Christian School Foundation	Policy Section: **Part 2 – Committee Principals and Terms of Reference**	Date Created: 2014	Review Date: October 2026
	Policy Subject: **2.3**	Pages: 6	

INVESTMENT POLICY STATEMENT

Introduction

1.0 The Christian School Foundation (the Foundation) is a federally incorporated public foundation with charitable status whose purpose is to financially support its member organizations. Our Mission: We draw Christian schools and donors together to expand the influence of Christ in our culture.

1.1 The purpose of the policy is to set forth the general guidelines under which the assets of the Foundation are managed by the Board of Directors (the Board). The Board shall not be limited to investments authorized by laws for Trustees, provided such investments are reasonable, prudent and show good judgement and keen discernment under the circumstances and do not constitute, either directly or indirectly, a conflict of interest.

1.2 The long-term success of the management of Foundation funds is enhanced by the input and monitoring of this activity by an appointed Investment Committee (the Committee). The Committee provides broad guidance and oversight that would be difficult to develop within the Foundation Board as a whole. The Committee functions as follows:

1.2.1 adheres to its Terms of Reference as well as the Foundation's Conflict of Interest & Loyalty Policy,

1.2.2 is accountable to the Foundation Board,

1.2.3 provides all committee minutes and regular performance reports to the Board,

1.2.4 makes use of outside professional investment managers/advisors as its default practice, and

1.2.5 is aware of the investment criteria and guidelines as set out in the Ontario Trustee Act.

1.3 The Foundation's Board has delegated routine decision making on investment matters to the Committee as noted in the committee's Terms of Reference.

Investment Objectives

2.0 The Foundation's long-term investment objectives are:

2.0.1 Preserve the purchasing power of the Foundation's capital, measured over a five-year rolling average and after inflation, recognizing that short-term fluctuations in market value are expected and acceptable in pursuing this objective, and taking no more investment risk than is necessary to achieve the return objectives in this policy.

2.0.2 achieve a competitive return on investments over a five-year rolling average to produce adequate earnings to cover projected or expected distributions to member schools,

2.0.3 provide funds for operating expenses including management fees,

2.0.4 provide sound direction regarding secure investments to the chosen professional fund managers that will be in keeping with prudent and professional portfolio management,

2.0.5 set benchmarks and provide accountability to the chosen professional managers who will seek a reasonable return relative to the expected lifespan of each Fund Account, and

2.0.6 invest the funds in a manner that is in keeping with the time frame the funds are intended to be utilized.

Risk

3.0 Attitude to risk

3.0.1 The Foundation relies on investment returns in part to fund the making of gifts and grants to its member schools. A key risk to the long-term sustainability of the Foundation is inflation, and the assets should be invested to mitigate this risk over the long term.

3.1 Assets

3.1.1 As a public foundation we have the options to invest in the following ways:

3.1.1.1 Fixed Income and cash equivalents: GIC's issued by financial institutions; Canadian, Provincial and Municipal bonds and treasury bills; Investment grade corporate bonds; Real return bonds; High yield bonds with a minimum credit rating of BBB (or equivalent from a recognized rating agency); secured and unsecured mortgages; secured and unsecured promissory notes and loans; and Pooled fixed income funds and other collective fixed income investment vehicles.

3.1.1.2 Equities: Common and preferred shares listed on a recognized stock exchange in Canada, US, EAFE Markets and/or Emerging Markets.

3.1.1.3 Mutual Funds, Segregated Funds and Pooled Funds, Exchange traded funds, Index Funds.

3.1.1.4 Alternative Investments: Financial assets that do not conform to the traditional definitions of equities, fixed income or cash may be purchased if the investment benefits the overall portfolio in either return enhancement or risk mitigation often introducing additional sources of return that are less dependent on broad market performance. These may include private equity, venture capital, hedge funds, managed futures and real estate.

3.1.1.5 Life Insurance, cash value and lifetime (life to 100) life insurance policies with ownership assigned to the Foundation.

3.1.2 Where possible and viable, every effort should be made to invest assets with a Custodian to help mitigate the risk of institutional fraud.

