

Amplify

Guardian Endowment
Services Magazine

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We engage with our clients, where they live.



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Dear Readers,

Guardian Capital is pleased to announce the inaugural edition of our publication Amplify. In collaboration with Spire Philanthropy, we intend to provide insight for establishments such as charities, foundations, and other not-for-profit organizations in Canada.

This ongoing publication will provide you with extensive knowledge to assist you in your decision-making process. There will be an emphasis on topics ranging from regulations, legal issues, industry trends, investment management, governance, donor relations, and disbursement management. We also welcome contributions from charity leaders. They can share their wisdom and thoughts on leadership and best practices with our readers.

Guardian Capital Group Limited has been serving charities since the 1960s. We engage with our clients where they live and have supported many charities, e.g., Special Olympics "Limitless" campaign, United Way, Covenant House, Rexall One Walk to Conquer Cancer, Princess Margaret Cancer Foundation, The Red Door Family Shelter, and Sick Kids Foundation.

In addition, a number of our team members have noteworthy roles with various charitable organizations. Some hold positions as board members and others assist with clients' philanthropic efforts.

Our company embraces giving back - at the end of the day, Guardian is built on people and relationships. We are proud of how we reach out to make a difference in the communities where we live.

We hope you enjoy the first issue of Amplify!



Anthony J. Messina,

A Formula for Success: Adding astute investment management can help support your charity's mission



Bradley Offman | Contributor
Chief Executive Officer
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Charities are unique institutions, created to resolve a social problem. Their individual missions may focus on feeding the hungry, supporting the sick, housing the homeless, or supporting cultural or religious programs. Without charities, our world would be a lesser place. However, because of the unique focus of charities, finding service providers who understand their distinctive needs is often challenging.

This challenge extends to investment management. A charity's investment portfolio, which is often comprised of endowed gifts from generous donors, requires keen attention from both the charity and the investment professionals hired to support it.

Charities understand the increased pressures of achieving long-term financial sustainability. These concerns stem from ongoing program expenses and widening funding gaps. Regardless of the financial challenges posed by domestic and global financial markets, sound investment management will increase the likelihood of reaching organizational objectives. Charities are consistently looking for additional revenue streams to complement other fundraising activities. A sound Investment Manager can help grow your assets to supplement other activities that generate revenue.

If your organization's cash is in use regularly, investing can be a way to grow capital incrementally alongside normal operations. If spending requirements are manageable and liquidity pressures are minimal, long-term asset appreciation can be hugely beneficial in generating funding for substantial growth and long-term projects.

Choosing Your Investment Manager – What to Look For

Endowment funds have the opportunity to make a difference in how charities fulfill their missions. The oversight of a charity's investments can involve considerable fiduciary risk. How charities manage and

mitigate this risk is probably the most critical aspect of the investment management process. While the charity's Board of Directors is ultimately responsible for the oversight of this risk, it needs the support of capable investment professionals who understand charities and the environment in which they operate.

Most charities focus solely on pricing and performance when selecting investment providers. However, there are many other important factors to consider and questions that should be asked.

Reputation

The reputation of an investment firm is critical. A charity wants to associate itself with partners who reflect the charity's commitment to integrity and service delivery.

- What is the firm's broader reputation in the investment sector?
- Has the firm received negative media coverage? What was the nature of this coverage?
- Has the firm been associated with scandal in any way?

Experience

It is critical that the firm be an experienced manager with a proven and public track record.

- How long has the investment firm been in business?
- Who are its senior managers? How long have they been with the firm?
- Have there been recent changes at the firm? If so, why?

Relationship Management

The firm must be committed to providing its clients with responsive and reliable service.

- Does the firm dedicate sophisticated relationship managers to its clients?
- How responsive will the firm be to client inquiries?

Understanding of Charities and the Charitable Sector

This is a key issue. There are many excellent investment managers. However, those who work with charities know that they are unique institutions operating in a complex environment. Service providers must understand these nuances.

- Does the investment manager service other charities? How many, and for how long?
- Do they understand how charities make decisions?

- Are they familiar with how charities raise money?
- Are they used to working with investment committees and boards?
- Do they encourage and provide opportunities for staff to volunteer with charities?

Other Services

Investment managers, for the most part, are good at managing money: that is their mandate and value proposition. However, they may offer other services of relevance to a charity.

- Other than investment management, what other services do they provide to their clients?
- How are these services relevant to the charity?

Giving Back

Most corporations give back to the community. In fact, it is expected in today's business environment. However, many investment managers choose to give back directly to their clients or support their work in other ways.

