



BOARD OF GOVERNORS
Investment Committee

Wednesday, February 19, 2020

11:50 a.m.* – 1:30 p.m.

North Campus, ERC 3023

Toll-Free: 1-877-385-4099 Participant Passcode: 1028954#

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

Staff: Becky Dinwoodie, Cheryl Foy, Andrew Gallagher

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

AGENDA

No.	Topic	Lead	Allocated Time	Suggested Start Time
	PUBLIC SESSION			
1	Call to Order	Chair		
2	Agenda (M)	Chair		
3	Conflict of Interest Declaration	Chair		
4	Minutes of Public Session of Meeting of November 20, 2019*	Chair		
5	Chair's Remarks	Chair		
6	Investment Review			
6.1	Third Quarter Investment Review* (U)	PH&N	10	11:55 a.m.
6.2	Statement of Investment Policies Amendments* (M)	PH&N	10	12:05 p.m.
6.3	Disbursement Committee Recommendation* (M)	Andrew Gallagher	10	12:15 p.m.
7	Other Business	Chair		
8	Adjournment (M)	Chair		12:25 p.m.
	BREAK		10	
	NON-PUBLIC SESSION (material not publicly available)			12:35 p.m.
9	Call to Order	Chair		
10	Conflict of Interest Declaration	Chair		

*non-public educational session from 11:30-11:50 a.m.

D – Discussion M – Motion P – Presentation U – Update * Documents attached

No.	Topic	Lead	Allocated Time	Suggested Start Time
11	Minutes of Non-Public Session of Meeting of November 20, 2019* (M)	Chair		
12	Investment Review			
12.1	Third Quarter Investment Review – Portfolio Components* (U)	PH&N	15	12:40 p.m.
12.2	Asset Class Management Strategy Update* (M)	PH&N	10	12:55 p.m.
13	Portfolio Performance Management Update* (U) (PH&N to leave)	Cheryl Foy & Andrew Gallagher	15	1:05 p.m.
14	Other Business	Chair		
15	<i>In Camera</i> Session	Chair	10	1:20 p.m.
16	Termination (M)	Chair		1:30 p.m.

Becky Dinwoodie, Secretary

***non-public educational session from 11:30-11:50 a.m.**

D – Discussion M – Motion P – Presentation U – Update * Documents attached



BOARD OF GOVERNORS
Investment Committee

Minutes of the Public Session of the Meeting of November 20, 2019
11:30 a.m. – 11:55 a.m.
Videoconference
North Campus, ERC 3023

Members: Stephanie Chow (Chair) (videoconference), Thorsten Koseck (videoconference), Ferdinand Jones, Steven Murphy, Mark Neville

Staff: Becky Dinwoodie, Cheryl Foy, Pamela Onsiong

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

Regrets: Doug Allingham, Maria Saros

1. Call to Order

The Chair called the meeting to order at 11:30 a.m.

2. Agenda

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

3. Conflict of Interest Declaration

There was none.

4. Chair's Remarks

The Chair welcomed the committee to the first meeting of the new year. She encouraged everyone to engage in the meeting.

5. Investment Review

a. Second Quarter Investment Review

L. Fiouzi reviewed the report on the portfolio's second quarter performance. The portfolio is valued at just over \$27M and the cash account is at \$432,000 as of the end of September. The portfolio saw a return of 1.2% for the last quarter, which was .13 less than the benchmark. This was due to the performance of the market neutral fund. L. Fiouzi reminded the committee that it is important to evaluate the active management performance over a 3-5 year period. PH&N has added value over that

period as the portfolio performed .65% higher than benchmark over the past 3 years. L. Fiouzi reviewed the university's portfolio asset mix as at September 30, 2019. She highlighted the allocation of Canadian and global equities. There is good diversification in global equities.

6. Consent Agenda:

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

- 6.1 Terms of Reference Review
- 6.2 Minutes of Public Session of Meeting of August 22, 2019

7. Other Business

8. Adjournment

There being no other business, upon a motion duly made by S. Murphy, the public session adjourned at 11:42 a.m.

