



Vancity Investment Management



Vancity Investment Management provides you with direct access to an experienced, dedicated Portfolio Manager who will actively monitor and professionally manage your account.

Thank you for taking the time to consider selecting **Vancity Investment Management** for your investment needs. We recognize that choosing where to place your personal savings is one of the most important decisions that you'll ever make. For that reason, we'd like to ensure that you have a complete understanding of our investment philosophy, how we do business and how we would create and manage your individual portfolio to help you meet your financial goals.



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Who we are

Vancity Investment Management was established in 1984 and is a wholly owned subsidiary of Vancity. We provide discretionary investment management services to individuals, unions, foundations and other institutions. Registered as Portfolio Managers with the British Columbia Securities Commission, our team can help clarify your personal investment goals and then act on your behalf to help you achieve them.

Our services appeal to those who do not have the time, knowledge or desire to actively manage their financial holdings and prefer to let an investment professional make their day-to-day investment decisions. Our clients go about their everyday lives secure in the knowledge that their financial affairs are on track.

Our disciplined approach to the process of investing means that your portfolio is always professionally managed and continually monitored to achieve your investment goals and maintain your peace of mind. Whether your objective is to maximize income, pursue long-term growth, or a balance of the two, we can build an investment strategy that's right for you.

How discretionary investment management can work for you

Many individuals feel they do not have the time, desire or expertise to properly analyze, research and select the appropriate mix of securities for their portfolios. Discretionary investment management means that we will assume responsibility for the proactive day-to-day management of your investments. We will research and select suitable investments and structure your portfolio's bond/equity asset mix according to your personal investment goals and objectives.

Our goal is to achieve the maximum rate of return for you consistent with your objectives—to provide good, steady, long-term performance by controlling risk through diversification and asset allocation. Our management process is dynamic, which means that your investment portfolio is continually adjusted to reflect changes in your financial objectives and in prevailing market conditions.

Whether you are a retiree, an entrepreneur, a professional or a frequent traveller, you can now consolidate your assets in one place and deal with one person who can professionally manage your investments on a full-time basis. Each of our clients has a dedicated professional actively managing and continually monitoring his or her portfolio. As a result, our clients can spend more time doing what they value—whether it's pursuing a career, spending time with family or simply enjoying their free time.

In addition, there are other advantages to keeping your assets with one organization and having your different financial accounts consolidated. For instance, it can simplify your record keeping since all capital gains, losses and interest are reported and summarized for you on a single client statement. This is convenient when completing your income tax return.

Institutional clients, such as unions and non-profit organizations, can also benefit from discretionary investment management services. Our union clients generally have surplus or strike funds, a portion of which they want invested on a longer term basis in order to enhance their returns. Security selection can be tailored to meet your organization's specific investment guidelines. For example, a union may only want to invest in companies with progressive labour practices. Furthermore, strict screening with regard to environmental and social issues can also be incorporated into the investment program.

Your customized investment portfolio

We recognize that every individual has different needs and objectives, so we structure your investment portfolio based on the following considerations:

- market experience and risk tolerance
- investment time horizon
- need for income or occasional withdrawals
- tax situation
- retirement plans
- ethical concerns



Taking into account your unique requirements, we develop an Investment Policy Statement that sets out your investment objectives, risk profile and any other specific guidelines that are important to you. This statement then becomes our guiding document in the daily management of your investment account and helps us to establish the appropriate asset mix for you between bonds and equities. Your Investment Policy Statement can be amended as your investment objectives change over time.

Your account is completely “segregated”—that is, kept separate from other clients. It is not pooled with other personal accounts or invested in mutual funds. You own the securities in your own name, which makes them completely liquid, without penalty, if funds are needed in case of an emergency.

The fact that your portfolio is a segregated account held with a trust company in your name allows for maximum flexibility in tailoring your financial holdings to your specific investment needs. It also allows for better tax planning, as capital gains can be timed in accordance with your overall tax situation.

Once your portfolio is established, your personal portfolio manager will continually monitor and manage it to ensure that your assets remain optimally allocated. Our primary objective is to maximize your investment returns given the specific goals and objectives outlined in your Investment Policy Statement.

Regular client contact

Maintaining a solid, on-going relationship with each of our clients is very important to us. We like to keep in regular contact with you—through meetings or by telephone—to keep you up to date on your portfolio’s performance. This dialogue also ensures that we continue to meet your personal investment objectives and allows us to revise your Investment Policy Statement as your financial goals evolve.

Reports detailing your holdings and transactions are mailed to you on a quarterly basis. Your personal portfolio manager is also available to you at any time if you have questions or concerns about your account, a specific company or the market in general.

