TORONTO FOUNDATION

Toronto Foundation

Investment Policy Statement

Effective January 1, 2021

Approved by Toronto Foundation Board of Directors
September 16, 2020

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1. Background

Since 1981 the mission at the Toronto Foundation, ("TF" or the "Foundation") has been to connect philanthropy to community needs and opportunities. The Foundation provides donors with a simple, powerful and highly personal approach to charitable giving by:

- Providing all the benefits of a private foundation without the related investment, administrative, regulatory and reporting requirements;
- Offering philanthropic services tailored to donors' needs, such as our in-depth community knowledge; personalized granting research; engaging family in their philanthropic goals; and
- Providing superior financial stewardship of donors' funds to ensure maximum effectiveness of their philanthropic dollars.

The Foundation's focus is on providing a superior experience for donors, building endowments that create permanent legacies and offering funds that are held for a medium to longer term, with capital invested in accordance with this investment policy statement.

The Foundation also provides investment pooling services for other charitable organizations, whose funds are invested with Foundation's own funds and accounted for separately.

2. Investment Policy Statement

This Investment Policy Statement identifies the key factors bearing upon decisions for the Foundation's investment portfolio (the "Portfolio") and provides a set of written guidelines for the management of its assets.

This Investment Policy Statement supersedes any existing Investment Policy Statement and will be reviewed at least annually to ensure that it continues to reflect the Foundation's circumstances and requirements.

3. Roles and Responsibilities

3.1 Board of Directors

The Board of Directors of Toronto Foundation (the "Board") has ultimate authority over and responsibility for the Portfolio. To assist it in the performance of its duties and to ensure that the Portfolio meets its objectives, the Board will:

a. appoint an Investment Committee (the "Committee");

b. approve the terms of reference of the Committee;
c. receive the Committee's recommendations with respect to the Portfolio's Investment Policy Statement and re-approve or amend the Statement, as appropriate, on an annual basis; and
d. review all other reports and recommendations of the Committee with respect to the Portfolio and take appropriate action.

3.2 Investment Committee

The Investment Committee will:

a. maintain an understanding of legal and regulatory requirements and constraints applicable to the Portfolio and keep the Board fully apprised of these;
b. on an annual basis, or more frequently if appropriate, review the Portfolio's Investment Policy Statement and make appropriate recommendations to the Board regarding its amendment or re-approval;
c. formulate recommendations to the Board regarding the selection, engagement or dismissal of a Chief Investment Officer ("CIO"), professional investment CIOs, a Custodian and any other specialist or consultants they may wish to hire;
d. formulate specialized instructions and mandates for the CIO including any restrictions on the types of assets that may be held in the Portfolio or the choice of asset mix. These instructions and mandates will derive from, reflect and be consistent with the provisions of this Investment Policy Statement;
e. set parameters within which the CIO will have discretion to select, terminate, or replace Investment Managers;
f. monitor the Portfolio's financial risks and report any significant financial risks to the Board, including the consequences of potential significant losses of investments of any part of or the entire Portfolio;
g. monitor the Portfolio's performance and its compliance with the Investment Policy Statement and report on these matters to the Board on a quarterly basis;
h. monitor CIO's performance and compliance with the Investment Policy Statement as well as compliance with any specialized instructions and mandates the CIO has been given;
i. take appropriate steps to ensure that the Portfolio is rebalanced, as necessary, per Section 9 of this Investment Policy Statement; and
j. take appropriate steps to resolve conflict of interest issues as provided for in Section 12 of this Investment Policy Statement.

3.3 Chief Investment Officer

The Chief Investment Officer ("CIO") will:

a. provide the Committee with information required for the oversight of the Portfolio, advice and, as required, recommendations on:
    i. Portfolio asset allocation,
    ii. Investment Manager selection and structures, and

iii. the selection, dismissal, or replacement of a Custodian.