Becky Dinwoodie, Secretary



Presentation to:

Ontario Tech University

Leila Fiouzi, CFA
Vice President & Investment Counsellor

Connor Glassco, CFA
Associate

February 19, 2020

Summary Investment Returns

December 31, 2019

Market Value: Investment Account \$ 28,284,120
Cash Account \$ 485,106

	Three Months (%)	One Year (%)	Three Years (%)	Five Years (%)	Since Inception (%)
Ontario Tech University¹	2.49	12.65	7.58	7.10	7.95
<i>Benchmark**</i>	<u>3.05</u>	<u>14.52</u>	<u>6.95</u>	<u>6.40</u>	<u>7.21</u>
Difference	-0.56	-1.87	+0.63	+0.70	+0.74
*Inception date Aug 31, 2010					
Ontario Tech University (Cash A/C)²	0.46	2.16	1.67	1.38	1.32
<i>FTSE TMX Canada 30 Day T-Bill Index</i>	<u>0.43</u>	<u>1.68</u>	<u>1.20</u>	<u>0.93</u>	<u>0.92</u>
Difference	+0.03	+0.48	+0.47	+0.45	+0.40

*Inception date Nov. 30, 2013

¹ Reflects University of Ontario Institute of Technology account.

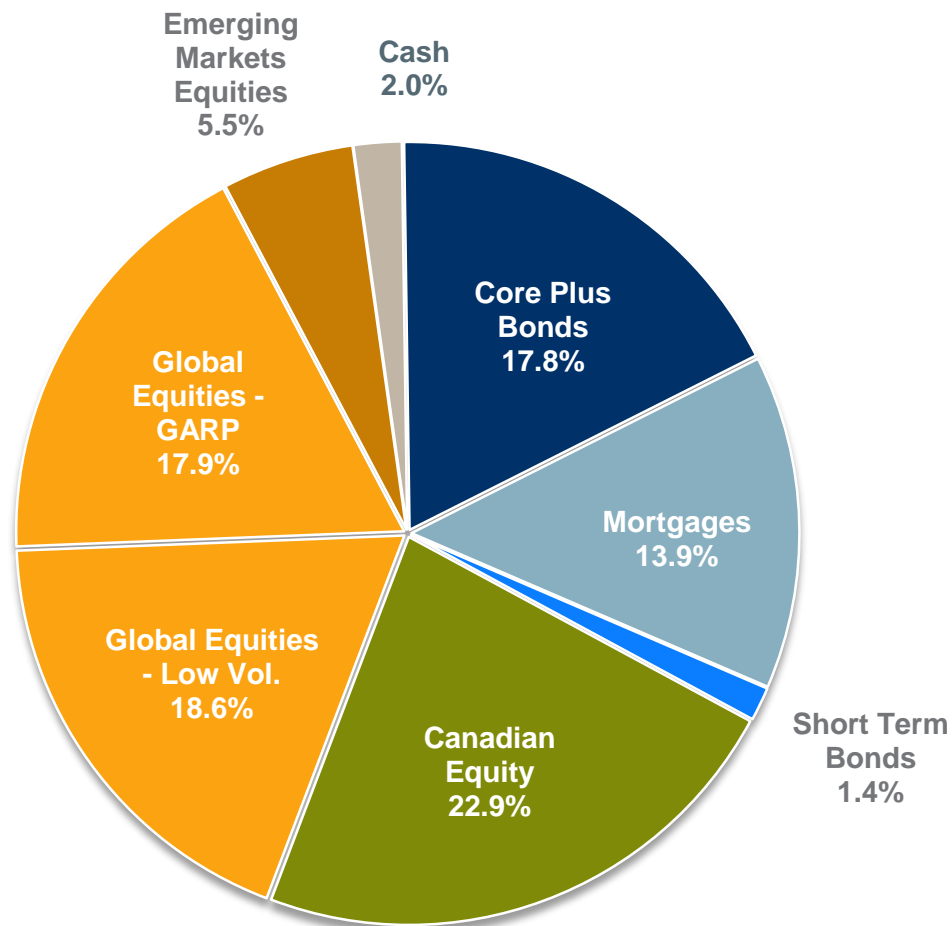
² Reflects University of Ontario Institute of Technology (Cash A/C)

** Current Custom benchmark: 15% FTSE Canada Short Term Overall Bond Index; 20% FTSE Canada Universe Bond Index; 24% S&P/TSX Capped Composite Index; 36% MSCI World Net Index (C\$); 5% MSCI Emerging Markets Net Index (C\$).

