



Investment Policy Development Toolkit for your organization



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Portfolio Manager



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FINANCIAL**
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- › **More than 50 years** of accumulated experience in the financial sector
- › **CIM Portfolio Manager:** Our investment management expertise at your fingertips
- › Nearly **300 clients** including **70 NPOs** (See NPO offer and testimonials)
- › Our dual expertise: **NPOs and officers/directors**



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Jean Philippe has been with the National Bank since 1998. He has been working with NPOs, associations, entrepreneurs and professionals since 2003, so he knows their business dynamics well. He will be able to provide sound advice for your financial management.



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Financial Security Advisor
National Bank Insurance Firm¹

Éric and his team will advise you on your group insurance program for your employees and offer you interesting solutions for your planned giving program.

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Program



Module

①

Development of an investment policy

- › Duty of directors
- › The relevance of an investment policy
- › Minimum content of an investment policy
- › Independent experts for your investment policy

Module

②

Positioning grid for NPOs

- › The challenge of prudence VS inflation
- › Suggested allocations
- › Expectation of returns of different assets



Development of an investment policy

Module 1

- › Duty of directors
- › The relevance of an investment policy
- › Minimum content of an investment policy
- › Independent experts for your investment policy





Duty of directors



**Duty of ability
and knowledge**



**Duty
of care**



**Duty
of loyalty**



**Fiduciary Duties:
NPOs hold assets
in trust for
the public good**



The relevance of an investment policy

According to the CPA Order:

Ethical accountability requirements are growing in all social spheres, and the boards of directors of charities, not-for-profit organizations (NPOs) and foundations are no exception. Their members must, more than ever, be diligent in managing their organization's funds. If, therefore, you accept such responsibilities in an organization, how can you ensure that the funds are treated properly?

Appropriate representation

Very few charities or NPOs in Canada have true investment policy statements... The laws governing trustees in some states of the United States are much more stringent than Canadian laws, and breaking their rules sometimes exposes violators to severe fines... These laws often stipulate the behaviour of a prudent professional and contain details of the need to set out an investment policy and reporting standards. Fortunately, the trends that began in the United States often spread to Canada... An appropriate investment policy, encompassing the principles discussed, can provide a charity's board members with the information they need to support and, if necessary, defend the charity's investment strategy and objectives, and can contribute to the well-being of the community as a whole.

Summary: the relevance of an investment policy



Frames and facilitates
your investment process



Optimize the return
on your investments

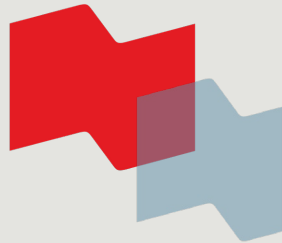


Ensures better governance
of the company's funds



Will allow to make a reflection on
the management of the financial
risks of the organization of which,
in particular:

- › Fight against inflation
- › Issuers' credit quality
- › Diversification





Minimum content of an investment policy

①

First level

- › Expected return
- › Degree of risk
- › Liquidity requirements

②

Second level

- › % of fixed or variable income assets
- › Authorized Investments

③

Third level

- › Diversification to reduce overall risk

Positioning grid for NPOs

Module 2

- › The challenge of prudence VS inflation
- › Suggested allocations
- › Expectation of returns of different assets



Suggested allocations

Positioning grid

Portfolio type	Expected annual return over 5 years ¹	Suggested allocations			Level of risk	Largest 1-year decline in recent years
		% Fixed Income (Cash/Bonds-GIC)	% Stocks	% Alternatives		
Liquidity	3.80%	100%	0%	0%	Low	0%
Income ²	4.45%	70 to 90%	5 to 15%	5 to 15%	Low	-10.33% (Sept 2021 – August 2022)
Conservative ³	5.00%	55 to 70%	15 to 22.5%	5 to 20%	Low to Moderate	-12.64% (Mar 2008 – Feb 2009)
Balanced ⁴	5.75%	35 to 55%	25 to 40%	10 to 25%	Moderate	-17.23% (Mar 2008 – Feb 2009)
Growth ⁵	6.20%	15 to 35%	32.5 to 60%	10 to 25%	Moderate to High	-21.37% (Mar 2008 – Feb 2009)
Max Growth ⁶	6.65%	0 to 15%	50 to 100%	15 to 30%	High	-25.30% (Mar 2008 – Feb 2009)

