



Foundation Investment Management

Policy No.:	3020
Category:	BCIT Foundation
Approving Body:	BCIT Foundation Investment Committee
Executive Division:	
Department Responsible:	BCIT Foundation
Current Approved Date:	2009 Dec 04

Policy Statement

Funds are managed in accordance with the objectives and guidelines established in this policy and limited to the investments authorized by the Foundation Board of Directors.

Purpose of Policy

The purposes of this policy are:

- To establish guidelines for the prudent management of the British Columbia Institute of Technology Foundation (the Foundation) investment funds (the Funds)
- To optimize, through such management, long-term returns at an appropriate level of risk for the overall portfolio
- To communicate the requirements of the Fund (includes any and all investment funds under administration)

Application of this Policy

This policy applies to:
The Board of Directors of the BCIT Foundation
BCIT employees

Related Documents and Legislation

Policy 3021, Foundation Endowment Management

Objectives

Investment Objectives

- Capital Preservation – to protect endowment principal in nominal terms (today’s dollars) by generating sufficient income to maintain capital after inflation.
- Liquidity – to ensure that the portfolio generates adequate cash flow and is liquid enough to fund all disbursement obligations and commitments.
- Growth Expectations – long term growth objective with moderate amount of volatility to maximize investment earnings and preserve purchasing power.
- Excess Earnings – any earnings (realized capital gains and investment income) in excess of near term expenditures and future needs will be added to a “Stabilization Fund.” The purpose of this fund will be to cover interest disbursement shortfalls when the Endowment Interest disbursement rate is higher than the rate actually earned on the portfolio.

Expenditure Objectives

- To commit to the disbursement of the Fund's earnings to the extent of the disbursement rate established by the BCIT Board of Governors.
- To ensure that endowment capital growth will provide for cash flow growth and meet rising expenditure levels over the long term.

Return Objective

- The expected rate of return on the Fund will recognize the nature of the Fund's requirements, time horizon, and risk tolerance. The nature of the Fund's requirements may change over time, and accordingly the Fund's objectives will be reviewed from time to time in view of the Fund's level of assets, risk tolerance, and purpose.

Guidelines

Investment Guidelines

- The Fund may be invested at the discretion of the Fund Managers in any prudent securities including shares, bonds, debentures, pooled funds, and other securities.
- The asset allocation of the funds portfolio is established by the Foundation Board of Directors or board-appointed committee. The funds should have a long-term horizon, since the assumption is that the Fund will continue in perpetuity.
- The Funds may acquire and hold assets directly (i.e. segregated holdings) or indirectly through participation in pooled investment portfolios (similar to mutual funds).

Management Fees

- No internal BCIT management fee will be charged to the Funds under administration for the deposit, recording, or allocation of earnings or disbursement of same or for the periodic financial reporting to donors.
- Direct costs incurred externally for external management fees and securities-related costs will be deducted from endowment income before allocation. Where the external direct costs relate to a specific fund or an identified group of funds, the charge will be allocated to that fund alone or pro-rata among the group of funds.

Conflicts of Interest

- A conflict of interest, whether actual or perceived, is defined for the purposes of this Policy as any event in which the Fund, the Directors, an employee of the Foundation, any Manager or delegate, the custodian, or any person directly related to any of the foregoing, may benefit materially from knowledge of, participation in, or by virtue of, an investment decision or holding of the Fund.
- Should a conflict of interest arise, the person in the actual or perceived conflict, or any person who becomes aware of a conflict of interest situation, shall immediately disclose the conflict, in writing, to the Chair. The Chair can rule directly on the conflict and render a decision, or at his/her discretion, may assign a committee to review potential conflicts. Final decision will rest with the Chair.
- Any such party will thereafter abstain from decision-making with respect to the area of conflict, and a written record of the conflict will be maintained by the Directors.

Loans and Borrowing

- No Part of the Fund may be loaned to any person, partnership or organization.
- The Fund Managers may not borrow on behalf of the Fund.

Duties and Responsibilities

BCIT Foundation Board of Directors

The responsibility of investment lies with the BCIT Foundation Board of Directors or board appointed committee and includes:

- Establishing an overall investment policy, including asset allocation guidelines and the structure of investment management
- Appointing or removing Investment Managers (the “Fund Managers”) and any other advisors
- Monitoring the performance of the Fund and its Fund Managers
- Providing annual reporting on the status and operation of the Fund

Fund Management Responsibility

- The Board of Directors, or appointed committee, will not invest Fund assets directly, but will employ competent external professional investment managers (Fund Managers.)
- The Board of Directors, or appointed committee, will conduct an informal review annually (after fiscal year end) on the performance of the Fund Managers and may make any changes they deem in the best interest of the Fund.
- The selection of the Fund Managers will be made in a prudent manner, taking into account their relevant experience, expertise, and performance.
- Subject to this policy, the Directors will grant full investment discretion to the Fund Managers, subject to their individual mandate guidelines governing the selection of securities and timing of transactions.

Procedures Associated With This Policy

None

Forms Associated With This Policy

None

Amendment History

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| 1. Created | 2006 Nov 02 |
| 2. Revision 1 | 2009 Jun 10 |
| 3. Revision 2 | 2009 Dec 04 |

Scheduled Review Date

2014 Dec 04