Our investment philosophy

Our investment philosophy is based on prudent investment principles with the goal of achieving consistent and above-average returns for our clients. We believe that a sound investment plan, a well-diversified portfolio of quality companies and regular portfolio rebalancing will help meet long-term investment goals. We also believe that this strategy will make periods of market volatility more tolerable.

We are long-term investors, holding quality companies for three to five years, preferably longer. This helps maximize after-tax returns by deferring capital gains tax and providing higher compounding of investment returns. We don’t believe that market timing is a successful investment strategy but instead emphasize appropriate asset mix, industry selection and owning well-managed, quality companies.

We use a “top-down” approach to investing. First, we examine the macro-economic outlook and forecast expected returns for stocks and bonds. Second, we decide which industries have the most favourable outlook and should outperform the market as a whole. Finally, we choose the best companies within those industries. During this process, we also consider security specific attributes, such as dividend yield, volatility versus the market (a stock’s beta), and trading history, including “technical” indicators to help identify when to buy and sell.

It is through our own fundamental research and financial analysis that we determine the best Canadian and U.S. companies in their respective industries. We then seek opportunities to purchase their shares at reasonable prices. A “quality” company would have some of the following characteristics:

- strong and growing earnings as measured by return on equity
- profitability exceeding its cost of capital
- ability to generate excess free cash flow above spending requirements
- a strong balance sheet
- high industry barriers to entry or a sustainable competitive advantage
- large market share
- a dominant, low-cost producer
- forward-looking, professional management
- high standards of corporate governance

The fixed-income, or bond portion of the portfolio is managed to provide a total return consisting primarily of interest income but with some capital appreciation. The majority of investments are high-quality, fixed-income securities issued by Canadian governments and corporations. The benefit of holding bonds is to provide regular income and also to maximize diversification.

Our fixed-income strategy leverages our macro-economic forecast. In order to achieve high, real rates of return, we focus on identifying interest rate trends, which are primarily driven by the strength of the economy and inflation expectations. Our outlook determines bond portfolio maturity and industry sector allocation.

Professional management

Vancity Investment Management is a team of registered investment specialists who work as a cohesive whole to manage your portfolio. Decisions are made by the team of managers, which ensures a disciplined investment approach, as well as consistency of style and performance.

How and what we choose to buy is always a completely unbiased process, unencumbered by any association with another business or institution that might compromise our objectivity. The management fees you pay are the only form of compensation we receive.

We have adopted the CFA Institute Code of Ethics and Standards of Professional Conduct as our policy governing employees. The CFA Institute is the regulating body for Chartered Financial Analysts. We are also registered with the British Columbia Securities Commission, which oversees all aspects of securities regulation and registration.

Socially responsible investing

We incorporate principles of socially responsible investing (SRI) in our equity selection analysis. Certain industries or companies are screened out for social or environmental reasons, such as tobacco manufacturers and nuclear weapons suppliers. Ethical investing also makes sense because companies that have high potential liabilities—for environmental or health reasons, for example—and those that treat their workforce poorly are less likely to be productive and profitable. Your own ethical considerations can be discussed directly with your portfolio manager and incorporated into your personal investment plan.

Management and custodial fees

Vancity Investment Management is responsible for all the investment decision-making for your portfolio. The fee for this service is 1% per year based on the value of assets under management and is reduced on amounts over \$1 million. The custodial fee is an additional 0.25% per year. For non-registered accounts, both fees are normally tax-deductible.



Why Vancity Investment Management?

Professional management

Vancity Investment Management provides you with direct access to an experienced, dedicated portfolio manager who will actively monitor and professionally manage your account.

Objective advice

Your investments are made in a disciplined manner based solely on your personal investment objectives. You have the added peace of mind knowing that the advice you receive is completely unbiased and objective.

Segregated investment portfolio

Your account is completely segregated, which allows your portfolio to be customized to meet your individual needs. Assets are invested in high-grade stocks and bonds—as opposed to pooled funds or mutual fund units—and are held directly in your individual account.

Strong client relationships

We value our clients as individuals and like to keep in regular contact with you so that we can help you realize your unique financial goals and aspirations.

The Vancity difference

We are part of the Vancity Group—owned by our members. Our bottom line is measured by social and environmental success, as well as traditional financial results. It's a balance that we work towards every day so you can continue to enjoy great service, invest in your community and share in our profits.

Contact us

If you would like to make an appointment to meet with one of our portfolio managers, have any additional questions or would like to receive more information about Vancity Investment Management, please call 604.871.5355 or email us at vcim@vancity.com



Vancity Investment Management Ltd.

300 - 900 West Hastings Street

Vancouver BC V6C 1E5

Tel: 604.871.5355

Fax: 604.877.4963

Web: vcim.ca

Email: vcim@vancity.com

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