BOARD OF GOVERNORS
Investment Committee

Thursday, November 12, 2020
2:00 p.m. – 4:00 p.m.
Videoconference
Toll-Free: +1.888.240.2560 Meeting ID: 145 803 470

Members: Stephanie Chow (Chair), Ferdinand Jones, Thorsten Koseck, Steven Murphy, Mark Neville, Dietmar Reiner, Maria Saros, Kim Slade

Staff: Becky Dinwoodie, Cheryl Foy, Andy Gallagher, Pamela Onsiong

Guests: Leila Fiouzi, Connor Glassco & Jacinta O'Connor (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 August 13, 2020* (M)**			
5	**Chair's Remarks**	Chair		
6	**President's Remarks**	President	5	2:05 p.m.
7	**Terms of Reference Review* (D)**	Becky Dinwoodie	5	2:10 p.m.
8	**Review of Statement of Investment Policies* (D)**	Becky Dinwoodie	5	2:15 p.m.
9	**Investment Review**			
9.1	Second Quarter Investment Review* (U)	PH&N	20	2:20 p.m.
9.2	Investment Education Session: University Investment Landscape* (D)	Cheryl Foy & Andy Gallagher	20	2:40 p.m.
10	**Other Business**	Chair		
11	**Adjournment (M)**	Chair		3:00 p.m.
	BREAK		**10**	
	NON-PUBLIC SESSION (material not publicly available)			3:10 p.m.
12	**Call to Order**	Chair		

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

No.	Topic	Lead	Allocated Time	Suggested Start Time
13	**Conflict of Interest Declaration**	Chair		
14	**Minutes of Non-Public Session of Meeting of August 13, 2020* (M)**	Chair		
15	**Annual Work Plan Review* (D)**	Becky Dinwoodie	5	3:15 p.m.
16	**Review of Asset Class Management Strategy (ACMS)* (D)**	Becky Dinwoodie	5	3:20 p.m.
17	**Investment Review**			
17.1	Second Quarter Investment Review – Portfolio Components* (M)	PH&N	20	3:25 p.m.
18	**Other Business**	Chair		
19	***In Camera* Session**	Chair	10	3:45 p.m.
20	**Termination (M)**	Chair		4:00 p.m.

Becky Dinwoodie, Secretary

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

BOARD OF GOVERNORS
Investment Committee

Minutes of the Public Session of the Meeting of August 13, 2020
11:30 a.m. – 12:25 p.m., Videoconference

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

Regrets: Doug Allingham

Staff: Jamie Bruno, Becky Dinwoodie, Cheryl Foy, Andrew Gallagher

Guests: Leila Fiouzi (PH&N), Chelsea Bauer (FA), Jacinta O'Connor (PH&N), Connor Glassco (PH&N), Kamal Smimou

1. Call to Order
The Chair called the meeting to order at 11:31 a.m.

2. Agenda
Upon a motion duly made by T. Koseck and seconded by S. Murphy, the Agenda was approved as presented.

3. Conflict of Interest Declaration
There was none.

4. Minutes of Public Session of Meeting of June 1, 2020
Upon a motion duly made by M. Saros and seconded by M. Neville, the Minutes were approved as presented.

5. Chair's Remarks
The Chair thanked everyone for attending the meeting and remarked that she looks forward to the discussion.

6. President's Remarks
The President thanked the governors for their commitment to continued governance throughout the summer. Strong governance in difficult times is needed more now than ever. The President referenced a number of articles discussing the decline of the American Empire during COVID-19 and specifically an article in Rolling Stone by a

professor from UBC. Essentially, every empire fades and America's place in the world may be slowly or quickly vanishing given the current events happening in the US. This is relevant as the US plays a large role in equity markets.

The President reported that it has been the busiest summer he can remember at any university at any time. The university is preparing for a whole new normal, which has included discussions with government and public and private sector partners. The Canadian postsecondary sector has been very prudent. He reminded the members that Ontario Tech was one of the first institutions to make the decision to shift online in March and among the first to announce it would be going fully online in the fall. Canadian institutions are taking a very conservative approach, especially compared to the US. This presents an opportunity to attract international students.

The President noted that every sector is looking at changes and adapting to try to come back stronger following the pandemic. He commented that the committee asks good questions and thinks about investments in the context of global events.

7. Investment Review

7.1 First Quarter Investment Review

L. Fiouzi introduced J. O'Connor to the committee. J. O'Connor joined PH&N in July and has been training remotely.

L. Fiouzi noted that it has been a tumultuous 4-5 months and the markets went down at the end of March and rebounded in June. The bounce back was the result of government stimulus. The US increased its balance sheet in response to COVID-19. The magnitude and speed of response was high compared to the financial crisis of 2008.

L. Fiouzi identified the three components to the COVID-19 response:

- monetary stimulus (asset purchases);
- fiscal stimulus; and
- relief package.

It is anticipated that interest rates will not be increased for a long time. Businesses are still shutting down due to COVID-19. Accordingly, it would be difficult for governments to raise interest rates any time soon.

L. Fiouzi reviewed the portfolio's performance. The portfolio had a strong performance this quarter – 9% for 3 months. There was a 20% decline in March and increased by 20% in June. While the portfolio's performance was behind benchmark this quarter, it is not surprising. It is an indication of quality bias and the low volatility strategy. Overall, the absolute performance is strong. L. Fiouzi explained that in an environment where equities are doing very well, low volatility funds do not catch up to the market but they did a good job of preserving capital in March.

L. Fiouzi responded to questions from the committee. She noted that it is ok to be a bit behind the benchmark because if the portfolio is restructured based on market performance, it would introduce an additional element of risk into the portfolio. She advised that institutions generally do not take this approach. When they structure portfolios, they implement strategies that protect the performance on the way up and on the way down. Further, it is difficult to anticipate what the market is going do. It is expected that the low volatility strategy will not keep up with the benchmark when markets are on fire.

In response to a question about whether the committee should meet more frequently during volatile times, L. Fiouzi responded that institutional funds are managed differently than an individual's portfolio. Institutions are fiduciaries and have the responsibility of making decisions on behalf of the institution and because dividend and interest income are funnelled to the short-term portfolio. Over the long term, studies show that if you do not have to touch money for a long time, it is better to leave it. L. Fiouzi shared her experience of sitting on two institutional investment committees.

7.2 Investment Learning: Real Estate Strategy – deferred until non-public session

8. Other Business

9. Adjournment

Upon a motion duly made by T. Koseck, the public session adjourned at 12:06 p.m.

Becky Dinwoodie, Secretary

COMMITTEE REPORT

SESSION:		**ACTION REQUESTED:**	
Public	☒	**Decision**	☐
Non-Public	☐	**Discussion/Direction**	☒

TO: **Investment Committee**

DATE: **November 12, 2020**

PREPARED BY: **Becky Dinwoodie, Assistant University Secretary**

SUBJECT: **Review of Investment Committee Terms of Reference**

COMMITTEE MANDATE:

- As part of the committee's mandate, it must conduct a periodic review of its Terms of Reference and recommend revisions to the Board when appropriate.
- We are seeking the committee's feedback on its Terms of Reference.

BACKGROUND/CONTEXT & RATIONALE:

- Last year, the committee's Terms of Reference were reviewed in the context of the new brand, as well as any comments received since the terms were last updated in November 2018. The proposed amendments were editorial in nature and were approved by the Board in November 2019.

COMPLIANCE WITH POLICY/LEGISLATION:

- this is compliant with the Act and By-laws

NEXT STEPS:

1. If the committee has any proposed amendments to the Terms of Reference, the amended Terms of Reference will be presented to the Board for approval on December 2, 2020.

SUPPORTING REFERENCE MATERIALS:

- Investment Committee Terms of Reference

BOARD OF GOVERNORS
Investment Committee of the Audit and Finance Committee

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1. TERMS OF REFERENCE

The Investment Committee is a sub-committee of the Audit and Finance Committee and is responsible for overseeing the management of the university's investments (Funds) as outlined below and in accordance with the university's Statement of Investment Policies ("SIP"). The university's investments include all funds invested by the university other than funds that may be invested from time to time in the university's pension plan(s).

The Committee shall also consider such other matters delegated to the Committee by the Board of Governors under the auspices of the Audit and Finance Committee.

The Investment Committee shall have the following responsibilities:

i) Maintaining an understanding of applicable legal and regulatory requirements and constraints;
ii) Reviewing on an annual basis the SIP and making appropriate recommendations to the Audit and Finance Committee;
iii) Providing semi-annual reports to the Audit and Finance Committee, and through that Committee to the Board of Governors, on the performance of the Funds and any other aspects of the Funds that the Investment Committee deems appropriate or as requested by the Board;
iv) Formulating recommendations to the Audit and Finance Committee regarding the selection, engagement and dismissal of the Investment Manager ("Manager"), the Custodian, the Consultant, and any other agents or advisors that may be necessary to prudently manage the Funds;
v) Overseeing the Funds and the activities of the Manager, including the Manager's compliance with their mandate and the investment performance of assets;
vi) Considering ESG factors in its investment process;
vii) Ensuring that the Manager is apprised of any new amendments to their mandate; and
viii) Informing the Manager of any significant cash flows.

2. MEETINGS

The Committee shall meet at least four (4) times per year, or otherwise at the Committee's discretion. In accordance with the university's Act and the Board of Governors Meeting Policy and Procedures, the Committee shall conduct three types of Meetings as part of its regular administration: Public, Non-Public and *In Camera* (when required).

3. MEMBERSHIP

Committee members shall be appointed by the Board of Governors in consultation with the Audit and Finance Committee and be comprised of:

- Between three (3) and seven (7) external governors, including:
  - one governor who is also a member of the Audit and Finance Committee; and
  - one governor who is also a member of the Strategy and Planning Committee
- Up to three (3) elected governors

Consideration shall be given to governors who possess the requisite financial and investment expertise to provide knowledgeable oversight of the investment portfolio.

The Chair will be selected from among the external governors.

4. QUORUM

Quorum requires that half of the Committee members entitled to vote be present.

COMMITTEE REPORT

SESSION:		**ACTION REQUESTED:**	
Public	☒	**Decision**	☐
Non-Public	☐	**Discussion/Direction**	☒

TO: **Investment Committee**

DATE: **November 12, 2020**

PREPARED BY: **Becky Dinwoodie, Assistant University Secretary**

SUBJECT: **Review of Statement of Investment Policies**

COMMITTEE MANDATE:

- In accordance with section 1(ii) of the Investment Committee's Terms of Reference and sections 2.3 and 8.3 of the university's Statement of Investment Policies ("SIP"), one of the Investment Committee's responsibilities is to review the SIP on at least an annual basis and make appropriate recommendations for changes to the Audit & Finance Committee.

