

Policy Name	Investment Policy Statement
Policy Number	2.01
Last Review Date	March 2026
Next Review Date	2028
Responsible Committee	Investment Sub-Committee

POLICY TYPE - FINANCE

2.01 Investment Policy Statement

1. Principles

The Yellowknife Community Foundation supports Yellowknife and communities across the Northwest Territories. The Foundation’s community funds are endowed and invested to generate returns, allowing them to support charitable work both now and in the future.

These funds generate investment returns that enable the Foundation to make grants, support programs, and advance its mission while maintaining long-term financial stability.

As a steward of endowed capital, the Foundation is committed to managing its assets prudently to:

- Sustain annual disbursements
- Preserve the real purchasing power of the endowment
- Ensure intergenerational equity

A disciplined long-term investment approach allows the Foundation to plan effectively, respond to emerging opportunities, and support the communities it serves in a consistent and sustainable manner.

1.1 Yellowknife Community Foundation’s Mission and Principles

The Yellowknife Community Foundation is a charitable organization that inspires and enables impactful giving in Yellowknife and the NWT. We strive to align donor interests and community needs through evidence-based grant-making, fundraising, strategic investment, public education, and community relations.

In carrying out our mission to identify and address community needs, grants are made to organizations across the NWT in support of projects which: advance the welfare of the needy and alleviate human suffering and poverty; assist and promote arts and cultural activities, sport, recreation and community development; advance education; assist and advance the provision of medical services; and assist and advance other community activities or facilities of a charitable nature.

Our principles include the following found in our *Yellowknife Community Foundation 2023-2028 Strategic Plan*:

Generosity: We recognize that it is the contributions of many that enable us to do the work we do. We are grateful to all the donors, grantees, and partners who give their resources, their time, and their talents to strengthen and support our communities. We humbly strive to maximise the impact of their generosity through thoughtfully designed and administered funds and grants.

Integrity: We work everyday to earn the trust of our donors, grantees partners, and community members by aligning our words and our actions, and by being honest and transparent in everything we do.

Learning: We're here to be of service to our community. This requires that we be open to listening to, and learning from our donors, applicants, grantees, and partners about their needs, interests, and experiences through feedback and dialogue.

Equity, Diversity & Inclusion: We are committed to serving and reflecting the whole community and to fostering a sense of belonging for all. To do this, we must invite diverse people and ideas into our organisation and our decision-making. We must be open to seeing and addressing social, cultural, and economic barriers in our processes.

Fiscal Prudence: We take very seriously our responsibility to manage the funds and assets entrusted to use in a way that maximises our granting capacity over time. We do this by making strategic financial choices guided by our goals and aligned with our values, and by employing rigorous financial management and reporting practices.

2. Authority and Responsibility for Investment Portfolio

The Board of Directors has ultimate responsibility for the Foundation's investment portfolio. To support this role, the Board appoints an Investment Committee to oversee investment practices on its behalf.

The Committee is responsible for:

- Recommending and periodically reviewing the IPS
- Monitoring portfolio performance and risk relative to stated objectives
- Selecting and reviewing the Investment Manager
- Overseeing compliance with this IPS
- Recommending changes to strategy or policy when warranted

The IPS should be reviewed at least every two years, or more frequently if circumstances require.

3. Investment Managers

The Foundation delegates day-to-day investment management to its appointed Investment Manager, subject to the guidelines set out in this IPS.

The Investment Manager is responsible for:

- Implementing the strategic asset allocation
- Security selection and portfolio construction
- Tactical adjustments within approved asset class ranges
- Rebalancing and liquidity management
- Providing regular performance reporting and analysis

Investment Managers engaged by the Foundation are expected to participate in at least one annual meeting with the Investment Committee and remain available for consultation as required.

4. Purpose of the Investment Policy Statement

An Investment Policy Statement (IPS) outlines the systematic framework that guides investment decision-making for the portfolio.

This IPS is intended to:

- Outline clear objectives for the investment portfolio and define the investment planning assumptions.
- Establish an appropriate long-term strategic asset allocation.
- Identify permitted asset classes and portfolio guidelines.
- Clarify roles and responsibilities between the Board, Investment Committee, and Investment Manager.
- Outline investment management guidelines including eligible investments and limits.
- Support disciplined and consistent decision-making across market cycles.

