Ottawa Jewish Community Foundation

Investment Policy Statement

Amended & Approved: **February 16 2016 – Investment Committee**
Approved: **March 09 2016 – Board of Directors**

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14. Introduction

Established in 1974, the Ottawa Jewish Community Foundation (the “Foundation”) is a public foundation with the principal goal of ensuring that there is sufficient financial support for the continued development of a strong and vibrant Ottawa Jewish Community. The Foundation is supported by tax-receiptable contributions from the general public with the income generated from the investment of these contributions, in whole or in part, in support of charitable causes consistent with the Foundation’s goal.

The overall mission of the Foundation is:

> *“The Ottawa Jewish Community Foundation provides donors the vehicle to contribute to the long term financial stability and support of the needs of the agencies which serve the Ottawa Jewish Community.*
>
> *The Foundation acts as a steward for these gifts and links the past, the present and the future while building trust with everyone we serve.”*

The Board of Directors (the “Board”) of the Foundation has charged the Investment Committee (the “Committee”) with the responsibility of overseeing the investment of such funds as the Board refers to this Committee. In carrying out the Committee’s mandate, it is the Board’s wish that the investment management of the long term assets be assigned to professional investment management firms (the “Manager(s)”). The assets shall be referred to as the “Portfolio”.

The Committee is responsible for establishing objectives, developing policies, and recommending this Investment Policy Statement (the “Policy Statement”) and subsequent changes to this Policy Statement to the Board. Upon receiving Board approval, the Committee shall implement this Policy Statement, monitor and regularly report the progress to the Board, and ndeavor to ensure that all investments are in compliance with the tax status of the Foundation as reported to the Manager(s) by the Committee.

14. Purpose of the Investment Policy Statement

This Policy Statement identifies the key factors bearing upon investment decisions for the Foundation and provides a set of written guidelines for the management of its assets. It is to be used as a reference tool by the Board, Committee, Manager(s), Donors and the Investment Advisor (the “Advisor”), where applicable.

This Policy Statement supersedes any existing investment policy statement and will be reviewed annually to ensure that it continues to reflect the Foundation’s circumstances and requirements.

14. Roles and Responsibilities

3.1 Board of Directors

The Board has ultimate authority over and responsibility for the Portfolio. To assist it in the performance of its duties and to ensure that the Portfolio meets its objectives, the Board will:

- retain responsibility and authority to sign legal documents related to the Portfolio;
- appoint the Committee;
- communicate to the Committee any changes in the philosophical or financial objectives or constraints of the Foundation, which may reasonably be expected to have an impact on the overall investment strategy;
- receive the Committee's recommendations with respect to the Portfolio's Policy Statement and re-confirm or amend the Policy Statement, as appropriate, on an annual basis; and
- review all other reports and recommendations of the Committee with respect to the Portfolio and take appropriate action.

3.2 Investment Committee

The Committee will:

- monitor the Portfolio's performance and its compliance with this Policy Statement and report on these matters to the Board on a quarterly basis;
- monitor Manager(s)' performance and compliance with this Policy Statement as well as each Manager's compliance with any specialized instructions and mandates they have been given;
- formulate specialized instructions and mandates for each Manager, in the event that more than one Manager is engaged. These instructions and mandates will derive from, reflect and be consistent with the provisions of this Policy Statement;
- meet at least four times a year to review the performance of the Manager(s);
- on an annual basis, or more frequently if appropriate, review the Portfolio's Policy Statement and make appropriate recommendations to the Board regarding its amendment or re-approval;
- formulate recommendations to the Board regarding the selection, engagement or dismissal of the Advisor, Manager(s) and Custodian;
- maintain an understanding of legal and regulatory requirements and constraints applicable to the Portfolio and keep the Board fully apprised of these;
- take appropriate steps to ensure that the Portfolio is rebalanced, as necessary, per Section 9 of this Policy Statement; and
- take appropriate steps to resolve conflict of interest issues as provided for in Section 13 of this Policy Statement.

3.3 Investment Manager(s)

The Manager(s) will:

- have full discretion in the day-to-day investment management of the Foundation's Portfolio, or for the portion of the Portfolio for which they have been given responsibility, subject to this Policy Statement and any amendments thereto as well as any specialized instructions and mandates issued by the Committee;

- ensure that all transactions are completed on a ‘best execution’[1] basis;
- have the authority to vote all proxies and, in exercising this authority, act prudently and solely in the interest of the Foundation. The Committee retains the right to instruct the Manager(s) on how to exercise voting rights but recognizes that this may not be enforceable if the subject investments are held within a pooled fund;
- provide regular reports to and meet with the Committee and/or Board as provided for in Section 10 of this Policy Statement;
- recommend to the Committee any changes to this Policy Statement or to specialized instructions and mandates issued by the Board, that the Manager(s) deem(s) appropriate;
- provide advice and counsel with respect to the Portfolio when called upon to do so by the Committee;
- exercise the care, skill and diligence that can reasonably be expected of a prudent expert and adhere to the CFA Institute’s Code of Ethics and Standards of Professional Conduct; and
- provide the Foundation’s Finance staff (for example the CFO and supporting personnel) and other agents of the Committee with information required to fulfill their duties.

