

CATEGORY: BOARD POLICY - ADMINISTRATIVE PARAMETERS	
TITLE: INVESTMENT MANAGEMENT	REFERENCE NUMBER: FIN-160
APPROVED BY: PHSA BOARD OF DIRECTORS	LAST APPROVED: DECEMBER 11, 2009 LAST REVIEWED: DECEMBER 11, 2009

1 PURPOSE AND SCOPE

- 1.1. This policy applies to all investment of funds of the Provincial Health Services Authority and its related members "PHSA".
- 1.2. Investment by the PHSA is required to follow government requirements, including the Society Act and the Trustee Act, the CICA accounting standards and PHSA internal requirements and policies.
- 1.3. The purpose of this policy is to delegate the authority to invest funds and provide a conservative investment philosophy based on three fundamental objectives, which in order of priority are as follows:
 - i) Preservation of capital;
 - ii) Assurance of liquidity; and
 - iii) Optimization of investment return.

2 POLICY PRINCIPLES

- 2.1. Deviations from the stated policy require recommendation by the Investment Committee (refer section 5) and prior approval of the Finance Committee.
- 2.2. Sufficient cash funds must be maintained to meet operating requirements.
- 2.3. The signing authority to invest funds is delegated in accordance with the PHSA "*Financial Signing Authority policy*".
- 2.4. All investments must be made with the intention and ability of holding the investments to maturity, and an assessment of this intention and ability must be done not only when the investments are initially recognized, but also at each subsequent reporting period.
- 2.5. Securities purchased will be held in safekeeping by an investment broker or financial institution approved by the Investment Committee.

- 2.6. The credit ratings of investment holdings are to be reviewed on a regular basis, and investments that do not continue to meet the policy criteria will be promptly addressed by the Investment Committee to determine the appropriate action, if any, to take.
- 2.7. All debt ratings refer to the ratings of the Dominion Bond Rating Service (DBRS); or an equivalent from other agencies.
- 2.8. Any revisions to this investment policy will be applied on a prospective basis.

3 ELIGIBLE INVESTMENTS

- 3.1. Eligible investments are limited to the following securities:
 - i) Government obligations (i.e. treasury bills and notes, strip coupons, debentures and/or bonds) issued directly or indirectly by the Canadian federal government or an agency thereof or any of the Canadian provinces or an agency thereof;
 - ii) Canadian chartered bank securities with a current DBRS credit rating of no less than AA (R1-middle). These securities are limited to bearer discount notes, deposit receipts, term notes, certificates of deposit, bankers acceptances and short-term bonds; and
 - iii) The Municipal Finance Authority of British Columbia Money Market Fund.

4 INVESTMENT PARAMETERS

- 4.1. All investments must be for a defined period of time, which cannot exceed five years, with the maturity dates staggered either evenly or according to identifiable cash flow requirements, which will be reviewed on a regular basis.
- 4.2. An investment cannot be settled prior to maturity, except in the following circumstances:
 - i) Due to an isolated event that is beyond PHSA's control, is non-recurring, and could not have been reasonably anticipated; or
 - ii) Where the settlement is within three months of the maturity and changes in the market rate of interest would not have a significant effect on the investment's fair value.
- 4.3. Maximum holdings of the investment portfolio by credit rating are: 100% for AAA (R1-high) rating, 80% for AA (R1-middle) ratings, and 30% for A (R1-low) ratings for Provincial and other Government which includes government guaranteed issuers and agencies.
- 4.4. Maximum holdings of the investment portfolio by issuer are: 100% for Government of Canada, 80% for Provincial and other Government which includes government guaranteed issuers and agencies, 40% for Canadian Chartered Bank Securities, and 0% for asset-backed securities.
- 4.5. No more than 20% of the total investment portfolio may be invested in a single issuer excluding Government of Canada or a Provincial Government which includes government guaranteed issuers and agencies.

- 4.6. No more than 10% of the total investment portfolio may be invested in a single security that is not issued by the Government of Canada or a Provincial Government which includes government guaranteed issuers and agencies.

5 MONITORING AND CONTROL

- 5.1. An investment Committee will be held comprised of:
- i) the Chief Financial Officer;
 - ii) the Corporate Director, Financial Services; and
 - iii) the Executive Vice-President.
- 5.2. The responsibilities of the Investment Committee are:
- i) to implement and monitor adherence to this policy;
 - ii) to review portfolio parameters and performance; and
 - iii) to report investment matters to the Finance Committee.

6 REFERENCES

- 6.1. Financial Signing Authority Policy" (Please use the link <http://pod/policies/Default.aspx>)
- 6.2. Society Act (Please use the link http://www.qp.gov.bc.ca/statreg/reg/S/4_78.htm)
- 6.3. Trustee Act
(Please use the link http://www.qp.gov.bc.ca/statreg/stat/T/96464_01.htm)

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