BACKGROUND/CONTEXT & RATIONALE:

- The purpose of the SIP is to define the management structure governing the investment of non-expendable (endowed) university funds, and to outline the principal objectives and rules by which assets will be managed.
- The SIP outlines the university's investment objectives and risk strategy.
- A more detailed breakdown of asset classes, strategic targets, ranges and benchmarks is set out in the university's Asset Class Management Strategy (ACMS).
- In accordance with section 2.1 of the SIP, the Board of Governors is responsible for receiving the Audit and Finance Committee's recommendations with respect to the SIP and to approve or amend the SIP, as appropriate.
- As set out in section 2.2 of the SIP, the Audit & Finance Committee is responsible for receiving the Investment Committee's recommendations with respect to the SIP and making recommendations to the Board.
- The SIP was most recently updated in February 2020 to allow for investments in Direct Real Estate Equity: commercial investment grade income-producing real estate.
- The Office of the USGC has no recommended changes at this time.

NEXT STEPS:

1. If the committee has any proposed amendments to the SIP, the amendments will be presented to the Audit & Finance Committee on November 25, 2020 for recommendation for Board approval on December 2, 2020.

SUPPORTING REFERENCE MATERIALS:

- 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 27, 2020
Review Date	
Supersedes	Statement of Investment Policies, February 28, 2019

Statement of Investment Policies

Table of Contents

Section

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) - 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 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 the SIP and approve or amend the 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 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 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 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 the university is willing to assume in obtaining such return. In general, 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.

5.1 AUTHORIZED INVESTMENTS

5.2 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: commercial investment grade income-producing real estate

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

5.3 **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.

5.4 **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.

5.5 **Responsible Investing**

The Board has a fiduciary obligation to invest the Fund in the best interests and for the benefit of the 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 - 30%
Global Equities	25 - 45%
Alternatives	0 - 20.0%

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

(d) No one equity holding shall represent more than 15% of the market value of the assets of a single pooled fund.

(e) There will be a minimum of 30 stocks in each equity (pooled fund) portfolio.

(f) 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

(g) Illiquid assets are restricted to 10% of the net assets of the Fund.

(h) Emerging market holdings will not exceed 10% of the total portfolio value.

(i) 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 university'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	2.0%
Minimum Rate of Return	6.0%

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 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 SIP 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 university's investment objectives over time.

10.0 CONFLICT OF INTEREST

All fiduciaries shall, in accordance with the 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.

Wealth Management
PH&N Investment Counsel

Presentation to:

Ontario Tech University

Leila Fiouzi, CFA
Vice President & Investment Counsellor

Taylor Woodward, CFA
Investment Counsellor

Connor Glassco, CFA
Associate Investment Counsellor

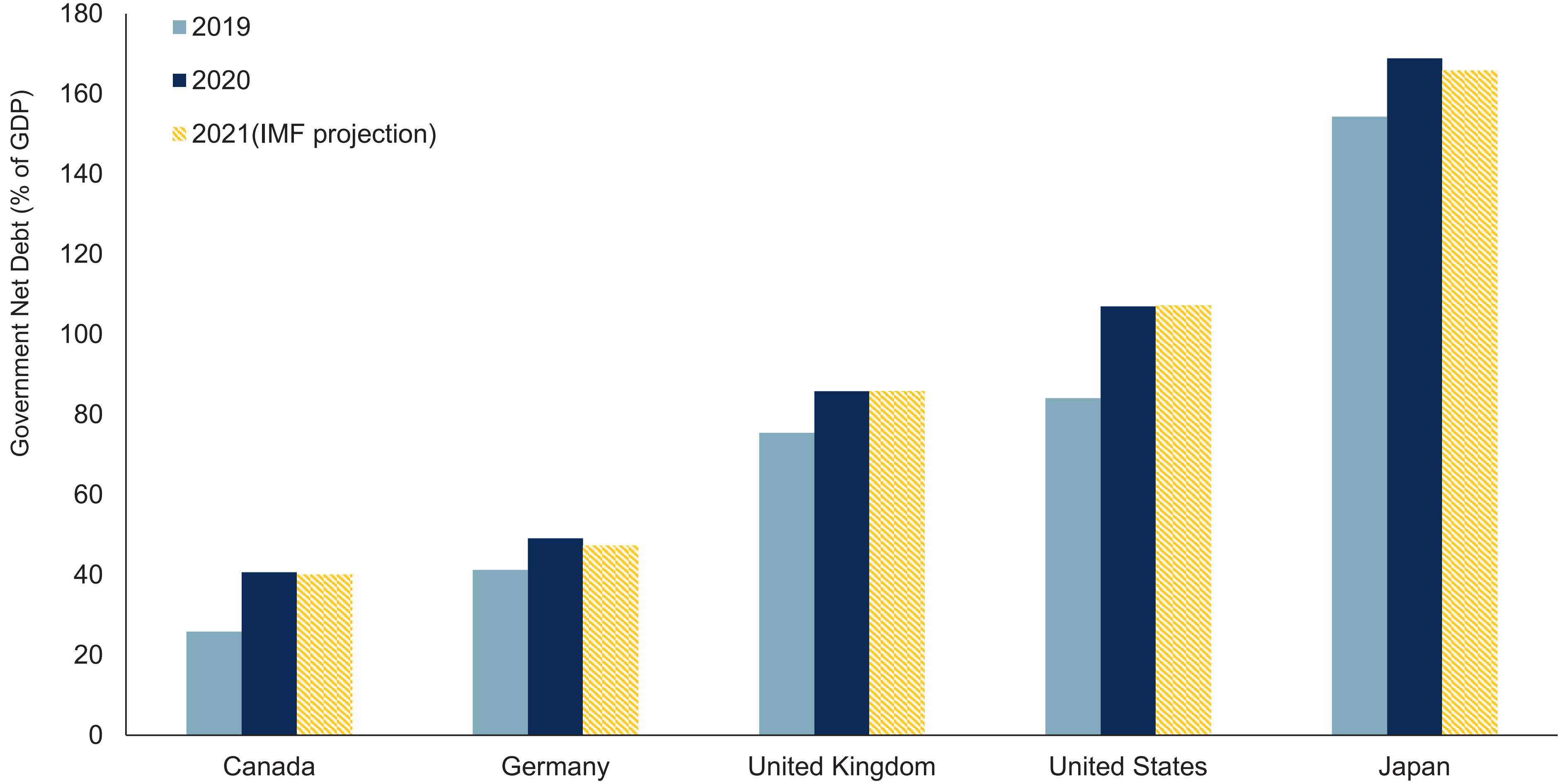
Jacinta O'Connor
Associate

November 12, 2020

Massive fiscal stimulus has resulted in higher public debt loads

However, central bank support has made financing this debt relatively cheap for governments

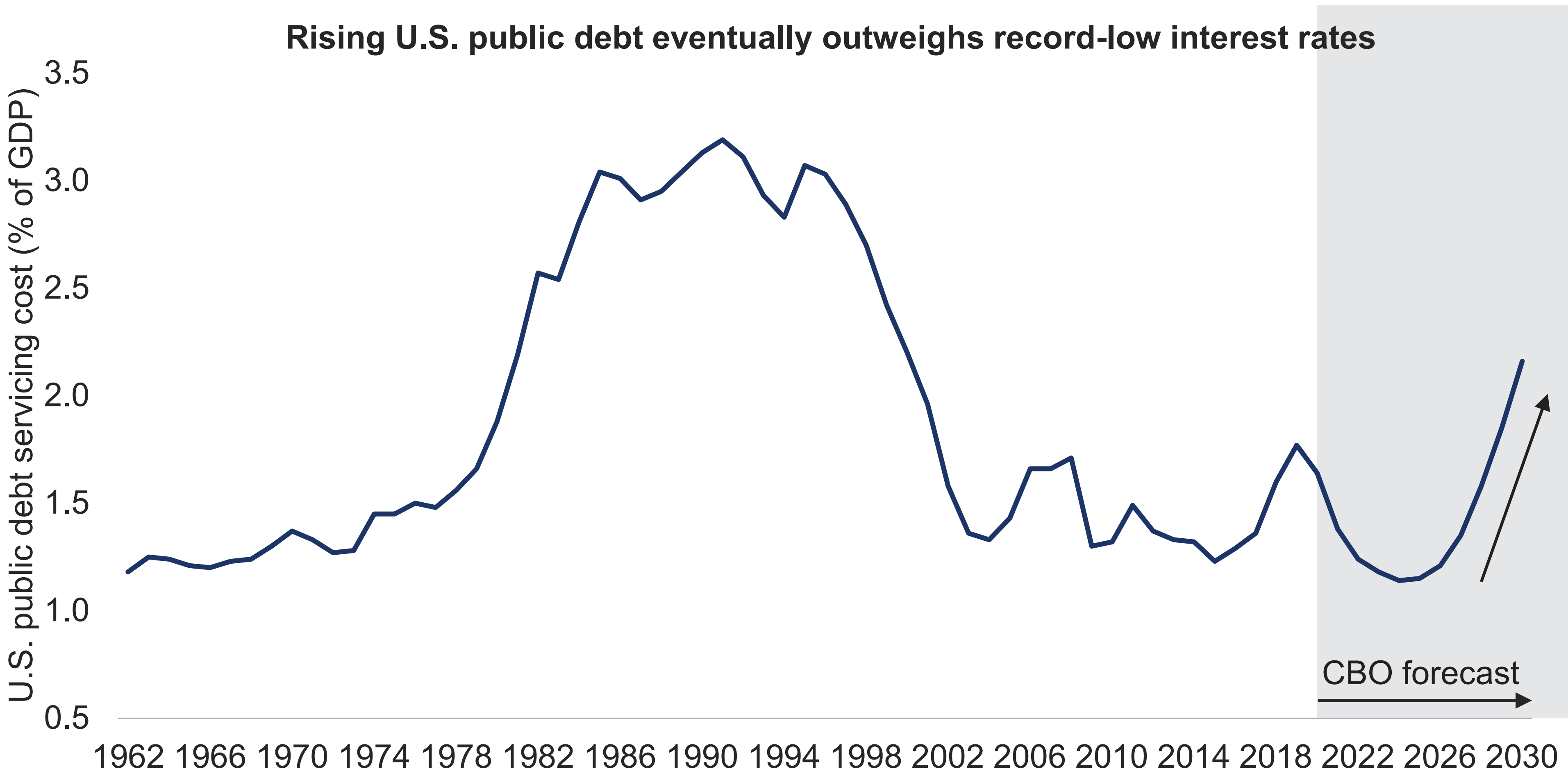
Evolution of government debt through the pandemic



Source: International Monetary Fund, IMF projections for 2021. Net debt is defined as gross debt minus financial assets corresponding to debt instruments.

