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POLICY

This Investment Policy (the "Policy") is to be used by the Finance and Audit Committee (the "Committee") and the Investment Manager (the "Manager"). The basic goal underlying the establishment of the Policy is to ensure that the assets of the Canadian Society of Hospital Pharmacists ("CSHP") reserve fund (the "Fund"), together with the investment income to be earned by the Fund, shall be invested in a prudent manner.

The purpose of the Policy is to formulate investment principles and guidelines which are appropriate to the needs and objectives of CSHP. In particular, the Policy ensures that the assets of the Fund are invested at all times in a prudent and diversified manner within the context of its financial characteristics. The Policy also describes the monitoring procedures adopted for the ongoing operation of the Fund.

The Committee, as appointed, is responsible for all aspects of the administration and investment of the Fund. The Committee has delegated its responsibilities concerning the investment of the Fund to BMO Nesbitt Burns (the "Manager").

This Policy may be changed or modified at any time by action of the Committee. Any such change shall be properly communicated to the Manager appointed by the Committee.

Any Manager, consultant or other agent or advisor providing services in connection with the investment of the Fund shall accept and adhere at all times to this Policy.

CSHP Branches may not have sufficient funds to fully adhere to this policy. Branches should comply with the policy to the extent that their funds will permit.

This policy applies to CSHP National and all its branches.

PROCEDURES

Section 1: Roles and Responsibilities

1.1 The roles and responsibilities concerning the administration and investment of the Fund are allocated as follows:

The Committee

a) Establishes the Policy;
b) Reviews the Policy once a year and makes the necessary amendments;
c) Selects the Manager; and
d) Monitors investment results at least once a year.

The Manager

a) Invests the assets of the Fund according to applicable legislation and the investment guidelines defined in this Policy;
b) Forwards statements on the Fund performance to CSHP on a quarterly basis;
c) Participates in the establishment and annual review of the Policy by the Committee;
d) Presents an annual review of the Fund performance and the economic and financial market outlook and the related investment strategies to the Committee; and
e) Explains the characteristics of new asset classes or investment instruments and how they may assist in achieving the Fund's objectives.

Section 2: Fund Characteristics

2.1 Safety of Capital: The Fund should be conservatively invested to protect the capital against undue financial and market risk. The Portfolio, at all times, will be invested in high-quality securities and/or other eligible assets.

2.2 Adequate Income: As the Fund may experience cash outflows from time to time, it is essential that the Portfolio earn sufficient income to meet these obligations. The Portfolio will invest in high quality, high-yielding securities.

2.3 Corporate Responsibility: The Manager will make every effort to invest in companies that are socially responsible in the following areas:

a) The rights and needs of such companies' employees;
b) The economic development of the community;
c) The social and environmental condition of the community.

Funds are invested in accordance with these guidelines, even in the absence of special instructions.

In addition to the above restrictions, the portfolios are restricted from owning securities issued by companies engaged in the production or sale of: alcohol, tobacco, weapons, pharmaceuticals or pharmaceutical technology.

Section 3: Asset Classes Eligible for Investment

3.1 From time to time, and subject to this Policy, the Fund may invest in any or all of the following asset classes. These assets may be obligations or securities of Canadian or non-Canadian entities.

a) Cash, or money market securities issued by governments or corporations;
b) Guaranteed investment certificates, term deposits or similar financial instruments of insurance companies, trust companies, banks or other issuers;
c) Bonds, debentures, notes or other debt instruments, including mortgage loans, asset-backed securities and mortgage-backed securities, of governments or corporations;
d) Commercial real estate- to the extent that CSHP occupies a significant portion of the commercial real estate;
e) Publicly traded common stocks, convertible debentures, preferred securities, convertible preferred securities or other common share equivalent;
f) Mutual, pooled or segregated funds, which may invest in any or all of the above instruments or assets.

For purposes of this Policy, "governments" includes supranational, national, federal, state, provincial or municipal governments and their related agencies provided that the securities of such agencies are guaranteed by the respective government or supranational organization.

Section 4: Policy Asset Allocation

4.1 In order to achieve an acceptable long-term return for the Fund at an acceptable level of volatility of returns, the following Policy asset allocation and respective asset class ranges for strategic deviation have been established:

Asset Class	Policy	Minimum	Maximum
Cash	5%	5%	50%
Federal, Provincial, or Corporate Guaranteed Bonds or Guaranteed Investment Certificates	35%	30%	85%
Commercial Real Estate	50%	0%	60%
Equities	10%	0%	25%
Total	100%		

Specific Restrictions

a) The maximum exposure to a single provincial issuer is 30%.
b) The maximum aggregate exposure corporate bond issuers is 15%.
c) The minimum allocation to Canadian equities is 65% of aggregate equity holdings.

