

Title:	Investment Policy
Policy Number	07.001
Last Revision:	May 18, 2017
Initial Date:	March 18, 2004
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 Chief Executive Officer of CCMB

1.0 **BACKGROUND:** Not applicable.

2.0 **PURPOSE:**

To state CancerCare Manitoba's policy on investment of funds held by CCMB.

3.0 **DEFINITIONS:**

3.1 Funds – funds held by CancerCare Manitoba.

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 General Objectives

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

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

4.2.3 Return – The investment portfolio shall be designed to attain a market rate of return during budgetary and economic cycles taking into account safety of capital and liquidity requirements.

5.0 **IMPLEMENTATION:**

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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 “High”, “Medium”, or “Low” 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, Baa3 or higher by Moody’s, and BBB- or higher by Fitch Ratings.
 - 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.
- 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

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provincial government, investment in the securities of any single issuer will be limited to 10% of the total value of a fund. Investment in any single security will be limited to 5% 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 5 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 and 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 and Audit Committee as soon as such action becomes known to Management.

Employees acting in accordance with this Investment Policy and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

5.3 Authority to Invest

- 5.3.1 The Finance and 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 and Audit Committee. Responsibility for the management of the investment program may be delegated to an employee of CCMB (ie. Chief Operating 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.

5.4 Responsibilities

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The Finance and 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 Operating Officer or designate, the Chair of the Finance & Audit Committee and one other person appointed by the Board;
 - 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 and 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;
 - 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 MSCI

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- World 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 and Audit Committee;
- v. Suggest policies and improvements that might enhance the investment program and provide an investment plan for the upcoming year.

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.

5.5 **Ethics and Conflicts of Interest**

Employees and sub-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 sub-committee members shall not undertake any personal investment transactions with the same investment manager with whom business is conducted on behalf of CCMB.

6.0 **REFERENCES**: Not applicable.

Policy Contact: All enquiries relating to this policy should be directed to:	
Name:	Lois Bailey
Title/Position:	Director of Finance
Phone:	204-787-2271
E-mail:	lbailey4@cancercare.mb.ca
Address: (if required):	

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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 Executive Office, CCMB
2. An e-copy is on file in the CCMB Governing Documents Library, SharePoint
3. An e-copy is on file on Diligent Board Books

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

Approvals Record:

This Policy requires approval by:

Approval	Date	Name / Title	Signature
		Not required.	

FINAL APPROVAL:

Date	Name / Title	Signature
May 18 2017	Mr. Greg Tallon Chair of the Board of Directors	<i>Approved by the Board of Directors at its May 18, 2017 meeting.</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. "High" if the security meets the following rating criteria from at least two 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)
Fitch Rating	F1

- 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
Fitch Rating	AAA

2. "Medium" if the security meets the following rating criteria from at least two 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)
Fitch Rating	F2

- 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
Fitch Rating	AA

3. "Low" if the security meets the following rating criteria from at least two 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)

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S&P	A-2
Moody's	P-2
DBRS	R-1 (Low)
Fitch Rating	F2

- 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
Fitch Rating	A