

INVESTMENT POLICY EXECUTIVE SUMMARY

(Effective May 1, 2025)

**JEWISH
FOUNDATION**
of GREATER TORONTO

PURPOSE OF STATEMENT

The Statement of Investment Objectives and Policies (the “Statement”) is intended to:

- A. Outline the investment related responsibilities of the Jewish Foundation of Greater Toronto (the “Foundation”), staff, Investment Committee, Board of Directors or its delegate operating committee the Trustees (the “Board”), and the providers of investment services retained to assist with the management of the Jewish Foundation’s assets.
- B. Establish formal yet flexible investment guidelines incorporating prudent risk parameters, appropriate asset guidelines, and realistic return goals.
- C. Ensure that the funds held by the Jewish Foundation are invested in a prudent manner in order to optimize long-term returns at an appropriate level of risk.
- D. Provide a framework for regular constructive communication between the Board, Investment Committee, staff, and the Jewish Foundation’s providers of investment services.
- E. Create standards of investment performance which are historically achievable and by which the investment managers agree to be measured over a reasonable time period.

It is expected that the Statement will be reviewed annually by the Investment Committee and amended as necessary by the Board to ensure the relevance of its contents.

INVESTMENT OBJECTIVES

The Jewish Foundation is expected to operate in perpetuity. It also has an annual financial obligation based on the minimum disbursement quota requirement of the Canada Revenue Agency¹, which must be met regardless of how the investment portfolio is performing in the short term. Being risk averse is thus critical for the Jewish Foundation to ensure that it has the money it needs when it requires it. At the same time, the Jewish Foundation also faces the risk of the loss of purchasing power if a conservative asset mix fails to beat the rate of inflation.

To address the above risks of the investment portfolio’s support of the Foundation’s mission, the Jewish Foundation has adopted a long-term diversified investment strategy, and seeks to earn a real (after deducting inflation) return that meets or exceeds the sum of:

- The annual distribution rate from the portfolio
- Inflation
- The cost of managing and administering the funds
- Some reserve to buffer against future market declines

¹ CRA’s Disbursement Quota requires a minimum distribution level of 5% of the average market value of the endowment funds for the immediately two preceding fiscal years.

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RESPONSIBILITIES OF THE INVESTMENT COMMITTEE

The Investment Committee has advisory responsibility to the Board. It advises or recommends the general investment policy for the Jewish Foundation's pooled assets, and is responsible for guidance, monitoring, and oversight of the investment program. This program may not include certain assets that fall under the direct supervision of the staff, including State of Israel bonds, short-term investments, segregated funds, private shares, and miscellaneous strip bonds.

The Committee meets at least quarterly, prior to regular Board meetings. The Chair reports to the Board. The minutes of the meetings are available to the Board.

In the event a conflict of interest arises, the individual or group involved must immediately notify the Chair of the Investment Committee and may not participate in the decision-making process concerning the transaction in question.

INVESTMENT POLICIES

PURPOSE DRIVEN INVESTING

The Jewish Foundation uses a Purpose Driven Portfolio strategy to establish policy weights for each asset group. In this structure, asset allocation is a function of aggregate portfolio goals. Broad asset classes are not the primary focus. Investment allocations are based upon their ability to further the goals of the total portfolio and are evaluated in this context. With this in mind, the assets are grouped into two primary categories:

- **Growth Assets:** The goal of the strategies within this area of the portfolio is primarily to provide for capital appreciation. These strategies will be more volatile and contain greater equity market exposure than other areas of the portfolio.
- **Risk Reducers:** As the name suggests, these strategies are designed to provide portfolio stability and reduce overall portfolio risk while providing liquidity. The assets in this portfolio are there both for normal market environments as well as times of crisis.

ASSET ALLOCATION

This asset mix is designed to achieve reasonable diversification and thereby reduce the risk associated with undue concentration. This strategy may be changed from time to time on the recommendation of the Investment Committee. The table below breaks down the long-term asset allocation targets to growth and risk reduction assets, as well as the underlying asset class targets within the broad asset classes.