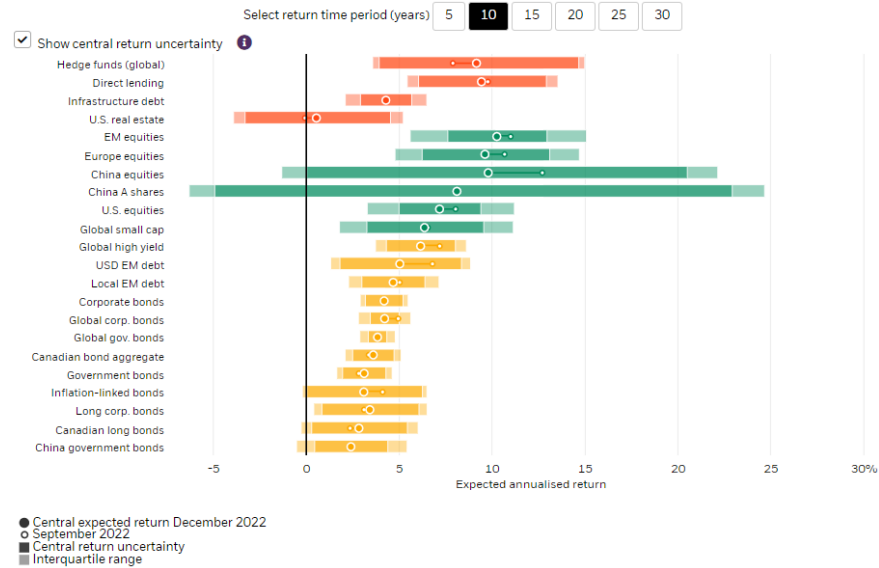
1. Data as of March 31, 2023, from [BlackRock capital market assumptions](#).

Largest 1-year decline in recent years; 2. Income: XBB=75%, XIU=10%, XWD=15% 3. Conservative: XBB=60%, XIU=15%, XWD=25% 4. Balanced: XBB=40%, XIU=25%, XWD=35% 5. Growth: XBB=25%, XIU=30%, XWD=45% 6. Maximum growth: XBB=10%, XIU=35%, XWD=55%

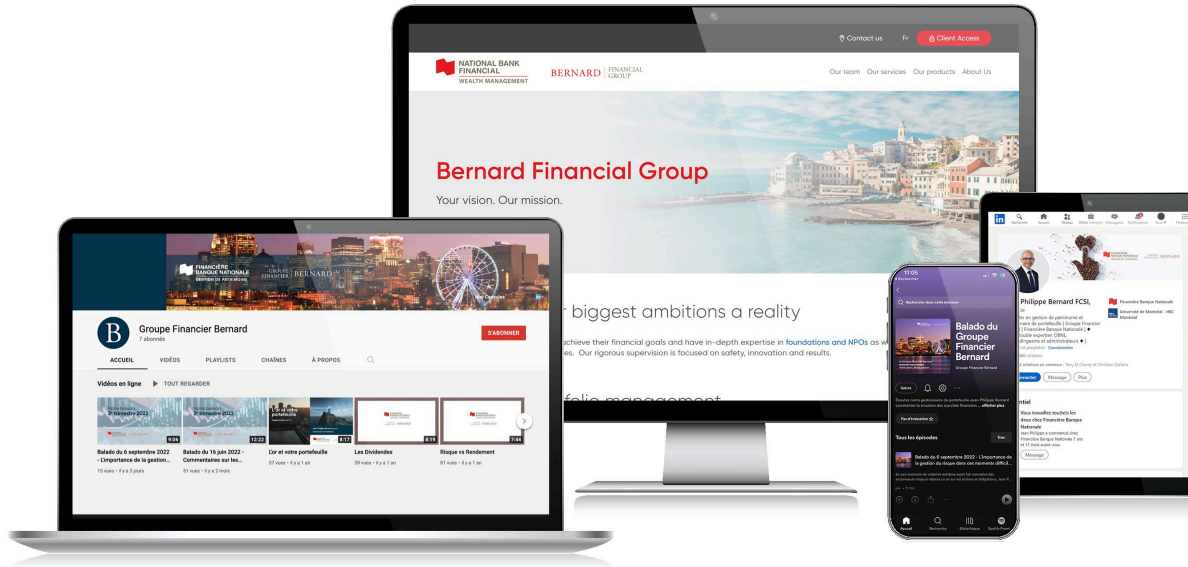
Expectation of returns of different assets


10 years

Asset return expectations and uncertainty



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