

Statement of Investment Policies and Procedures
Student Managed Investment Fund
Ted Rogers School of Management
Ryerson University

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1. Purpose

This Statement of Investment Policies and Procedures (SIPP) provides an investment planning framework that will guide students at the Ted Rogers School of Management (TRSM) at Ryerson University (the “University”) with an investment management experience in an institutional setting. It outlines the principles and procedures that the investment and management of the funds in the Student Managed Investment Fund (the “Fund”) should follow. Specially, this SIPP covers:

- Definitions
- Investment Objective(s) of the Fund key investment policy factors;
- The asset mix that helps achieve the long-term investment return at suitable risk levels;
- The investment management, reporting and compliance guidelines.

2. Definitions

- 2.1. The Chief Advisor(s) is/are the faculty supervisor(s) appointed by the Finance Department (the “Department”) in TRSM to advise and direct the students managing the portfolio. This will normally be the faculty member who is leading/teaching the affiliated Applied Investments Management courses (FIN65A and FIN75A) at the same time.
- 2.2. A Junior Analyst is a student enrolled in FIN65A– Applied Investment Management I.
- 2.3. A Senior Analyst is a student enrolled in FIN65B– Applied Investment Management I.
- 2.4. A Junior Portfolio Manager is a student enrolled in FIN75A – Applied Investment Management II.
- 2.5. A Senior Portfolio Manager is a student enrolled in FIN75B– Applied Investment Management II.
- 2.6. An Investment Director is the elected student member, usually one of the Senior Portfolio Managers, who will lead each Investment Group.

- 2.7. An Investment Group is a set of students, comprising students from all of the courses, that is concentrating on investments in one industry sector (please see S.6.1 for more detail)
- 2.8. The Student Senate is composed of all analysts and portfolio managers.
- 2.9. The Reporting Committee consists of a group of analysts and portfolio managers whose role is to prepare the quarterly and annual reports in collaboration with Chief Advisor.
- 2.10. The Advisory Board includes the Chair of the Finance Department, the Chief Advisor, one to three industry experts, and one student representative nominated by the Ryerson Investment Group (RIG) or RUFS.
- 2.11. The Fund is the entire set of funds/investments under management at any point in time. It includes all investments, including cash, invested in the investment vehicle as well as any funds invested in a bank account for future use.

3. Investment Objective

- 3.1. The investment objective is to generate a reasonable long-term return on the Fund's assets given suitable investment risk, as defined in sections 3.2 and 3.3. A reasonable long-term return is defined as a long-term rate of return equal to or greater than the return on an appropriate benchmark index on a risk-adjusted basis and after trading costs.
- 3.2. Fund return: It is understood that the return on financial assets is subject to various uncertainties inherent in the financial markets in particular, and in the economy in general. Therefore, a certain level of risk (i.e., suitable investment risks) must be assumed in order to achieve reasonable risk-adjusted long-term return objectives.
- 3.3. Fund risk: The Fund will include a wide range of investments in order to control for risk. Fund risk will be defined by Beta. The overall fund Beta shall be maintained at a level of no more than 1.5, and no single investment will have a Beta above 2.0.

4. Authorized Investments

- 4.1. The Fund is restricted to investing in Common shares or preferred shares of firms listed on the Toronto Stock Exchange (TSX), United States (US) exchanges, including and limited to the New York Stock Exchange (NYSE), the NASDAQ, and the American Stock Exchange (AMEX) Share investments can be in the form of index funds, and in particular ETF's (see S.5.2.3 for restrictions) In addition, the firms must have a long-term debt rating is better than or equal to BB according to the Morningstar / Dominion Bond Rating Service (DBRS) or one of Moodys, Fitch and Standard and Poors (S&P), if a bond rating is not provided for by Morningstar / DBRS.
- 4.2. The fund is further restricted to investing in cash and short-term cash-equivalents denominated in Canadian dollars, including cash held in the brokerage account and Government of Canada or Provincial debt securities maturing within 60 days. Investments in Government fixed income securities with maturities over 60 days and corporate fixed income securities are not permitted. Investments in any other fixed income securities are not permitted.

- 4.3. Investments in any other type of investment are not permitted.
- 4.4. No funds shall be invested in derivative securities such as options, warrants, futures, or forward contracts. Further, no position can be taken in derivative securities even if no funds are required for such a position.
- 4.5. No margin purchases or short sales are permitted.

