

CANADIAN FRIENDS SERVICE COMMITTEE INVESTMENT POLICY

May we look upon our treasures, the furniture of our houses, and our garments, and try whether the seeds of war have nourishment in these our possessions.

John Woolman

Much valuable Quaker work is financed by income from the investment of capital funds. It is important that such investments are in organizations whose activities are congruent with Quaker faith and practice. We realize that if we seek for absolute purity of investment, we probably could not invest at all.

GUIDELINES

A. ETHICAL

Canadian Friends Service Committee seeks to invest so that our capital is used in ways that are beneficial and useful to people, peace-seeking endeavours and the environment. We seek to avoid investments which are harmful or of doubtful value in a well-ordered society. We refrain from investing in bodies whose activities include:

- * the manufacture, sale, importation or distribution of military hardware
- * association, openly or tacitly, with repressive regimes
- * failure to adopt and administer effective pollution control and environmental protection policies
- * failure to observe the human rights of all persons
- * the manufacture and/or distribution of products that are harmful to health and society
- * inefficient operation which wastes time and resources.

B. FINANCIAL

The *Trustee's Act (2001)* stipulates that a "trustee may invest trust property in any form of property in which a prudent investor might invest" using the care, skill, diligence and judgment that a prudent investor would exercise in making investments.

The *Trustee's Act* stipulates mandatory diversification of the investments to the extent appropriate to the charity or trust and the general economic and investment market conditions. To this end, the Act sets out seven mandatory criteria for consideration in investment decisions:

- general economic conditions
- possible effect of inflation or deflation
- Effect of Inflation or Deflation
- expected tax consequences of investment decisions or strategies
- the role that each investment or course of action plays within the overall portfolio
- expected total return from income and appreciation of capital
- needs for liquidity, regularity of income and preservation or appreciation of capital an asset's special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries.

The *Trustee's Act* also requires the preparation of an investment plan in situations where the Trustees, or Board, delegate authority for investments. A trustee, or board member, is not liable for losses to trust property providing the loss arises from an investment made in accordance with

an investment plan, taking into account reasonable assessments of risk and return, that a prudent investor could adopt under comparable circumstances.

For short term investments, that is, periods under twelve months, the goals of investment are maximizing return and preserving liquidity. For long term investments, that is, periods over twelve months, the portfolio will be managed on a total return basis with some emphasis on providing a satisfactory income.

Capital will be invested in a balanced and diversified portfolio to consist of a mix of quality stocks, bonds and cash equivalents.

INVESTMENT PROCEDURES

The Board of Directors of CFSC designates the Finance Committee of CFSC to oversee implementation of the investment policy.

New investment policy and investment plans are prepared by the Finance Committee and approved by the Board of Directors of CFSC.

The investment portfolio is reviewed on an annual basis by the Finance Committee **and the Board of Directors of CFSC.**

Decisions on specific types of investments are made by the Finance Committee of CFSC, within investment guidelines, taking into consideration the advice of an **agent (such as an investment broker)** chosen for their experience in ethical investment and interest in developing an investment strategy compatible with Friends' beliefs and values. **A contract will be drawn up by Finance Committee with the agent stipulating powers and responsibilities of the agent. Finance Committee will review reports of the agent and confirm that the objectives of the investment plan are continuing to be met.**

The Financial Administrator or General Secretary of CFSC will give detailed direction to the broker to aid in interpreting the ethical guidelines.

The investment guidelines are reviewed **annually** by the Finance Committee, in consultation with the Trustees of Canadian Yearly Meeting. (PAC note – it is important to review investment asset mix on a regular basis given the volatility in international markets)

Finance Committee determines, on an annual basis **if we are going to increase the Income Fund with a transfer from the General Fund to address the impact of inflation on the Fund's value, amongst other considerations.**

Day-to-day management of the portfolio is in the hands of the Financial Administrator as directed by Treasurer and/or General Secretary.

New capital received is invested by the Financial Administrator in consultation with the broker and the Finance Committee.

Canadian Friends Service Committee sends a copy of its investment portfolio to the Trustees of Canadian Yearly Meeting annually.