3.4 Investment Advisor

The Advisor will:

- provide the Committee with information, advice and, as required, recommendations on:
    - asset mix arrangements;
    - manager structures; and
    - the selection, dismissal or replacement of the Manager(s) and/or Custodian;
- provide the Committee with draft Policy Statements and/or specialized instructions and mandates for the Manager(s), as necessary;
- on an annual basis, or as appropriate, provide the Committee with advice on the advisability of re-approving or amending the Foundation’s Policy Statement as well as any specialized instructions and mandates provided to the Manager(s);
- monitor the Portfolio’s asset allocation and provide recommendations to the Committee with respect to rebalancing assets among the Manager(s) and/or asset classes;
- provide administrative assistance with respect to moving assets between or among Manager(s) as well as the receipt or disbursement of monies to/from the Portfolio and act as a liaison between the Committee and the Manager(s) and/or Custodian in this connection;
- provide regular detailed performance reports to, and meet with, the Committee and/or Board as provided for in Section 10 of this Policy Statement;
- provide information and advice with respect to developments that might affect the Manager(s)’ performance, risk characteristics and service capabilities;
- meet with the Committee and/or Board on a regular basis, as provided for in Section 10; and
- coordinate with the Foundation’s Finance staff (for example the CFO and supporting personnel) and other agents of the Committee to assist in obtaining information required to fulfill their duties.

[1] ‘Best Execution’ is the obligation of Manager(s) to execute client orders at the best price currently available.

14.3 Custodian

Custody of the Portfolio's assets will be delegated to a trust company or other financial institution similarly recognized as a depository for securities (the "Custodian"). The Custodian will:

- provide safekeeping for Portfolio assets;
- process transactions as directed by the Manager(s) and/or the Committee;
- collect interest, dividends and the proceeds of cash equivalent and fixed income instrument maturities;
- inform the Manager(s) of pending corporate actions (e.g., name changes, mergers, odd lot offerings) and process instructions related to such matters;
- deposit funds and pay expenses as directed by the Committee;
- maintain a record of all transactions;
- provide regular reports to the Committee as provided for in Section 10 of this Policy Statement; and
- provide the Foundation's Finance staff (for example the CFO and supporting personnel) and other agents of the Committee with information required to fulfill their duties.

14. Investment Objectives

4.1 Return on Investments

Given the minimum annual disbursement amount of 3.5% of the average value of the Portfolio in the applicable year as required by the Canada Revenue Agency, the ***required*** long term ***real*** return objective of the Portfolio is 3.5% per annum. However it is the Foundation's objective to achieve a *desired* real return of 4.5% - 5.5% per annum over the long term (greater than 10 years), representing annual payments of the minimum annual disbursement, PLUS administrative costs and fees of the Foundation. The *nominal* return objective(s) will equal the real return objective(s) PLUS inflation (as measured by the Consumer Price Index or "CPI") over the applicable investment horizon. Although the desired rate of return may not be achieved in each and every year; it is the objective to achieve it over the long term, and the portfolio's asset allocation has been designed accordingly.

The total rate of return can come from income earned, capital appreciation or both.

The Portfolio's return objectives are ranked as follows:

- generation of 'income' to meet disbursement requirements;
- generation of growth in the 'capital' value of the Portfolio's assets in order to preserve the value of the Portfolio in real (inflation-adjusted) terms; and
- generation of growth in the 'capital' value of the Portfolio's assets in order to provide the basis for producing an increasing stream of income for disbursement.

14.3 Risk Tolerance

The Portfolio's exposure to risk will be measured in terms of the standard deviation of its investment returns. The Portfolio should be structured and managed so as to provide for the generation of its targeted rate of investment return while assuming the lowest possible risk.

The risk inherent in the Portfolio can also be viewed in terms of the likelihood that it will generate negative investment returns. It may be expected that the Portfolio will experience an annual negative return in one out of every five or six years, and can tolerate a temporary decline in the total investment portfolio of 15% in any given year. These statistics are based on the historic performance of a 40% fixed income / 50% equity (17% Canadian equity, 33% global equity) / 10% Alternatives asset allocation. This asset mix corresponds with the long-term, strategic asset mix set out for the Portfolio in Section 6. The data behind these historic risk return statistics are based on market returns as represented by the DEX Universe Bond Index (formerly the Scotia Capital Bond Universe), the S&P/TSX, the S&P 500 and the MSCI EAFE indices measured in Canadian dollars. It is expected that a well-designed manager structure using high-quality managers will exhibit stronger performance and less risk than the market. However, for purposes of establishing risk tolerance, it is prudent to use market statistics.

The level of risk to which the Portfolio is exposed will be controlled by diversifying the Portfolio's holdings, not only in terms of asset class, but also in terms of holdings within each asset class, geographically and (to the extent feasible) by investment management style and manager as described in Appendix A of this Policy Statement.

