

# Manitoba College of Social Workers Investment Policy

The purpose of this policy is to provide both clarity and guidance in the investment decision-making process while taking into account MCSW's financial resources, needs, goals, risk tolerance and unique preferences and the Board's expectations of the Executive Director/Registrar regarding the management of MCSW investments.

The Executive Director/Registrar shall ensure that the MCSW investments are managed in a way which preserves capital, provides necessary liquidity requirements and adds value to the investments.

## **Risk Tolerance**

MCSW tolerance for taking risk is low to moderate. Investments that carry substantial risk will be considered on an annual basis and will need Board approval. Board must be informed if at any time the investment risks changes due to market conditions.

## **Constraints**

The following constraints will influence MCSW's asset mix and investment decisions:

### **Liquidity**

Liquidity refers to the ability to convert an asset into cash without causing a significant change in the price of that asset. Sufficient liquidity is important to allow future usage for an emergency (legal action) or to participate in a new investment opportunity. Accordingly, the portfolio will hold at least 75% of the investments in assets that are easily converted for this purpose.

### **Income**

MCSW does not require any income from the portfolio at this time. Income can be reinvested into more securities when the opportunity arises.

### **Time Horizon**

The longer the expected holding period, the more likely MCSW will achieve the targeted rate of return. Considering both the purpose of the portfolio and potential demands on it, MCSW will accept that the time horizon for investment planning purposes is long term in nature (over 10 years).

### **Taxes**

MCSW is a tax exempt, not-for-profit organization.

## **The Registrar/CEO shall:**

- Manage the investments of MCSW in a manner which meets all criteria specified in this policy.
- Consult with investment professionals/financial institutions.
- Expect a reasonable rate of return based on current market conditions.
  - Ensure that investments in equities, bonds and short term securities are diversified by industry, country and maturity date.
  - Permit no investments to be made in options, futures and other derivative type investments.
  - Strive to invest in companies with values congruent with those of MCSW, including ensuring that companies involved in alcohol distillation, tobacco manufacturing, gambling and foreign countries with documented human

rights violations will be excluded from the portfolio. This constraint may be waived for holding units of pooled investment vehicles.

- Ensure that all parties involved in making investment decisions on behalf of MCSW disclose any conflict of interest.
- Maintain an operating fund for the day to day operations of MCSW.
- Maintain a balanced fund for surpluses from operations (to be allocated as either Legal or Rainy Day by the Board)
- Report to Board on the performance of the portfolio twice per year.
- Take steps to ensure that the asset mix (at cost) for the balanced fund will not be allowed to vary significantly from the following ranges:

	Recommended Range	
	No Less Than	No More Than
Short Term (less than or equal to one year)	0%	20%
Canadian Fixed Income	30%	65%
Non-Canadian Fixed Income	0%	20%
Canadian Equities	10%	35%
U.S. Equities	0%	20%
International Equities	0%	10%

- Require the investment professionals/financial institution to inform the Executive Director/Registrar and provide an action plan should the asset mix deviate from the above ranges for the balanced fund.
- Ensure that acquisitions for the balanced fund (short term securities) be limited to investment grade credits (or their equivalent in foreign countries) as rated by the Dominion Bond Rating Service and the Canadian Bond Rating Service or their equivalent
- Ensure that bonds for the balanced fund are reasonably diversified among investment grade government and government guaranteed securities and corporate bonds rated by a recognized rating service at the time of purchases.
- Ensure that all equity purchases for the balanced fund are traded on a recognized stock exchange.
- Ensure that for the balanced fund not more than 20% of the total market value of the bond selection shall be invested in private placements and not more than 40% of the total market value of the bond selection shall be invested in foreign currency issues of Canadian borrowers
- Ensure that for the balanced fund not more than 25% of the total market value of the Canadian equity section shall be invested in equity or quasi-equity securities of companies within any one generally recognized group.

Approved by the MCSW Board November 24, 2016