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# The Winnipeg Foundation

## Asset Management Governance Plan

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# 1. Overview

## 1.1 The Winnipeg Foundation (The Foundation) has adopted a vision statement:

"A Winnipeg where community life flourishes for all."

And a mission statement:

"Inspire generosity and engagement to foster transformational change for the well-being of our community, forever."

In pursuit of these overall goals, The Foundation has adopted several core strategies, including:

"Stewardship: maintaining the purchasing power of funds entrusted to The Foundation, achieving maximum returns consistent with prudent investment and assuring sound financial management practices so that the legacy created by the donor is respected in perpetuity."

## 1.2 This asset management governance plan (the "Governance Plan") describes the processes put in place for the management of The Winnipeg Foundation's Consolidated Trust Fund herein referred to as the "Fund".

- i) The Foundation may operate other trust funds as a result of specific agreements with donors. In some situations, these funds may eventually be transferred to the Consolidated Trust Fund. However, other situations require an on-going segregated management approach. Other trust funds are generally managed using the same investment policies and guidelines as pertain to the Consolidated Trust Fund. Accordingly, other trust funds are not further referenced within this document.
- ii) The Foundation owns the controlling equity shares of Appleton Holdings Ltd. ("Appleton") and stands to receive additional preferred shares and a shareholder loan in Appleton from the Estate of Miriam Bergen. Appleton and its subsidiary corporations own and manage greater than 5,000 residential suites in the City of Winnipeg. The Winnipeg Foundation's Finance and Audit Committee will monitor the financial information received from Appleton and will monitor its fiscal performance. Dividends and donations received from Appleton may be transferred to the Consolidated Trust Fund from time to time. Appleton's holdings may be considered in determining the permitted range of the real estate asset class in section 7.1 of the Statement of Investment Beliefs.

***(Revised June 20, 2024)***



- 1.3 The Governance Plan is strictly concerned with investment-related matters; it does not deal with benefit and funding policy.
- 1.4 The purpose of the Governance Plan is to ensure the Fund is managed effectively, prudently and in compliance with all applicable legal requirements. It identifies roles and responsibilities of all parties involved and promotes co-ordination and integration of their respective contributions.
- 1.5 The Governance Plan is an internal document drafted by the Investment Committee (the Committee) and approved by the Board of Directors (the Board) of The Winnipeg Foundation.
- 1.6 Each new Board and Committee member receives an updated version of the Governance Plan. A summary of the Plan is available to the public on The Foundation's website. **(Revised September 21, 2021)**

## 2. Legal Context

- 2.1 The management of the Fund must satisfy all applicable legal requirements. Governance Plan provisions should never be construed as suggesting legal requirements not be strictly satisfied.
- 2.2 The Fund includes assets pertaining to the Consolidated Trust Fund, and other trust funds of The Foundation. **(Revised September 21, 2021)**
- 2.3 The management of the Fund must comply with the provisions of:
  - The Winnipeg Foundation Act;
  - The Income Tax Act of Canada;
  - The Securities Act (Manitoba), insofar as Managed Funds are concerned.

## 3. The Committee

- 3.1 The Board of Directors of The Winnipeg Foundation, has delegated some of its investment monitoring, and supervisory powers and responsibilities, to the Committee. The Board retains final authority on policy and overall budget control but relies on the Committee to provide advice. The Committee's terms of reference include advisory, supervisory and overview responsibilities in the following areas:
  - (i) Policy decisions:
    - investment objectives;
    - investment constraints;
    - investment preferences;

- governance issues;
  - permitted investments; and
  - asset mix targets and ranges.
- (ii) Strategic decisions:
- manager structure;
  - appointment and termination of investment managers, custodians and other advisors;
  - development of investment strategies and philosophies; and
  - formulation of the Plan's current and future positions on capital market expectations.
- (iii) Investment decisions:
- tactical asset allocation within investment policy parameters
- (iv) Operational decisions:
- ensuring Investment Manager compliance with mandate;
  - meeting with Investment Managers;
  - meeting with performance measurement consultants; and
  - evaluating Investment Manager performance.
- (v) Expenditure decisions:
- evaluating budget variances related to investments authorized by the Chief Executive Officer.

