

	Investments	
	Policy Type:	Governance Process
	Number:	GP-F-2.1
	To be Reviewed:	Once per term
	Approval Date:	April 26, 2021
	Motion Number:	21.C.167
	Revised Date(s):	

Policy Statement:

To provide the Town with a high level of safety and security while achieving the best investment return, meeting cash flow requirements, and conforming to applicable legislation for securities.

1. Investment Principles

1.1. Safety:

Safety of principle is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of all funds invested. The objective will be to mitigate credit risk and interest rate risk by investing only in creditworthy institutions and instruments, and by maintaining portfolio diversification. Diversification is required to maximize the yield from a blend of financial products and terms.

1.2. Liquidity:

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, as all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

1.3. Yield:

The investment portfolio shall be designed with the objective of attaining at a minimum a market rate of return, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

1.4. Duration:

The investment portfolio shall be designed with the objective of keeping duration within anticipated liability needs or set parameters of a bond index. This is done to limit the exposure of the portfolio to interest rate risk (rate fluctuations). Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. The bigger the duration number, the greater the interest rate risk or reward for bond prices.

2. Standards / Requirements

2.1. Security selection is restricted to the authorized investments as defined in the *Municipal Government Act* and corresponding regulation(s).