Statement of Investment Policies and Procedures

Pension Plan for the Academic Employees of the University of Saskatchewan, 1974

Retirees Pension Plan

As of June 2021

Approved on this 8 day of 2021, 2021 by the Vice President, Finance & Resources

Greg Fowler, VP, Finance and Resources

Secretary

Contents

Section 1—Overview

1.01 Definitions

For the purposes of this document the following words, phrases and abbreviations are assigned:

(a)	Actuary	Actuarial firm hired by the Plan to provide actuarial valuations and other advice regarding Plan funding and contribution rates
(b)	Administrator	The Board of Governors of the University of Saskatchewan and its committees
(c)	Board	The Board of Governors of the University of Saskatchewan
(d)	Custodian	Trust Company responsible for safekeeping of the assets, income collection, settlement of investment transactions, and accounting for the investment transactions.
(e)	Fund	Investment assets of the Plan
(f)	Investment Consultant	Consulting firm retained by the Plan to provide strategic advice regarding the Plan's Policy, Investment Managers and investment performance issues
(g)	Investment Managers	Professional investment managers hired to manage the assets of the Fund
(h)	Plan	Pension Plan for the Academic Employees of the University of Saskatchewan, 1974 (Retirees Pension Plan)
(i)	Policy	Statement of Investment Policies and Procedures
(j)	Prudent Person Portfolio Approach	As defined by the Office of the Superintendent of Financial Institutions (OSFI), the Prudent Person Portfolio Approach requires the Board to establish, and the Fund to adhere to, "investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and obtain a reasonable return".

(k) Related Party — "Related Party" is defined in section 1 of Schedule III to the Pension Benefits Standards Regulations, 1985 (Canada). A Related Party is a person who is the Administrator of the Plan including any officer, or director or employee of the Administrator. It also includes the Investment Managers and Investment Consultant and their employees, a union representing employees of the employer, a member of the Plan, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others. Related Party does not include government or a government agency

1.02 Purpose of the Policy

The purpose of the Policy is to provide a framework for management of the Fund within levels of risk acceptable to the Administrator and the Board.

The Policy provides the Investment Managers with a written statement of specific quality, quantity and rate of return standards for the Plan. A major goal of the Policy is to establish ongoing communication between the Administrator and the Investment Managers. Effective communication will contribute to management of the portfolio in a manner that is consistent with market conditions and with the objectives of the Plan. Consultation between the parties will take the form of regular meetings supplemented, from time to time, by informal contact requested by either party.

The Policy is based on the Prudent Person Portfolio Approach to ensure the prudent investment and administration of the assets of the Plan, subject to applicable legislation.

1.03 Background of the Plan

The Plan is registered under the Saskatchewan Pension Benefits Act and the Income Tax Act, and as a registered pension plan is required to prepare the Policy.

1.04 Nature of the Obligations Being Funded

The purpose of the Plan is to provide pension benefits to eligible members.

The Plan is mature as it has no active contributing members and is closed to new members.

In general, retirement benefits are indexed on a formula basis for the first five years after retirement. The Plan text provides for further indexation on an ad hoc basis, depending on the financial position of the Plan.

Based on the December 31, 2020 actuarial valuation, the Plan had a going concern unfunded liability (including 5% margin) of $1.0 million based on assets of $19.2 million and liabilities of $20.2 million. The Plan's funded ratio (including 5% margin) was 0.95 as of December 31, 2020. As a consequence of the going concern unfunded liability, monthly contributions of $39,800 for 2021 and 2022 and then reducing to $1,000 for 2023 (based upon the December 31, 2020 actuarial valuation) are required until such time as a new valuation is filed with the regulators and new going concern payments are determined. With regard to cash flow planning, the liquidity needs of the Plan must be clearly communicated to the Investment Managers each year. The Plan will be drawing cash from the Investment Managers on a monthly basis to meet the benefit payments.

1.05 Objective of the Plan

The purpose of the Plan is to provide members of the Plan with retirement benefits prescribed under the terms thereof.

1.06 Investment and Risk Philosophy

(a) Investment Philosophy

Plan assets should be prudently managed to assist in avoiding actuarial deficits and excessive volatility in annual rates of return.

The investment risk level is discussed and assessed by the Administrator on an annual basis during the Policy review. Factors considered include funded status, cash flow needs, risk and return of the capital markets and risk preference of the Board and the Administrator. Based on the assessment, the long-term investment goal and benchmark portfolio weights are set.

