

# **Investment Policy**

The Newfoundland and Labrador Public Sector Pensioners' Association (NLPSPA), in accordance with its Constitution [Article XIII, Section 1 (a) – (d)], is responsible to exercise due diligence concerning the funds of the Association:

## **ARTICLE XII – FUNDS**

1. The Board shall:

- (a) be trustees of all funds of the Association and of all other assets of the Association, and shall administer them in accordance with this Constitution;
- (b) arrange that all funds received by the Association shall, as soon as possible after receipt thereof, be deposited in a registered financial institution in the Province of Newfoundland to the credit of the Association;
- (c) invest any moneys of the Association, not immediately required for any of its objects, in such manner as may from time to time be determined by the Board;
- (d) arrange that all securities of the Association be maintained in such manner as the Board deems appropriate;

The Board of Directors of NLPSPA recognizes that effective cash management is essential to good fiscal management. As investment interest is a viable and material source of revenue to NLPSPA, the investment portfolio of NLPSPA shall be designed and managed to maximize this revenue source, to be responsive to public trust, and to be compliant with legal requirements and limitations. Therefore, to ensure maximum yield of investment income and the protection of the investment portfolio of NLPSPA, the following policies shall apply:

A. Any moneys or financial reserves of the Association not immediately required for any of its objects be invested in such amounts as authorized by the Board of Directors.

B. No funds shall be deposited or invested except in authorized investments. Authorized investments are those that have been approved by the Board of Directors and are in accordance with Article XII, Section 1 (c) Constitution of the NLPSPA. Any investment must be fully guaranteed by the Canadian Government.

C. All accounts, instruments, and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by the Board of Directors as appropriate and they shall be reviewed at least annually.

D. Investments of the NLPSPA shall be made with the primary objectives of:

### **1. Safety and preservation of principal**

The long-term goal is safety of the replacement reserves. Prudent investment activity will be exercised to ensure maximization of yield on the portfolio.

**2. Liquidity and accessibility**

Funds not currently required for immediate operating and/or capital needs may be invested. Funds should be readily available for projected or unexpected expenditures. There shall be maintenance of sufficient liquidity to meet operating needs of the Association. The Treasurer shall maintain a minimum cash reserve, as determined by the Board of Directors, sufficient to maintain the monthly operations and financial obligations of the Association.

**3. Minimal costs**

Investment costs (redemption fees, commissions, and other transaction costs) should be minimized.

**4. Professional Management in a Major Financial Institution**

Funds shall be invested with accredited professional managers in a major financial institution. All investments shall be designed and managed in an ethical and responsible manner and in accordance with provincial and federal legislation.

**5. Return**

Funds should be invested to seek the highest level of return that is consistent with preservation of the purchasing power of the principal and accumulated interest.

**6. Performance Monitoring**

The Finance Committee shall receive quarterly reports on the investment portfolio and their rate of return. The report shall include: type of investment, purchase date, purchase amount, maturing amount, maturing date and interest rate. The quarterly report will be presented to the Board of Directors.

**Approved Board of Directors: May 28, 2008**  
**Revised and Approved by Board: May 19, 2016**  
**Reviewed by Finance Committee May 12, 2021**  
**Approved Board of Directors: May 26, 2021**