b. provide the Committee with draft Investment Policy Statements as necessary;
c. on an annual basis, or as appropriate, provide the Committee with advice on the advisability of re-approving or amending the Portfolio's Investment Policy Statement as well as any specialized instructions and mandates provided to the Investment Managers;
d. monitor and reallocate within predetermined limits the Portfolio's asset allocation among Investment Managers and/or asset classes;
e. Monitor the conditions in the overall foreign exchange market, and implement hedging when considered appropriate;
f. manage the Portfolio's asset allocation and selection of funds in accordance with the Investment Management Agreement between TF and the CIO;
g. provide administrative assistance with respect to the receipt or disbursement of monies to/from the Portfolio and act as a liaison between the Committee and the Custodian or Investment Managers in this connection;
h. provide regular reports to and meet with the Committee and/or Board as provided for in Section 10 of this Investment Policy Statement;
i. provide information and advice with respect to developments that might affect the Investment Managers' performance, risk characteristics and service capabilities;
j. meet with the Committee and/or Board on a regular basis, as determined by the Committee's/Board's requirements;
k. have full discretion in day-to-day investment management of the Foundation's Portfolio, or that portion of the Portfolio for which they have been given responsibility, subject to this Investment Policy Statement and any amendments thereto as well as any specialized instructions and mandates issued by the Committee;
l. have in place an appropriate policy on retention or delegation of voting rights acquired through investments and adhere thereto;
m. ensure that all transactions are completed on a 'best execution' basis;
n. exercise the care, skill and diligence that can reasonably be expected of a prudent person and adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct or the World Bank Group's Code of Ethics and Business Conduct and other appropriate industry standards of ethical and professional conduct;
o. provide accurate and timely monthly financial reports, and
p. fulfill their fiduciary responsibilities.

3.4 Investment Managers

The Investment Managers will:

a. handle the day-to-day investment management of the Portfolio's allocation for which they have been given responsibility, subject to the IPS and any amendments thereto, as well as any specialized instructions and mandates given and their individual agreements;

b. select instruments within the asset classes assigned to them, subject to applicable guidelines, legislation, and constraints set out in this IPS;
c. monitor and reallocate within predetermined limits the Portfolio's asset allocation, based on the characteristics of the asset class engaged;
d. provide the CIO with information related to financial and portfolio-level performance, inclusive of risk exposure, investment selection and other product-management related functions, as requested by the CIO;
e. provide comprehensive quarterly reporting, as agreed with the CIO, within 30 days of the calendar quarter end;
f. demonstrate their commitment to Environmental, Social and Governance considerations, Socially Responsible Investment exclusions and Sustainable Development Goals' alignment in their investment strategies;
g. provide their general market commentary including implications for their strategy;
h. provide input to the CIO regarding strategy direction and IPS changes;
i. meet with the CIO when requested, and at least annually;
j. have in place an appropriate policy on retention or delegation of voting rights acquired through investments and adhere thereto;
k. exercise the care, skill and diligence that can reasonably be expected of a prudent person and adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct or the World Bank Group's Code of Ethics and Business Conduct and other appropriate industry standards of ethical and professional conduct;
l. provide accurate and timely monthly financial reporting to TF, CIO and Custodian; and
m. fulfill their fiduciary responsibilities, where appropriate.

3.5 Custodian

Custody of the Portfolio's assets will be delegated to a trust company or other financial institution similarly recognized as a depository for securities. The Custodian will report to the Foundation and will:

a. provide safekeeping for Portfolio assets;
b. process authorized transactions as directed by the Foundation;
c. collect interest, dividends and the proceeds of cash equivalent and fixed income instrument maturities;
d. inform the CIO of pending corporate actions (e.g., name changes, mergers, odd lot offerings) and process instructions related to such matters;
e. deposit and transfer funds and payment of expenses as directed by the Foundation;
f. maintain a record of all transactions;

g. provide regular reports to the Foundation and to the Committee as provided for in Section 10 of this Investment Policy Statement;
h. provide the Foundation, the CIO and other agents of the Committee with information required to fulfill their duties, or as directed by the Committee; and
i. to the extent possible, provide applicable information as may be requested by the Foundation's auditor.

4. Investment Objectives

4.1 Return on Investments

The Foundation's objective is to generate a total net investment return (i.e. after investment management costs) that achieves the granting objectives of the Foundation, recovers the Foundation's philanthropy/administrative cost of administering the funds, protects the long-term purchasing power of the capital component. Any excess returns will establish a reserve for future market declines. The expected long-term return objective is 4.5% net of inflation, which will cover the minimum distribution requirement of 3.5% and expenses of 1%. This rate of return may not be achieved in each and every year; however, the Portfolio is expected to generate this minimum return on investments over rolling five-year periods. Ideally the Foundation would like to achieve a nominal return of 7% per annum which includes inflation protection at an estimated inflation rate of 2% and a slightly higher distribution rate of 4.0%.

For clarity, the Foundation's investment objective is an absolute real return (i.e., after inflation) of an average 4.5% per annum over any five year period.