3.1.3 To reduce volatility and exposure, the Committee will use multiple investments within a pool for diversification.

3.1.4 Consistent with its Terms of Reference, the Committee will make as part of its default practice the use of third-party managers for the placement of investment assets.

3.1.5 Special circumstances may exist from time to time which may warrant deviation on a temporary basis from the standard investment guidelines. Any deviation from standard guidelines requires Board approval.

3.2 Currency

3.2.1 The base currency of the investment portfolio is the Canadian dollar. The fund will not normally utilize foreign exchange currency trading or hedging to generate returns.

Asset Allocation

4.0 Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to goals, risk tolerance and investment horizon. The main asset classes – equities, fixed-income and cash equivalents and alternative investments - have different levels of risk and return, so each will behave differently over time. There is no simple formula that can find the right asset allocation for every organization; however, the consensus among most financial professionals is that asset allocation is one of the most important decisions to be made. In other words, the selection of individual securities is secondary to the way that assets are allocated in stocks, bonds and cash and equivalents, which will be the principal determinant of investment outcomes.

4.1 As the funds to be invested have different characteristics, restrictions and end purposes, there are several 'investment sleeves' through which both externally and internally restricted funds can be accounted for and managed accordingly.
Note: The unrestricted cash to operate the Foundation is typically held in the bank account and is not considered here for investment purposes. The same is true for purely flow-through funds/gifts.

4.1.1 The full range of potential investment sleeves could be described as follows:

4.1.1.1 Short Term or No Risk Sleeve: for funds required in two years or less where there is zero tolerance for loss of market value.

Portfolio 'Shorter-term Sleeve' has the following allocation and benchmark:

Asset Class	Min	Target	Max	Benchmark
Cash & Short-term Securities	0	100	100	FTSE Canada 60 Day T-bill Index

4.1.1.2 Intermediate Term or Medium Risk Sleeve: for funds required between two and five years and where there is only moderate tolerance for potential loss of market value.

4.1.1.3 Long-term Sleeve: for funds to be held for longer than five years but short of 'in-perpetuity'.

4.1.1.4 Fixed-Term Sleeve: where funds have been designated to be held for a specific number of years – e.g. a gift designated to be distributed as a blend of capital and earnings over 25 years similar to that of an annuity – or – a gift where the principal sum is designated to be held intact for a specified period and thereafter a blend of capital and earnings disbursed.

4.1.1.5 In Perpetuity Sleeve: for funds designated as permanent endowments where the underlying capital can never be encroached upon for disbursement purposes.

4.1.1.6 Blended Sleeve: where funds are held at two or more well diversified placements and where ongoing returns from each form a blended rate of return calculated on a daily weighted basis and reported annually.

Portfolio 'Blended Sleeve' has the following allocation and benchmark:

Asset class	Min	Target	Max	Benchmark
Fixed Income:	30	45	60	
Cash & Short-term Securities	0	5	20	FTSE Canada 91-day T-bill Total Return Index
Bonds	25	40	55	GTSE Canada Universe Bond Total Return Index
Equities:	40	55	70	
Canadian Equities	0	18	70	S & P/TSX Composite Total Return Capped Index
Foreign Equities	0	37	70	Country World Total Return Net Index

4.2 Per its Terms of Reference, the Committee approves guidelines for the appropriate investment vehicles for each of the deposits. Safety of principal is given great consideration in all circumstances. It is possible that different sleeves have a similar investment objective for portions of their portfolio. When this is the case, funds from more than one pool may be placed in the same investment or with the same portfolio manager.

Gift Acceptance (re. non-traditional/cash gifts)

5.0 At times, gifts of assets other than cash are received directly from donors. To assist the Foundation staff to consult where prospect gifting circumstances are outside of straightforward 'cash' gifts, the Committee shall follow the guidelines as set out in the Gift Acceptance Policy of the Christian School Foundation, included in a separate document.

Investment Restrictions

6.0 The Committee will follow:

6.1.1 ESG guidelines and aim to avoid investments in companies which are not compatible with the mission of the Foundation (e.g. tobacco, cannabis, pornography etc.).