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LONG-TERM POLICY TARGETS

ASSETS CLASS	MINIMUM	TARGET	MAXIMUM
GROWTH ASSETS	50.0%	70.0%	80.0%
Canadian Equity	0.0%	4.5%	10.0%
Foreign Equity	10.0%	35.5%*	70.0%
U.S. Equity	6.0%		42.0%
International Equity	3.0%		21.0%
Israel Equity**	0.0%		5.0%
Emerging Markets Equity	1.0%		15.0%
Total Public Equity	20.0%	40.0%	70.0%
Private Equity	0.0%	12.0%	25.0%
Private Debt	0.0%	7.0%	15.0%
Private Real Assets	0.0%	6.0%	15.0%
Total Private Investments	0.0%	25.0%	40.0%
Liquid Real Assets	0.0%	5.0%	15.0%
Total Private Investments & Liquid Real Assets	0.0%	30.0%	45.0%
Risk Reduction Assets	20.0%	30.0%	50.0%
Defensive Fixed Income	10.0%	15.0%	35.0%
Defensive Hedge Funds	5.0%	15.0%	25.0%
Cash	0.0%	0.0%	10.0%

* Foreign Equity underlying category weights should attempt to mimic the MSCI All Country World Index weightings, excluding Canada and Israel which are intentionally overweight.

** Israel should be a minimum of 2% of the portfolio, but additional exposure may be gained via Israel Bonds

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Given the nature of the private capital asset classes (private equity, private debt, and private real estate), the Foundation understands that any portfolio transition involving these asset classes may take several years to implement.

The minimum allocation to Israel across all assets held by the Foundation, including State of Israel bonds which may reside outside the pooled portfolio, shall be 2% of the Foundation's total assets. As a component of this, the Foundation's pooled portfolio shall have investments in securities in Israeli or Israeli-based issuers (other than government-issued debt) that, on a percentage basis of the aggregate total Foundation pooled portfolio, totals at least three times the global market capitalization weighting of Israel in the MSCI All Country World Index.

REBALANCING POLICY

The Investment Committee has the discretion to allocate assets within the ranges stated above. Staff and the Investment Consultant will monitor the portfolio allocation on a monthly basis. If the estimated portfolio mix is not in compliance with the ranges on a market value basis, staff, with the assistance of the Investment Consultant, will notify the Chair of the Investment Committee typically by email and recommend appropriate actions. The Chair of the Investment Committee has the authority to authorize rebalancing that brings the portfolio toward long-term asset allocation targets, and at the Chair's discretion to call an interim Investment Committee meeting to discuss potential changes to the asset allocation should extraordinary market events occur or if the rebalancing recommendation moves the portfolio away from the long-term asset allocation targets.

Additionally, each calendar quarter, the Investment Committee will formally review the total portfolio for compliance with the asset mix guidelines.

The Jewish Foundation is expected to use cash flows, such as contributions or distributions, to bring asset class weightings back to within the ranges and toward long-term targets. The timing and frequency of any rebalance is subject to liquidity constraints of the underlying investments.

If at any time, the portfolio mix is not in compliance with the ranges and the Investment Committee elects not to rebalance, the Investment Committee will inform the Board of its intentions.

RESPONSIBLE INVESTMENT BELIEFS STATEMENT

The Jewish Foundation of Greater Toronto believes that environmental, social, and governance ("ESG") issues can have a material impact on the risks inherent in and long-term risk-adjusted returns achieved by the Foundation's investment portfolio. We believe that adopting sound ESG practices, aligned with the mission of the Foundation, will enhance the Foundation's partnerships with its stakeholders.

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The Investment Advisory Committee will balance the maximization of long-term risk-adjusted returns with the values that define the Jewish Foundation. To this end, the Investment Advisory Committee will advance the following strategies related to ESG best practice:

- Integration of ESG factors in the evaluation of new managers and in the analysis of the Foundation's portfolio performance on an ongoing basis
- Active stewardship with the Foundation's investment managers to encourage improving their ESG risk management and disclosure, both for the portfolios they manage and for their underlying portfolio companies
- Policy exclusions of investments in companies or issuers that are outside of the values of the Foundation. Currently, investments that participate in the Boycott, Divestment, Sanctions (BDS) movement or that are headquartered in countries deemed to be state sponsors of terrorism by the Government of Canada or the U.S. Department of State are excluded by policy from our portfolio
- Proactive inclusion of investments in Israel

On an ongoing basis, and at least annually, the Investment Advisory Committee will review and adapt the ESG strategies pursued as its experience with and market best practice of ESG issues evolve.

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