Investment Policy
Decision Item
May 2026

RODS' Investment Policy: History

- No investment policy from 1976-2024
- Policy established in Fall 2024
  - authorizes investments in GICs.
  - this is RODS' current policy.
  - intent was to serve as a bridge until a more comprehensive policy could be developed.

RODS’ Business Model

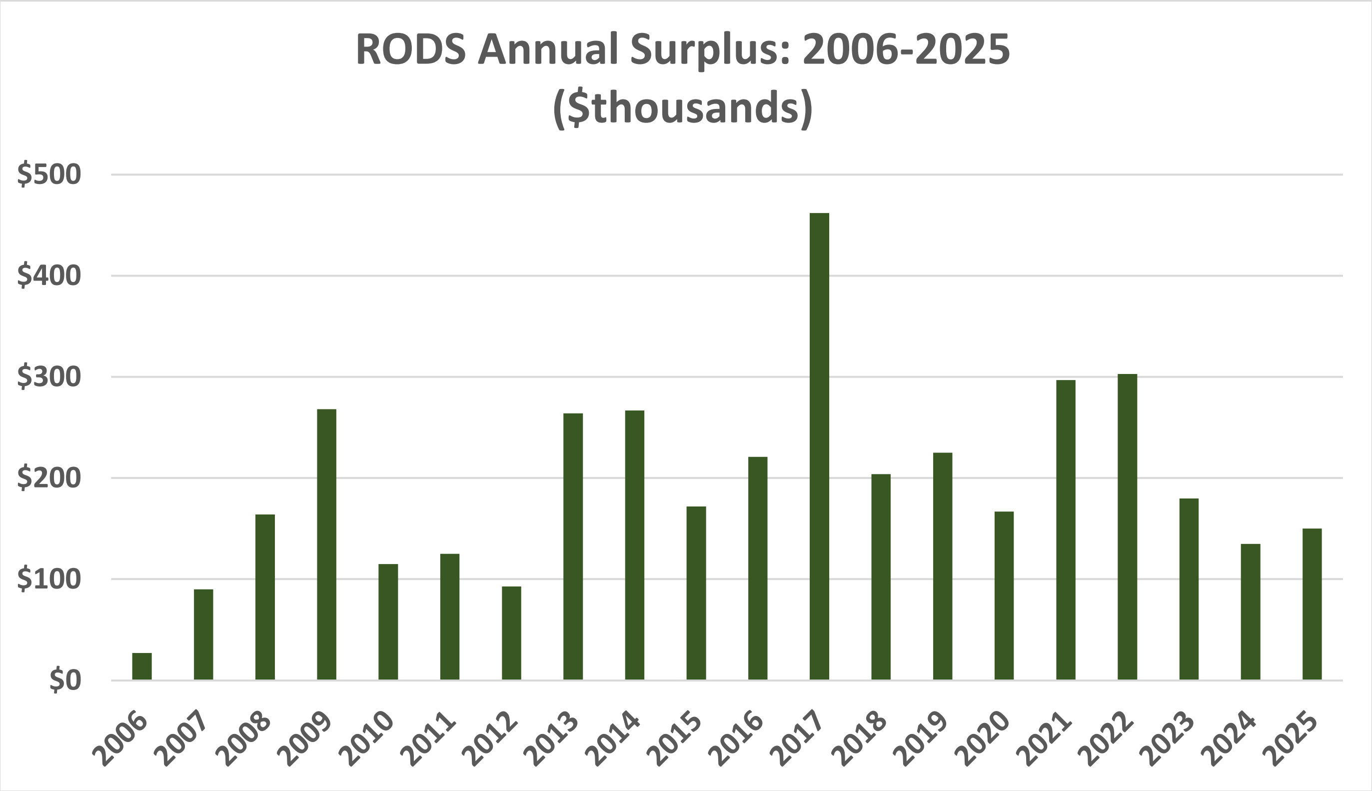
- RODS’ primary activity is fee for service program delivery for the federal and provincial governments.

- Generally, this means only spending dollars that can be recovered from a government.

