

Policy Title: Investment Policy	
Category: Corporate Services	Review Date: Annually
Approver(s): Audit & Investment Committee to the Board	Approval Date: March 17, 2016 (re-confirmed)



GenomeCanada

INVESTMENT POLICY

OBJECTIVE

The objective of the Investment Policy is to set forth the principles governing management and investment by the Corporation of amounts it may receive from governmental authorities from time to time (the "*Amounts*").

1. INVESTMENT OF THE AMOUNTS

- 1.1. The Committee shall ensure that the principal amount of the Amounts that has not been disbursed or committed, be invested in accordance with the present policy and the prudent person principle set out in Section 4.1. Investment decisions shall be made with the principal objective being the preservation of the capital to meet future disbursement requirements.

2. INVESTMENT STRATEGY

- 2.1. Investment Philosophy – Primary emphasis shall be placed on safety of principal by minimizing risks from either market or credit factors and optimizing returns as a prudent investor.
 - 2.1.1. The investment manager should act as an active, pragmatic investor for all market conditions. Their broad investment philosophy should consider that:
 - 2.1.1.1. markets are often inefficient in the short term and therefore the investment manager should be active;
 - 2.1.1.2. inefficiencies exist at the macro-economic sector and security level and therefore the investment manager should seek to add value through analysis of duration, credit bands, curve positioning and individual security selection;
 - 2.1.1.3. economic and business cycles are the primary determinants of value change and hence analysis of these should be at the core of their investment process;
 - 2.1.1.4. the investment manager should seek to outperform the market;
 - 2.1.1.5. the investment manager should focus on Genome Canada's longer-term investment requirements.

3. LONG-TERM OBJECTIVES AND EXPECTATIONS AND RISK MANAGEMENT

- 3.1. Investment Objective – The primary Investment objective is to preserve capital and maintain liquidity with low risk investments, and, to outperform inflation.

4. MANAGEMENT OF THE AMOUNTS

- 4.1. The Corporation shall invest and manage the Amounts in accordance with the present policy which a prudent person would follow in making investment decisions with respect to property belonging to others.

- 4.2. The prudent person or prudent investor principle shall always guide investment decisions and, in case of conflict between such principle and any provision of this Investment Policy, the prudent person or prudent investor principle shall prevail.
- 4.3. The Corporation shall establish an investment committee (hereinafter referred to as the «*Committee*») that oversees all matters related to the investment management of the Amounts. The Committee should be composed of at least three directors who are not officers or employees of the Corporation. Members of the Committee shall be financially literate and have broad knowledge or experience in investment matters.
- 4.4. The Committee shall recommend to the Board for its approval, the appointment of one or more independent, external investment advisors to provide investment advice. The Committee may also recommend to the Board the appointment of one or more professional portfolio managers to invest the Amount in a manner consistent with the approved Statement of Investment Policy and the investment strategy.

5. PERFORMANCE MEASUREMENT AND MONITORING PROCEDURES

- 5.1. The responsibilities, duties and authority of the Investment Committee include the following:
 - 5.1.1. Oversight of the performance of the portfolio and the investment manager according to the guidelines and principles enumerated above;
 - 5.1.2. Hire outside professional investment advisor(s) at the Committee's discretion;
 - 5.1.3. Conduct quarterly meetings to assess the portfolio's investment position and modify it if appropriate;
 - 5.1.4. Provide the Board with a quarterly report which documents the monitoring activities of the Investment Committee and documents the compliance with the approved guidelines and the Investment Policy and comparison of performance against accepted indices benchmark, such as the Scotia Capital 182 day T-Bill index and the FTSE TMX 91 day T-Bill index.

6. CONFLICT OF INTEREST

- 6.1. The Committee shall ensure that all investment advisors or portfolio managers who are involved in the investment and management of the Amount disclose in writing, in advance of any conflict occurring, the nature and intent of his/her interest, including any material interest in any entity that is a party of a transaction with the Corporation as well as any other matters requested from all Directors and Officers of the Corporation pursuant to the Confidentiality and Conflict of Interest Policy of the Corporation which applies mutatis mutandis to the aforementioned advisors and managers.

7. REVIEW OF POLICY

- 7.1. The Board of Directors of the Corporation shall periodically review the present Management and Investment Policy but no less frequently than annually, specifying permitted transactions, risk limitations for all markets and credit risks faced by the Corporation as well as levels of authority of officials who can commit the Corporation to different types of transactions. The Committee shall ensure that the Board of Directors is regularly made aware of any significant financial risks facing the Corporation, including the consequences of potential significant losses on investments of any or all of the Amounts.

8. INVESTMENT GUIDELINES

- 8.1. The Corporation shall invest any funding it may receive, from time to time, in securities which are within those classes and permitted investments ("*Eligible Securities*"), subject to quantitative limits, as specified herein.
- 8.2. The deemed rating (the "Rating") of any Eligible Security will be established, at the time of acquisition by the Corporation of the Eligible Security.
- 8.3. All investments or counterparts shall have a credit rating from at least 2 of the 4 following rating agencies: Moody's, S&P, Fitch, and DBRS. When there are 2 or more external credit ratings provided for an entity or security, the lower of the 2 highest external credit ratings should be used to determine the "Rating" of the security, in accordance with the Basel II rules.

