

**INVESTMENT POLICY
For the
CANADIAN ASSOCIATION
Of
FORMER PARLIAMENTARIANS
EDUCATIONAL FOUNDATION**

Mission:

The mission of the Canadian Association of Former Parliamentarians is to use the collective wisdom and experience of former Canadian Parliamentarians to assist Canadians and others in the areas of democracy building, education, and participation in public policy development and evaluation.

Goals:

The goals of the Canadian Association of Former Parliamentarians, through the CAFP Educational Foundation, are to create endowment funds sufficient to meet the Educational Foundation's operational needs and to provide financial resources to pursue programming, either directly or through third parties, which assist the Foundation in meeting its mission.

Objectives:

1. To create an **OPERATING ENDOWMENT** by 2025 of \$1,800,000; which at 4% will be sufficient to fund the Educational Foundation's operating expenses of about \$70,000 per year (current year 2012/13).
2. To create a **GENERAL PROGRAMMING ENDOWMENT** by 2025 of \$10,000,000 which at 4% should be sufficient to provide \$400,000 annually between 2026 and 2045 to fund the Educational Foundations general programming costs, which should meet the corporate mission.
3. To create **SPECIFIC PROGRAM ENDOWMENT FUNDS**, funded by foundations, private sector corporations and or bequests tailored to support 'specific programming', delivered by the Foundation in line with both its mission and the proponents' mission.

PROCESSES DESIGNED TO MEET FOUNDATION OBJECTIVES

- Definitions:
- i) Operating Endowment or Operating Endowment Fund means, 'Operating Endowment Fund (restrictive reserve)'
 - ii) General Programming Endowment or General Programming Endowment Fund means 'General Programming Endowment Fund (restrictive reserve)'
 - iii) Specific Programming Endowment(s) or Specific Programming Endowment Funds(s) means Specific Programming Endowment Fund(s) (restrictive reserve(s)).

A) TO CREATE AN “OPERATING ENDOWMENT FUND”:

1. To create an “OPERATING ENDOWMENT FUND” by 2025 of \$1,800,000 which at 4% should be sufficient to fund the Educational Foundation’s anticipated annual operating expenses of about \$70,000 per year.
2. The CANADIAN ASSOCIATION OF FORMER PARLIAMENTARIANS, on behalf of the EDUCATIONAL FOUNDATION, will host an annual ‘Fundraising Dinner’, normally in Ottawa, but at the executives direction, other places in Canada, targeting donations from individuals, corporations (public or private), associations or others.
3. The first \$30,000 of net proceeds each year, from the annual dinner, will be turned over to the “OPERATING ENDOWMENT FUND”, to invest.
4. Donate the balance of the net proceeds from the annual dinner (after the \$30,000 given to the “OPERATING ENDOWMENT FUND”), to the “GENERAL PROGRAMING ENDOWMENT FUND”, to invest.
5. Annually, each November, solicit the membership of the Canadian Association of Former Parliamentarians to donate to the Educational Foundation. All funds received from this initiative will be deposited to the OPERATING ENDOWMENT FUND.
6. Other donations to the Foundation, will be deposited to the OPERATING ENDOWMENT FUND, unless accompanied, in writing, with specific instructions directing the funds to the GENERAL PROGRAMING ENDOWMENT FUND, or to the specific project in the SPECIFIC PROGRAMING ENDOWMENT FUND(S).
7. When the OPERATING ENDOWMENT FUND has reached its target of \$1,800,000, then any donations received by the Foundation will go into the GENERAL PROGRAMING ENDOWMENT FUND, unless such a donation is accompanied in writing with instructions directing these funds to the SPECIFIC PROGRAMING ENDOWMENT FUND, or to the specific project in the SPECIFIC PROGRAMING ENDOWMENT FUNDS.
8. Between now and December 31, 2025 re-invest all interest, dividends and other gains earned from the OPERATING ENDOWMENT FUND back into the OPERATING ENDOWMENT FUND.
9. Within the OPERATING ENDOWMENT FUND we must maintain short term investments equal to three times the annual operating expenses of the EDUCATIONAL FOUNDATION. The maturity of these investments should be tiered with roughly 1/3 of these securities maturing each year.

