

# Plan International Canada Inc. Endowment Fund Investment Policy

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## **BACKGROUND**

### **Mission**

Plan International Canada Inc. (Plan Canada) has been a member of Plan International group of companies (Plan) since 1968.

Plan is a global movement for change, mobilizing millions of people around the world to support social justice for children in developing countries. Founded in 1937 as Foster Parents Plan, Plan is one of the world's oldest and largest international development agencies, working in partnership with millions of people around the world to end global poverty. Not-for-profit, independent and inclusive of all faiths and cultures, Plan has only one agenda: to improve the lives of children.

Canadians play a leading role in Plan Canada's activities, sponsoring more than 175,000 of the 1.5 million children supported by the international organization.

### **Legal Status**

Plan Canada was incorporated as Foster Parents Plan of Canada as a corporation without share capital, by Letters Patent issued under the Canada Corporations Act on September 2, 1968. Foster Parents Plan of Canada's legal name was changed to Plan International Canada Inc. by Supplementary Letters Patent on July 5, 2006. The corporation is a registered charity and is exempt from income taxes as provided under the Income Tax Act.

### **Investment Fund**

Plan Canada has established two Endowment Funds – Plan International Canada Inc. Endowment Fund and Plan International Canada Inc. Endowment Fund for Girls (collectively known as the "Fund"). The Fund consists of donations made for a period of not less than 10 years and is intended to support community development.

The Endowment Fund for Girls will support girls' projects now and into the future.

The following should be noted with respect to the investment time horizon of the Fund:

- the Fund is to exist in perpetuity;
- no major capital expenditures are planned.

The purpose of the Endowment Fund Investment Policy is to provide a set of written guidelines for management of the Fund's investment portfolio.

## **MANDATES AND RESPONSIBILITIES**

### **Board of Directors**

The Board of Directors of Plan Canada has ultimate responsibility and decision-making authority for the Fund. The Board will:

- ◆ receive the Finance, Audit and Compensation Committee's (FACC) recommendations with respect to the Investment Policy and approve or amend as appropriate;
- ◆ Review all other reports and recommendations of the FACC with respect to the Fund and take appropriate action.

### **Finance, Audit and Compensation Committee (FACC)**

The FACC will:

- ◆ maintain an understanding of legal and regulatory requirements and constraints applicable to the Fund;
- ◆ on an annual basis, review the Fund's Investment Policy and make appropriate recommendations to the Board of Directors;
- ◆ on a quarterly basis, review the Fund's performance and its compliance with the Investment Policy;
- ◆ review the levels of liquidity and/or cash flow that will be required from the Fund on the recommendation of Management of Plan Canada;
- ◆ provide quarterly reports on the Fund to the Board of Directors.

### **Management**

The Management of Plan Canada will:

- ◆ maintain an understanding of legal and regulatory requirements and constraints applicable to the Fund and advise the FACC of applicable changing circumstances;
- ◆ formulate recommendations to the FACC regarding the selection, engagement or dismissal of a professional investment manager (the "Manager");
- ◆ participate in the annual review of the Investment Policy;
- ◆ provide the Manager with a copy of the Investment Policy and any amendments thereto;
- ◆ on a semi-annual basis, determine the levels of liquidity and/or cash flow that will be required from the Fund and advise the FACC and the Manager of these requirements;
- ◆ oversee the Fund including its compliance with the Investment Policy;
- ◆ monitor the cumulative realized and unrealized capital loss generated by the portfolio on a fiscal year basis and inform the FACC if at any time during the fiscal year it approaches 5% of the value of the portfolio;
- ◆ interact with and review the Manager's performance on a quarterly basis;
- ◆ provide quarterly reports on the Fund to the FACC and the Board of Directors.

## INVESTMENT OBJECTIVES

The Manager shall manage the Fund so as to:

- ◆ preserve its purchasing power (i.e., maintain its value on an inflation-adjusted basis);
- ◆ provide a cash flow adequate to meet requirements as determined from time to time by the Management of Plan Canada ;
- ◆ maintain an appropriate degree of liquidity as determined from time to time by the Management of Plan Canada;
- ◆ generate total investment returns consistent with capital preservation, fund cash flow and liquidity requirements and the Fund's low tolerance for risk and volatility;
- ◆ adhere to legal and regulatory requirements and constraints that apply to the Fund as determined by the FACC.

