

NIAGARA COMMUNITY FOUNDATION INVESTMENT POLICIES

Primary Investment Pool

In November, 2001 the Board of Directors of the Niagara Community Foundation (NCF) approved a plan to pool the Foundation's endowed funds with those of the Toronto Foundation (TF). As of 31-December-2021, NCF has \$51 million in the pooled fund with the total pool equaling more than \$408 million.

In 2012 the TCF undertook a major review of their current investment policy statement (IPS), historic investment performance, benchmarking tracking strategy and income needs. The outcome of the review was the development of a "Return-Specific" Investment Strategy, which was adopted by the TF and NCF in September, 2012. The goals of the IPS are:

- Achieves granting objectives for endowments,
- Protects the long-term purchasing power of the capital component,
- Establishes a reserve for future market declines, and
- Recovers the cost of managing and administrating the funds.

Risk Tolerance

The Portfolio will be structured and managed to provide for the generation of its targeted rate of return without exceeding its predetermined maximum risk exposure. The Portfolio will be measured against established numerical risk targets for volatility. Asset class weightings will be adjusted such that constant volatility is maintained. The goal is to achieve more stable returns without increasing risk

Asset Allocation

Given the Portfolio's targeted return on investments, its risk tolerance, legal and taxation status, its investment time horizon, liquidity and income requirements, the following permissible asset class holding ranges have been established:

Long Term Strategic Asset Allocation

Asset Class	Permissible Range
Cash and Cash Equivalents	0% to 50%
Fixed Income Instruments	0% to 50%
Total Fixed Income	5% to 50%
Global Equities*	0% to 65%
Other Strategies**	25% to 50%
Total Equities & Other Strategies	50% to 95%

* Global Equities may include Canadian, US, International and Emerging Markets equities. They may be diversified by size (large cap, small and mid-cap), style (value & growth) and other factors such as high dividend stocks.

** Other Strategies may include benchmark-free and absolute return strategies.

Toronto Foundation Investment Managers:

Beginning in January 2021 RockCreek is Toronto Foundation's outsourced chief investment officer. Responsible for the Foundation's main pool investments, RockCreek brings a wealth of experience as a leading global investment management firm with a solid track record in responsible and sustainable investing.

External Investment Managers Program

The External Investment Managers Program allows assets gifted to a newly created fund to be invested outside of Niagara Community Foundation's Consolidated Investment Fund in a portfolio managed by the donor's recommended investment firm. The minimum contribution to the fund is \$1 million.

To qualify for a donation receipt under the Income Tax Act (Canada), the donor must transfer ownership and legal control of their portfolio assets to Niagara Community Foundation. The definition of a "gift" in the Act must be met to protect both the donor and Niagara Community Foundation. This means that the investment firm's contractual relationship shifts from the client/donor to Niagara Community Foundation. However, the client/donor may remain involved as an advisor to Niagara Community Foundation and is entitled to receive copies of annual fund statements from the Niagara Community Foundation.

To be eligible to participate in the Program, an Investment Firm (the "Firm") must be approved by the Foundation's Investment Committee. Eligibility will be determined using the following criteria:

- Licensing with the Ontario Securities Commission.
- A report setting out the Firm's performance for the previous 5 years, such report demonstrating investment performance that meets the Foundation's benchmarks.
- A portfolio manager assigned to the Fund who:
 - is registered with the Ontario Securities Commission,
 - is a member in good standing of an appropriate portfolio manager association, and
 - has been licensed as a portfolio manager actively involved in discretionary investment management of segregated portfolios for a minimum of 3 years.

As of January 2022, the Foundation has \$22 million managed through this program.

Program Related Investing

December 2010 saw the release of a national report entitled *Mobilizing Private Capital for Public Good*. The report made seven recommendations aimed at encouraging regulatory changes to accelerate capital investments in Canada's voluntary sector. However, one recommendation in the report captured the interest of the Niagara Community Foundation. Specifically, that Canada's public and private foundations should invest at least ten percent (10%) of their capital in mission-related investments by 2020 and report annually to the public on their activity.

In June 2011, the board of the Foundation started a due diligence process to determine whether this type of investment met the Foundation's strategic objectives. The review culminated in the board's decision in September 2012 to invest in the Community Forward Fund (CFF). CFF makes loans or arranges financing for Canadian nonprofits and charities. Its structure has been designed to address a gap in access to patient, working capital and bridge loans for the sector for small and medium sized for-social-profit organizations. As of December, 2012 the Foundation has made a commitment to invest \$500,000 in the Community Forward Fund.

The Foundation's Board took another step into the realm of Social Impact Investing entering into a \$100,000 partnership with the Fair Finance Fund (FFF) – a new social finance fund for the Ontario food and farm sector. The Fund lends to social enterprises across the food system that provide demonstrable social, environmental, and economic benefits. Every penny invested goes directly to loans. This innovative fund supports the future of local food in Ontario, from seed to supper. For 2021 the investment returns on this fund were 4.0%.

As with all Social Impact Investment opportunities, the Foundation recognizes that although there might be a lower financial return compared to that of traditional investments, that there is an equally important social and environmental impact alongside of the financial return.

Investment Committee

It will be the responsibility of the NCF Investment Committee, the members of which are identified below, to review the investment performance on a monthly basis, meet on a quarterly basis and review the relationship with the Toronto Foundation on an annual basis.

Committee Members as of January 1, 2023:

Natasha DiCienzo (Chair), Wealth Advisor, Scotia Wealth Management (2018); **Terry Lynn Adamson**, Senior Wealth Advisor, Adamson Wealth Group Inc. (2022); **Jim Blake**, retired, Investment Manager, Cooperators Insurance (2015); **Mario Ferrara**, retired, former Managing Director at Scotia Capital & former Vice-President of Investments, E-L Financial Corporation (2013); **Alan Goddard**, retired, Vice-President of Corporate Affairs & Corporate Office with the Canadian Tire Corporation (2015); **Stephen Jenkins**, Senior Vice President & Portfolio Manager, Sionna Investment Managers (2019); **Peter Nixon**, Corporate Director and retired Investment Broker Goepel Shields & Partners, Dundee Securities; **Aurora Tancock**, President & Founder, Aurora Tancock Financial Services Inc. (2022); **Brian Wilkie**, President & CEO – Niagara Peninsula Energy Inc. (2021); **Suzanne Wilson**, Vice President – Finance, Niagara Peninsula Energy (2017); **Madeline Woodhead**, Investment Advisor, Forrest/Woodhead Wealth Management Group, National Bank Financial (2008).