
DEFINITIONS (TERMS AND INTERPRETATIONS)

Capital – Financial assets allocated for investment (e.g., cash, fixed income, equities, and permitted alternatives) funded from OSR and other Unrestricted Funds.

Chief and Council – The governing body of Simpcw First Nation responsible for approving this Policy, the Investment Management Strategy, and related appointments by Band Council Resolution.

Director of Finance – The officer who may be authorized by Council to implement the IMS and execute investments within approved authorities and limits.

Ethical Investments – Investments that align with Simpcw First Nation values, excluding sectors like alcohol, tobacco, cannabis, military weapons manufacturing, and companies with significant environmental violations.

Finance and Audit Committee (FAC) – A Council committee that oversees and monitors this Policy and the Investment Management Strategy; it does not execute investments.

Financial Administration Law (FAL) – The Simpcw First Nation Financial Administration Law, 2021 approved March 8, 2021 under section 9 of the First Nations Fiscal Management Act.

Government Transfers – Funds received under contribution or funding agreements with federal, provincial, territorial, or municipal governments; these are excluded from this Policy and invested only as permitted under the FAL.

Investment Management Strategy (IMS) – The Council-approved strategy prepared by the FAC that sets objectives, constraints, risk limits, liquidity needs, benchmarks, and compliance expectations for the portfolio.

Investment Managers – Registered firms or individuals engaged to manage all or part of the portfolio in accordance with this Policy and the IMS; they must follow the CFA Institute Code of Ethics and Standards of Professional Conduct and are appointed by Council by Band Council Resolution.

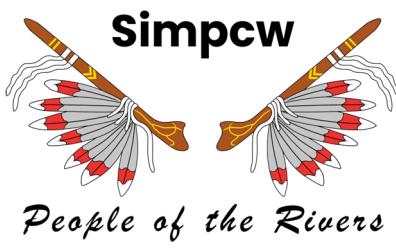
Liquidity – The ability to convert assets to cash without materially affecting price; Scheduled Liquidity means pre-planned access to cash to meet obligations.

Local Revenues – Revenues defined in the FAL; these are excluded from this Policy and are maintained and invested in compliance with the FAL's requirements.

Low Volatility – Investments with historically lower price fluctuations.

Low-Beta Equities – Equities with a beta below 1.0 indicating lower sensitivity to broad market movements.

Major/Recognized Exchanges – Regulated securities exchanges in OECD jurisdictions (e.g., TSX, NYSE, NASDAQ, LSE, TSE); examples are illustrative, not exhaustive.



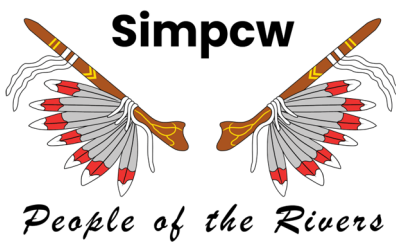
Own Source Revenues (OSR) – Money Simpcw collects from business ventures or other activities, and resource revenues from revenue-sharing and impact benefit agreements; for certainty, OSR excludes government transfers, and any local revenues as defined in the FAL.

Segregated Accounts – Separate accounts that prevent commingling between OSR/Unrestricted Funds and funds that are subject to special restrictions (e.g., government transfers or local revenues).

Simpcw – The Simpcw First Nation.

Target Allocations – The Policy ranges or targets for asset classes used to guide rebalancing.

Unrestricted Funds – Financial resources not subject to external restrictions, including OSR, distributions received from Simpcw Resources LLP, and funds from mutual/impact benefit agreements.



1. Introduction

Policy Statement

This Simpcw Investment Policy Statement is effective as of xx xx, 2025, pursuant to a Band Council Resolution adopted at a duly convened meeting of Council.

Purpose

This Policy provides governance and procedural guidelines for managing Simpcw's financial assets derived from Own Source Revenues (OSR). It ensures prudent management, compliance with the Simpcw Financial Administration Law (FAL), risk mitigation, and long-term value creation in alignment with Simpcw's strategic objectives.

Scope & Application

This Policy provides guidelines for managing the financial assets of Simpcw, specifically those derived from Own Source Revenues and other Unrestricted Funds. It expressly excludes government transfer funds and any local revenues, which will only be invested as permitted under FAL §42(5) and managed under separate procedures and Segregated Accounts to avoid commingling.

Council may amend this Policy at any time, provided amendments are in writing and approved by Band Council Resolution adopted at a duly convened meeting of Council.

In the event of a conflict or inconsistency between this Policy and the FAL, the FAL will prevail.

