

Executive Limitations

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Investment Policy	EL-6
	Date of Approval
	June 20, 2012
Responsible Authority	Date of Revisions
CMLTM Council	June 2, 2016 September 14, 2016 October 19, 2018 September 25, 2020 September 23, 2022 September 22, 2023
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The purpose of this policy is to provide both clarity and guidance in the investment decision-making process while considering CMLTM’s financial resources, needs, goals, risk tolerance and unique preferences, and the Council’s expectations of the Registrar/CEO regarding the management of CMLTM investments.

The Registrar/CEO shall ensure that the CMLTM investments are managed in a way which preserves capital, provides necessary liquidity requirements, and adds value to the investments.

Risk Tolerance

CMLTM tolerance for taking risk is low to moderate. Investments that carry substantial risk will be considered on an annual basis and will need Council approval. Council must be informed if, at any time, the investment risks changes due to market conditions.

Constraints

The following constraints will influence CMLTM’s asset mix and investment decisions:

Liquidity

Liquidity refers to the ability to convert an asset into cash without causing a significant change in the price of that asset. Sufficient liquidity is important to allow future usage for an emergency (legal action) or to participate in a new investment opportunity. Accordingly, the portfolio will hold at least 75% of the investments in assets that are easily converted for this purpose.

Income

CMLTM does not require any income from the portfolio at this time. Income can be reinvested into more securities when the opportunity arises.

Time Horizon

The longer the expected holding period, the more likely CMLTM will achieve the targeted rate of return. Considering both the purpose of the portfolio and potential demands on it, CMLTM will accept that the time horizon for investment planning purposes is long term in nature (over 10 years).

Taxes

CMLTM is a tax exempt, not-for-profit organization.

The Registrar/CEO shall:

- Manage the investments of CMLTM in a manner which meets all criteria specified in this policy.
- Consult with investment professionals/financial institutions and obtain no less than 3 investment proposals, when required.
- Expect a reasonable rate of return based on current market conditions.
- Ensure that investments in equities, bonds and short-term securities are diversified by industry, country and maturity date.
- Permit no investments to be made in options, futures and other derivative type investments.
- Strive to invest in companies with values congruent with those of CMLTM, including ensuring that companies involved in alcohol distillation, tobacco manufacturing, gambling, and foreign countries with documented human right violations will be excluded from the portfolio. This constraint may be waived for holding units of pooled investment vehicles.
- Ensure that all parties involved in making investment decisions on behalf of CMLTM disclose any conflict of interest.
- Maintain an operating fund for the day to day operations of CMLTM.
- Maintain a balanced fund for surpluses from operations (to be allocated as either Legal Reserve, Capital Reserve, or Operating Reserve by Council).
- Report to Council on the performance of the portfolio at least twice per year.
- Take steps to ensure that the asset mix (at cost) for the balanced fund will not be allowed to vary significantly from the following ranges:

	Recommended Range	
	No Less Than	No More Than
Short term (less than or equal to one year)	0%	20%
Canadian Fixed Income	30%	65%
Non-Canadian Fixed Income	0%	20%
Canadian Equities	10%	35%
U.S. Equities	0%	30%
International Equities	0%	10%

- Require the investment professionals/financial institution to inform the Registrar/CEO and provide an action plan should the asset mix deviate from the above ranges for the balanced fund.

- Ensure that acquisitions for the balanced fund (short term securities) be limited to investment grade credits (or their equivalent in foreign countries) as rated by the Dominion Bond Rating Service and the Canadian Bond Rating Service or their equivalent.
- Ensure that bonds for the balanced fund are reasonably diversified among investment grade government and government guaranteed securities and corporate bonds rated by a recognized rating service at the time of purchases.
- Ensure that all equity purchases for the balanced fund are traded on a recognized stock exchange.
- Ensure that for the balanced fund not more than 20% of the total market value of the bond selection shall be invested in private placements and not more than 40% of the total market value of the bond selection shall be invested in foreign currency issues of Canadian borrowers.
- Ensure that for the balanced fund not more than 25% of the total market value of the Canadian equity section shall be invested in equity or quasi-equity securities of companies within any one generally recognized group.