



BOARD OF GOVERNORS
Investment Committee

Minutes of the Public Session of the Meeting of February 19, 2020
ERC 3023, 11:50 a.m. – 12:25 p.m.

Members: Stephanie Chow (Chair) (*videoconference*), Doug Allingham, Ferdinand Jones, Thorsten Koseck, Mark Neville, Maria Saros (*videoconference*), Steven Murphy

Staff: Becky Dinwoodie, Cheryl Foy, Andrew Gallagher

Guests: Leila Fiouzi and Connor Glassco (PH&N)

1. Call to Order

The Chair called the meeting to order at 11:53 a.m.

2. Agenda

Upon a motion duly made by F. Jones and seconded by M. Saros, the Agenda was approved as presented.

3. Conflict of Interest Declaration

There was none.

4. Minutes of Public Session of Meeting of November 20, 2019

Upon a motion duly made by T. Koseck and seconded by D. Allingham, the Minutes were approved as presented.

5. Chair's Remarks

The Chair welcomed the members to the first committee meeting of 2020. She reminded members to ask confidential questions during the non-public session.

6. Investment Review

6.1 Third Quarter Investment Review

L. Fiouzi reviewed the portfolio's performance during the third quarter. The portfolio's investment account approximately was at approximately \$28.3m and cash account was at approximately \$485,000. The cash account is composed of realized gains, interest and dividends. L. Fiouzi noted the performance was -0.56% below benchmark during the last quarter and +0.74 since inception. Having an allocation in the market neutral equity fund during a buoyant market negatively affected the performance of the portfolio. She also noted that the investment management fees are 36 basis points.

Shortly after the last meeting, the committee decided to remove the market neutral equity fund from the portfolio. L. Fiouzi reviewed the updated asset allocation and discussed the characteristics of the mortgages fund. The total distributions for 2019 were \$950,084. A committee member asked if PH&N could report on the distributions for previous years to allow for a comparison.

6.2 Statement of Investment Policies (SIP) Amendments

L. Fiouzi provided a high-level overview of the proposed amendments to the SIP. She clarified that there is an Offering Memorandum for the real estate fund and would be happy to provide it to the committee. L. Fiouzi explained the reasoning for removing the section in 5.2 relating to derivatives. The committee discussed revising the language to remove the reference to Canadian in section 5.1. There was also a discussion about the allocation of 15% to mortgages. L. Fiouzi advised that mortgages are an inherently illiquid asset class and PH&N is conscious to not have more in mortgages than in liquid bonds. There was also a discussion regarding the recommended range (0-20) and whether it would be best to have the full allocation now or to wait. L. Fiouzi advised that she would support the SIP being changed to the range of 0-20%, which would allow the committee to make the decision down the road.

A friendly amendment was proposed to remove “Canadian” from section 5.1(e). L. Fiouzi clarified that Direct Real Estate Equity should be defined as “commercial investment grade income-producing real estate.”

Upon a motion duly made by T. Koseck and seconded by M. Neville, the proposed amendment to section 5.1(e) was approved.

A second friendly amendment was proposed to change the range of alternative investments from 0-15 to 0-20.

Upon a motion duly made by D. Allingham and seconded by M. Neville, the proposed amendment to change the range to 0-20 was approved.

Upon a motion duly made by S. Chow and seconded by M. Neville, pursuant to the recommendation of PH&N, the Investment Committee recommended the proposed amendments to the Statement of Investment Policies, as amended, for approval by the Board of Governors in order to allow for investments in Direct Real Estate Equity.

6.3 Disbursement Committee Recommendation

A. Gallagher presented the disbursement recommendation. The committee discussed whether the university would be able to continue to disburse at least \$725,000 going forward. The committee noted that they would like to see the disbursement amount continue to be maintained or be increased. L. Fiouzi confirmed that the recommended amount would be a comfortable draw. There was a discussion regarding what the additional \$100,000 would be used towards. S. Murphy clarified that the disbursement

must be allocated to bursaries. There are some bursaries that have requirements that are more flexible than others.

Upon a motion duly made by F. Jones and seconded by M. Neville, the Investment Committee recommended the disbursement of up to \$725,000 from Endowment Funds for distribution as student awards in 2020-21 for approval by the Board of Governors.

7. Other Business

8. Adjournment

There being no other business, upon a motion duly made, the public session adjourned at 12:42 p.m.

Becky Dinwoodie, Secretary