

INVESTMENT POLICY STATEMENT

Version: 19 January 2024



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POLICY OVERVIEW:

The purpose of this Investment Policy Statement ("IPS") is to establish an understanding of the investment philosophy of GiveWise and to provide guidelines for the management and oversight of GiveWise's investment assets in accordance to the Prudent Investor Standard. This IPS applies to all investment assets owned by GiveWise and held in the Giving Funds and General Fund Accounts. The Investment Policy Statement is a standing Policy of GiveWise and shall at all times be administered in accordance with such general policies and procedures as may be adopted or amended by the GiveWise board and its approved DAF Program Guidelines.

GiveWise Foundation Canada ("GiveWise") delivers an inspiring charitable giving experience through innovative technology, bringing additional accountability, transparency and effectiveness to philanthropy. We envision a new model of philanthropy, empowering people of any means to give and support effective change.

GiveWise is a Registered Canadian Charity, that is a public foundation governed by Canada Revenue Agency Charities Division, that operates Donor Advised Funds, referred to as "Giving Funds".

I. GLOSSARY OF TERMS

- 1. Donor Advised Fund:** or DAF is a giving vehicle established at a public charity. It allows donors to make charitable contributions, receive immediate tax credit and then recommend grants from the fund over time. Donors can contribute to the fund as frequently as they like, and then recommend grants to their favourite charities whenever they choose.
- 2. Giving Fund:** An individual, numbered, notional DAF that represents the donated capital of an individual Donor ("Giving Fund Holder"). Each Giving Fund's capital is owned by GiveWise but affords the Giving Fund Holder the ability to recommend grants out from the Giving Fund to any Registered Canadian Charity.
- 3. General Fund Account:** The sum of all Giving Fund balances, excluding Giving Funds independently managed by Donors' Investment Advisor(s), and funds allocated to Self Serve Investment Options.
- 4. Investment Advisor ("Advisor", "IA"):** The Licensed Financial Professional with whom GiveWise contracts to provide investment management services; a "Financial Planner", "Financial Professional", or "Investment Manager".
- 5. GiveWise Investment Committee:** A standing committee established by the Board of Directors (the **Board**) of GiveWise. The purpose of the Committee is to assist and advise the Board and staff in fulfilling the financial investment oversight responsibilities of the Board.

II. GOVERNANCE

1. Role of the Board of Directors (the “Board”)

The Board refers to the Investment Committee for recommendations and guidance to fulfill its management and oversight responsibilities with respect to the investment assets of GiveWise. The Board shall annually appoint an Investment Committee Chair and members. The members of the Investment Committee shall be comprised of at least three people; one member of the Board, one GiveWise staff member, and one other member approved by the Board. The Board shall appoint one of the Committee members to serve as Chair. Additional members may be appointed from the board or public members with be approved by the board.

2. Role of Investment Committee (the “Committee”)

The Committee will follow all guidelines as described in *the Investment Committee Terms of Reference Section III Membership*.

3. Standard of Oversight and Duty of Care

The Committee shall exercise prudence and appropriate care with regard to the management of assets to be invested. In overseeing the assets of GiveWise, each member of the Committee shall act in good faith, in a manner such member believes to be in the best interests of GiveWise and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. Committee members shall be selected on the basis of their expertise in the management of investments, and have the ability to function in a manner in keeping with the Prudent Investor Standard. Members should also have no prevailing Conflict of Interest (“COI”), and there shall be a call for contextual COI at the beginning of each meeting based on the agenda items for that particular meeting.

4. Role of the Donor

Each GiveWise Giving Fund is composed of contributions made by individual donors. Once the donor makes the contribution, GiveWise has legal control over it. The donor, or the donor’s representative, may be invited to provide advice with respect to the distribution of the funds and the investment of assets. External advisory is a privilege subject to GiveWise oversight as GiveWise has the legal right and obligation to ensure that charitable law and the IPS are complied with at all times. The investment performance of the donor’s individual Giving Fund shall be reviewed quarterly by a GiveWise representative and the Giving Fund’s Investment Advisor.

III. INVESTMENT PHILOSOPHY OF GIVEWISE GENERAL FUND

The investment objectives of the GiveWise General Fund Account are to provide for ongoing income of donated capital in order to supplement the operational costs of GiveWise. GiveWise’s return objectives are for the preservation of capital and generation of income to ensure that GiveWise is able to meet its minimum annual requirement of making aggregate grants equal to at least 5% of its net asset value, and that GiveWise is at all times able to fulfill the granting recommendations of the Giving Fund Holders on a weekly cadence. In pursuing these objectives, GiveWise endeavors to achieve risk-averse absolute returns of 3%-6%, that overall focus on preservation of capital.

All General Fund investments will be in liquid securities and will be composed of the following:

1. General Guidelines:

- a. Cash and cash equivalents historical weekly granting needs –10%-30%
- b. Guaranteed Interest vehicles - monthly to yearly liquidity – 30%-50%
- c. Alternative Income-Focussed Investments – Not more than 30%
- d. Balanced Fixed Income/Equity Funds (Long time horizon) – Not more than 40%

2. Benchmarking

GiveWise's Investment Philosophy and practice is to be benchmarked based on desired total return. The benchmark is dependable income from investments of 2%-4%, not producing an aggregate negative return on the whole portfolio for more than 3 months. General funds are to be invested in a manner that allows for portions of the interest earned to be accounted for in buckets of:

- a. Monthly availability (HISA, Fixed Income, alternatives and dividend based)
- b. Quarterly-to-Yearly availability (GICs)
- c. Long-term horizon; availability based on performance blended with need for capital projects, etc.