Implication: high probability of avoiding a deficit

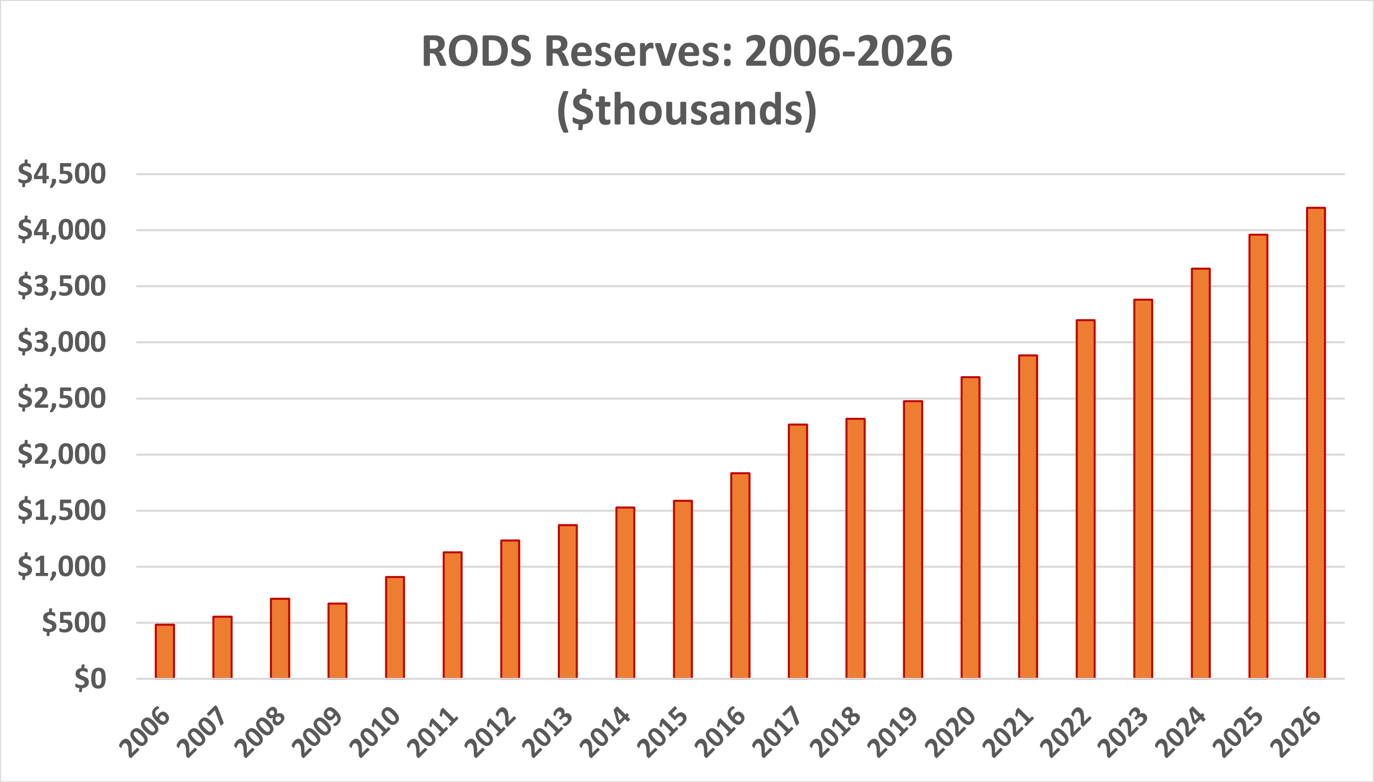
RODS’ Business Model: Outcomes

20+ consecutive years of surplus!

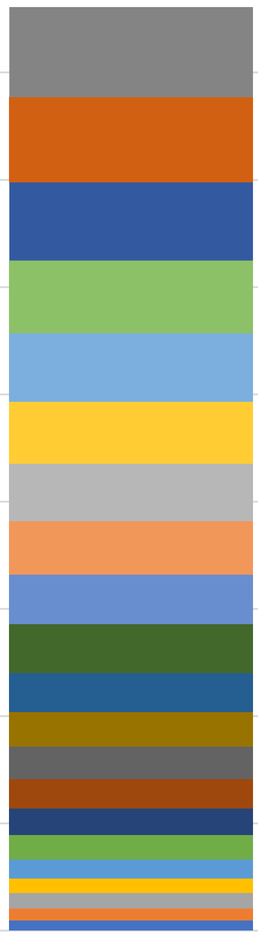


RODS' Business Model: Outcomes

20+ consecutive years of growing reserves!



