Pension Plan for the Employees of the University of Prince Edward Island

Statement of Investment Policy and Objectives (SIPO)

November 2023

Contents

1.0 Preamble ... 3
2.0 Introduction ... 3
3.0 Investment Beliefs ... 4
4.0 Investment Objectives and Constraints ... 7
Return Objectives ... 7
Risk Objectives ... 7
Investment Constraints ... 8
5.0 Permitted Categories of Investments ... 9
6.0 Policy Asset Mix and Rebalancing ... 10
Long-Term Policy Asset Mix ... 10
Risk and Return Characteristics ... 10
Approved Policy Limits and Rebalancing ... 10
7.0 Lending of Cash and Securities ... 11
8.0 Voting Rights ... 12
9.0 Related Party Transactions ... 12
10.0 Conflict of Interest ... 13
11.0 Valuation of Investments Not Traded on Public Exchanges ... 13
12.0 Environmental, Social and Governance ("ESG") Factors ... 14
13.0 Performance Monitoring and Evaluation ... 15
14.0 Policy Certification ... 17
Appendix A – Investment Mandates ... 18
Core Plus Fixed Income Mandate ... 19
Canadian Commercial Mortgage Mandate ... 19
Canadian Equity Mandates ... 19
Global Equity Mandates ... 20
Emerging Markets Equity Mandate ... 20
Real Estate Mandates ... 21
Global Infrastructure Mandate ... 21
Appendix B – Third Party Manager Investment Guidelines ... 22

1.0 Preamble

1.1 In this Statement of Investment Policy and Objectives, unless context requires another meaning, any capitalized term not defined herein shall have meaning ascribed to such term in the Sponsors Agreement.

2.0 Introduction

2.1 The Pension Plan for the Employees of the University of Prince Edward Island ("the Plan") has an effective date of July 1, 1967 and is structured as a "best average earnings" defined benefit plan. This means that each member's retirement pension is calculated as a specified percentage of the average of their best three years of earnings while a member of the Plan.

2.2 Effective January 1, 2017, the Plan converted to a Jointly Sponsored Pension Plan ("JSPP"). The conversion to a JSPP did not result in any changes to the benefit provisions under the Plan but implemented changes to the governance structure of the Plan.

2.3 As of the actuarial valuation at September 30, 2016, the Employer assumed responsibility for the "initial" deficit and began funding the deficit with a special contribution (1.0% of payroll) which will cease on September 30, 2031. Furthermore, commencing with the September 30, 2016 valuation, the Plan's current service costs and any emerging deficits will be shared equally by the University and the Plan Active Members.

2.4 Additional details regarding the Plan are specified in the Plan's governance documentation which includes: The Sponsors Agreement, the Trust Agreement, the Funding Agreement, and a consolidated version the Plan Rules (signed on November 24, 2017).

2.5 The purpose of this Statement of Investment Policy and Objectives ("the Policy") is to serve as a guide to the Sponsor Board, Trustees, University staff, investment managers, and any agent or other person(s) who is in a position to influence decisions regarding the investment of the Plan's Fund.

2.6 The goal is to ensure that all Parties involved in the management of the Plan's assets clearly understand the investment beliefs and philosophy and of the Plan's fiduciaries.

2.7 The process of determining investment policies and objectives includes, but is not limited to, the following:

2.7.1 Identifying the nature of the liabilities of the Plan. Important characteristics include the type of liability (e.g., termination benefits, death benefits, lifetime pensions), the length of time the liability will be outstanding (influenced by the mix of beneficiaries under the Plan), and the type of payment involved (e.g., single fixed amount versus monthly payments).

2.7.2 Identifying assets that have characteristics best suited to meet obligations of the Plan within the risk tolerance of the Plan Sponsors.

2.7.3 Providing sufficient diversification to eliminate unnecessary risk.

2.7.4 The basic goal is to ensure that the Fund, together with expected contributions, shall be invested in a continued, prudent, and effective manner to optimally meet the liabilities of the Plan.

3.0 Investment Beliefs

3.1 This Policy reflects several decisions taken by the Plan Sponsors both at the time of the Policy's development, and at subsequent reviews. These decisions, in turn, incorporate certain beliefs held by the Plan Sponsors at the time the decisions were made and approved.