The Foundation's portfolio will be managed with a view to receiving an absolute real return of 4.5%; the Portfolio will not be managed, and its performance will not be evaluated, by reference to any relative benchmarks based on performance of any markets.

The Foundation will disburse at a minimum such amount as may be required to meet its disbursement test under the Income Tax Act (Canada). The current requirement is 3.5%.

The success of the Foundation's long-term investment strategy will be monitored in the context of meeting the Foundation's spending policies as well as maintaining the Portfolio's capital.

4.2 Risk Tolerance

The Portfolio should be structured and managed to provide for the generation of its targeted rate of investment return while assuming the lowest possible risk.

The Portfolio's exposure to risk will be measured in terms of the standard deviation of its investment returns. Additional measures of risk may be added at the discretion of the Investment Committee. The Portfolio should be structured and managed to generate its targeted rate of return without exceeding its maximum risk exposure.

Using the volatility of the Portfolio measured in standard deviations of return, the risk inherent in the Portfolio can also be viewed in terms of the likelihood that it will generate negative investment results. Based on historical analysis the Portfolio will be invested such that its value, on an annual basis, will have a maximum expected loss of 30% or less, 99 times out of 100. For the remaining 1% of the time the loss could be larger but cannot be quantified.

The level of risk to which the Portfolio is exposed will be controlled by diversifying the Portfolio's holdings, not only in terms of asset class, but also in terms of holdings within each asset class, geographically and by investment management style.

4.3 Socially Responsible Investing

Factors related to socially responsible investing are considered and are to be taken into account in investment decisions, but an investment will neither be selected nor rejected solely on this basis.

The Foundation believes that investments that incorporate positive environmental, social and governance considerations (ESG investments) should be actively sought and included in the Foundation's portfolio.

ESG investments should be structured for inclusion in the portfolio consistent with overall portfolio objectives. ESG investments should meet the overall investment return objectives for an acceptable level of risk.

ESG investment vehicles should be identified according to the best screening practices and methods.

5. Investment Constraints

5.1 Legal and Regulatory Status

The Foundation is registered with the Canada Revenue Agency as a charitable organization. Its year-end is December 31.

5.2 Taxation Status

The Foundation is registered as a charitable organization by the Canada Revenue Agency and as such is exempt from income tax provided it meets requirements enumerated in the Income Tax Act of Canada and associated regulations promulgated by the Canada Revenue Agency.

5.3 Investment Time Horizon

A portfolio's investment time horizon is an important factor in determining its investment strategy. The period over which a particular investment strategy can or will be maintained has a direct bearing on the likelihood that it will generate its targeted rate of return within that period and within acceptable risk parameters.

The Foundation's portfolio includes both funds that are held in perpetuity and funds that are held for a medium to longer term.

For planning and Portfolio structuring purposes, it will be assumed that the investment time horizon of the Portfolio is greater than ten years. It should be noted, however, that this Investment Policy Statement will be reviewed on at least an annual basis.

5.4 Liquidity and Income Requirements

The Portfolio requires sufficient liquidity to support the Foundation's disbursement requirements on a timely basis. It is desirable but not required that the Portfolio generate cash flow from dividends and interest to meet the majority of its disbursement requirements. The Foundation does not anticipate any large cash withdrawals over the time horizon.

5.5 Limited Partnerships

The Foundation may invest in a limited partnership provided that the investment meets the following requirements, which are set out in section 253.1(2) the Income Tax Act (Canada) and protect the Foundation from being deemed to carry on the business of the partnership:

- the Foundation's liability as a member of the partnership must be limited;
- the Foundation must deal at arm's length with each general partner of the partnership; and
- the Foundation (together with any persons and partnerships not at arm's length with the Foundation) must not hold interests in the partnership that have a fair market value of more than 20% of the fair market value of the interests of all members in the partnership.

6. Asset Mix

A portfolio's asset mix is the proportion within which various asset classes are represented in the portfolio. In general, the *greater* a portfolio's allocation to equities relative to fixed income securities, the *greater* its potential for capital appreciation and the *higher* its potential risk (as measured by the standard deviation of the portfolio's rate of return). Conversely, the greater its allocation to fixed income instruments relative to equities, the greater its potential for generating a consistent income stream and the *lower* its potential risk through volatility or default. Control of the Portfolio's asset mix is, therefore, the principal means of controlling its risk and return characteristics.

6.1 Recommended Asset Mix

Given the Portfolio's targeted return on investments, its risk tolerance, legal and taxation status, its investment time horizon, liquidity and income requirements, the following permissible asset class holding ranges have been established in Table I.

