



Yukon Workers'  
Compensation  
Health and  
Safety Board

## For Release

April 16, 2009

### YWCHSB Investment Policy Clarified

In June, 2007, YWCHSB received notice that its proposed new Investment Policy had been approved by Executive Council, and updated its web site with the new policy. The changes had previously been presented to the Stakeholder Advisory Group and were also later highlighted in the 2007 Annual Report.

Changes in the policy included:

- the ability to invest a limited portion of the Fund in specific types of income trusts;
- the ability to invest a limited portion of the Fund in BBB-rated bonds;
- placing a constraint on the percentage of bonds that could be held through private placements;
- the ability to invest a limited portion of the Fund in R1L money market instruments;
- a shift in certain minimum/maximum portions of the Fund that determined the mix (diversification) of the investments;
- clarifying investment constraints in fixed income instruments and pooled funds.

While the 2007 policy allowed a broader range of investments, the Board of Director's highly conservative approach led them to add a minimum amount of BBB-rated bonds to the portfolio. (as at December 31, 2008, 2.5% of the Fund's investment portfolio consisted of BBB bonds.). Other than very small investments in income trusts and the investment in BBB bonds, the Fund's investment continued in line with the 2000 Investment Policy.

During the market downturn in 2008, bond investments were the only elements of the Fund that provided a positive return (5.2%) thus mitigating the drop in value in the Fund's equity investments. Overall, the Fund posted a negative return of 10.7% compared to the benchmark return of negative 11.8%. This places the YWCHSB Investment Fund managers in the top quartile of fund managers. The vast majority of the value reduction is in the form of unrealized losses.

YWCHSB remains fully funded, which means that injured workers and employers need not have any concerns about the security of worker benefits.

In 2008, YWCHSB again revised its Investment Policy to change references within the policy to reflect the new *Workers' Compensation Act* (the 2007 Investment Policy references were to the previous *Act*). No changes were made to how investments could be made. In January, 2009, YWCHSB received notice that its proposed new Investment Policy had been approved by Executive Council, and updated its web site with the new policy.

This week, YWCHSB learned that, while Executive Council had approved of the policy change, no formal OIC (Order in Council) had been signed. This administrative oversight is now being corrected and processes are being put in place to ensure that the error will not be repeated.

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