



Investment Policy Statement



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1 GENERAL

2.3 Purpose

This Investment Policy Statement (“IPS” or “Statement”) applies to the investment portfolio (“Portfolio”) of the Royal Canadian Golf Association (heretofore referred to as “Golf Canada”). The purpose of this Investment Policy Statement (“the Statement”) is to outline the procedures and policies to effectively manage and monitor these investment assets. The assets will be managed in accordance with all applicable legal requirements.

Any investment manager (“the Manager”) or any other agent or advisor providing services in connection with the portfolio shall accept and adhere to this Statement.

2.4 Background

Golf Canada is incorporated federally as a not-for-profit organization (designated by Sport Canada as a Registered Canadian Amateur Athletic Association) and accordingly is exempt from income taxes. The fiscal year end of Golf Canada is October 31st.

2.5 Objective

The primary goal of the Portfolio is to assist Golf Canada in achieving its objectives as set out in its strategic plan. The prudent and effective management of the assets of the Portfolio has a direct impact on the achievement of this goal. This Statement is designed to guide the Investment Committee, the Manager and Golf Canada Staff in achieving this goal.

2 RESPONSIBILITIES

2.1 Board of Directors

The Board of Directors (“the Board”) of Golf Canada has ultimate responsibility and decision-making authority for the Portfolio’s long-term investments. The Board has the responsibility to govern the assets of the Portfolio and must appoint an Investment Committee (“the Committee”) which will operate pursuant to Terms of Reference approved by the Board in accordance with Golf Canada’s By-Laws. Where one does not exist, the duties of the Investment Committee fall directly to the Board.

The Board may delegate some of its responsibilities with respect to the investment of the Portfolio to agents, staff (namely the Chief Executive Officer and/or Chief Operating / Financial Officer), the Committee or advisors. In particular, the services of a custodian (the “Custodian”) and of one or more investment managers (the “Manager”) are retained. As a fiduciary for the Portfolio, the Board is expected to:

- maintain an understanding of legal and regulatory requirements and constraints applicable to the Portfolio;
- on an annual basis, review the Portfolio’s Investment Policy Statement and make appropriate changes;
- formulate recommendations regarding the selection, engagement or dismissal of professional investment managers and advisors;
- formulate recommendations regarding Managers’ mandates;

- oversee the Portfolio and the activities of the Managers, including the Managers' compliance with their mandates, the investment performance of assets managed by each Manager and the performance of the Portfolio as a whole;
- ensure that the Managers are apprised of any amendments to their mandates; and
- inform the Managers of any significant cashflows.

2.2 Investment Managers

The Manager is responsible for:

- providing the Committee with monthly and quarterly reports of portfolio holdings and transactions;
- selecting securities within the asset classes assigned to them, subject to applicable legislation and the constraints set out in this Statement;
- attending meetings of the Committee at least four (4) times per year to review performance and to discuss proposed investment strategies;
- informing the Committee promptly of any investments which fall outside the investment constraints contained in this Statement and what actions will be taken to remedy this situation; and
- advising the Committee of any elements of this Statement that could prevent attainment of the Portfolio's objectives.

3 PORTFOLIO OBJECTIVES

3.1 Investment Objectives

The overall investment objectives of the Portfolio are to:

- preserve capital, in real terms;
- maximize total return, within acceptable risk levels; and
- Maintain liquidity necessary to meet cash requirements, if any.
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3.2 Time Horizon

The Portfolio is intended with an investment horizon of over 10 years.

4 Authorized Investments

Outlined below are the general investment criteria as understood by the Committee.

4.1 List of Permitted Investments

- (a) Short-term instruments:
 - Cash;
 - Demand or term deposits;
 - Short-term notes;
 - Treasury bills;
 - Bankers acceptances;
 - Commercial paper; and
 - Investment certificates issues by banks, insurance companies and trust companies.
- (b) Fixed income instruments:
 - Bonds;
 - Debentures (convertible and non-convertible); and
 - CMHC insured mortgages and other asset-backed securities.
- (c) Canadian equities:
 - Common and preferred stocks;
 - Rights and warrants.
- (d) Foreign equities:
 - Common and preferred stocks;
 - Rights and warrants; and
 - American Depositary Receipts and Global Depositary Receipts.
- (e) Pooled funds, closed-end investments companies and other structured vehicles in any or all of the above permitted investment categories are allowed.
- (f) Alternative Investments:
 - Direct real estate
 - Private Debt
 - Private Equity
 - Infrastructure
 - Precious metals and commodities
 - Commercial income-producing mortgages

4.2 Derivatives

The Manager may use derivatives, such as, but not limited to, swaps, options, credit-linked notes, futures, and forwards to protect against fluctuations in the value of foreign currency relative to the Canadian dollar, offset exposures to interest rates, or as a substitute for direct investment.

4.3 Pooled Funds

With the approval of the Committee, the Manager may hold any part of the portfolio in one or more pooled or co-mingled funds managed by the Manager, provided that such pooled funds are expected to be operated within constraints reasonably similar to those described in this mandate. It is recognized by the Committee that complete adherence to this Statement may not be entirely possible; however, the Manager is expected to advise the Committee if the pooled fund exhibits, or may exhibit, any significant departure from this Statement.

4.4 Alternative Assets

Alternative investments have the potential to enhance fixed income returns, reduce equity risk, reduce portfolio volatility and improve portfolio efficiency. They typically require a longer investment horizon, are less liquid, and when considered in isolation may be deemed more risky than other securities. The associated risks, fees and expenses are detailed in the Offering Memorandum which is to be provided by the Manager for each alternative investment purchased in the Portfolio.

