

The Primate's World Relief and Development Fund

INVESTMENT POLICY

1 PURPOSE

Management of PWRDF's funds in accordance with the Objects of the Corporation and with the following objectives:

- To ensure the Investment Portfolios are managed effectively, prudently and in material compliance with all applicable legal requirements;
- To preserve the capital value of the funds, in such a way that the purchasing power of these funds will be maintained;
- To achieve the maximum total return while taking acceptable levels of risk consistent with prudent investments; and
- To provide the appropriate cash flow of income in order to meet long term requirements of PWRDF.

2 APPLICATION

This policy applies to the board of directors of PWRDF and all other parties involved in management of all PWRDF's investments. The management of investments received as a conditional gift or bequest may be exempted from the investment constraints set out in this policy.

PWRDF's investment portfolio may consist of unrestricted funds, which support the general objectives of the PWRDF, and restricted funds, which are primarily gifts or bequests for specific purposes.

3 RESPONSIBILITY

The Finance Committee (Committee) will supervise the management of invested funds in accordance with this policy or as instructed by the Board of Directors.

The Investments Portfolios shall be managed by one or more investment managers (Investment Manager) appointed by the Board of Directors.

A Custodian shall not be required to the extent the PWRDF is invested solely in units of pooled funds.

4 VALUES & ETHICS

PWRDF was incorporated to establish and maintain funds by which Canadian Anglicans and others may respond to the Gospel call to be agents of change for a just, healthy and peaceful world, through community development, humanitarian relief and public witness to affect positive social change by influencing government and public policy. These actions for change are founded on Christian theological reflection and faith-based analysis in the Anglican tradition and experience.

The funds will be invested in ways that are in harmony with the purpose, values, mission and vision of PWRDF.

5 PERFORMANCE GOALS AND RISK EXPOSURE

- 5.1 The performance goal for the Investments Portfolios is to generate a rate of return of 2% higher than the consumer price index of Canada over the long term, net of fees and expenses.
- 5.2 The Investment Portfolios shall be invested and managed such that it will normally exceed the total return, net of fees, of a passive benchmark portfolio composed of:
 - Fixed Income
 - Canadian Equities
 - Foreign Equities

6 LIQUIDITY

Invested funds shall be sufficiently liquid to meet the foreseeable cash requirements of the PWRDF, as determined by the Treasurer.

7 INVESTMENT CONSTRAINTS

7.1 GENERAL

- 7.1.1 The PWRDF’s investment strategy shall follow the standards and procedures that a reasonable and prudent person in similar circumstances would apply to avoid undue risk of loss and to obtain a return in accordance with the performance objectives of the policy.
- 7.1.2 The assets of the Investments Portfolios shall be invested in a combination of individual securities as well as the pooled funds of the Investment Manager and may include mutual funds or Exchange Traded Funds (ETFs) based on recommendations of the Investment Manager.

7.1.3 Short-term Securities

Short-term securities investments of the Investment Portfolios shall be maintained with the following quality standards:

Debt Rating (DBRS* or equivalent)	Maximum % of Short-Term Securities
Lower than R-2	0%
R-2 (Adequate Credit Quality)	10%
R-1 (Prime Credit Quality)	no limit
(*Dominion Bond Rating Service)	

7.1.4 Bonds

Bond investments of the Investment Portfolios shall be maintained with the following quality standards;

Debt Rating (DBRS or equivalent)	Maximum % of Bond investments
Lower than BBB	0%
BBB (Adequate Credit Quality)	15%
A (Satisfactory Credit Quality)	50%
AA higher (Superior or Highest)	no limit

7.1.5 Canadian Equities

Canadian equity investments of the Investment Portfolios shall meet the following requirements:

- At least 95% of the Canadian equity investments shall be listed on the Toronto or Montreal Stock Exchanges; and
- Not more than 5% of the Canadian equity investments shall be invested in the securities of any one issuer.

7.1.6 Foreign Equities

Foreign equity investments of the Investment Portfolios shall meet the following requirements:

- At least 95% of the Foreign equity investments shall be listed on a recognized U.S. Stock Exchange; and
- Not more than 5% of the Foreign equity investments shall be invested in the securities of any one issuer.

7.1.7 Variations

In the event of a down-grading of fixed income security, the above constraints shall not dictate sale but shall preclude additional purchases of the same fixed income security.

7.1.8 Pooled Funds

Where investments are held in a mutual or pooled fund, the Investment Manager shall not be expected to comply with the constraints described in this section, but shall disclose in writing to the Committee of Management, on at least an annual basis, any variations from the above investment quality and diversification requirements.

7.2 CATEGORIES OF INVESTMENT

7.2.1 Funds of the PWRDF shall normally be invested in individual securities as well as units of institutional pooled funds or shares of institutional investment vehicles.

7.2.2 The underlying investments of the Investment Portfolios in the pooled funds and investment vehicles shall, to the greatest extent possible, be transparent to the Committee.

