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Security of the invested funds must be a prime consideration in any investment and must be assured by reasonable tests. In addition, protection of the invested principal will be achieved with a diversified portfolio as specified by the Eligible Investment Guidelines set forth below;

A high level of liquidity must be maintained in the portfolio of investments to enable the sourcing of funds at minimal risk level of capital loss, or to provide the ability to adjust the portfolio in changing market conditions. This will be achieved by limiting investments to readily marketable securities;

A portion of the expendable funds may be invested in the University's endowment investment pool and in assigned short-term mortgage funds. Dollar limits for each individually and for both in aggregate will be set from time to time as percentages of the defined baseline balance of the expendable funds. The percentages and dollar limits approved will be set periodically by the Investment Committee and specified in Appendix A to this policy. As protection against market volatility in either of these investment options, a reserve of \$5 million shall be established from returns on these investments that exceed what the Funds would otherwise earn on the bank deposit rate. The reserve will be utilized to restore the capital in any year that these investments incur a capital loss.

A portion of the expendable funds may be invested as internal loans to finance strategic University projects. A dollar limit for internal loans in aggregate will be set from time to time as a percentage of the defined baseline capital of the expendable funds. The percentage and dollar limit approved will be set periodically by the Investment Committee and specified in Appendix A to this policy.

Investment yield and return for the expendable fund portfolio, while important factors, will be subordinate to security and liquidity considerations.

Securities that are held directly will not normally be actively traded - this will occur only when unexpected cash requirements arise, or opportunities arise to enhance credit at the same yield or enhance yield at the same credit without loss of principal. Underlying investments in the University's endowment investment pool or in a short-term mortgage fund may be subject to active trading.



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The following security guidelines must be followed in the investment of Dalhousie University's expendable funds. The limits and constraints set forth are applicable at the time of investment.

Type of Security

Investment Limit

In addition, the portfolio of invested securities must also adhere to the following constraints:

No additional investments will be made with any issuer within classes (c), (d), (e), or (f) should that issuer be subject to a "rating alert";

Dalhousie University
Appendix A to
Expendable Funds Investment Policy

June 2019

Projected cash Levels, Expendable Funds:

Peak: \$300 million
Trough: \$200 million

| | | | Constraints |
|--|--|------------------------------|---|
| <p>Ⓐ (trough) Bank Balance Minimum Available for Investment</p> | <p>\$200,000,000 <u>40,000,000</u> \$160,000,000</p> | | |
| Internal Loans | \$0 - \$60,000,000 | \$ 60,000,000 | 37.5% maximum |
| | | | |
| <p>Ⓒ Endowment Pool Short-term Commercial Mortgage Total Endowment & Mortgage</p> | <p>\$0 - \$25,000,000 <u>\$0 - \$60,000,000</u> \$0 - \$60,000,000</p> | <p>\$ 60,000,000</p> | <p>15.6% maximum <u>37.5% maximum</u> 37.5% maximum</p> |
| Money Market & Short Bonds* | | \$15,000,000 – \$200,000,000 | |