Table I: Long Term Strategic Asset Allocation		
Asset Class		Permissible Range
Cash and Cash Equivalents		0.0% - 50.0%
Fixed Income Instruments		0% - 50.0%
Total Fixed Income		**5% - 50.0%**
Global Equities*		0% - 65%
Other Strategies**		25.0% - 50.0%
Total Equities & Other Strategies		**50.0% - 95.0%**

* Global equities may include Canadian, US, International and Emerging Markets equities. They may be diversified by size (large cap, small and mid-cap), style (value & growth) and other factors such as high dividend stocks.

** Other strategies may include benchmark-free and absolute return strategies

Non-Canadian securities may be unhedged or hedged to the Canadian dollar, with the unhedged portion to be monitored and controlled by the CIO, subject to portfolio risk constraints.

It will be the responsibility of the CIO to commit, from time to time, allocations to each asset class and to individual Investment Managers, within the permissible ranges outlined above. The CIO will be required to notify the Investment Committee (through the Chair) of any shifts in asset mix greater than 5% of the Portfolio value over any 30 day period. The CIO will also be responsible to notify the Committee (through the Chair) of all new or terminated mandates within 30 days of such change.

7. Investment Management Guidelines

7.1 Eligible Investments - Definitions and Constraints

Investments not mentioned in this section are not permitted.

7.1(a) Cash Equivalents

Cash equivalents will consist of instruments, issued by governments or corporations, with terms to maturity of 0 to 12 months and include fixed income instruments originally issued with a term to maturity in excess of 12 months.

Cash equivalents originally issued with terms to maturity of 12 months or less will have a minimum Dominion Bond Rating Service (DBRS) credit rating of R1 or an equivalent rating by another well-established rating agency at the time of purchase and thereafter.

7.1(b) Fixed Income Instruments

Investments in the following marketable fixed income instruments are permitted:

- bonds;
- debentures;
- notes;
- coupons and residuals;
- asset-backed securities; and
- preferred shares.

Such instruments must be:

- issued or guaranteed by the Government of Canada or one of its agencies, or a Canadian provincial government or one of its agencies;
- issued by a Canadian municipality or regional government;
- issued by a Canadian corporation;
- issued by a Canadian trust; or
- issued by a foreign government or a foreign corporation.

'Maple bonds', i.e., bonds denominated in Canadian dollars both in terms of interest payments and principal payments but issued by non-Canadian entities, may be held in the Portfolio provided they meet the minimum credit rating standards set out below. Maple bonds should not constitute more than 10% of the market value of the fixed income asset class.

Preferred shares must have a minimum DBRS credit rating of PFD-3 or an equivalent rating by another well-established rating agency at the time of purchase and thereafter, if considered as part of the fixed income component of the portfolio. All other fixed income instruments must, as a group, have a market-weighted average DBRS credit rating of A, or an equivalent rating by another well-established rating agency, or better at the time of purchase and thereafter. The minimum credit quality per issue shall be BBB (low) or equivalent at time of purchase. Bonds rated BBB should not constitute more than 10% of the market value of the fixed income asset class.

If the CIO expects a downgrade in the credit rating of a fixed income instrument to below the minimum BBB credit rating, the CIO shall develop a strategy for disposing of the fixed income instrument in a timely, orderly and efficient manner. In the event that the CIO wishes to retain the investment in the portfolio, the CIO will contact the Committee within five business days to provide detailed information on the downgrade as well as the CIO’s rationale for retaining the investment in the Portfolio. The Committee may require that the CIO dispose of the investment as soon as prudently possible, or may authorize retention of the investment. In this instance, the CIO will provide, at a minimum, monthly updates on the investment in question, including its trading pattern and the CIO's strategy for disposing of it on a timely basis. In the event of a ‘split’ rating (i.e., a situation in which credit rating agencies assign non-equivalent ratings), the lowest rating will apply.

Investment in the securities of any single issuer must constitute less than 3% of the market value of the Portfolio as a whole. Fixed income instruments issued or guaranteed by the Government of Canada or one of its agencies or by a Canadian provincial government or one of its agencies or the government of the United States are exempted from this provision. Pooled funds of an investment manager are also exempted from this provision.

Foreign pay bonds should not constitute more than 10% of the market value of the fixed income asset class.