7.2.3 The following investments are permissible subject to the approval of the Committee:

- publicly traded common and preferred equity listed on a major stock exchanges;
- rights, warrants and securities convertible into eligible common shares;
- bonds, debentures, notes and other debt instruments of Canadian federal, provincial and U.S. governments, government agencies or corporations (investment grade);

- d. federal or provincial treasury bills, bankers' acceptances and commercial paper of Canadian issuers;
- e. investment in pooled funds, which may invest in any or all of the above instruments or assets; and,

7.2.4 Until further decision by the Committee, this investment portfolio may not be invested in commodities, futures, forward contracts, swaps or options except to the extent described above.

7.2.5 The use of leverage within a fund or vehicle and the use of derivatives for whatever purpose, including hedging specified exposures, shall be disclosed to and clearly understood by the Committee prior to making the investment.

7.3 ASSET MIX

7.3.1 The Investments Portfolios shall be invested, directly or indirectly, in the most broadly diversified range of assets possible, consistent with the size of the portfolio and the economies of management fees.

7.3.2 The Investments Portfolios asset mix shall be rebalanced from time to time as considered desirable in the judgment of the Investment Manager.

7.3.3 The target asset mix is that which has been established and approved by the Board of Directors (Target Asset Mix) to reflect a diversified mix of investments of various types that has a high possibility of achieving the goals of the Investments Portfolios over the long-term, within acceptable levels of risk to PWRDF.

7.3.4 The Investment Manager shall select a portfolio of assets that conforms to the asset mix guidelines set out in the following table of asset classes.

Investments Portfolios Asset Mix Guidelines:

	Minimum percentage of total portfolio	Maximum percentage of total portfolio
Fixed Income	10%	70%
Canadian Equities	10%	70%
U.S. Equities	0%	20%
International Equities	0%	15%
Short Term & Cash	0%	15%

8 ADMINISTRATION

8.1 The Committee shall:

- (1) provide an annual written report to the Board of Directors which includes a detailed report on the fund's financial results;

- (2) recommend to the Board of Directors the appointment or termination of one or more Investment Manager;
- (3) receive regular reports from the Investment Manager via the Treasurer for the purpose of assessing the activities and performance of the Investment Manager
- (4) review and adjust the asset mix guidelines, the return expectations, risk tolerances and time horizons;
- (5) engage custodial, performance measurement and other relevant services as deemed advisable ;
- (6) receive reports from and advise the Treasurer on the management of funds held in cash outside the mandate of the Investment Manager;
- (7) report to the Board of Directors on a regular basis on the composition of the investment portfolio, on the use of leverage by individual investment managers and on the performance of the portfolio; and
- (8) review and evaluate the Investment Manager at least annually, including an evaluation of a Declaration of Compliance from the Investment Manager.

8.2 The Investment Manager shall:

- (1) provide monthly statements of transactions and holdings of the PWRDF's Investments Portfolios;
- (2) meet with the Committee at least annually to discuss the investment performance of the Investments Portfolios and provide a review of the mix relative to the organization's investment policy;
- (3) recommend a proposed asset mix for the Investments Portfolios, subject to the constraints imposed by the Statement of Investment Policy. The proposed asset mix will be reviewed with the Committee as part of the regular reviews of investment strategy performance results;
- (4) notify the Committee, in writing, of any significant changes in investment philosophies and policies, personnel, or organization and procedures.

9 VALUATION OF INVESTMENTS

Investment in pooled funds shall be valued according to unit market values published by each Investment Manager. Other investments shall be valued at market value if available (mark-to-market) or if not, at the closest available alternative to market value.

10 PORTFOLIO MANAGER CONFLICTS OF INTEREST

- 10.1 If any agent of or advisor to the PWRDF knowingly has or acquires any pecuniary interest, direct or indirect, in any matter in which the PWRDF is concerned and may benefit personally from any decision of the PWRDF with respect to its investments, that agent or advisor shall as soon as practicable disclose this conflict of interest to the Executive Director of the PWRDF. The Executive Director shall then immediately advise all members of the Committee in writing and the

Committee shall meet to decide upon a course of action. Any such agent or advisor shall thereafter abstain from any decision-making with respect to the area of conflict, unless otherwise determined by unanimous decision of the Committee.

- 10.2 The Committee shall satisfy itself that an appropriate policy regarding conflicts of interest exists and is followed by any Investment Manager dealing with PWRDF funds. As a minimum, the Code of Ethics and Standards of Professional Conduct adopted by the Institute of Chartered Financial Analysts shall apply.
- 10.3 Every disclosure of interest under this Section shall be recorded in the minutes of the relevant Committee meeting.
- 10.4 The failure of a person to comply with the procedures described in this Section shall not of itself invalidate any decision, contract or other matter.

11 VOTING RIGHTS

To the extent the PWRDF is invested in units of pooled institutional funds or shares of institutional investment vehicles, it is recognized that voting rights are effectively exercised by the Investment Managers.

12 REVIEW

The Committee shall regularly review this policy and recommend amendments to the board of directors as appropriate.

13 AMENDMENT

This policy may be amended by the Board of Directors of PWRDF.

Approval Date: May 3, 2013

Last Revision Date: