

Jewish Community Foundation of Greater Vancouver

STATEMENT OF INVESTMENT POLICY

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SECTION 1 – INTRODUCTION

Purpose of the Policy

- 1.1 The Jewish Community Foundation of Greater Vancouver (“Foundation”) was created under paragraph 18.1 of the By-laws (“By-laws) of the Jewish Federation of Greater Vancouver (“Federation”) to meet certain purposes and goals, as described under paragraph 18.2 of the by-laws. The successful management of the Foundation’s investments (“Fund”) will have a direct effect on the ability of the Foundation to achieve its goals.
- 1.2 This document constitutes the Statement of Investment Policy (“Policy”) developed by the Investment Committee of the Foundation with external consulting assistance and approved by the Trustees to document the policies and procedures for the management of the Fund.

Scope

- 1.3 The Policy applies to the investments of the Foundation only, and does not apply to any of the other assets of the Federation.

Review and Amendment of the Policy

- 1.4 The Investment Committee shall review the Policy at least once every two years, and recommend to the Trustees any changes it feels are necessary.
- 1.5 The Investment Committee shall review the Policy as soon as practicable upon any changes in legislation that affects the investment of the Fund, and recommend to the Trustees any changes it feels are necessary.

SECTION 2 – GOVERNANCE

Governing Principles

- 2.1 The investment management of the Fund will at all times comply with the By-laws, this Policy and any applicable legislation.
- 2.2 This Policy shall put into operation the high standards of governance established by the Trustees in the management and operation of Fund investments.
- 2.3 External resources for the operation and management of Fund investments may be used when the use of such resources is warranted and cost effective.

Responsibilities for Investment of the Fund

- 2.4 Paragraph 18.3.1 of the By-laws states "The Foundation shall be managed and administered by a Board of Trustees." Paragraph 18.5.2(a) of the By-laws states that the "...Trustees shall be under a duty to establish basic procedure and rules, including the determination of standards and guidelines for...the investment and management of all monies, properties and assets of the Foundation." Paragraph 18.9.1 states further that "Subject to By-law 18.9.4, the Trustees shall have the absolute right, power and discretion to promulgate guidelines as to the investment and re-investment of the assets of the Foundation subject always to the approval of the Directors. In pursuance of such guidelines, the Trustees shall have the authority to sell, exchange or otherwise dispose of all properties and assets of the Foundation and income therefrom, for re-investment purposes."
- 2.5 Paragraph 18.7.1 of the By-laws states that there shall be an Investment Committee, and paragraph 18.7.2 states that "The Investment Committee shall be responsible for monitoring, investment, re-investment, disposition and otherwise dealing with the monies, assets and property of the Endowment Fund." Paragraph 18.9.2 states "The Investment Committee shall have such power and authority as delegated to it by the Board of Trustees to receive, collect, hold, manage and care for all assets of the Foundation...and to invest and re-invest the same... The Investment Committee's power and authority shall be limited to the day to day operation and management of the investments, subject to the procedures and guidelines adopted by the Board of Trustees."
- 2.6 Paragraph 18.9.2 of the By-laws states "The Investment Committee shall report to the Board of Trustees at least once in each calendar quarter. The Investment Committee may delegate to a professional portfolio manager the authority to manage the investment of the assets of the Foundation in accordance with the guidelines established by the Trustees and approved by the Directors. The Investment Committee shall regularly review, monitor and supervise any such manager."

SECTION 3 – INVESTMENT OBJECTIVES AND INVESTMENT PRINCIPLES

Investment Objectives

- 3.1 The primary investment objective of the Fund is to generate a total return, on average, at least equal to the annual rate of increase in the Consumer Price Index plus 3.0%, after deduction of investment management expenses.
- 3.2 Risk is defined as the inability to make a distribution in a year. Accordingly, the risk objective for the operation of the Fund is to reduce or eliminate the chance that there may be no distributable income in any year.
- 3.3 To some extent the elimination or reduction of risk competes with the primary investment objective return, and steps that may be taken to reduce or eliminate risk could reduce the likelihood of achieving the primary investment objective. To ensure that the Fund continues to grow, after allowing for inflation, the Fund can assume some risk of declining asset values over the short term. It is understood, therefore, that the primary risk objective and the primary investment objective might not be achieved over the short term in order to achieve the primary investment objective, on average, over the long term.
- 3.4 The Benchmark Portfolio, as described in Section 6, is designed to achieve the investment objectives.

