



**Policy Section 4: FINANCIAL**

**Policy #: 4.2**

**Policy: Investments**

**Revision: Rev 2**

**Approval: July 07, 2021**

**1. Purpose:**

- 1.1 To provide direction to the Board of Directors regarding the control and management of The Flower Cart investment portfolio.

**2. Definitions:**

**3. Detailed Policy Statement:**

- 3.1 From time to time, The Flower Cart has at its disposal undesignated funds that require sound management over the mid to longer term. Among the management options, funds may be invested with a financial institution to realize a reasonable gain while limiting the exposure of the principal to loss. The Board of Directors is responsible to ensure that investments are made in the context of an approved investment policy and that the provisions of the policy are upheld in the management of those investments.

**4. Implementation:**

4.1 Guiding Principles:

The Flower Cart's Investment Policy is based on the Nova Scotia *Trustee Act*. Portions of the Act applicable to this policy are listed below. Paragraph numbering is from sections 3, 4 and 5 of the Act.

*3 (1) A trustee may invest trust property in any form of property or security in which a prudent investor might invest, including a security issued by a mutual fund as defined in the Securities Act.*

*(2) Subsection (1) does not authorize a trustee to invest in a manner that is inconsistent with the trust.*

*(3) A trustee may have regard to the following criteria in planning the investment of trust property, in addition to any others that are relevant to the circumstances:*

*(a) general economic conditions;*

*(b) the possible effect of inflation or deflation;*

*(c) the expected tax consequences of investment decisions or strategies;*

*(d) the role that each investment or course of action plays within the overall trust portfolio;*

*(e) the expected total return from income and the appreciation of capital;*

*(f) other resources of the beneficiaries;*

*(g) needs for liquidity, regularity of income and preservation or appreciation of capital;*

*(h) an asset's special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries. 2002, c. 10, s. 45.*

### **Prudent Investor**

*3A In investing trust property, a trustee must exercise the care, skill, diligence, and judgment that a prudent investor would exercise in making investments. 2002, c. 10, s. 45.*

### **Diversification**

*3B A trustee must diversify the investment of trust property to an extent that is appropriate having regard to*

*(a) the requirements of the trust; and*

*(b) general economic and investment market conditions. 2002, c. 10, s. 45.*

### **Liability of trustee**

*3C A trustee is not liable for a loss to the trust arising from the investment of trust property if the conduct of the trustee that led to the loss conformed to a plan or strategy for the investment of the trust property, comprising reasonable assessments of risk and return, that a prudent investor could adopt under comparable circumstances. 2002, c. 10, s. 45.*

## **Advice**

*3E (1) A trustee may obtain advice in relation to the investment of trust property.*

*(2) It is not a breach of trust for a trustee to rely upon advice obtained under subsection (1) if a prudent investor would rely upon the advice under comparable circumstances. 2002, c. 10, s. 45.*

## **Delegation**

*3F (1) In this Section, "agent" includes a stockbroker, investment dealer, investment counsel and any other person to whom investment responsibility is delegated by a trustee.*

*(2) A trustee may delegate to an agent the degree of authority with respect to the investment of trust property that a prudent investor might delegate in accordance with ordinary business practice.*

*(3) A trustee who delegates authority under subsection (2) must exercise prudence in*

*(a) selecting the agent;*

*(b) establishing the terms of the authority delegated; and*

*(c) monitoring the performance of the agent to ensure compliance with the terms of the delegation.*

*(4) In performing a delegated function, an agent owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation.*

*(5) A trustee who complies with the requirements of subsection (3) is not liable to the beneficiaries or to the trust for the decisions or actions of the agent to whom the function was delegated.*

*(6) This Section does not authorize a trustee to delegate authority under circumstances in which the trust requires the trustee to act personally.*

*(7) Investment in a security issued by a mutual fund as defined in the Securities Act or in a similar investment is not a delegation of authority with respect to the investment of trust property. 2002, c. 10, s. 45.*

## **Prohibited investments**

*5 Nothing in Section 3 or 4 permits a trustee to invest in investments that are expressly forbidden by the instrument, if any, creating the trust. 1994-95, c. 19, s. 1.*

*6 repealed 1994-95, c. 19, s. 1*

#### 4.2 Investment Objectives:

4.2.1 The overriding objective of investing The Flower Cart funds is capital preservation with income, second and growth, third.

#### 4.3 Portfolio Mix:

4.3.1 The Flower Cart's investment portfolio asset allocation balance will be 50% bonds, fixed income, cash and cash equivalents or preferred shares, and 50% equity. A 10% variance to the asset allocation model will be allowed on a quarterly basis if pre-approved by the Budget and Finance Committee in consultation with the Investment Advisor. All recommendations by the Investment Advisor must be approved by the Budget and Finance Committee before they are implemented.

4.3.2 Realized gains may be re-invested and/or credited to ongoing Flower Cart operations depending on the amount of the capital gain and bearing in mind this policy's investment objectives.

#### 4.4 Role of the Budget and Finance Committee:

4.4.1 The Budget and Finance Committee is responsible for monitoring the investment portfolio and will report its performance to the Board on a semi-annual basis. The Board may be apprised more frequently if circumstances dictate.

4.4.2 The Budget and Finance Committee will ensure that the approved portfolio mix is maintained in accordance with paragraph 3 above.

4.4.3 The Budget and Finance Committee will review the regular statements, provided by the Investment Advisor.

4.4.4 The Budget and Finance Committee will meet with the Investment Advisor no less than twice annually or more frequently if required, to review the investment portfolio.

4.4.5 The Budget and Finance Committee members will approve, in writing (email as a rule), all account transactions as recommended by the Investment Advisor.

- 4.4.6 The Budget and Finance Committee will review the performance of the Investment Advisor annually.
- 4.4.7 The Budget and Finance Committee will ensure a formal agreement is in place detailing among other things, responsibilities, expectations, etc. of the Investment Advisor.

#### 4.5 Role of the Investment Advisor:

- 4.5.1 The Investment Advisor will be selected by the Board of Directors with input from the Budget and Finance Committee, from Canadian bank-owned investment firms with offices maintained in Kings County, Nova Scotia. The Investment Advisor will maintain required licensing and other professional requirements of the investment industry.
- 4.5.2 The Investment Advisor will abide by The Flower Cart Investment Policy and the terms of the agreement between them and the Budget and Finance Committee.
- 4.5.3 The Investment Advisor will consult the Budget and Finance Committee before making any transaction within the investment account.
- 4.5.4 The Investment Advisor will apprise the Budget and Finance Committee of fees (if any) applicable to a prospective investment.
- 4.5.5 The Investment Advisor will present an annual review of the investment portfolio at The Flower Cart Annual General Meeting.

### **5. Applicability:**

- 5.1 Board of Directors

### **6. Policy Authority:**

- 6.1 Board of Directors

### **7. Related Policies, Procedures and Documents:**

- 7.1 Policy 1.6 – Risk Management Policy
- 7.2 Policy 2.1 – General Duties of the Board of Directors
- 7.3 Policy 2.6.4 – Terms of Reference for Budget and Finance Committee
- 7.4 Policy 4.1 – Financial Management
- 7.5 Executive Director's Job Description

7.6 The Flower Cart By-Laws

7.7 The Flower Cart Risk Management Plan

**8. Record of Amendments:**

<b>Revision #</b>	<b>Summary of Revision</b>	<b>Date Approved</b>
Rev 0	October 27, 2015	October 27, 2015
Rev 1	Reformatted and Updated	March 28, 2017
Rev 2	Reviewed and Updated	July 07, 2021