## ASSET CLASSES AND CONSTRAINTS

The following asset categories are eligible for inclusion in the portfolio within the ranges described below:

<b>Asset Class</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Benchmark Allocations</b>
Cash/Cash Equivalents	0%	20%	0%
Fixed Income	25%	75%	60%
Equity	25%	75%	40%

- ◆ Cash and cash equivalents may consist of cash, deposits, money market funds and obligations of Schedule 1 or Schedule 2 banks with a long-term credit rating of A or higher; Treasury Bills and debt instruments of up to one year issued by Federal or Provincial governments or their agencies; and Commercial Paper with a maturity of less than 180-days and having a rating of at least R-1 (low), or its equivalent
- ◆ Fixed income investments may consist of bonds and other debt obligations issued by federal or provincial governments or their agencies, strip bonds of these issuers, bonds and debentures issued by corporations with an investment grade credit rating, and Principal Protected Notes (purchased in the secondary market with principal guaranteed by an A rated financial institution).
- ◆ Non-Canadian fixed income investments should be denominated in Canadian dollars and should not exceed 15% of the market value of the portfolio.
- ◆ Bonds held must have an investment grade rating from at least one recognized international rating agency.
- ◆ No individual bond holding should exceed 10% of the market value of the portfolio. Bonds issued or guaranteed by the Government of Canada or one of its agencies or by a Canadian provincial government or one of its agencies are excluded from this provision.
- ◆ Equity may consist of common and preferred equity of companies listed on the Toronto, Montreal or New York exchange, Income Trust units (including business trusts, energy trusts and REITs) of issuers included in the SPTSE index, Exchange-Traded funds and pooled funds (mutual funds) whose units are listed and actively traded on the Toronto exchange.
- ◆ Individual equities or equities held within equity funds must be listed on a major stock exchange.
- ◆ Pooled funds may be used in the portfolio to provide diversification and active management.

## INVESTMENT PERFORMANCE

It is expected that the rate of return of the portfolio will match or exceed the rate of return of the benchmark portfolio, set out below, over successive five-year periods.

Fixed Income	60%	DEX Universe short term bond index
Equity	40%	CDN/US equity blend index

In assessing the performance of the Fund, consideration will be given to the performance of comparable portfolios as measured by a reputable investment performance measurement service.

## REPORTING

The Manager shall provide a monthly statement to the Management of Plan Canada with additional reports on an ad hoc basis. The Manager shall provide the FACC with a written investment report on a quarterly basis. This report will include a summary and a detailed listing of assets held in the investment portfolio and a listing of transactions that occurred in the portfolio (including deposits, withdrawals, receipt of interest and dividends, realization of capital gains and/or losses and fees paid) over the reporting period.

## REVIEW OF INVESTMENT PERFORMANCE, INVESTMENT STRATEGIES AND POLICY

At least once each year, a representative or representatives of the Manager will meet with the FACC and the Management of Plan Canada. The Manager shall review or comment on:

- ◆ the Fund's compliance with this policy;
- ◆ the Fund's performance;
- ◆ the investment strategy employed over the last period;
- ◆ existing or anticipated economic and investment market conditions; and
- ◆ the investment strategy that will be employed over the next period.

These meetings will be supplemented by informal contacts between the Manager and the Management of Plan Canada. Between regular meetings, the Manager will report promptly to the Management of Plan Canada any significant changes in investment strategy that might be made effective between the annual meetings referred to above.

## CONFLICT OF INTEREST

No fiduciary shall incur any personal gain because of their fiduciary position. This excludes normal fees and expenses incurred in fulfilling their responsibilities if documented and approved by the Board.

All fiduciaries shall disclose the particulars of any actual or potential conflicts of interest with respect to the Fund. This shall be done promptly in writing to the Chair of the Board of Directors. The Chair will, in turn, table the matter at the next Board meeting.

All investment activities must be conducted in accordance with the Association for Investment Management and Research Code of Ethics and Standards of Professional Conduct.

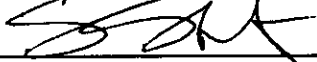
The FACC and its members must abide by Conflict of Interest guidelines set out in Section 3.10 of bylaw #1 of Plan Canada.

APPROVED BY:



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Chair of the Board of Directors



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Chair of the Finance, Audit and Compensation Committee

June 4, 2010

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Date

June 4, 2010

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Date