3.2 To the extent that these beliefs remain consistent over time, so too should those elements of the Policy that rest upon them. The purpose of this section is to set forth the Plan Sponsors' beliefs so that the historical context in which decisions were made will be better understood by readers and users (both current and future) of the Policy.

3.2.1 The Fund should be focused on achieving a rate of return that equals or exceeds the growth of the Plan liabilities over time. Ultimately, Fund performance should be monitored against the growth rate of Plan liabilities.

3.2.2 The investment approach should seek long-term growth within a framework of managed investment risk, to limit the potential for Plan deficits that require additional financing.

3.2.3 A Plan-specific investment approach provides the best opportunity to meet the dual investment goals of long-term growth and acceptable levels of investment risk. This means the Plan's asset allocation approach could look different from other Plans.

3.2.4 Most of the variability in the investment returns, and the implied risk inherent in the Fund, can be explained by the strategic asset mix selected. As a result, the strategic asset mix decision is key to determining the risk profile of the Fund.

3.2.5 The allowable components (asset classes) to be considered for Fund composition are:

- 3.2.5.1 Canadian and foreign fixed income securities (including cash)
- 3.2.5.2 Canadian commercial mortgages
- 3.2.5.3 Private debt
- 3.2.5.4 Canadian equities
- 3.2.5.5 Global equities
- 3.2.5.6 Emerging market equities
- 3.2.5.7 Private equity
- 3.2.5.8 Real estate
- 3.2.5.9 Infrastructure

3.2.6 The Fund should be focused on achieving long-term growth with capital preservation in down markets to maximize the probability of achieving the long-term objectives of the Fund.

3.2.7 Active security selection can add value through added return or risk reduction, thereby justifying fees. This does not preclude the use of passive strategies for asset classes where the belief is not as strong.

3.2.8 Over the long-term, tactical active asset mix decisions can not provide significant improvement in the risk/return profile of the Fund. This does not preclude the use of active asset allocation strategies for individual manager mandates.

3.2.9 Over the long-term, equities will earn higher rates of return than fixed income securities. The Sponsors expect to get compensated for taking on equity risk with a premium over the long-term.

3.2.10 A well-diversified portfolio incorporating multiple asset classes tends to reduce the implied risk inherent in the Fund.

3.2.11 For certain asset classes, utilizing multi-manager mandates can provide additional diversification in the Fund over utilizing a single manager.

3.2.12 An equity investment manager with a global view and global investment opportunity set has the potential to improve the risk/return profile of the Fund versus separate (fixed) allocations to U.S. and International (“EAFE”) equities.

3.2.13 The allocation to illiquid investments will be made with consideration for overall Plan liquidity requirements.

3.2.14 Over the long-term, the impact of currency fluctuation on non-Canadian equity rates of return is negligible. As a result, hedging foreign currency exposure for the equity exposures is not necessary.

3.2.15 The use of specialist managers across asset classes can provide broader access to “best in class” investment opportunities than using a single manager for all asset classes.

3.2.16 Alternative asset classes in a diversified portfolio can impact returns and/or Fund risk. Thus, as more investment opportunities become available to the Fund, the Sponsors will consider them for inclusion into the Fund.

3.2.17 The Sponsors believe that companies that have good Environmental, Social, and Governance (“ESG”) practices are preferred investments. ESG considerations will be incorporated into the ongoing investment manager monitoring and selection process.

3.2.18 The use of the knowledge and expertise of independent third-party advisors is required to assist with the development, implementation and monitoring of the investment strategy and selection of investment managers.

3.2.19 All strategic Investment Policy decisions that will define the risk profile of the Fund will be approved by the Sponsors.

3.2.20 The investment management of the Fund assets should be delegated to professional investment management firms. The selection of the investment management firms will be made by the Trustees with assistance from advisors.

3.2.21 Investment managers will have the freedom to select investment securities in accordance with their investment mandate and the overall Policy.

3.2.22 Plan Sponsors believe that costs are important when considering the implementation of the portfolio. Performance expectations will be considered net of fees.

3.2.23 The Plan Sponsors believe that, where applicable, there should be separate policy documents to frame the governance and decision-making process with respect to the operation and management of the Plan. Policies can include but are not limited to: ESG, expenses, and education.