10. Within the OPERATING ENDOWMENT FUND we ought to maintain investments in excess of three times the annual operating expenses but less than six times operating expenses in medium term (1 to 5 years), type of moderate risk investments. The maturity of these investments should be tiered with roughly 20% of these deposits maturing each year.

11. Once we have attained sufficient investments to meet the requirements of sections 9 and 10, immediately above, the balance of the securities in this, the OPERATING ENDOWMENT FUND, should be held in a diversified portfolio of securities that would meet the "Prudent Investor Rule" and our "Investment Policy" set out in this document.

B) TO CREATE A "GENERAL PROGRAMMING ENDOWMENT FUND"

1. To create a GENERAL PROGRAMMING ENDOWMENT FUND" by 2025 of \$10,000,000 sufficient to provide \$400,000 annually between 2026 and 2045 to fund the Educational Foundations general programming costs, which are designed to meet the corporate mission.
2. Upon adoption of this policy, a new General Programming Endowment Fund will be created as per corporate objective 2.
3. Any money raised from the annual dinner in excess of \$30,000 and not needed for current year operations, will be deposited to the General Programming Endowment Fund.
4. No later than March 31, 2014, the Educational Foundation will launch a corporate giving campaign targeted at corporate philanthropic initiatives whose objectives could be fulfilled through the Educational Foundation's programs. The campaign will be developed and executed by a select committee of the board led by the Chair and may include the hiring of third party professional fund raisers.
5. All funds donated from the corporate giving campaign will be deposited to the General Programming Endowment Fund.
6. Prior to 2025 all interest and other gains earned from the General Programming Endowment Fund will be deposited back into the General Programming Endowment Fund.
7. No later than March 31, 2014, the Educational Foundation will launch a bequest campaign targeted at current and former Parliamentarians and other interested individuals. The campaign will be developed and executed by a select committee of the board led by the Chair and may include the hiring of third party professional fund raisers.

8. All funds donated from the bequest campaign will be deposited to the General Programming Endowment Fund.
9. We should maintain about \$1,200,000 of investments in this General Programming Endowment Fund (approximately 3 years of distributions), in short term, conservative investments. The balance could be invested in a moderate risk, blue chip strategy, meeting the “Prudent Investor Rule”, and our investment policy “Investment Policy” as set out in this document.

C) To Create “SPECIFIC PROGRAMMING ENDOWMENT FUNDS”

1. To create SPECIFIC PROGRAMMING ENDOWMENT FUNDS, funded by foundations, public and private sector corporations or bequests targeted to support specific programming delivered by the Foundation in line with both its mission and the proponent’s mission.
2. As part of the Educational Foundation’s corporate giving campaign, intended to be launched by March 31, 2014, the Foundation will offer donors the option to use their donation to support specific existing or new programming which meets the Foundation’s corporate mission.
3. As part of the Educational Foundation’s bequest campaign, intended to be launched by March 31, 2014, the Foundation will offer donors the option to use their donation to support specific existing or a new program which meets the Foundation’s corporate mission.
4. All donations received from corporate donors or as bequests which stipulate support for a specific initiative of the Educational Foundation will be deposited into a separate endowment account and disbursed in accordance with the direction of the donor.
5. All interest and other gains earned from the Specific Programming Endowment Fund will be deposited into the Specific Programming Endowment Fund.
6. In the absence of specific investment instructions, amounts deposited to a Specific Programming Endowment Fund will be managed as herein noted immediately below:
 - To be invested with an eye on having some of the investment maturing in each of the first 3 years, and the balance in accordance with the “Prudent Investor Rule” and as outlined hereunder, under “Investment Policy”.