- Is the investment manager willing to support their client through donations?
- What type of support are they willing to provide?

Summary

Choosing an investment manager is not an easy decision to make. It requires a diligent process, executed by a committed partnership between the Investment Committee, Board of Directors and senior staff. A clear and focused process will allow the charity to choose dedicated investment managers who understand the unique needs of their organization.

Today's donors are more selective than ever. The stewardship and management of donor dollars is an important consideration for any charity. Investment managers must support the stewardship process through sound investment management, outstanding service and a profound understanding of their clients' objectives.

Charities can combat the growing pressures of meeting financial goals by selecting the Investment Manager that will reflect their overall objectives. Having a clear and concise Statement of Investment Policies and Procedures (SIP&P), or Investment Policy Statement (IPS), provides both the Charity and the Investment Manager with the guidance to meet these objectives. By selecting the right Investment Manager, your organization will be able to make prudent choices that support your organization's mission.

Managing endowment assets in today's market environment

Each charity has distinct financial needs to help support their cause(s), and as a result, they each require a unique and customized investment solution. There are compelling reasons for these organizational and operational differences. Managing often uncertain cash flows (income and expenses) usually means significant differences in overall investment policy and procedures that consist of limitations on investment instruments, credit quality, or foreign currency exposure, and so on. Charities with generous endowments and stable cash flows are naturally afforded greater investment latitude and prospects than those without secure funding bases.

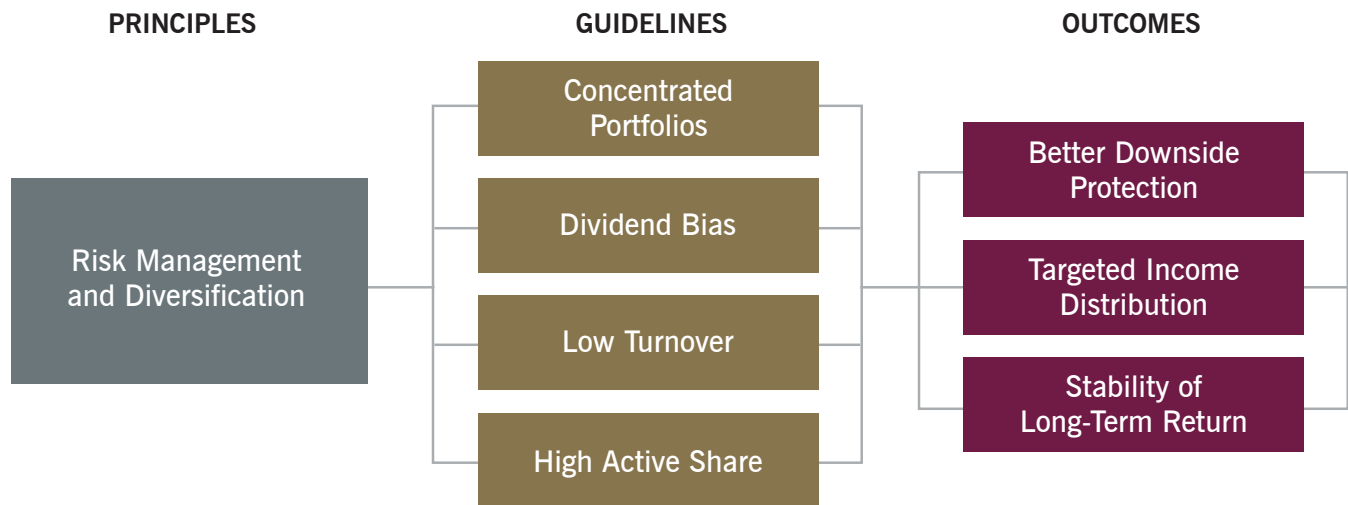
We review every endowment individually and truly understand the need to customize an investment portfolio to align with a charity's unique challenges and opportunities. Starting from a thorough assessment of the charity's overall mission, its history, its gifting philosophy, its Board composition, its fund-raising and granting activities/challenges and any other resources, we carefully sift through these crucial factors to appreciate the charity's distinctive circumstances. We sincerely believe that a solid understanding of everything outside of investments provides us with a deeper connection to the real character inside the charity, and enhances our ability to provide a more thorough and effective level of service, especially in today's world when all of us face the regime shift of intergenerational wealth transfer.