3.2.24 The Plan Sponsors understand that a regular review of the Fund and all policies relative to overall objectives will be necessary to evaluate the effectiveness of the Fund in achieving the long-term goals. This will include the regular review of the investment manager(s) relative to their specific investment mandates.

3.3 All investment beliefs herein will be subject to the:

- 3.3.1.1 Availability of investment strategies for the size of Plan assets.
- 3.3.1.2 Availability of appropriate administrative and custody structure.

3.3.1.3 Availability of appropriate and efficient reporting and governance structures.

3.3.1.4 Availability of appropriate fee structures.

3.4 Where the overriding beliefs are potentially violated, priority will be given to the more efficient and cost-effective investment approaches available.

4.0 Investment Objectives and Constraints

Return Objectives

4.1 Further details with respect to performance monitoring evaluation as well as the benchmark calculation methodology are outlined on page 20 and within each specific investment mandate in Appendix A.

4.1.1 With prudent consideration of the objectives and constraints of the Plan, the investment policy can be directed toward long-term growth of the Fund without significant concern for short-term liquidity requirements.

4.1.2 The primary objective of the Fund is to maximize the retirement income of its participating employees within an acceptable level of risk.

4.1.3 The **BENCHMARK INVESTMENT OBJECTIVE** of the Fund is to add value through judicious management, over returns that would have been realized through a benchmark of passive investments.

4.1.4 The **RELATIVE PERFORMANCE OBJECTIVE** of the Fund is to rank at or above the median over four-year periods of an appropriate universe reported by the measurement service as designated by the Trustees.

Risk Objectives

4.2 The uncertainty of future economic and investment conditions calls for prudent diversification in the investments of the Fund to reduce risk. This is enhanced by retaining managers with different investment styles and through investing in multiple asset classes. The different investment mandates are detailed in Appendices A-B.

4.3 With prudent consideration of the objectives and constraints of the Fund, the total risk tolerance of the Fund can be classified as moderate.

4.4 The Fund risk exposure will be measured by using the standard deviation of the investment returns as well as other risk-adjusted return calculation measures.

4.5 In general, the true risk in the Fund is the "probability of loss". The risk measurements utilized should be viewed as proxies in determining the probability of investment loss.

4.6 Each measure of risk will be evaluated on a regular basis for each investment manager and compared to other comparable funds. In addition, the correlation of returns among investment managers will be reviewed.

4.7 Risk exposure should generally rank at the median of comparable pension funds. Risk-adjusted returns are expected to consistently exceed comparable market indices and consistently rank above the median over four-year periods.

Investment Constraints

4.8 In addition to the specific constraints with respect to portfolio construction that are within the sections of this policy that follows, the following outlines some broad policy development and implementation constraints.

4.8.1 **Liquidity:** The main risk associated with maintaining insufficient liquidity in the Fund is the risk that the Trustees will be forced to liquidate assets in unfavorable market conditions to make payments to beneficiaries. Net cash flow (contributions less benefit payouts) is a key factor in determining liquidity requirements. The Fund investment strategy should provide sufficient liquidity at all points in an economic cycle. The Fund does not currently have, or foresee, any significant liquidity requirements in the near future.

4.8.2 **Legal.** The Plan is a Defined Benefit Pension Plan registered with Canada Revenue Agency ("CRA") and must comply with the rules outlined by CRA with respect to Pension Plans. In addition, the Plan must comply with the provisions set out in the governing documents of the Plan and other common law provisions.

4.8.3 **Taxes:** The Fund is exempt from any taxation as per CRA legislation. It should be noted that failure to comply with the CRA requirements, could result in de-registration of the Plan at which time the tax-exempt status could be revoked.

4.8.4 **Time horizon:** The Fund's investment time horizon is an important aspect in formulating the investment strategy. The objective of the Trustees is to have the Plan exist in perpetuity. However, for investment planning purposes the Trustees assume that the investment time horizon of the Fund is at least 15 years.

4.8.5 **Unique considerations:** Currently, the Province of Prince Edward Island does not have a provincial regulator overseeing the operation of pension plans. As such, no formal pension benefits act and regulations exists to guide the operation and governance of the Plan. The Plan generally operates following best practices of Canadian pension management, and the various Pension Benefits Act (or equivalents) and regulations that exist in other jurisdictions within Canada.