Higher Public Debt Loads

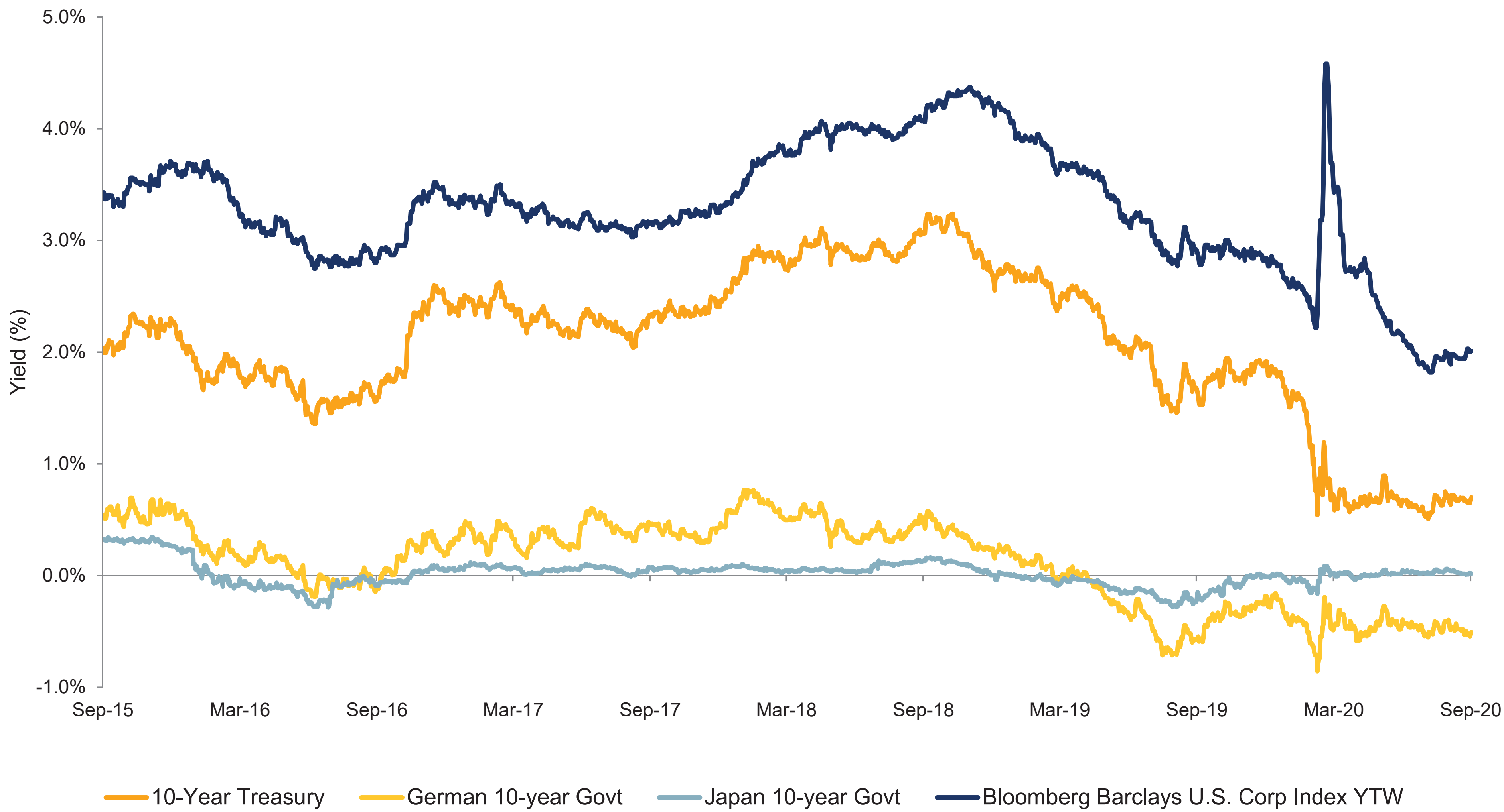
Become more expensive over time



Note: As of Sep 2, 2020. Source: CBO, Macrobond, RBC GAM

10-Year Rates

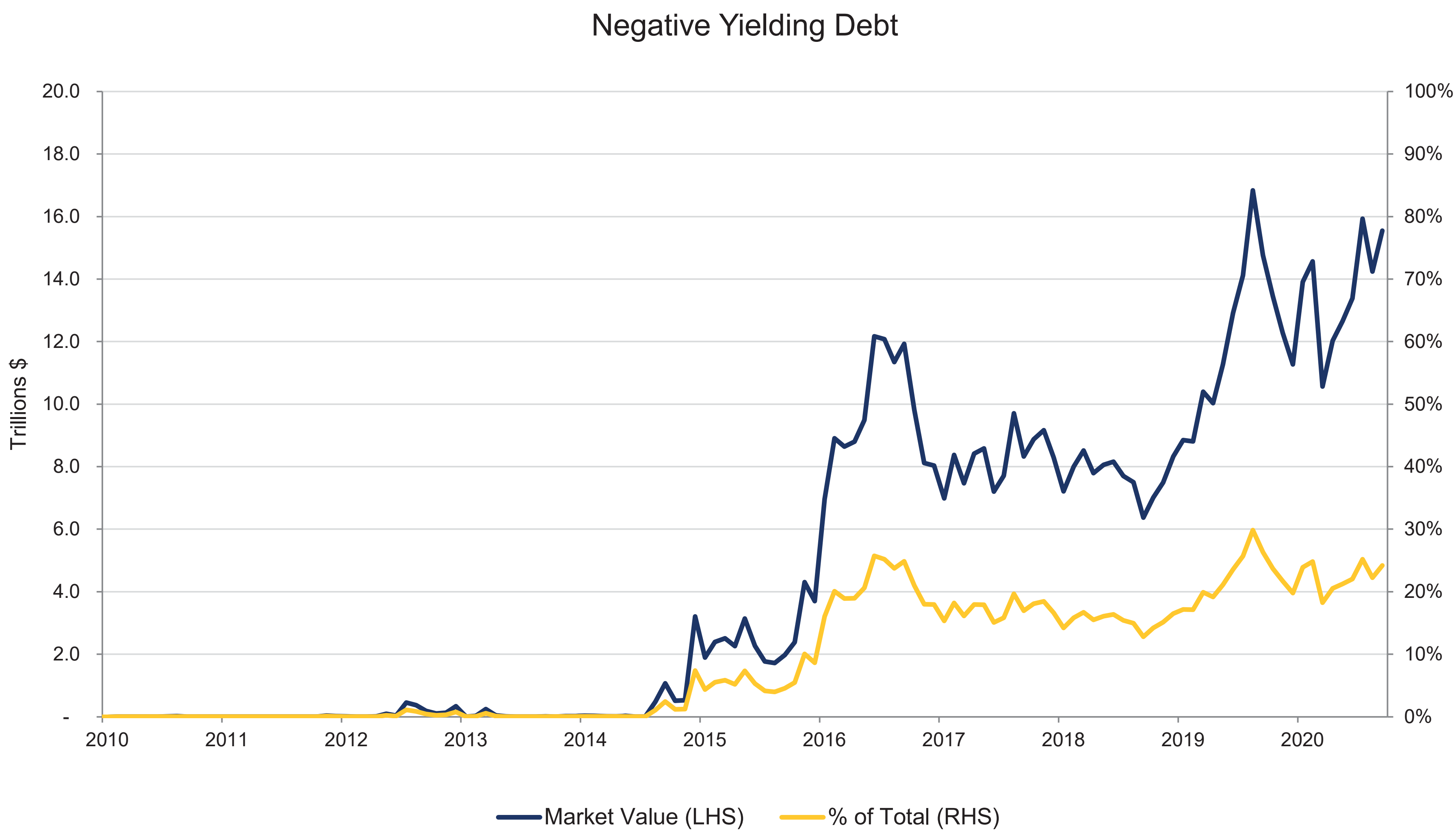
Government vs U.S. IG Corporates



As of 09.30.20, Unhedged
Source: Bloomberg

Global Aggregate Debt

Negative yielding debt persists



As of 09.30.20
Source: Bloomberg

Summary Investment Returns

September 30, 2020

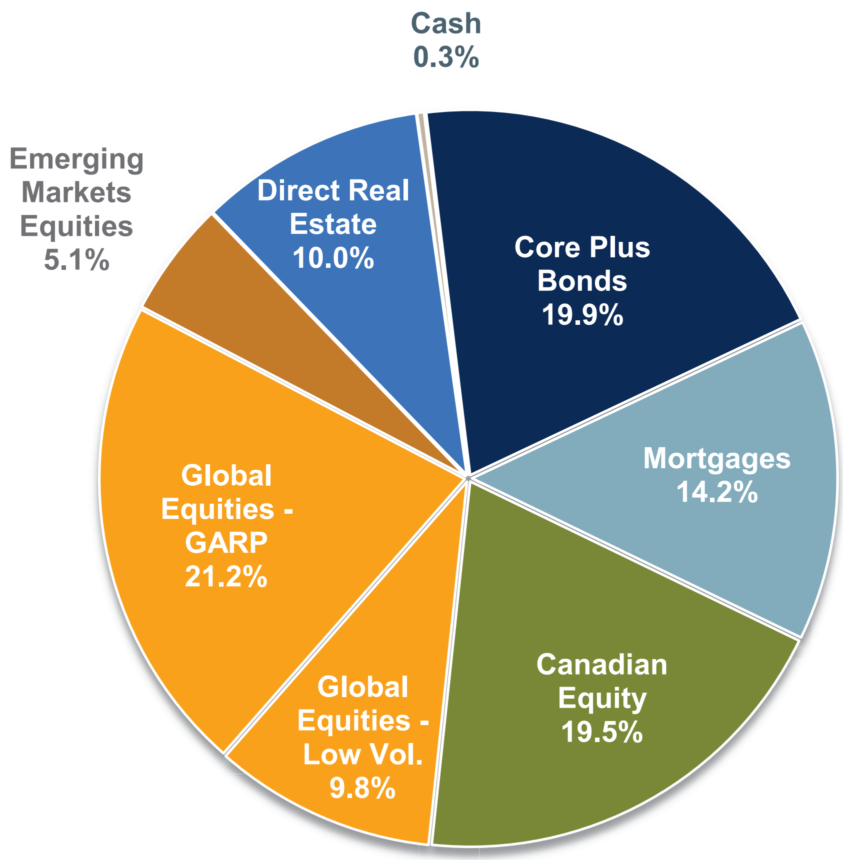
Market Value	September 30, 2020
Investment Account	**$ 28,928,247**
Cash Account	**$ 561,581**

