



PLAN INTERNATIONAL CANADA

FUNDS INVESTMENT POLICY

Policy Category	Finance
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Business Owner	Vice President, Finance
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Review Date	This policy shall be reviewed every 3 years

1. INVESTING CHARITABLE ASSETS

Charities in Ontario are subject to the provisions of the Trustee Act (Ontario) which sets the standard of care required of a trustee investing charitable assets as “the care, skill, diligence and judgement that a prudent investor would exercise in making investments.” The prudent investor standard does not favour or restrict any particular type of investment, but rather considers prudence in the investment of charitable assets in the context of the overall investment strategy. The Trustee Act (Ontario) prescribes seven mandatory criteria that must be considered in making investment decisions “in addition to any others that are relevant in the circumstances”. They are:

- i. general economic conditions.
- ii. the possible effect of inflation or deflation.
- iii. the expected tax consequences of investment decisions or strategies.
- iv. the role that each investment or course of action plays within the overall trust portfolio.
- v. the expected total return from income and appreciation of capital
- vi. needs for liquidity, regularity of income and preservation or appreciation of capital.
- vii. an asset’s special relationship or special value, if any, to the purposes of the charity or to one or more of the beneficiaries

2. PURPOSE & SCOPE

Plan International Canada (“PIC”) has available funds which are invested in market securities through a professional Investment Manager, and which remain available for use in charitable or administrative activities when needed. In addition, PIC has endowment funds which have been donated under various gift agreements and which are also invested by the Investment Manager. The Funds Investment Policy provides a set of Board approved written guidelines and investment objectives for the Investment Manager to adhere to in managing the investment portfolios.

Plan International Canada has established two different types of investment funds, collectively “the Funds”:

2.1. General Fund

The *General Fund* consists of monies which are available, but not immediately needed, for general use.

2.2. Endowment Funds

Plan International Canada has established two separated Endowment Funds – i) the *Endowment Fund*; which is intended to support a broad spectrum of community development, and ii) the *Endowment Fund for Girls*; which is intended to support girl-specific projects.

The Endowments Fund capital donations are anticipated to exist in perpetuity and income from the capital is to be used in accordance with the wishes and terms expressed in a written agreement with the donor.

3. RESPONSIBILITIES

3.1. Investment Manager

The Investment Manager will:

- review the appropriateness of the credit ratings of the investments and advise Management of Plan International Canada when there is a need to divest a downgraded investment.
- adhere to legal and regulatory requirements or any other legal constraints.
- comply with the directions determined by FAC that apply to the Funds.
- provide a regular report to the Management of Plan International Canada with additional reports on an ad hoc basis.

- provide a written investment report on a quarterly basis, including a summary and detailed listing of assets held in the investment portfolios and a listing of transactions that occurred in the portfolios (with deposits, withdrawals, receipt of interest and dividends, interest accrued, realization of capital gains and/or losses and fees paid) over the reporting period.
- act in accordance with the code of ethics and standards of professional conduct of the CFA Institute.

3.2. Management

The Management of Plan International Canada will, among other things:

- maintain an understanding of legal and regulatory requirements and constraints applicable to the Funds and advise the FAC of applicable changing circumstances.
- formulate recommendations to the FAC regarding the selection, engagement or dismissal of an Investment Manager.
- provide the Investment Manager with a copy of the Funds Investment Policy and any amendments thereto.
- determine the levels of liquidity and/or cash flow that will be required from the Funds and advise the Investment Manager of such requirements.
- monitor compliance with the Funds Investment Policy.
- monitor performance of the investments.
- review the Investment Manager's performance.
- provide quarterly summary reports to the FAC.

4. OBJECTIVES

4.1. Acceptable Risk and Asset Mix

The Investment Manager shall manage the Funds to support the dual objective of security of capital and return on investment, so as to:

- appreciate capital with due regard to preserving its purchasing power (i.e., maintain its value on an inflation-adjusted basis);
- maintain an appropriate degree of liquidity as determined from time to time by the Management of Plan International Canada.
- generate investment returns consistent with general market conditions and any expectations expressed by FAC.
- meet the cashflow requirements set by Plan International Canada.

4.2 Sustainable Investing Policy

As long-term investors, we believe that responsible corporate behaviour with respect to environmental, social and governance (ESG) factors can generally have a positive influence on long term financial performance, and that investment analysis should incorporate ESG factors, to the extent possible, in the analysis of risk and return. We therefore expect our investment managers to consider environmental, social and governance issues, as well as financial concerns, when selecting and monitoring our investments.

The following asset categories and ranges are eligible for inclusion in the portfolios:

Fund	General			Endowments		
	Min	Target	Max	Min	Target	Max
Cash/Cash Equivalents	0%	10%	20%	0%	10%	20%
Fixed Income	25%	45%	75%	25%	45%	75%
Equity	25%	45%	75%	25%	45%	75%

The following are types of securities that the investment portfolio may be invested in and may be issued by issuers located anywhere in the world, provided such investments or Countries are not blacklisted or under sanctions by the Government of Canada:

- Cash or money market securities issued by governments or corporations.
- Bonds, debentures, notes, high yield bonds or other debt obligations issued by governments, government agencies or corporations, including mortgage or asset-backed securities.
- Publicly traded equity securities, convertible debentures, or preferred shares.
- Pooled funds, mutual funds or exchange traded funds.
- Alternative investments, exempt market securities, hedge funds or private equity.
- Structured products, principal protected notes or principal at risk notes.
- Covered calls.
- Protective puts.

5. PERFORMANCE AND REVIEW

5.1. Benchmarking

In assessing the performance of the Funds, consideration will be given to comparable portfolios and performance benchmarks in the following ratios and using portfolio market value weightings at the measurement date.

Asset Class	Benchmark	General	Endowments
		Allocation	Allocation
Cash/Cash Equivalents	FTSE Canada 91 Day T-Bill Index	40%	-
Fixed Income	FTSE TMX Canada Universe Bond Index	50%	60%
Equity	50% S&P/TSX Composite TR Index & 50% S&P 500 TR Index	10%	40%

A further objective benchmark is comparison to a return above the 5-year risk free rate for the general fund of 1-2%; and for the endowments funds of 3-4%.

5.2. Review

At least once each year, a representative or representatives of the Investment Manager will meet with FAC and/or the Management of Plan International Canada. The Investment Manager shall review or comment on:

- the Fund's compliance with this policy.
- the Fund's performance.
- the investment strategy employed.
- existing or anticipated economic and investment market conditions; and
- it is expected that continuous or periodic contact between the Investment Manager and the Management of Plan International Canada will take place as required. The Investment Manager will report promptly to the Management of Plan International Canada any significant changes in investment strategy or other circumstances that may arise.