

CANADIAN MUSEUM FOR HUMAN RIGHTS

Investment Policy

This Policy is in effect as at June 18, 2009

INVESTMENT POLICY

1. GENERAL

PREAMBLE

The Canadian Museum for Human Rights became a Crown corporation on August 10, 2008 by proclamation of amendments to the Museums Act. Under the Financial Administration Act, the Board of Trustees is responsible to Parliament, through the Minister of Canadian Heritage, for overseeing the prudent management of the Museum's financial resources including its investments.

PURPOSE

The Canadian Museum for Human Rights receives funds from different sources. From the Government, it receives annual appropriations for operations and capital and it receives donations from private individuals and organizations. The purpose of the Investment Policy is to:

- Establish the objectives and principles for the Museum's investment of these funds;
- Delegate authority to invest to the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer (two of three signatures required).

APPLICATION

This policy applies to the investment of all Museum funds that are in excess of immediate requirements, regardless of their source.

POLICY OBJECTIVES

As a Crown corporation funded both by taxpayers' dollars and the contributions of private sector donors, the Board of Trustees of the Canadian Museum for Human Rights ("the Museum") is committed to prudent management of the resources for which it is accountable. Although the Board of Trustees sets no annual rate of return for the Museum's investments, prudent management calls for a cautious approach in the Museum's investment strategy. To this end, the Board of Trustees has established the following investment objectives:

- To invest funds with maximum prudence to preserve the capital to meet future disbursement requirements;
- To seek an optimal rate of return relative to the high level of desired security;
- To keep funds reasonably liquid in order to meet payment requirements;
- To authorize investment transactions in accordance with the delegations of financial signing authorities.
- To maintain a high degree of financial preparedness;
- Have ready access to funds as a source of payments;
- To increase fund values consistent with safeguarding principal amounts invested.

SAFETY OF CAPITAL

The Fund should be conservatively invested to protect the capital against undue financial and market risk. The Fund, at all times, will be invested in a mix of cash-equivalent instruments such as Government of Canada Treasury Bills and high-quality fixed-income securities. The Fund cannot be invested in equities.

LIQUIDITY

As the Fund will experience periodic cash outflows, it is essential that the Fund invest in liquid securities.

FUTURE REQUIREMENTS

The Fund shall be invested in such a manner so as to balance safety of capital with the need to increase capital for future obligations – with the safety of capital being the primary objective.

2. ROLES AND RESPONSIBILITIES

The main roles and responsibilities of the Museum, the Manager, and the Custodian concerning the administration and investment of the Fund are summarized below.

CANADIAN MUSEUM FOR HUMAN RIGHTS

- authority to invest is delegated to the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer (two of the three signatures are signatures required);
- internal auditors will periodically audit the Museum's investment processes and procedures;
- establish and review the Statement of Investment Policy as required;
- review the Statement periodically and make necessary amendments;
- select the Manager and Custodian; and
- monitor investment results according to the investment objectives defined in the Statement.

THE MANAGER

- invests the assets of the Fund in accordance with this Statement;
- exercises full investment discretion within the scope of this Statement;
- participates in the annual review of this Statement;
- provides periodic reports regarding:
 - the status and performance of the portfolio
 - economic and financial market outlook, and
 - associated investment strategies;
- notifies the Museum in the event the Manager believes the Statement's procedures and policies are adversely affecting performance or are unattainable;
- notifies the Museum of any issue that may impact the investment of the Plan's assets;
- notifies the Museum of changing market or economic conditions or other events that suggest a special meeting or action by the Museum is necessary;
- conducts periodic presentations to Museum regarding:
 - the return of the total Fund as well as each major asset class over the reporting period,
 - expectations on the economic and financial market outlook, and
 - associated investment strategies;

- explains the characteristics of new asset classes or investment instruments and how they may assist in achieving the Fund's objectives;
- instructs the Custodian regarding the execution of proxies.

THE CUSTODIAN

- holds the assets of the Fund in respect to applicable legislation;
- disburses monies from the Fund as required;
- keeps records, confirms positions and performs reconciliations for the Fund.

3. ASSET CLASSES ELIGIBLE FOR INVESTMENT

From time to time, and subject to the guidelines contained herein, the Fund's assets may be invested in any or all of the following asset categories. These assets may be obligations of Canadian and provincial governments and their agencies, or corporations and shall be denominated in Canadian dollars.