8.3.1 The Rating of any Eligible Security will be established at the time of acquisition as:

"AAA" if the lower of the 2 highest external credit ratings is one of the following:

Moody's: Aaa

S&P: AAA

Fitch: AAA

DBRS: AAA

"AA" if the lower of the 2 highest external credit ratings is one of the following:

Moody's: Aa1, Aa2, Aa3

S&P: AA+, AA, AA-

Fitch: AA+, AA, AA-

DBRS: AA(high), AA, AA(low)

"A" if the lower of the 2 highest external credit ratings is one of the following:

Moody's: A1, A2, A3

S&P: A+, A, A-

Fitch: A+, A, A-

DBRS: A(high), A, A(low)

- 8.4 All securities will be denominated in Canadian dollars.

9. QUANTITATIVE LIMITS ON INVESTMENT HOLDINGS

- 9.1. Investments in the Eligible Securities of any one issuer, or two or more affiliated entities, shall be limited to no more than ten per cent (10%) of the investment portfolio's assets of the Corporation.
- 9.2. Section 9.1, hereof does not apply in respect to:
 - 9.2.1. Investments in Eligible Securities issued by the Government of Canada or the government of a province, or Eligible Securities that carry the full faith and credit of either; and
 - 9.2.2. Any index, segregated, mutual or pooled fund.
- 9.3. Investments in the Eligible Securities with a credit Rating of "A" shall be limited to no more than twenty percent (20%) of the investment portfolio's assets.
- 9.4. Investments in the Eligible Securities with a Rating of "AA" shall be limited to no more than seventy percent (70%) of the investment portfolio's assets.
- 9.5. Ratings allocation - The portfolio shall be structured under the following guidelines.

Rating	Minimum	Maximum
AAA	10%	100%
AA	0%	70%
A	0%	20%

(Securities that do not qualify for any of the above Rating categories as defined in Section 8 are not permitted.)

- 9.6 Investment in Eligible Securities that are not issued by, or carry the full faith and credit of either the Government of Canada or the government of a province shall be limited to no more than fifty per cent (50%) of the investment portfolio's assets of the Corporation.

10. LIQUIDITY AND MATURITIES OF THE ELIGIBLE SECURITIES

- 10.1. The maturities and terms of investments shall match the profile of the Corporation's forecasted disbursements and liquidity requirements. In cases where the timing of disbursements is unknown, investments shall be held in Eligible Securities with term to maturity of one (1) year or less.

11. PERMITTED INVESTMENTS - ELIGIBLE SECURITIES

- 11.1. The following constitute permitted investments:
- 11.1.1. bank certificates of deposit;
 - 11.1.2. banker's acceptances;
 - 11.1.3. treasury bills, commercial paper and other short-term securities, bonds and notes issued by the Government of Canada, the government of a province, the municipal governments and corporations, including Canadian corporate and foreign corporate bonds denominated in Canadian dollars; and,
 - 11.1.4. other fixed-income securities that carry the full faith and credit of the Government of Canada.

12. PROHIBITED INVESTMENTS AND TRADING ACTIVITIES

- 12.1. The Corporation undertakes not to engage or invest in the following:
- 12.1.1. equities or shares issued by any corporation;
 - 12.1.2. hedge funds or funds of hedge funds;
 - 12.1.3. fixed-income instruments rated below A- by S&P or Fitch Ratings, A3 by Moody's or A-low by DBRS;
 - 12.1.4. derivatives or any instruments that have derivative holdings or features
 - 12.1.5. non-marketable securities
 - 12.1.6. commodities
 - 12.1.7. repurchase agreements against securities which are not permitted to be held in the portfolio; and
 - 12.1.8. margin transactions or any form of leveraging.
- 12.2. The Corporation shall not invest in securities that are not denominated in Canadian Dollars.

13. DIVERSIFICATION POLICY AND ASSET ALLOCATION STRATEGY

13.1. Investment will be diversified to prevent adverse effects of any given investment from unduly penalizing the overall portfolio performance. Diversification is interpreted to include different types, characteristics, and numbers of investments.

13.2. Asset allocation – The portfolio shall usually be structured with the following guidelines:

Asset Class	Minimum	Maximum
Short Term	0 %	100 %
Bonds		
• Canada's (including securities guaranteed by the Government of Canada)	- %	100 %
• Provincial's	- %	100 %
• Corporate	- %	50 %

14. LENDING OF CASH OR SECURITIES

14.1. Lending of cash or securities is not allowed under the present Investment Policy.

15. RELEVANT DOCUMENTS

Contribution Agreement 2013
Amending Agreement 2014

16. VERSIONS

September 8, 2011; November 2013; December 11, 2014; March 17, 2016 re-confirmed & reorganized;