Investment Principles

- 3.5 The Fund is to be invested in investments that a prudent person would make.
- 3.6 The selection of investments in the Fund should be made in the context of the total portfolio, with a reasonable expectation of a fair return or appreciation.
- 3.7 The assets of the Fund should be invested in accordance with this Policy to achieve the investment objectives.
- 3.8 The investment objectives can best be achieved by investing in a mix of diverse asset classes with varied investment characteristics.
- 3.9 The risk of price fluctuations within the asset classes and the uncertainty of future economic and investment conditions dictate prudent diversification by economic sector, industry, geographic markets, quality and market capitalization, so that no single security or class of securities will have a disproportionate impact on the rate of return of the Fund.
- 3.10 Competent external professional investment management can add value, relative to a static benchmark portfolio, through opportunistic security selection and short-term asset mix timing, and that selecting one or more external professional investment managers can add value relative to the Benchmark Portfolio, as described in Section 6.
- 3.11 Risk should be controlled, and guidelines and constraints should be established to ensure that any investment manager retained by the Trustees does not take excessive risk.
- 3.12 Diversification of investment managers is desirable to reduce the probability of a substantial shortfall inherent in a single investment style or investment manager, but the advantage of retaining multiple investment managers shall be balanced with the disadvantage of over-diversification and excessive investment management and administration costs.

SECTION 4 – INVESTMENT CONSTRAINTS

Legal Status

- 4.1 The Jewish Community Foundation of Greater Vancouver is the endowment and planned giving program of the Jewish Federation of Greater Vancouver (JFGV). It is governed under the by-laws of the JFGV to meet certain purposes and goals, as described under 18.2 of the by-laws.
- 4.2 The JFGV is registered as a not for profit corporation with a fiscal year end of August 31.

Taxation Status

- 4.3 The JFGV is non-taxable.

Investment Time Horizon

- 4.4 A portfolio's investment time horizon is an important factor in determining its investment strategy. The period over which a particular investment strategy can or will be maintained has a direct bearing on the likelihood that it will generate its targeted rate of return within that period and within acceptable risk parameters. The Foundation is expected to exist in perpetuity and the time horizon can therefore be considered greater than 10 years.

Liquidity and Income Requirements

- 4.5 The Portfolio requires sufficient liquidity to support the Foundation's disbursement requirements on a timely basis.

SECTION 5 – PERMITTED CATEGORIES OF INVESTMENTS

Permitted Categories

- 5.1 The Fund may be invested in any of the following permitted categories of investments:
- (a) equities, including common and preferred shares, warrants, rights, instalment receipts and convertible debentures, all of which may be issued by Canadian or non-Canadian issuers, and American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) of companies based outside Canada and the United States;
 - (b) debt securities of Canadian and non-Canadian issuers, issued in Canadian or non-Canadian currencies, including sovereign, provincial, municipal and corporate bonds, debentures, mortgages, maple bonds, real return bonds, mortgage-backed securities, asset-backed securities, high-grade income trusts, notes and other debt instruments;
 - (c) Israel bonds;
 - (d) interest-bearing cash and cash equivalents, including guaranteed investment contracts or term deposits with banks, trust companies or insurance companies;
 - (e) unitized pooled funds or mutual funds consisting of eligible investments in the above categories, managed in accordance with the guidelines and constraints as set out in Section 8.
- 5.2 The Investment Committee may consider other categories of investment from time to time for possible inclusion if such investments, in their opinion, may help achieve the investment objectives. Should the Investment Committee approve a new category of investment for inclusion in the Fund, they shall develop constraints and guidelines in respect of investing in that category of investment.
- 5.3 Until such time the Investment Committee approves a new category of investment and approves amendments to this Policy to include the constraints and guidelines as described in paragraph 5.2, any investment not specifically permitted by this Policy, except for a donated investment, shall be prohibited.
- 5.4 All investments are subject to the constraints of this Policy, as specifically set out in Section 8, and any legal requirements.

