Investment Policy

Voting

- Prior to making an investment, the Treasurer will make a motion presenting the investment plan at an Executive Committee meeting. If there is an urgent time constraint then an email motion and vote will be undertaken. The WLUFA Staff will count the votes. An acknowledgement confirming the outcome of the motion will be made at the next Executive Committee meeting.

- The Treasurer will execute, in all material respects, the approved investment plan.

- The Treasurer will present the actual investment undertaken at the next Executive Committee meeting. A motion will be presented for any deviation from the plan.

Investment Plan

- The Treasurer must assure the Executive Committee that the investment plan is within the WLUFA investment guidelines (see below) or, if outside of the guidelines, then the Treasurer must provide reasons as to why the planned investment is appropriate.

- Also, if an investment plan is approved that is outside of the guidelines, then an immediate review of the relevant guideline(s) must be undertaken. The revised guideline(s) is to be presented as a motion at an Executive Committee meeting within 90 days.

Investment Guidelines

All WLUFA investment plans must be reviewed with the goal of attaining high security of principal, high liquidity and low risk. Funds should be available for the needs of the Association at the time the need occurs. Such needs may arise from strikes, arbitrations, donations, etc. Thus our investment goals should be low risk and have a relatively short-term horizon.

a. Security of Principal
   WLUFA should not be undertaking any investment where the principal is not secure.

- The principal is secure for investments such as:
    i. GICs and deposits with Canadian Chartered banks and major Canadian Trust companies
    ii. Short term Canadian federal bonds, provincial bonds and government guaranteed bonds

- The principal is <u>not</u> secure for investments such as:
    i. Corporate bonds
    ii. Common and preferred shares
    iii. Deposits with small Trust companies
    iv. Deposits with offshore financial institutions

b. Liquidity (holding period)

If we are required to redeem our investment prior to maturity then we may suffer an early redemption loss. The cash (early redemption) value of a bond falls as interest rates rise. Some GICs have penalties if redeemed early and some GICs cannot be redeemed early.

- For GICs we should require the term to maturity to be longer than two (2) years to permit up to one-fourth (1/4) of WLUFA's investments to achieve higher returns. The maturities should be laddered such that every year some investments mature.

- Normally government bonds should have a maximum remaining term to maturity of two (2) years. Government bonds may have longer maturities if they can be redeemed annually for their full principal value plus accrued interest. All bonds should be saleable at any time in the bond market.

c. Risk – exchange rate
- The investment should be denominated in Canadian currency. This eliminates any currency risk.

d. Portfolio Strategy
- We should develop a portfolio of investments rather than relying on a single institution or single type of investment. The portfolio should have a variety of terms to maturity represented.

- We should not be making portfolio decisions that require substantial monitoring and renewal effort unless the additional effort brings substantial benefits to WLUFA.

Examples of Acceptable Investments

- GICs at Canadian Chartered Banks to permit up to one-fourth (1/4) of WLUFA's investments to be placed in longer than two (2) year terms to achieve higher returns.

  Canadian federal government, provincial government and government guaranteed bonds to permit up to one-fourth (1/4) of WLUFA's investments to be placed in longer than two (2) year terms to achieve higher returns.
- Long term (up to seven (7) years) Ontario Savings Bonds with the provisions that the bonds may be redeemed annually for full face value plus accrued interest

Approved May 2004. Amended September 2017.