

POLICY 2.12 – Acquisition of Investment Services

Policy Category: Financial
Effective Date: September 28, 2000
Supersedes: October 1, 1996

Background

1.00 The acquisition of investment services for the University's Operating and Endowment funds is excluded from Procurement Services' responsibilities ([MAPP 2.8](#)) and is the responsibility of the Investment Committee and Financial Services. This document outlines how these groups will perform their duties with respect to the acquisition of investment related services. This policy does not cover investment services for the University's pension plans, which are administered by the Joint Pension Board.

Investment Committee

- 2.00 The Investment Committee, which has been established by [Special Resolution 1-N](#) of the Board, is responsible for the University's overall investing activities.
- 2.01 As outlined in the Statement of Investment Objectives, Policies and Governance, dated September 1994, the Board of Governors has delegated responsibility to the Investment Committee for the engagement and termination of investment managers, consultants and custodians. The Committee will review the appointment of the consultant and the custodian, at least every five years. This documented review will include a discussion of the service received in relation to the cost of the service. If a change in the supplier is required, as a result of this review, or for any other reason, Financial Services, in conjunction with Procurement Services, will distribute a request for proposals to all potential suppliers. The Committee will make its decision following a documented review of the proposals received.
- 2.02 With respect to the hiring of investment managers, the Investment Committee will normally rely on a short list of investment managers, provided by the investment consultant. The Investment Committee may also interview and select managers from its own short list of potential managers. University policy with respect to the purchase of materials and supplies (policy 2.8) will be followed with respect to payments to these firms.
- 2.03 The Investment Committee will report its activities on a quarterly basis to the Property and Finance Committee.

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Financial Services

- 3.00 In the [Statement of Investment Objectives, Policies and Governance](#), the Board of Governors has delegated the responsibility for investing cash balances and borrowing cash to Financial Services. For investing cash balances, Financial Services will use a short list of investment dealers who are able to provide the level of service required, as defined by the Associate Vice-President (Finance & Facilities), and who have an excellent credit rating. For short term borrowing, Financial Services will normally use the University's main bank. Funds may also be borrowed from other sources with the approval of the Property and Finance Committee and the Board of Governors.

Long Term Loans

- 4.00 Each long term loan requires the approval of the Property and Finance Committee and the Board of Governors. Financial Services will invite proposals from a selected list of potential suppliers and make a recommendation for each loan to the Property and Finance Committee for approval.

Forward Exchange Contracts

- 5.00 Financial Services will secure forward exchange contracts from the University's main bank, when required to fix the rate of exchange for a future payment to a supplier. Such arrangements are made in conjunction with the respective department.

Financial and Commodity Hedges

- 6.00 Other hedges can be put in place in order to fix the rate of interest for a loan to be taken out in the future or to fix the cost of a commodity (such as natural gas) to be delivered in the future. All such hedges will be coordinated by Financial Services, in conjunction with the appropriate department and will also be approved by the Property and Finance Committee.