



TITLE: Investment Policy Statement – Short Term Investments	SPONSOR: VP, Administration & CFO
Date Issued: September 9, 2007, Reviewed: November 2010, May 2013, January 2016, January 2017	Date to Be Reviewed: October 2017
Distribution: All	Issuing Authority: Chair, Board of Trustees

PREAMBLE/BACKGROUND

The Statement of Investment Management - Short Term Investments, permitted short-term investments and management principles for liquid assets (cash) held in the Undesignated, Designated and Endowed Funds held and managed by the Foundation.

POLICY

The above noted funds will be managed according to the investment policy guidelines as set out in this statement, with each fund serving a specific purpose as outlined below:

GUIDING PRINCIPLES AND VALUES

Undesignated Fund:

The fund serves as an overall general fund representing undesignated revenue received by the Foundation that is used for equipment grants, operating funds and special projects approved by the Foundation Board of Trustees. The revenue is generated from general donations, undesignated fund raising programs and investment income. All undesignated revenue is used at the discretion of the Foundation Board of Trustees.

Designated Fund:

The fund serves as an operational fund to meet the ongoing financial requirements of the various programs of the QEII Health Sciences Centre to which donors have designated their specific donations. These designated revenues may pertain to any number of programs (as specified by the donor), for example – research, patient care, educational programs, etc.

Endowment Fund:

The purpose of the Endowment Fund is to generate income to support specific programs in perpetuity. It consists of restricted gifts where the Foundation must protect capital. The fund should have sufficient liquidity to support an annual spending amount.

Financial Objective:

The investment objective of the funds is to earn as high a return as reasonable through high credit quality, short term money market investments, while ensuring liquidity and flexibility within each fiscal year. Liquidity is very important given the cash flow demands on these funds, therefore risk tolerance is very low.

Permitted Investments:

Canadian dollar denominated cash, Federal and Provincial T-Bills, bankers' acceptances, commercial paper, term deposits or money market pooled funds whose permissible investments adhere to the before mentioned list of securities. Foreign currency investments are prohibited.

Credit quality:

For segregated accounts or Individually Managed Accounts (IMA's), all securities must be of a quality equal to or greater than R-1(low) by DBRS or a comparable rating agency.

For pooled funds, total assets in the pool must exceed \$1 billion at the time of purchase and the Investment Policy Statement must adhere to the above limitations except that 5% of portfolio is permitted to be less than R-1 (low).

Management principles:

1. The decision on the term of investments or amount of cash to be held is based on the projected cash flow requirements for Foundation operations and grants approved by the Foundation.
2. The maximum term for any investment will be one year, except for pooled funds which may hold investments with terms in excess of one year; however the Foundation will have daily liquidity.
3. Monthly reports will be provided by the investment manager to the QEII Foundation.

For those annual cash requirements that can be accurately anticipated, it is expected that the investment manager will be able to structure the portfolio so as to provide these amounts without adversely affecting the performance of the funds.

RELATED FOUNDATION DOCUMENTS

- Statement of Investment Management – Endowment Management

REFERENCES

- October 2006: replaced Statement of Investment Management Policy – Undesignated and Designated Fund – Short Term

HISTORICAL DATES

- October 2010: Review of Statement of Investment Management Policy by Investment Committee
- November 2010: Review and Approval by Board of Trustees
- January 2017: updated Preamble to include more detail on funds helds in short term investments. Added section on Endowments. Deleted number 3, 4 and 5.