SECTION 6 – BENCHMARK PORTFOLIO

Benchmark Portfolio

- 6.1 A Benchmark Portfolio is a hypothetical portfolio, defined and specified in advance, consisting of specified asset classes allowed under Section 5, each invested in the percentage for that asset class set out in the benchmark asset mix, and, within each asset class, invested in the market index specified for that asset class.
- 6.2 The Benchmark Portfolio is the set of asset classes, in combination, that is expected to have the greatest likelihood of achieving the investment objectives, as set out in Section 3. The Trustees, on the recommendation of the Investment Committee, established the following Benchmark Portfolio for the Fund:

Asset Class	Benchmark Index
Fixed Income	DEX Universe Bond Index
Canadian Equities	S&P / TSX Composite Index
Global Equities	MSCI World Index (CDN\$)

- 6.3 As part of the review of the Policy as described in paragraph 1.6, the Investment Committee shall decide if the Benchmark Portfolio should continue to apply for the following year or should be changed.

SECTION 7 – FUND MANAGEMENT

Custodian

- 7.1 The Investment Committee may appoint a Custodian to hold the assets of the Fund. Such Custodian shall perform its duties in accordance with the terms of its Custodial Agreement with the Foundation and with any applicable laws. The Custodian shall maintain in good order each security owned by the Fund and shall process the security transactions that result from the buy and sell orders placed by the Investment Manager. The Custodian shall provide the Chair of the Investment Committee with accurate and complete accounting of the Fund, including monthly reports of all assets of the Fund and transactions during the month.

Investment Managers

- 7.2 The Investment Committee will appoint one or more competent external professional investment managers (“Investment Manager”) to manage the assets of the Fund. In accordance with the mandate provided to it, such Investment Manager may invest the assets of the Fund directly or with other professional investment managers in a manager-of-managers arrangement.
- 7.3 Notwithstanding any allocation of a portion of the assets of the Fund to an Investment Manager, the Investment Committee retains the right to invest other portions of the Fund directly or with other investment managers.
- 7.4 The selection of an Investment Manager will be made in a prudent manner, applying fair and reasonable identification, evaluation and selection standards.
- 7.5 An Investment Manager, in performing their duties, shall:
- (a) exercise the care, diligence and skill of a prudent investment counsellor and shall at all times act on a basis that is fair and reasonable;
 - (b) adhere at all times to the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute and to the internal conduct guidelines established by the Investment Manager;
 - (c) manage its portfolio account in accordance with the terms of its Investment Management Agreement and/or the Statement of Investment Policies with the Foundation and the specific guidelines set out herein.
- 7.6 The responsibilities set out for an Investment Manager in the Investment Management Mandate shall also apply to any sub-advisors retained by the Investment Manager.
- 7.7 The Investment Manager is expected to earn on average, over rolling four-year periods a rate of return of 1.0% in excess of the rate of return of the Benchmark Portfolio, before the deduction of investment management expenses.
- 7.8 The Investment Committee, shall monitor the performance of the Investment Manager, in accordance with Section 10, and shall recommend to the Trustees any changes in Investment Manager as it deems in the best interest of the Fund.

SECTION 8 – GUIDELINES AND CONSTRAINTS

Application of Guidelines and Constraints

- 8.1 Subject to paragraph 7.2, all investments shall conform to the guidelines and constraints as set out in this Policy.
- 8.2 Notwithstanding any other provision in this Policy, all investments shall conform to the By-laws and any other applicable law and regulations.
- 8.3 The Investment Manager shall not invest in any assets that are not approved or readily marketable.
- 8.4 All securities shall be purchased through normal public market facilities, unless the purchase price approximates the prevailing market price and is negotiated on an arm's length basis.
- 8.5 As part of the Fund may be invested in one or more pooled funds of the Investment Manager to allow participation in areas of investment that would not otherwise be available to the Fund on a well-diversified or cost-effective basis, it is recognized that the investments in a pooled fund may not necessarily comply in all respects with the Policy. Such deviations from Policy by an Investment Manager are allowed, provided that the Investment Manager informs the Chair of the Investment Committee when the Policy has not been strictly adhered to. An Investment Manager that intends to put some or all of the part of the Fund managed by the Investment Manager into a pooled fund not currently used for the Funds shall first obtain written permission from the Chair of the Investment Committee.

