

INVESTMENT POLICY STATEMENT

Policy Number	Policy Name
Author	
Attachments	
Approved By:	Date Approved
Last Date Modified	

I. Statement of Purpose

The purpose of this Investment Policy for the Opportunity Calgary Investment Fund is to establish and maintain practices and procedures to invest public funds into investment vehicles established and operated by third parties ("**Investment Fund**") in accordance with the Terms of Reference for the Opportunity Calgary Investment Fund as established and approved by City Council ("**TORs**").

II. Statement of Responsibilities

Opportunity Calgary Investment Fund Board of Directors:

- A.** Select Investment Fund.
- B.** Set the goals, objectives and risk tolerances for the Investment Fund to be invested in and approve terms of investment agreements.
- C.** Exercise the rights of securityholder available to it to approve the appointment and terms of service for all investment managers of the Investment Fund.
- D.** Review activity, performance and compliance of the Investment Fund at intervals determined by The City of Calgary.
- E.** Recommend changes to this Investment Policy Statement to City Council as needed.
- F.** Ensure compliance with the Investment Policy Statement at all times.

The City of Calgary

- A.** Provide support to Opportunity Calgary Investment Fund when subscribing to or otherwise making investments into an Investment Fund to ensure The City's requirements (including, but not limited to, Investment Fund structure and reporting obligations) are met.
- B.** Provide support to Opportunity Calgary Investment Fund in the reporting and accounting for all investments.
- C.** Hold the investments in The City's name at a third-party custodian of The City's choosing.
- D.** Appoint Opportunity Calgary Investment Fund its proxy and representative relative to its securityholder rights, unless and until The City determines to revoke such appointment.

Custodian

A third-party custodian, selected and contracted by The City of Calgary, will hold all equities, units or other investment holdings relating to any Investment Fund.

OPPORTUNITY CALGARY INVESTMENT FUND (OCIF)

INVESTMENT POLICY STATEMENT

III. Investment Goals and Objectives

Objective

The primary objective is to fulfil the mandate and goals of the Opportunity Calgary Investment Fund established in its TORs through deployment of capital on a long-term investment basis to an underserved segment of the Calgary market. A gap exists between Seed to Series A level capital where companies have early revenues and are starting to grow. Providing capital to this space is expected to promote job creation as well as economic growth and diversification within Calgary.

Risk Tolerance

The nature of the venture capital space is that risk tolerance is high. While risk shall be mitigated through careful and strategic construction, governance and management of the Investment Fund, risk will still be high due to (i) where the target companies are in their life-cycle; (ii) the industry in general and economic factors; and, (iii) the requirement that the Investment Fund be focused on projects and investment with a direct economic benefit to Calgary.

Time Horizon

It is expected that an Investment Fund will hold investments for the long-term and the life of the Investment Fund will exceed ten years.

IV. Asset Mix

The manager of the Investment Fund will have full discretion to manage the Investment Fund subject to restrictions set forth in the *Major Cities Investment Regulation* (Alberta Reg 249/2000) ("Regulation"), the TORs, the applicable Operating and Funding Agreement between The City and Opportunity Calgary Investment Fund Ltd. and any investment agreement between The City and/or Opportunity Calgary Investment Fund and an Investment Fund.

V. Investment Preferences and Constraints

The manager of the Investment Fund shall at all times be required to adhere to the "prudent person rule" as understood generally by the investment community in Canada and Alberta and as required of The City under the Regulation. The prudent person rule requires that all investment managers:

- Act in all matters with loyalty, impartiality and prudence.
- Maintain overall Investment Fund risk at a reasonable level in context of purpose of Opportunity Calgary Investment Fund.
- Provide for the reasonable diversification of investments. An investment manager can invest in any allowable asset as long as it meets the requirements of prudent investment and considers the Investment Fund in its entirety.
- Consideration of the purpose of Opportunity Calgary Investment Fund.

OPPORTUNITY CALGARY INVESTMENT FUND (OCIF)

INVESTMENT POLICY STATEMENT

All investments shall meet the requirements as defined in the Opportunity Calgary Investment Fund Operating and Funding Agreement with The City of Calgary.

VI. Performance and Reporting

A. Reporting Requirements

Opportunity Calgary Investment Fund shall ensure that any subscription, limited partnership agreement or other governing documents for the Investment Fund include, at a minimum, the following reporting requirements:

- a. Provide monthly transaction reports
- b. Provide quarterly statements and analysis
- c. Attend at least one Opportunity Calgary Investment Fund meeting per year at the request of the board.
- d. Complete and sign a compliance report each quarter. The compliance report should state whether or not the Investment Fund was in compliance with this policy during the quarter.
- e. Provide investment market value reports which may be prepared in-house, at least annually.