
ST. JEROME'S UNIVERSITY

**RESTRICTED AND UNRESTRICTED TRUSTS
INVESTMENT POLICY**

Original Board Approval Dated the 24th day of May, 2007

Updated Board Approval the 2nd day of April 2, 2009

Restricted and Unrestricted Trusts Investment Policy
for
St. Jerome’s University

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SECTION I

DESCRIPTION AND OBJECTIVE OF INVESTMENT POLICY

1.01 Description of Investment Portfolio

The investment portfolio of the University shall consist of investments that represent the assets of the restricted trusts and unrestricted trusts of the University.

1.02 Investment Objective

The objective of maintaining an investment portfolio for the University is to:

- (a) Preserve capital, in real terms;
- (b) Maintain liquidity necessary to meet cash requirements; and
- (c) Maximize the rate of return, within acceptable risk levels.

SECTION II

ASSET CATEGORIES

2.01 Asset Categories

The following investments are permitted within each of the listed categories:

- (a) Short-term instruments:
 - Cash;
 - Demand or term deposits;
 - Short-term notes;
 - Treasury bills;
 - Bankers acceptances;
 - Commercial paper; and
 - Investment certificates issued by banks, insurance companies and trust companies.

- (b) Fixed income instruments:
 - Bonds (convertible and non-convertible);
 - Coupons and residuals; and
 - Preferred shares.

- (c) Canadian equities:
 - Common and preferred shares;
 - Rights and warrants; and
 - Income trust and REIT units.

- (d) Foreign equities:
 - Common and preferred shares;
 - Securities convertible into common shares or trust units;
 - Rights and warrants; and
 - American Depository Receipts and Global Depository Receipts.

Investment in derivative instruments may be used for hedging purposes to facilitate the management of risk or to facilitate an economical substitution for a direct investment. Under no circumstances will derivatives be used to create leveraging of the portfolio. Asset-backed commercial paper are considered prohibited investments.

SECTION III
RANGES WITHIN EACH ASSET CATEGORY

3.01 Ranges

At all times the market value of individual asset categories shall be within the following minimum and maximum aggregate investment limits:

	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
Cash and short term instruments	0%	15%	0%
Bonds and fixed income instruments	25%	55%	40%
Total Fixed Income	25%	55%	40%
Canadian equities	15%	55%	25%
Foreign equities	15%	55%	35%
Total Equity	45%	75%	60%

The revised mix of the Canadian and Foreign equities allocation should be achieved incrementally to the required targets so as to not be detrimental to the portfolio.

A maximum of 10% of the market value of the portfolio can be invested in securities from a single issuer, with the exception of securities issued or guaranteed by governments.

SECTION IV **CONSTRAINTS**

4.01 Constraints

The investment categories set out in Article 2.01 shall be subject to the following constraints:

- (a) All University investments shall endeavour to adhere to principles of social justice.
- (b) Investments in short-term instruments shall be rated at least R1 (low) by Dominion Bond Rating Services or equivalent.
- (c) Effective April 2, 2009 investments in fixed income instruments shall be rated A or better by the Dominion Bond Rating Services or its equivalent by a recognized credit rating agency. For lower rated investments held as of April 2, 2009, these investments may be held until maturity or such time that disposing of the investment is not detrimental to the portfolio.
- (d) Preferred shares will have a minimum rating of P-3.
- (e) Investments in companies whose market capitalization is less than \$500 million shall not exceed 20% of the market value of the fund.
- (f) Investments in emerging markets (domiciled) shall not exceed 10% of the market value of the fund.
- (g) Equities will be diversified across a minimum of 7 industrial sectors based on GICS classification.