***(Revised September 21, 2021)***

3.2 Annually the Committee is responsible for the completion of the Due Diligence Report to the Board and contains at least:

- recommended changes to the Governance Plan and to the Fund's Investment Beliefs, Policies and Guidelines;
- description of the work completed by the Committee and its agents and advisors;
- detailed report on the performance in relation to the Spending Policy; and
- recommends or confirm spending rate for the next fiscal year in accordance with the Spending Policy.

***(Revised September 21, 2021)***

3.3 Annually assess the effectiveness of the Committee against its Mandate and report the results of the assessment to the Board.

3.4 Conduct an Asset Mix Study every 5 to 10 years or as the Committee deems necessary.



- 3.5 Perform any other activities consistent with the Committee Mandate, The Foundation's by-laws, any governing law, as the Committee of the Board deems necessary or appropriate.
- 3.6 The membership of committees shall be established in the Board's discretion (taking into account relevant factors including but not limited to the skills and experience needed on the committee, and diversity of committee members, including diversity of: culture, race, religion, age, gender identity, sexual orientation, family status, disability status) provided that the following conditions are satisfied:
- the majority of the members of each of the Standing Committees and Ad Hoc Committees are Directors; and
  - the chair of the Standing Committees, Ad Hoc Committees, Sub Committees and any other type of committee shall be a Director.

***(Revised September 23, 2022)***

- 3.7 The committees shall meet as often as is required for them to carry out their duties, with the meetings being spaced throughout the year at such times as are reasonably close to when business planning and functionality would need to be handled. The Committee meets to:
- review the Statement of Investment Beliefs, Policies and Guidelines, review services of advisors, service providers and investment managers and to finalize the Annual Due Diligence Report for submission to the Board;
  - review and assess investment performance and fees;
  - review and hear presentations from Investment Managers; and
  - consider other matters related to the stewardship of the Fund.

***(Revised September 23, 2022)***

- 3.8 Each Standing Committee shall have a chair and a vice-chair appointed annually by the Board. It shall be the responsibility of the chair to preside over the meetings of the Standing Committee and it shall be the responsibility of the vice-chair to act in absence of the chair.

***(Revised September 23, 2022)***

- 3.9 The presence of a majority of the members of the committee who are entitled to vote shall constitute a quorum. If ex-officio members are present, they are counted in the calculation of members who are entitled to vote. However, if an ex-officio member is not present, they are not counted in the calculation of members who are entitled to vote. The following additional requirement to constitute a quorum applies, depending on the type of committee:
- Standing Committees: There must be at least three (3) Directors present.
  - Ad Hoc Committees and Sub Committees: The number of Directors who are required to be present shall be specified in their Terms of Reference.



- Any observers or guests at committee meetings, including Board members not assigned to a committee and not serving in an ex-officio capacity, are not considered with respect to quorum.

***(Revised September 23, 2022)***

- 3.10 Every Committee member shall declare any direct or perceived conflict of interest in adherence to The Foundation's Conflict of Interest Policy.
- 3.11 No Committee member shall disclose confidential information which they are privy to in the context of this Committee's work, in adherence with The Foundation's Confidentiality Policy.
- 3.12 The Investment Committee is supported by the Chief Executive Officer and the VP of Finance and may call upon any member of Senior Staff to seek clarification of Foundation policy or strategy.
- 3.13 Staff prepare minutes of all Committee meetings. The Minutes are transmitted to Committee members as soon as practicable, following each Committee meeting and before the next Committee meeting. A copy of any documentation formally distributed at Committee meetings is appended to the Minutes for Members who were absent.
- 3.14 The Minutes provide a record of at least:
- date and place of meeting;
  - parties present and their capacity;
  - acceptance of the Minutes of the preceding meeting;
  - matters discussed;
  - documents formally distributed;
  - proposals submitted for voting;
  - voting;
  - decisions made and/or action taken;
  - considerations and advice relied upon; and
  - party(ies) responsible for implementation.
- 3.15 Staff maintain a permanent record of the Minutes along with any documentation formally distributed to Members which may have had a material impact on decisions made or action taken.
- 3.16 Members absent from a Committee meeting are assumed to concur with decisions made or action taken, as described in the Minutes, unless their dissidence and the underlying reasons are entered in the Minutes of the following Committee meeting, or transmitted to the Committee in writing within a reasonable period.



