

TITLE  <b>INVESTMENTS</b>	POLICY # <b>CF-07</b>
	SUBCLASSIFICATION <b>N/A</b>
PARENT BOARD PRINCIPLE / POLICY SUITE Corporate Accountability and Financial Stewardship	APPROVED June 29, 2010
APPROVING AUTHORITY Alberta Health Services Board	LAST UPDATE February 02, 2012
POLICY SPONSOR Finance (Treasury)	NEXT REVIEW February 02, 2015

If you have any questions or comments regarding the information in this policy, please contact the Corporate Policy Department at [corporatpolicy@albertahealthservices.ca](mailto:corporatpolicy@albertahealthservices.ca).

### PURPOSE

- To supplement the requirements of Alberta Health Services (“AHS”) Investment Bylaw (“the Bylaw”).

### POLICY STATEMENT

AHS has a responsibility to ensure its funds are invested in a way that promotes the short and long-term sustainability of the organization’s operations. The overall investment strategy for AHS, including an acceptable level of risk and return, shall be determined by the AHS Board (“the Board”) and implemented by a designated Investment Manager(s).

The Investment Manager(s) shall ensure investment decisions made on behalf of AHS are in accordance with applicable legislation, AHS bylaws and policies, and AHS' strategic objectives. The Investment Manager(s) shall avoid any real or perceived conflicts of interest when making investments on behalf of AHS. Where conflicts arise between the Bylaw and this policy, the Bylaw shall prevail.

### APPLICABILITY

AHS employees, members of the medical and other professional staffs, students, volunteers, and other persons acting on behalf of AHS, including the Investment Manager(s), shall comply with this policy.

### POLICY ELEMENTS

#### 1. Responsibilities

1.1 The Board shall designate an Investment Manager(s) to invest funds on behalf of AHS.

1.2 AHS’ chief financial officer (or designate) shall:

- a) review the investment fund’s performance monthly and quarterly;



POLICY	APPROVED / REVISED DATE	POLICY #	PAGE
<b>INVESTMENTS</b>	February 02, 2012	<b>CF-07</b>	2 of 4

- b) review the quarterly investment reports prepared for the Audit & Finance Committee by the Investment Manager(s);
- c) review, on an annual basis, the Investment Managers' policies and procedures as they apply to AHS; and
- d) conduct other duties as outlined in the Bylaw.

1.3 The Investment Manager(s) shall, at minimum:

- a) execute investment transactions;
- b) maintain ongoing investment research and provide any recommendations for changes to this policy;
- c) immediately report regulatory infractions (e.g. lawsuits brought by securities commissions, or disciplinary actions against traders or advisors);
- d) immediately notify the AHS Treasury department of departures of key portfolio managers, advisors, etc.;
- e) report investment results to the AHS Treasury department as set out in the Bylaw and this policy; and
- f) conduct other duties as outlined in the Bylaw and Investment Management Agreement.

## 2. Non-Compliance

Where the Investment Manager(s) cannot comply with AHS bylaws, policies, or procedures, the Investment Manager(s) shall immediately advise the AHS Treasury department. The Investment Manager(s) shall detail the reason for non-compliance and recommend a course of action and timeframe to address non-compliance.

## 3. Confidentiality

The Investment Manager(s) shall ensure that all AHS financial information, documentation, and personally identifiable information be kept confidential in accordance with AHS' bylaws, policies, and procedures, and the *Freedom of Information and Protection of Privacy Act* (Alberta), the *Health Information Act* (Alberta), and other applicable legislation.

## 4. Portfolios and Performance

- 4.1 Funds shall not be invested directly in prohibited industries (i.e. tobacco, alcohol, asbestos, pharmaceutical or medical equipment) that have been identified in accordance with the Standard Industrial Classification system.
- 4.2 The priority categories for investments made on behalf of AHS shall be the preservation of capital, liquidity, and return on investment, as set out in the Bylaw.
- 4.3 The total asset mix of all three portfolios shall comply with the requirements set out in the Bylaw.
- 4.4 Funds should be categorized and segmented into restricted non-government funds, restricted government funds and unrestricted funds as set out in the Bylaw.

POLICY <b>INVESTMENTS</b>	APPROVED / REVISED DATE February 02, 2012	POLICY # <b>CF-07</b>	PAGE 3 of 4
------------------------------	--	--------------------------	----------------

4.5 The portfolio performance benchmarks and target asset mixes are:

	<b>Short Term &lt; 1 Year Money Market</b>	<b>Medium Term 1 – 5 Year Fixed Income</b>	<b>Long Term 5+ Years Balanced Growth</b>
Unrestricted	\$ <i>(As required)</i>	\$ <i>(As required)</i>	\$ <i>(As required)</i>
Restricted Non-Government	\$ <i>(As required)</i>	\$ <i>(As required)</i>	\$ <i>(As required)</i>
Restricted Government	\$ <i>(As required)</i>	\$ <i>(As required)</i>	\$ <i>(As required)</i>
Total	\$	\$	\$
Performance Benchmarks	91 Day T-Bill	DEX Short Bond Index	90% DEX Universe Bond Index 5% TSX Total Return Index 5% MSCI World
Target Asset Mixes:			
Cash and Cash Equivalents and Fixed Income (current remaining maturities less than one year)	80-100%	0-40%	0-10%
Fixed Income (current remaining maturities greater than one year)	0-20%	60-100%	70-90%
Equities	0%	0-20%	0-30%

- 4.6 The derived mix for restricted funds shall be reported quarterly to the Audit & Finance Committee.
- 4.7 Pooled funds whose underlying securities meet the criteria as set out in the Bylaw (specifically for funds required to meet liabilities and operating requirements during the next 365 days) shall be eligible for consideration by the Investment Manager(s).
- 4.8 AHS shall not invest in any corporate bond issuer with a debt rating lower than “BBB”. AHS shall not invest more than one percent (1%) of the total investment portfolio in any single corporate bond issuer with a debt rating of less than “A”, as determined by Dominion Bond Rating Service or equivalent.
- 4.9 AHS shall not invest more than five percent (5%) of the total investment portfolio in a single corporate bond issuer with a debt rating of “A” or higher, as determined by Dominion Bond Rating Service or equivalent.

POLICY	APPROVED / REVISED DATE	POLICY #	PAGE
<b>INVESTMENTS</b>	February 02, 2012	<b>CF-07</b>	4 of 4

## DEFINITIONS

**Investment Manager(s)** means the company, organization, or AHS representative to whom the Board has given the responsibility to manage AHS' investment portfolio.

**Restricted Government Funds** means funds designated for specific expenditures by Federal and Provincial government entities.

**Restricted Non-Government Funds** means funds (i.e. donations, endowments) designated for specific expenditures by non-government entities.

**Unrestricted Funds** means funds not required for specific expenditures.

## REFERENCES

- AHS Bylaws and Policies:
  - Investment Bylaw
  - Conflict of Interest Bylaw
  - Collection, Access, Use, and Disclosure of Information (1112)
- *Regional Health Authorities Act* (Alberta)
- *Regional Health Authorities Regulation 15/1995* (Alberta)
- *Freedom of Information and Protection of Privacy Act* (Alberta)
- *Securities Act* (Alberta)

## REVISIONS

September 15, 2011

February 02, 2012