

George Brown Memorial Foundation

STATEMENT OF INVESTMENT POLICY AND GUIDELINES

January 1, 2020

STATEMENT OF INVESTMENT POLICIES AND PROCEDURES (the “Statement”)

The George Brown Memorial Foundation (the “foundation”) is a Canadian registered charity. The foundation was created in 2011 by James Dunne who is the sole Trustee. The George Brown Memorial Foundation is a private foundation that supports other Canadian Charities.

Investment Objectives

The portfolio of George Brown Memorial Foundation aims to achieve an annual rate of return more than our disbursement quota of 3.5%.

Each investment the foundation makes will

- i. pay distributions (dividends, interest, etc)
- ii. support our charitable goals

Time Horizon - the time horizon of the foundation is the remainder of James Dunne’s life. After which the foundation is pledged to the Aqueduct Foundation at Scotiabank.

Risk Tolerance – the foundation must take enough risk to achieve the disbursement quota target rate of return. Overall, medium risk tolerance.

Rate of Return – the target rate of return each year is based on our prescribed disbursement quota of 3.5%. Not all investments are required to yield at least the disbursement quota, but the portfolio’s overall yield must be higher than this level. For example, if the portfolio holds an investment with a yield less than the disbursement quota, other investments within the portfolio must have yields high enough so the total portfolio yield is greater than the disbursement quota.

Investment Advisory Committee

The foundation’s Investment Advisory Committee (the “Committee”) will be chaired by James Dunne. It will be composed of up to three advisors appointed by the foundation’s Trustee. The Committee will meet annually to review portfolio performance and be called upon individually from time-to-time to advise within their area of expertise. The Committee will be an informal body and advise the foundation’s management on the following:

- i. investment process (investment philosophy)
- ii. asset allocation
- iii. selection of investment managers, other financial service providers, and individual investments
- iv. performance of investment managers, other financial service providers, and individual investments
- v. the impact alignment of the foundation’s investments

- vi. other matters of a financial nature that may be referred to it by the Trustee; and
- vii. proxy voting and the corporate governance of foundation's investment holdings.

Diversification

The asset classes and their primary roles in the portfolio are as follows:

- i. *Cash* (GICs; High-Interest Savings Accounts), short term liquidity
- ii. *Bonds* (bonds, preferred shares, mortgage investment corporations "MICs"), income generation
- iii. *Stocks* (Canadian), income generation
- iv. *Real Estate* (Real estate, infrastructure and energy), income generation

Asset Allocation

<i>Asset Class</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Benchmark</i>
Cash	0%	10%	1%
Bonds	0%	50%	10%
Stocks	25%	50%	65%
Real Estate	25%	50%	25%

Benchmarks

The overall investment objective for the corporation is to earn an annual time-weighted rate of return over any consecutive five-year observation period which will exceed the rate of return of a 'Benchmark Portfolio' based on the asset mix below:

<i>Asset Class</i>	<i>Benchmark</i>	<i>Benchmark</i>
Cash	iShares 1-3 Year Treasury Bond ETF (SHY)	10%
Bonds	iShares DEX Universe Bond Index ETF (XBB)	30%
Stocks	iShares S&P/TSX 60 Index ETF (XIU)	30%
Real Estate	iShares S&P/TSX Capped Index EFF (XRE)	30%

Performance Measurement

Management will prepare a quarterly report with the following information:

- Summary of major market and portfolio events (manager change, major buys/sales, etc.)
- Summary of total portfolio returns (income and capital appreciation)
- Summary return for each asset class as well as expenses and other inflows and outflows

Quarterly reports will be published on the foundation's website and communicated to other stakeholders (donors, supporters) by an e-mail newsletter.

Selection & Evaluation of Investment Opportunities

Management will present the investment committee with watch lists of suitable investments. It will be the responsibility of the investment committee to provide feedback on the investment selection process, and the responsibility of the Trustee to make final decisions.

Custody & Brokerage

Custody of investments and brokerage services can be provided by any of the following institutions: Bank of Nova Scotia, Bank of Montreal, Toronto Dominion Bank, Royal Bank of Canada, Canadian Imperial Bank of Commerce, Manulife Financial, or Sunlife Financial.

Cash Management

Cash required for giving and operating expenses will be held in bank accounts and replenished periodically. The amount of the overall portfolio held as cash will be calculated by adding all the cash held in bank accounts, on deposit, and within investment accounts.

Re-Balancing

Portfolio re-balancing will be reviewed on a quarterly basis by management. Cash distributions will be held at their source until cash is required to re-balance the portfolio. On an annual basis, when an asset class breaches the upper or lower limit as defined in the Asset Allocation section of this document, investments will be drawn down or purchased to bring the allocation back into the target range.

Proxy Voting

The foundation will be actively engaged in the corporate governance of its holdings and will therefore vote at every opportunity relating to its investment holdings. The foundation will join associations of other investors with similar interests to advocate on behalf of shareholders.

Accepted on January 1, 2020

James Dunne, Trustee
George Brown Memorial Foundation

Schedule A – Values Negative Screen

A business or investment that is environmentally and socially sustainable is one:

- whose current earnings do not borrow from its future earnings;
- that provides goods and services consistent with a low-carbon, healthy, fair and safe society;
- whose sustainability practices, products and services drive revenues, profitability and competitive positioning; and
- that focuses its external communication on long-term issues.

Typically, foundation investments will not invest in companies that are engaged in the following activities or that produce products with the following characteristics:

- pain management medication
- depression medication
- unhealthy food
- oil extraction
- gas extraction
- mining
- coal power
- gas power
- tobacco
- weapons
- oil/gas distribution
- social media
- genetic engineering

This list is only meant as a guide to help the Investment Management Committee and the Investment Manager(s) make decisions and is not absolutely restrictive.