- 3.17 The Committee may recommend the services of advisors with respect to management of the Fund.
- 3.18 The Committee assigns terms of reference to its agents and advisors, including:
- a description of services to be provided;
  - the way and time such services are to be delivered;
  - financial arrangements including the amount of fees to be paid; and
  - conditions governing the termination of the relationship.
- The terms of reference (including contracts) for all agents and advisors currently providing services to The Foundation related to investment function are retained by staff.
- (Revised September 21, 2021)***
- 3.19 The Committee maintains an active role at least with respect to:
- drafting and revision of investment policies and guidelines as described in Section 6;
  - selection, supervision and termination of agents and advisors.
- 3.20 Some employees of The Foundation provide specific assistance to the Committee with respect to the management of the Fund. The Committee elaborates on a reporting mechanism and supervises their activities on an on-going basis. Their duties are as follows and will require appropriate interaction with investment managers, the custodian and other advisors:

#### **Chief Executive Officer**

- recommends policy changes with respect to Investment Policy and Spending Policy;
- oversees general administration of The Foundation;
- recommends retention of, or changes to, agents and advisors;
- authorizes expenditures within the overall budget approved by the Board; and
- assigns staff to record and retain Committee Minutes.

#### **VP of Finance**

- serves as Chief Financial Officer, directing and overseeing financial management and control systems of The Foundation;
- monitors performance of investment managers relative to policies and objectives established by the Board, as well as the work of the custodian and other independent professionals, in order to provide advice to the Committee and Chief Executive Officer;
- develops trend analysis relative to experience of other foundations and identifies policy alternatives;
- ensures all policies and objectives have been formalized in writing;
- plans agendas for Investment Committee meetings, taking into account Committee responsibilities and any special considerations identified by the Committee Chair or Chief Executive Officer; and





- oversees the work performed by Finance staff.

### Finance Staff

- supports the activity of the Investment Committee;
- records investment transactions in accordance with established procedure;
- completes monthly investment reconciliations and quarterly financial statement reporting;
- measures performance against a predetermined benchmark and/or an initial set of agreed-to objectives as required;
- coordinates reporting with investment managers, custodian, and investment consultant;
- calculates and monitors monthly, quarterly and annual returns on a timely basis;
- co-ordinates quarterly investment reports for consideration by the Committee;
- completes compliance documentation for investment activity;
- maintains investment policies;
- monitors and assist with social finance activity;
- handles all short-term investment requirements in accordance with policy; and
- maintains financial files and records of The Foundation.

***(Revised September 21, 2021)***

- 3.21 The Committee will annually assess the effectiveness of its activity against its Mandate and report the results of the assessment to the Board. ***(Revised September 21, 2021)***
- 3.22 Members are reimbursed by The Foundation for reasonable out-of-pocket expenses but are not otherwise entitled to any remuneration in connection with Fund-related activities.
- 3.23 Financial assistance can be provided by The Foundation to Committee members to update or enhance Members' competence in investment-related matters. Such assistance must be approved by the Committee Chair in advance, based upon a written request, unless it is incorporated into the normal budget plan.

## 4. Duties & Responsibilities of Agents and Advisors

- 4.1 The Committee recommends retention of the services of one or more investment managers (the Investment Manager), a custodian (the Custodian), an asset management consultant (the Asset Management Consultant) and may retain the services of one or more other advisors on an ad hoc basis. The external auditor (the Auditor) is retained by the Board on advice of the Audit Committee of The Foundation.
- 4.2 The role of the Investment Manager consists of:
- selecting securities or investments within such asset classes they are authorized to invest in;
  - initiating trades and transactions to give effect to investment decisions;



- explaining their expectations concerning the economy and financial markets, along with their strategy under such circumstances;
- providing investment reports to The Foundation on a monthly and quarterly basis;
- informing The Foundation of any significant updates relating to the portfolio and the impacts on The Foundation;
- calculating and reporting rates of return on a quarterly basis;
- providing prompt notice to the custodian of each purchase/sale; and
- meeting with Committee once every three years or as requested by the Committee.

***(Revised September 21, 2021)***

#### 4.3 The role of the Custodian consists of:

- safekeeping of assets;
- collecting interest and dividend payments, maturities, and other cash distributions attached to securities;
- exercising other privileges tied to securities, or disclosing their existence to those having the responsibility to exercise them and acting as directed;
- processing transactions as directed by the Committee or the Investment Manager;
- making payments regarding transaction-related charges and taking action to recover sums owed to the Fund, such as withholding taxes;
- informing the Investment Manager of cash available for investing;
- providing the Investment Manager, the Asset Management Consultant and the Auditor with agreed-upon information required to execute their mandate;
- maintaining a record of all transactions;
- providing periodic reports of income (cash flows) and holdings; and
- managing securities lending program.

