

INVESTMENT POLICY

TABER and DISTRICT HEALTH FOUNDATION

1. TABER AND DISTRICT HEALTH FOUNDATION

The Taber and District Health Foundation (the “Foundation”) acts as a fund raising agency for Taber and District. A Board of Trustees (the “Board”) appointed pursuant to a Trust Document dated as of the 13 day of July, 2006 as amended from time to time is responsible for the overall administration and operation of the Foundation.

The Taber and District Health Foundation by-laws read in part as follows;

The objects of the Foundation are:

- a) To solicit and receive by gift, bequest, devise, transfer or otherwise property of every nature and description.**
- b) Subject to any prior trust conditions imposed on the use of the property and to the extent that public funds are not available for the purpose, to hold use and administer the property generally for maintaining and enhancing hospital care and other health care initiatives in Taber, Barnwell, Grassy Lake, Enchant, Hays, M.D. of Taber and Vauxhall (“Taber and District”). Funds that were accumulated before the date of the amendment will be used, subject to applicable trust conditions, to carry out the purposes as they existed immediately before February 12, 2008.**
- c) To further health care education in that community.**
- d) The income and property of the Foundation shall be applied solely toward the promotion of the objects of the Foundation and no portion shall be paid to transferred or be available directly or indirectly by way of bonus, dividend or otherwise howsoever for the benefit of any other object. The Foundation shall operate as a charitable organization only.**

2. INVESTMENT POLICY

The cash and financial assets of the Foundation are held in an investment portfolio. The investment portfolio is divided into two parts – the “Short-Term Fund” and the “Long-Term Fund” (collectively the “Funds”). This Investment Policy addresses all components of the Foundation’s investment portfolio. One or more professional investment managers will manage the Long-Term Fund and may manage the Short-Term Fund.

a) SHORT TERM FUND

- i. The Short-Term Fund may be managed by the Board or by a professional investment manager and funded at the beginning of the fiscal year with enough capital to cover anticipated operating expenses and projected donation disbursements.**

b) LONG TERM FUND:

The Long-Term Fund will generally be managed by one or more professional investment managers and includes:

- i. Restricted Funds include all funds that are invested for subsequent disbursement to specific programs, sites and activities.**
- ii. Endowment Funds include all funds where the capital is held for ten years or more. For the purpose of the Foundation, endowment funds will be held in perpetuity.**
- iii. Board Discretionary Fund - The Board Discretionary Fund is capital that is included in either Restricted Funds.**

3. OBJECTIVES

The objectives of the investment portfolio can be prioritized as follows

a) PRESERVATION OF CAPITAL IN REAL TERMS

Investment income and capital gains from the portfolio will be used to make charitable disbursements for various programs, equipment and services. Therefore the primary objectives are to ensure that the capital of the fund is maintained in real terms, taking inflation into account, and that investment income is earned on the capital.

b) GENERATION OF COMPETITIVE RETURN

Income earned on the portfolio is used to fund programs, equipment and services, and to pay administration fees related to the portfolio. The generation of a competitive rate of return is therefore important to the long-term operation of the Foundation.

c) LIQUIDITY

The management of the Foundation will annually ensure that an appropriate amount of funds, to be used for monthly operating costs and anticipated donation disbursements, will be set-aside (generally in the Short-Term Fund) in liquid investments. For the remaining investments, liquidity requirements of the portfolio are expected to be low and the portfolio will be structured accordingly

d) PERFORMANCE OBJECTIVES

i) The Funds:

The performance objective for the Funds is to preserve inflation-adjusted purchasing power and to add to the capital of the Funds with investment income. The objective for the inflation adjustment is to achieve a return of 3% per year in excess of inflation (as measured by the change in the Consumer Price Index for Canada) over moving four-year periods. The objective for capital growth is to grow the capital of the fund with prudent investments.

ii) The Investment Manager

The investment performance of the portfolio will be reported to the Finance Committee annually. The focus will be on longer-term rather than shorter-term results. The portfolio return should exceed that of a passive benchmark over moving four-year periods. The benchmark will reflect the investment policies of the portfolio, and allow for a comparison of the return of the portfolio using the relevant asset class indices and a neutral asset mix. The benchmark will be composed of:

<u>Asset Category</u>	<u>Benchmark Index</u>	<u>Benchmark Weighting</u>
Fixed Income & Other	Scotia Capital Universe Bond Index Return	60%
• Mortgages		
• Bonds		
• Real Estate		
Canadian Equities	S&P/TSX Composite Total Return Index	14%
Global (ex-Canada)	50% S&P 500 Total Return Index (Cdn \$)	13%
	50% MSCI EAFE Total Return Index (Cdn \$)	13%