	Three Months (%)	One Year (%)	Three Years (%)	Five Years (%)	Since Inception (%)
Ontario Tech University[1]	**4.17**	**5.26**	**6.06**	**7.43**	**7.63**
*Benchmark***	*3.82*	*6.92*	*6.55*	*7.10*	*7.04*
Difference	+0.35	-1.66	-0.49	+0.33	+0.59
*Inception date Aug 31, 2010					
Ontario Tech University (Cash A/C)[2]	**0.12**	**1.31**	**1.69**	**1.38**	**1.30**
FTSE TMX Canada 30 Day T-Bill Index	*0.06*	*1.12*	*1.29*	*0.97*	*0.92*
Difference	+0.06	+0.19	+0.40	+0.41	+0.38
*Inception date Nov. 30, 2013					

[1] Reflects University of Ontario Institute of Technology account.
** 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 39 basis points

Ontario Tech University[1]

Asset Mix as at October 31, 2020



Funds	Target Allocation (%)
Cash and Cash Equivalents	0.0
Mortgages	15.0
Core Plus Bonds	20.0
Canadian Equities	20.0
Global Equities	30.0
Emerging Markets Equities	5.0
Direct Real Estate	10.0

Recent Portfolio Changes

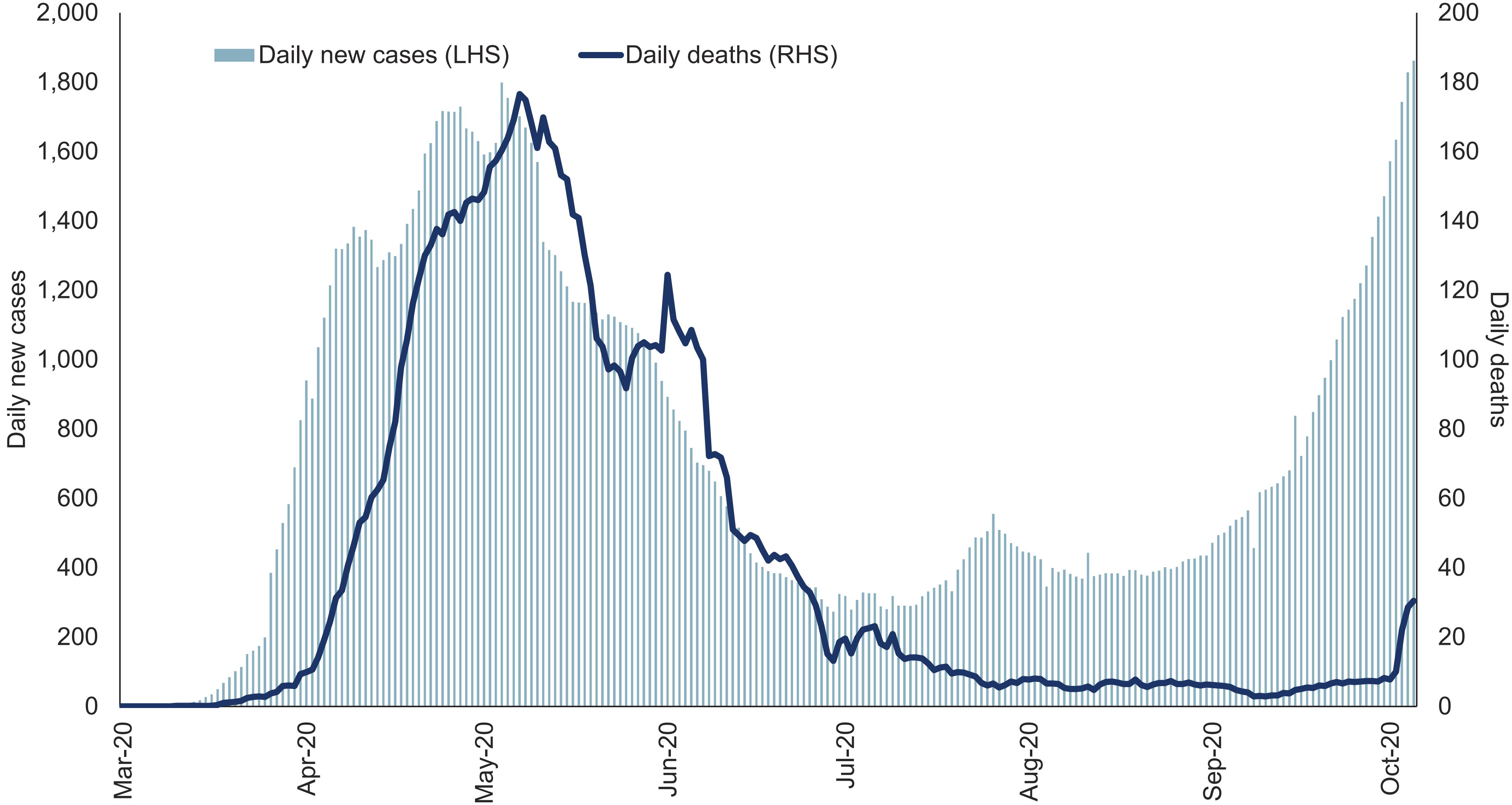
- Reduced Low Volatility Global equity exposure in favour of GARP Global equites
- Fulfillment of Core Canadian Real Estate allocation

[1] Reflects University of Ontario Institute of Technology account

The Spread of COVID-19 in Canada

Now firmly swept up in a second wave

COVID-19 cases and deaths in Canada



Note: As of 10/5/2020. 7-day moving average of daily new cases and new deaths. Source: CDC, Macrobond, RBC GAM

Our Business Cycle Scorecard

Now pointing to start of new cycle

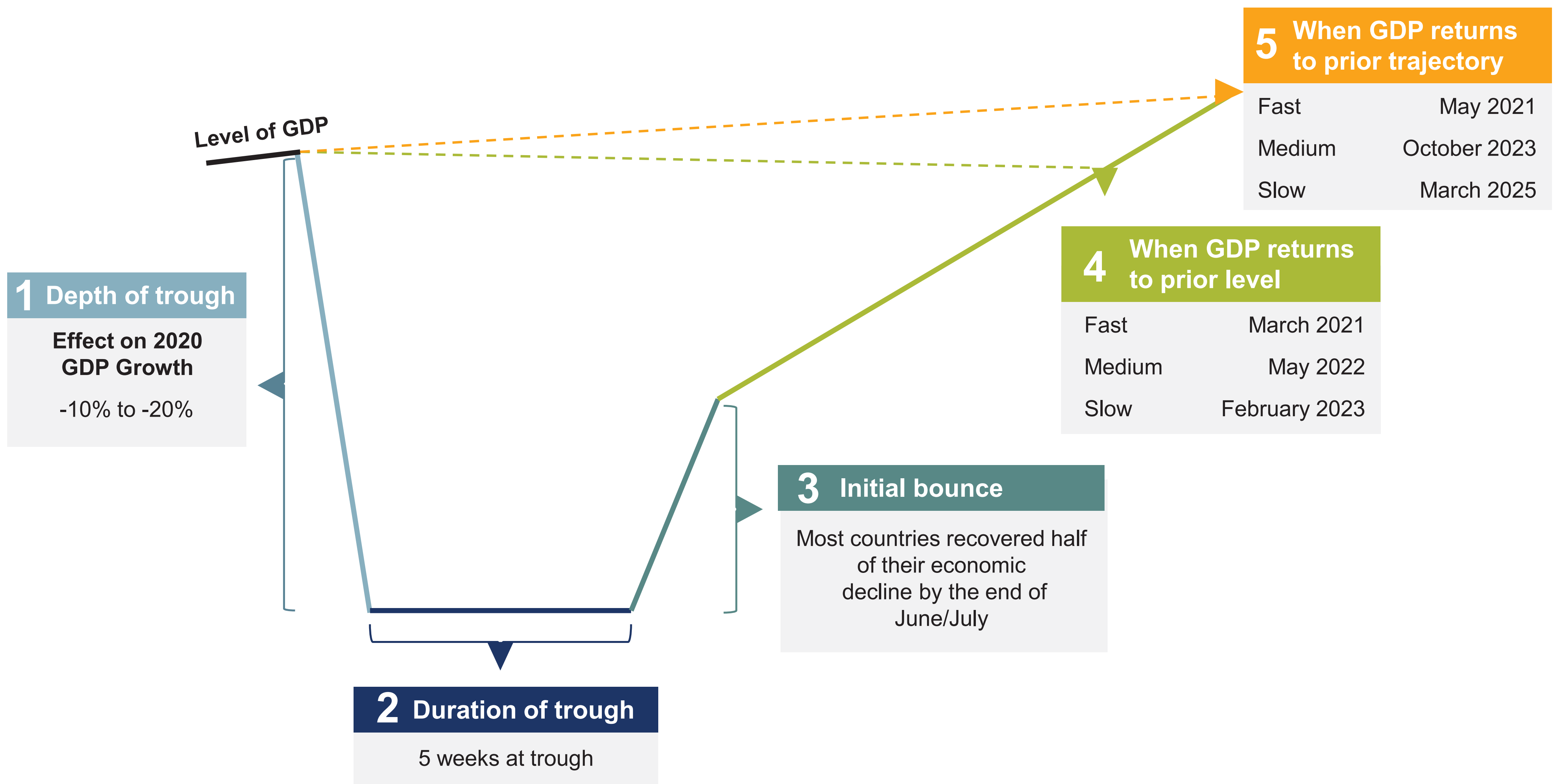
U.S. business cycle scorecard

	Start of cycle	Early cycle	Mid cycle	Late cycle	End of cycle	Recession
Business investment						
Bonds						
Corporate profitability						
Volatility						
Credit						
Cycle age						
Economic trend						
Employment						
Sentiment						
Economic slack						
Prices						
Inventories						
Monetary policy						
Consumer						
Equities						
Leverage						
Housing						
Allocation to each stage of cycle	44%	7%	6%	2%	2%	39%