5. Investment Objectives

5.1 Investment Objectives

The Foundation's investment objectives are to:

- A. Generate sufficient investment returns to support current and future funding for the Foundation's granting programs and services.
- B. Preserve the real (inflation-adjusted) purchasing power of the Foundation's capital.
- C. Maintain financial stability and liquidity necessary to meet operational and granting commitments.

5.2 Return Expectations

To meet these objectives:

- The portfolio is expected to generate a long-term nominal rate of return sufficient to fund annual disbursements, operating expenses, and inflation.
- The Foundation’s long-term target nominal rate of return is approximately 8%.
- Performance will be evaluated over a rolling 5-year period consistent with the Foundation’s perpetual time horizon.

The Foundation recognizes that:

- Short-term market fluctuations are expected
- Investment success must be measured over full market cycles
- Achieving long-term return objectives requires meaningful exposure to equities and acceptance of associated volatility.

6. Strategic Asset Allocation

6.1 Long-Term Asset Mix

A portfolio's asset mix is the proportion within which various asset classes are represented in the portfolio. Strategic asset allocation is the primary determinant of long-term portfolio risk and return.

The Foundation’s target asset mix is:

Asset Class	Target	Allowable Range	Benchmark
Cash and Cash Equivalents	5%	5–20%	FTSE TMX Canada 91-Day Treasury Bill
Fixed Income	35%	20–50%	FTSE TMX Canada Universe Bond Index
Total Equities ¹	60%	50–70%	MSCI ACWI ex-Canada + S&P/TSX
Other Strategies ²	0%	0–10%	Relevant benchmark
Direct Impact Investments ³	0%	0–10%	Impact objectives

Total Portfolio Allocation: **100%**

Benchmarks are intended for performance measurement and do not restrict active management within approved ranges.

¹ Equities are expected to provide long-term capital growth and inflation protection. Exposure may include Canadian, U.S., International developed, and Emerging Markets equities. They may be diversified by size (large, mid and small cap), style (value, growth, momentum, quantitative) and other factors such as dividend stocks.

²The portfolio may include allocations to diversifying strategies and direct impact investments where such

investments:

- Enhance long-term risk-adjusted return characteristics
- Support the Foundations mission; and
- profile of the portfolio without Board approval.

³ The portfolio is currently invested primarily in publicly traded equity and fixed income securities.

- The Foundation may consider allocations to diversifying or private investment strategies in the future where such investments are expected to improve long-term risk-adjusted returns or advance the Foundation's mission.
- Any material allocation to private or less liquid strategies that would alter the portfolio's overall liquidity profile or risk characteristics shall require Investment Committee recommendation and Board approval.

6.2 Rebalancing

The portfolio will be monitored continuously.

Rebalancing may occur when:

- Asset weights move outside approved ranges
- Cashflows materially affect portfolio allocations

The Investment Manager has discretion to rebalance within approved ranges while considering market conditions, transaction costs, and liquidity needs.

7. Risk Management and Liquidity

7.1 Risk Philosophy

The Foundation recognizes that investment risk cannot be eliminated. As a perpetual institution with annual disbursement requirements the primary long-term risk is failure to achieve sufficient returns to preserve the real value of the capital base.

Gifts of publicly traded securities will generally be liquidated as soon as practicable upon receipt. This practice ensures that the portfolio remains aligned with the Foundation's strategic asset allocation and diversification objectives and avoids introducing unintended security-specific risks into the portfolio.

Risk will be managed through:

- Strategic asset allocation
- Prudent liquidity management
- Diversification across asset classes and geographies
- Ongoing oversight and monitoring

7.2 Investment Time Horizon

The Foundation operates in perpetuity, requiring long-term investment growth that accounts for full market cycles while supporting annual granting commitments.

7.3 Tax Considerations

The Foundation is a registered Canadian charitable organization and is exempt from income tax provided it complies with the Income Tax Act of Canada and CRA regulations.

7.4 Liquidity and Income Requirements

The portfolio must maintain sufficient liquidity to support granting requirements.

Funding sources may include:

- Interest income
- Dividends
- Realized capital gains

The Foundation does not anticipate withdrawals beyond its approved annual granting requirements.

