

INVESTMENT POLICY

PURPOSE

To provide a framework for prudently investing the Society's funds with appropriate diversification and in accordance with needs for cash flow obligations.

RESPONSIBILITY

The Finance Committee is authorized to and responsible for undertaking investments and reporting actions to the Board of Directors. The Finance Committee may delegate the work involved in undertaking an investment, but not the decision, to the Society's Accountant in conjunction with its approved investment advisors.

GENERAL POLICY

The Treasurer, with assistance of the Accountant, will regularly project the Society's need for cash to meet operating obligations such as wages, supplies, and overhead expenses and will set aside sufficient cash and/or cashable securities to cover a minimum of two months of operating expenses.

INVESTMENT OBJECTIVE

The objective of investing the Society's excess cash is to preserve real purchasing power of capital against inflation. In measuring the performance of the investment portfolio, the Canadian Consumer Price Index (CPI) would be used as a benchmark to compare the annual performance of the portfolio at the end of each fiscal year.

INVESTMENT POLICIES

A. ASSET CLASS GUIDELINES

Funds not needed to meet projected operating cash obligations may be invested only in instruments and securities as specified below:

Cash and Cash Equivalents

- Savings accounts in Canadian banks or British Columbia based credit unions
- Cashable or short-term deposits in Canadian banks or British Columbia based credit unions, with a term not to exceed 364 days
- Commercial paper issued by major corporations with a rating not lower than "R1 - - low" for a period not to exceed 91 days
- Government of Canada treasury bills

Fixed Income

- Term deposits, including index-linked GICs, in Canadian banks or British Columbia based credit unions, with a term between one and five years
- Canada Savings Bonds with a term not to exceed five years
- Bonds issued by major corporations with a rating not lower than "A"

Equity

- Exchange traded funds that seek to track the total performance of generally approved stock market indices like the following: Canadian Equities (e.g. S&P/TSX Composite Index), US Equities (e.g. S&P 500 Index), International Equities -- Developed Markets (e.g. MSCI EAFE Index) and International Equities -- Emerging Markets (e.g. MSCI Emerging Markets Index).

The Society will not invest in any instrument or lend to any party that is not on the above list without a prior amendment of this policy.

B. ASSET ALLOCATION POLICIES

Outlined below are the long-term strategic recommendations by the Finance Committee to be the most appropriate given the Society's investment objectives.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash and Cash Equivalents	5% - 10%
Fixed Income	45% - 50%
Equity	45% - 50%

The Finance Committee will review the asset class target allocation regularly, at least semi-annually, and adjust the investment portfolio as required to maintain the target allocation of the asset classes, unless the rebalancing forces a disadvantageous sale. Dollar Cost Averaging in both equity and fixed income market holdings will be followed unless the averaging forces a disadvantageous sale.

The Finance Committee will review the Society's investments regularly for continuing applicability in current conditions and bring to the Board its recommendations for changes every two years.

INVESTMENT OVERSIGHT

All transactions below \$400,000 may be approved by the Finance Committee; any transactions exceeding that amount must be approved by the Executive Committee of the Society.