

Policy and Procedure

Title:	Investment Policy		
Policy Number	07.001	Section:	Governance (Board)
Initial Date:	March 18, 2004		
Last Revision	October 6, 2020		
Approving Body:	CCMB Board of Directors		
Authority:	The CancerCare Manitoba Act		
Responsible Officer:	Chair, Board of Directors		
Delegate:	Chair, Finance & Audit Committee of the Board		
Contact:	Finance Department		
Applicable to:	The Board of Governors and the President and Chief Executive Officer of CancerCare Manitoba and the CCMB Community		

1.0 **BACKGROUND:**

Not applicable.

2.0 **PURPOSE:**

To ensure appropriate oversight and controls on investment of funds held by CancerCare Manitoba (CCMB).

3.0 **DEFINITIONS:**

3.1 Funds – investments and other monetary assets held by CCMB.

3.2 Board of Governors and Chief Executive Officer of CCMB – for the purposes of this Policy shall include any of their respective representatives, agents, employees, delegates or associates engaged in, or in a position to influence, the investment of Funds on behalf of CCMB.

4.0 **POLICY:**

4.1 It is the policy of CCMB to invest certain funds held by CCMB (Funds) in a manner that ensures the safety of the Funds and reflects the priority CCMB places on the preservation of capital over return on investment.

4.2 **Objectives**

4.2.1 Safety – Safety of principal is the foremost objective. Investments shall be undertaken to ensure the preservation of capital. The goal is to mitigate credit risk, market risk and interest rate risk.

4.2.2 Liquidity – The investment portfolio shall remain sufficiently liquid to meet anticipated operating requirements.

4.2.3 Return – The investment portfolio shall be designed to attain maximize investment returns subject to the objectives of safety and liquidity referenced in 4.2.1 and 4.2.2.

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5.0 **IMPLEMENTATION:**

The following provisions shall govern the implementation of this policy:

5.1 **Fund Designations**

- 5.1.1 **The General Fund** – The General Fund consists of all funds held by CCMB other than those designated as constituting the Reserve, Special Purpose and Growth Funds.
- 5.1.2 **The Reserve Fund** – The Reserve Fund consists of such portions of annual operating budget surpluses authorized for inclusion in the Reserve Fund by the CCMB Board.
- 5.1.3 **The Special Purpose Fund** – The Special Purpose Fund consists of the surplus of funds, originally acquired through grants, contracts or donations for specific purposes, related to research, education and patient care, that are no longer required for said specific purposes.
- 5.1.4 **The Growth Fund** – The Growth Fund is derived from such portions of the investment income earned by the Reserve Fund, and the General Fund as may be authorized for transfer into the Growth Fund by the CCMB Board.

5.2 **Investment Guidelines and Limitations**

- 5.2.1 **Asset Quality** – With respect to the quality of permitted investments of the foregoing Funds the following conditions shall apply:
 - a. The General, Reserve, and Special Purpose Funds will be limited to federal and provincial government debt obligations and corporate debt securities having a credit rating of “Extremely Strong”, “Very Strong”, or “Strong” as further defined in Schedule “A” hereof; including: securities issued by or guaranteed by the Government of Canada, Canadian provincial governments, Canadian municipalities, or Canadian schedule A banks and their agencies.
 - b. The Reserve and Special Purpose Funds may also be invested in corporate bonds, notes, and debentures that meet a long-term minimum investment grade rating of BBB- or higher by Standard & Poor’s, BBB(low) or higher by DBRS, and Baa3 or higher by Moody’s.
 - c. The Growth Fund may be invested in any available securities provided such investments comply with the policy statement in Clause 4.0 hereof, in a manner that ensures the safety of the funds and reflects the priority CCMB places on the safety of capital over return on investment.