Authority and Responsibilities

The Chief and Council have ultimate authority over this Policy and its implementation. Responsibility for oversight and monitoring rests with the Finance and Audit Committee (FAC), supported by professional advisors and asset managers. Council may authorize the Director of Finance to implement investments in accordance with the Investment Management Strategy (IMS) approved under FAL §42.

Delegation and Approvals Procedure

Chief and Council shall retain ultimate approval authority over this Policy, the IMS, all variances, and all appointments. Any act of delegation must be documented in writing, must specify the scope, and must be reviewed annually by Council. All material breaches or significant variances shall be reported to Council and require a Council resolution prior to any deviation from standard protocol.

All references to approvals, appointments, variances or amendments shall explicitly refer to 'Band Council Resolution' unless otherwise specifically detailed herein

All delegations of authority under this Policy must be documented in writing, specifying scope, limits, effective period, and reviewed at least annually with reauthorization by Council required. Transfers of cash or assets require dual written authorization in accordance with Council's Delegation of Authority Matrix

Any breach or variance from this Policy or the IMS must be reported immediately in writing to the FAC and Chief and Council, together with a detailed remediation plan. Remediation must be

completed within 30 days unless Council, by resolution, approves an extension. Written progress updates must be submitted to Chief and Council every 10 business days until full remediation.

2. Investment Management Strategy (IMS) — FAL §42

In accordance with FAL §42, the FAC must prepare and recommend an IMS for approval by Chief and Council.

The IMS must address at minimum:

- Investment objectives and constraints for the fiscal year and over the long term
- Performance benchmarks for each asset class
- Risk tolerance limits and alignment with Simpcw's approved budget.
- Liquidity requirements for anticipated operational and capital needs.
- Ethical screening measures and compliance procedures

The IMS must be reviewed, updated, and approved at least annually before the start of each fiscal year, and periodically thereafter as Council deems appropriate.

3. Governance & Responsibilities

Chief and Council

- Approve this Policy, amendments, and the IMS.
- Appoint Investment Managers by Band Council Resolution

Finance and Audit Committee (FAC) — Oversight & Monitoring

- Prepare and recommend the IMS to Council
- Oversee implementation and monitor compliance with this Policy and the FAL
- Recommend Policy amendments to Chief and Council

Director of Finance — Implementation

- Implements the Council-approved IMS and executes transactions within approved authorities and limits.
- Ensures segregation of accounts where required (e.g., separate handling of local revenues and Government Transfers)

Investment Managers

- Execute investments in accordance with this Policy and the approved IMS.
- Comply with the CFA Institute Code of Ethics and Standards of Professional Conduct
- Provide quarterly certifications of compliance with §7 (prohibitions & ethical screens) and with derivative/hedging limits.
- Maintain investment accounts at recognized financial institutions or broker-dealers in the legal name of Simpcw First Nation; commingling with other clients' assets is prohibited.
- Hold OSR/Unrestricted Funds in accounts separate from any funds with special restrictions (e.g., Government Transfers or Local Revenues)

- Limit authority to discretionary trading; no authority to transfer cash or assets out of Simpcw accounts except to Simpcw-designated settlement accounts and only with dual authorization as set by Council.
- Arrange for monthly account statements to be delivered directly by the financial institution to the Finance Department and the FAC (see §8)

4. Conflict of Interest

All members of Chief and Council, the FAC, and Investment Managers must:

- Annually declare any conflicts of interest related to investment decisions.
- Disclose any new conflicts immediately when they arise.
- Recuse themselves from any decisions where a conflict exists.

A register of conflicts must be maintained and reviewed annually by the FAC.

All members of Chief and Council, the FAC, and Investment Managers shall submit a written declaration of any actual or potential conflict of interest upon appointment and annually thereafter. Any new conflict shall be disclosed in writing immediately upon identification. Individuals with a conflict must recuse themselves from all discussions and decisions relating to the relevant matter. The FAC shall conduct an independent annual review of the conflicts register. Substantiated breaches may result in removal or other discipline as determined by Chief and Council

5. Investment Philosophy and Objectives

Investment Philosophy

Simpcw invests OSR and other Unrestricted Funds with a disciplined, long-term approach. We aim to preserve capital, grow it steadily, and earn returns at or above inflation while providing dependable income for community priorities. Investments must reflect Simpcw values and exclude alcohol, tobacco, cannabis, military weapons, and companies with serious environmental violations. Decisions follow prudent-person standards and maintain diversification to avoid undue risk.

