

UNIVERSITY OF SASKATCHEWAN SHORT TERM INVESTMENT POLICY

June 2012

1. Purpose of the Investment Policy

The purpose of this investment policy is to provide a framework for management of the Fund within levels of risk acceptable to the Board of Governors. Short Term Investments consist primarily of excess operating cash which is invested until the funds are required for expenditure. The time lines for the related expenditures are short term in nature (1 to 180 days).

This policy is based on the 'prudent person portfolio approach' to ensure the prudent investment and administration of the assets of the Fund.

2. Objective of the Fund

The objectives for the assets invested in the Fund are:

- (a) Enhancement of yield, and
- (b) Preservation of capital.

3. Permitted Investments

(a) Cash and Short-Term Investments

- (i) Cash on hand and demand deposits;
- (ii) Treasury bills issued by the federal and provincial governments and their agencies;
- (iii) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances and bearer deposit notes;
- (iv) Commercial paper and term deposits, and
- (v) Bank issued Asset Backed Commercial Paper.

(b) Pooled Funds

- (i) Investment in pooled funds is permissible. Should a conflict arise between the provisions of this Policy and the provisions of a pooled fund's investment policy, the investment manager will notify the Internal Investment Committee in writing through the Director, Student Accounts & Treasury, detailing the nature of the conflict and the investment manager's recommended course of action.

4. Minimum Quality Requirements

(a) Quality Standards

- (i) The minimum quality standard for individual short-term investments is 'R-1 low' or equivalent as rated by a recognized bond rating agency, at the time of purchase.
- (iii) All investments shall be reasonably liquid (i.e., in normal circumstances they should be capable of liquidation within 1 month)

(b) Rating Agencies

For the purposes of this Policy, the following rating agencies shall be considered to be 'recognized bond rating agencies':

- (i) Dominion Bond Rating Service;
- (ii) Standard and Poor's; and
- (iii) Moody's Investors Services.

5. Quantity Restrictions

Investment shall adhere to the following restrictions:

(a) Short-Term Investments

- (i) R-1 High – minimum of 30%
- (i) R-1Mid – maximum of 70%
- (i) R-1 Low – maximum of 30%

(b) Pooled Fund Investments

An investment by the Fund in a single pooled fund should not exceed 10% of the market value of that fund.

6. Prohibited Investments

- (a) Purchase securities on margin or engage in short sales;
- (b) Non-bank issued Asset-Backed Commercial Paper;
- (c) Purchase or sale of derivative instruments for speculative purposes; and
- (d) Any investment not specifically permitted by this Policy.

7. Administration

The Board of Governors is responsible for assets invested by the University. Responsibility for investment management of short term investments has been delegated to the Financial Services Division.

The Financial Services Division will:

- (i) Invest the assets in accordance with this Policy;
- (ii) Provide quarterly written reports regarding past performance and compliance with the Policy;
- (iii) Manage cash flow to ensure adequate liquidity;
- (iv) Liaise with the Investment Managers and Custodian.

8. Performance Measurement

The primary objective for the Fund is to earn a rate of return, net of fees, that equals or exceeds the rate of return earned on 91 day Treasury Bills. The performance of the Fund will be measured quarterly with a benchmark of the DEX 91-day T-Bill Index.

9. Selecting Investment Managers

In the event that a Pooled Fund Investment Manager must be selected, the Internal Investment Committee will undertake an Investment Manager search. The criteria used for selecting an Investment Manager will be consistent with the objective of the fund.

10. Investment Policy Review

This Policy may be reviewed and revised at any time, but it must be formally reviewed at least once in every calendar year and to the extent changes are necessary, to make recommendations to the Board as to changes in the policy.

UNIVERSITY OF SASKATCHEWAN

**Short Term Investment Policy
Compliance Report
For the Period Ending: _____**

		Guidelines	Policy Complied With Yes/No
Criteria			
Investments	Money market instruments (Treasury Bills, Bankers Acceptance, Commercial Paper, Asset Backed Commercial paper or equivalent)	100%	<input type="checkbox"/> Yes <input type="checkbox"/> No
Duration	Term to maturity between 1 and 180 days		<input type="checkbox"/> Yes <input type="checkbox"/> No
Constraints			
Investments	Minimum Quality	"R-1 low" rating	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Concentration	R-1 High 30% - 100%	<input type="checkbox"/> Yes <input type="checkbox"/> No
		R-1 Mid 0% - 70%	
	R-1 Low 0% - 30%		
Pooled Funds	Concentration	Maximum 10% of the market value of any Pooled Fund	<input type="checkbox"/> Yes <input type="checkbox"/> No

I believe this to be a factual representation of compliance with the Short Term Investment Policy at _____.

Director, Student Accounts & Treasury

Date