Section 5: Portfolio Diversification and Constraints

5.1 The assets of the Fund will be invested at all times in a prudently diversified manner within the overall context of the Fund and consistent with the nature of the characteristics of the Fund, in order to optimize long-term returns at an appropriate level of risk. Within each asset class, the Manager will ensure that there is an appropriate level of diversification given the specific guidelines and subject to the following limits based on the market value of the respective component of the Fund.

5.2 ***Cash & Short-term***

a) Minimum credit rating at time of purchase for any single security: "R-1" low
b) Maximum term to maturity for any single security: 1 year

5.3 ***Canadian Fixed Income***

a) Minimum average credit rating for the Fund (market value weighted): "A"
b) Minimum credit rating at time of purchase for any single security: "A"
c) Maximum exposure to a single provincial issuer: 30%

5.4 ***Commercial Real Estate***

a) Minimum average rating of commercial "B" real estate for all individual real estate holdings.

5.5 ***Canadian Equities-to the extent that individual securities are held***

a) Minimum number of industries: 8 industries;
b) Maximum in a single industry group: S&P/TSX composite industry weight + 5%;
c) Minimum number of companies: 20 companies;
d) Maximum in a single company: 10% of the market value of Canadian equities.

5.6 ***Foreign Equities (U.S. and International)-to the extent that individual securities are held***

a) International holdings broadly diversified by region, industry, country and currency
b) Maximum in a single company: 8% of the market value of U.S. equities
c) Minimum number of companies: 30 companies

5.7 Notwithstanding this Section 5.5 & 5.6, it is recognized that the Manager cannot necessarily adhere to these diversification and constraint standards within a pooled fund or mutual funds, although every effort will be made to do so.

5.8 All debt ratings refer to the ratings of the Dominion Bond Rating Service ("DBRS"), the Canadian Bond Rating Service ("CBRS") or the equivalent (see the Appendix to this policy).

5.9 Commercial Real Estate ratings refer to those available through recognized national real estate brokerage firms (IE C.B. Richard Ellis, JJ Barnicke Limited, Royal LePage, etc.)

Section 6: Administrative Matters

6.1 The Manager is authorized to exercise and direct the voting rights acquired through the investments of the Fund subject to any exceptions provided in writing to the Manager by the Committee.

6.2 Any exercise of voting rights acquired through the investments of the Fund will be made at all times solely in the best interests of the Fund.

Conflicts of Interest

6.3 Any person involved in the investment or in the administration of the Fund, including the Manager, may not permit personal interests to conflict with the exercise of duties and powers with respect to the Fund. Such conflicts of interest, actual or perceived, must be disclosed in writing to the Committee immediately.

Valuation of Investments

6.4 Investments in publicly traded securities will be valued no less frequently than monthly at their closing market value.

6.5 Investments in pooled funds will be valued according to the unit values calculated at least monthly by the Manager, and verified at least annually by an independent third party.

6.6 Investments in Commercial Real Estate will be valued at book value, unless and until the holdings are formally re-valued by a professional accredited appraiser acceptable to the Committee.

Section 7: Monitoring and Policy Review

Monitoring

7.1 The Committee will meet at periodic intervals to review the assets, net cash flow and performance of the Fund, the current economic outlook and investment strategies of the Manager, and to take any action necessary to ensure compliance with this Policy.

Performance Benchmarking

7.2 The portions of the Fund not invested in Real Estate[1] should aim to achieve an annual rate of return based on the annual increase in the consumer price index ("CPI") plus 2.5%. The CPI data used in this measurement will be drawn directly from the Bank of Canada.

Policy Review

7.3 This Policy will be reviewed annually by the Committee to determine whether amendments are required.

[1] The Real Estate component of the Fund is intentionally omitted from the annual benchmarking exercise as it would be impractical and prohibitively expensive to have the Real Estate re-valued annually solely for that purpose.

Appendix

Debt Rating Definitions:

AAA
Long-term debt rated AAA is of the highest credit quality, with exceptionally strong protection for the timely repayment of principal and interest. Earnings are considered stable, the structure of the industry in which the entity operates is strong, and the outlook for future profitability is favourable. There are few qualifying factors present that would detract from the performance of the entity. The strength of liquidity and coverage ratios is unquestioned and the entity has established a credible track record of superior performance. Given the extremely high standard that DBRS has set for this category, few entities are able to achieve a AAA rating.

AA
Long-term debt rated AA is of superior credit quality, and protection of interest and principal is considered high. In many cases they differ from long-term debt rated AAA only to a small degree. Given the extremely restrictive definition DBRS has for the AAA category, entities rated AA are also considered to be strong credits, typically exemplifying above-average strength in key areas of consideration and unlikely to be significantly affected by reasonably foreseeable events.

A
Long-term debt rated "A" is of satisfactory credit quality. Protection of interest and principal is still substantial, but the degree of strength is less than that of AA rated entities. While "A" is a respectable rating, entities in this category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated securities.

BBB
Long-term debt rated BBB is of adequate credit quality. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities.

R1 High
Short-term debt rated R-1 (high) is of the highest credit quality, and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.