

TERMS OF REFERENCE FOR INVESTMENT COMMITTEE

1. PURPOSE

- 1.1 The purpose of the Investment Committee (the Committee) is to direct and monitor the investment of the endowment assets and the cash management of the flow-through funds. The Committee is to discharge its duties with due care, skill and diligence as a prudent investor.

2. MEMBERSHIP

- 2.1 The Committee shall be appointed by the Board and the Chair of the Committee must be a Board member.
- 2.2 The Committee members shall be appointed by the Chair of the Investment Committee.
- 2.3 The Committee will have at least three (3) members, all non-executive.
- 2.4 The membership term limit will correspond with CFS Board's term and renewal process. Members of the Committee can serve a maximum of three (3) consecutive terms. Any member of the Committee, after completion of three (3) terms may be reappointed after a break of one (1) year.
- 2.5 The members of the Committee must be appropriately qualified to discharge their responsibilities. At least one member of the Committee should have financial and fund management expertise or experience.

3. DUTIES OF COMMITTEE MEMBERS

- 3.1 The Committee shall establish a written set of investment guidelines which should be approved by the Board. The guidelines shall include the recommended range of investment objectives (returns and risk objectives), the investment constraints, the asset allocation guidelines, the investment and review guidelines. The guidelines should be reviewed annually and changes if any should be approved by the Board.
- 3.2 The specific responsibilities of the Committee include:

- 3.2.1 Manage the cash for the flow-through funds;

- 3.2.2 Determine the investment objectives and spending policy for each Endowment Fund.
- 3.2.3 Determine each Fund's time horizon and other specific investment constraints.
- 3.2.4 Ensure that the investment objectives, policies and guidelines are consistent and appropriate.
- 3.2.5 Work with Fund Managers to ensure that those needs can be met by cash flows derived from investments.
- 3.2.6 Evaluate the performance of the Fund Manager regularly.
- 3.2.7 Develop KPI's relating to the hiring and termination of Fund Managers.
- 3.2.8 Review asset allocation annually to ensure the allocations are in keeping with the changing needs of the Fund and/or the investment climate.
- 3.2.9 Report on investment performance and financial condition of each Fund to the Board and donor every 6 months.
- 3.2.10 Appoint a custodian to hold all the assets of the Fund and who provide reports on the portfolio asset allocation and valuation.
- 3.2.11 To conduct a Fund Manager search every 3 years, although the Committee may recommend the retention of the existing Fund Manager after a careful selection process and are happy with the services provided by them.

4. AUTHORITY

- 4.1 The Committee is authorised to delegate certain responsibilities to professional experts in the management of the Fund's asset based on prudence and due diligence principles. All expenses for such experts must be customary and reasonable, and be borne by the Fund.
- 4.2 The Fund Managers must be aware of their roles and responsibilities as fiduciaries. They should acknowledge this in writing. They will be given full discretion to make all investment decisions as long as they operate within

the policies, guidelines, constraints and philosophy as outlined in the Investment Policy Statement.

4.3 Specific responsibilities of the Fund Manager include:

4.3.1 Discretion in making decisions to buy, sell or hold with deviations from the asset allocation targets within limits established in the policy.

4.3.2 Reporting to the on investment performance and financial condition of the Fund on a quarterly basis.

4.3.3 Keeping the Committee informed in a timely manner on changes to economic outlook, investment strategy or any other factors that may affect the Fund and the fulfilment of its investment objectives.

4.4 The Committee is authorised to determine the annual pay-outs from CFS endowment funds.

5. MEETINGS

5.1 The quorum of members of the Committee shall be two (2). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5.2 The Committee shall meet not less than twice a year and at such other times as the Chair of the Committee shall require.

5.3 Any member of the Committee or Management may request for a meeting at any time if they consider it necessary.

5.4 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be given to the members of the Committee prior to the meeting in a timely manner.

5.5 The proceedings and resolutions of all Committee meetings, including the names of those present and in attendance, shall be duly minuted.

5.6 After each Committee meeting, the Chairperson shall report the Committee's findings and recommendations to the Board.

5.7 Minutes of Committee meetings shall be circulated to all members of the Committee, Management and the CFS Board.

6. TERMS OF REFERENCE

- 6.1 CFS Management will review, adjust and seek approval for the terms of reference when necessary to ensure that they remain relevant.

Prepared by:	Catherine Loh
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