Objectives

The objectives are to establish investment strategies which will assist in the long-term preservation of capital, consistent investment growth, potentially achieving a rate of return beyond the rate of inflation and provide an ongoing source of income for Simpcw. This policy is intended to set standards and procedures that a reasonable and prudent person would apply with respect to a portfolio of investments to avoid undue risk of loss, and to obtain a reasonable return.

In summary, the objectives of this Investment Policy are:

1. Short-Term Investment Objectives (0-3 Years)

Objective: Preserve capital while ensuring liquidity for operational needs, near-term obligations, and risk mitigation.

- **Risk Tolerance:** Low; primary focus on capital preservation.
- **Asset Allocation:** High allocation to cash and fixed-income instruments.

- **Liquidity Needs:** High; investments should be readily accessible (not locked in for over one fiscal year).
- **Expected Returns:** Conservative, aligned with inflation or slightly above.
- **Examples of Investment Vehicles:**
 - Money market funds
 - Treasury bills
 - Short-term government, high-quality corporate bonds (maturity under three years) and Bonds ETFs with mixed maturity dates
 - Cash-equivalents and bank deposits.

2. Medium-Term Investment Objectives (4-5 Years)

Objective: Reduced volatility investments with moderate growth to support future funding needs.

- **Risk Tolerance:** Moderate; some exposure to growth assets to achieve better returns.
- **Asset Allocation:**
 - 50-70% fixed income (investment-grade bonds, municipal bonds, bond ETFs)
 - 20-40% equities (dividend-paying stocks and funds, balanced funds, and low volatility equities)
 - 5-10% alternative investments (REITs, infrastructure)
- **Liquidity Needs:** Moderate; assets should have scheduled liquidity (for bonds) or market capitalization over \$500 million for equities or funds to meet anticipated expenditures.
- **Expected Returns:** Moderate, targeting 4-6% annualized returns.
- **Examples of Investment Vehicles:**
 - Government and high-quality corporate bonds (3–5-year maturities)
 - Balanced mutual funds or ETFs.
 - Dividend-yielding stocks and funds with low volatility/low beta equities
 - Conservative real estate or infrastructure investments

3. Long-Term Investment Objectives (5+ Years)

Objective: Maximize capital appreciation while maintaining risk control and sustainable growth.

- **Risk Tolerance:** Higher; long-term investment strategy can tolerate market fluctuations.
- **Asset Allocation:**
 - 50-70% equities (domestic and international stocks, growth funds)
 - 20-30% fixed income (longer-duration bonds, inflation-protected securities)
 - 10-20% alternative investments (private equity, commodities, real estate, infrastructure)
- **Liquidity Needs:** Low; focus on long-term appreciation rather than short-term accessibility.
- **Expected Returns:** Targeting 6-8% annualized returns over a full market cycle.
- **Examples of Investment Vehicles:**
 - Equity investments (index funds, growth stocks, international markets)

- Long-term bonds (government and corporate)
- Private equity, venture capital, and hedge funds
- Real estate investment trusts (REITs) and infrastructure funds
- Carefully selected private equity, venture capital, private credit, or hedge strategies (subject to §6)

6. Investment Guidelines

General Principles

The investment manager must exercise care, skill, prudence, and diligence when managing assets, adhering to standards that a prudent person familiar with such matters would apply. Investments must be diversified to minimize the risk of significant losses unless clearly imprudent to do so.

Investment managers shall not purchase securities on margin, sell short, or trade-in futures contracts. An exception to this general rule shall apply to international equity and fixed-income investment managers. Such investment managers shall be able to use futures, options, and swaps to hedge against currency and interest rate movements and as cash substitutes. Under no circumstances will investment managers use any instruments to create financial leverage within a portfolio.

Investment managers are generally expected to be fully invested in the asset class to which they are assigned. The use of individual stock options, puts, or calls is not permitted without the prior written consent of Simpaw.

The assets will be rebalanced to the target weighting, generally quarterly or as the investment manager deems appropriate, while attempting to minimize transaction costs.

Eligible Investments

Investments may be made in the following asset classes:

1. Cash & Equivalents: High-quality money market securities, term deposits, and other short-term instruments.
2. Fixed Income: Bonds, notes, debentures, and mortgage-backed securities issued by governments and corporations with a minimum investment-grade rating (BBB- or higher), including Canadian government bonds and U.S. Treasuries. ETFs/funds used for fixed income must have an investment-grade mandate or otherwise maintain a look-through average credit quality of BBB- or higher.
3. Equities: Publicly traded common and preferred shares, ETFs, and ADRs/funds with minimum market capitalization of \$500 million for liquidity.
4. Alternatives: REITs and infrastructure investments where appropriate.
5. Private Alternatives (by Council approval): Private equity, venture capital, private credit, and hedge strategies only if:
 - a. specifically authorized by Council resolution within the IMS.
 - b. institutional-grade custody/valuation and audited financials.
 - c. standard LP terms with clear liquidity/capital-call management; and

- d. aggregate private-alternatives allocation capped at 10% of total portfolio unless otherwise approved by Council.

