

Alongside Hope Investment Procedures

ADMINISTRATION

The Finance & Investment Committee (“Committee”) shall comprise four members of the Board of Directors with one member being mutually agreed upon as assuming the role of chair. The Committee reports directly to the Executive Committee and Board of Directors of Alongside Hope.

RESPONSIBILITY

The Board of Directors will

- Hold the ultimate responsibility of the organization investments by:
 - Setting the investment policy
 - Approving risk tolerance and asset allocation guidelines
 - Appointing the investment manager,
 - Ensuring compliance with fiduciary obligations and applicable registration.
- Alongside Hope acknowledges that proxy voting is a fiduciary responsibility of the Board. As such, the Board retains proxy voting authority unless specific delegation to the Investment Manager is explicitly approved under defined circumstances. If proxy voting is delegated, it will be governed by a written agreement that outlines:
 - The scope and limitations of delegation
 - Compliance with the Trustee Act and prudent investor standards and
 - A process for the Investment Manager to report on voting activities.

The Board retains the right to review and revoke this delegation.

The Committee will

- Provide an annual written report to the Board of Directors, which includes a detailed report on the organization’s financial results,
- Recommend to the Board of Directors the appointment or termination of one or more Investment Manager,
- Receive regular reports from the Investment Manager via the Treasurer for the purpose of assessing the activities and performance of the Investment Manager
- Review and adjust the asset mix guidelines, the return expectations, risk tolerances and time horizons
- Engage custodial, performance measurement and other relevant services as deemed advisable
- Receive reports from and advise the Treasurer on the management of funds held in cash outside the mandate of the Investment Manager
- Report to the Board of Directors on a regular basis on the composition of the investment portfolio, on the use of leverage by individual investment managers and on the performance of the portfolio, and

- Review and evaluate the Investment Manager at least annually, including an evaluation of a Declaration of Compliance from the Investment Manager.

The Investment Manager will

- Provide monthly statements of transactions and holdings of the Alongside Hope's Investment Portfolios
- Meet with the Committee at least annually to discuss the investment performance of the Investment Portfolios and provide a review of the mix relative to the organization's investment policy,
- Recommend a proposed asset mix for the Investment Portfolios, subject to the constraints imposed by the Statement of Investment Policy. The proposed asset mix will be reviewed with the Committee as part of the regular reviews of investment strategy performance results
- Notify the Committee, in writing of any significant changes in investment philosophies and policies personnel, or organization and procedures.

The Committee will supervise the management of invested funds in accordance with this policy or as instructed by the Board of Directors.

The Investment Portfolios will be managed by an Investment Manager appointed by the Board of Directors.

INVESTMENT PROTOCOL

Valuation of Investments

Investment in pooled funds will be valued according to unit market values published by each Investment Manager. Other investments will be valued at market value if available (mark-to-market) or if not, at the closest available alternative to market value.

Short-term securities investments will be maintained at the following quality standards.

<u>Debt Rating</u> (Dominion Bond Rating Service (DBRS) or equivalent)	Maximum % of Short-Term Securities
Lower than R-2	0%
R-2 (adequate credit quality)	10%
R-1 (prime credit quality)	no limit

Bond Investments will be maintained at the following quality standards.

<u>Debt Rating</u> (Dominion Bond Rating Service (DBRS) or equivalent)	Maximum % of Bond Securities
Lower than BBB	0%
BBB (adequate credit quality)	15%
A (satisfactory credit quality)	50%
AA higher (superior or highest)	no limit

Canadian equity investments will meet the following requirements:

- At least 95% of the Canadian equity investments will be listed on the Toronto or Montreal Stock Exchanges, and
- Not more than 5% of the Canadian equity investments will be invested in the securities of any one issuer.

Performance Goals and Risk Exposure

The performance goal for the Investments Portfolios is to generate a rate of return of 2% higher than the consumer price index of Canada over the long term, net of fees and expenses.

The Investment Portfolio will be invested and managed such that it will normally exceed the total return, net of fees of a passive benchmark portfolio composed of:

- Fixed Income
- Canadian Equities, and
- Foreign Equities.

Categories of Investments

- Funds of Alongside Hope will normally be invested in individual securities as well as units of institutional pooled funds or shares of institutional investment vehicles.
- The underlying investments of the Investment Portfolios in the pooled funds and investment vehicles will, to the greatest extent possible, be transparent to the Committee.
- The following investments are permissible subject to the approval of the committee;
 - Publicly traded common and preferred equity listed on a major stock exchanges
 - Rights, warrants and securities convertible into eligible common shares and US governments, government agencies or corporations (investment grade)
 - Federal or provincial treasury bills, bankers' acceptances and commercial paper of Canadian issuers
 - Investment in pooled funds, which may invest in any or all of the above instruments or assets, and
- Until further decision by the Committee, this investment portfolio may not be invested in commodities, futures, forward contracts, swaps or options except to the extent described above.
- The use of leverage within a fund or vehicle and the use of derivatives for whatever purpose, including hedging specified exposures, will be disclosed to and clearly understood by the Committee prior to making the investment.

ASSET PROTECTION

Liquidity

Invested funds will be sufficiently liquid to meet the foreseeable cash requirements of Alongside Hope as determined by the Treasurer.

- Foreign equity investments of the Investment Portfolios will meet the following requirements:
 - At least 95% of the Foreign Equity Investments will be listed on a recognized US Stock Exchange, and
 - No more than 5% of the foreign equity investments will be invested in the securities of any one issuer.
- In the event of a downgrading of fixed income security, the above constraints will not dictate sale but will preclude additional purchases of the same fixed income security.
- Where investments are held in a mutual or pooled fund, the Investment Manager will not be expected to comply with the constraints described in this section but will disclose in writing to the Committee or Management, on at least an annual basis, any variations from the above investment quality and diversification requirements.

Asset Mix

- The Investment Portfolios will be invested, directly or indirectly, in the most broadly diversified range of assets possible, consistent with the size of the portfolio and the economies of management fees.
- The Investment Portfolios asset mix will be rebalanced from time to time as considered desirable in the judgment of the Investment Manager.
- The target asset mix is that which has been established and approved by the Board of Directors (Target Asset Mix) to reflect a diversified mix of investments of various types that has a high possibility of achieving the goals of the Investment Portfolios over the long term, within acceptable levels of risk to Alongside Hope.
- The Investment Manager will select a portfolio of assets that conforms to the asset mix guidelines set out in the following table of asset classes.

PORTFOLIO MANAGER CONFLICTS OF INTEREST

- If any agent of or advisor to Alongside Hope knowingly has or acquires any pecuniary interest, direct or indirect, in any matter in which Alongside Hope is concerned and may benefit personally from any decision of Alongside Hope with respect to its investments, that agent or advisor will as soon as practicable disclose this conflict of interest to the Executive Director of Alongside Hope. The Executive Director will then immediately advise all members of the Committee in writing and

the Committee will meet to decide upon a course of action. Any such agent or advisor will thereafter abstain from any decision-making with respect to the area of conflict, unless otherwise determined by unanimous decision of the Committee.

- The Committee will satisfy itself that an appropriate policy regarding conflicts of interest exists and is followed by any Investment Manager dealing with Alongside Hope funds. As a minimum, the Code of Ethics and Standards of Professional Conduct adopted by the Institute of Chartered Financial Analysts will apply.
- Every disclosure of interest under this Section will be recorded in the minutes of the relevant Committee meeting.
- The failure of a person to comply with the procedures described in this Section will not of itself invalidate any decision, contract or other matter.

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