Funds have accumulated. Each year's surplus stacks on top of the previous years' results.



The Issue Facing the Board

RODS' business model does not align with its strategy or financial management practices.

Strategy:

- 2025-26 is the first year that the Board has seriously addressed the issue of what to do with the surpluses that result from its business model – take a bow!

- Some preliminary steps have been taken, but only on an ad hoc basis (e.g. Board development, extension of communications staff member 50th anniversary funding). There are no overarching medium or long-term goals. Best example is the Newcomer Emergency Reserve.

Financial Management

- Define a purpose for the money – even at an extremely high level – an invest the funds in alignment with that purpose.

- Good work was done at the January retreat! Lots of talk about a vision for RODS and

The Investment Policy

- Finance Committee received presentation from RBC Dominion Securities (Stefan Wealth Group)

- RBC provided a template for an investment policy which formed the basis for the proposed policy (see Appendix A of decision item)

- If approved, an external investment manager would be retained to manage RODS' funds that are not needed for the near term.

- The proposed asset allocation is a 40-60% range for equity and fixed income securities, with a target allocation of 50% to each category.

The Investment Policy (cont.)

Key Implications:

- Losses may occur in any given year;
- Unrealized gains and losses would flow through RODS' annual statement of income;
- RODS would incur investment management fees, which would reduce investment returns to RODS. Investment fees are estimated to be 0.55% per year.

The Investment Policy (cont.)

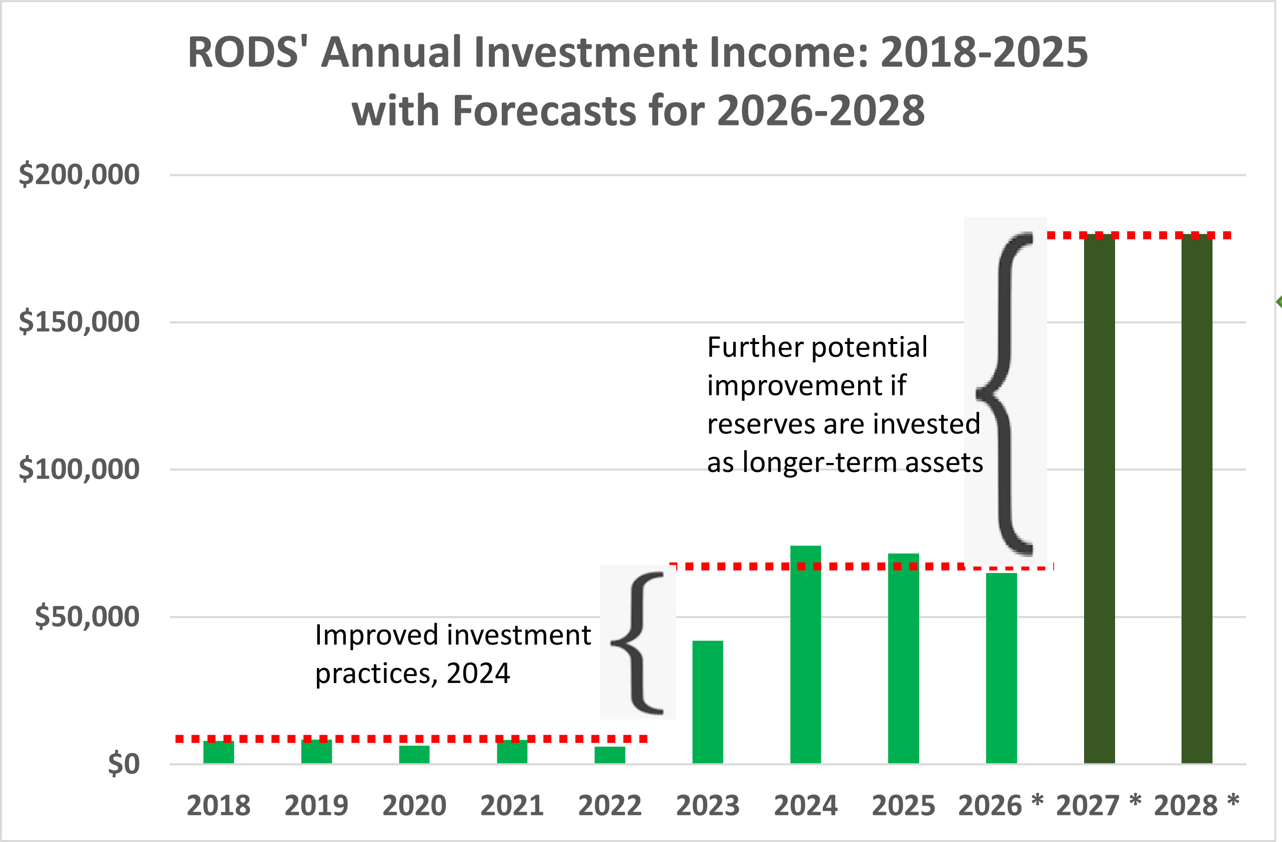
- Expected returns over medium term (based on long-term historical returns):

