

TITLE

INVESTMENTS

SCOPE

Provincial

DOCUMENT

1129

APPROVAL AUTHORITY

Alberta Health Services Board

INITIAL EFFECTIVE DATE

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SPONSOR

Finance (Treasury)

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PARENT DOCUMENT TITLE, TYPE, AND NUMBER

Not applicable

SCHEDULED REVIEW DATE

December 16, 2023

NOTE: The first appearance of terms in bold in the body of this document (except titles) are defined terms – please refer to the Definitions section.

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OBJECTIVES

- To supplement the requirements of Alberta Health Services (AHS) Investment Bylaw (the Bylaw).

PRINCIPLES

AHS has a responsibility to ensure its funds are invested in a way that promotes the short and long-term sustainability of the organization's operations. The overall investment strategy for AHS, including an acceptable level of risk and return, shall be determined by the AHS Board (the Board) and implemented by Alberta Investment Management Corporation, AHS' **investment manager**.

The investment manager shall ensure investment decisions made on behalf of AHS are in accordance with applicable legislation, AHS bylaws and policies, and AHS' strategic objectives. The investment manager shall avoid any real or perceived conflicts of interest when making investments on behalf of AHS. Where conflicts arise between the Bylaw and this Policy, the Bylaw shall prevail.

APPLICABILITY

Compliance with this document is required by all Alberta Health Services employees, members of the medical and midwifery staffs, students, volunteers, and other persons acting on behalf of Alberta Health Services (including contracted service providers as necessary), and including the investment manager.

ELEMENTS**1. Responsibilities**

- 1.1 AHS' Chief Financial Officer (or designate(s)) shall:
- a) review the investment fund's performance monthly and quarterly;
 - b) review the quarterly investment reports prepared for the Finance Committee by the investment manager;
 - c) review, on an annual basis, the investment managers' policies and procedures as they apply to AHS; and
 - d) conduct other duties as outlined in the Bylaw.
- 1.2 The investment manager shall, at minimum:
- a) execute investment transactions;
 - b) maintain ongoing investment research and provide any recommendations for changes to this Policy;
 - c) promptly report regulatory infractions (e.g., lawsuits brought by securities commissions, or disciplinary actions against traders or advisors);
 - d) promptly notify the AHS Treasury department of material changes to the investment manager's senior investment personnel;
 - e) report investment results to the AHS Treasury department as set out in the Bylaw and this Policy; and
 - f) conduct other duties as outlined in the Bylaw and Investment Management Agreement.

2. Non-Compliance

- 2.1 Where the investment manager cannot comply with AHS bylaws, policies, or procedures, the investment manager shall immediately advise the AHS Treasury department. The investment manager shall detail the reason for non-compliance and follow the recommended course of action as required by the Investment Management Agreement.

3. Confidentiality

- 3.1 The investment manager shall ensure that all AHS financial information, documentation, and personally identifiable information be kept confidential in accordance with AHS' bylaws, policies, and procedures, and the *Freedom of Information and Protection of Privacy Act* (Alberta), the *Health Information Act* (Alberta), and other applicable legislation.

4. Portfolios and Performance

- 4.1 Funds shall be invested in accordance with the ethical standards as outlined in the Bylaw.
- 4.2 The priority categories for investments made on behalf of AHS shall be the preservation of capital, liquidity, and return on investment, as set out in the Bylaw.
- 4.3 The total asset mix of all three portfolios shall comply with the requirements set out in the Bylaw.
- 4.4 Funds should be categorized and segmented into **restricted non-government funds, restricted government funds** and **unrestricted funds** as set out in the Bylaw.
- 4.5 The portfolio performance benchmarks and target asset mixes are:

	Short Term < 1 Year Money Market	Medium Term 1 – 5 Year Fixed Income and Equities	Long Term 5+ Years Balanced Growth
Unrestricted	\$ <i>(As required)</i>	\$ <i>(As required)</i>	\$ <i>(As required)</i>
Restricted Non-Government	\$ <i>(As required)</i>	\$ <i>(As required)</i>	\$ <i>(As required)</i>
Restricted Government	\$ <i>(As required)</i>	\$ <i>(As required)</i>	\$ <i>(As required)</i>
Total	\$	\$	\$
Performance Benchmarks	91 Day T-Bill	90% FTSE TMX Canada Short Bond Index 5% S&P/TSX Composite High Dividend Index 5% MSCI World Net Index C\$	70% FTSE TMX Canada Universe Bond Index 5% S&P/TSX Composite High Dividend Index 25% MSCI World Net Index C\$
Target Asset Mixes:			
Cash and Cash Equivalents and Fixed Income (current remaining maturities less than one year)	80-100%	0-40%	0-20%

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Fixed Income (current remaining maturities greater than one year)	0-20%	60-100%	55-90%
Equities	0%	0-20%	0-40%

- 4.6 The derived mix for restricted funds shall be reported quarterly to the Finance Committee.
- 4.7 Pooled funds whose underlying securities meet the criteria as set out in the Bylaw (specifically for funds required to meet liabilities and operating requirements during the next 365 days) shall be eligible for consideration by the investment manager.
- 4.8 AHS shall not invest in any corporate bond issuer with a debt rating lower than “BBB”. AHS shall not invest more than two percent (2%) of the total investment portfolio in any single corporate bond issuer with a debt rating of less than “A”, as determined by Dominion Bond Rating Service or equivalent.
- 4.9 AHS shall not invest more than five percent (5%) of the total investment portfolio in a single corporate bond issuer with a debt rating of “A” or higher, as determined by Dominion Bond Rating Service or equivalent.
- 4.10 Pooled Fund units recommended by the Investment Manager that are primarily invested in commercial mortgages shall be limited to mortgages on properties located in Canada.
- 4.11 AHS shall not invest more than three percent (3%) of the total investment portfolio at the time of initial investment, in pooled funds or mutual funds that are invested in real estate on properties located in Canada.

DEFINITIONS

Investment Manager means Alberta Investment Management Corporation, whom AHS has engaged to provide investment management services in respect AHS’ investment portfolio as required by section 2.41 of the *Regional Health Authorities Regulation 15/95*.

Restricted Government Funds means funds designated for specific expenditures by Federal and Provincial government entities.

Restricted Non-Government Funds means funds (i.e., donations, endowments) designated for specific expenditures by non-government entities.

Unrestricted Funds means funds not required for specific expenditures.

REFERENCES

- Alberta Health Services Governance Documents:
 - *Investment Bylaw*
 - *Conflict of Interest Bylaw*

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- *Collection, Access, Use, and Disclosure of Information Policy (#1112)*
- Non-Alberta Health Services Documents:
 - *Regional Health Authorities Act (Alberta)*
 - *Regional Health Authorities Regulation 15/1995 (Alberta)*
 - *Freedom of Information and Protection of Privacy Act (Alberta)*
 - *Securities Act (Alberta)*

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