



Date of Approval: September 29, 2005

Purpose:

This document constitutes the Investment Policy (Policy) applicable to the assets held in respect of the Girl Guides of Canada-Guides du Canada investment funds (Funds), which are maintained by the Girl Guides of Canada-Guides du Canada (GGC) to fund their ongoing activities and scholarships.

The purpose of this Policy is to formulate those investment principles, guidelines and monitoring procedures, which are appropriate to the needs and objectives of the Funds and which are to be complied with by the investment manager appointed by GGC to manage the Funds (Investment Manager).

Any Investment Manager or other party providing services in connection with the investment of the Funds shall accept and adhere to this Policy and any other specific written guidelines.

The Portfolio Review Committee (PRC) shall monitor compliance with this Policy and shall report to the Finance Committee at least once a year.

Policy & Strategy:

This Policy is designed to ensure that the assets of the Funds are invested in a prudent manner, in order to optimize long-term returns at a low to moderate level of risk.

The Funds are used to assist GGC to fund its ongoing activities and scholarships. Due to the different cash flow requirements associated with the Funds, there will be two separate portfolios, each with specific investment goals and policies. The two portfolios will be referred to as the “Endowment and Scholarship Fund” and the “Operating Fund”. Both the Funds will be called upon to provide steady income and capital growth at prudent levels of risk. Preservation of capital is primary. Asset mix, performance objectives and investment constraints are established to reflect this desired risk/reward relationship.

Objectives:

The primary objectives of the Funds are:

- To provide real growth of the Funds through capital appreciation and income while managing the risk of permanent impairment or loss of capital with appropriate diversification.

Liquidity requirements of the Funds will vary over time. Sufficient advance notice of withdrawals shall be provided to the Investment Manager.

Prudence Statement

Investments are to be managed with the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person.

This guiding philosophy will be employed by the Investment Manager, in deciding on and implementing the Funds’ investment goals and policies, and by the Custodian and any other party in discharging their responsibilities with respect to the Funds.



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Rate-of-Return Expectations

The objectives of the Investment Manager in investing the assets of the Funds are:

A minimum annualized real rate of return, after all management fees, of 3% above the rate of inflation, measured over five-year rolling periods, is to be achieved.

An annualized rate of return measured, after all management fees, over five-year rolling periods, of the benchmark portfolios set out below, plus 50 basis points:

	<u>Endowment/ Scholarship Fund</u>	<u>Operating Fund</u>
91-day T-Bill return	2%	
SCM Universe	63%	
S&P/TSX Composite Index	21%	
S&P 500 Index	7%	
MSCI EAFE	<u>7%</u>	
	100%	

Asset Mix

The maximum, normal and minimum ranges for each asset class permitted are the following:

Endowment / Scholarship Fund

	<u>Minimum</u>	<u>Normal</u>	<u>Maximum</u>
Cash & Short Term	0%	2%	10%
Fixed Income	53%	63%	73%
Total Fixed	55%	65%	75%
Canadian	15%	21%	27%
U.S. Equities	4%	7%	10%
International Equities	4%	7%	10%
Total Equities	25%	35%	45%

Operating Fund

	<u>Minimum</u>	<u>Normal</u>	<u>Maximum</u>
Cash & Short Term	0%	2%	10%
Fixed Income	53%	63%	73%
Total Fixed	55%	65%	75%
Canadian	15%	21%	27%
U.S. Equities	4%	7%	10%
International Equities	4%	7%	10%
Total Equities	25%	35%	45%

The Funds shall be managed as balanced portfolios with a capital preservation bias. The Investment Manager has full discretion to select individual securities, make periodic strategic adjustments to the asset allocation and to diversify the Funds' assets within the above guideline ranges and the following investment constraints.



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Investment Constraints

No issuer/company, including affiliates, (equity, and/or fixed income) shall be more than 5% of the total Fund at market value (except Government of Canada and Provincial bonds).

The Funds will not invest in companies that have a predominant orientation towards tobacco, alcohol or firearms.