7.1(c) Equities

Investments in the following equity securities are permitted:

- publicly traded common stocks;
- rights, warrants, installment receipts, convertible debentures and other instruments convertible into common stocks;
- equities based exchange traded funds (ETFs);
- income trust units issued and/or registered in jurisdictions where appropriate legislation is in place to limit the liability of unitholders;

- American Depositary Receipts; and
- Global Depositary Receipts.

Individual equities or equities held within equity funds must be listed on a major stock exchange and be of ‘investment grade’.

Investment in the securities of any single issuer or two or more affiliated entities shall be limited to no more than 3% of the market value of the Portfolio as a whole. This requirement does not apply to investments in securities issued by the Government of Canada or the government of a province or the government of the United States, or securities that carry the full faith and credit of either or any index, segregated, mutual or pooled fund.

In addition, investment in the securities of any single issuer should not constitute more than 5% of the market value of the equity asset class. Pooled funds of an investment manager are exempt from this prohibition.

7.1(d) Other Investments

Other investments may include infrastructure, private equity, venture capital, real estate, commodities, loans, mortgages, non-equities based ETFs, foreign exchange or any other investment that is not included in the traditional asset classes described above. Absolute return strategies and benchmark-free strategies are also included in this category.

Other investments are permitted if they:

- fall within the overall Portfolio risk limits, and
- remain constrained in accordance with the Recommended Asset Mix as outlined in Section 6.1 herein.

7.2 Additional Constraints, Inclusions and Exclusions

The Portfolio as a whole and each asset class represented in the Portfolio must be reasonably diversified, taking into account the relative valuations of various asset classes.

Index, mutual and pooled funds, as well as ETFs, may be held in the Portfolio with the understanding that the guidelines in the Fund’s offering memorandum will supersede the aforementioned guidelines. While such funds will be managed in keeping with their own investment policies, these policies must be consistent with the spirit of this Investment Policy Statement. In the event that there are any substantive inconsistencies between the provisions of this Investment Policy Statement and the policies applicable to a fund that the CIO wishes to employ in the Portfolio, the Committee must provide written approval for investing in the fund before any such investment is made. These funds will be categorized as cash equivalents, fixed income investments equities, or other investments as appropriate given their underlying securities or the capital markets to which they are intended to provide exposure.

Derivative securities, other than those employed by other investments, may be held in the Portfolio for hedging purposes only. Derivative securities may not be used for speculative purposes or to leverage the Portfolio, unless specifically approved by the Committee as part of a larger strategy.

Overdraft positions are not to be intentionally created. Any overdraft position created inadvertently shall immediately be addressed.

Investments in the voting or equity securities of any one issuer shall be limited to less than 10% of the outstanding stock (or of any single class thereof) of the issuer.

Lending securities is not permitted unless specifically approved by the IC.

The Foundation directs the CIO to monitor investment management fees for the total portfolio with a view to keeping them as low as possible and to ensure that the fees associated with any specific investment are reasonable and aligned with expected returns.

The Foundation directs the CIO to incorporate and promote environmental, social, and governance (ESG) principles into the portfolio.

The Committee reserves the right to instruct the CIO to exclude any asset, security or category of investment and will notify the CIO in writing in the event that such restrictions are to be imposed.

The Committee may place further constraints, limitations or requirements on the Portfolio in order to achieve specific short-term objectives.

8. Performance Standards

8.1 Investment Returns

The Portfolio's investment performance will be measured against the real return objective of an average 5% per annum after inflation. Performance measurement will be reported quarterly in accordance with the CFA Institute standards.

Portfolio volatility will be measured and reported on a quarterly basis. The report should include minimum and maximum volatility observed during the period.

8.2 Evaluation of CIO and Investment Managers

The CIO and Investment Managers will be evaluated in terms of:

- ability to achieve a 5% real return over a 5 year period without exceeding risk constraints;
- performance consistency relative to the Portfolio's stated strategy and long term real return target;
- compliance with the provisions of this Investment Policy Statement and any amendments thereto as well as any specialized instructions and mandates issued by the Committee; and
- the provision of satisfactory reporting and client service.

Any Investment Manager that surpasses the threshold for acceptable losses, will be immediately reviewed.

When investments have been included directly as an Investment Committee choice the CIO's performance measures will be adjusted to the extent that these cause over or under performance.

8.3 Risk Exposure

The Portfolio's risk exposure, as measured by the standard deviation of its returns, will be evaluated on a quarterly basis, or more frequently as necessary. Any change of Investment Managers of major asset class changes of more than 15% should generate an immediate report on the risk impact of such change.