The Portfolio is expected to be exposed to foreign currency, especially in relation to investments in US and international equities. While the Committee acknowledges that exchange rate fluctuations may represent a short term risk to the Portfolio, it is also of the view that foreign currency exposure represents a long-term opportunity for diversification. As a result, the Foundation allows the underlying Manager(s) discretion to opportunistically hedge non-domestic currency exposures in order to protect against short term volatility from currency fluctuations, where they believe this will add value. The managers may elect not to hedge if they believe that the long-term benefits of currency diversification outweigh the short-term risk associated with the exposure.

5. Investment Constraints

5.1 Legal Status

The Foundation's Corporate status was established by Letters Patent issued by the Minister of Financial and Commercial Affairs of Ontario on November 19, 1971. Supplementary Letters Patent were filed on November 4, 2000 and May 14, 2004.

The Foundation is subject to the provisions of the Charities Accounting Act, the Charitable Gifts Act, the Trustee Act of Ontario, as administered by the Office of the Public Guardian and Trustee, the Income Tax Act of Canada and regulations promulgated by the Canada Revenue Agency under the authority of that Act.

The Foundation is registered with the Canada Revenue Agency as a charitable organization. Its year-end is December 31.

5.2 Taxation Status

The Foundation is registered as a charitable organization by the Canada Revenue Agency and as such is not subject to income tax provided that it meets requirements for charitable organizations enumerated in the Income Tax Act of Canada and regulations promulgated by the Canada Revenue Agency.

5.3 Investment Time Horizon

A portfolio's investment time horizon is an important factor in determining its investment strategy. The period over which a particular investment strategy can or will be maintained has a direct bearing on the likelihood that it will generate its targeted rate of return within that period and within acceptable risk parameters.

The Foundation is expected to exist in perpetuity. For planning and Portfolio structuring purposes, it will be assumed that the investment time horizon of the Portfolio is ten years. It should be noted, however, that this Policy Statement will be reviewed on at least an annual basis.

5.4 Liquidity and Income Requirements

Liquidity is the ability to maintain sufficient cash, or generate sufficient cash, through interest and dividends earned, the maturity of fixed income investments or sale of investments within the Portfolio in a time efficient manner. Given the Foundation's periodic income and capital requirements, the Portfolio should generally be invested in securities with sufficient market liquidity.

6. Asset Allocation and Manager Approach

6.1 Asset Mix

A portfolio's asset mix is the proportion within which various asset classes are represented in a portfolio. In general, the *greater* a portfolio's allocation to equities relative to fixed income securities, the *greater* the potential for capital appreciation and the *higher* potential of volatility (as measured by the standard deviation of a portfolio's rate of return). Conversely, the greater a portfolio's allocation to fixed income instruments relative to equities, the greater the potential for generating a consistent income stream and the *lower* potential of volatility. Control of the Portfolio's asset mix is, therefore, the principal means of controlling its risk and return characteristics.

Given the Portfolio's targeted return on investments, its risk tolerance, legal and taxation status, its investment time horizon, liquidity and income requirements, the following 'benchmark' or long-term strategic asset allocation, and permissible asset class holding ranges have been chosen:

	Benchmark Allocation	Permissible Range
Cash and Equivalents	0%	0 – 10%
Fixed Income Instruments	40%	30 – 50%
Total Cash & Fixed Income*	**40%**	**35 – 50%**
Canadian Equities	17%	7 – 27%
Global Equities **	33%	23 – 43%
Alternative Strategies	10%	0 – 15%
Total Portfolio	**100%**	

* Cash and fixed income will be combined for measurement purposes. The subtotal to cash and fixed income will be the main determining factor for rebalancing purposes.

** For global equities, the long term target is 50/50 US/international. However, it is desired that manager(s) actively manage the global allocation.

The recommended asset allocation:

- has an average annual expected <u>long term</u> rate of return of approximately 7.3% based on market rates (including an expected income yield of approximately 3.4% per annum), which is expected to exceed 7.3% once Manager value-add is considered. However, given the <u>current</u> low interest rate and inflation environment, there is an expectation for lower nominal returns until such time as interest rates and inflation normalize; and
- is within the Foundation's risk tolerance with respect to volatility.

14.3 *Investment Manager / Style Mix*

The Portfolio as a whole and each asset class represented in the Portfolio should be reasonably diversified. If more than one Manager is employed, all reasonable attempts will be made to ensure that the Portfolio is diversified in terms of investment management 'style'. A description of diversification strategies is set out in Appendix A of this Policy Statement.

The structure employed for the Portfolio will be based on an allocation of assets assigned between a combination of Managers employing either a specialist or a 'balanced' investment approach. A "specialist" investment approach implies that each Manager will be responsible for managing a single asset class (i.e. fixed income or Canadian and/or Global equities). In contrast, a 'balanced' investment approach, by definition, implies that each Manager will be responsible for managing a combination of fixed income and equities. Each Manager will employ complementary investment styles (as measured by correlation statistics). Such styles may be labelled as 'value', 'growth' or 'core' in the case of equities. Correlation is a statistical measure based on each manager's historical returns and how the returns compare to other managers. The highest possible correlation is +1.0, indicating that the manager returns are exactly alike, while the lowest possible correlation is -1.0 which indicates that the manager returns move in opposite directions. Therefore, the lower the correlation, the higher the diversification benefits. In addition, alternative strategies may be considered as additional risk management tools as described more fully in section 7.1.5.