4. ALLOCATION OF RESPONSIBILITIES

The Board is responsible for the overall administration and operation of the Foundation and investment of the Foundation's portfolio. In order to assist in the fulfillment of its duties with respect to the investment of the portfolio the Board has allocated certain duties and responsibilities as follows:

a) Finance Committee

The Finance Committee of the Board will be responsible for the following:

- i. selecting and recommending for appointment by the Board an investment manager or managers to carry out the responsibilities set out below (the "Investment Manager");
- ii. establishing and reviewing the Investment Policy annually;

- iii. determining, with the assistance of the Investment Manager and subject to the constraints imposed by the Investment Policy and applicable legislation, the Asset Mix for the investment of Funds for approval by the Board;
- iv. receiving reports from and periodically meeting with the Investment Manager;
- v. assessing the performance of the Investment Manager annually by reviewing the investment results and other pertinent information, and
- vi. providing the Investment Manager, periodically when requested or as required, with information concerning the Funds.

b) Investment Manager

The Investment Manager will be responsible for the following:

- i. investing the assets of the Funds in accordance with this Investment Policy;
- ii. assisting the Finance Committee in determining the Asset Mix for the Funds as provided for in subsection iii) above;
- iii. providing statements each month which report the investments held by the Funds at the end of the month and all transactions that occurred during the month;
- iv. providing a written commentary on economic, market and investment conditions and outlook normally on a quarterly basis;
- v. providing rate of return and other related information in accordance with Section 3(d) for the Funds and each asset class in which investments are made annually, or more frequently if required;
- vi. providing a compliance report in accordance with Section 9, and
- vii. providing written notification in accordance with Section 8 of any significant changes in investment philosophies and policies, personnel, or organization and procedures.

5. CONSTRAINTS

a) Risk Aversion

The most important constraint on the achievement of the investment objectives of the various accounts is risk aversion. The risk of permanent capital impairment will be minimized through investment policies that place restrictions on the quality of securities, and through proper diversification. The Taber and District Health Foundation is willing to accept some short-term volatility in capital values in order to earn higher long-term returns.

Although funds earned on the Investment Portfolio will be used to make charitable disbursements from the fund, it is relatively permanent in nature and therefore can accept some capital volatility in order to earn a higher return. The risk aversion of the account is moderate.

The Investment Manager will have latitude to make investment decisions to meet the objectives; however the following restrictions will apply with respect to individual (non-pooled) investments:

No short sales permitted

No purchases on margin are permitted

No futures contracts permitted in individual securities

Derivative securities shall not be used to increase actual or potential risk.

b) Time Horizon

The portfolio will be permanent in nature and is expected to grow over time. The time horizon is long and will not constrain the overall asset mix of the portfolio.

c) Tax Considerations

The Foundation is not taxable.

d) Legal Considerations

The Foundation operates under the Regional Health Authorities Foundations Acts. The Foundation has the power to invest available funds in whatever manner it deems most appropriate. In addition the Foundation is subject to the disbursement rules for charitable foundations. Specifically, 4.5% of the value of the Endowment Fund portion must be disbursed annually.

e) Liquidity

Liquidity refers to the ability to access funds quickly without the risk of capital loss. All securities held in the portfolio will be marketable. Charitable disbursements will be funded by income earned from the portfolio and a portion will therefore be invested in liquid investments.

f) Income Requirements

The main income requirement is to fund charitable disbursements. Income from the investment portfolio includes interest, dividends, realized and unrealized capital gains.

g) Community Position

Investments will not be made in entities which could damage the role or standing of the Foundation within the community or which could be construed to be at odds with the Taber & District Health Foundation Mission Statement. The Board may communicate additional restrictions to the Investment Manager.

6. POLICIES

The Investment Policies will govern how the funds are invested in each account.

The Investment Policies will reflect the objective and constraints of each account.

The main policy issues are asset mix, diversification, quality and nature of securities and the term of the fixed income portfolios.

Funds are to be considered in total.

The Investment Manager will, as required, establish and maintain separate accounts for Funds and will document transfers among the Funds.

a) ASSET MIX

The allocation of funds in different asset categories will be the primary determinant of return and volatility.

An appropriate asset mix range will be established for each account and will be based on market values.

The Short-Term Fund will be invested in liquid investments such as Money Market instruments, Prime-Linked GIC and similar vehicles.