5 RISK GUIDELINES

All allocations are based on market values. All ratings are at time of purchase.

5.1 Cash and Cash Equivalents

At least R1, using the rating of the Morningstar Dominion Bond rating Service ("DBRS") or equivalent.

5.2 Fixed Income

a) Maximum holdings of the portfolio by the following credit quality:

- 10% for bonds rated BB or below (also referred to as high yield bonds)

b) Maximum holdings of the portfolio for the following sectors:

- 10% for asset-backed securities;
- 10% for bonds denominated for payment in non-Canadian currency;
- 5% for real return bonds;
- 5% for private lending/debt vehicles;

c) All debt ratings refer to the ratings of Morningstar Dominion Bond Rating Service (DBRS), Standard & Poors' or Moody's and are at time of purchase.

d) No single issuer, other than federal or provincial governments and their affiliated agencies shall represent more than 10% of the market value of the portfolio or of the assets of a single pooled fund.

5.3 Equities

- (a) No one equity holding shall represent more than 10% of the market value of the assets of a single pooled fund.
- (b) No borrowing is permitted except as a temporary measure to allow orderly redemption of units.

5.4 Alternatives

- (a) Alternative investment solutions shall not constitute more than 30% of the total portfolio.

6 PERFORMANCE EXPECTATIONS FOR PORTFOLIO

The Committee expects that the Portfolio obtain an annual return of 5.5% to 6.0%, net of fees, measured over rolling five (5) and ten (10) year market cycles.

In addition, active investment managers are evaluated relative to the benchmarks their mandates are managed to. The Committee expects that active managers will outperform their benchmarks over a four-year rolling market cycle and after all investment management fees. The performance of all active managers is reviewed annually.

7 ASSET MIX, RANGES AND BENCHMARKS

Asset Class	Strategic Target	Range	Benchmark (Total Return)
Cash & short-term	0%	0% – 15%	FTSE 30-Day T-Bill Index
Fixed Income	20%	10% – 30%	FTSE Universe Bond Index
Equities	60%	45% – 75%	
Canadian	20%	10% - 30%	S&P/TSX Composite Index
Global	30%	20% - 40%	MSCI World Net Index (\$C)
Emerging Market Equities	10%	0% - 20%	MSCI Emerging Markets Net Index (\$C)
Alternatives	20%	5% – 30%	

8 RESPONSIBLE INVESTING GUIDELINES

The Committee should endeavour to delegate investment management responsibilities to third party managers with a demonstrated commitment to incorporating ESG (Environmental, Social, and Governance) factors in their investment decision making process when doing so may have a material impact on the investment risk and/or return. At a minimum, contracted managers are expected to be signatories to the United Nations Principals for Responsible Investment (UN PRI) and offer investment solutions that are aligned with the UN PRI's six principals of Responsible Investment. Investment managers are also expected to undertake active engagement with investee companies to advocate for more sustainable business practices, have clearly articulated proxy voting guidelines that clearly address ESG considerations, and vote proxies firm-wide (as opposed to per fund or client).

9 REPORTING & MONITORING

9.1 Investment Reports

Each quarter, the Manager will provide a written investment report containing the following information for the Committee:

- Portfolio holdings at the end of the quarter;
- Portfolio transactions during the quarter;
- Rates of return for the portfolio with comparisons with relevant indexes or benchmarks; and
- Compliance Report.

9.2 Monitoring

At the discretion of the Committee as required, the Manager will meet with the Committee regarding:

- the rate of return achieved by the Manager;
- the Manager's outlook for the markets and corresponding strategies
- any changes in the personnel of the Manager; and
- other issues as requested.

9.3 Annual Review

It is the intention of Golf Canada to ensure that this Statement is continually appropriate to its needs and responsive to changing economic and investment conditions. Therefore, the Committee shall review the Investment Policy Statement annually.

10 Conflict of Interest

All fiduciaries shall disclose the particulars of any actual or potential conflicts of interest with respect to Golf Canada. This shall be done promptly in writing to the Chair of the Board of Directors of Golf Canada. The Chair will, in turn, table the matter at the next Board meeting. It is expected that no fiduciary shall incur any personal gain either directly or indirectly because of their fiduciary position.

This excludes normal fees and expenses incurred in fulfilling their responsibilities if documented and approved by the Board.

11 STANDARD OF CARE

The Manager will manage the assets with the care, diligence and skill that an investment Manager of ordinary prudence would use in dealing with all clients. The Manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent Investment Manager.

The Manager will manage the assets in accordance with this Statement and will verify compliance with this Statement when making any recommendations with respect to changes in investment strategy or investment of assets.

The Manager will, at least once annually, provide a letter to the Committee confirming the Manager's familiarity with this Statement. The Manager will, from time to time, recommend changes to the IPS to ensure that the IPS remains relevant and reflective of Golf Canada's investment objectives over time.

12 PROXY VOTING RIGHTS

- (a) Proxy voting rights on portfolio securities are delegated to the Manager.
- (b) The Manager maintains a record of how voting rights of securities in the portfolio were exercised.
- (c) The Manager will exercise acquired voting rights in the best interests of the unit holders of the pooled fund.

13 ACKNOWLEDGEMENT

This Statement has been approved by the undersigned on behalf of Golf Canada:

Garrett Ball, Chief Operating Officer

Date Approved

This Statement has been accepted by the undersigned on behalf of RBC PH&N Investment Counsel:

Signature

Name

Title

Date Approved