6.1.2 Not more than 7% of any pool can be invested in one company, excepting:

6.1.2.1 for bonds and other fixed income, a maximum of 10% of any pool can be invested in a single issuer, with the exception of securities issued or guaranteed by governments.

6.1.2.2 Investments in mutual funds, which do not violate this standard if they include a broad base of assets in the fund.

6.1.3 The investment policy makes no provision for the placement of funds in private investments. When such investments are donated, it shall be the practice to liquidate such gifts as soon as feasible.

6.1.4 The use of leverage and taking short positions are restricted, unless it is within an alternative investment strategy.

6.1.5 In the case where a pooled fund is deemed to be the most appropriate vehicle for the Foundation's assets, the Investment Policy of the pooled fund will take precedence.

Environmental, Social & Governance Considerations

7.0 Also known as Socially Responsible Investing: this will be considered together with our fiduciary responsibilities around current and future beneficiaries of the Foundation's investment assets.

7.1 The consideration of environmental, social and governance (ESG) factors that may have an impact on the financial performance of the asset pool is consistent with our fiduciary duty to our donors and member schools, in that it aims to both maximize returns and yet protect the assets from downside risks.

7.2 The Foundation will incorporate ESG factors in its investment practices by the following means:

7.2.1 Based on our Christian principles: to the best of its ability, the Investment Committee will endeavour to ensure assets within the pool align with our Christian beliefs and standards and to avoid certain investments (e.g, tobacco, cannabis, pornography, etc.). The Committee will request and review an attestation from the fund manager annually indicating that they have reviewed the investment holdings considering our principles. If, in the opinion of the committee, changes are warranted this may result in a segregated fund.

7.2.2 Investment/portfolio manager selection: the integration of ESG factors in the investment determination process will be an additional criterion in the selection and retention of the portfolio/investment managers. Alongside financial, economic and other risks, investment/portfolio managers should weigh relevant risks and opportunities posed by ESG factors on the value of our investment assets over both the short and long-term horizons.

7.2.3 Proxy voting: the Committee views proxy voting to be an important component of engagement. Investment/Portfolio managers are required to provide the Committee with access to their proxy voting record, and to report on their proxy voting history on an annual basis. The Committee expects any investment/portfolio manager to consider shareholder proposals on ESG issues on a case-by-case basis, and to support proposals where disclosure practices in ESG matters need to be improved to properly assess prospects for long-term value.

7.2.4 Investment/portfolio manager monitoring: in addition to standard financial reporting, our investment/portfolio managers will be asked to report annually on their responsible investment initiatives.

Management, Reporting and Monitoring or Medium and Long-term Funds

8.0 The investment of funds requires specific skill and expertise. As such the use of external investment advisors or portfolio managers will be the preferred practice.

8.1 The Committee selects the fund managers to manage funds assigned to them. The investment results of each manager or advisor will be compared at least annually with appropriate benchmarks for the type of manager and investment. The benchmarks are agreed upon between the Committee and each advisor at the point of hiring.

8.2 In identifying strategies to mitigate and reduce investment risks, diversification is a primary tool. This includes not only diversifications of asset classes and securities but also includes diversification of Investment Managers. The Committee may consider at any time, or at a time when the assets under management are large enough in the Committee's opinion that it would be appropriate to have another

Investment Manager who may have different but complimentary investment approaches to manage the core portfolios.

8.3 The impact of additional Investment Manager(s) following different approaches will see less volatility in the overall returns of the Foundation's funds. The Committee will review the requirement for an additional Investment Manager(s) based on the investment strategy and asset growth of the Foundation and will make recommendations to the Board of Directors accordingly.

Approval & Review

9.0 This Investment Policy Statement was prepared by the Investment Committee of the Christian School Foundation to provide a framework for the management of its investment assets. It will be reviewed on an annual basis to ensure its continuing appropriateness.

Approved By: Board of Directors October 20, 2026

Review: by Investment Committee on August 21, 2026