8. Investment Management Guidelines

8.1 Eligible Investments

Permitted investments include:

- Cash equivalents
- Guaranteed Investment Certificates
- Fixed income securities
- Public equities
- Equity-based ETFs
- Preferred shares
- Depository receipts
- Alternative investments
- Private equity
- Private debt
- Infrastructure
- Real estate
- Commodities
- Foreign exchange

Additional limits:

- Maximum 10% of fixed income in global fixed income
- Maximum 10% of fixed income in non-investment-grade securities

- Maximum 5% exposure to a single investment in Other Strategies or Impact Investments

All impact investments are subject to board approval and require an internal due diligence process.

The Committee may recommend waiving exposure limits for impact investments with significant community benefit subject to Board approval.

8.2 Diversification

The portfolio must remain well diversified by:

- Asset class
- Investment style
- Geography
- Risk-return characteristics

8.3 Pooled Funds

Standalone Pooled Funds will be managed in keeping with their own investment policies; however, these policies are expected to be consistent with the spirit of Yellowknife Community Foundation's Investment Policy. If there are any substantive inconsistencies between the provisions of the Investment Policy and the policies applicable to a fund that a manager wishes to employ, the manager must identify these to the Investment Committee and receive written approval from the Investment Committee for investing in the fund before any such investment is made.

9. Performance Measurement and Evaluation

9.1 Performance Monitoring

The Foundation's combined portfolio's investment performance will be measured against the target nominal rate of return of 8.0% per annum as well as the relevant benchmark indices. Performance measurement will be reported quarterly. However, performance shall be evaluated primarily over a rolling 5-year period, consistent with the Foundation's perpetual time horizon. It is recognized that the target rate of return may not be achieved every year.

On a quarterly basis, each individual investment manager shall provide its gross of fees performance, its net of fees performance, and the performance of the benchmark that is specific to that investment manager's strategy. In addition, each individual investment manager may report the risk-adjusted returns of their portfolio, as well as the risk-adjusted returns of their respective benchmark.

It is expected that the net of fees performance of individual active investment managers will exceed that of their respective benchmarks over a rolling 5-year period.

For any investments in diversifying or alternative strategies, performance will be evaluated in the context of their stated role within the total portfolio and over appropriate time horizons, including the full investment life cycle where applicable.

For Direct Impact Investments, both financial performance and achievement of stated social or environmental objectives will be considered. Impact investments are expected to be consistent with fiduciary standards and, at a minimum, preserve invested capital over an appropriate time horizon.

9.2 Termination of Investment Managers

The Committee may recommend termination where:

- Mandate deviation occurs.
- Key personnel changes significantly.
- Persistent underperformance occurs.
- Risk management concerns arise.
- Reporting or service is inadequate.
- Ethical or reputational concerns arise.

9.3 Conflicts of Interest

No fiduciary will knowingly permit their interest to conflict with their duties or powers relating to investment of the portfolio's assets or to any other matter related to the portfolio. Any actual or perceived conflict of interest must be reported to the Committee. Such disclosure will be made when the affected individual first becomes, or ought to have become, aware of the conflict or potential conflict. The Committee will be the sole arbiter in determining whether the conflict of interest exists and, if it determines that a conflict does exist, will take all necessary and appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the relevant Committee meeting. Failure to disclose a conflict may result in corrective action as determined by the Board

Additional Considerations

ESG Commitments

We believe companies with strong environmental, social and governance (ESG) profiles are typically better managed for the long term and are often positioned to outperform their peers from a long-term profitability perspective. This belief is true regardless of specific moral imperatives, values or social stance of users of the Fund. As such, the Investment Manager of the Foundation's assets shall incorporate a broad set of Environmental, Social and Governance (ESG) factors into their investment decision making process. The Investment Manager of the shall be a signatory of the United Nations Principals for Responsible Investment (UNPRI), which calls for socially responsible investment based on its six principles.

Impact Investing

Impact investments seek to generate measurable community benefits while preserving invested capital over time. The Foundation will prioritize local (territorial) opportunities as compared to out-of-territory opportunity where feasible.

Exclusions

The Foundation generally favors engagement over exclusion but may apply targeted exclusions where necessary to align with the Foundation's values (including, but not limited, notifications on the following: weapons manufacturing, pornographic content production [i.e. - Onlyfans like services, or traditional websites], etc.) and ESG standards as stated by the Investment Manager's firm.