Note: All performance is shown gross of annual investment management fees of 36 basis points



Asset Mix as at December 31, 2019



Funds	Target Allocation (%)
Cash and Cash Equivalents	0.0
Mortgages	15.0
Core Plus Bonds	20.0
Canadian Equities	24.0
Global Equities	36.0
Emerging Markets Equities	5.0

Distributions for Year ended Dec. 31, 2019	
Interest	\$293,125
Canadian Dividends	\$217,758
Non Canadian Dividends	\$212,946
Capital Gains Distributions	\$226,255
Total	\$950,084

Recent Portfolio Changes

- Eliminated allocation to RBC QUBE Market Neutral World Equity Fund (December 2019)

¹ Reflects University of Ontario Institute of Technology account



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COMMITTEE REPORT

SESSION:

Public
 Non-Public

ACTION REQUESTED:

Decision
 Discussion/Direction
 Information

TO: Investment Committee

DATE: February 19, 2020

PRESENTED BY: Leila Fiouzi, RBC PH&N Investment Counsel

SUBJECT: Amendments to the Statement of Investment Policies (SIP)

COMMITTEE MANDATE:

- As set out in the committee's Terms of Reference, the committee's responsibilities include reviewing the SIP on an annual basis and making appropriate recommendations to the Audit and Finance Committee.
- Further, in accordance with section 2.3 of the SIP, one of the Investment Committee's responsibilities is to formulate recommendations to the Audit and Finance Committee regarding the investments in the university's portfolio.
- We are seeking the Investment Committee's recommendation to update the SIP to allow for investments in Direct Real Estate Equity: Canadian commercial income-producing real estate.

BACKGROUND/CONTEXT & RATIONALE:

- We are making the recommendation further to the committee's educational session on the real estate fund strategy.

IMPLICATIONS:

- Adding this allocation would help increase portfolio income and reduce overall portfolio volatility and correlations to the broader markets, both of which would be beneficial to the university, especially in this late stage of the economic cycle.
- Not accepting this recommendation does not have major implications beyond slightly higher volatility exposure and potentially higher drawdowns during periods of market stress.

COMPLIANCE WITH POLICY/LEGISLATION:

- The addition of this form of investment would also require a revision to the university's Asset Class Management Strategy.

NEXT STEPS:

1. If the Investment Committee recommends the proposed amendments to the SIP, the amendments will be presented to the Audit & Finance Committee at the meeting on February 19 to seek the committee's recommendation.
2. The Audit & Finance Committee's recommendation would be presented to the Board of Governors for approval on February 27.

MOTION FOR CONSIDERATION:

That pursuant to the recommendation of PH&N, the Investment Committee hereby recommends the proposed amendments to the Statement of Investment Policies, as presented, in order to allow for investments in Direct Real Estate Equity: Canadian commercial income-producing real estate.

SUPPORTING REFERENCE MATERIALS:

- Blacklined Statement of Investment Policies



Classification	LCG 1128
Framework Category	Legal, Compliance and Governance
Approving Authority	Board of Governors
Policy Owner	Chief Financial Officer
Approval Date	February 28, 2019
Review Date	June 2020
Supersedes	June 2016 Statement of Investment Policies, June 27, 2018

Statement of Investment Policies

Table of Contents

Section

1	Purpose	2
2	Responsibilities	2
3	Portfolio Objectives	4
4	General Guidelines.....	45
5	Authorized Investments.....	5
6	Risk Guidelines	67
7	Performance Expectations.....	98
8	Reporting & Monitoring.....	910
9	Standard of Care.....	119
10	Conflict of Interest.....	101

1.0 Purpose

The purpose of this Statement of Investment Policies (“SIP”) is to define the management structure governing the investment of non-expendable (endowed) [Uu](#) university funds, and to outline the principal objectives and rules by which assets will be managed. The assets will be managed in accordance with this Statement and all applicable legal requirements. Any investment manager (“Manager”) or any other agents or advisor providing services in connection with assets shall accept and adhere to this Statement.

2.0 RESPONSIBILITIES

2.1 Board of Governors

The Board of Governors (“the Board”) of [UOIT-the university](#) has responsibility and decision-making authority for these assets. The Board has the responsibility to govern these assets and has chosen to appoint members of the Audit and Finance Committee to sit on the Investment Committee.

