



RED LAKE MARGARET COCHENOUR MEMORIAL HOSPITAL

-STATEMENT OF POLICY AND PROCEDURE-

SUBJECT: Investment Policy Statement		DOC. ID#: BG-FIN-01
MANUAL: BOARD OF DIRECTORS		Original Date: Jan-08
CATEGORY: FINANCE		Last Revision Date: See electronic version
DEVELOPED BY: CEO	APPROVED BY: BOARD CHAIR	Next Revision Date: See electronic version
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1. INTRODUCTION:

The Hospital invests in a manner that provides reasonable safety and preserves the current purchasing power of the Hospital's investment funds while achieving rates of return attainable by a knowledgeable and prudent investor through income, dividends and capital growth.

2. PURPOSE:

- To identify investment objectives
- To outline responsibilities associated with investment management
- To establish guidelines for investment activities

3. GUIDING PRINCIPLES:

- An active management strategy is preferred to meet a real return objective of the fund so long as transaction costs are minimized (eg. Pooled fund minimizes transaction costs)
- A balanced investment style is preferred to allow for some flexibility for growth and value investments in a market and still provide returns that outperform the market indices

4. RESPONSIBILITIES:

The Resource and Planning Committee is responsible for:

- Formulating and amending when necessary this Statement;
- Reviewing this Statement at least once per year and making changes where necessary
- Notifying the Board of Directors of any significant financial risks, including the consequences of potential significant losses of investments of any or all of the Fund;
- Recommending to the Board of Directors the hiring and termination of the Investment Manager and any other agents or advisors that may be necessary to prudently managing the Fund;
- Monitoring and evaluating the Investment Manager and any other agents or advisors; and
- Informing the Investment Manager of any significant cash flows;
- Quarterly evaluating the Investment Fund and making changes when necessary.

- Engaging the services of any Investment Manager who possess the necessary specialized research facilities and skills to meet the investment objectives.

The Investment Manager is responsible for:

- Selecting securities within the asset classes assigned to them, subject to applicable legislation and the constraints set out in this Statement;
- Providing the Committee with quarterly reports of actual portfolio holdings and a review of investment performance and future strategy;
- Attending meetings of the Committee at least once per year to review performance and to discuss proposed investment strategies;
- Informing the Committee promptly of any investments which fall outside the investment constraints 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 Fund's objectives.
- Being duly registered with the appropriate securities regulators.
- Confirming in writing his/her understanding of responsibilities for managing and administering the Red Lake Margaret Cochenour Memorial Hospital investments.

5. FUND OBJECTIVES:

Investment Policy:

The overall investment philosophy of the Fund is to maximize the long-term real rate of return subject to an acceptable degree of risk.

The Committee believes that the investment objectives can be met through active investment management. Where appropriate, pooled funds are preferred as they reduce administrative costs and provide better diversification.

Fund A: Capital Project Fund

Asset Class	Minimum Weight %	Maximum Weight %
Cash and Short Term Securities	0	65
Fixed Income	35	100
Canadian Equities	0	50
US Equities	0	25
International Equities*	0	15
Emerging Markets*	0	15

*International and Emerging Markets allocation will be based on approval from the Board of Directors. International and Emerging Markets add value to the portfolio but comes at additional risk.

Fund B: Distribution Fund

Asset Class	Minimum Weight %	Maximum Weight %
Cash	0	100
Short Term Fixed Income Securities	0	100

Investment Objectives:*Fund A: Capital Project Fund*

- To provide a steady and predictable stream of income to fund regularly occurring capital projects
- To produce enough income to offset administration and management fees
- To allow growth for increased spending in the future

Fund B: Distribution Fund

- To preserve working capital to be distributed in the short term
- To invest in short term, low risk and highly liquid funds

Eligible Investments:

- Treasury Bills guaranteed by the federal government, provinces or municipalities of Canada
- Bankers acceptances and other bank and trust company obligations or deposits
- Corporate and asset backed commercial paper
- Other cash and short term securities deemed appropriate are fixed income investments with an effective term to maturity of less than 365 days
- Investment grade corporate bonds
- Mortgage and other asset backed securities
- Investment grade foreign issued Canadian pay securities
- Preferred shares listed on a recognized stock exchange in Canada or the United States and/or EAFE markets
- Rights, subscription receipts, warrants and IPOs to be listed on a recognized stock exchange in Canada, the United States or EAFE Markets.
- Income trusts

6. CONFLICT OF INTEREST:

A conflict of interest is defined as any event or circumstances that impairs the ability of any member of the Board of Directors or designate, or any employee or consultant to render unbiased and objective advice regarding any investment decision of the portfolio. In such cases, the conflict must be fully disclosed on a timely basis and the member shall withdraw from the meeting during the discussion and voting of the investment decision.

This Investment Policy will be reviewed annually by the Resource and Planning Committee to determine whether revisions are appropriate.

Any revisions to the policy require approval from the Board of Directors.