5.0 Permitted Categories of Investments

5.1 All investments must be legal investments within the laws that govern the Plan. Investments in the categories below may be made directly by the purchase of securities, or indirectly by the purchase of pooled investment funds, mutual funds, or other limited liability corporate structures.

5.1.1 Publicly traded common stocks, units of an income trust, convertible debentures, or preferred securities.

5.1.2 Publicly traded bonds, debentures, notes, mortgages, or other debt instruments of governments, government agencies, or corporations that are denominated in Canadian dollars.

5.1.3 Publicly traded bonds, debentures, notes, mortgages, or other debt instruments of governments, government agencies, or corporations that are denominated in non-Canadian dollars.

5.1.4 Privately placed bonds and commercial mortgages.

5.1.5 Guaranteed investment contracts or equivalent of insurance companies, banks, or other eligible issuers, which invest primarily in such instruments.

5.1.6 Term deposits or similar instruments issued or unconditionally guaranteed by trust companies or banks.

5.1.7 Cash or money market securities issued by governments, government agencies, or corporations.

5.1.8 Direct investments in Canadian and foreign real estate.

5.1.9 Direct investments in Canadian and foreign infrastructure.

5.1.10 Pooled or segregated funds and limited partnerships which may invest in any or all the above instruments or assets, subject to such funds being an eligible investment for the Plans under pension legislation in applicable jurisdictions.

5.2 In the case where a pooled fund or other structure is used for policy implementation, the investment policy of the pooled fund(s) or fund structure will be included in Appendix B and would take precedence over this Policy regarding investment guidelines. The investment manager(s) is expected to provide notice to the Trustees for any pooled fund or fund agreement amendments.

6.0 Policy Asset Mix and Rebalancing

Long-Term Policy Asset Mix

6.1 The long-term Policy Asset Mix, as approved by the Plan Sponsors, is as follows:

Asset Class	Target Allocation (Market Value)
Core Plus Fixed Income	15%
Commercial Mortgages	5%
Canadian Equities	15%
Global Equities	30%
Emerging Markets Equity	5%
Real Estate	15%
Global Infrastructure	15%

Risk and Return Characteristics

6.2 Based on 2023 capital market assumptions the long-term Policy Asset Mix is expected to have the following risk and return characteristics:

5-Year Return (Median): 6.7%
10-Year Return (Median): 6.6%
20-Year Return (Median): 6.7%
30-Year Return (Median): 6.8%

Standard Deviation: 8.5%

6.3 Return assumption and the policy characteristics will be reviewed and updated on a regular basis.

Approved Policy Limits and Rebalancing

6.4 Over time, and based on market fluctuations, the market value of each asset class will deviate from the long-term Policy Asset Mix. As the Plan Sponsor believes that the optimal risk and reward profile of the Fund is defined by the long-term Policy Asset Mix, there is a desire to maintain an alignment of the actual asset mix of the portfolio with the long-term Policy Asset Mix.

6.5 The approach to monitoring and rebalancing the portfolio will be based on both a calendar time frame as well as percentage deviation tolerance. The portfolio will be reviewed on a quarterly basis (March 31, June 30, September 30, December 31) and rebalancing will be triggered if the actual asset mix of the portfolio is outside the maximum and minimum tolerance limits below:

Asset Class	Minimum Allocation (Market Value)	Target Allocation (Market Value)	Maximum Allocation (Market Value)
Core Plus Fixed Income	10%	**15%**	20%
Commercial Mortgages	2.5%	**5%**	7.5%
Canadian Equities	10%	**15%**	20%
Global Equities	25%	**30%**	35%
Emerging Markets Equity	2.5%	**5%**	7.5%
Real Estate	10%	**15%**	20%
Global Infrastructure	10%	**15%**	20%

6.6 If at any quarterly review, any asset class breaches the maximum or minimum limits, the rebalanced allocation will be made to the mid-point between the long-term policy target allocation and the maximum or minimum limit that has been breached (for example, if the global equity allocation exceeded 35%, the target allocation for rebalancing will be 32.5%, not the 30% target).

6.7 Notwithstanding the regular quarterly review of the asset mix, the Trustees can decide to rebalance the portfolio at any time where policy limits are breached or expected to be breached. The "mid-point" rebalancing rule as outlined in 6.6 will apply at any time rebalancing occurs.

