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Schedule A: Reserve Fund Investment Rules

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Mandated Review:	February 2026
Policy Authority:	Treasurer
Parent Policy:	<i>Reserve Fund Policy</i>

1.0 RESERVE FUND INVESTMENT RULES

- 1.1 Monies held in the Reserve Fund will be invested only in a portfolio of financial instruments according to the following rules:
- 1.1.1 Investments will be fixed income and income producing instruments, including money market instruments, subject to the following parameters:
- a. Cash and Money Market Securities – a target allocation of 5% of the portfolio, with a minimum allocation of 0% and a maximum allocation of 15%.
 - b. Long term fixed income instruments – a target allocation of 95% of the portfolio, with a minimum allocation of 85% and a maximum allocation of 100%.
- 1.1.2 The following fixed income and income-producing investments are eligible investments:
- a. Government obligations (i.e., Treasury Bill Notes, Strip Coupons, Debentures and/or Bonds) issued directly or indirectly by the Federal government or an agency (Canadian and U.S.) or any of the provinces with an appropriate credit rating (see investment limits below).
 - b. Canadian Chartered Bank Securities, being Bearer Discount Notes, Deposit Receipts, Term Notes, Certificates of Deposit, Bankers Acceptances, bonds and strip coupons with an appropriate credit rating.
 - c. Guaranteed Investment Certificates where such deposits are covered by the Canada Deposit Insurance Corporation or its provincial equivalent.
 - d. Securities of foreign banks or the Canadian affiliates of foreign banks provided that the obligations are guaranteed or carry separate appropriate ratings.



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- 1.1.3 A maximum 7-year term of investment is allowed for any individual investment instrument.
- 1.1.4 The following investments are strictly prohibited and will not form part of the investment portfolio:
 - a. Corporate equity, such as stocks, derivatives or other similar type investments.
 - b. Investments carrying a credit rating below AA, with ratings used from one or more of the following ratings agencies:
 - i. Canadian Bond Ratings Service,
 - ii. Dominion Bond Rating Service,
 - iii. Standard and Poor's Credit Rating Service, and
 - iv. Moody's Investor Services.
 - c. Preferred or common shares.
- 1.2 These investment rules are designed to limit the volatility of the investments. The total monies in the Reserve Fund may fluctuate below or above the optimum level of 95% of the Reserve Requirements. If the Reserve Fund's total value drops below 85% of the Reserve Requirements, all generated income will be reinvested to return to the optimum 95% level. If the Reserve Fund's total value exceeds 95%, and there is a reasonable expectation that this level will be sustained for one to three years, the Association may fund, with prior Board approval, the initial development (i.e., one-time or start-up costs) of programs or initiatives deemed to have strategic importance for the Association.