As part of its fiduciary responsibilities, the Board will:

- appoint members of the Investment Committee in consultation with the Audit and Finance Committee;
- receive the Audit and Finance Committee’s recommendations with respect to [Statement of Investment Policies](#)~~the SIP~~ and approve or amend the [Statement](#)~~SIP~~ as appropriate;
- review all other recommendations and reports of the Audit and Finance Committee with respect to the Fund and the selection, engagement or dismissal of professional investment managers, custodians and advisors, and take appropriate action.

2.2 Audit & Finance Committee

As part of its fiduciary responsibilities, the Audit and Finance Committee will:

- receive the Investment Committee’s recommendations with respect to [the SIP](#)~~Statement of Investment Policies~~ and make recommendations to the Board for the selection, engagement or dismissal of professional investment managers, custodians and advisors, as appropriate;
- review all other recommendations and reports of the Investment Committee, including recommendations with respect to the investments within the Fund, and recommendations to amend the Asset Class Management Strategy and approve such recommendations and receive such reports.

2.3 Investment Committee

The Investment Committee (the Committee”) consists of a minimum of three (3) external governors.

The Committee may delegate some of its responsibilities to agents or advisors. In particular, the services of a custodian (the “Custodian”) and of one or more investment managers (the “Manager”) may be retained.

The Investment Committee will have an active role to:

- formulate recommendations to the Audit and Finance Committee regarding the investments in the Fund;
- maintain an understanding of legal and regulatory requirements and constraints applicable to these assets;
- review [this Statement of Investment Policies—the SIP](#) and the Asset Class Management Strategy, on an annual basis, and make appropriate recommendations to the Audit and Finance Committee;
- provide regular reports to the Audit and Finance Committee;
- formulate recommendations to the Audit and Finance Committee regarding the selection, engagement or dismissal of professional investment managers, custodians and advisors.
- oversee the Fund and the activities of the Manager, including the Manager’s compliance with their mandate and the investment performance of assets
- ensure that the Manager is apprised of any amendments to their mandate; and
- inform the Manager of any significant cash flows.

2.4 Investment Manager(s)

The Manager is responsible for:

- Selecting securities within the asset classes assigned to them, subject to applicable legislation and the constraints set out in this Statement;
- Providing the Committee with quarterly reports of portfolio holdings and a review of investment performance and future strategy and recommending appropriate changes to the investment portfolio; (see Section 7 on “Reporting and Monitoring”);

- Attending meetings of the Committee at least once per year to review performance and to discuss proposed investment strategies;
- Informing the Committee promptly of any investments which fall outside the investment constraints contained in this Statement and what actions will be taken to remedy this situation; and
- Advising the Committee of any elements of this Statement that could prevent attainment of the objectives.

3.0 PORTFOLIO OBJECTIVES

3.1 Investment Policy

The Investment Policy outlines [UOIT's the university's](#) investment objectives and risk guidelines. Investment objectives are defined in the context of Total Return which is defined as the sum of income and capital gains from investments.

3.2 Investment Objectives

The overall investment objective is to obtain the best possible total return on investments that is commensurate with the degree of risk that [UOIT the university](#) is willing to assume in obtaining such return. In general, [UOIT the university's](#) investment decisions balance the following objectives:

- generate stable annual income for the funds' designated purpose;
- preserve the value of the capital;
- protect the value of the funds against inflation; and
- maintain liquidity and ease of access to funds when needed

Stable annual incomes are an essential part of the disbursement process, and facilitate the forecast of spendable income each year. The investment object for non-expendable (endowment) funds is to generate a total return that is sufficient to meet obligations for specific purposes by balancing present spending needs with expected future requirements. The total return objective must take into consideration the preservation of endowment capital, and the specific purpose obligations according to donor wishes.

All endowment funds are to be accumulated and invested in a diversified segregated or pooled fund of Canadian and foreign equities and fixed income securities. These funds must be structured to optimize return efficiency such that the return potential is maximized within the organization's risk tolerance guidelines. The Manager is expected to advise the Committee in the event that the pooled fund exhibits, or may exhibit, any significant departure from this Statement.