Risk Management

- Single-issuer limit: No more than 10% of total portfolio market value in any single security.
- Derivatives (hedging only): Derivatives may be used only for hedging currency or interest-rate risk; total notional exposure from derivatives must not exceed 2% of portfolio market value and may not create leverage;
- Currency: Foreign-currency exposures will be monitored and managed to control undue risk.
- Rebalance when any asset class deviates by ± 5 percentage points from its IMS target or when risk thresholds are breached;
- Maintain a minimum liquidity runway of six (6) months of forecast net cash needs in cash and short-term instruments; and,
- The Director of Finance shall ensure monthly internal reconciliations of all Segregated Accounts, with unresolved variances reported in writing to the FAC and escalated to Chief and Council within 10 business days if not resolved. The Finance Department shall retain all account statements and reconciliation records for audit and Council review for at least seven (7) years.

See section 7 for prohibitions and ethical screens. See section 8 for reporting and certifications.

7. Prohibitions & Ethical Screens

This section establishes binding prohibitions and ethical standards for all investment accounts governed by this Policy and the IMS. Where a conflict exists between this section and any manager-specific guideline, this section shall prevail.

Prohibited sectors and or investments

The portfolio shall not hold individual equities of issuers primarily engaged in:

- Alcohol production
- Tobacco and cannabis production
- Military weapons manufacturing
- Companies with significant environmental violations

Pooled funds/ETFs (de minimis)

Incidental exposure to the above sectors through pooled vehicles (e.g., ETFs, mutual funds) is permitted only where the Investment Manager uses best efforts to avoid such holdings and any look-through exposure is not material (guideline: <5% of fund holdings or revenue). Any such exposure shall be disclosed quarterly.

Prohibited instruments and activities

The portfolio shall not engage in:

- Purchases on margin
- Short selling

- Speculative use of derivatives or any leveraged derivatives
- Commodities and highly speculative securities
- Loans to members of the First Nation

Monitoring and compliance

Investment Managers shall continuously monitor holdings for compliance and shall provide a quarterly certification of compliance with this section and with the derivative/hedging limits in §6.

- The FAC shall conduct semi-annual reviews of portfolio holdings against these prohibitions.
- Any breach shall be reported to the FAC immediately and no later than two (2) business days after identification, with a written remediation plan. Corrective action shall be completed within 30 days, unless Council approves an alternative timeline.

Variances

Council may approve a temporary variance by resolution where warranted (e.g., transition, market dislocation). Any variance shall state its scope, duration, rationale, risks, and exit plan, and shall be reported in the next quarterly package to Council.

8. Benchmarks, Performance Evaluation & Reporting

This section sets the reference benchmarks and evaluation methodology and consolidates all recurring reporting and certification requirements. Timelines and content align with the FAL and the IMS to provide Council and the FAC with timely, decision-ready information.

Benchmarks

- Canadian Equities: S&P/TSX Composite Total Return Index
- U.S. Equities: S&P 500 Total Return Index
- International Equities: MSCI EAFE Index
- Canadian Fixed Income: FTSE Canada Universe Bond Index
- International Fixed Income: Bloomberg Global Aggregate Bond Index

Measurement methodology

- Returns shall be time-weighted and reported in CAD, net of external management fees and transaction costs, and shall include the effect of any currency hedging.
- Policy and composite benchmarks shall reflect the target asset mix specified in the IMS.
- Where helpful, managers shall provide risk and attribution (e.g., volatility, tracking error, contribution to return) to support Council's oversight.

Reporting and certifications

- Monthly (from financial institution): Account statements delivered directly to the Finance Department and the FAC.
- Quarterly (from Investment Managers):
 - Performance vs. benchmarks and IMS objectives; asset allocation vs. targets

- Compliance attestation to §7 (prohibitions/ethical screens) and to derivative/hedging limits in §6
 - Variance commentary and any corrective actions
 - Any pooled-fund de minimis exposures under §7 and any approved variances.
 - Deadline: within 20 business days of quarter-end
 - Breach protocol: Immediate notice to the FAC with a written remediation plan; 30-day correction window unless Council approves otherwise.
- **Annual:** Results incorporated in the audited financial statements and annual report per the FAL; IMS reviewed/updated for the next fiscal year.