CASH AND CASH EQUIVALENTS

Short-term investments shall include Cash, Treasury Bills, Corporate Paper, Bankers Acceptances, Bonds, Debentures, Debt Instruments, Bank-issued Asset-Backed Securities, Promissory Notes, Discount Notes, Guaranteed Investment Contracts, or Term Deposits, or other money market securities issued by governments and their agencies or corporations maturing within one year; or Floating Rate Notes, and other forms of corporate indebtedness.

FIXED INCOME

Fixed income investments shall include Bonds, Debentures, Notes or other Debt Instruments, NHA-insured and government guaranteed Mortgage-backed Securities.

4. ASSET MIX

The Museum has the authority to establish the asset mix for the Fund that is consistent with the cash inflow and cash outflow objectives.

5. INVESTMENT GUIDELINES

Consistent with the Objectives established in this Policy, the Board of Trustees has established the following investment guidelines. Investment constraints apply at the time of purchase. It is the intention of the Museum to allow the Manager full discretion regarding the investment of the Fund within the scope of the agreed upon guidelines and restrictions.

Within each asset class, the Manager will ensure that all investments are expected to conform to the guidelines presented in this Statement. In addition to the industry and economic sector limitations

indicated, the Manager is expected to exercise prudence and follow internal policy norms as set from time to time.

CASH AND CASH EQUIVALENTS (INCLUDES MONEY MARKET FUND INVESTMENTS)

- Minimum credit rating at time of purchase for any single security R-1 low or A1 low or equivalent
- Maximum term to maturity of any single security 1 year
- Maximum term to maturity for Floating Rate Notes (FRN) having coupon reset of no less than once per year 2 years
- Maximum exposure to FRN 20%
- Maximum exposure to Government of Canada 100%
- Maximum exposure to corporates: 50%
- Maximum exposure to a single Corporate issuer: 10%
- Maximum aggregate exposure to foreign corporations and foreign issuers issuers in Canadian dollars: 30%

BONDS

- Minimum exposure to federal and provincial government and government guaranteed bonds (including strips & residuals) 50%
- Minimum average credit rating for the Fund (market value weighted) "AA"
- Minimum credit rating at time of purchase for any government security "A"
- Minimum credit rating at time of purchase for any corporate security "AA low"
- Maximum exposure to Government of Canada 100%
- Maximum exposure to Provincial 50%
- Maximum exposure to corporates 50%
- Maximum exposure to foreign corporates 30%
- Maximum exposure to municipalities 20%
- Mortgage-Backed Securities (NHA- insured, government guaranteed) (with a minimum pool size of \$25 million for liquidity) 25%
- Maximum deviation in duration: Liabilities \pm 0.25 year
- Maximum term to maturity on any single security dependent on cash outflow years
- Maximum exposure to a single Provincial issuer: 30%
- Maximum exposure to a single Corporate issuer: 10%
- Maximum exposure to securities in group of related companies: 5%
- Maximum exposure to common or preferred equity securities: 0%

All debt ratings refer to the ratings of the Dominion Bond Rating Service, Standard & Poor's Ratings Services, or a recognized rating agency. If the credit rating of a security falls below the minimum rating after the time of purchase, the Manager will divest the security within 30 days.

No part of this portfolio will be invested in options, futures or derivative products. Investment in "pooled funds" or mutual-type investments is permitted only if the underlying investments qualify.

6. INVESTMENT RETURN EXPECTATIONS

INVESTMENT OBJECTIVE

The performance objective of the Fund will be to outperform the 91 day- Canada T-Bill Index by 25 bps over a moving three-year period.

The objectives may be modified at any time by the Museum and accordingly, will be periodically reviewed and monitored based on prevalent market conditions and cash flow requirements.

7. REPORTING

The Manager shall provide the Museum with monthly reporting of investment holdings and will meet with the Museum's Audit committee annually to review Fund performance, provide advice regarding the investment outlook and strategy, and to receive guidance from the Museum. Also, the Manager will meet periodically with the Museum management to discuss operational portfolio issues.

8. CONFLICT OF INTEREST

Any person involved in the investment or in the administration of the Fund may not permit personal interests to conflict with the exercise of duties and powers with respect to the Fund. Such conflicts of interest, actual or perceived, must be disclosed in writing to the Museum immediately.

The Manager must disclose any material interest in any investment or proposed transaction. All investment activities of the Manager and employees of the Manager shall be conducted in accordance with the Code of Ethics and the Standards of Professional Conduct of the CFA Institute, as applicable.

9. REVIEW OF INVESTMENT POLICY

This Policy shall be reviewed by the Museum at least once every year.

Acknowledgement by Officer:

Chief Executive Officer

Date: _____

Chief Operating

Date: _____

Chief Financial Officer

Date: _____