4.0 GENERAL GUIDELINES

The University uses the investment pool method, except that in those instances where funds are precluded under agreement or contract from being pooled for investment purposes. The acquisition of specific investment instruments outside of authorized investment pools, requires the approval of the Chief Financial Officer and one of either President or VP External Relations.

All securities shall be registered in the University Of Ontario Institute Of Technology's name; or in the name of a financial institution that is eligible to receive investments under the University Of Ontario Institute Of Technology's Investment Policy.

The University may or may not directly or internally manage any portion of its endowed funds.

External investment managers and/or advisors shall be selected from well-established and financially sound organizations which have a proven record in managing funds with characteristics similar to those of the University.

The University shall maintain separate funds in the general ledger for endowment fund donations. Within these funds, the University shall maintain accurate and separate accounts for all restricted funds.

Investment income, capital gains and losses on the sale of equities and securities, and the amortization of premiums and discounts on fixed term securities earned on endowment funds accrue to the benefit of the endowment accounts and are distributed to capital preservation, stabilization and distribution accounts annually.

5.0 **AUTHORIZED INVESTMENTS**

5.1 **Investment Criteria**

Outlined below are the general investment criteria as understood by the Committee. The list of permitted investments includes:

(a) Short-term instruments:

- Cash;
- Demand or term deposits;
- Short-term notes;
- Treasury bills;
- Bankers acceptances;
- Commercial paper; and
- Investment certificates issues by banks, insurance companies and trust companies.

(b) Fixed income instruments:

- Bonds;

- Debentures (convertible and non-convertible); and
- Mortgages and other asset-backed securities.

(c) Canadian equities:

- Common and preferred stocks;
- Income trusts; and
- Rights and warrants.

(d) Foreign equities:

- Common and preferred stocks;
- Rights and warrants; and
- American Depository Receipts and Global Depository Receipts.

(e) Alternative investments:

- Direct Real Estate Equity: Canadian commercial income-producing real estate

(fe) Pool funds, closed-end investments companies and other structured vehicles in any or all of the above permitted investment categories are allowed.

5.2 Derivatives

The Fund may use derivatives, such as options, futures and forward contracts, for hedging purposes, to protect against losses from changes in interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment.

~~Up to 15% of the Fund may be invested in strategies that use derivatives to engage in short selling.~~

5.3 Pooled Funds

With the approval of the Committee, the Manager may hold any part of the portfolio in one or more pooled or co-mingled funds managed by the Manager, provided that such pooled funds are expected to be operated within constraints reasonably similar to those described in this mandate. It is recognized by the Committee that complete adherence to this Statement may not be entirely possible; however, the Manager is expected to advise the Committee in the event that the pooled fund exhibits, or may exhibit, any significant departure from this Statement.

5.4 Responsible Investing

The Board has a fiduciary obligation to invest the Fund in the best interests and for the benefit of the [Uu](#) university.

The Board recognizes that environment, social, and governance (ESG) factors may have an impact on corporate performance over the long term, although the impact can vary

by industry. Best practices suggest that incorporating ESG factors in the investment process is prudent and aligned with the University's social commitment.

Given the fact that the University uses the investment pool method, it is not practical for the Committee to directly engage individual companies on ESG related issues, either through dialogue or by filing shareholder resolutions. Subject to its primary fiduciary responsibility of acting in the best interests of the University and its stakeholders, and within the limits faced by an investor in externally managed pooled funds, the Committee will incorporate ESG factors into its investment process through the following methods:

(a) Manager Selection and Reporting

The integration of ESG factors in the investment process will be a criterion in the selection, management and assessment of the Manager.

The Committee will require the Manager to provide regular and annual reporting on the incorporation of formal ESG factors in the management of their portfolios.

(b) Engagement

Since the University does not directly invest in companies, proxy voting is delegated to the Manager. The Committee will encourage the Manager to incorporate into their proxy voting guidelines policies that encourage issuers to increase transparency of their ESG policies, procedures and other activities, and also to bring to the Committee's attention any significant exposure through the Fund to a particular company, industry or nation that is facing a material ESG issue.

6.0 RISK GUIDELINES

All investment of assets must be made within the risk guidelines established in this Statement. Prior to recommending changes in investments, the Manager must certify to the Committee that such changes are within the risk guidelines. For the purposes of interpreting these guidelines, it is noted that all allocations are based on market values and all references to ratings reflect a rating at the time of purchase, reviewed at regular intervals thereafter. In the event that the portfolio is, at any time, not in compliance with either the ranges or ratings profile established in this Statement, such non-compliance will be addressed within a reasonable time after the Manager or Committee has identified such non-compliance.