The asset mix assigned to each Manager will be constrained to ensure holdings are consistent and in line with the Portfolio's objectives and constraints and ultimately that they respect the overall asset mix of the Portfolio.

7. Investment Management Guidelines

7.1.1 Eligible Asset Classes – Definitions and Constraints

7.1.2 Cash Equivalents

Cash equivalents will consist of instruments with terms to maturity of 0 to 12 months and may include instruments originally issued with a term to maturity in excess of 12 months.

Cash equivalents originally issued with terms to maturity of 12 months or less will have a minimum credit rating of R-2 (High) (Dominion Bond Rating Service or Canadian Bond Rating Service equivalent) at the time of purchase and thereafter.

Cash equivalents originally issued with terms to maturity greater than 12 months will have a minimum credit rating of A (Dominion Bond Rating Service or Canadian Bond Rating Service equivalent) at the time of purchase and thereafter.

7.1.3 Fixed Income Instruments

Any manager engaged to actively manage a component of the Fixed Income allocation is expected to dynamically manage the interest rate and credit risk of the portfolio and reasonably manage its volatility.

The Foundation aims to have at least 90% of the fixed income strategy exposed to Canadian currency, to satisfy its Canadian obligations. An allowance is made for up to 10% of the total fixed income allocation to be invested in unhedged foreign currency bonds for value-added opportunities, at the discretion of the underlying Manager(s).

The following are eligible for inclusion in the actively managed fixed income component of the Portfolio:

- Fixed income instruments issued or guaranteed by the Canadian federal government or by Canadian provincial governments;
- Corporate bonds;
- Municipal bonds;
- Zero coupon bonds;
- Real Return bonds;
- Debentures;
- Asset-backed securities;
- Mortgage-backed securities;
- Commercial paper, bankers acceptances as per Section 7.1.2;

- Maple bonds[2];
- Fixed income instruments guaranteed by the US Federal Government; and
- Preferred shares.

Preferred shares must have a minimum credit rating of PFD-2 (Dominion Bond Rating Service or Canadian Bond Rating Service equivalent) at the time of purchase and thereafter. Preferred shares ratings will be used, where a separate preferred share rating exists. The credit limitations for the overall portfolio shall incorporate the bond rating equivalent for the preferred shares holdings. If a preferred share rating is not available, the bond rating of an issuer's unsecured debt shall be used.

It is the intent of the Board to maintain an allocation to State of Israel Bonds. As such, the allocation is expected to be the lesser of $1.0 million or 2.5% of the value of the overall portfolio.[3]

Fixed income securities are to be managed to ensure appropriate balances in quality and maturities consistent with current market and economic conditions. The Portfolio shall possess an average quality rating of A or better at all times (as rated by the DBRS, Moody's, S&P or equivalent). The Advisor will monitor the average credit rating of the portfolio on a quarterly basis to ensure the rating remains A or better. While a mandated high yield strategy is not required, an existing bond manager may opportunistically invest in such debt securities. To the extent that one or more existing bond manager(s) is (are) permitted to invest opportunistically in high yield bonds (i.e. bonds whose credit ratings are below BBB), then the overall allocation to high yield bonds must not exceed the lesser of 10% of the Portfolio's fixed income allocation or 5% of the total Portfolio. The Advisor will monitor the high yield (credit rating below BBB) allocation of the portfolio on a quarterly basis to ensure that the allocation does not exceed the lesser of 10% of the Portfolio's fixed income allocation or 5% of the overall Portfolio.

In the event that a fixed income investment held in the Portfolio experiences a credit rating downgrade so that it (a) falls below the minimum applicable credit rating or (b) causes the account to violate any other credit quality restriction, the Manager(s) may sell the investment immediately. In the event of a 'split' rating (i.e., a situation in which credit rating agencies assign non-equivalent ratings), it will be handled as follows:

- If only two agencies rate a security, and the ratings are not equal, use the lower of the two ratings;
- If three agencies rate a security, use the most common rating; or,
- If all three agencies disagree, use the middle rating.

In the event that the Manager wishes to retain the investment in the portfolio, the Manager will contact the Advisor to provide detailed information on the downgrade as well as their rationale for retaining the investment in the portfolio. In circumstances that the Advisor, on behalf of the Foundation, is not willing to retain the investment, the Manager must sell the investment immediately.

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[2] 'Maple bonds' are bonds denominated in Canadian dollars both in terms of interest payments and principal payments but issued by non-Canadian entities.

[3] This does not pertain to the actively managed fixed income portfolio.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Portfolio as a whole. In addition, investment in any single issuer should not constitute more than 10% of the market value of the fixed income asset class. Fixed income instruments issued or guaranteed by the Government of Canada or Provincial Governments or one of their respective Crown Corporations are exempted from this provision.

