



Investment Policy

Effective:

Distribution: All staff; Treasurer

Related policies:

Purpose of policy

The purpose of this investment policy is to establish and maintain practices to invest CLA funds.

Scope of policy

This policy governs the investment of all operating, capital, trust, and reserve funds. This policy does not govern the investment of CLA funds under the management of an arm's-length foundation.

General investment strategy and goals

The investments will be managed with the goal of achieving the highest possible total rate of return that is compatible with an investment strategy that emphasizes:

- maximum security of capital
- highest return on investment
- appropriate liquidity

while meeting daily cash flow demands and conforming to all legislative and fiduciary requirements.

Specific Objectives

1. Adherence to statutory/legislative and organizational requirements.
2. Preservation of capital and management of risk.
3. Liquidity: The investment portfolio shall remain sufficiently liquid to meet all cash requirements that are reasonably foreseeable. This will be provided for wherever possible by a combination of:
 - Structuring investments so that they mature in a timely fashion that meets cash flow requirements;
 - Investing largely in securities with active secondary or resale markets to allow CLA to meet unanticipated cash demands without penalty;
 - Selecting investment pools or instruments that provide an appropriate balance of short-term liquidity and yield.

Risk Management Guidelines

Credit risk shall be mitigated by a combination of:

- Investing in safer (that is, higher-rated) security types;
- Portfolio diversity

Interest rate risk shall be mitigated by a combination of:

- An investment portfolio structure that allows for ongoing cash requirements without loss of investment interest due to penalties for early withdrawal;
- Investment strategies that result in regular maturation of securities
- Use of approved investment pools.

Diversification Guidelines

(expressed as a percentage of total portfolio market value, adjusted annually)

<i>Class</i>	<i>Maximum</i>	<i>Minimum</i>
Fixed Income Investments	90%	65%
<i>Within this asset class</i>		
Canadian	100%	80%
Foreign	20%	0%
Equity Investments	35%	10%
<i>Within this asset class</i>		
Canadian	100%	80%
Foreign	20%	0%
Cash & Short Term Investments	25%	0%

Investments in the above areas may be made through direct investment, or through mutual or pooled funds, or through the use of derivative products such as futures, options, and warrants.

Investment Constraints

1. At least 90% of total equity investment will be listed on a recognized stock exchange, or be convertible, exchangeable or exercisable into such listed equity investments.
2. At least 90% of total fixed-income securities will be issued by governments, or be secured by government guarantees or revenues, or be fully secured by first mortgages on real estate, plant and equipment, or be at least “A rated” by a professional rating agency.

Rate of Return Goals

The rate of return will include both income and change in capital value, will be based on market values of the investments, and will be measured over 4 year time periods.

Absolute Return Goals: CPI plus 3%
Relative Return Goals: At least 2nd quartile in universe

Considerations of care

1. Prudence

Investments shall be made with the care and exercise of judgment that a person of prudence, intelligence and discretion would make in the same time or circumstances for her or his personal investment. Investments shall be made considering the probable safety of capital as well as the probable return to be derived.

CLA officers who act in accordance with this policy and exercising due diligence shall not be held personally responsible for the credit risk of an individual security or for changes in market price.

2. Authority

The Executive Director is responsible for the prudent investment of CLA's portfolio, acting under the terms of this policy. In the event of a prolonged absence of an Executive Director, the CLA President and Treasurer together shall act in her or his stead if the need for action arises.

3. Ethics and conflicts of interest

Officers involved in the investment process shall refrain from personal business activity that could negatively affect their ability to make impartial decisions or that could conflict with the proper management of the investment process. Any personal financial positions that could be materially related to the performance of the investment portfolio shall be disclosed. Officers shall not undertake personal investment transactions with the same individual with whom CLA business is conducted.

4. Custody/Safekeeping

All investments shall be made and held in the name of the Canadian Library Association. All institutions with whom CLA funds are invested must provide monthly statements of activity.

Reporting/Oversight

The Executive Director (or in the extended absence of an Executive Director, the investing officer(s)) shall provide to the Treasurer on a monthly basis a summary of the monthly investment statements provided by the investment manager.

The Executive Director shall provide Executive Council with a summary of the state of CLA's investments for each of its regular meetings.

The Executive Director shall have available for any Director during regular business hours the most-recent, complete investment statement from the investment manager.

The Executive Director shall provide to the Officers or Executive Council any additional information that that he/she deems material or that the Officers or Executive Council direct to be included because of its relevance to CLA's investment activities.

Policy considerations

1. Exemption

Any investment held by the CLA at the time of this policy's enactment shall be exempted from the requirements of this policy until the investment reaches maturity. When maturity is reached, or in the event of liquidation, all monies derived that are designated for re-investment shall be governed by this policy.

2. Amendments

This policy shall be reviewed on a regular basis. Any amendment must recognize the longitudinal nature of investing and the short- and long-term character of the CLA's portfolio at the time of the amendment, and include measures to mitigate loss in revenue as a consequence of any change derived from the amendment.

3. Application

Application of this policy will be through the selection and monitoring of a firm of investment advisors meeting the criteria outlined in Appendix I and not through the direct selection of investments by CLA staff or volunteer leadership.

Appendix I – Selection of Investment Advisors

CLA's investments will be managed by an individual investment manager or a firm of investment managers.

Qualifications of Investment Advisors

The Investment Advisors shall be licensed to trade securities and other financial instruments in the relevant jurisdictions.

The Investment Advisors will hold sufficient insurance to indemnify CLA against losses due to the theft or inappropriate management of CLA's funds as determined by a court, tribunal or arbitrator of competent authority.

The Investment Advisors shall be members of the Canadian Investors Protection Fund or similar protection fund.

Conduct of Investment Advisors

The Investment Advisors will:

- disclose in writing any actual or perceived conflict of interest, which would conflict with or impair the Investment Advisors' ability to act in the best interest of CLA and towards the attainment of CLA's stated goals;
- outline what procedures will be implemented to eliminate the conflict of interest.

Selection of Investment Advisors

CLA will select its Investment Advisors based on the match between the Advisors' investment strategy and CLA's investment goals and policy.