6.1 **Asset Mix and Ranges**

Table 6.1

Asset Class	Range
Cash & Short Term	0 - 10%
Fixed Income	20 - 50%
Canadian Equities	15 10 - 30%
Global Equities	25 - 45%
<u>Alternatives</u>	<u>0 - 15.0%</u>

Investment of assets must be within the asset classes and ranges established in Table 6.1. A more detailed breakdown of asset classes, strategic targets, ranges, and benchmarks is maintained in the university’s Asset Class Management Strategy.

6.2 **Cash and Cash Equivalents**

Cash and cash equivalents must have a rating of at least R1, using the rating of the Dominion Bond Rating Service (“DBRS”) or equivalent.

6.3 **Fixed Income**

(a) Maximum holdings of the fixed income portfolio by credit rating are:

Credit Quality	Maximum in Bond ¹	Minimum in Bond ¹	Maximum Position in a Single Issuer
Government of Canada ²	100%	n/a	no limit
Provincial Governments ²	60%	0%	40 %
Municipals	25%	0%	10%
Corporates	75 %	0%	10%
AAA ³	100%	0%	10%
AA ³	80%	0%	5%
A ³	50%	0%	5%
BBB	15%	0%	5 %
BB and less	20 %	0%	2 %

¹ Percentage of portfolio at market value; ² Includes government-guaranteed issues; ³ Does not apply to Government of Canada or Provincial issues

(b) Maximum holdings of the fixed income portfolio, other than Canadian denominated bonds as illustrated in 6.3 (a), by asset type:

- 20% for asset-backed securities;
 - 60% for mortgages or mortgage funds;
 - 20% for bonds denominated for payment in non-Canadian currency;
- and

- 10% for real return bonds.

(c) All debt ratings refer to the ratings of Dominion Bond Rating Service (DBRS), Standard & Poor's or Moody's.

6.4 Equities

- (a) No one equity holding shall represent more than 15% of the market value of the assets of a single pooled fund.
- (b) There will be a minimum of 30 stocks in each equity (pooled fund) portfolio.
- (c) No more than 5% of the market value of an equity portfolio (pooled fund) may be invested in companies with a market capitalization of less than \$100 million at the time of purchase
- (d) Illiquid assets are restricted to 10% of the net assets of the Fund.
- (e) Emerging market holdings will not exceed 10% of the total portfolio value.
- (f) Foreign equity holdings can be currency hedged to a maximum of 50%

6.5 Alternative Assets

(a) Illiquid assets shall not constitute more than 15% of the total portfolio.

(b) Alternative investment solutions have the potential to enhance fixed income returns, reduce equity risk, reduce portfolio volatility and improve portfolio efficiency. They typically require a longer investment horizon, are less liquid, and when considered in isolation may be deemed more risky than other securities. The associated risks, fees and expenses are detailed in a document called an Offering Memorandum which the manager is responsible for providing to the Investment Committee prior to any such investment being made in the portfolio.

7.0 PERFORMANCE EXPECTATIONS

7.1 Portfolio Returns

The portfolio is expected to earn a pre-fee rate of return in excess of the benchmark return over the most recent four-year rolling period. Return objectives include realized and unrealized capital gains or losses plus income from all sources. Returns will be measured quarterly, and calculated as time-weighted rates of return. The composition of the benchmark is developed from the asset mix outlined in this Statement and more specifically described in the Asset Class Management Procedures, Appendix A.

In order to meet the [Uu](#)niversity’s disbursement requirements, investments need to earn a minimum level of income, measured over a four year rolling market cycle. The minimum recommended level is defined as the sum of the following items:

Minimum disbursement requirement	3.5%
Investment management fees	0.5%
Capital preservation amount	<u>2.0%</u>
Minimum Rate of Return	<u>6.0%</u>

Note: The disbursement requirement and capital preservation amounts will be reviewed, and updated as required.