7.0 Lending of Cash and Securities

7.1 The lending of securities through the Fund's custodian is prohibited. However, the Trustees agree that, where pooled funds are used, the securities lending policies of the underlying pooled fund custodian(s) will take precedent over this Policy.

7.2 The assets of the Fund may not be pledged, hypothecated, or otherwise encumbered in any way except to the extent that temporary overdrafts occur in the normal course of business.

8.0 Voting Rights

8.1 The responsibility of exercising and directing voting rights acquired through the Plan's investments shall normally be delegated to the investment managers, who shall always act prudently and in the best interest of the Plan.

8.2 While the Trustees reserve the right to direct or override the voting decision of any investment manager, it is recognized that voting rights are not enforceable to the extent that the Fund is invested in pooled funds.

8.3 The voting record of each investment manager shall be reviewed periodically to determine investment manager alignment to the Plan Sponsors' and Trustees' interests.

9.0 Related Party Transactions

10.1 Related Parties of the Fund and Plan include:

9.1.1 The participants of the Plan, including spouses and beneficiaries.

9.1.2 The Administrator and its employees, The Plan Sponsors and Trustees of the Plan.

9.1.3 The investment managers hired to invest the assets of the Fund.

9.1.4 The custodian of the Fund as appointed by the Trustees.

9.1.5 Any persons, firms, or companies engaged by the Trustees to assist in their management of the Plan.

9.2 Assets of the Fund may be invested in the securities of or involved in a transaction with a Related Party only to the extent permitted under applicable legislation. To the extent that applicable legislation permits Related Party transactions which are nominal or immaterial to the Plan, a transaction shall be considered nominal or immaterial if it involves an amount equal to less than 0.1 % of the market value of the Fund's assets.

10.0 Conflict of Interest

10.1 A conflict of interest, whether actual or perceived, is defined for the purposes of this Policy as any event in which a Related Party may benefit materially from knowledge of, participation in, or by virtue of, an investment decision or holding of the Fund.

10.2 Should a conflict of interest arise, the party in the actual or perceived conflict, or any person who becomes aware of a conflict of interest situation, shall immediately disclose the conflict to the Trustees.

10.3 The party to the conflict shall thereafter abstain from decision-making with respect to the area of conflict, and a written record of the conflict shall be maintained by the Trustees.

11.0 Valuation of Investments Not Traded on Public Exchanges

11.1 The value of the assets of the Fund shall be as determined from time to time by the Custodian. Where any security is not regularly traded, the fair value thereof shall be determined periodically by the Custodian of the Fund by using qualified appraisers.

11.2 Where the market for an investment is not active, such as for private equity, private debt, real assets, and over-the-counter derivatives, fair value should be determined by valuation techniques that make maximum use of inputs observed from markets, such as a multiple of earnings derived from a set of publicly traded comparable companies.

11.3 Additional techniques include the use of recent arm's-length transactions, the current fair value of another investment that is substantially the same, discounted cash-flow analysis, pricing models or other generally accepted industry valuation methods.

11.4 The method utilized to value the security, will be disclosed at the time of valuation.

12.0 Environmental, Social and Governance ("ESG") Factors

12.1 The Plan Sponsors believe that managers that integrate ESG factors into the investment process and actively engage with companies on ESG issues will, over the long-term improve sustainability and enhance the performance of the Plan assets. The Plan Sponsors have approved a Sustainability Policy built on the following fundamental beliefs:

12.1.1 Companies that do well in managing ESG matters have less financial risk and perform better financially over the longer term.

12.1.2 Taking ESG matters into account enables investors to better understand, manage and mitigate risks associated with long-term investments.

12.1.3 Companies that employ robust ESG practices are better positioned to generate long-term value for investors than similar companies with less favourable practices.

12.1.4 ESG factors may affect investment performance over time and to varying degrees across companies, sectors, regions, and asset classes.

12.1.5 We prefer companies which are responsible in their operations, adopt good standards of occupational health & safety, and effectively manage stakeholder relationships.

12.1.6 Shareholder engagement is a more effective tool for seeking to initiate change and influence corporate practices than the divesting of investments.

