

FOR DECISION

The Board is asked to

- Approve the changes to the investment policy as recommended by the Investment Committee.

The Secretariat recommends the Board not widely disseminate the content of this paper as it contains sensitive information that is not generally expected to be in the public domain.

Investment policy revision

At the Investment Committee meeting on 17 September 2009, the Secretariat proposed several modest changes to the investment policy. The Committee discussed the proposal and felt that in addressing the changes, it should recommend alterations that increase the flexibility of the policy by removing some of the restrictive subcategory requirements. That way, future incremental or granular adjustments to the portfolio would be within policy and would not require board consideration.

Currently, the investment policy sets certain boundaries for asset classes as such:

Asset Class	Target	Allowable Range
Fixed Income	75%	70% - 80%
Short Duration	40%	30% - 50%
Intermediate Duration	35%	25% - 45%
Inflation Sensitive	25%	20% - 30%
Real Estate Securities	12.50%	5% - 20%
Hybrid Real Asset	12.50%	5% - 20%

To this, the Investment Committee made three recommendations:

- The Fixed Income Assets allowable range should be changed to 70%-90%
- The Inflation Sensitive Assets allowable range should be changed to 10%-30%
- The Inflation Sensitive Assets subclasses (Real Estate Securities and Hybrid Real Asset) should be removed as having targets and allowable ranges.

Driving these recommendations is a desire to hold no real estate securities at this time. However, should the investment team and Investment Committee decide to hold real estate securities in the future, they would like the flexibility to make the investment without having to change the policy again.