



## Placement Policy Statement



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Renewed by the Board of Directors:  
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# 1 GENERAL

## 1.1 Purpose

This Placement Policy Statement (“**PPS**” or “**Statement**”) applies to the placement portfolio (“**Portfolio**”) of the Québec Golf Federation (heretofore referred to as “**Golf Québec**”). The purpose of this Placement Policy Statement is to outline the procedures and policies to effectively manage and monitor these placement assets. The assets will be managed in accordance with all applicable legal requirements.

Any placement manager (“**the Manager**”) or the Placement Committee (“**the Committee**”) or any other agent or advisor providing services in connection with the portfolio shall accept and adhere to this Statement.

## 1.2 Background

Golf Québec is incorporated as a not-for-profit organization and accordingly is exempt from income taxes. The fiscal year end of Golf Québec is November 30.

## 1.3 Objective

The primary goal of the Portfolio is to assist Golf Québec in achieving its objectives as set out in its strategic plan. The prudent and effective management of the assets of the Portfolio has a direct impact on the achievement of this goal. This Statement is designed to guide the Placement Committee, the Manager, and Golf Québec Staff in achieving this goal.

## 1.4 Review

This placement policy should be reviewed annually by the Board of Directors and no Committee of the Board or employee has the authority to change it without the prior written approval of the Board of Directors.

# 2 RESPONSIBILITIES

## 2.1 Board of Directors

The Board of Directors (“**the Board**”) of Golf Québec has ultimate responsibility and decision-making authority for the Portfolio’s long-term placements. The Board has the responsibility to govern the assets of the Portfolio and must appoint a Placement Committee which will operate pursuant to Terms of Reference approved by the Board in accordance with Golf Québec’s By-Laws. Where one does not exist, the duties of the Placement Committee fall directly to the Board.

The Board may delegate some of its responsibilities with respect to the placement of the Portfolio to agents, staff (namely the Executive Director or Finance Director), the Committee or advisors. In particular, the services of a custodian (“**the Custodian**”) and of one or more placement managers are retained. As a fiduciary for the Portfolio, the Board

is expected to:

- Maintain an understanding of legal and regulatory requirements and constraints applicable to the Portfolio.
- On an annual basis, review the Portfolio's Placement Policy Statement and make appropriate change.
- Formulate recommendations regarding the selection, engagement or dismissal of professional placement managers and advisors.
- Formulate recommendations regarding Managers' mandates.
- Oversee the Portfolio and the activities of the Managers, including the Managers' compliance with their mandates, the placement performance of assets managed by each Manager and the performance of the Portfolio as a whole.
- Ensure that the Managers are apprised of any amendments to their mandates.
- Inform the Managers of any significant cashflows.

## **2.2 The Finance and Audit Committee**

The Finance and Audit Committee of the Board of Directors, with the assistance of the Executive Director of Golf Québec, will be responsible for making placement and asset allocation choices that are guided by the sound management of Golf Québec's funds:

- All placement decisions must be documented and kept on file.
- All placement decisions must be approved by the Finance and Audit Committee.
- The advice of placement consultants and their services may only be provided by independent firms (or individuals).
- It is Golf Québec's objective to pay the minimum fee for such advice and services.
- All laws pertaining to sound placement management of assets shall be respected.

## **2.3 Placement Managers or the Committee**

The Manager is responsible for:

- Providing the Committee with monthly and quarterly reports of portfolio holdings and transactions.
- Selecting securities within the asset classes assigned to them, subject to applicable legislation and the constraints set out in this Statement.
- Attending meetings of the Committee at least once per year to review performance and to discuss proposed placement strategies.
- Informing the Committee promptly of any placements which fall outside the placement constraints contained in this Statement and what actions will be taken to remedy this situation.
- Advising the Committee of any elements of this Statement that could prevent the attainment of the Portfolio's objectives.

## 3 PORTFOLIO OBJECTIVES

### 3.1 Placement Objectives

The overall placement objectives of the Portfolio are to:

- Preserve capital, in real terms.
- Maximize total return, within acceptable risk levels.
- To achieve a return of 3.0% net annualized, for 5 years. The long-term total return target will be reviewed at least once a year to ensure that it is in line with market trends.
- Maintain liquidity necessary to meet cash requirements; if any.

### 3.2 Cash Requirements and Liquidity

Golf Québec does not have a short-term need for cash and is willing to liquidate long-term assets as necessary.

### 3.3 Time Horizon

The Portfolio is intended with a placement horizon of over five (5) years.

## 4 AUTHORIZED INVESTMENTS

Outlined below are the general placement criteria as understood by the Committee.

### 4.1 List of Authorized Placements

(a) Short-term instruments:

- Cash
- Demand or term deposits
- Short-term notes
- Treasury bills
- Bankers' acceptances
- Placement certificates issued by banks, insurance companies and trust companies

(b) Fixed income instruments:

- Bonds
- Debentures (convertible and non-convertible)
- Mortgages and other asset-backed securities

(c) Pooled funds, closed-end placement companies, and other structured vehicles in any or all of the above permitted placement categories are allowed.