Asset Mix

- 8.6 The portfolio is expected to maintain the following asset allocation within the ranges set out below:

Asset Class	Asset Mix		
	Minimum	Benchmark	Maximum
Short-Term Investments	0%	0%	15%
Fixed Income	40%	50%	60%
Canadian Equities	7%	17%	27%
Global Equities	23%	33%	43%

Fixed Income and Cash

- 8.7 All investments in Canadian fixed income securities shall be in securities that are the subject of regular price quotations by recognized investment dealers in Canada and for which ratings are available for the borrower or the debt issuer.

SECTION 8 – GUIDELINES AND CONSTRAINTS (CONTINUED)

- 8.8 No more than 5% of a fixed income portfolio shall be invested in debt issues of any one issuer other than that of Canada or of a province of Canada having at least an AA credit rating, as measured by the Dominion Bond Rating Service ("DBRS") or equivalent service.
- 8.9 No more than 10% of a fixed income portfolio shall be invested in debt issues of issuers with a BBB rating.
- 8.10 All Canadian cash equivalents and short-term commercial paper shall be rated minimum R-1 Low by the DBRS, an equivalent rating from another agency, or, where not rated, an equivalent level as determined by the market.

Equities

- 8.11 The following constraints shall apply to each of an Investment Manager's Canadian and global equity portfolios:
- (a) All securities shall be listed on the primary stock exchange of the applicable country
 - (b) The portfolio weight invested in the common stock or other equity issue of any one corporation shall not be more than 10% of the market value of the portfolio
 - (c) Investments in small capitalization equities (defined as stocks of corporations having a total equity market capitalization of \$1 billion or less) shall not exceed 10% of portfolio assets.

Other Limitations

- 8.12 The Investment Managers shall not purchase securities on margin or engage in short sales.
- 8.13 No entity, including the Trustees, the Investment Committee, Investment Manager, or any member of such entity may lend, pledge or otherwise encumber any of the Fund's assets.
- 8.14 At least 5% of the Fund should be held in liquid securities.
- 8.15 Except as otherwise provided in paragraph 8.16, an Investment Manager may create exposure in currencies only by direct investment in foreign equities acceptable under the Policy.
- 8.16 The Investment Managers may create exposure in currencies through forward contracts, futures or options to hedge currency risk in a global equity portfolio. In the event that an Investment Manager wishes to hedge the exposure to a currency, the Investment Manager may do so, provided that the Investment Manager does not reduce the portfolio's exposure to that currency to less than the index weight of that currency in the applicable index.
- 8.17 The Investment Manager may not engage in the purchase or sale of derivatives, options or futures except as permitted under paragraph 8.16.

SECTION 9 – COMMUNICATION REQUIREMENTS

Communication by the Investment Managers

- 9.1 The Investment Manager will prepare and deliver a report on the management of their portfolio as soon as practicable at the end of each calendar quarter. Such report shall contain a list of the securities held by the Fund as of the end of the quarter, a list of all of the transactions conducted by the Investment Manager since the previous report, a summary the cash flows to and from the Fund in the quarter, the rate of return earned by the Fund in the quarter, the return that could have been achieved by passive investment in index funds in the normal allocation, the value added by active management by the Investment Manager relative to their benchmark, a review of their asset mix and an overview of their current economic outlook and investment strategy.
- 9.2 At the request of the Chair of the Investment Committee, the external investment advisor and/or the Investment Manager will meet with the Investment Committee at least twice a year to review the results they have achieved and the report described in paragraph 9.1, and to discuss with the Investment Committee their economic outlook and investment strategy.
- 9.3 The Investment Manager shall inform the Chair of the Investment Committee promptly of any changes in the Investment Manager's firm, including any changes in ownership, senior investment personnel or investment management style.