Active fixed income management shall include the flexibility to adjust the maturity structure to take advantage of current and anticipated market conditions and yield curve opportunities. The average duration of each Manager's portion of the Portfolio may differ from the duration of the benchmark by 0-150% (by way of example, if the duration of the benchmark is 6.0 years, the allowable range for the overall portfolio will be 0 – 9 years).

Investment in convertible or exchangeable debentures is permitted, but will be regarded as equity investments.

7.1.4 Equities

Investments in the following equity securities are permitted:
- common stocks;
- income trust units;
- rights, warrants, installment receipts, depository receipts, convertible debentures, and other instruments convertible into common shares; and
- American Depositary Receipts and Global Depositary Receipts.

Individual equities or equities held within equity funds must be listed on a major stock exchange, be of 'investment grade' and be liquid at the time of purchase and thereafter.

Global, or foreign, equity investments may include common stocks, convertibles, warrants and rights issued by non-Canadian corporations. Global equity investments in Emerging Market countries will be limited to no more than 10% of the market value of the global equity portion of the Portfolio.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Portfolio as a whole. In addition, investment in the securities of any single issuer should not constitute more than 10% of the market value of the equity asset class.

7.1.5 Alternative Investments

Alternative investments may be included in the investment strategy as additional tools to help reduce the portfolio's overall level of volatility. Such investments are classified according to their underlying strategies, in relation to traditional asset classes, and by region. The Foundation's objective within this asset class is to invest in a multimanager strategy (using existing funds or customized strategies) that includes the use of short positions and derivatives with low leverage. The strategy is expected to improve the portfolio's absolute returns through enhanced downside protection and positive performance in a volatile market environment. A description of the objective and guidelines for the investment of alternative strategies is set out in

Appendix B of this Policy Statement. Designated alternative investment managers, including high yield fixed income managers, are exempt from the aforementioned restrictions as they, depending on their individual strategies, may hold large positions in a single issuer and/or a significant allocation to issues rated BBB or below.

Alternative investment managers may utilize derivatives for purposes other than for hedging.

7.2 Additional Constraints, Inclusions and Exclusions

All investments must be reasonably liquid at the time of purchase and thereafter. In the event that the Manager(s) forecast impairment in the liquidity of an investment, the Manager(s) will make all reasonable efforts to liquidate the investment on a timely basis.

Index, mutual and pooled funds (including Exchange-Traded Funds (ETF's)) may be held in the Portfolio with the understanding that the guidelines in the Fund's offering memorandum will supersede the aforementioned guidelines. While such funds will be managed in keeping with their own investment policies, these policies must be consistent with the spirit of this Policy Statement. In the event that there are any substantive inconsistencies between the provisions of this Policy Statement and the policies applicable to a fund that the Manager(s) wish(es) to employ in the Portfolio, the Manager(s) must identify these to the Committee and receive its written approval for investing in the fund before any such investment is made. These funds will be categorized as cash equivalents, fixed income investments or equities as appropriate given their underlying securities or the capital markets to which they are intended to provide exposure.

For traditional equity and fixed income managers (which excludes alternative investment managers), derivative securities including, but not limited to, forwards[4], futures and option contracts on stocks, bonds and stock indices and currencies and other financial instruments may be held in the Portfolio for currency hedging or portfolio transition purposes only, at the discretion of the Manager(s). Derivative securities must have recourse to a recognized clearing house as the counter-party.

The purchase of securities on margin and the short selling of securities are not permitted, unless via an approved Alternatives manager.

The purchase of any asset, security or category of investment disqualified by written notice from the Committee is not permitted.

Investments in the following are prohibited by the Manager(s):

- illiquid private placements or other non-marketable debt or equity;
- lettered, legend, unregistered or other restricted stock;
- direct commodities;

[4] A forward currency contract is an agreement between two parties to buy or sell currency at a pre-agreed future point in time. One party agrees to buy, the other to sell, for a forward price agreed in advance. The forward price of such a contract is commonly contrasted with the spot price, which is the price at the date the contract is initiated. A standardized forward contract that is traded on an exchange is called a futures contract.

- direct real estate; and
- Leveraged positions, with the exception of professionally managed alternative investment strategies that may deploy leverage and are approved by the Board of Directors.

Lending of securities in the Portfolio is not permitted without the prior written approval of the Committee.

Gifts or donations consisting of marketable securities transferred into the Portfolio will be liquidated as soon as practicable by the Manager(s). This provision is included so that proceeds from the sale of donated securities will not differ significantly from the receipted value of the donation.

The Manager(s) shall be guided by the ethical considerations of the Foundation where so advised.

8. Performance Standards

8.1 Investment Performance

The Portfolio's investment performance will be measured against the performance of a 'benchmark' index calculated using appropriate market indices combined in the same proportion as the Portfolio's benchmark asset mix.