13.0 Performance Monitoring and Evaluation

13.1 Performance results for the Plan's assets and individual investment manager(s) will be assessed on a quarterly basis against a portfolio benchmark (the Policy Asset Mix Portfolio). A secondary comparison will be made against a universe of comparable investment portfolios.

13.2 The Policy Asset Mix Portfolio (total fund benchmark) will be calculated as a weighted average of commonly accepted market indices and return targets of the component asset classes weighted to match the long-term Policy Asset Mix of the Plan.

13.3 The table below outlines the construction of the Policy Asset Mix Portfolio (i.e. total fund benchmark):

Asset Class	Performance Index	Weight in Calculated Benchmark
Core Plus Fixed Income	FTSE Canada Universe Bond Index +0.5%	**15%**
Commercial Mortgages	FTSE Canada Short Term Corporate Bond Index	**5%**
Canadian Equities	S&P/TSX Composite Index	**15%**
Global Equities	MSCI ACWI Index (C$, net)	**30%**
Emerging Markets Equity	MSCI Emerging Markets Index (C$, net)	**5%**
Real Estate	67% MSCI/REALPAC Canada Quarterly Property Fund Index + 33% NFI-ODCE Index	**15%**
Global Infrastructure	CPI + 5%	**15%**

13.4 Active management of the Fund is expected to achieve a rate of return, after fees that will exceed by **0.75% per annum**, on average, the return achieved by the Policy Asset Mix portfolio over moving four-year periods.

13.5 Although these objectives are expected to be attained over four-year periods, the performance will be reviewed over shorter periods to assess progress towards longer-term goals.

13.6 In addition to the total fund performance evaluation, each investment manager within the particular asset class outlined above has specific performance objectives and additional qualitative assessment criteria which are outlined in their investment mandates.

13.7 The individual investment mandates and objectives and evaluation criteria are listed in Appendix A.

14.0 Policy Certification

14.1 Certified and approved, the attached is a true and correct copy of the **Statement of Investment Policy and Objectives** for the Pension Plan for the Employees of the University of Prince Edward Island

Dated this 22 day of November 2023.

Appendix A – Investment Mandates

1.0 Each of the investment mandates below is currently implemented using pooled investment funds and/or by limited partnership agreement (“LPA”). Although each mandate is expected to be fully invested and broadly diversified across issuer, sector, and geography as applicable, the specific portfolio limitations, characteristics, and diversification limits are outlined in the respective pooled fund investment policy or LPA.

2.0 Except for private market investments (mortgages, real estate, and infrastructure), each mandate has both return and volatility objectives and a particular mandate will be placed “on-watch” when performance fails to achieve objectives within the following tolerance limits:

 2.1 Four-year rolling annualized performance below the objective for two consecutive quarters.

3.0 If only one of the objectives (return or volatility) is met, a risk-adjusted comparison between the mandate and the index will be factored in determining if the mandate is meeting objectives. Notwithstanding the investment performance, the mandate may place a mandate on watch for reasons that they believe could reasonably impair the ability of the mandate to achieve performance objectives.

4.0 Performance for periods shorter than four years will be reviewed to the extent that shorter-term performance would impair the ability of the portfolio to achieve the longer-term objectives.

5.0 For private market investments, performance benchmarking is more difficult as fully relevant benchmarks do not exist. Performance benchmarking for private markets uses market-based proxies where available and objectives are based on absolute performance of the mandate.

6.0 Independent of the above investment performance analysis, the Trustees shall consider whether any other qualitative circumstances may warrant a change in an investment manager. Such circumstances would include, but not be limited to:

 6.1 Significant turnover in staff of the investment manager(s).

 6.2 Change in ownership of investment manager(s).

 6.3 Failure of the investment manager(s) to satisfy all of the responsibilities set out the Policy.

 6.4 Desire to further diversify the management of the portfolio or to add additional investment manager(s).

Core Plus Fixed Income Mandate

7.0 The core plus fixed income mandate will be an actively managed portfolio that invests in bonds, debentures and other fixed income securities issued by both Canadian and non-Canadian corporations, governments, and other agencies. Foreign currency exposures will be hedged to Canadian dollars as per the underlying investment manager's policies.