Short sales, margin purchases derivatives and commodities are not permitted.

a) *Equities*

The Funds invest in equities that are quoted on recognized stock exchanges in Canada, the United States and other developed countries.

Eligible equity investments include common stocks, warrants, rights, installment receipts, preferred stocks and convertible securities (including preferred and debenture).

Equities of any one issuer, including affiliates may not exceed 10% of the Funds' total equity portfolios or 10% of any class of shares of any corporation at market value.

b) *Bonds*

Bond investments are made in Canadian issuers only.

Corporate bonds must have a minimum "A-low" quality or better, as rated all of the Dominion Bond Rating Service, S&P and Moody's at the time of purchase. Should any of the ratings applicable to a bond held in the portfolio change, the Investment Manager will recommend a course of action for approval by the Committee.

Communication for this purpose should be done through the Chair of the Committee.

Corporate bond holdings are permitted to reach a maximum 150% of the corporate bond weighting in the Scotia Capital Markets Universe.

With the exception of Government of Canada and Provincial issues and their guarantees, no more than 5% of the bond portfolio at market value is to be invested in any one issuer, including affiliates.

c) *Short-term Investments*

Investments are made in Canadian issues only

Securities must be denominated in Canadian currency

Securities must have an original term to maturity not exceeding 12 months

Securities are limited to those of R-1 or better, as rated by the Dominion Bond Rating Service, S&P and Moody's

No more than 5% of the portfolio at market value is to be invested in any one corporate issuer, including affiliates.

Performance Monitoring

The Investment Manager shall submit a quarterly report on investment performance, measured against the established performance objectives during the previous quarter, one year, three-year and five-year periods and since its inception relative to the benchmarks and inflation. The commentary is to include an attribution analysis of the results for the previous period. All returns are to be calculated in accordance with the standards of the Association of Investment Management and Research. The report will contain a statement of compliance by the Investment Manager with this policy over the quarter.



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The Investment Manager shall meet with the Committee on a semi-annual basis or as required to discuss performance results, economic outlook, investment strategy and tactics, organizational changes and any other pertinent matters.

Conflict of Interest

The Investment Manager and any other party providing advice to the Funds (Adviser) shall not knowingly permit his interest or that of a related party to conflict with his duty to the Funds.

All Advisers are therefore expected to be cognizant of the possibility that conflicts may arise; and must therefore make timely and full disclosure in accordance with generally accepted concepts of fiduciary responsibilities and in accordance with the procedures set forth below.

A conflict of interest means any event in which an Adviser may gain a financial or other advantage from knowledge of, or participation in an investment decision of the Funds, or a circumstance that could reasonably be interpreted as impairing the party's ability to render unbiased and objective advice or to fulfill his or her fiduciary responsibilities to act in the best interest of the Funds.

The disclosure of any conflict of interest is to be made to the PRC and the Chief Commissioner as soon as possible, in any event no longer than three business days after the individual becomes aware of the conflict of interest.

The individual disclosing the conflict of interest shall withdraw from any discussion of and vote on the issue causing the conflict of interest, unless otherwise directed by the Chief Commissioner.

The Investment Manager shall maintain a system to monitor conflict of interest situations, including a policy for internal disclosure and a system to ensure no personal benefit is derived or is perceived to be derived from transactions made on behalf of the Funds.

Voting Rights

The Investment Manager will exercise all rights, including voting rights, acquired through investments of the Funds. These rights are to be exercised in a manner consistent with the stated philosophy and policies of GGC and on the basis of protecting or enhancing the financial interests of the Fund.

The Investment Manager shall provide the PRC with its voting policy and a quarterly summary of its voting record on securities held in the Funds.

Review

The PRC shall review on a regular basis, as needed, and at least once a year:

- (i) the assets and net cash flow of the Funds;
- (ii) the current asset mix of the Funds;
- (iii) the fees and expenses incurred in managing the Funds, and compliance with this Policy.

Following such review, the PRC shall take action as it deems appropriate.