## 5 RISK GUIDELINES

*All allocations are based on market values. All ratings are at the time of purchase.*

### 5.1 Cash and Cash Equivalents

Risk level at least R1, using the rating of the Dominion Bond rating Service (“**DBRS**”) or equivalent.

### 5.2 Fixed Income

(a) Maximum holdings of the portfolio by the following credit quality:

- 10% for bonds rated BB or below (also referred to as high yield bonds).

(b) Maximum holdings of the portfolio for the following sectors:

- 10% for asset-backed securities.
- 20% for mortgages or mortgage funds.
- 10% for bonds denominated for payment in non-Canadian currency.
- 5% for real return bonds.
- 5% for private lending/debt vehicles.

(c) All debt ratings refer to the ratings of Dominion Bond Rating Service (DBRS), Standard & Poors’ or Moody’s and are at time of purchase.

(d) No single issuer, other than federal or provincial governments and their affiliated agencies shall represent more than 10% of the market value of the portfolio or of the assets of a single pooled fund.

## 6 PERFORMANCE EXPECTATIONS FOR PORTFOLIO

The Committee expects that the Portfolio obtain an annual return of 2.0% to 5.0%, net of fees, measured over a rolling five-year market cycle.

In addition, active placement managers are evaluated relative to the benchmarks their mandates are managed to. The Committee expects that active managers will outperform their benchmarks over a five-year rolling market cycle and after all placement management fees. The performance of all active managers is reviewed annually.

## 7 ASSET CLASSES, ACCEPTABLE SPREADS, AND BENCHMARKS

Asset Class	Strategic Target	Acceptable Range	Benchmark (Total Return)
Cash & short-term	50%	50% – 100%	FTSE 30-Day T-Bill Index
Fixed income	50%	0% – 50%	
Core Plus Universe Bonds	40%	10% – 50%	FTSE Universe Bond Index
Conventional Mortgages	10%	0% – 20%	Short-Term Overall Bond Index

## 8 RESPONSIBLE INVESTING GUIDELINES

The Committee should endeavour to delegate placement management responsibilities to third party managers with a demonstrated commitment to incorporating ESG (Environmental, Social, and Governance) factors in their placement decision-making process when doing so may have a material impact on the placement risk and/or return. At a minimum, contracted managers are expected to be signatories to the United Nations Principals for Responsible Investment (UN PRI) and offer placement solutions that are aligned with the UN PRI's six principals of Responsible Investment. Placement managers are also required to establish an active relationship with the issuing entity.

Companies that are committed to promoting more sustainable business practices have clearly defined proxy voting guidelines that take ESG considerations into account, and vote proxies on a company-wide basis (as opposed to voting by fund or by client).

## 9 REPORTING & MONITORING

### 9.1 Placement Reports

Each quarter, the Manager will provide a written placement report containing the following information for the Committee:

- Portfolio holdings at the end of the quarter.
- Portfolio transactions during the quarter.
- Rates of return for the portfolio with comparisons with relevant indexes or benchmarks.
- Compliance Report.

## **9.2 Monitoring**

At the discretion of the Committee as required, the Manager will meet with the Committee regarding:

- The rate of return achieved by the Manager.
- The Manager's outlook for the markets and corresponding strategies.
- Any changes in the personnel of the Manager.
- Other issues as requested.

## **9.3 Annual Review**

It is the intention of Golf Québec to ensure that this Statement is continually appropriate to its needs and responsive to changing economic and placement conditions. Therefore, the Committee shall review the Placement Policy Statement annually.

# **10 CONFLICT OF INTERESTS**

All fiduciaries shall disclose the particulars of any actual or potential conflicts of interest with respect to Golf Québec. This shall be done promptly in writing to the President of the Board of Directors of Golf Québec. The President will, in turn, table the matter at the next Board meeting. It is expected that no fiduciary shall incur any personal gain either directly or indirectly because of their fiduciary position. This excludes normal fees and expenses incurred in fulfilling their responsibilities if documented and approved by the Board.

# **11 STANDARDS OF CARE**

The Manager will manage the assets with the care, diligence, and skill that a placement Manager of ordinary prudence would use in dealing with all clients. The Manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent Placement Manager.

The Manager will manage the assets in accordance with this Statement and will verify compliance with this Statement when making any recommendations with respect to changes in placement strategy or placement of assets.

The Manager will, at least once annually, provide a letter to the Committee confirming the Manager's familiarity with this Statement. The Manager will, from time to time, recommend changes to the PPS to ensure that the PPS remains relevant and reflective of Golf Québec's placement objectives over time.

## 12 PROXY VOTING RIGHTS

- (a) Proxy voting rights on portfolio securities are delegated to the Manager.
- (b) The Manager maintains a record of how the voting rights of securities in the portfolio were exercised.
- (c) The Manager will exercise acquired voting rights in the best interests of the unit holders of the pooled fund.