The Portfolio's benchmark index is a combination of the following indices, held in the following proportions:

Asset Class *	Index	Proportion
Cash and Equivalents	FTSE TMX 91 Day T-Bill Index (or an equivalent, appropriate benchmark)	0.0%
Fixed Income Instruments	FTSE TMX Canada Universe Bond Index (or an equivalent, appropriate benchmark)	40.0%
Canadian Equities	S&P/TSX Composite Index (or an equivalent, appropriate benchmark)	17%
Global Equities	MSCI World Index or a combination of indices such as the S&P 500 Composite (U.S. equities) and MSCI EAFE Index (international equities) (in C$) (or an equivalent, appropriate benchmark)	33.0%
Alternative Strategies	Relevant Equity Indices (in C$) and/or Hedge Fund Indices (in C$)	10.0%

** Please note that individual managers will be provided with specific benchmarks to reflect their mandates.*

The benchmark index indicates the return of the underlying market indices. However it does **not** represent the return that a passive investor (that is, one who invests in index funds or Exchange Traded Funds ("ETF's")) would earn by consistently employing the benchmark asset allocation set forth in Section 6. Investing in ETF's and index funds would result in returns less than the reference benchmark index due to fees and imperfect tracking. In addition, some asset classes (such as alternatives) are not investable through passive ETF's.

The Portfolio's investment performance will be measured net of investment management fees and is expected to:

- exceed the investment performance of the benchmark index over rolling 3- to 5-year periods with an emphasis on 4 years; and
- rank in the top 50% of comparable portfolios over rolling 3- to 5-year periods with an emphasis on 4 years.

In addition, the Portfolio's performance will be evaluated in terms of:

- the extent to which it provides liquidity (as defined in Section 5.4); and
- the extent to which it generates capital appreciation in excess of the rate of inflation.

The performance of individual asset classes is expected to:

- exceed the return of their corresponding benchmark indices; and
- rank in the top 50% of the appropriate investment manager performance measurement universes over rolling 3- to 5-year periods with an emphasis on 4 years.

The performance of the Manager(s) will be evaluated quarterly relative to an appropriate peer group over rolling 3- to 5-year periods with an emphasis on 4 years.

Further, the Manager(s) will be evaluated in terms of:

- compliance with the provisions of this Policy Statement and any amendments thereto as well as any specialized instructions and mandates provided to the Manager(s); and
- the provision of satisfactory reporting and client service.

8.2 Risk Exposure

The Portfolio's risk exposure, as measured by the standard deviation of its returns, will be evaluated on a quarterly basis. The Portfolio's risk profile should rank in the midrange of comparable portfolios.

The risk profile of the Manager(s) will be evaluated quarterly over rolling 3- to 5-year periods with an emphasis on 4 years relative to an appropriate peer group.

9. Rebalancing

The Portfolio's allocation among asset classes will be reviewed quarterly. Rebalancing will be considered when allocations fall outside of the ranges established in Section 6 or outside of established parameters related to the allocation of assets between or among Managers.

To the extent that is reasonable and possible, inflows and outflows of cash or assets in kind will be directed in such a way as to maintain:

- the long-term strategic asset allocation of the Portfolio; and
- the targeted allocation of assets between or among Managers.

In the event that such flows of cash and/or assets in kind are absent or insufficient, the Committee will take steps to rebalance the Portfolio by way of the transfer of cash and/or assets between or among the Managers.

10. Reporting and Service

10.1 Manager(s)

Upon receipt of this Policy Statement or any amendments thereto, the Manager(s) will provide the Committee with a written statement acknowledging receipt, understanding and acceptance of this Policy Statement or the amendments.

Each calendar quarter and within 30 days of its end, each Manager will provide the Committee with reports containing, at a minimum:

- a valuation of the Portfolio as at the end of the quarter, including the market value of each security;
- a listing of transactions that were completed or initiated during the quarter;
- data and commentary on the Manager(s)' investment performance (for the past quarter as well as for the past 1-, , 3-, and 5-, and 10- year periods and since inception) relative to benchmarks established in this Policy Statement and to a Manager's specialized mandate in the event that more than one Manager is engaged;
- a commentary on the investment strategy and tactics employed over the past quarter;
- the Manager(s)' outlook on capital markets for the upcoming quarter and proposed strategies and tactics to be employed during the quarter;
- information pertaining to changes in the Manager(s)' investment or senior management personnel and/or ownership structure, if any;
- information pertaining to changes to the Manager(s)' investment style, process or discipline or any other philosophical, operational or organizational matter that might reasonably be expected to have a bearing on the performance or risk profile of the assets managed by the Manager(s); and
- suggestions regarding this Policy Statement, if any.

At least annually, each Manager will provide:

- evidence of suitable insurance coverage;
- confirmation that the Manager(s) is(are) in compliance with Section 13; and
- a signed Letter of Compliance indicating that the assets for which the Manager has responsibility have been managed within the parameters established by this Policy Statement, or by a Manager's specialized mandate in the event that more than one Manager is engaged, and that all investment activities have been conducted in accordance with requirements of the applicable securities commissions and the CFA Institute's Code of Ethics and Standards of Professional Conduct. In the Letter of Compliance, the Investment Manager will also state compliance with the terms outlined in the Investment Management Agreement or contract, specifically with respect to the fee arrangement between the Manager and the Foundation.

