

## 1 GENERAL

Special Olympics Prince Edward Island (SOPEI/Special Olympics PEI) is incorporated as a not-for-profit, charitable organization and accordingly is exempt from income taxes. The fiscal year end of SOPEI is July 31.

The Special Olympics Prince Edward Island uses the medium of sport to assist persons with an intellectual disability to become all that they can be - physically, mentally, socially, emotionally - and to become accepted, respected, and productive members of society. Our goal is to provide sport opportunity to every individual with an intellectual disability across Prince Edward Island. We do not exclude any potential athlete because of financial constraint.

The Board of Directors of Special Olympics PEI ("SOPEI Board") feel an extreme sense of responsibility to ensure monies entrusted to our organization are both managed properly and expended appropriately.

Special Olympics PEI depends largely on the financial support of individuals, corporations, government entities. This support is given based on a belief that the funds are needed and therefore will not be spent foolishly or wasted. We must ensure that this trust is upheld.

Therefore, the following principles guide the SOPEI Board decision making:

- SOPEI's financial affairs will be conducted in a responsible manner, consistent with the ethical obligations of stewardship and all applicable law.
- All donations will be used to support SOPEI's objects, as registered with CRA.
- All restricted or designated donations will be used for the purposes for which they were given unless SOPEI has obtained legal authorization to use them for other purposes. Alternative uses will be discussed where possible with the donor or the donor's legal designate. If the donor is deceased or legally incompetent and SOPEI is unable to contact a legal designate, the donation will be used in a manner that is as consistent as possible with the donor's original intent. If necessary, the SOPEI will apply to the courts or the appropriate regulatory body to obtain legal authorization to use the donation for other purposes.
- Annual financial reports are necessary to achieve transparency and accountability to donors and the public. All charities issuing receipts should produce them and make them easily accessible

As our organization grows, so does the need for increased funding. The responsibility and risk associated with monitoring these funds also increases with this growth.

To protect the integrity of the Special Olympics PEI and those individuals responsible for its financial management, the following investment Policy has been developed.

This policy is intended to outline the procedures and Policy to effectively manage and monitor these investment assets. The assets will be managed in accordance with all applicable legal requirements.

## **1.1 PURPOSE OF INVESTMENT POLICY**

The Investment Policy set out the authorities and responsibilities for the investment of restricted and unrestricted funds of Special Olympics Prince Edward Island to support the mission and programs offered.

## **1.2 OBJECTIVE**

The primary goal of the Portfolio is to assist Special Olympics PEI in achieving its objectives as set out in its strategic plan. The prudent and effective management of the assets of the Portfolio has a direct impact on the achievement of this goal. This Statement is designed to guide the Investment Committee, the SOPEI Board and the Executive Director in achieving this goal.

## **2 RESPONSIBILITIES**

### **2.1 BOARD OF DIRECTORS**

The Board has ultimate responsibility and decision-making authority for the Portfolio's investments. The Board has the responsibility to govern the assets of the Portfolio and must appoint an Investment Committee ("the Committee").

The Committee will act in an advisory capacity to the Board, which has the responsibility to monitor the performance of the Investment Committee.

The Board may delegate some of its responsibilities with respect to the investment of the Portfolio to agents, the Executive Director, the Committee, advisors.

As a fiduciary for the Portfolio, the Board is expected to:

- maintain an understanding of legal and regulatory requirements and constraints applicable to the Portfolio;
- on an annual basis, review the Portfolio's Investment Policy Statement and make appropriate changes;
- formulate recommendations regarding the Committees' mandate;
- oversee the Portfolio and the activities of the Committee, including the compliance with their mandates, the investment performance of assets and the performance of the Portfolio as a whole;
- ensure that the Committee are apprised of any amendments to their mandates and informed of any significant cashflows.

## 2.2 THE INVESTMENT COMMITTEE

The primary role of the Investment Committee is to assist the Board of Directors in developing and maintaining the Investment Policy annually and propose recommended changes required, for approval by the Board of Directors.

The Investment Committee functions best when they have a trusted working relationship with the Executive Director.

The Committee is expected to:

- provide the Board with semi-annual reports of portfolio holdings and transactions generated on December 31 and June 30
- recommend securities within the asset classes assigned to them, subject to applicable legislation and the constraints set out by the Board
- hold annual meetings with the investment firm at least once per year to review performance and to discuss proposed investment strategies
- inform the Board promptly of any investments which fall outside the investment constraints and what actions will be taken to remedy this situation
- advise the Board of any elements of the Investment Policy that could prevent attainment of the Portfolio's objectives.

## 3 PORTFOLIO OBJECTIVES

### 3.1 INVESTMENT OBJECTIVES

The investment objectives are to ensure that funds will be invested in a prudent and effective manner consistent with fiduciary management and shall be sufficient to support cash flow requirements as they arise.

Fund assets may be used to fund current operations, programs, capital endeavors and to assure the financial stability of the Fund as approved by the SOPEI Board.

The objectives of the SOPEI Portfolio are to:

- preserve capital, in real terms
- maximize total return, within acceptable risk levels as set out by the Board
- maintain liquidity necessary to meet cash requirements; if any

### 3.2 CASH REQUIREMENTS AND LIQUIDITY

SOPEI does not have a short-term need for cash and is willing to liquidate long-term assets as necessary.

