effective manner and shall be sufficient to support cash flow requirements as they arise. The funds held by CBV Institute may be classified as either Short-Term Portfolio or Long-Term Portfolio.

Short-Term Portfolio

Funds in the Short-Term Portfolio for 12-18 months. As such, the primary investment objectives for the Short-Term Portfolio are:

1. to preserve capital
2. to maintain liquidity necessary to meet CBV Institute's nearer-term cash requirements for operating, strategic, and capital needs
3. to provide reasonable returns while limiting risks to reasonable and tolerable levels, as set by the Board of Directors and within the constraints of (1) and (2).

Investment guidelines with respect to the Short-Term Portfolio are outlined in the "Investment Guideline" section below.

Long-Term Portfolio

Funds in the Long-Term Portfolio are not anticipated to be accessed within 12-18 months. As such, the primary investment objectives for the Long-Term Portfolio are:

1. to preserve capital, in real terms
2. to maintain liquidity necessary to meet CBV Institute's longer-term cash requirements for strategic, capital needs, and other significant unanticipated needs
3. to provide reasonable returns while limiting risks to reasonable and tolerable levels, as set by the Board of Directors and within the constraints of (1) and (2).

Investment guidelines with respect to the Long-Term Portfolio are outlined in the "Investment Guideline" section below.

The value of the Short-Term and Long-Term Portfolios must be, at least, sufficient to:

- support at least six months of the Institute's forecasted operating expenditures in the event of an unexpected financial shortfall, and
- support expected or potential expenditures related to the Institute's Conduct and Disciplinary, Capital Assets and Database, and Transformation and Innovation Restricted Funds

INVESTMENT GUIDELINES

Except with the specific express authorization of the Board, the investment portfolio for these funds shall be restricted to investments noted below.

Short-Term Portfolio

Investments will be reasonably staggered as to their term to maturity.

Investment Class	Category Limit	Term to Maturity	Authorized Investments
Cash and cash equivalents	100%	18 month or less	Deposit receipts, deposit notes, certificates of deposit, bankers' acceptances, guaranteed investment certificates, commercial paper and other similar instruments issued or endorsed by any chartered bank to which the Bank Act (Canada) applies, Treasury Bills.

Long-Term Portfolio

The Long-Term Portfolio should be invested with reasonable diversification and thereby reduce risk associated with undue concentration. Specifically, except with the specific express authorization of the Board, for investments in government debt and financial institution debt, an investment in any specific issuer shall not comprise in excess of 15% of the market value of the total investment portfolio, and investments will be reasonably staggered as to their term to maturity.

Investments in the Long-Term Portfolio will be of an appropriate quality and nature for a not-for-profit organization. The assessment of appropriate quality and nature will be decided by the Investment Manager in consultation with the President & CEO, with the oversight of the Audit and Finance Committee.

Except with the specific express authorization of the Board, the investment portfolio for these funds shall be restricted to investment-grade investments as follows:

Investment Class	Category Limit	Term to Maturity	Authorized Investments
Cash and cash equivalents	Up to 100% of portfolio	18 months or less	• Deposit receipts, deposit notes, certificates of deposit, bankers' acceptances, guaranteed investment certificates, commercial paper and other similar instruments issued or endorsed by any chartered bank to which the Bank Act (Canada) applies, Treasury Bills.

Government debt	Up to 100% of portfolio	5 years or less	• Federal or provincial government bonds, bonds of provincially or federally owned utilities
Financial institutions	Up to 100% of portfolio	5 years or less	• Bankers' acceptance, guaranteed investment certificates, term deposit receipts, investment savings account, fixed income securities of authorized specified issuers • Authorized issuer institutions include TD Dominion Bank, Royal Bank of Canada, Canadian Imperial Bank of Commerce, Bank of Montreal, Bank of Nova Scotia, National Bank
Pooled funds	Up to 100% of portfolio	N/A	• Fixed income funds or balanced funds

TRANSACTION GUIDELINES

Unless otherwise directed by the Board of Directors under the provisions of the Institute's Bylaws:

- The Treasurer and the President & CEO shall agree on the making of all investment decisions.
- The President & CEO shall execute the trading instructions with respect to the agreed upon investment decisions.

Board of Directors
June 7, 2023