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Mission Statement

BenefAction Foundation BenefAction is a charitable Public Foundation that supports, rewards and inspires philanthropic investments in Canada. Our mission is to encourage philanthropy by helping Canadian's maximize charitable giving while minimizing tax burdens.

BenefAction enables individuals, financial advisors and institutions to make a positive impact through planned giving by establishing Donor-Advised Funds with donation monies earmarked for a charity of their choice or one of a number of Benefaction's Charity Portfolios.

BenefAction will target raising funds through agreements with financial service providers across Canada, enabling them to retain assets under management while fulfilling their client's philanthropic needs.

Purpose of Investment Policy Statement

This investment policy statement provides a set of written guidelines for the management of the Foundation's investments. The investment policy statement will be reviewed at least annually to ensure that it continues to reflect the Foundation's requirements.

Roles and Responsibilities

Board of Directors

The Board of Directors of BenefAction has ultimate authority over and responsibility for the Foundation's investments. In order to ensure that the investments meet the required objectives, the Board will:

Appoint an Investment Committee

Receive the Committee's recommendations with respect to the Investment Policy Statement and the approval of eligible investment products.

Investment Committee

The Investment Committee will:

Maintain an understanding of legal and regulatory requirements and constraints applicable to the Foundation's investments.

On an annual basis, or more frequently if appropriate, review the Investment Policy Statement.

Approve eligible investment products that meet the return objectives and risk tolerance criteria.

Investment Objectives

Return on Investments

The Foundation's objective is to generate a total investment return that protects the purchasing power of the capital component, achieves the required disbursement level and recovers the cost of managing and administering the funds.

The minimum *net return* objective is 6% per annum based on a minimum distribution rate of 3.5%; inflation rate of 2% and expenses of 0.5%. This rate of return may not be achieved in each and every year; however the investments are expected to generate this minimum return over rolling 3 to 5 year periods. Net returns refer to the investment product returns net of management fees and expenses specific to that product. Expenses noted above are expenses related to the administration of the Foundation.

The Foundation's return objectives are ranked as follows:

- preservation of capital;
- generation of 'income' to meet disbursement requirements;
- generation of growth in the capital value of the investments in order to preserve their value in real (inflation-adjusted) terms; and
- generation of growth in the capital value of the investments to provide for an increasing rate of income for disbursement.

Risk Tolerance

Investments should be structured and managed to provide for the generation of the targeted rate of investment return while assuming only the necessary amount risk. Risk will be measured in terms of the standard deviation of investment returns and the downside risk (or risk of loss) of the investment.

Investments will maintain a minimum level of diversification in order to reduce overall risk. This will include diversification by asset class and geography.

Investment Product Guidelines

Investment products used within the Foundation should be designed to meet both the return objective and risk tolerance.

Asset Mix

In order to meet the return objectives, products should have a minimum equity exposure of 50% to allow for inflation protection and capital growth. For preservation of capital to be maintained, products should have minimum cash plus fixed income exposure of 20%.

Asset Class	Minimum	Maximum
Cash & Fixed Income	20%	50%
Equity	50%	80%

Individual investment products will be assessed on their ability to meet both the return and risk objectives. Products falling outside of the above recommended asset mix will be considered if they demonstrate an equivalent risk-controlled strategy with the ability to meet return objectives.

Approval of Eligible Investment Products

All investment products will be approved by the Investment Committee and presented to the Board of Directors.

The Investment Committee will review individual investment products to ensure that they meet risk and return objectives.

Specifically the Committee will review the:

- Investment performance history
- Standard deviation of returns
- Investment product objectives and guidelines
- Managers of the investment products

The Investment Committee will also be responsible for the annual review of the approved investment products to ensure that they continue to be eligible for investment. If an investment product changes significantly or undergoes and event making it ineligible for investment, the Investment Committee will take action to remove it from the program.

Conflict of Interest

No fiduciary will knowingly permit his or her interest to conflict with his or her duties or powers relating to the investment or management of the Foundation's assets. Any actual or perceived conflict of interest must be reported to the Board. Such disclosure will be made when the affected individual first becomes, or ought to have become, aware of the conflict or potential conflict. If a conflict does exist the Board will take all appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the relevant meeting.