



# Investment Policy, Guidelines and Restrictions

## Operating and Surplus Funds

### Investment Policy

#### *Introduction*

To carry out its mission of Informing and influencing global stakeholders, Assuring the reputation of the actuarial profession, and Advancing the competency of the profession, the IAA collects fees from its member associations and individuals. The fees are required to meet current and future obligations. To the extent fees exceed current obligations, the excess cumulative assets are held and invested in accordance with this investment policy document.

#### *Investment objectives*

The objectives of this investment policy are as follows:

1. Maintain safety of assets :

The IAA's assets will be conservatively invested to protect them against undue financial risk or permanent impairment and will have high liquidity so that accessibility to the effective usage by IAA is not expected to be impaired at any time.

2. Attain an adequate income:

The IAA assets in excess of covering expected short term obligations will be invested in high quality securities with the investment goal of achieving a total return (income and appreciation) of at least inflation, over a full market cycle (3-5 years).

The investment portfolio should be able to provide accessible resources to protect against risk of serious failure or curtailment of operations, strategic development of the IAA and help manage the uncontrollable short-term fluctuations in income and expenditure.

This policy is intended to apply to the IAA, as a whole entity, comprising the Secretariat, core operations, Sections, Forums and Committees.

#### *Policy governance*

In accordance with IAA Statutes and Internal Regulations, the Audit and Finance Committee is responsible for reviewing the investment policy, oversight of its implementation and making proposals on changes to the Council. The Audit & Finance Committee reports to Council annually, as specified below.

The IAA's excess cumulative assets will be held firstly to meet short term obligations. These are the Operating Funds which are annual revenue received during, and to be drawn down, throughout the

current fiscal year and managed by the Director, Operations and Finance.

The remainder, if any, are Surplus Funds which are held to mitigate risks such as falling revenue due to member association withdrawal, and/or unexpected expenses not budgeted for in the current fiscal year such as an increase in colloquium or meeting expenses or litigation.

## Investment Guidelines

### *Investment Decisions*

Responsibility for execution of this investment policy in accordance with these guidelines and restrictions lies with the Executive Director and Secretariat staff, in consultation with the asset manager, chosen using a competitive bid process from time to time, with oversight from the Audit and Finance Committee.

The Chair of the Audit and Finance Committee may, in extraordinary circumstances such as a pandemic causing dramatically falling markets, call an emergency meeting to discuss and assess any potential changes.

### *Investment Allocation*

The Operating Funds will be held in cash, bank deposits or invested in guaranteed fixed income investments of less than 1 year in duration. To facilitate the collection of contributions and minimize exchange costs for expenses in other currencies, the Secretariat will maintain an appropriate balance of the Operating Funds in U.S. dollar and Euro accounts, in addition to the domestic Canadian dollar accounts. The Operating Funds will be listed under “Current Assets” on the Statement of Financial Position.

The Surplus Funds will be invested in a combination of short term investments (cash and Treasury Bills of less than one year duration), fixed income investments and equities as per the table below. These funds will be identified as the “Other Assets” on the Statement of Financial Position.

<b>Surplus Funds Asset Allocation Parameters and Benchmarks</b>			
<b>Operating Range</b>	<b>Asset Class</b>	<b>Long Term Benchmark</b>	<b>Performance Benchmark</b>
5% - 20%	<b>Short Term (Fiera Cash in Action Fund)</b>	10%	FTSE Canada 30 Day T-Bill
12.5% - 22.5%	<b>Equities (Fiera Canadian Equity Fund)</b>	17.5 %	S&P/TSX Composite
12.5% - 22.5%	<b>Equities (Fiera Global Equity Fund)</b>	17.5 %	MSCI World Net (CAD)
50% - 60%	<b>Fixed Income (Fiera Integrated Fixed Income – Short Term Fund)</b>	55%	FTSE Canada Short Term Overall Bond Index

If the balance in the account moves outside of these ranges, the asset manager will rebalance the funds as instructed by any two of the following: IAA President, President Elect, Immediate Past President and Executive Director.

## Surplus Funds Investment Restrictions

### *Equity Restrictions*

All equity investments will be held in responsible investments centered on incorporating environmental, social and governance (“ESG”) criteria into the investment analysis and decision making process. The IAA believes that responsible investment in the investment decision-making process is best embodied by the United Nations-supported Principles for Responsible Investment (PRI) and requires that the asset manager is a signatory to the PRI.

### *Fixed Income Restrictions*

All short-term investments (less than 1 year) must have a credit rating of R1mid or higher as rated by a Canadian or international rating agency. If a short-term security is subsequently downgraded below R1mid after purchase the security should be sold at the earliest opportunity.

All other fixed income investments will be placed in an investment grade bond fund with an average maturity duration of a maximum 5 years.

## Monitoring and Reporting Requirements

### *Valuation of Securities*

The asset manager is responsible for the valuation of all securities. In the situation of any security without a daily market value, the asset manager shall use Canadian generally accepted accounting principles in the valuation of such securities. The asset manager must report the value and performance of the securities held to the Secretariat on a regular basis.

### *Reporting and Administration*

Each year the Audit and Finance Committee will provide the IAA Executive Committee with a summary of the investment portfolio, its performance, and a copy of the entire portfolio, which will show all the securities held, the cost and market value of each security, rate of return of the portfolio and any transactions executed during the year.

The Audit and Finance Committee will also report to Council at least annually on compliance of the investments held with the policy and the guidelines set out herein.

The Audit and Finance Committee will also report at least annually in summary format to the Sections.

The IAA Audit and Finance Committee must review this document at least annually. To the extent changes are required, the Executive Committee and Section Treasurers should be notified.

### *Transition*

The current investments will be allocated according to this revised policy as soon as appropriate.