8.0 *Return Objectives:* Produce a return that:

8.1 Is greater than or equal to the FTSE Canada Overall Bond Index return, plus 0.5%.

8.2 Ranks above median of a survey of returns generated by a relevant peer group.

9.0 *Volatility Objective*: Produce a volatility measure (standard deviation) less than or equal to:

9.1 The volatility of the FTSE Canada Overall Bond Index.

Canadian Commercial Mortgage Mandate

10.0 The Canadian commercial mortgages mandate will be actively managed portfolio that invests primarily in first mortgages backed by commercial properties across Canada. The mandate is expected to be broadly diversified across borrower and market sector.

11.0 *Return Objectives:* Produce a return that:

11.1 Is greater than or equal to the FTSE Canada Short Term Corporate Bond Index, plus 0.5%.

Canadian Equity Mandates

12.0 Canadian equity mandates will be actively managed portfolios that invests in securities that trade on recognized stock exchanges in Canada. The mandates are expected to be broadly diversified across issuer and market sector.

13.0 Two managers can used to implement the Canadian equity portfolio; however, each manager is expected to offer a distinct style offset to minimize total portfolio volatility.

14.0 *Return Objectives:* Produce a return that:

14.1 Is greater than or equal to the S&P/TSX Composite Index, plus 1.25%.

14.2 Ranks above median of a survey of returns generated by a relevant peer group.

15.0 *Volatility Objective*: Produce a volatility measure (standard deviation) less than or equal to:

15.1 The volatility of the S&P/TSX Composite Index.

Global Equity Mandates

16.0 Global equity mandates will be actively managed portfolios that invests in securities that trade on recognized stock exchanges anywhere in the World. The mandates are expected to be broadly diversified across issuer, geography, and market sector.

17.0 Two managers can be used to implement the global equity portfolio; however, each manager is expected to offer a distinct style offset to minimize total portfolio volatility.

18.0 *Return Objectives:* Produce a return that:

18.1 Is greater than or equal to the MSCI ACWI Index (C$, net), plus 1.25%.

18.2 Ranks above median of a survey of returns generated by a relevant peer group.

19.0 *Volatility Objective*: Produce a volatility measure (standard deviation) less than or equal to:

19.1 The volatility of the MSCI ACWI Index (C$, net).

Emerging Markets Equity Mandate

20.0 The emerging markets equity mandate will be actively managed portfolios that invests in securities that trade on recognized stock exchanges anywhere within the emerging markets. The mandate is expected to be broadly diversified across issuer, geography, and market sector.

21.0 *Return Objectives:* Produce a return that:

21.1 Is greater than or equal to the MSCI Emerging Markets Index (C$, net), plus 1.50%.

21.2 Ranks above median of a survey of returns generated by a relevant peer group.

22.0 *Volatility Objective*: Produce a volatility measure (standard deviation) less than or equal to:

22.1 The volatility of the MSCI Emerging Markets Index (C$, net).

Real Estate Mandates

23.0 The Canadian real estate mandate will invest in commercial properties with a focus on industrial properties in major urban centers across Canada. The mandate is expected to be broadly diversified by tenant and lease expiry and maintain a low debt level (maximum 20%).

24.0 The allocation to Canadian real estate is expected to be approximately 67% with the understanding that market fluctuation may impact this allocation from time to time.

25.0 *Return Objectives (Canadian real estate):* Produce a return that:

25.1 Is greater than or equal to the MSCI/REALPAC Canada Quarterly Property Fund Index.

26.0 The US real estate mandate will invest in primarily commercial properties with a focus on major centers in the US. The mandate is expected to be broadly diversified by tenant and lease expiry and maintain a low-moderate debt level (35% - 50%)

27.0 The allocation to US real estate is expected to be approximately 33% with the understanding that market fluctuation may impact this allocation from time to time.

28.0 *Return Objectives (US real estate):* Produce a return that:

28.1 Is greater than or equal to the NFI–ODCE Index.

Global Infrastructure Mandate

29.0 The Global infrastructure mandate will invest in core infrastructure assets utilizing an open-ended fund structure with an investment focus on regulated brownfield assets within the OECD countries.

30.0 *Return Objectives:* Produce a return that:

30.1 Is greater than or equal to the Canadian CPI + 5.0%.

Appendix B – Third Party Manager Investment Guidelines