8.0 REPORTING & MONITORING

8.1 Investment Reports

Each quarter, the Manager will provide a written investment report containing the following information:

- portfolio holdings at the end of the quarter;
- portfolio transactions during the quarter;
- rates of return for the portfolio with comparisons with relevant indexes or benchmarks; Compliance report;

8.2 Monitoring and Recommendations

At the discretion of the Committee as required, the Manager will meet with the Committee regarding:

- the rate of return achieved by the Manager;
- the Manager’s recommendations for changes in the portfolio;
- future strategies and other issues as requested.

The agreement with the Manager or any Custodian will be reviewed by the committee on a four year cycle. This review could include a Request for Proposal for these services.

8.3 Annual Review

It is the intention of [UOIT-the university](#) to ensure that this policy is continually appropriate to the university’s needs and responsive to changing economic and investment conditions. Therefore, the Committee shall present the [Statement of Investment PoliciesSIP](#) to the Audit and Finance Committee, and through that Committee to the Board, along with any recommendations for changes, at least annually.

9.0 STANDARD OF CARE

The Manager is expected to comply, at all times and in all respects, with the code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute.

The Manager will manage the assets with the care, diligence and skill that an investment Manager of ordinary prudence would use in dealing with all clients. The Manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent Investment Manager.

The Manager will manage the assets in accordance with this Statement and will verify compliance with this Statement when making any recommendations with respect to changes in investment strategy or investment of assets.

The Manager will, at least once annually, provide a letter to the Committee confirming the Manager's familiarity with this Statement. The Manager will, from time to time, recommend changes to the SIP to ensure that the SIP remains relevant and reflective of the [Uu](#) university's investment objectives over time.

10.0 CONFLICT OF INTEREST

All fiduciaries shall, in accordance with the [UOIT-university's](#) Act and By-laws and policies on conflict of interest, disclose the particulars of any actual or potential conflicts of interest with respect to the Fund. This shall be done promptly in writing to the Chair of the Investment Committee. The Chair will, in turn, table the matter at the next Board meeting. It is expected that no fiduciary shall incur any personal gain because of their fiduciary position. This excludes normal fees and expenses incurred in fulfilling their responsibilities if documented and approved by the Board.



Disbursement Committee Report

2020-2021 Disbursement Recommendation

Cumulative Investment Income Summary

Cumulative Net Endowed Earnings at Mar 31, 2019	\$ 5,172,000
Earnings Apr-Dec, 2019	\$ 804,000
Estimated Interest/Dividends Earned Jan-Mar, 2020	<u>\$ 48,000</u>
Cumulative Est'd Net Endowed Earnings at Mar 31, 2020	\$ 6,024,000
Less: Est'd 2019-20 Disbursements	(\$ 550,000)
Cumulative Capital Preservation	<u>(\$2,845,000)</u>
Cumulative Est Net Earnings Available For Disbursement	<u>\$2,629,000</u>



Cumulative Investment Summary

Endowment Balance at Dec 31, 2019	\$16,558,000
Current Year Donations to Dec 31, 2019	\$ 886,000
Cumulative Earnings Less Distributions	\$ 5,809,000
Unrealized gains	<u>\$ 5,516,000</u>
Market Value of Endowment at Dec 31, 2019	\$28,769,000
Est'd Income Jan-Mar, 2020	\$ 48,000
Est'd Disbursement in Jan-Mar, 2020	<u>(\$ 382,000)</u>
Forecast Investment Balance at Mar 31, 2020	<u>\$28,435,000</u>



Gift Agreement Requirements

- Endowed Awards can be specific dollar amounts, or could be expressed as a minimum and maximum amount.
- At our current investment level, we need to disburse between 3-4% of the principal value to cover our gift requirements.



Recommendation

- The Disbursement Committee met on Feb 5, 2020. Our investments have performed well over the last few years, with current year realized income being consistent with the prior year.
- Current cumulative earnings after capital preservation = \$2.63M, up from \$2.55M in prior year.
- The recommendation is to disburse up to \$725,000 for 2020-21, and that this amount be disbursement from Endowment Funds for distribution as student awards.
- Recommendation based on prior year disbursement level (\$550K), estimated increase cash returns based on current year donations (\$25K), and a draw down of \$750K of the cumulative earnings available for distribution over 5 years (\$150K).



Motion

- That the Investment Committee recommends the disbursement of up to \$725,000 from Endowment Funds for distribution as student awards in 2020-21.

Questions/Comments

