Canadian Friends Service Committee
(QUAKERS)
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2018 CFSC Investment Policy

> "May we look upon our treasures, the furniture of our houses, and our garments, and try to discover whether the seeds of war have nourishment in these our possessions."
> - John Woolman, 18th century Quaker and advocate against slavery

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

Ethical

We seek to invest so that CFSC's capital is used in ways that are consistent with Quaker testimonies, beliefs and values. 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 and peoples; and
- The manufacture and/or distribution of products that are harmful to health and society.

Financial

Ontario's *Trustee's Act* stipulates that a "trustee may invest trust property in any form of property in which a prudent investor might invest"[1] 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;
- 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; and
- An asset's special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries.

[1] Article 26.

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 12 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.