This benchmark should not be changed unless the long-term investment strategy has changed significantly. The investment performance will be reviewed quarterly by the IA and Investment Committee.

IV. SEPARATELY MANAGED PORTFOLIO INVESTMENT GUIDELINES

1. Investment Objectives

The investment objectives of the Separately Managed Portfolio shall be consistent with GiveWise's investment objectives as established and overseen by the Committee. A primary Investment Advisor ("Advisor" or "IA") and its Board-approved delegated sub-advisor(s) may advise each Portfolio Account or an aggregate of the Accounts of a particular Giving Fund.

The Advisor will work with the Giving Fund Holder to establish the recommended investment objectives and strategy for the portfolio, considering the projected timing of grants, target returns, risk tolerance, and other unique considerations, consistent with the GF Holder's regular investment practices.

2. Criteria for Individually Managed Accounts

- a. Minimum account balance is \$25,000 and must be on the delegate's trading platform for custody.
- b. IAs must be approved in advance by GiveWise's CFO or the person acting in that role. In approving IAs, GiveWise will consider, among other factors, the length of time the firm has been in existence, its track record, fees, assets under management, related party compliance, the familiarity with and amount of charitable assets managed by the IA.
- c. The IA will manage the assets on a discretionary basis adhering to the agreed upon IPS and to any specific guidelines established for individual Accounts.

- d. The Donor will not have direct market access – each investment and trade must go through GiveWise and the IA.
- e. Giving Fund holders may not receive payments in excess of industry standards for any services, including Investment Advisory services.
- f. GiveWise gives the IA authority to vote proxies and respond to legal and corporate actions in a manner that is in the best interest of GiveWise and consistent with GiveWise’s stated investment objectives.
- g. Should the asset level in the Account fall below \$25,000 the Account may no longer be eligible for separate portfolio management and may be allocated to the General Fund Account.
- h. No deviation from this policy is permitted without the prior written approval of GiveWise.

3. Diversification

Investments will be managed taking into consideration the Giving Fund Holder’s time horizon and planned giving strategy. While it is recommended that the investments be diversified among the various asset classes, sectors and securities within the portfolio, the agreed upon IPS will ultimately govern the investment decisions.

4. Permitted Investments and Transactions

The following investments and transactions are permitted. Preapproval from GiveWise is required for any investments and transactions not listed below:

- a. Cash and cash equivalents
- b. Publicly traded stocks, bonds and GICs
- c. Publicly traded mutual funds, publicly traded REITs, ETFs
- d. Other investments and transactions may be permitted on a case by case basis as approved by GiveWise

5. Restricted Investments and Transactions

The following are prohibited unless approved by GiveWise with a specific IPS pertaining to each separately managed account. GiveWise recognizes the importance of non-traditional asset classes and desires to work with the donor and/or IA to responsibly evaluate on a case-by-case basis.

- a. A participating Investment Advisor’s (or affiliate’s) own stock or debt
- b. Contributions of securities with trading restrictions
- c. Real estate, except as held in a diversified publicly traded REIT, ETF, or mutual fund position
- d. Illiquid shares of a privately held company
- e. Private Equity
- f. Short sales, or any transaction on margin
- g. Non-negotiable securities
- h. Investments in companies for the purpose of exercising control or management
- i. Commodities
- j. Futures, options, warrants, or other leveraged investment strategies that employ derivatives, synthetics, or forward contracts except as held in a diversified publicly traded ETF or mutual fund position.
- k. Oil, gas, or other mineral exploration or development programs or mineral leases
- l. Investments that charge a fee upon redemption (e.g., “back-end load” or “deferred sales charge”), exception may be granted by GiveWise for a donation of a pre-existing vehicle with such structure
- m. Non-publicly traded structured products

- n. Investments that charge a front-end load, unless the Investment Advisor deems it as a lower-fee share class, or if the Investment Advisor obtains a waiver of any front-end load offered for charitable accounts

V. REPORTING TO DONORS

GiveWise, including information provided by the IA, will provide all Giving Fund Donors with an official annual statement of activity, detailing the interest earnings, donation inputs, transfers to/from corpus, and transfers to beneficiaries or beneficiary organizations.

VI. INVESTMENT POLICY STATEMENT REVIEW

1. Annual Review and Acknowledgment

The Board shall be responsible to ensure that all Investment Committee members and Investment Advisors retained by the Foundation review the IP annually.

2. Amendments

This IP may be amended by the recommendation and approval of the Foundation's Board of Directors.

3. Approval and Adoption

This Policy Approved and enacted until 2024.12.20 by the GiveWise Foundation Canada Board of Directors.

POLICY CONTROL:

- Initial Ratification Date: 2019.05.02
- Current Version: 2024.01.19
- Date Policy Approved: 2024.01.19
- Date for Review: 2026.01.19