

Overview

The purpose of the Pittsburgh Community Benefit Fund (PCBF) is to support worthwhile activities which benefit residents of the former Pittsburgh Township. Through its Investment Committee, the Board of Directors of the PCBF is responsible for determining and monitoring its investments. This investment Policy Statement guides the Investment Manager, Investment Committee, and Board of Directors in dealing with the assets of the PCBF.

Acting through its Board, the PCBF has prepared this Policy Statement to address the manner in which the PCBF's investment portfolio shall be invested. Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with all relevant legislation. The overall responsibility for the investment of the Fund lies with the Board, but the investment management of the Fund assets will be delegated to the Fund Investment Manager.

Investment Objectives

The long term objectives of the PCBF are to provide sufficient investment income and capital appreciation to enable the PCBF to fulfill its mandate in perpetuity, unless otherwise mandated by the membership. To meet these objectives, investments within the portfolio must be diversified and balanced, providing an acceptable mix of capital preservation, capital appreciation and current income.

General Expectations

The goal of this Policy Statement is to ensure that the capital of the PCBF is preserved, grows, and is invested in a prudent manner, which enables the Fund to meet its current and future objectives.

The Investment Manager appointed by the Board must be a recognized institution dealing at arms length with the Board. Within the guidelines contained in this Investment Policy Statement and after consultation with the Investment Committee, the Investment Manager is expected to exercise full investment discretion regarding individual securities and sub managers. The Investment Manager is expected to manage all PCBF assets with the care, skill and diligence that a prudent person in similar circumstances would exercise. Prudent limits must be attached to purchases of individual securities and reasonable diversification must be maintained.

In making investments the Investment Manager is expected to consider all relevant circumstances, including but not limited to:

- General economic conditions
- The potential effect of inflation or deflation
- The role each investment plays within the overall portfolio
- Liquidity needs of the PCBF

Asset Mix

The Board of Directors of the PCBF has established the following asset allocation, which it believes will achieve its investment objectives:

<u>Asset Class</u>	<u>Minimum %</u>	<u>Maximum %</u>	<u>Median</u>
Fixed Income	40	80	50
Equities	20	60	50

Allocation within each category:

<u>Fixed Income</u>	<u>Minimum %</u>	<u>Maximum %</u>
1 year & under	10	40
1 year – 10 year	60	90
10 year & over	0	10

<u>Equities</u>	<u>Minimum %</u>	<u>Maximum %</u>
Canadian	40	70
U.S.A.	0	40
International	0	40
Emerging	0	10

It is expected that a full business cycle will be required to reach the median allocation. **The Investment Manager will use his or her discretion to rebalance the portfolio to achieve optimal results in conjunction with the investment committee.**

Permitted Investments

The following investments may be made either directly through individual instruments, via pooled funds or managed products:

- Cash and cash equivalents
- Canadian bonds and debentures
- Canadian equities
- Foreign equities

The quality of these investments must conform to the following criteria when the investments are made:

- Cash and cash equivalents - - chartered bank certificates, bankers acceptances, treasury bills, corporate paper rated at least R1-mid by the major rating agencies

- Bonds - - minimum quality rating "A" as measured by the major rating agencies
- Equities - - all equities must be listed on a recognized exchange, must have good marketability and must be diversified as to sector

The portfolio must conform to the following minimum diversification requirements:

- Bonds - - no one corporate issuer may exceed 10% of the total fixed income portfolio
- Equities - - no one issuer may exceed 5% of the total equity portfolio

Restricted Investments

The PCBF may not utilize leverage (i.e. borrow against its assets to purchase more assets). The PCBF may not trade in futures contracts.

Spending Policy

The goal of the PCBF is to achieve a 2% real rate of return, i.e. to earn 2% *plus* inflation as measured by the Consumer Price Index published by Statistics Canada. The inflationary component of the return will remain within the portfolio. The 2% increment above inflation **may** be disbursed annually. Income earned in excess of the 2% real return **may** be set aside in a separate **account** to finance grants in years where the return is below the targeted 2%. Once this separate fund reaches **\$500,000** it will be capped and any excess earnings will remain within the portfolio. This separate "rainy day" **account** will be invested exclusively in short term bonds **up to \$100,000**. **The "rainy day" account will be dispersable at the discretion of the board up to a value of \$500,000.**