Upon request, each Manager will provide:

- a written report to the Committee outlining their standing policies with respect to proxy voting including any changes that have been made to these policies since the last report;
- a written report of all of its proxy votes with respect to Portfolio assets under their management. Such reports will identify any instances in which proxies were not voted in accordance with standing policies; and/or
- copies of all documentation in support of any investment activity.

The Manager(s) will be available for meetings with the Committee on an annual basis, and will be available for discussion and consultation on an ad hoc basis. In addition, the Manager(s) will be available for meetings with the Board as requested.

10.2 Investment Advisor

On a quarterly basis, and within 45 days, the Advisor will provide the Committee with a report detailing:

- the performance, on an after-fees basis, of the Portfolio and each separately managed account constituting part of the Portfolio. These reports will detail performance in both absolute terms and relative to the benchmark index described in Section 8.1 of this Policy Statement. Performance statistics will be provided for the quarter, the year-to-date, and each annual and annualized period since inception;
- the risk characteristics of the Portfolio and each separately managed account constituting part of the Portfolio; and
- the performance and risk characteristics of the Manager(s) relative to (an) appropriate peer group(s).

The Advisor will be available for meetings with the Committee on a quarterly basis, or more frequently if required by the Committee, and will be available for discussion and consultation on an ad hoc basis. In addition, the Advisor will be available for meetings with the Board as requested.

On an annual basis, the Advisor will provide a Compliance Certificate indicating that the total assets of the Foundation are invested in-line with the overall asset allocation targets and constraints outlined in this Policy Statement.

To assist the Foundation's Finance department in the verification of fees, the Advisor will provide a quarterly summary of fees charged by the managers, custodian and the Advisor, as provided in the custody statements. The Advisor will also facilitate communication with underlying managers and custodian for support with respect to year-end financial reporting, if requested by the CFO of the Foundation.

10.3 Custodian

The Custodian will provide the Committee with statements on a monthly basis. These statements will include, at a minimum, a summary and a detailed listing of assets held in the Portfolio as well as a listing of transactions (including deposits, withdrawals, receipt of interest and dividends, purchases, sales, corporate actions and fees paid) that occurred in the Portfolio during the reporting period.

The Custodian's reports will provide the book value and current market value of each asset held in the Portfolio and categorize securities by issuer type, market sector and/or industry, as appropriate.

These reports will serve as the official book of record for all transactions, including fees, to be used by the Foundation's Finance department for record-keeping.

On an annual basis, the custodian will provide an external audit report confirming their compliance with industry-standard policies and procedures for the safe-keeping of client assets.

11. Termination of a Manager

The Committee will consider recommending to the Board that the contract between the Foundation and Manager(s) be terminated when one or more of the following circumstances prevail:

- the Manager(s)' investment performance results have been below the median performance results of the appropriate manager peer group and/or the appropriate market benchmark index/indices for 3 consecutive years, or if performance is inconsistent with expectations in a given market environment;
- the Manager(s)' short-term underperformance is found to be a result of a change in the Manager(s)' investment style, process or discipline or a change in the Manager(s)' key investment personnel;
- there is a significant change in the risk profile of the Manager(s);
- the Manager(s)' investment style is no longer appropriate given the Portfolio's requirements;
- the Manager(s)' reporting and client service are unsatisfactory; or
- the Committee has concerns regarding the Manager(s)' ethics.

Notwithstanding the above, the Committee may recommend to the Board that (a) Manager(s) be terminated for any reason that the Committee deems appropriate.

12. Termination of the Advisor

The Committee will consider recommending to the Board that the contract between the Foundation and the Advisor be terminated when one or more of the following circumstances prevail:

- the Advisor fails to provide independent information, advice and recommendations on:
    - Policy Statement matters;
    - asset mix arrangements;
    - manager structure;
    - Manager selection, termination and performance monitoring; or
    - developments that might affect the Manager(s)' performance, risk characteristics and service capabilities.
- the Advisor does not meet with the Committee and/or Board on a regular basis to discuss the Portfolio's results;

- the Advisor’s reporting and client service are unsatisfactory; or
- the Committee has concerns regarding the Advisor’s ethics.

Notwithstanding the above, the Committee may recommend to the Board that the Advisor be terminated for any reason that the Committee deems appropriate.

13. Conflict of Interest

No fiduciary[5], or any of its directors, officers, personnel or any party related thereto will knowingly permit his or her interest to conflict with his or her duties or powers relating to investment of the Portfolio’s assets or to any other matter related to the Portfolio. Any actual or perceived conflict of interest must be reported to the Committee. Such disclosure will be made when the affected party first becomes, or ought to have become, aware of the conflict or potential conflict. The Committee will be the sole arbiter in determining whether the conflict of interest exists and, if it determines that a conflict does exist, will take all necessary and appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the relevant Committee meeting.

The failure of a fiduciary to comply with the requirements of this Section will not of itself invalidate any decision, contract or other matter.

