



## Investment Policy

### Policy Statement:

The Board of Directors will ensure that the investments of the organization are appropriate and are monitored on a regular basis by the Finance Committee or other committee as the Board may appoint from time to time.

The long term goals for all investments are:

1. Preservation of capital, and secondarily
2. Capital growth.

The Finance Committee may make recommendations to the Board of Directors regarding investment management and investment policies but will not normally be involved in the execution of the investment strategy.

### Nature and Origins of the Funds

The organization maintains investments in two categories of funds and one program:

**Sail Canada Fund (SCF)** – Contains the largest investment portfolio (\$1,293,446 as of April 30, 2019) and was originally established with a contribution of \$141,000 in FY 1989/90 from the Canadian Olympic Association following the financially successful 1988 Calgary Olympic Games. This was followed by a contribution of \$138,000 in FY 1990/91. From FY 1991/92 to FY 2001/02 an amount equal to the annual COA/COC funding was transferred from the SC General Fund to the Sail Canada Fund.

At the SC Executive Meeting in September 1989 motions were approved that the COA funds be used to enhance the potential of Canadian sailors at Olympic and PanAm Games and that the capital be preserved with interest being used to support COA sailing programs. At the AGM in 1989 the ten provincial directors unanimously endorsed using the SCF to fund Olympic efforts.

Sail Canada has placed the Sail Canada Fund with the Canadian Olympic Committee (COC) in its Commingled Investment Account (CIA), which is currently being managed by Highview Financial Group. Highview provides a quarterly Summary Report to the COC, who forwards the report to SC for quarterly review by the Finance Committee.

The SCF is intended to be used to enhance the potential of Canadian sailors in Olympic and PanAm Games. By custom and practice over the past thirty years disbursements have primarily been used to support high performance training and the Sail Canada Canadian Sailing Team.

The COC-CIA Statement of Long Term Investment Strategy and Policies requires a minimum distribution equal to 3.5% of Sail Canada's portion of the capital in the COC-CIA be transferred to Sail Canada annually. There is nothing in the COC-CIA investment policy that prohibits the re-contribution of an equal amount from SC back to the COC-CIA. In other words, the COC-CIA does NOT require that this 3.5% annual distribution be spent by SC. Transfers from the SCF to the General Fund, including retaining and spending the 3.5% annual distribution, have historically been approved by the SC Board and future transfers must continue to be approved by the Board.

**Endowment Funds** – Four separate funds containing monies (collectively \$245,644 as of April 30, 2019) contributed by donors for specified purposes:

- R.C. Stevenson Boat Loan Fund  
Insert description from last page of this document
- Marvin McDill Memorial Award Fund  
Ditto
- Bill Burk Memorial Youth Elite Award Fund  
Ditto
- Nathan R. Cowan Memorial Award for Developing Sailors Fund  
Ditto

**Financial Assistance Program** – Receives donations on behalf of and makes payments to specific members of the Canadian Sailing Team (cumulative balance \$99,032 as of April 30, 2019).

The Endowment Funds and Financial Assistance Program are managed by SC staff.

### **Investment Objectives and Policy Expected Returns**

Sail Canada Fund – Actively managed by a professional money manager, the expected return as determined by the Canadian Olympic Committee Investment Policy is an average nominal rate of return over the long term (10 plus years) equal to the **trailing 12 month rate of change of the CPI Trim (formerly core) rate of inflation plus 3.0%**, net of investment fees.

Endowment Funds – Passively managed internally with a long term (10 plus years) investment horizon, with a reasonably expected return of CPI Trim plus 1%.

Financial Assistance Program – Managed internally with a relatively short term (3 – 5 years or less) investment horizon, with a reasonably expected return of CPI Trim less 1%.

## Investment Guidelines:

The **Sail Canada Fund** is permitted to hold such investments as mandated by the Canadian Olympic Committee – Comingled Investment Account (COC – CIA) to the manager Highview Group, including but not limited to Canadian and global equity, private debt, Canadian commercial real estate, Canadian bonds, short term instruments and cash.

Notwithstanding the investment decisions made by the manager on behalf of the COC – CIA, the Sail Canada Finance Committee will review the performance of the COC – CIA and the investment allocations and report to the Board of Directors not less than annually.

Should the performance of the COC – CIA fall below the objectives of Sail Canada for two consecutive quarters the Finance Committee will discuss the manager's performance with the administrator of the COC – CIA. Should the Finance Committee lose confidence in the manager the Finance Committee may recommend to the Board of Directors that a Request for Proposals be created and a search for a new manager be initiated to replace the COC – CIA.

As mentioned, the **Endowment Funds** and the **Financial Assistance Program** are managed internally by Sail Canada staff:

1. Permitted investments include common shares, preferred shares, exchange traded funds, mutual funds, bonds, over-the-counter debt instruments, or any other financial product purchased with the goal of generating income and/or capital appreciation. All investments will be under the control of the Board of Directors.
2. The Board has delegated the authority to make or liquidate investments to the Chief Executive Officer.
3. All financial instruments will be purchased in the name of Sail Canada.
4. If an investment is purchased through and retained in an account maintained by a financial intermediary, including a securities dealer, a mutual fund dealer, a bank, a non-bank financial institution, or any other financial services provider the investment being purchased will be held in a co-mingled account in the name of Sail Canada.
5. Investments may be placed in Guaranteed Investment Certificates issued by financial institutions that are a member of the Canada Deposit Insurance Corporation provided GICs are limited to a maximum of \$100,000 (principal plus interest combined) for any one issuer.
6. Investment income and/or capital gains or losses shall be accrued according to generally accepted accounting principles and normal accounting controls.
7. All Investments will be reviewed quarterly by the Finance Committee or other committee established by and reported to the Board, along with any recommended changes.

\* See following page for description of the four endowment funds

- (i) **R. C. Stevenson Boat Loan Fund**  
The R. C. Stevenson Boat Loan Fund was established in 1982 to provide loans to local clubs for the purchase of junior training boats. The loans are repayable over a two-year period and are subject to a 4% annual administration fee. R.C. Stevenson was a long-time member of the Canadian Yachting Association (now Sail Canada) who helped to establish this fund.

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SAIL CANADA/VOILE CANADA

**DRAFT**

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED APRIL 30, 2019

**2. Significant Accounting Policies (continued)**

- (a) Fund Accounting (continued)
- (ii) **Marvin McDill Memorial Award Fund**  
The Marvin McDill Fund was established in memory of Marvin McDill, who returned Canada to the America's Cup in 1983. The income from the fund is given to worthy Canadian sailors who compete internationally to help with travel and/or boat expenses.
- (iii) **Bill Burk Memorial Youth Elite Award Fund**  
The Bill Burk Youth Fund was established in 1997 in memory of William Burk, who was an active promoter of youth sailing in Montreal's West Island region. The purpose of the fund is to provide top Canadian youth sailors with a unique training opportunity that will accelerate their development and motivation to pursue the sport at an international level.
- (iv) **Nathan R. Cowan Memorial Award for Developing Sailors Fund**  
The Nathan Cowan Memorial Fund was established in 2002 in memory of Nathan Cowan, a Canadian Sailing Team member who died tragically in a car accident in 2002. The Nathan R. Cowan Memorial Award for Developing Sailors is awarded to a young sailor (19 and over as of December 31<sup>st</sup> in the year of nomination) with a record of outstanding achievement in national and international competition. The sailor must have followed a committed training program, demonstrated an effort in fundraising through sponsorship and private contributions and brought recognition to Canadian competitive sailing.