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5.2.2 Limits on Concentration of Investments – With respect to the General, Reserve, Special Purpose and Growth Funds:

- a. Except in the case of securities issued or guaranteed by the federal or provincial government, investment in the securities of any single issuer will be limited to 20% of the total value of a fund. Investment in any single security will be limited to 10% of the total value of a fund at the time of acquisition. Post-acquisition, securities of any single issuer will be limited to 15% of the total value of the fund for a period not to exceed 90 days.
- b. Investments purchased shall have a term to maturity at date of issue no longer than 7 years. The investments purchased shall reasonably match the cash requirements of CCMB. Management shall minimize risk by practicing an appropriate investment ladder strategy with regards to the term of investments.

5.2.3 Exceptions

Any proposed action that would constitute an exception to the foregoing principles, guidelines and limitations must be brought to the attention of the Finance & Audit Committee for approval in advance. Any action taken that constitutes an exception to the foregoing principles, guidelines and limitations without such prior approval must be brought to the attention of the Finance & Audit Committee as soon as such action becomes known to Management.

5.3 Authority to Invest

- 5.3.1 The Finance & Audit Committee is authorized to invest, or cause to be invested, the Funds covered by this Policy.
- 5.3.2 Such investments shall be managed through the Office of the President and Chief Executive Officer of CCMB either directly or through an Investment Manager appointed by the Finance & Audit Committee. Responsibility for the management of the investment program may be delegated to an employee of CCMB (i.e. Chief Administrative Officer or Director of Finance) who shall perform their duties responsibly as custodians of the public trust.
- 5.3.3 All investments are to be made in the name of CancerCare Manitoba, however separate accounts shall be maintained for investments in each of the General Fund, the Reserve Fund, the Special Purpose Fund, and the Growth Fund.

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5.4 Responsibilities

The Finance & Audit Committee shall:

- 5.4.1 Review annually the Investment Policy and forward any recommendation for change to the Board of CCMB.
- 5.4.2 Assess the need for services of professional Investment Manager(s).
- 5.4.3 When required strike an ad-hoc investment sub-committee to invite, interview and select Investment Manager(s) if deemed necessary, where the investment sub-committee shall:
 - a. Be composed of the Chief Administrative Officer or designate, the Chair of the Finance & Audit Committee and one other person appointed by the Committee;
 - b. Issue a request for proposal and interview no less than three and no more than six investment managers at its discretion;
 - c. Recommend to the Finance & Audit Committee one or more investment managers for approval to invest the Funds of CancerCare Manitoba.
- 5.4.4 Determine the asset mix and the sequence of maturity of debt instruments.
- 5.4.5 Taking into account the prevailing cash flow requirements of the organization, ensure the Investment Manager(s) is/are provided with information pertinent to management of the assets assigned.
- 5.4.6 Regularly monitor the Investment Manager(s)' results and performance in accordance with industry standards and CCMB's requirements with respect to:
 - a. Investing the assets of CCMB in accordance with the Investment Policy;
 - b. Selecting securities within the asset mix class established for the Fund(s);
 - c. Providing regular investment statements for each investment account separately including the book value and market value of current investments, transactions and fees remitted to the Investment Manager for the period reported;
 - d. Comprehensive annual reporting to the Finance & Audit Committee, to include:
 - i. Information concerning new developments affecting the Investment Manager(s) firm and its services;
 - ii. Transactions in the latest fiscal period and the assets held at the end of the period including explanations as to how they relate to the strategy advocated;

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- iii. An explanation of the latest performance in relation to industry benchmarks: the DEX Short-term Bond Sub-index for the General, Reserve and Special Purpose Funds; and the 50% MSCI World Index and 50% Short-term Bond Sub-index for the Growth Fund.
- iv. Portfolio data and industry comparisons in a format mutually agreed upon by the Investment Manager(s) and the Finance & Audit Committee;
- v. Suggestions for improvements that might enhance the investment program.

5.4.7 Monitor self-managed investments and review quarterly reports (including transaction detail) thereon to be provided by the Office of the President and Chief Executive Officer CCMB.