Note: As at 08/09/2020. Darkness of shading indicates the weight given to each input for each phase of the business cycle.
Source: RBC GAM

Substantial Uncertainty Surrounding Growth Outlook

Five key questions

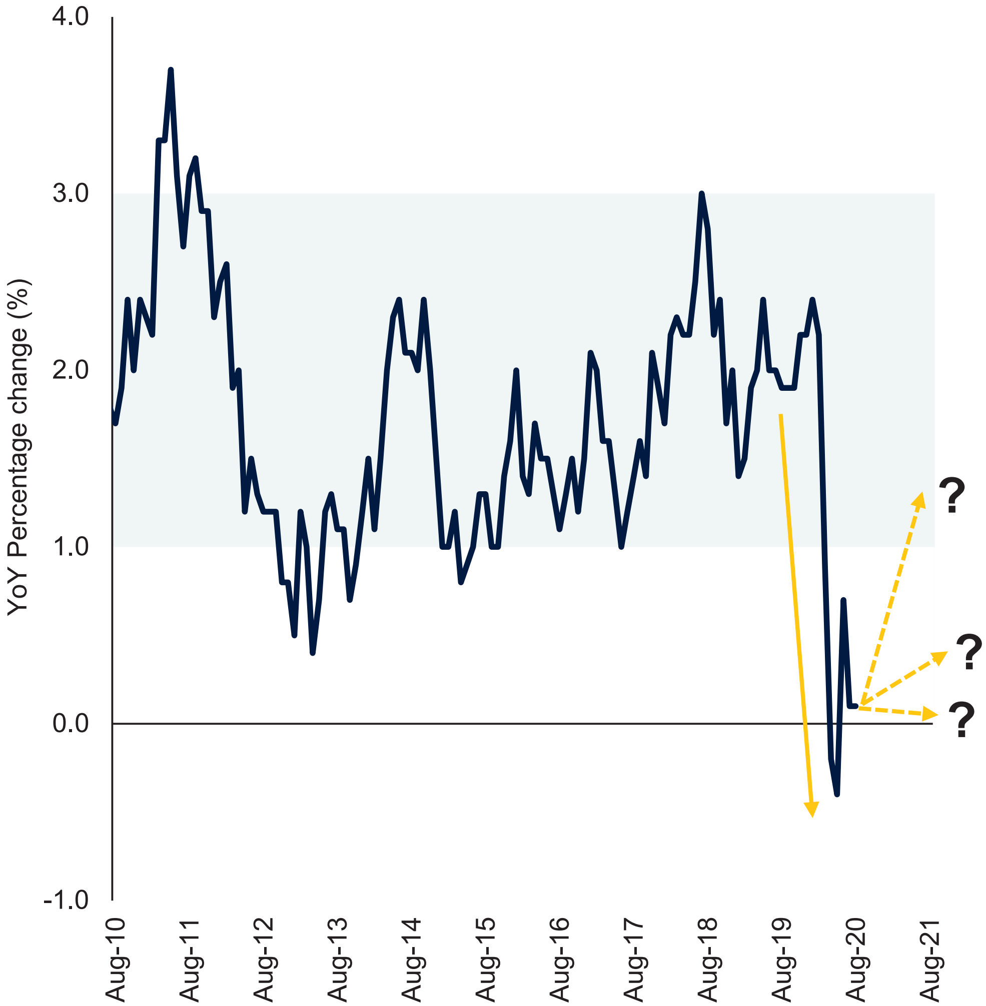


For illustrative purposes only.
Source: RBC GAM as of October 7, 2020
Effect on 2020 developed-world GDP growth rate (%)

Competing Forces on Inflation

Recent developments likely inflationary over the medium to long term

Canadian Total Consumer Price Index (CPI)



Consumer Price Index (total CPI) as of August 2020.
Source: Bank of Canada

Deflationary pressures dominate in short run

- Big shock to demand
- Lower oil prices
- Lower inflation expectations
- Structural forces

Inflationary pressures could emerge over long run

- Central banks
- Supply chain disruption
- Inflate away debt?

Wealth Management
PH&N Investment Counsel

REVIEW OF UNIVERSITY ENDOWMENT AND PENSION FUNDS

By Jacky Shen, Director of Treasury, Simon Fraser University and Anna Liu, Treasury Analyst, Simon Fraser University

INTRODUCTION

The CAUBO Investment Survey is Canada's most comprehensive survey of investments held by Canadian post-secondary institutions' endowment and pension funds. The primary purpose of the survey is to provide institutions with information to assist them in better managing their investment portfolios and includes information on annualized rates of return, mandate performance and asset mix, spending policy, and costs.

The 2020 report provides the fifth year of results following the survey redesign project that was initiated in 2014. A few changes to the survey are worth noting again this year, as the change in reporting may impact the reliability of comparisons with the historical survey results. Where the endowment is part of a larger pool of investments, institutions are now providing fund value, asset allocation, and rate of return for the full investment pool. To allow for better comparisons, the groupings are done each year by quartiles instead of based on pre-determined dollar value breakpoints. This creates four equal size groups and means that each year there will be a moving target in terms of asset levels within each sub-group, as the breakpoints will change accordingly. One-year results only provide a snapshot. We have added the performance results of 2004 to enable institutions to draw conclusions from longer-term observations.

There was a slight decrease in the number of institutions that participated in the investment pool and the pension survey this year, as compared to the previous year. The list of participating institutions appears in Appendices I and II at the end of the article. We would like to thank all of the institutions that participated in the survey during these unprecedented times.

INVESTMENT POOL

Highlights

- Total investment pool assets reached \$24.3 billion in 2019 – \$20.8 billion was endowed funds, which represents a growth of 163% since 2004 for endowments.
- The median 2019 return was 13.8% – the first quartile had a median return of 14.8% and the fourth quartile had a median return of 12.3%. The median 10 year annualized return was 8.2% – the first quartile had a median return of 9.0% and the fourth quartile had a median return of 6.8%.
- The first quartile had a higher proportion of funds allocated in alternative investments (23.4%) compared to 2004 (7.6%) and the other three quartiles.
- The first quartile had a lower proportion of funds allocated to fixed income (20.5%) compared to the other three quartiles.

Although each quartile represents a quarter (25%) of the total participating funds, the funds in the first quartile represented 78.7% of the total assets, while the fourth quartile accounted for 1.2%. Of the total investment pool assets of \$24.3 billion, the combined value of the funds in the first quartile was equal to \$19.1 billion.

As previously mentioned, the survey now collects information on the institution's full investment pool – where the endowment is part of a larger pool of investments, institutions are providing fund value, asset allocation, and rate of return for the full investment pool.

INVESTMENT POOLS

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When looking at the endowed funds only, the total value of endowed assets has increased 163% since 2004. The total value of endowed funds was $20.8 billion for the 68 institutions that participated in the 2020 survey, compared to $7.9 billion in 2004, which had 72 survey participants. The 68 universities that participated in the 2020 CAUBO survey are grouped into four quartiles based on the market value of the investment pool assets. **Table 1** illustrates these asset value ranges.

TABLE 1: *Breakdown of Investment Pool by Asset Size*

Category	Asset Value (millions)	% of Total	Asset Value Range	Median Asset Value (millions)
1st quartile	$19,111	78.7%	>$450M	$862
2nd quartile	$3,669	15.1%	$110M ~ $450M	$157
3rd quartile	$1,228	5.1%	$40M ~ $110M	$73
4th quartile	$280	1.2%	<$40M	$16
OVERALL	**$24,288**	**100.0%**		**$110**

Asset mix

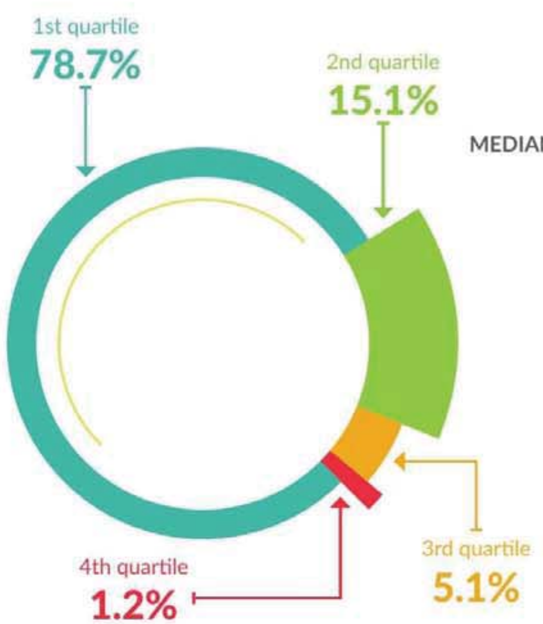
From 2018 to 2019, there had been a slight shift in allocation among all asset classes. Equity and alternative had increased by 1.1% and 0.5% respectively year-over-year, while fixed income and cash decreased by 0.7% and 0.9% respectively year-over-year. The asset allocation for the Investment Pool funds changed more significantly in 2019 compared to 2004, especially in the weights allocated to the fixed income and the alternative asset class. In 2019, the average allocation to the alternative asset class is at 20.2%, compared to 6.7% in 2004. On the other hand, the average allocation to the fixed income asset class is at 22.3%, compared to 30.3% in 2004. In general, the asset allocation shifted from the fixed income asset class to the alternative during the past 16 years. The average asset allocation for all funds is provided in **Table 2**.

TABLE 2: *Investment Pool Average Asset Allocation*

	2019	2018	2004
Equity	55.0%	53.9%	59.6%
Alternative	20.2%	19.7%	6.7%
Fixed Income	22.3%	23.0%	30.3%
Cash	2.5%	3.4%	3.4%
TOTAL	**100%**	**100%**	**100%**

ASSETS

The funds in the first quartile represent 78.7% of the total assets ($19.1 billion), while the fourth quartile accounts for 1.2% of total assets.



		2019	2018	2017
TOTAL ASSETS				
	Total investment pool assets	$24.3 billion	$21.7 billion	$22.3 billion
	Endowment assets	$20.8 billion	$18.6 billion	$19.1 billion
MEDIAN RETURNS				
	1 year	13.8%	-1.2%	9.1%
	10 year (annualized)	8.2%	8.3%	6.4%
MEDIAN RETURNS BY QUARTILE				
1 YEAR	1st quartile	14.8%	-0.8%	9.7%
	2nd quartile	15.8%	-1.7%	9.9%
	3rd quartile	13.5%	-0.7%	9.0%
	4th quartile	12.3%	-1.3%	8.2%
10 YEAR	1st quartile	9.0%	9.2%	7.0%
	2nd quartile	8.1%	8.0%	6.1%
	3rd quartile	7.7%	8.3%	6.7%
	4th quartile	6.8%	6.5%	5.6%

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This observation is also evident when comparing the asset class allocation by quartiles. See **Figure 1** and **Figure 2** for details.