***(Revised September 21, 2021)***

#### 4.4 The role of the Asset Management Consultant consists of providing investment information and advice in:

- investment policies and guidelines;
- investment management structure;
- selection and supervision of the Custodian and the Investment Manager;
- measurement and evaluation of investment returns;
- explanation of characteristics of other asset classes considered worthwhile for the Fund and how they might assist in achieving the fund's objectives; and
- asset mix study as requested from time to time.

***(Revised September 21, 2021)***

#### 4.5 The role of the Auditor consists of:

- reviewing and auditing financial statements; and
- providing advice with respect to internal financial controls.

- 4.6 The role of other advisors is varied and usually consists of providing non-investment-related advice such as actuarial, legal or managerial advice.

## 5. Selection and Supervision of Agents and Advisors

- 5.1 When the Committee engages in a selection process for agents or advisors, it maintains a written record of at least:
- request for proposal;
  - candidate criteria;
  - person(s) or organization(s) called upon to submit a proposal;
  - candidate(s) whose proposal was (were) discarded for lack of conformity to terms of the request for proposal and elements of non-conformity; and
  - factors taken into account in the final selection process.

Selection factors include:

- organization and business plan;
- firm's philosophy/strategy;
- experience with similar mandates;
- key personnel and personnel assigned to the Fund;
- performance (or references); and
- fees.

- 5.2 The Committee may engage services of agents or advisors without issuing a formal request for proposal where the parties have provided current information as potential candidates for a specified mandate. Under such circumstances, the written record, referred to in the first part of article 5.1, will address:
- mandate;
  - candidate criteria;
  - person(s) or organization(s) satisfying such candidate criteria;
  - person(s) or organization(s) satisfying candidate criteria who indicated an interest in the proposed mandate;
  - factors considered to select the finalists; and
  - factors taken into account in the interview of finalists.
- 5.3 The Committee supervises the actions of its agents and advisors and reviews the performance of investment managers on a quarterly basis by receipt of a written quarterly report and, meets with each investment manager once every three years, or sooner, as requested by the Committee. The Committee performs an annual evaluation of their services, taking into consideration the following factors where appropriate:
- compliance with Committee directions and terms of reference;

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- satisfaction of agreed-upon objectives;
- competence, ability to communicate, and availability of personnel assigned to the Fund;
- quality and timeliness of presentations and written reports;
- flexibility, innovation and problem-solving ability;
- co-operation with other agents and advisors; and
- developments at the firm (reputation, personnel turnover, new services).

**(Revised September 21, 2021)**

- 5.4 Agents and advisors whose services are determined to be unsatisfactory are either:
- terminated, or
  - advised and requested to provide to the Committee an acceptable remedial action plan within sixty (60) days.

Where a remedial action plan is implemented, the Committee will provide a follow-up report to the Board.

## 6. Investment Beliefs, Policies & Guidelines

- 6.1 The Board maintains written investment beliefs, policies and guidelines that provide direction to the Committee and/or its agents and advisors in a companion document to this Governance Plan entitled *The Statement of Investment Beliefs, Policies and Guidelines*. The Board approved the Investment Beliefs statement that outlines the basis on how the CTF is managed. **(Revised September 21, 2021)**
- 6.2 The *Statement of Investment Beliefs, Policies and Guidelines* is periodically revised. The Committee and its agents must conform with its provisions, including those dealing with conflicts of interest. A copy of the *Statement of Investment Beliefs, Policies and Guidelines* and changes thereto, are transmitted to the Investment Manager, the Custodian, the Asset Management Consultant, The Foundation's solicitor and auditor, and other concerned agents and advisors. The *Statement of Investment Beliefs, Policies and Guidelines* take into account:
- the CTF;
  - its characteristics, such as investment objectives and liquidity needs;
  - its risk controls; and
  - its target asset allocation.

**(Revised September 21, 2021)**

- 6.3 The Committee reviews, at least on a quarterly basis, the Investment Manager's written confirmation indicating compliance with the provisions of the investment policy statement and of the manager mandate. Inadvertent violations shall be reported immediately to the Chief Executive Officer or the VP of Finance. Action may or may not be taken by the Committee for any temporary exceptions. Among other issues, the compliance report may address:

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- manager objectives;
- permitted investments;
- asset allocation; and
- risk factors, such as diversification, liquidity, leverage, credit and currency.