Long-term expectation	Cashable GICs	Balanced Portfolio
Nominal return	2.00%	6.00%
Inflation	-2.00%	-2.00%
Fees	0.00%	-0.55%
Real return	**0.00%**	**3.45%**

- Current investments in GICs earn approximately the rate of inflation. This means that they are an effective means of preserving capital, however meaningful growth of capital is highly unlikely.

- A 50/50 balanced portfolio is expected to earn 3-4% per year after inflation. This could generate incremental income of perhaps $100,000 per year versus current practice.

What is possible?



Assumes 5.5% annual return on $3.2M

* assumption/forecast

Any questions?

Procurement of Inevestment Management Services Decision Item May 2026

Alternatives for Investment Management

- Deliver investment services in-house
  - specialized expertise required
  - not economically feasible for small not-for-profit
- External management
  - expertise readily available
  - ensures continuity of service
  - preferred pricing for non-profits

Alternatives for Investment Management (cont.)

- Select provider based on RODS' existing banking relationships (RBC and Bank of Nova Scotia)
  - existing relationships offer more efficient access to funds and minimize RODS' administrative work
  - market for services is very competitive; unlikely that a new banking relationship would be worthwhile.

Recommendation: remain within the scope of existing banking relationships

Alternatives for Investment Management (cont.)

- Tender investment services within Regina offices of RBC Dominion Securities and Scotia McLeod (up to 17 providers)
  - enormous effort required to draft tender, assess responses and conduct interviews.

Recommendation: request proposal from Stefan Wealth Group at RBC Dominion Securities.

Any questions?

Update to Reserve Balances and Reserves Policy
Decision Item
May 2026

RODS' Reserves Disclosure

Actual disclosure, 2025:

	2025	2024
Net assets:		
Invested in capital assets	1,706,307	1,860,703
Internally restricted - capital asset reserve (note 10)	200,000	500,000
Internally restricted - newcomer emergency reserve (note 10)	49,280	50,000
Internally restricted - operating reserve (note 10)	2,813,571	2,512,851
Unrestricted net assets	898,642	593,910
	5,667,800	5,517,464

Proposed disclosure, 2026:

	2025	2024
Net assets:		
Invested in capital assets	1,706,307	1,860,703
Internally restricted net assets (note 10)	3,062,851	3,062,851
Unrestricted net assets	898,642	593,910
	5,667,800	5,517,464

Current disclosure:

- cluttered and not very informative
- leaves little room for new reserves

Proposed disclosure:

- consolidates internally restricted amounts
- provides space for new reserves

RODS’ Reserves Disclosure (cont.)

Actual disclosure, 2025:

	2025	2024
Net assets:		
Invested in capital assets	1,706,307	1,860,703
Internally restricted - capital asset reserve (note 10)	200,000	500,000
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Proposed disclosure, 2026:

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Capital asset reserve is too low given the potential for upgrades to Smith Street property: suggest restore $500,000 balance from March 31, 2024

RODS’ Reserves Disclosure (cont.)

