



# National Gallery of Canada

## INVESTMENT POLICY

Approved by the NGC Board of Trustees on 11 June 2002

### 1. Introduction

The Board of Trustees of the National Gallery of Canada (the Gallery) is responsible for overseeing the prudent management of the Gallery's financial resources including its investments. Although the Board of Trustees sets no annual rate of return for the Gallery's investments, prudent management calls for a cautious approach in the investment strategy.

### 2. Context

The Gallery receives funds from different sources. From the government it receives a separate annual appropriation for Operations/Capital and for Art Acquisitions and, from private sources, the Gallery receives donations for specific purposes known as Contributions or Trust Accounts. Each of these has its own banking arrangements. Funds in excess of immediate requirements are invested according to the principles set out in this policy. Investments for Art Acquisitions and for Contributions are managed to match the value of the related liabilities.

### 3. Investing principles

3.1 The Gallery's approach to investing has the following objectives:

- a. To invest funds with maximum prudence.
- b. To seek an optimal rate of return relative to the high level of desired security.
- c. To keep funds reasonably liquid in order to meet unexpected disbursements.
- d. To authorize investment transactions in accordance with the delegations of financial signing authorities.

3.2 In keeping with these objectives, the Gallery applies the following principles:

- a. Investments will be limited to fixed income securities (including short term securities). Fixed income securities must be rated R1 or better and bonds must be rated BBB or better in accordance with the ratings of the Dominion Bond Rating service (DBRS), or equivalent service.



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- b. The concentration of fixed income securities shall be subject to the following limitations:

Government of Canada	No limitation
Provinces	50%
Municipalities	20%
Corporations AAA, AA, A or equivalent*	50%
Bonds BBB	10%

*\*Foreign corporations shall not exceed 30% at book value of the portfolio.*

- c. No part of the portfolio will be invested in options, futures or derivative products.
- d. Investment in "pooled funds" or mutual type investments is permitted, if the underlying investments qualify.
- e. Authority to invest is delegated to the Chief, Finance -- the Gallery's senior full-time financial officer.