

Approved April 2, 2005/Amended 2012/Reviewed, amended 2013

CANADIAN YEARLY MEETING INVESTMENT POLICY

May we look upon our treasures, the furniture of our houses, and our garments, and try whether the seeds of war have nourishment in these our possessions.

John Woolman

Much valuable Quaker work is financed by income from the investment of capital funds. It is important that such investments are in organizations whose activities are congruent with Quaker faith and practice. We realize that if we seek for absolute purity of investment, we probably could not invest at all.

GUIDELINES

A. ETHICAL

Canadian Yearly Meeting seeks to invest so that our capital is used in ways that are beneficial and useful to people, peace-seeking endeavors and the environment. We seek to avoid investments which are harmful or of doubtful value in a well-ordered society. We refrain from investing in bodies whose activities include:

- the manufacture, sale, importation or distribution of military hardware
- association, openly or tacitly, with repressive regimes
- failure to adopt and administer effective pollution control and environmental protection policies
- failure to observe the human rights of all persons
- the manufacture and/or distribution of products that are harmful to health and society
- Inefficient operation which wastes time and resources.

B. FINANCIAL

The *Trustee Act (2001)* stipulates that a “trustee may invest trust property in any form of property in which a prudent investor might invest” using the care, skill, diligence and judgement that a prudent investor would exercise in making investments.

The *Trustee Act* stipulates mandatory diversification of the investments to the extent appropriate to the charity or trust and the general economic and investment market conditions. To this end, the Act sets out seven mandatory criteria for consideration in investment decisions:

- general economic conditions
- possible effect of inflation or deflation
- Effect of Inflation or Deflation
- expected tax consequences of investment decisions or strategies
- the role that each investment or course of action plays within the overall portfolio
- expected total return from income and appreciation of capital
- needs for liquidity, regularity of income and preservation or appreciation of capital
- an asset’s special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries.

The *Trustee Act* also requires the preparation of an investment plan in situations where the Trustees, or Board, delegate authority for investments. A trustee, or board member, is not liable for losses to trust property providing the loss arises from an investment made in accordance with an investment plan, taking into account reasonable assessments of risk and return, that a prudent investor could adopt under comparable circumstances.

For short term investments, that is, periods under twelve months, the goals of investment are maximizing return and preserving liquidity. For long term investments, that is, periods over twelve months, the portfolio will be managed on a total return basis with some emphasis on providing a satisfactory income.

Capital will be invested in a balanced and diversified portfolio to consist of a mix of quality stocks, bonds and cash equivalents. Equities will constitute a maximum of 50% of the total portfolio.

INVESTMENT PROCEDURES

Decisions on specific types of investments are made by the Trustees, within investment guidelines, taking into consideration the advice of an agent (such as an investment broker) chosen for their experience in ethical investment and interest in developing an investment strategy compatible with Friends' beliefs and values. CYM Trustees will review and approve any contracts with agents. CYM Trustees will review reports of the agent and confirm that the objectives of the investment plan are continuing to be met.

The Trustees will give detailed direction to the broker to aid in interpreting the ethical guidelines.

Long term investments are placed in an investment pool.

The investment portfolio is reviewed on an annual basis by the Board of Trustees.

The investment guidelines are reviewed every three years by the Board of Trustees.

The Trustees determine, on an annual basis, the portion of the interest which is to be returned to the investment pool if necessary to protect the capital from inflation.

Day-to-day management of the portfolio is in the hands of the Treasurer of Trustees who follows the Investment Plan as directed by the Board of Trustees.

Interest is received twice yearly from the agent and is distributed among the funds in proportion to their contribution to the total investment pool.

New capital received between meetings is invested in approved short term vehicles by the Treasurer of Trustees in consultation with the agent in accordance with the approved Investment Plan.

The Trustees provide a list of its investments to Canadian Yearly Meeting for publication in *Reports for Canadian Yearly Meeting* annually.

Canadian Friends Service Committee follows the ethical and financial guidelines of the CYM investment policy but uses investment procedures appropriate to its needs.

Canadian Friends Service Committee sends a copy of its investment portfolio and its Audited Statements to the Trustees annually.

This document is to be used against the background of the report of the ad hoc Committee on Fund-raising and Stewardship (CYM 1994, minute #83 and its report on pages 23-7 of Reports to Canadian Yearly Meeting 1994).