



Canadian Superior Courts
Judges Association
Association canadienne des
juges des cours supérieures

INVESTMENT POLICY

Date: August 2019

Status: APPROVED BY THE CSCJA BOARD ON AUGUST 1, 2019
IN CALGARY, ALBERTA

Reviewed Date: N/A

Revised Date: N/A

Policy Statement

The purpose of this investment policy statement is to set out guidelines for the investment of funds for all investments of CSCJA including Association revenue surplus (herein referred to as OPERATING) and restricted funds held in trust for the CSCJA Supplemental Health Insurance stabilization fund (herein referred to as RESTRICTED).

Investment Objectives

OPERATING

- The investment objective is to preserve capital while maximizing returns. To this end the overall risk level is characterized as conservative.
- The investment time horizon is mid- to long-term in nature and consequently liquidity is not required. However, the investments will be readily marketable, to facilitate monies being transferred to CSCJA's current account, if the need arises [MPI].
- Current income from the investments is not required. Therefore, the investments held will be chosen to enable income reinvestment.

RESTRICTED

- The investment objective is to leverage the supplemental insurance premium funds held from low premium years to enable a subsidy of premiums for up to 5 consecutive years when premiums rise. Projections will be sought annually from the insurer to determine investment terms and targets for returns.
- The security of the principle is imperative and risk level is conservative.
- Current income from the investments is not required. Therefore, the investments held will be chosen to enable income reinvestment.

Investment Guidelines for Operating and Restricted

- **Safety of Capital:** The Fund should be conservatively invested to protect the capital against undue financial and market risk. The Portfolio, at all times, will be invested in high-quality instruments, as defined below.
- **Adequate Income:** As the Fund may experience cash outflows from time to time, it is essential that the Portfolio earn sufficient income to meet these obligations over the longer term. The Portfolio will invest in high quality, high-yielding instruments, as defined below.

Fixed Income

(Investment Vehicles and Credit Quality)

Fixed income investment vehicles shall consist of the following and shall not be less than 60% of the value of the investments.

Fixed Income

- Investments may consist of bonds, debentures or preferred shares issued by Canadian or U.S. governments or corporations.
- Individual bonds and debentures should have a minimum credit rating of “B” with reference to a recognized rating agency at the time of purchase and shall be liquid.
- No individual bond or debenture should exceed 10% of the market value of the portfolio. Bonds/ debentures issued or guaranteed by the Government of Canada or one of its agencies or by a Canadian provincial government or one of its agencies are excluded from this provision.
- Fixed income pooled funds held in investments may contain bonds and debentures with a minimum credit rating of “B”. Such bonds may, on an individual basis, constitute no more than 5% of the total market value of the pool. In addition, such pools may not exceed 10% of the total value of the portfolio.
- Preferred shares should have a minimum credit rating of PFD-2 (Dominion Bond Rating Service or Canadian Bond Rating Service equivalent). No individual preferred share should exceed 5% of the market value of the investments.

Equity

Equities shall not exceed 40% of the value of the investments.

Equities

- Equities shall consist of common stocks, trust units, rights, warrants, installment receipts or other instruments convertible into common shares.
- Individual equities or equities held within equity funds must be listed on a major stock exchange and be liquid.
- No individual equity should exceed 5% of the market value of the portfolio.

Investment Management Style

The investment management style is characterized as employing the laddered approach with staggered maturities. Although the philosophy will be to hold securities until maturity, trading of the portfolio will be allowed should a significant capital gain arise through the movement of interest rates. This investment management style ensures stable and reliable rates of return with minimal interest rate reinvestment risk and also minimal transaction costs.

Roles and responsibilities

BOARD OF DIRECTORS

- Develops and reviews investment policy and objectives, review investments, and investment performance;
- Receives reports quarterly from the Treasurer and Executive Director on investment holdings and returns;
- Monitors long-term investment strategy in the context of meeting operational needs;

- Ensures the availability of sufficient resources to meet operational needs;
- Ensures that the proposed investment is in the best interest of the Organization

ADVISOR

- Provides guidance on the appropriate investments to meet the needs of the Organization in accordance with this policy;
- Provides monthly statements and confirmations of every transaction provided there is activity in the account for the said month. If this does not occur, statements will be provided quarterly. The statement will further provide an asset summary, and also a description of each security and its market value.
- The Advisor will communicate quarterly with the Executive Director of CSCJA or more frequently as market conditions warrant.
- The Advisor will notify the Executive Director of a maturing security, no later than one month prior to the maturity date, to discuss reinvestment options.

EXECUTIVE DIRECTOR AND TREASURER

- The Executive Director shall be responsible for the day-to-day administration and implementation of policies established by the Board and/or the Treasurer
- The Executive Director shall work collaboratively with the Treasurer while being the primary liaison with the Advisor
- A report on all investments shall be provided to the Board of Directors at each meeting of the Board by the Treasurer and/or the Executive Director.
- The Executive Director will notify the Advisor, on a timely basis, of any changes to the investment objectives of CSCJA, or any business of CSCJA that might materially impact the investments.

Procedures

The policy will be referenced by the Treasurer and the Executive Director when funds are invested or withdrawn. Purchase or withdrawal of investments shall be done in writing by signing authorities of the Association.

Related Information

This policy replaces all previous policies established by the Board of Directors or its designate.

Special Situations

In the event that circumstances occur that could affect the implementation of this policy, the Executive Officers represent the Board of Directors and has sole responsibility and authority to adjust the policy and then issue special directives to the Executive Director and/or the Advisor to deal with the circumstances.