Communication by the Investment Committee

- 9.4 The Chair of the Investment Committee will meet at least quarterly with the Trustees to report on the activities of the Investment Committee on the investment management of the Fund. The Chair will include in the Chair's report a review of the investment performance of the Fund and any recommendations by the Committee to amend the Policy. The Chair of the Investment Committee will provide copies of the minutes of the Committee's meetings to the Trustees.

SECTION 10 – MONITORING AND REVIEW

Monitoring and Review of Investment Performance

- 10.1 The Investment Committee shall at its meetings review the reports prepared by the Investment Manager and any evaluations conducted of the performance of the Investment Manager. They Investment Committee shall review:
- (a) the investment returns of the Investment Manager, including each component of the Investment Managers' portfolios, over both the short-term and the long-term
 - (b) the value added or lost by the Investment Managers relative to the rate of return of the Benchmark Portfolio, and the sources and amounts of the value gained and lost
 - (c) the level of risk taken by the Investment Manager in making their decisions, and the appropriateness of those decisions
- 10.2 The Investment Committee shall at its meetings assess the performance of the Investment Manager. The assessment of the Investment Manager shall be made in the context of the criteria for the Investment Manager's original selection and shall include:
- (a) the rates of return earned by the Investment Manager, relative to the performance target as set out for them in paragraph 7.7, and to the performance of other comparable funds, including performance for the Fund overall and within each of the asset classes of the Fund;
 - (b) the Investment Manager's adherence to this Policy;
 - (c) the Investment Manager's adherence to the investment approach and decision-making process for which the Investment Manager was hired;
- 10.3 The Investment Manager's continued suitability may be examined at any time should the Investment Committee lose confidence in the Investment Manager's ability to succeed. Factors that might lead to a review include one or more of the following:
- (a) performance substantially below the expected rate of return or inappropriate levels of risk
 - (b) changes in the Investment Manager's investment approach and decision-making processes
 - (c) fundamental changes within the Investment Manager's firm, including changes in ownership, personnel or a substantial growth or reduction in assets under management
 - (d) significant change in the risk profile of the Manager
 - (e) evidence of malfeasance by the Investment Manager
 - (f) unsatisfactory reporting and/or client service
 - (g) failure to adhere to their Statement of Investment Policies and Guidelines
 - (h) any changes in the Investment Manager firm, including ownership, organizational structure and key investment personnel.
- 10.4 Concerns about the performance of an Investment Manager shall be noted in the minutes of the Investment Committee's meeting, and shall include the conclusions of the Committee as to the next steps that will be taken in connection with the retention of such Investment Manager.

SECTION 11 – MISCELLANEOUS PROVISIONS

Conflict of Interest

- 11.1 A conflict of interest exists when a person has the opportunity to advance or protect one's own interest or the private interests of others with whom one has a relationship, including a familial or other personal or business relationship, in a way detrimental to the interests, or potentially harmful to the integrity or fundamental mission of the Fund.
- 11.2 No member of the Trustees, the Investment Committee or the Investment Manager may exercise their powers with regard to the investment of the Fund in their own personal or business interest or in the interest of their family or of a third person, nor may they place themselves in a position of conflict of interest or potential conflict of interest.
- 11.3 An individual, upon first becoming aware of a conflict of interest or a potential conflict of interest shall disclose in writing the nature and extent of an interest to the Chair of the Investment Committee immediately. The Chair of the Investment Committee shall report such disclosure to the Investment Committee.
- 11.4 If the party disclosing the conflict of interest has the capacity to participate in or to make decisions affecting the investments of the Fund, the party may only continue to participate with the approval of the Investment Committee.
- 11.5 The failure of a person to comply with the procedures described in this Section shall not of itself invalidate any decision, contract or other matter.

Delegation of Voting Rights

- 11.6 The Investment Manager is delegated the responsibility of directing the Custodian in the exercise of voting rights acquired through the Fund's investments.
- 11.7 The Investment Manager will exercise acquired voting rights with the intent of fulfilling the Fund's investment objectives and policies.
- 11.8 The Investment Managers will maintain a record of how they exercised voting rights on behalf of the Fund.