Taking into consideration the Objectives and Constraints applicable to the Long-Term Fund, the Board approves the investment of the Long-Term Fund in the asset classes and within the ranges set out below:

ASSET CLASS	LONG TERM ASSET MIX	RANGE
FIXED INCOME		
Money Market	0%	0% - 30%
Bonds	40%	30% - 50%
Mortgages	10%	5% - 15%
TOTAL FIXED INCOME	50%	
OTHER		
Real Estate	10%	0% - 20%
EQUITIES		
Canadian Equities	14%	10% - 20%
Global (Ex-Canada)	26%	15% - 40%
TOTAL EQUITIES	40%	
TOTAL	100%	

b) Diversification

Term and issuer will diversify the Foundation’s investment portfolio. No more than 10% of the total portfolio will be invested in any one government issuer, other than the Government of Canada or Alberta, and no more than 10% in any one corporate issuer. No more than 10% of the Money Market portfolio will be invested in any issuer other than the Government of Canada. No single equity position will exceed 10% of the total equity portfolio.

c) Qualities and Nature of Securities

i. Bond Portfolio

All Money Market securities will be rated “R1” mid or higher. All corporate bonds will be rated “A low” or higher by Dominion Bond Rating Service or Standard and Poor’s Canadian Bond Rating Service. Bonds guaranteed by the Government of Canada or its agencies and any of the provinces are allowed. Municipal bonds will be rated “A” or higher.

ii. Equity Portfolio

Equity investments will generally include mid-cap and large-cap companies.

iii Other Permitted Investments

Investments may be made in other types of investment including, without limiting the generality of the foregoing, mortgages, real estate and income trusts.

The Funds may be invested in pooled and/or segregated funds which invest in any or all of the above asset classes or instruments with substantially similar constraints under a group variable annuity contract or similar instrument regulated by the *Insurance Companies Act (Canada)* or comparable provincial law, all as amended from time to time.

7. CONFLICT OF INTEREST

Each person, firm or organization having dealings with the Funds and each member of the Board and Finance Committee is required and obliged to disclose and report details of all and any conflict of interest or possible or perceived conflict of interest involving the administration and/or the investment of the Funds. Such report and disclosure shall be made immediately to the Chairman of the Board. The Chairman shall determine if a conflict or possible or perceived conflict of interest has occurred or might occur. If the Chairman determines that a conflict or possible or perceived conflict of interest has occurred or might occur, the person, firm or organization in conflict shall, where applicable, be prohibited from participating in all or any discussion and the decision making process concerning the area of actual, possible or perceived conflict of interest.

8. STANDARD OF CARE

The Investment Manager shall select all investments with consideration given to the overall context of the investment portfolio, without undue risk of loss or impairment and with a reasonable expectation of fair return or appreciation given the nature of the investment.

The Investment Manager and others having authority or control over the investment of the assets of the Funds (including the Board and the Finance Committee) shall exercise the degree of care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person and shall use all relevant knowledge and skill the he or she possesses or, by reason of his or her profession or business, ought to possess, in the administration and management of the investments of the Funds, and this duty includes, but is not restricted to observing the investment policies and guidelines set out in this Investment Policy, as amended from time to time.

The Investment Manager shall conduct his business in accordance with the Code of Ethics and Standards of Professional Conduct of the CFA Institute.

The Investment Manager shall notify the Finance Committee at Taber and District Health Foundation in writing of any significant changes in investment philosophies and policies, personnel, or organization and procedures on an annual basis.

9. COMPLIANCE

The Investment Manager must submit a compliance report to the Finance Committee annually or more frequently if requested. The compliance report will indicate if the Investment Manager invested and administered the assets of the Funds throughout the period under review in compliance with this Investment Policy.

In the event that the Investment Manager was not in compliance at any point in the period under review, the report should describe the circumstances in which the non-compliance occurred and the steps taken by the Investment Manager to rectify the situation.

10. GENERAL

The Board understands the impact on the assets of the Funds resulting from changes in equity markets, interest rates and inflation. Furthermore, the Board is aware that investment management fees, transaction costs and custodial expenses reduce the net rate of return earned on the Funds' assets.

"The Board also understands that investments in real estate are subject to certain risk factors inherent in the nature of real property investments. These factors include, but are not limited to, the relative illiquidity of real property investments and competition in the market place for suitable properties, tenants and purchasers."

**THE BOARD OF TRUSTEES
TABER & DISTRICT HEALTH FOUNDATION**

Per: Cindy L.Fauth – Chairman _____

Per: Michael J. Brand - Vice Chairman _____

Acknowledged and agreed to:

GWL INVESTMENT MANAGEMENT LTD

Per: Rick Lewis _____

Date: February 11, 2008