

Investment Standards

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Objectives

The objective of these standards are to establish requirements for permitted investments that support the institute’s fundamental investing objectives of preserving capital and ensuring liquidity.

Who These Standards Apply To

These standards apply to all employees and contractors who make and manage BCIT’s investments.

Standards

1 General Requirements

- 1.1 All investments must comply with government requirements including the *Trustee Act* and the Public Sector Accounting Standards.
- 1.2 The minimum acceptable credit rating on any security is BBB (low) or R1 (low) by DBRS, or equivalent by S&P or Moody’s.
- 1.3 The maximum acceptable exposure to corporate bonds is 60%.
- 1.4 The maximum exposure to any single non-government issuer is limited to 10% of the market value of the portfolio.
- 1.5 Derivative instruments may not be used for speculative or leverage purposes, but may be used for hedging purposes.
- 1.6 General Investment Guidelines are as follows:

Asset Class	Min	Target	Max*	Benchmark
Cash and Cash Equivalents	0%	50%	60%	DEX 91 Day T-Bill Index
Fixed Income	15%	35%	55%	DEX Short Bond Index
Canadian Equity	0%	5%	20%	S&P/TSX Composite Index
U.S. Equity	0%	5%	10%	S&P500 (CAD)

International Equity	0%	5%	10%	MSCI EAFE (CAD)
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**Total equity shall not exceed 20%*

BCIT's portfolio will be diversified both by asset class and within asset classes. Within each asset class, securities will be diversified among economic sector, industry, quality, and size.

2 Cash and Short-Term Securities Requirements

2.1 Cash and short-term securities are limited to:

- a. Treasury Bills and other securities issued or guaranteed by the federal government, provinces, or municipalities of Canada including their agencies and crown corporations;
- b. Banker's Acceptances and other bank and trust company obligations or deposits;
- c. corporate and asset-backed commercial paper;
- d. fixed-income investments with an effective term to maturity of less than 365 days; and
- e. the Central Deposit Program, maintained by the Ministry of Finance, Government of British Columbia.

3 Long-Term Securities Requirements

3.1 The maximum effective term to maturity for any long-term security is 5.5 years.

3.2 Fixed-income securities are limited to:

- a. securities issued or guaranteed by the federal government, provinces, or municipalities of Canada including their agencies and crown corporations;
- b. Canadian corporate bonds;
- c. mortgage and other asset-backed securities; and
- d. investment grade foreign-issued Canadian pay securities.

3.3 Equity securities are limited to:

- a. common and preferred shares listed on a recognized stock exchange;
- b. rights, subscription receipts, warrants, and IPOs to be listed on a recognized stock exchange; and
- c. income trusts.

3.4 Funds are limited to those that invest primarily in the approved investments described above, including pooled and mutual funds, which include exchange-traded funds/index participation units.

Forms Associated With These Standards

None.

Amendment History

	<u>Approval Date</u>	<u>Status</u>
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Scheduled Review Date

2024 June 01