D) General Policies

1. The “Educational Foundation Investment Policy” will be reviewed annually at the AGM by the CAFP membership.
2. The Board may decide to assess a modest fee against either the Operating Endowment Fund, the General Programming Endowment Fund and/or the Specific Programming Endowment Fund(s) to offset the direct costs of managing the investments.
3. The Board of Directors will strive to minimize administrative expenses. Such expenses will be charged to the Operating Endowment Fund. No administrative expenses will be charged to the General Programming or Specific Programming Endowment(s).
4. The Foundation Board of Directors will approve the programming and administrative expenditures disbursed from the operating and programming endowments in accordance with its articles of incorporation, by-laws and consistent with its approved budget
5. Draws in excess of the annual budget must be approved by both the Foundation and Canadian Association of Former Parliamentarians Boards

E) RECEIVING DONATIONS:

1. The FOUNDATION will accept donations of cheques, bank drafts, stocks, warrants, bonds, GICs, proceeds of life insurance policies, or other negotiable financial instruments.
2. The FOUNDATION will NOT accept any donations of currency.
3. The donor must outline, in writing, any terms and/or conditions attached to his/her/its donation, at the time of making the donation, especially if making a donation to the Specific Programming Endowment Fund(s).
4. Any such terms or conditions must be acceptable to the Board and must be consistent with the FOUNDATION’S Articles of Incorporation and By-Laws.
5. Donors will be recognized in the Annual Report, unless a donor requests anonymity. Donors not requesting anonymity may be formally recognized in other manners at the discretion of the Board of Directors.

F) THE INVESTMENT POLICY:

1. This section will be the “Investment Policy” of the **EDUCATIONAL FOUNDATION** of the **CANADIAN ASSOCIATION of FORMER PARLIAMENTARIANS** and to be approved must be adopted by a 2/3 vote (of the members present) of the Board of the Canadian Association of Former Parliamentarians and must be adopted by a 2/3 vote (of the members present) of the Board of the Educational Foundation.
2. Any amendments will also require 2/3 votes of each board in order to pass.
3. The Educational Foundation Investment Policy will be reviewed annually at the AGM of the Canadian Association of Former Parliamentarians.
4. The Treasurer of the Educational Foundation will table an annual statement of investments, approved by the auditor, at each AGM; and will orally give a summary statement for each of the following Endowment Funds :
 - a. THE OPERATING ENDOWMENT FUND
 - b. THE GENERAL PROGRAMMING ENDOWMENT FUND
 - c. THE SPECIAL PROGRAMING ENDOWMENT FUND(S).
5. No single security should exceed \$150,000, or 10% of the total value of the portfolio, whichever is higher.
6. Portfolio allocation targets shall be in the range of:
 1. Cash: 0% to 10%
 2. Equities: 35% to 60%
 3. Fixed Income Securities: 35% to 60%
7. For the purpose of this Investment Policy:
 - a. **“CASH”** is Canadian currency, or a recognized money market or cash instrument.
 - b. **“Equities”** in which the Educational Endowment Fund may invest are:
 - i. common stocks, preferred stocks, REITs, Royalty Trusts (oil and/or gas), which trade on a major recognized exchange,
 - ii. restricted to public companies which have shown consistent performance and consistent distributions of dividends over a period of 5 consecutive years or more. These equities are frequently referred to as “Blue Chip” equities.

- c. **“Fixed Income Securities”** in which the Educational Foundation may wish to invest are:
- i bonds of the Government of Canada
 - ii bonds of a Canadian Provincial Government
 - iii bonds of a Canadian Municipal Government
 - iv bonds of a public Corporation listed on a major recognized exchange
 - v Preferred shares of a corporation listed on a major recognized exchange.
- d. Any such bonds must be rated as “BBB or B++” or better as set out by the Dominion Bond Rating Service, or Standard and Poor’s fixed income rating agency.
- e. Preferred Shares must be of a Corporation, listed on a major recognized exchange, limited to those corporations whose preferred shares are rated as grade “P3” or better, as set out by the Dominion Bond Rating Service, or Standard and Poor’s fixed income rating agency.
- f. Treasury Bills
- g. GICs

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