## 4 AUTHORIZED INVESTMENTS

Outlined below are the general investment criteria as understood by the Committee.

### 4.1 LIST OF PERMITTED INVESTMENTS

(a) Short-term instruments:

- Cash
- Demand or term deposits
- Short-term notes
- Treasury bills
- Bankers acceptances
- Commercial paper
- Investment certificates issues by banks, insurance companies and trust companies.

- (b) Fixed income instruments:
  - Bonds
  - Debentures (convertible and non-convertible)
  - Mortgages and other asset-backed securities
- (c) Canadian equities:
  - Common and preferred stocks
  - Rights and warrants
- (d) Foreign equities:
  - Common and preferred stocks
  - Rights and warrants
  - American Depository Receipts and Global Depository Receipts.
- (e) Pooled funds, closed-end investments companies and other structured vehicles in any or all of the above permitted investment categories are allowed.
- (f) Alternative Investments:
  - Direct real estate
  - Private Equity
  - Infrastructure

## 4.2 Derivatives

The Committee may use derivatives, such as, but not limited to, swaps, options, credit-linked notes, futures, and forwards to protect against fluctuations in the value of foreign currency relative to the Canadian dollar, offset exposures to interest rates, or as a substitute for direct investment.

## 4.3 Pooled Funds

With the approval of the Board, the Committee may hold any part of the portfolio in one or more pooled or co-mingled funds managed by the Committee, provided that such pooled funds are expected to be operated within constraints reasonably similar to those described in this mandate.

It is recognized by the Board that complete adherence to this Statement may not be entirely possible; however, the Committee is expected to advise the Board if the pooled fund exhibits, or may exhibit, any significant departure from this Statement.

## 4.4 Alternative Assets

Alternative investment solutions have the potential to enhance fixed income returns, reduce equity risk, reduce portfolio volatility and improve portfolio efficiency. They typically require a longer investment horizon, are less liquid, and when considered in isolation may be deemed more risky than other securities. The associated risks, fees and expenses are detailed in the Offering Memorandum which is to be provided by the Committee for each alternative investment purchased in the Portfolio.

## 5 FUND WITHDRAWALS

Cash flow activity will be reported by the Executive Director to the Investment Committee and Board of Directors on a quarterly basis. This information will enable the Investment Committee to prepare a notice to the Board of Directors of any anticipated significant change in expected investment income. Any change of expectation should be documented and included in Board minutes.

The Investment Committee and the Board of Directors should be advised by the Executive Director if an unscheduled fund withdrawal is required from the endowment fund (the portion of the fund under board discretion, not the 10 year gifts.)

The Board of Directors is required to pass a motion allowing the funds to be withdrawn. Any such unanticipated withdrawal will potentially change the investment income expectation and becomes relevant in reviewing the expectations and outcomes of the Investment Committee's performance. Any change of expectation should be documented and included in Board minutes.

## 6 RESTRICTIONS

- Except for government bonds, not more than 10% of the total market value of the portfolio will be invested in securities of any one issuer.
- There will be no borrowing from any source to make investments.
- The Committee may invest in pooled funds that may use derivatives, such as options, futures and forward contracts, for hedging purposes, to protect against losses from changes in interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment. However, the pooled funds must hold enough assets or cash to cover its commitments under the derivatives. The pooled funds cannot use

derivatives for speculative trading or to create a portfolio with excess leverage.

- Liquid assets are restricted to 10% of the net assets of each pooled fund.

## 7 SOCIALLY RESPONSIBLE INVESTING

We define Socially Responsible Investing as making no investments in companies which are inconsistent with the Special Olympics Prince Edward Island's mission and values. The SOPEI Board requests that our Investment Firm follow these principles when suggesting possible investments, or investing the Special Olympics Prince Edward Island's money in accordance with the [Trustee Act](#).

## 8 PERFORMANCE TARGETS AND STANDARDS

Over a four-year moving average basis, the Investment Manager(s) should achieve the following objective:

- to exceed a passive benchmark return (before fees)

## 9 REPORTING & MONITORING

### 9.1 Investment Reports

Each quarter, the Committee will provide a written investment report containing the following information for the Board:

- Portfolio holding reports semi-annually
- Semi-annual fund profiles from the online portal
- Portfolio transactions during the quarter from the fund profiles
- Rates of return for the portfolio with comparisons with relevant indexes or benchmarks
- Compliance Report.

### 9.2 Monitoring

At the discretion of the Board as required, the Committee will meet with the Investment Firm regarding:

- the rate of return achieved
- the outlook for the markets and corresponding strategies

## Investment Policy

- any changes in the personnel
- other issues as requested.

### 9.3 Annual Review

It is the intention of Special Olympics Prince Edward Island to ensure that this Statement is continually appropriate to its needs and responsive to changing economic and investment conditions. Therefore, the Board shall review the Investment Policy Statement annually.

## 10 CONFLICT OF INTEREST

All fiduciaries shall disclose the particulars of any actual or potential conflicts of interest with respect to SOPEI. This shall be done promptly in writing to the Chair of the Board of Directors of SOPEI

The Chair will, in turn, table the matter at the next Board meeting. It is expected that no fiduciary shall incur any personal gain either directly or indirectly because of their fiduciary position.

This excludes normal fees and expenses incurred in fulfilling their responsibilities if documented and approved by the Board.