14. Adoption of Investment Policy Statement

Further to a recommendation by the Committee, the Board of the Foundation adopted this Policy Statement and acknowledges that such Policy Statement shall apply to the Foundation’s investment funds.

____________________________ ________________

Gilad Vered, Chair of the Investment Committee — Date
of the Ottawa Jewish Community Foundation

____________________________ ________________

Michael Landau, Chair of the — Date
Ottawa Jewish Community Foundation

[5] A fiduciary is a person, organization or other entity entrusted with the property of another party, in whose best interests the fiduciary is expected to act when holding, investing or otherwise managing or utilizing that party’s property.

Appendix A

Diversification:

The single most important strategy available to manage portfolio risk is diversification. The following table summarizes four different types of diversification.

Type	Description
By Asset Class	Diversify by asset class by combining different types of asset classes in the portfolio, such as cash equivalents, fixed income instruments (e.g., bonds), and equities.
Within Each Asset Class	Diversify within each asset class by holding investments with different risk-return characteristics. For example, equities may be diversified across industry sectors and by company size (i.e., large-, mid- and small-cap equities), while fixed income instruments may be diversified by credit rating and term to maturity.
Geographically	Diversify by investing in companies outside of Canada.
By Investment Style and by Manager	Diversify equities by holding a variety of securities using different (complementary) investment styles, as measured by correlation statistics, such styles may be labelled as ‘value’, ‘growth’ or ‘core’ in the case of equities. Correlation is a statistical measure based on each manager’s historical returns and how the returns compare to the returns of other managers. The highest possible correlation is +1.0, indicating that the manager returns are exactly alike, while the lowest possible correlation is -1.0 which indicates that the manager returns move in opposite directions. Therefore, the lower the correlation, the higher the diversification benefits. **Growth Style:** A strategy whereby an investor seeks out stocks that offer good growth potential. In most cases a growth stock is defined as a company whose earnings or cash flows are expected to grow at an above-average rate relative to its industry peers or the overall market. A growth style investor may be willing to pay a higher price (in terms of Price/Earnings multiple) for an equity in the belief that the company’s earnings will continue to experience high growth rates resulting in an increasing stock price. **Value Style:** A strategy of selecting stocks where the investor believes the trading price is below its intrinsic value. Value investors actively seek companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, causing stock price movements that do not correspond to the company’s long-term fundamentals. Value investors see value when they believe the market is overly pessimistic of the future value of the company. The definition of intrinsic value will vary amongst value managers. Typically, value investors select stocks with lower-than-average price-to-book or price-to-earnings ratios and/or high dividend yields. **Core style:** A core portfolio often contains growth and value styles in a set allocation with a disciplined rebalancing methodology.

Appendix B

Summary of Alternative Strategies

The below objectives and guidelines relate to alternative strategy funds.

Objective

To develop a multimanager strategy that includes the use of short positions with little leverage, which aim to increase the portfolio's downside protection and enhance performance in a volatile market environment.

Alternative strategies that may be considered for inclusion within the portfolio include but are not limited to: market neutral strategies, merger or risk arbitrage strategies, Canadian or global long/short strategies and global macro strategies.

Fund of funds are eligible for inclusion within the portfolio provided that the underlying funds meet the objectives and criteria of the Foundation.

Quantitative Guidelines

- Diversified Mix of Managers (at least two managers with a focus on reducing volatility and enhancing returns)
- Strong Long-term Performance and Operational Track Record (more than four years)
- Relatively Low Leverage – precise limit to be discussed and agreed to
- Reasonable Liquidity of Investments
- Low Correlation (to each other and to existing managers)

Qualitative Guidelines

- Experienced & Stable Management Team (ability to attribute historical performance to current manager(s))
- Ownership Structure & Incentives for Management (alignment of interests between management and clients; management investment in strategy alongside investors)
- Operational Track Record
- Limited Partnerships to be Avoided (not eligible for Canadian foundations)
- Appropriate Regulation (registration and regulator)
- Transparency
- Credible Prime Broker (proven history and appropriate insurance)
- Credible Auditor
- Insurance (criminal and liability)
- Limited Lock-Up Periods & Redemption Penalties
- Reasonable Redemption Policy (Frequency, Days Notice Required)

Record of Amendments and Approvals of the Investment Policy Statement

Amended	Approved	Committee
	April 28, 2003 (Master)	Board of Directors
January 17, 2005		Investment Committee
	February 22, 2005	Board of Directors
February 20, 2007		Investment Committee
	February 26, 2007	Board of Directors
August 11, 2008		Investment Committee
	August 25, 2008	Board of Directors
February 8, 2010		Investment Committee
	February 16, 2010	Board of Directors
August 19, 2011		Investment Committee
	August 22, 2011	Board of Directors
September 24, 2012		Investment Committee
	October 03, 2012	Board of Directors
November 06, 2012		Investment Committee
	November 16, 2012	Board of Directors
May 06, 2013		Investment Committee
	May 07, 2013	Board of Directors
February 16, 2016		Investment Committee
	March 9, 2016	Board of Directors