The other observation that can be drawn, from the two charts on the right, is that the first quartile funds were more heavily allocated to alternatives than those in the other quartiles, while the funds in the fourth quartile had a higher proportion allocated to fixed income.

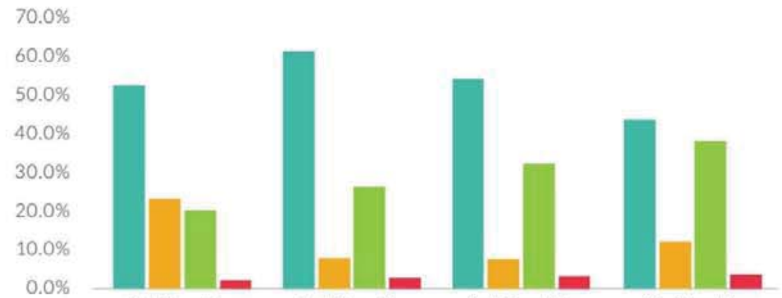
Alternative investment profile

The redesigned survey allows for a more in-depth view of assets allocated to alternatives investments. Institutions are now able to report asset allocation within the real assets category (real estate, infrastructure, commodities, and other) while other alternative investments can be reported in the financial assets category (private equity, hedged funds and other).

In 2019, the overall proportion of assets allocated to alternative investment was slightly higher compared to the previous year—20.2% of total assets compared to 19.7% in 2018. A total of $4.9 billion was allocated to the alternative strategies in 2019, the majority of which (91% or $4.5 billion) was invested by the largest funds (those in the first quartile).

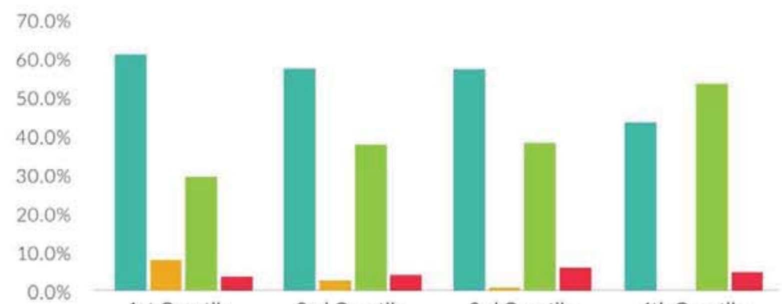
Real estate, hedge funds, private equity and Infrastructure represented 91% of the total alternative investment allocation. Overall, real estate accounted for 6.7% of total assets, hedge funds were 4.7%, and private equity and infrastructure were 3.6% and 3.3% respectively. The remainder of the assets were mainly allocated to infrastructure other/unspecified categories (1.7%) and commodities (0.2%).

FIGURE 1: *Investment Pool, Average Asset Allocation, (dollar-weighted within each group), December 2019, by quartile*



	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Equity	53.8%	62.3%	55.5%	44.5%
Alternative	23.4%	7.9%	8.3%	12.4%
Fixed Income	20.5%	27.0%	32.9%	39.3%
Cash	2.3%	2.8%	3.3%	3.8%

FIGURE 2: *Investment Pool, Average Asset Allocation, (dollar-weighted within each group), December 2004, by quartile*



	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Equity	60.3%	56.9%	56.4%	42.8%
Alternative	7.6%	2.3%	0.5%	0.0%
Fixed Income	28.8%	37.2%	37.5%	52.9%
Cash	3.3%	3.6%	5.6%	4.3%

ASSETS MIX *(Investment Pool)*

Funds in the first quartile were more heavily allocated to alternatives than those in the other quartiles — the fourth quartile had a higher proportion allocated to fixed income.

In 2019, the overall proportion of assets allocated to alternative investment was slightly higher compared with the previous year—20.2% of total assets compared with 19.7% in 2018. A total of $4.9 billion was allocated to the alternative strategies in 2019, the majority of which (91% or $4.5 billion) was invested by the largest funds (those in the first quartile).

Real estate and hedge funds represented more than half (59%) of assets allocated within alternative investments. Overall, real estate accounted for 6.7% of total assets and hedge funds were 4.7%.

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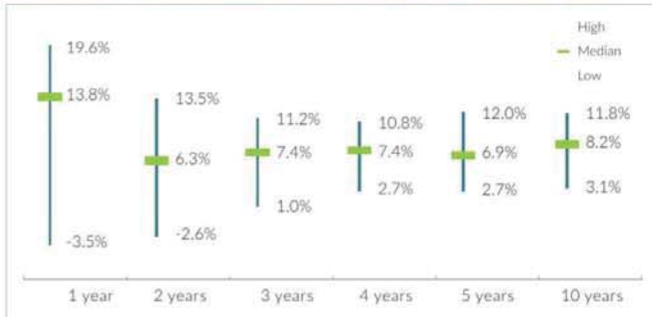
FIGURE 3:
Investment Pool Annual Return Distribution, 2019, by quartile

FIGURE 4:
Investment Pool, Annualized Returns, as at December 2019



Investment return

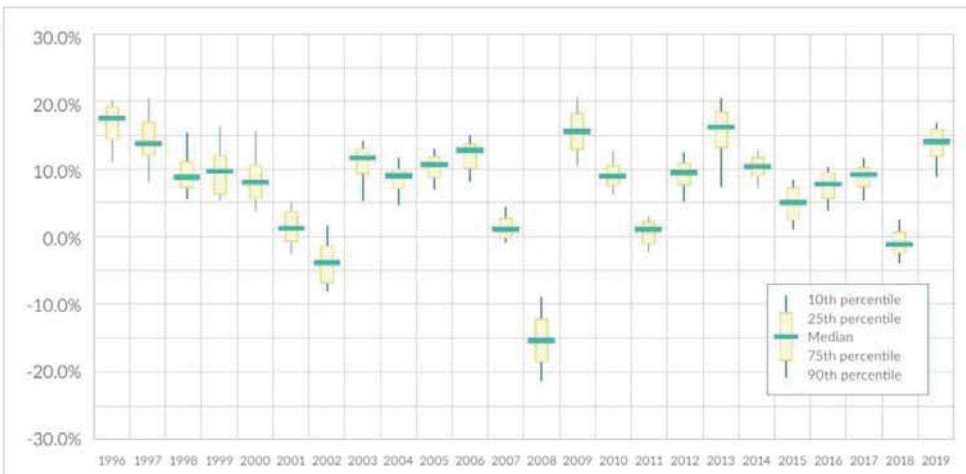
Overall, the survey results demonstrate that 2019 was a very strong year for returns compared to 2018 – the median return for all investment pools funds in 2019 was 13.8%, compared to -1.2% in 2018.

During 2019, the median return for the first quartile group was 14.8% for the year (9.0% annualized over the 10-year period), compared to a median one-year return of 12.3% (6.8% over 10 years) for the fourth quartile. The quartile groups in order of highest to lowest median returns over one-year period were quartiles two, one, three and four in 2019. During 2019, the second and fourth quartiles of the investment pool funds had the highest return dispersions, with ranges from 3.2% to 19.6% and -3.5% to 16.7% respectively. See **Figure 3** for details.

Over the longer term of 10 years, the median annualized return of 8.2% was higher than the actual long-term expected returns for many institutions, which typically ranges from 5.0% to 6.0%. This result was largely attributable to the strong return for 2019, and the 2008 annual return dropping out of the 10-year annualized return calculation. As for a relatively shorter time-horizon, the five-year median return of 6.9% demonstrates that most funds experienced returns above their long-term outlook across the past five years. Generally, the dispersion of the annualized returns narrowed as investment time horizon increased. **Figure 4** shows the overall results for different investment periods ending on December 31, 2019.

INVESTMENT RETURNS *(Investment Pool)*

INVESTMENT POOL HISTORICAL ANNUAL RETURNS
1996–2019, ending December 31



2019 WAS A STRONG YEAR
for returns — the median return for all investment pool funds in 2019 was
13.8%
compared to -1.2% in 2018.

HISTORICAL MEDIAN ONE-YEAR RETURNS, BY QUARTILE
Performance varied more significantly by quartile in 2019; the range for median returns was less pronounced between quartiles in 2018.

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PENSION

Highlights

- Total pension assets reached $59.8 billion in 2019 – a growth of 135% in total assets since 2004
- The median 2019 return was 14.3% – the first quartile had a median return of 13.9% and the fourth quartile had a median return of 15.9%.
- The median 10 year annualized return was 8.4% – the first quartile had a median return of 9.1% and the fourth quartile had a median return of 7.9%.
- The first quartile group of funds had a higher proportion of funds allocated to alternative investments (17.3%) compared to 2004 (4.8%) and the other three quartiles.

TABLE 3: *Breakdown of Pension by Asset Size*

Category	Asset Value (millions)	% of Total	Asset Value Range	Median Asset Value (millions)
1st quartile	$38,190	63.90%	>$1,600M	$2,532
2nd quartile	$15,914	26.60%	$550M ~ $1,600M	$1,296
3rd quartile	$4,509	7.50%	$210M ~ $550M	$385
4th quartile	$1,147	1.90%	<$210M	$83
OVERALL	**$59,760**	**100%**		**$635**

As mentioned, in order to allow for better comparisons the results are reported by quartile instead of the dollar value breakpoints. This creates four groups that will change accordingly each year.

Total pension assets in 2019 were 135% higher than at the end of 2004, equalling $59.8 billion for the 50 participating pension funds in the survey this year. The first quartile funds represented 63.9% of total assets – $38.2 billion of the overall total pension fund assets. The 50 pension plans that participated in the 2020 CAUBO survey are grouped into four quartiles based on the market value of the pension plan assets. **Table 3** illustrates these asset value ranges.

Asset mix

From 2018 to 2019, asset mix allocation had shifted slightly to equity asset class while the opposite was true for alternative and fixed income asset classes. The 2019 asset allocation for the pension funds changed significantly compared to 2004, especially in the weights allocated to the alternative asset class. The average allocation to the

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alternative asset class in 2019 was 16.4%, compared to 4.1% in 2004. On the other hand, the average allocation to equity and fixed income asset classes in 2019 was 49.5% and 31.7% respectively, compared to 57.2% and 36.6% respectively in 2004. In general, the asset allocation shifted from equity and the fixed income asset classes to alternatives during the past 16 years. The average asset allocation for all funds is provided in **Table 4**.