5.5 **Ethics and Conflicts of Interest**

Employees and Committee members shall refrain from personal activity that could conflict with the investment program or impair their ability to make impartial investment decisions. Employees and Committee members shall not undertake any personal investment transactions with the same investment manager with whom business is conducted on behalf of CCMB. Employees and Committee members shall abide by the CFA Institute Code of Ethics and Standards of Professional Conduct as per Schedule B.

5.6 **Investment Portfolio Asset Mix**

5.6.1 With respect to the General, Reserve and Special Purpose Funds, asset mix shall stay within the range of:

- Bonds and Fixed income 80% - 100%
- Cash and cash equivalents 0% - 20%

5.6.2 With respect to the Growth Fund, asset mix shall stay within the range of:

- Equity 40% - 60%
- Bonds and Fixed income 40% - 60%
- Cash and cash equivalents 0% - 20%

6.0 **REFERENCES:**

6.1 CFA Institute *Code of Ethics and Standards of Professional Conduct* © 2014

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DOCUMENTATION

Policy Location:

This policy is located (hard and e-copy formats):

1. The original signed and approved policy is on file in the Policy Office, CCMB
2. An e-copy is on file in the CCMB Governing Documents Library, SharePoint
3. An e-copy is on file on the CCMB Board SharePoint site.

Revision History:

Date	Version	Status	Author	Summary of Changes
dd/mm/yyyy	#	Initial, Draft Final Minor/Major revision		
18/02/2004	Draft	Draft	Board	Approved by the Board
18/03/2004	1	Initial	Board	Approved by the Board
19/11/2009	2	Revision	F&A Committee	Approved by the Board
16/09/2010	3	Revision	F&A Committee	Approved by the Board
18/11/2010	4	Revision	F&A Committee	Approved by the Board
15/09/2011	5	Revision	F&A Committee	Reviewed; no changes. Approved by the Board
08/09/2015	6	Review	F&A Committee	Reviewed; no changes. Approved by the Board
18/05/2017	7	Minor revision	F&A Committee	Approved by the Board
17/04/2019	8	Minor revision	F&A Committee	
30/10/2019	8			Approved by the Exec Committee of the Board
6/10/2020	9	Major revision	F&A Committee	Some wording and percentage changes, addition of 5.5, deletion of Fitch Rating from Schedule A and addition of Schedule B.
15/10/2020	9	Review	Board	Approved by the Board

Approvals Record:

This Policy requires approval by:

Approval	Date	Name / Title	Signature
		Not required	

FINAL APPROVAL:

Date	Name / Title	Signature
Oct. 15/2020	Mr. Jeoff Chipman Chair of the Board of Directors CancerCare Manitoba	<i>Approved by the Board October 15, 2020</i>

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Schedule A

Pursuant to Clause 5.2.1a of the Investment Policy the deemed rating of any eligible security will be established, at the time of acquisition of the eligible security, as:

1. "Extremely Strong" if the security meets the following rating criteria from at least one credit rating agencies one of which must be Moody's, DBRS, or S&P.
 - Short-term rating (fixed income securities with an original maturity not exceeding 12 months at date of issue)

S&P	A-1
Moody's	P-1
DBRS	R-1 (High)
 - Long-term rating (fixed income securities with an original maturity of one year or more at date of issue)

S&P	AAA
Moody's	Aaa
DBRS	AAA
2. "Very Strong" if the security meets the following rating criteria from at least one credit rating agencies one of which must be Moody's, DBRS, or S&P.
 - Short-term rating (fixed income securities with an original maturity not exceeding 12 months at date of issue)

S&P	A-1
Moody's	P-2
DBRS	R-1 (Middle)
 - Long-term rating (fixed income securities with an original maturity of one year or more at date of issue)