- Current “default” internally restricted reserve is the “operating reserve”
- January 2026 Board retreat and 2026-27 budget (and medium term forecast) suggest a consensus that excess funds accumulated over the years would not be directed to backfill government funding cuts.

Actual disclosure, 2025:

	2025	2024
Net assets:		
Invested in capital assets	1,706,307	1,860,703
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Any questions?

Cumulative Returns on a Typical Balanced Fund since 1990

# Years Forward	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1	10%	1%	38%	23%	33%	29%	21%	-9%	-12%	-22%	29%	11%	5%	16%	6%	-37%
2	6%	18%	30%	28%	31%	25%	5%	-11%	-17%	0%	19%	8%	10%	11%	-18%	-11%
3	15%	20%	31%	28%	28%	12%	-1%	-15%	-4%	4%	14%	10%	9%	-8%	-6%	-3%
4	17%	23%	30%	26%	17%	6%	-7%	-5%	-1%	4%	15%	9%	-5%	-1%	-1%	-2%
5	20%	24%	29%	18%	11%	-1%	-1%	-2%	1%	6%	13%	-2%	0%	2%	0%	2%
6	22%	24%	21%	13%	4%	4%	1%	-1%	3%	6%	2%	2%	3%	2%	2%	6%
7	22%	18%	16%	7%	8%	5%	2%	1%	3%	-2%	6%	4%	3%	4%	6%	7%
8	17%	14%	10%	9%	8%	5%	3%	2%	-3%	2%	7%	4%	4%	7%	7%	7%
9	14%	9%	12%	10%	8%	6%	4%	-4%	0%	3%	6%	5%	7%	8%	6%	7%
10	9%	11%	12%	9%	8%	6%	-1%	-1%	1%	3%	7%	7%	8%	7%	7%	8%
11	11%	11%	11%	10%	8%	1%	1%	0%	1%	4%	9%	8%	7%	8%	8%	7%
12	11%	11%	12%	9%	3%	3%	2%	1%	3%	6%	10%	7%	7%	9%	7%	9%
13	10%	11%	11%	5%	5%	4%	2%	2%	5%	7%	9%	8%	9%	8%	9%	10%
14	11%	11%	7%	6%	6%	4%	3%	4%	5%	6%	9%	9%	8%	9%	9%	11%
15	10%	6%	8%	7%	5%	4%	5%	4%	5%	7%	10%	8%	9%	10%	11%	9%
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18	8%	8%	9%	8%	8%	6%	5%	5%	6%	8%	11%	11%	9%	10%		
19	8%	8%	10%	9%	7%	6%	6%	5%	7%	9%	11%	9%	10%			
20	8%	9%	10%	8%	8%	7%	6%	6%	7%	10%	10%	10%				
21	9%	9%	9%	8%	8%	7%	7%	7%	8%	8%	11%					
22	9%	9%	10%	9%	8%	8%	7%	8%	7%	9%						
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25	10%	9%	10%	10%	10%	8%	8%									
26	9%	10%	11%	10%	9%	8%										
27	10%	10%	11%	9%	9%											
28	10%	11%	10%	10%												
29	11%	10%	10%													
30	10%	10%														
31	10%															

# Years Forward	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	26%	15%	2%	16%	32%	14%	1%	12%	22%	-4%	31%	18%	29%	-18%	26%
2	21%	8%	9%	24%	23%	7%	7%	17%	8%	12%	25%	23%	3%	2%	
3	14%	11%	10%	20%	15%	9%	11%	9%	15%	14%	20%	8%	10%		
4	15%	16%	16%	15%	14%	12%	7%	14%	16%	16%	13%	12%			
5	18%	15%	13%	15%	16%	8%	12%	15%	18%	9%	16%				
6	17%	13%	12%	16%	12%	12%	13%	17%	11%	12%					
7	15%	13%	14%	13%	15%	13%	15%	11%	13%						
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12	15%	15%	12%	14%											
13	16%	12%	13%												
14	13%	13%													
15	14%														

Calendar-Year Annualized Forward Returns