

3.1.6 Investment Policy

1. As a union and professional association, the FSA adopts a very low-risk and therefore lower-reward strategy in investing its reserve funds and funds surplus to the short-term operating needs of the FSA.
2. An Investment Committee is established to provide the Board of Directors with investment recommendations. This committee:
 - 2.1. has three members, including the Treasurer and two additional FSA members who have expertise in investments and finance;
 - 2.2. meets on an as-needed basis, at least once per year; and
 - 2.3. reports to the Board of Directors with recommendations regarding the FSA's investment portfolio and the appropriate investment of funds surplus to the short-term operating needs of the FSA.
3. Investment committee recommendations shall be based on the following investment priorities, in order of importance:
 - 3.1. Preservation of capital,
 - 3.2. Assurance of liquidity, and
 - 3.3. An appropriate return consistent with 3.1 and 3.2.
4. Investment committee recommendations shall be consistent with the following list of eligible investments (see Appendix for rating definitions):
 - 4.1. Canadian Federal and Provincial government debt securities (including those of their agencies or explicitly guaranteed by same) may be purchased without limit assuming they are assigned a minimum rating of R-1 (mid) (short-term) / "A" (long-term) or equivalent by any major bond rating agency at the time of purchase.
 - 4.2. All bonds or debentures of a single issuer, other than those covered in 4.1, shall not exceed 10% of the total fixed income portfolio at the time of purchase and must meet the same minimum credit ratings as those listed in 4.1.
 - 4.3. Bankers Acceptances (or Bearer Deposit Notes) issued by a Canadian chartered bank rated R-1 (high) may be purchased without limit but no more than 20% of the total fixed income portfolio shall be with a single issuer.
 - 4.4. Guaranteed Investment Certificates, Term Deposits, and Deposits with Canadian Chartered banks or other deposit-taking institutions rated R-1 (mid) or higher may be purchased without limit but no more than 20% of the total fixed income portfolio shall be with a single issuer.

Appendix A

This policy uses terminology from the DBRS Ltd. “Commercial Paper and Short-Term Debt Rating Scale”. This rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner. Definitions for terms used in the Policy are listed below and have been taken directly from the DBRS Ltd. website.

R-1 (high)

Highest credit quality. The capacity for the payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.

R-1 (middle)

Superior credit quality. The capacity for the payment of short-term financial obligations as they fall due is very high.

Differs from R-1 (high) by a relatively modest degree. Unlikely to be significantly vulnerable to future events.

Revision History

Date	Revision (Brief description)
August 2016	Renamed from Investment Committee Terms of Reference to Investment Policy. General guidance added to policy and Appendix added to explain financial investment terms used in the policy.
December 2014	Formatted into branded policy template. No changes to content.
January 18, 2012	Updated to reflect the fact that this is really a ToR for the Investment Committee and to include investment criteria and eligible investments.
Apr 25/01, Nov 15/03	Revisions
March 1, 1995	Original Approval