## 7. Monitoring the Fund

- 7.1 The Committee monitors the Fund's asset returns and investment-related expenses.
- 7.2 On a quarterly basis the Asset Management Consultant calculation of Modified Dietz time-weighted rates of return. Rates of return are calculated net of execution costs but before management fees, and where possible net of management fees. **(Revised September 21, 2021)**
- 7.3 Review quarterly the Asset Management Consultant report on fund performance against the Investment Objectives set out in the Investment Policy.
- 7.4 Rates of return are broken down by Investment Manager and asset class. They are compared to those obtained by other Investment Managers having similar mandates.
- 7.5 Security holdings and transactions are reviewed by the Asset Management Consultant to ensure strategies used by the Investment Manager to obtain returns are consistent with the approaches presented to the Committee prior to implementation.
- 7.6 At least once every three years the Investment Manager, and quarterly the Asset Management Consultant make a formal presentation to the Committee providing an assessment of the rates of return obtained.
- 7.7 Approve any new contracts, contract changes, additions or deletions for Investment Manager, Custodian, Asset Management Consultant service over and above all normal investment-related expenses pursuant to formal contracts may be approved by the VP of Finance.
- 7.8 Review on a periodic basis, as directed by the Committee, investment related expenses.

# Appendix 1: Examples with Resolutions

1. Situation: A Board member has recently joined the Board of Manitoba Harvest.

Resolution: The Board member declares the potential Conflict to the Board Chair. The member recuses themselves from any Board discussions pertaining to Manitoba Harvest, particularly as it relates to grant applications. The member abstains from any vote related to Manitoba Harvest.

2. Situation: A communications staff member's spouse is hired as the Director of Development at the Royal Manitoba Theatre Centre.

Resolution: The staff member declares the potential Conflict to the CEO to be added to the listing of Conflicts. If the communications team is working on any projects that involve the Royal Manitoba Theatre Centre, the staff member will recuse themselves from the conversation.

3. Situation: A member of the staff is also a partner in a small photobooth company that is being considered to provide services at a Foundation event.

Resolution: The staff member makes the team aware that they have a financial interest in the outcome of the decision. They request that the particular photobooth company they have a stake in be removed from consideration for the contract.

4. Situation: Members of staff are seeking to meet with an elected official in the provincial government to discuss a matter of concern to The Winnipeg Foundation.

Resolution: The staff members seek the approval of the Chief Executive Officer in advance of requesting a meeting with the elected official. The organizations registers and logs the Lobbying activity in accordance with the Lobbyists Registration Act (Manitoba).

5. Situation: In the course of reviewing materials for an upcoming Grants Committee meeting, a member of the committee realized that their child is part of programming at a charity being considered for a grant.

Resolution: The member makes the chair of the committee aware of their Conflict in advance of the meeting. During the meeting, the member recuses themselves from the meeting during the conversation related to the charity in question and also abstains from any vote related to the matter. This recusal and abstention is clearly noted in the minutes. The member asks that the Conflict be added to the official listing of Conflicts.

# Appendix 2 : Conflict of Interest Disclosure Statement

Please initial in the space at the end of Item A or complete Item B, whichever is appropriate; complete the balance of the form; sign and date the statement; and return it to the Human Resources and Policy Administration Officer.

A. I am not aware of any relationship or interest or situation involving my family or myself that might result in, or give the appearance of being, a Conflict of Interest between such family member or me on one hand and The Winnipeg Foundation on the other.

Initials:

B. The following are relationships, interests, or situations involving me or a member of my family that I consider might result in or appear to be an actual, apparent, or potential Conflict of Interest between such family members or myself on one hand and The Winnipeg Foundation on the other.

Initials:

Corporate (either nonprofit or for-profit) directorships, positions, and employment:

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Memberships in the following organizations:

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Contracts, business activities, and investments with or in the following organizations:

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Other relationships and activities:

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My primary business or occupation at this time:

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I have read and understand The Winnipeg Foundation's Conflict of Interest Policy and agree to be bound by it. I will promptly inform the Chair or Chief Executive Officer (whomever is relevant) of The Winnipeg Foundation of any material change that develops in the information contained in the foregoing statement.

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Print Name

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Signature

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Date