TABLE 4: *Pensions Average Asset Allocation*

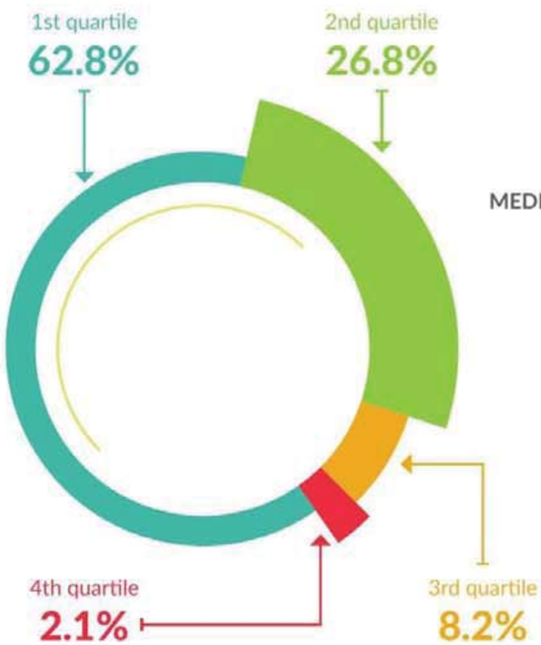
	2019	2018	2004
Equity	49.50%	47.50%	57.20%
Alternative	16.40%	17.80%	4.10%
Fixed Income	31.70%	32.40%	36.60%
Cash	2.40%	2.30%	2.10%
TOTAL	**100%**	**100%**	**100%**

The 2019 survey includes results from

50 PENSION PLANS *(45 institutions)* with total assets of **$59.8 BILLION** – a growth of **135%** in total assets since 2004.

PENSION

The first quartile funds represent 63.9% of total assets – $38.2 billion of the overall total pension fund assets of $59.8 billion.



		2019	2018	2017
TOTAL ASSETS				
	Total investment pool assets	$59.8 billion	$53.4 billion	$53.9 billion
MEDIAN RETURNS				
	1 year	14.3%	-0.4%	9.9%
	10 year (annualized)	8.4%	8.5%	6.6%
MEDIAN RETURNS BY QUARTILE				
1 YEAR	1st quartile	13.9%	0.5%	10.5%
	2nd quartile	14.5%	-0.3%	10.1%
	3rd quartile	14.0%	-1.0%	9.0%
	4th quartile	15.9%	-2.4%	9.9%
10 YEAR	1st quartile	9.1%	8.8%	7.0%
	2nd quartile	8.6%	8.6%	6.7%
	3rd quartile	8.0%	8.4%	6.5%
	4th quartile	7.9%	8.1%	6.4%

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This observation is also evident when comparing the asset class allocation by quartiles. See **Figure 5** and **Figure 6** for details.

The other observation that can be drawn, from the two charts, is that the first quartile funds were more heavily allocated to alternatives than those in the other quartiles, while the funds in the fourth quartile had a higher proportion allocated to fixed income. This observation is similar to the investment pool results.

Alternative investment profile

In 2019, a total of $9.8 billion was allocated to alternative strategies, which represented 16.4% of total pension assets. The majority (67% or $6.6 billion) of assets allocated to alternative strategies were invested by the largest funds (those in the first quartile).

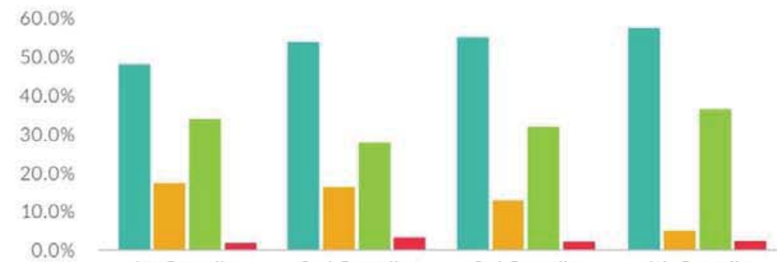
Real estate and infrastructure represented almost two-thirds (65%) of assets allocated within alternative investments. Overall, real estate accounted for 6.3% of total assets and infrastructure was 4.3%. The remainder of the assets were mainly allocated to private equity (2.9%), hedge funds (2.0%), and other/unspecified categories (0.9%).

Investment return

Overall, the survey results demonstrate that 2019 was a very strong year for one year returns compared to 2018 – the median return for all funds in 2019 was 14.3% compared to -0.4% in 2018.

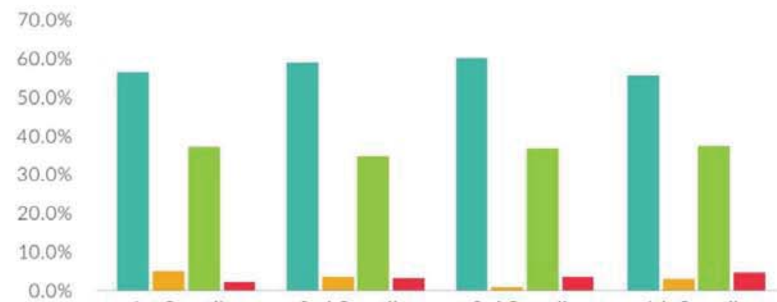
During 2019, the median return for the first quartile group was 13.9% for the year (9.1% annualized over the 10-year period), compared to a median one-year return of 15.9% (7.9% over 10 years) for

FIGURE 5: *Pension, Average Asset Allocation (dollar-weighted within each group), December 2019, by quartile*



	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Equity	47.3%	53.0%	54.1%	56.5%
Alternative	17.3%	16.4%	12.2%	5.0%
Fixed Income	33.4%	27.4%	31.4%	35.9%
Cash	2.0%	3.2%	2.3%	2.6%

FIGURE 6: *Pension, Average Asset Allocation (dollar-weighted within each group), December 2004, by quartile*



	1st Quartile	2nd Quartile	3rd Quartile	4th Quartile
Equity	56.4%	58.9%	60.1%	55.8%
Alternative	4.8%	3.2%	0.2%	2.4%
Fixed Income	37.1%	34.8%	36.6%	37.4%
Cash	1.7%	3.1%	3.1%	4.4%

ASSETS MIX *(Pension)*

The first quartile funds were more heavily allocated to alternatives than those in the other quartiles, while the funds in the fourth quartile had a higher proportion allocated to fixed income.

In 2019, a total of $9.8 billion was allocated to alternative strategies, which represented 16.4% of total pension assets. The majority (67% or $6.6 billion) of assets allocated to alternative strategies were invested by the largest funds (those in the first quartile).

Real estate and infrastructure represented close to two-thirds (65%) of the total alternative investment. Overall, real estate accounted for 6.3% of total assets and infrastructure was 4.3%.

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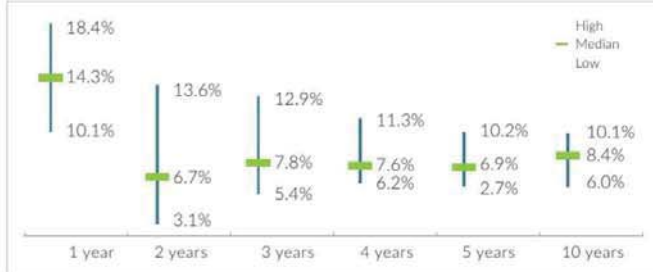
FIGURE 7: *Pension Annual Return Distribution, 2019, by quartile*

FIGURE 8: *Pensions, Annualized Returns, as at December 2019*



the fourth quartile. During the past year, the smaller pension plans outperformed in terms of the median returns of the four quartile groups. Over a 10-year period, larger pension plans generally had higher median returns. During 2019, the third quartile of the pension plans had the smallest return dispersion out of all quartile groups, ranging from 11.1% to 15.9%. See **Figure 7** for details.

Over the longer term of 10 years, the median annualized return was 8.4%, which, similarly to investment pool, is higher than the actual long-term expected returns for many institutions. Generally, the dispersion of investment returns narrowed as the investment horizon increases. **Figure 8** shows the overall results for the pension plans for different investment periods ending on December 31, 2019.

CONCLUSION

The year 2019 saw strong market performance around the world in almost all asset categories. However, this global growth stabilization has been quickly interrupted by the rapid spread of the COVID-19 and a collapse in oil prices. This set the stage for the largest shock to the global economy since the financial crisis of 2008-2009. Fortunately, unprecedented monetary and fiscal policy actions delivered by central banks and governments around the world provided significant support to the global economy and financial systems. While it may be tempting to draw conclusions that the worst is behind us, uncertainty prevails.

Over the longer-term horizon, diversification continues to be the key to investing. An ideal portfolio is typically viewed as one that allows risk-adjusted returns to be maximized while volatility is kept as low as possible over the long-term. Despite the volatile and unpredictable nature of markets, as these survey results show, many funds were able to manage the uncertainty through diversification.

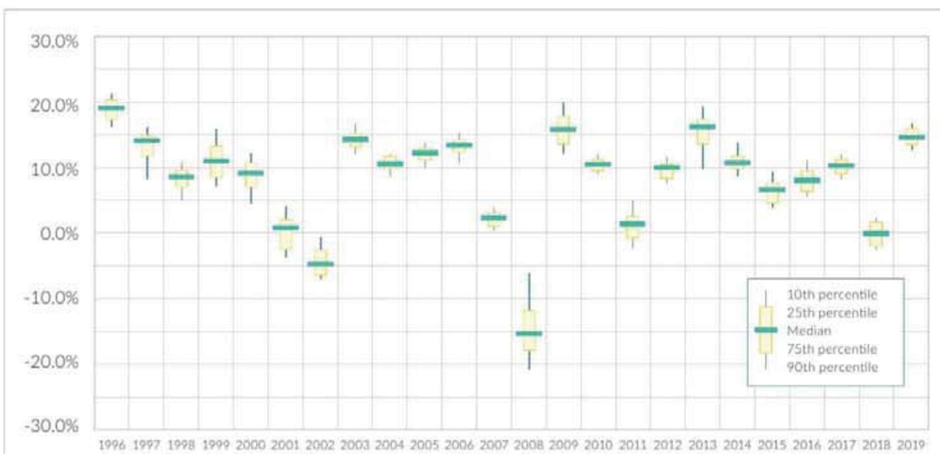
Thank you for your ongoing participation in the survey. We welcome your thoughts to improve the survey so that it remains an essential tool to inform institutional decision-making. Um

INVESTMENT RETURNS *(Pension)*

PENSION HISTORICAL ANNUAL RETURNS

1996–2019, ending December 31

Overall, the survey results demonstrate that 2019 was a very strong year for returns compared with 2018 – the median return for all pension funds in 2019 was **14.3%** compared with -0.4% in 2018. During the past year, the smaller pension plans outperformed in terms of the median returns of the four quartile groups. Over a 10-year period, larger pension plans generally had higher median returns.