Records and retention

Investment Managers shall maintain and, upon request, provide supporting records for performance and compliance reporting for no less than seven (7) years.

9. Safekeeping of Assets & Segregated Accounts

This section sets binding requirements for safekeeping, account structure, segregation of funds, and cash-movement controls for all investment accounts governed by this Policy and the IMS. Where a conflict exists between this section and any manager-specific guideline, this section shall prevail.

Title and control of assets

- All investment assets shall be held in the legal name of Simpcw First Nation.
- Assets shall not be pledged, assigned, re-hypothecated, or otherwise encumbered, and securities lending is prohibited, unless expressly authorized by Council resolution within the IMS.
- Investment Managers act solely as agents; beneficial ownership remains with Simpcw at all times.

Account structure and segregation

- Assets shall be maintained in Segregated Accounts at recognized financial institutions or broker-dealers, separate from the Investment Manager's own assets and other clients' assets.
- No commingling is permitted. OSR/Unrestricted Funds shall be held separately from any funds subject to special restrictions (including Government Transfers and Local Revenues) and accounted for separately consistent with FAL §42(5) and related requirements.

Authority and cash-movement controls

- The Investment Manager shall have discretionary trading authority only.
- Transfers are permitted only to Simpcw-designated settlement accounts and require dual authorization. Dual authorization means two authorized signers in accordance with Simpcw's Delegation of Authority Matrix.
- Any standing instructions must be documented in the IMS or Delegation of Authority and reviewed at least annually.
- Any cash sweep features shall be limited to instruments permitted under §6 (e.g., insured/high-quality cash equivalents, T-Bills, money market funds) and reported per §8.

Statements, reconciliations, and access

- Monthly account statements shall be delivered directly by the financial institution to the Finance Department and the FAC (see §8) and must include holdings, cost, market value, transactions, income, and accrued income.
- The Investment Manager shall perform monthly reconciliations to the financial institution. The Finance Department shall complete an internal reconciliation within 20 business days of month-end and report unresolved variances to the FAC.
- Simpcw, its auditors, and regulators (as applicable) shall have timely access to records and may request confirmations from the financial institution.

Business continuity and key controls

- The Investment Manager shall maintain a business continuity and disaster recovery plan appropriate to the services provided and shall attest annually to the FAC that the plan has been tested or reviewed.
- Material control failures or operational incidents affecting Simpcw's accounts shall be reported to the FAC within two (2) business days, with a written remediation plan.

Variances

- Council may approve a temporary variance by resolution where warranted (e.g., transition, market dislocation). Any variance shall state its scope, duration, rationale, risks, and exit plan, and shall be reported in the next quarterly package per §8.

10. Amendments and Reviews

Purpose and scope

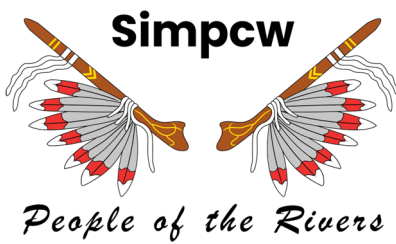
This section governs the periodic review, amendment, approval, and implementation of this Policy and the IMS.

Review cycle

- The FAC shall review this Policy at least once every three (3) years and table a written review memo to Council summarizing compliance, exceptions/variances, and recommended changes.
- The IMS shall be reviewed and approved at least annually before the start of each fiscal year (see §2).

Amendments

- Any amendment to this Policy shall be approved by Council resolution.
- Material changes include, at minimum: eligible investments, risk limits, exclusions/prohibitions, reporting cadence/content, authority/controls, and safekeeping/segregation requirements.
- Following Council approval, the FAC (or Director of Finance, as delegated) shall issue the updated Policy/IMS to all Investment Managers within ten (10) business days. Investment Managers shall acknowledge receipt within five (5) business days.



Interim updates for legal or FAL changes

- Upon any amendment to the FAL or other applicable law that affects investments, the FAC shall review and recommend conforming updates as soon as practicable and no later than ninety (90) days from the effective date of such amendment.

Effective date and transition

- This Policy is effective on the date of Council adoption.
- If legacy holdings or practices become non-compliant due to an amendment, the Director of Finance and Investment Manager shall present a remediation plan to the FAC within thirty (30) days and complete remediation within ninety (90) days, unless Council approves a temporary variance under §7/§9.

Records and version control

- The Finance Department shall maintain a version history (version number, BCR reference, approval date, summary of changes) and retain prior versions and related approvals for not less than seven (7) years.
- The current Policy and IMS shall be stored in the central policy repository and made available to Council, FAC, auditors, and Investment Managers.