



Investment Policy

Version 6
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Finance

Investment Policy

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2. Introduction

2.1 Policy statement

The Alberta Motor Vehicle Industry Council, AMVIC, is Alberta's automotive industry regulator. AMVIC is a public regulatory agency subject to the *Alberta Public Agencies Governance Act* (APAGA) accountable to the Government of Alberta through the Ministry of Service Alberta. AMVIC regulates the automotive business industry in Alberta through the powers delegated to it under the *Consumer Protection Act*.

AMVIC will, from time to time, have surplus funds to be invested to earn income. These investments should conservatively balance rate of return and risk. Safety of principal is an important investment criteria.

2.2 Purpose

The purpose of the Investment Policy is to establish guidelines for the investment of the following:

- a. Unrestricted net assets (surplus);
- b. Restricted funds;
- c. Compensation Fund; and
- d. Cash securities provided by licensees.

2.3 Definitions

In this policy:

- i. "restricted funds" means a reserve of money that can be used only for specific purposes.
- ii. "unrestricted net assets (surplus)" means cash assets that are not otherwise restricted for a specific purpose.

3. Policy

3.1 Duties and responsibilities

3.1.1 AMVIC board of directors

The AMVIC board of directors shall:

- a. establish the Investment Policy;
- b. review the Investment Policy periodically; and
- c. establish performance standards for the investment of the surplus funds.

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3.1.2 AMVIC management

AMVIC management shall:

- a. be responsible for the timing and selection of individual securities, subject to any constraints imposed by the board of directors; and
- b. provide the board of directors with regular reports indicating the investment performance of the surplus funds.

3.2 Application of the policy

3.2.1 Investment objectives

- a. The overall objective is to maximize the investment rate of return while preserving capital, maintaining appropriate levels of liquidity and reducing risk through diversifying investments.
- b. The investment goal, i.e., the targeted annual rate of return, will be established by the board of directors in conjunction with the annual budget.

3.2.2 Quality of investments

Treasury bills	A or higher
Bankers acceptance notes	R1 High or higher
Commercial short-term paper	Minimum A-1/P-1/R-1 (S&P or equivalent)
GIC's	A or higher
Money market mutual funds	
Interest bearing savings account at CIBC	
High interest savings accounts up to insured maximum levels at the issuer level	
Provincial or municipal bonds and strip bonds	AA or higher
Federal bonds and strip bonds	A or higher
Corporate bonds and strip bonds	BBB or higher
Debt obligations: Deposit notes and principal protected notes Pooled debt instruments on any pooled funds (must have normal course daily liquidity)	AA or higher 5-tiered risk; volatility factor of "low" only

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3.2.3 Investment mix

	Asset Mix % of Market Value	
	Minimum	Maximum
Treasury bills	0%	100%
Bankers acceptance notes	0%	50%
Commercial paper	0%	50%
Commercial short-term paper	0%	50%
GIC's	0%	100%
Money market mutual funds	0%	100%
Interest bearing savings account	0%	100%
High interest savings accounts (up to insured maximum levels at the issuer level)	0%	100%
Provincial or municipal bonds and strip bonds	0%	75%
Federal bonds and strip bonds	0%	75%
Corporate bonds and strip bonds	0%	75%
Debt obligations: Deposit notes and principal protected notes Pooled debt instruments on any pooled funds	0%	20%

3.2.4 Effective duration limitations

Liquidity (maturity)				
		Unrestricted net assets (surplus) restricted funds	Compensation Fund	Cash securities provided by licensees
≤ 1 Year	Minimum	10%	\$ 200,000	100%
	Maximum	100%	100%	100%
> 1 Year and ≤ 3 Years	Minimum	0%	0%	
	Maximum	75%	75%	
> 3 Years and ≤ 5 Years	Minimum	0%	0%	
	Maximum	50%	50%	
> 5 Years and ≤ 10 Years	Minimum	0%	0%	
	Maximum	30%	30%	

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3.2.5 Constraints

- a. No equity ownership shall be made in any form. Including (but not limited to) common shares, equity mutual funds, venture capital or any derivative products from these asset classes.
- b. All investments will satisfy the criteria established by the *Trustee Act* of Alberta.
- c. All investments must be made in Canadian currency.
- d. There will be no direct investment in AMVIC licensed businesses.
- e. AMVIC is not taxable for income tax purposes, therefore tax consequences do not impact investment decisions.
- f. All investment instruments are to be held and registered in the name of the Alberta Motor Vehicle Industry Council. This requirement does not apply in respect to a security that:
 - i) cannot be registered in the name of AMVIC for any reason that is beyond the control of AMVIC;
 - ii) is under the control of a government;
 - iii) is registered in the name of a nominee of AMVIC;
 - iv) is held under a book entry system or a certificateless system; or
 - v) is held in bearer form if the security is protected against loss, fraud, theft and destruction.
- g. No borrowing from the surplus funds by any party shall be allowed.
- h. No derivative instruments such as options, futures or warrants may be used in a speculative manner or for hedging purposes.

4. Administration

4.1 Related documents and legislation

Trustee Act

AMVIC Code of Conduct

AMVIC Restricted Fund Policy

4.2 Procedures

4.3 Forms

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4.4 Amendment history

Version	Date	Summary of update
1.	Oct. 27, 2004	Original
2.	Nov. 24, 2015	Reviewed and approved
2.	Feb. 8, 2018	Administrative Changes: <i>Fair Trading Act</i> to <i>Consumer Protection Act</i> (motion 10-026)
3.	April 21, 2020	Regular scheduled policy update.
4.	April 20, 2021	Regular scheduled policy update.
5.	April 26, 2022	Regular scheduled policy update.
6.	April 25, 2023	Regular scheduled policy update. Approved by board of directors.

4.5 Scheduled review date

April 2024