PENSION HISTORICAL MEDIAN ONE-YEAR RETURNS, BY QUARTILE

While performance varied by quartile in 2019, the range for the median returns was more pronounced between quartiles in 2018.

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APPENDIX 1: Canadian University Investment Pool Funds

INSTITUTION	Rank	Total market value ($000)	Endowment value ($000)	Public equity %	Fixed income %	Real assets %	Financial assets %	All other %
Toronto	1	3,234,736	2,748,387	45.9	30	2	22.1	0
British Columbia	2	1,803,513	1,803,513	42.5	19.1	21.4	12.5	4.5
Alberta	3	1,731,942	1,471,113	70.1	11.3	5.4	13.2	0
McGill	4	1,729,641	1,729,641	53.5	21.9	6.9	17.3	0.4
WesternU	5	1,485,160	845,054	47.3	19	14.9	15.2	3.6
Queen's	6	1,177,703	1,177,703	50.9	35.2	9.1	4.5	0.3
McMaster	7	1,172,134	848,418	61.5	33.2	5.3	0	0
Calgary	8	1,067,461	1,067,461	77.4	13.6	0	9	0
Manitoba	9	862,097	790,892	59.1	17.1	23.8	0	0
Ottawa	10	803,291	309,001	48	21.6	17.7	12.3	0.4
Victoria (UT)	11	681,631	681,631	24.1	5.9	68.5	1.5	0
Dalhousie	12	677,043	677,043	52.6	23.7	10.7	12.7	0.3
Saskatchewan	13	662,078	411,136	53.6	25.2	11.7	9.5	0
Simon Fraser	14	558,165	558,165	67.3	24.3	3.9	4.5	0
York	15	512,851	512,851	66.3	25.5	8	0	0.2
Victoria (BC)	16	485,973	485,973	53.6	26.8	19.6	0	0
Guelph	17	465,751	419,055	62.6	31.9	5.5	0	0
Waterloo	18	442,555	377,390	60.7	39.3	0	0	0
New Brunswick	19	402,686	229,550	63	33	4	0	0
Montréal	20	356,452	356,452	54	35.8	4.6	5.6	0
Carleton	21	315,152	315,152	72.6	25.2	2.2	0	0
Concordia	22	300,620	119,979	53.1	36.4	9.8	0.2	0.5
Lethbridge	23	224,244	74,690	74.1	22.2	3.7	0	0
Laval	24	214,407	214,407	51.2	28.5	20.3	0	0
Mount Allison	25	204,628	204,628	70.3	14.7	6.8	8.2	0
St. Francis Xavier	26	156,515	156,515	85	14	1	0	0
Mount Royal	27	151,692	66,744	60.7	19.3	20	0	0
Ryerson	28	150,949	150,949	62	31.1	0	0	6.9
HEC Montréal	29	143,134	74,961	60.9	19.2	12.9	7	0
Memorial	30	130,701	98,608	56.1	27.2	16.7	0	0
Windsor	31	126,598	120,028	60.9	35.9	3.2	0	0
St. Michael's College	32	123,003	99,698	51.3	47.6	1.1	0	0
Regina	33	113,587	52,148	64.5	18.2	17.2	0	0.1
Brock	34	111,769	111,770	63.1	36.9	0	0	0
Lakehead	35	107,949	107,949	52.6	47.4	0	0	0
Wilfrid Laurier	36	100,796	100,796	46.8	43.4	9.8	0	0
Moncton	37	98,819	98,819	52.9	34.4	0	12.7	0
Acadia	38	97,605	97,605	78	22	0	0	0
Northern BC	39	82,896	82,896	28.2	35.2	30.8	5.8	0
Bishop's	40	77,987	71,841	65.9	33.3	0	0.8	0
Trent	41	75,869	75,869	61.7	38.3	0	0	0
MacEwan	42	75,484	74,590	67	25	8	0	0
Brandon	43	73,170	70,040	62.5	37.5	0	0	0
Winnipeg	44	72,292	72,292	68.9	31.1	0	0	0
Sherbrooke	45	65,210	65,210	53.2	26	0	20.8	0
PEI	46	64,580	51,126	58	21.9	20	0	0.1
Laurentian	47	54,238	52,006	36.1	49.1	14.8	0	0
Athabasca	48	49,167	4,234	15	85	0	0	0
King's (NS)	49	45,280	45,280	56.7	35.1	8.2	0	0
Cape Breton	50	43,385	43,385	62.2	33.1	4.7	0	0
Saint Mary's	51	43,366	43,366	67.9	25.9	6.2	0	0
Mount St. Vincent	52	34,010	29,074	60.6	39.4	0	0	0
Vancouver Island	53	31,311	27,701	57.2	42.8	0	0	0
UQAM	54	28,733	28,733	50	40	10	0	0
Saint Paul	55	26,247	26,247	25.2	44.9	29.9	0	0
Trinity Western	56	23,306	23,423	60.3	38.7	0	0	1
Huron	57	21,300	21,300	0	18.7	0	0	81.3
Saint-Boniface	58	19,944	19,944	49.1	31.4	7.6	11.9	0
ETS	59	17,805	19,140	36.2	57	6.8	0	0
OCAD	60	16,286	16,286	60.4	39.6	0	0	0
Fraser Valley	61	15,033	13,723	26.4	73.6	0	0	0
INRS	62	11,387	10,711	49.3	50.7	0	0	0
Thorneloe	63	9,787	9,168	46.3	48.9	0	4.8	0
Emily Carr	64	6,829	6,161	0	100	0	0	0
Algoma	65	6,308	6,308	58	42	0	0	0
Huntington	66	5,045	5,045	68.8	31.2	0	0	0
Redeemer	67	4,565	4,565	62.1	37.9	0	0	0
Sainte-Anne	68	2,379	2,379	44.4	21.9	0	0	33.7

	Public equities	Fixed income	Real assets	Financial assets	All other
Mean	54.2	33.1	7.6	3.1	2.0
Median	57.6	31.7	4.3	0.0	0.0
Dollar-weighted Mean	55.0	24.7	10.4	9.1	0.7

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APPENDIX 2: Canadian University Pension Funds

INSTITUTION	Rank	Total market value ($000)	Public equity %	Fixed income %	Real assets %	Financial assets %	All other %
Toronto	1	5,586,192	45.6	30.5	1.8	22.1	0
Québec	2	4,702,047	41.8	31.5	17.8	8.9	0
Montréal	3	4,436,839	42.2	40.4	13.2	4.2	0
Laval	4	3,665,351	36.6	46	15.7	1.7	0
York	5	2,865,409	53.2	31	15.7	0	0.1
Ottawa	6	2,593,187	43.9	21.1	20.5	14.1	0.4
British Columbia	7	2,531,991	56.1	35.5	8.4	0	0
McMaster	8	2,266,021	65.7	33.2	1.1	0	0
Queen's	9	2,223,274	51.9	37.3	10.6	0	0.2
British Columbia	10	1,955,183	32.7	42.6	21.6	3.1	0
Waterloo	11	1,936,847	53.7	46.3	0	0	0
Memorial	12	1,775,072	60	31.7	8.3	0	0
Guelph	13	1,653,057	51.7	39.6	8.7	0	0
Saskatchewan	14	1,592,648	58.2	37.5	4.3	0	0
Ryerson	15	1,537,967	28.8	22.1	34.9	14.2	0
McGill	16	1,519,487	47.2	33.4	8.5	10.5	0.4
Dalhousie	17	1,468,269	44.9	30.3	16.2	8.3	0.3
Victoria (BC)	18	1,434,709	63.2	28.8	8	0	0
Carleton	19	1,386,349	64.1	27.2	8.3	0.4	0
Manitoba	20	1,295,590	60.3	29.2	10.5	0	0
WesternU	21	1,228,030	65.5	34.5	0	0	0
Sherbrooke	22	1,193,603	64.5	32.7	2.6	0.2	0
Concordia	23	1,126,265	29.5	23	13.2	31.8	2.5
Windsor	24	859,872	62.9	33.9	3.2	0	0
Wilfrid Laurier	25	708,189	51.5	37.2	11.3	0	0
Brock	26	562,602	53.5	32.3	14.2	0	0
École Polytechnique	27	547,916	51.1	33.3	15.1	0.5	0
HEC Montréal	28	462,875	60.2	16.1	16	7.7	0
Laurentian	29	455,086	45.3	34.7	20	0	0
Simon Fraser	30	410,162	63.4	30.3	6.3	0	0
New Brunswick	31	395,425	29.1	50.2	20.3	0.4	0
Regina	32	392,116	57.3	25.1	17.6	0	0
Simon Fraser	33	378,460	66.9	33.1	0	0	0
Trent	34	376,681	61.3	38.7	0	0	0
Moncton	35	336,080	51.4	40.9	7.7	0	0
Victoria (BC)	36	310,527	44.8	36.2	19	0	0
Lakehead	37	224,427	62.3	37.7	0	0	0
Regina	38	219,505	63.3	35.9	0	0	0.8
Brandon	39	203,149	62.6	37.4	0	0	0
Saint Mary's	40	172,733	46.4	45.5	8.1	0	0
Bishop's	41	145,516	59.1	29.6	11.3	0	0
Winnipeg	42	133,725	50.6	36.7	12.7	0	0
McGill	43	126,830	52	43.8	4.2	0	0
Northern B.C.	44	96,480	63.8	36.2	0	0	0
Victoria (UT)	45	68,892	59.9	40.1	0	0	0
Mount Allison	46	57,350	59.2	40.8	0	0	0
Mount Allison	47	48,315	55.1	34.4	6.2	4.3	0
St. Michael's College	48	40,203	59.1	40.9	0	0	0
Algoma	49	27,797	58	42	0	0	0
Saint Paul	50	25,735	66.3	33.7	0	0	0

	Public equities	Fixed income	Real assets	Financial assets	All other
Mean	53.6	34.8	8.9	2.6	0.1
Median	55.6	34.6	8.3	0.0	0.0
Dollar-weighted Mean	49.5	34.1	10.9	5.4	0.1

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