



**National Gallery
of Canada**

**Musée des beaux-arts
du Canada**

INVESTMENT POLICY

This policy was approved by the Board of Trustees on September 15, 2020.

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1. INTRODUCTION

The National Gallery of Canada (the Gallery), as a Crown corporation, is subject to the Crown corporation accountability framework established under Part X of the *Financial Administration Act* (FAA). Section 131 (2) of the Act requires that the books, records, systems and practices of a Crown corporation provide reasonable assurance that:

- a. Assets of the corporation are safeguarded and controlled;
- b. The transactions of the corporation are in accordance with the FAA, its regulations, the corporation's by-laws, and any directive given by the Governor in Council to the corporation; and
- c. The financial, human, and physical resources of the corporation are managed economically and efficiently, and the operations of the corporation are carried out effectively

The Gallery accepts funds from various sources. The federal government provides an annual appropriation for operations and capital, and a separate annual appropriation for art acquisitions. It also generates revenues and accepts contributions from individuals, corporations and foundations, including the National Gallery of Canada Foundation. Funds in excess of immediate requirements are invested according to the principles set out in this policy.

The Board of Trustees of the National Gallery of Canada 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 target for the Gallery's investments, prudent management calls for a cautious approach in the investment strategy within the parameters provided in this Investment Policy.

2. POLICY OBJECTIVE

The purpose of this *Investment Policy* is to provide direction and establish general principles for the investment of the National Gallery of Canada's financial assets.

3. GUIDING PRINCIPLES IN INVESTING

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

- 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; and
- 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 deposits or deposit instrument of, or guaranteed by any bank listed in Schedule I of the *Bank Act*.
- b. Short-Term fixed income securities must be rated at least R1 Mid (Dominion Bond Rating Service), P-1(Moody's) , or A-1+ (Standard and Poors) or equivalent, and bonds must be rated at least A (Dominion Bond Rating Service), A1 (Moody's or AA-(Standard and Poors) or better in accordance with the ratings of at least two Bond Rating Services, or equivalent provision.
- c. Investment in "pooled funds" or mutual type investments is permitted, if the underlying investments qualify as point a) and b) above, and the nature of such underlying investments is transparent.

3.3 The concentration of fixed income securities shall be subject to the following limitations:

Government of Canada	No limitation
Major Canadian Banks (see appendix)	No limitation
Other Schedule I Banks	25%
Provinces	50%
Canadian Municipalities	20%
Canadian Corporations	50%

3.4 Restrictions:

No part of the portfolio will be invested in options, futures or derivative products.

4. ROLES AND RESPONSIBILITIES

Authority to invest is delegated to the Chief of Finance. All investments are subject to the guidelines set out in this policy.

5. INQUIRIES

Questions concerning the interpretation of the policy should be addressed to the Chief of Finance.

REFERENCES:

Financial Administration Act (1985)

Bank Act (1991)

APPENDIX: MAJOR CANADIAN BANKS

Royal Bank of Canada

Toronto-Dominion Bank

Bank of Nova Scotia

Bank of Montreal

Canadian Imperial Bank of Commerce