S&P/CBRS	AA
Moody's	Aa
DBRS	AA
3. "Strong" if the security meets the following rating criteria from at least one credit agencies one of which must be Moody's, DBRS, or S&P.
 - Short-term rating (fixed income securities with an original maturity not exceeding 12 months at date of issue)

S&P	A-2
Moody's	P-2
DBRS	R-1 (Low)

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- Long-term rating (fixed income securities with an original maturity of one year or more at date of issue)

S&P A

Moody's A

DBRS A

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Schedule B – see attached

CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT

PREAMBLE

The CFA Institute Code of Ethics and Standards of Professional Conduct are fundamental to the values of CFA Institute and essential to achieving its mission to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. High ethical standards are critical to maintaining the public's trust in financial markets and in the investment profession. Since their creation in the 1960s, the Code and Standards have promoted the integrity of CFA Institute members and served as a model for measuring the ethics of investment professionals globally, regardless of job function, cultural differences, or local laws and regulations. All CFA Institute members (including holders of the Chartered Financial Analyst® [CFA®] designation) and CFA candidates must abide by the Code and Standards and are encouraged to notify their employer of this responsibility. Violations may result in disciplinary sanctions by CFA Institute. Sanctions can include revocation of membership, revocation of candidacy in the CFA Program, and revocation of the right to use the CFA designation.

THE CODE OF ETHICS

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation ("Members and Candidates") must:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

STANDARDS OF PROFESSIONAL CONDUCT

I. PROFESSIONALISM

- A. Knowledge of the Law.** Members and Candidates must understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation. Members and Candidates must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.
- B. Independence and Objectivity.** Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

- C. Misrepresentation.** Members and Candidates must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.
- D. Misconduct.** Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

II. INTEGRITY OF CAPITAL MARKETS

- A. Material Nonpublic Information.** Members and Candidates who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.
- B. Market Manipulation.** Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

III. DUTIES TO CLIENTS

- A. Loyalty, Prudence, and Care.** Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.
- B. Fair Dealing.** Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.
- C. Suitability.**
1. When Members and Candidates are in an advisory relationship with a client, they must:
 - a. Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
 - b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
 - c. Judge the suitability of investments in the context of the client's total portfolio.
 2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.
- D. Performance Presentation.** When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.
- E. Preservation of Confidentiality.** Members and Candidates must keep information about current, former, and prospective clients confidential unless:
1. The information concerns illegal activities on the part of the client or prospective client,
 2. Disclosure is required by law, or
 3. The client or prospective client permits disclosure of the information.

IV. DUTIES TO EMPLOYERS

- A. Loyalty.** In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.
- B. Additional Compensation Arrangements.** Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with or might reasonably be expected to create a conflict of interest with their employer's interest unless they obtain written consent from all parties involved.
- C. Responsibilities of Supervisors.** Members and Candidates must make reasonable efforts to ensure that anyone subject to their supervision or authority complies with applicable laws, rules, regulations, and the Code and Standards.

V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

- A. Diligence and Reasonable Basis.** Members and Candidates must:
1. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
 2. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.
- B. Communication with Clients and Prospective Clients.** Members and Candidates must:
1. Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
 2. Disclose to clients and prospective clients significant limitations and risks associated with the investment process.
 3. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.
 4. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.
- C. Record Retention.** Members and Candidates must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.

VI. CONFLICTS OF INTEREST

- A. Disclosure of Conflicts.** Members and Candidates must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.
- B. Priority of Transactions.** Investment transactions for clients and employers must have priority over investment transactions in which a Member or Candidate is the beneficial owner.
- C. Referral Fees.** Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from or paid to others for the recommendation of products or services.

VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE

- A. Conduct as Participants in CFA Institute Programs.** Members and Candidates must not engage in any conduct that compromises the reputation or integrity of CFA Institute or the CFA designation or the integrity, validity, or security of the CFA Institute programs.
- B. Reference to CFA Institute, the CFA Designation, and the CFA Program.** When referring to CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA program.