

# Kingsburg Coastal Conservancy



**Policy #:**

**Effective date:** 26 February 2017

**Revised:** NA

All policies and procedures are approved by the Board Members of the Kingsburg Coastal Conservancy (KCC) and remain in effect as written until amended or revoked by the board.

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**Purpose:** To guide the board in the investment of endowment funds to ensure that the financial assets of the KCC provide for normal operating expenses and, where appropriate, the purchase of lands that would assist us in fulfilling our mandate.

**Scope:** This policy applies to the investment of endowment funds.

**Responsible party:** Treasurer

**Policy contact:** [kcc@kccns.org](mailto:kcc@kccns.org)

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## **Policy and Procedure:**

### **I. Introduction**

The Kingsburg Coastal Conservancy (KCC) is committed to conserving Nova Scotia's coastline and safeguarding public access while increasing its capacity and ability to secure and steward land in perpetuity.

The KCC will continue to secure strategic properties for conservation and public access, through donations and purchases through the use of its endowment funds. The KCC will work with willing property owners, municipalities, and partners to acquire the best possible land for

conservation.

The policy is designed to ensure that the financial assets of the KCC are invested in a prudent manner to both provide for normal operating expenses as well as making funds available so that the KCC can continue to fulfill its mandate with the purchase of lands that may become available from time to time.

As a land trust, the KCC has a responsibility to be able to meet its obligations, in perpetuity, for the land that it stewards. There are two primary objectives that must be achieved: first, to provide income to support current and future stewardship program activity; and second, to grow the principal in the endowment to keep pace with inflation in order to be able to provide future income

The goal of generating a steady stream of income implies, at this time, an investment portfolio focused primarily on a balance of equities and fixed income investments. To achieve the goal of generating current income without damaging the core principal requires a balanced portfolio of equities, cash and bonds, with a significant weighting in equities.

## **2. Policy Statement:**

The Endowment Fund's purpose is to provide an income stream to the KCC in perpetuity. The primary investment objective is to provide an annual income stream and, at the same time, to grow the asset base so that the purchasing power of the underlying assets is not eroded.

## **3. Procedure:**

Where practical, consideration will be given to investing in those entities which possess social values in keeping with the objectives of the KCC and its membership. As such, the KCC will consider environmental sustainability and stewardship, labour practices, human rights, and corporate governance in its decisions.

The investment return shall be, over moving four year periods, at least

three percent (3%) greater per annum than the corresponding Consumer Price Index increases. However, this objective will be pursued only within the context of a prudent level of risk such that the underlying capital of the Funds is not unduly put at risk. Also, a minimum of \$200,000 will be maintained in the Endowment Fund to ensure KCC's ability to steward its lands in perpetuity.

a) Investment Committee:

The investment committee shall consist of the Treasurer and one additional director, as well as two members of the KCC who shall be elected to committee membership by a vote of the whole board. All decisions of the investment committee (at least three members are required) shall be implemented by the Treasurer, in conjunction with a professional funds manager.

The committee shall have the following responsibilities:

- a. Review the investment policy annually and to recommend changes as required to the Board for approval
- b. Manage the investment portfolio of the Funds of the KCC on an ongoing basis, consistent with the investment policy
- c. Provide to the Board, at least quarterly, an update on the performance of the Funds
- d. Select and manage the relationship with a professional portfolio manager.

b) Investment Guidelines:

The funds may only be invested in the following categories:

- a. Cash on deposit or term deposits backed by the Canada Deposit Insurance Corporation
- b. Canadian Government Treasury Bills
- c. Bonds and Debentures having a minimum credit rating of A from a reputable rating agency such as Dun and Bradstreet (DBRS) or Standard & Poors
- d. Common stocks trading on the major global exchanges
- e. Preferred stocks trading on the major global exchanges, with a minimum credit rating of either BBB or Pfd-2
- f. Income Trust units traded on the TSX or NYSE
- g. Exchange Traded Funds (ETFs)
- h. Real Estate Investment Trusts (REITs)

Notwithstanding these guidelines, should the KCC receive a gift of securities which does not fall into one of the above captioned categories, the securities may be held in specie until such time as the Investment Committee (or Manager if a Manager has been retained) determines that it is appropriate to dispose of the securities.

The funds may not hold derivative financial, commodity or currency-

related instruments such as forward contracts, swaps, futures or options. The use of leverage in holding these instruments is not permitted.

The funds asset allocation ranges are as follows:

<b>Asset</b>	<b>Minimum/Maximum</b>	
<b>Cash/Cash Equivalents</b>	<b>0%</b>	<b>30%</b>
<b>Fixed Income</b>	<b>30%</b>	<b>60%</b>
Bonds	15%	30%
Preferred Shares	15%	30%
<b>Equity</b>	<b>40%</b>	<b>70%</b>
Cdn Equity	30%	50%
Foreign Equity	10%	20%

The cash category includes fixed income investments with less than one year to maturity.

Fixed income securities include bonds which have a maturity of one year or more, and preferred shares.

Equities include all common shares, income and royalty trusts, and all convertible securities.

Bonds- No more than 5% of the total portfolio can be held in any one bond, with the exception of bonds issued by The Government of Canada.

Equities- No more than 10% of the total portfolio can be invested in any

one corporation. The Fund will not borrow, make loans, or guarantee any borrowing.

The Fund will not engage in short sales.

The fund will not purchase securities on margin.

c) Conflict of Interest:

A conflict of interest, whether actual or perceived, is defined for the purposes of this policy as an event in which a director, member, or volunteer of the KCC or any person directly related to the foregoing listed persons benefits materially from the knowledge of, or participation in any investment decision or action of the fund.

The board depends on the integrity of Directors and members to assess their own conflicts of interest, if any. Should any such party have a concern whether a conflict of interest exists, they must immediately notify the Board of the perceived conflict of interest. Any such party must then withdraw from any decision making with respect to the area of conflict unless the Board deems the conflict to be without merit.