The risk profile of the Portfolio will be evaluated quarterly over rolling 5 year periods, with an emphasis on periods of excess exposure, relative to established maximum risk exposures. Evaluation will include discussions with the CIO and the Investment Managers, as appropriate, in regard to prospective risk factors.

9. Rebalancing

The CIO will be responsible for reviewing the asset mix and Investment Manager exposures on at least a quarterly basis to maintain the Portfolio within the ranges established in Section 6, unless otherwise approved by the Committee. If the Portfolio asset mix violates the above ranges, the Portfolio will be rebalanced to the upper or lower bound of the ranges for each asset class, unless otherwise approved by the Investment Committee.

Inflows and outflows of cash will be directed by the CIO in such a way as to maximize returns while maintaining the long-term strategic asset allocation of the Portfolio.

10. Reporting and Service

10.1 CIO

On a quarterly basis and within 30 days of the end of the calendar quarter, the CIO will provide the Committee with:

a. a valuation of the Portfolio as at the end of the quarter, including the market value of each security or pooled fund;
b. data and commentary on the Portfolio's investment performance relative to the mandate's stated strategy and long term real return target, for the most recent quarter as well as for annual periods as agreed;
c. annually or more frequently as requested, data and commentary on the Portfolio's ESG impacts, including details on measurement using established tools and standards;
d. commentary on the CIO's forward-looking investment views and plans;
e. reporting on the volatility of the Portfolio during the quarter, with retrospective and forward-looking commentary;
f. commentary on the investment strategy and tactics employed over the past quarter;
g. information pertaining to changes of investment or senior management personnel and/or ownership structure, if any;
h. information pertaining to changes to the CIO's investment style, process or discipline or any other philosophical, operational or organizational matter that might reasonably be expected to have a bearing on the performance or risk profile of the assets managed by the CIO, and
i. commentary on any Investment Manager changes since the last Committee meeting.

The CIO will be available for meetings with the Committee on a quarterly basis, or more frequently if required by the Committee, and will be available for discussion and consultation on an ad hoc basis. In addition, the CIO will be available for meetings with the Board as requested.

10.2 Investment Managers

The Investment Managers will support the CIO in fulfilling its responsibilities.

The Investment Managers will be available for meetings with the CIO on a quarterly basis at a minimum. In addition, they will be available for meetings with the TF IC and BoD as requested.

10.3 Custodian

The Custodian will provide the Foundation with statements on a monthly basis. These statements will include, at a minimum, a summary and a detailed listing of assets held in the Portfolio as well as a listing of transactions (including deposits, withdrawals, receipt of interest and dividends, purchases, sales, corporate actions and fees paid) that occurred in the Portfolio during the reporting period.

The Custodian's reports will provide the book value and current market value of each asset held in the Portfolio, and categorize securities by issuer type, market sector and/or industry, as appropriate.

11. Termination of the CIO or Investment Managers

The Committee will consider recommending to the Board that the CIO or an Investment Manager, be terminated when one or more of the following circumstances prevail:

a. they have deviated from its stated and agreed on strategy without a reasonable rationale and/or without discussing this change with the Committee;
b. there has been a change in their key investment personnel;
c. their performance has been unsatisfactory;
d. their reporting and client service are unsatisfactory;
e. the Committee has concerns regarding their ethics; or
f. for any other reason the Committee deems appropriate.

Where the CIO or an Investment Manager is terminated, the transition will be undertaken in an orderly manner and with the objective of avoiding unnecessary costs.

12. Conflict of Interest

No fiduciary or Committee member as well as the CIO, the Custodian or an Investment Manager (collectively "Agents") will knowingly permit his or her interest to conflict with his or her duties or powers relating to investment of the Portfolio's assets or to any other matter related to the Portfolio. Any actual or perceived conflict of interest must be reported to the Committee. Such disclosure will be made when the affected individual first becomes aware of the conflict or potential conflict. The Committee will be the sole arbiter in determining whether the conflict of interest exists and, if it determines that a conflict does exist, will take all necessary and appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the relevant Committee meeting. Substantive Conflict of Interest matters shall be reported to the Board.

The failure of a fiduciary to comply with the requirements of this Section will not of itself invalidate any decision, contract or other matter.

13. Adoption of Investment Policy Statement

The Board of Directors of the Toronto Foundation adopted this Investment Policy Statement effective January 1, 2021 by way of resolution at its meeting on September 16, 2020.

9/17/20

Greg Wilkinson, Chair — Date

A.R. Spence — 9/17/20

Andrew Spence — Date
Chair, Investment Committee