From an investment management perspective, we start by reviewing both the charity's Mission Statement and its Statement of Investment Policies and Procedures (SIP&P), or Investment Policy Statement (IPS), evaluating the effectiveness of the asset class targets and ranges to determine how these features will translate into the pragmatic universe of instruments chosen to achieve expected return objectives. That means, at a minimum, assessing quality constraints within each asset such as total return and volatility for equity-type securities and credit rating and duration requirements for fixed income. After gaining a solid understanding of the charity, we employ customized Guardian

Capital strategies to construct a portfolio of our best ideas. This may include a global equity portfolio, a fixed income portfolio, or exposure to real estate. The goal is to optimize distributions to meet the charity grant and expense needs, while at the same time, prudently growing the principal with the underlying priority to preserve the principal in the long term.

In general, there are two types of investment solutions we apply to endowment clients, mainly depending on the charity's SIP&P or IPS.

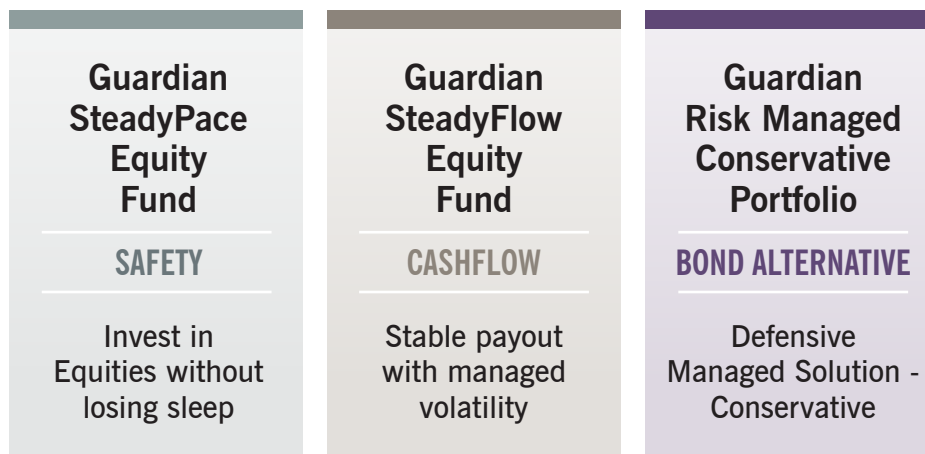
First is the traditional investment approach. Our investment philosophy adopts the following mindset when constructing the portfolio for our charity clients - two principles, four guidelines, with three desirable investment outcomes.



The second is an alternative approach, using our Guardian Engineered Solutions, with two objectives in mind.

1. Protect the principal by minimizing the drawdown amounts in declining markets, while still substantially participating in advancing markets.
2. Target 4-6% distribution

The followings are three options we offer within Guardian Engineered Solutions.



Last but not least, ESG (Environmental, Social and Governance) factors are becoming more important to many charities. Guardian Capital LP believes in completing fundamental research for all of its investments. This research involves the analysis of a company's business plan, financial position, management team, industry outlook, historical growth, and many other essential factors. As part of this research, we also consider their applicable Environmental, Social, and Governance factors. Corporations that pursue sustainable practices are mindful of the effects of their operations in the communities in which they operate. Companies that myopically foster improper practices, and do not protect the rights of all stakeholders, will likely be poor long-term investments.

We believe that investment management in today's competitive capital market requires leading-edge

innovative approaches in the foreground, supported by institutional rigor and strength in the background, to find the best solutions for endowments and charities.



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An Introductory Summary of legal issues in social media for charities and not-for-profits

As new advancements and applications continue to develop with regard to the use of social media by charities and not-for-profits ("NFPs"), there are corresponding challenges in the law that should be considered, such as privacy law, intellectual property law, tort law, contract law, and charity law, amongst others. This Bulletin discusses a number of these legal issues and suggests that, at a minimum, charities and NFPs should have a robust social media policy in place and should coordinate such policy with other operational policies of the charity or NFP in order to manage the legal risks associated with their use of social media.

[In this 10-page bulletin](#), Mr. Carter explained the following non-exhaustive list of legal issues that is intended to assist charities and NFPs, as well as their legal counsel, in anticipating and managing those legal issues when they arise.

1. Terms of Use (Contracts of Adhesion)
2. Privacy and Data Sharing Issues
3. Issues Related to Canada's Anti-Spam Legislation
4. Intellectual Property Issues
5. CRA Compliance
6. Employment Issues
7. Advertising and Influencer Marketing Challenges

In order to effectively manage the expanding legal risks associated with using social media, charities and NFPs need to be proactive in understanding the legal risks, and then developing and implementing a robust social media policy in conjunction with other operational policies as may be necessary. As well, given the complexities with the risks involved, the charity or NFP should work in conjunction with their legal counsel to carefully evaluate the legal risks involved in using social media before embarking on a new or revised social media program.



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