5. Asset Allocation

- 5.1. The Fund will normally adhere to the following asset class ranges:

Asset Class	Maximum (%)	Benchmark
Equity - Canadian	60	S&P TSX Composite Index
Equity - US	60	S&P 500 Index
Cash and Cash Equivalents	20	

- 5.2. Within each asset class, the Fund will also adhere to the following diversification restrictions:
 - 5.2.1. No one issuer shall exceed 10% of the total assets of the Fund at the time of purchase;
 - 5.2.2. No one industry sector shall exceed 20% of the total assets of the Fund at the time of purchase;
 - 5.2.3. Total funds invested in all ETFs shall not exceed 20% of total equity investments except that the courses are not offered (i.e., winter break and summer holiday, when the total funds invested in ETF's are not restricted)
- 5.3. If, at any point in time, the Fund deviates from any of the above ranges, the Fund has up to one month to make suitable investments to bring the fund's investments back into the range in question. Exceptions to this one-month period include the summer break (August 1 to the day after Labor day) and the Christmas holidays, in which case this period will be extended to six weeks.
- 5.4. The funds' active investment managers may consider all qualitative and quantitative factors affecting financial performance of existing and potential investments, including environmental, social and governance factors. An investment manager's ability and desire to incorporate these factors into their investment selection process may be used as part of the decision criteria when evaluating investment opportunities.

6. Investment Recommendations and Decisions

- 6.1. Investment research and recommendations shall be delegated to Investment Groups specializing in clearly defined industry sectors. Each Investment Group shall consist of one or more Junior Analysts, one or more Senior Analysts, one or more Junior Portfolio Managers, and one or more Senior Portfolio Managers. Exceptions may be made in the May-August period if there are not enough students to fill all of the above roles. Each

group must select one member to serve as Investment Director to lead the group's meetings and represent the group as needed. Investment Directors are elected by the Investment Groups for a one semester period and they are eligible for re-election as long as they are still registered in one of the four affiliated Investments courses.

- 6.2. Recommendations for investment by an Investment Group must be approved by a simple majority vote of members of that Investment Group. Recommendations must clearly indicate the group's recommendation whether to buy or sell a security, a target price range, and the amount of the transaction.
- 6.3. The duties of the Student Senate include considering investment recommendations presented by each Investment Group and making decisions regarding these recommendations. Every member of the Student Senate is a voting member
- 6.4. The Student Senate decisions must be communicated in writing to the Chief Advisor who has the right to veto the Student Senate decisions.
- 6.5. The Chief Advisor will normally execute all buy and sell orders approved by the Student Senate, as long as they conform to the policies stated in this document.

7. Monitoring, Compliance and Reporting

- 7.1. All investments must be monitored monthly (at or by the end of each calendar month) to ensure that the Fund's investments fall within the definition of authorized investments (S.4) and asset allocation (S.5) listed above. Exceptions include the Aug.1-Labor Day period and the Christmas holidays, during which the monitoring period will be extended to 6 weeks. Any deviations from the stated requirements must be addressed within one month of recognition.
- 7.2. The portfolio's market value and Beta must be updated monthly with valuation based on the month's closing prices. At the same time, each investment's market value and Beta must be updated. Any deviations from the stated Beta requirements must be addressed within one month of recognition.
- 7.3. Investments must be recorded at the adjusted cost base at the time of purchase and updated monthly according to market values. In the term-end report and the annual report (requirements for the affiliated investments courses), both the adjusted cost base and the market values must be reported.
- 7.4. The value of investments in any ETF in the Fund must be determined based on the unit values published by the fund manager.
- 7.5. Fall term-end reports must be published by no later than December 31st. Winter term-end reports must be published by no later than April 30th. Spring/Summer term-end reports must be published by no later than August 31st.
- 7.6. Term-end reports shall include the following:

- a macro-economic analysis, including reports on each industry sector represented in the Fund, the National economies represented in the Fund, and the global economy;
 - a summary of current portfolio assets including both book values and market values;
 - a summary of investment decisions over the period;
 - a list of all portfolio transactions completed during the term;
 - copies of investment analysis reports;
 - the portfolio's total rate of return, one month, 3-month, 6-month, 1-year, 3-year, 5-year, and since inception, depending upon the active life of the Fund
 - A performance comparison of the portfolio relative to its benchmark;
 - a compliance report indicating whether or not the Fund is in compliance with the SIPP during the term, and actions to be taken in the event of non-compliance
- 7.7. An ongoing record of all expenses associated with the fund will be separately kept, and updated as the expenses occur.

8. Conflicts of Interest

- 8.1. Consistent with applicable securities legislation, the Chief Advisor, Analysts, Portfolio Managers, and any other individual associated with the Fund must disclose to the Student Senate any direct or indirect association or material interest or involvement in aspects related to her/his role with regard to the Fund that would result in any potential or actual conflict of interest.
- 8.2. Should a conflict of interest arise, the party in the conflict shall thereafter abstain from decision-making with respect to the area of conflict.
- 8.3. The Code of Ethics and Standards of Professional Conduct required by the CFA Institute shall be expected to apply to any individual associated with the Fund.