The following factors suggest the Plan has a low tolerance for risk:

i. The membership is comprised solely of retired members.

ii. As of December 31, 2020 there were 111 members, with an average age of 89.1 years.

iii. The Plan does not have an identified contingency reserve for adverse market experience.

iv. The Plan's going concern unfunded liability (including 5% margin) was $1.0 million as of December 31, 2020.

v. The Plan does not generate sufficient investment income to cover cash outflows. Funds are drawn from the Investment Managers on a monthly basis.

Accordingly, the Fund has adopted an investment strategy incorporating a liability driven approach to investing.

The Fund investment strategy divides assets into two portfolios, a liability matching portfolio and a return seeking portfolio. The liability matching portfolio is comprised of an actively managed bond mandate designed to match the cash flow structure of Plan liabilities, while adding incremental value. The liability matching portfolio's primary objective is to reduce the Fund's interest rate risk. The return seeking portfolio is comprised of a diversified equity exposure, actively managed to add value. The primary objective of the return seeking portfolio is to earn a rate of return in excess of the growth in liabilities.

(b) Risk Philosophy

The Administrator understands Plan risk to be multi-faceted. From an asset-only perspective risk is the volatility of the investment returns and is easily monitored using standard deviation as the key measure. However, the Administrator considers the primary Plan risk to be changes in the funded level. i.e. liabilities increase faster than assets. A related risk is the mismatch of asset and liability cashflows, which could result in the liquidation of assets at depressed values. Plan funding risk is monitored by measuring the going concern and solvency levels and changes in required contribution levels during annual valuations.

The Administrator attempts to reduce the overall level of funding and investment risk by employing a liability matching strategy on a portion of Fund assets. The remainder is invested in a return seeking portfolio, which is diversified among several asset classes and utilizes an investment manager who diversifies within each individual asset class.

1.07 Administration

The Board is responsible for investments of the University's pension plans.

Day-to-day administration is provided by the Pensions Office. Investment management and custody of the Plan's assets have been delegated as set out in Section 4.01 of the Policy.

Section 2—Asset Mix and Diversification Policy

2.01 Portfolio Return Expectations

The long term investment goal of the Fund is to achieve an annualized total rate of return of at least 3.10% as of the December 31, 2020 actuarial valuation. This goal is consistent with the overall investment risk level assumed during the valuation in order to meet the pension obligations of the Plan, and normally will be assessed over longer time periods; i.e., over ten years or more. A Long Term Asset Mix has been established in order to provide a reference for long-term return requirements that are consistent with the Plans' liabilities at a risk level acceptable to the Administrator.

2.02 Expected Volatility

To achieve the long-term investment goal, the Fund has adopted an asset mix that balances allocations to liability matching fixed income investments and return seeking equities. Risk is controlled by employing asset mix and rebalancing ranges for the Investment Managers, diversifying among asset classes and utilizing Investment Managers with a history of risk reduction. Since the Investment Managers are not permitted to use leverage, the return volatility of the Fund is expected to be similar to that of the benchmark portfolio.

2.03 Long Term Asset Mix

The following table presents the Long Term Asset Mix and Asset Component Ranges, based on market values.

Long Term Asset Mix and Asset Component Ranges

	Minimum %	Benchmark %	Maximum %
Return Seeking Portfolio			
Canadian equities	5	10.0	15
U.S. equities	5	10.0	15
Non-North American equities	5	10.0	15
Foreign equities	10	20.0	30
Total Equities	20	30.0	40
Liability Matching Portfolio			
Fixed Income	60	70.0	80
Cash	0	0.0	10
Total Fund		100.0	

2.04 Management Structure

A hybrid management structure has been adopted for management of Plan assets, consisting of:

- An active equity manager; and
- A liability matching bond manager.

This structure employs active and liability matching management. Active management provides the opportunity to outperform common market indices over the long-term, with minimum degree of excess risk. Liability matching offers the opportunity to align Fund assets with Plan liabilities.

(a) Investment Manager Rebalancing Guidelines and Procedures

The assets of the Plan are currently managed by Investment Managers with different mandates. In order to ensure adequate diversification by both asset class and by Investment Manager, the Administrator has established the following parameters to guide the allocation of assets to each of the Fund’s Investment Managers.

(i) Investment Manager Rebalancing Guidelines

Investment Manager (% of Market Value)	**Minimum %**	**Target %**	**Maximum %**
Return Seeking Manager	20	30	40
Liability Matching Manager	60	70	80

Effective November 1, 2013

Implementation of the rebalancing is the responsibility of the Administrator and will be implemented with the assistance of the Investment Consultant.

(ii) Investment Manager Rebalancing Procedures

The rebalancing guidelines are intended to assist in managing the asset mix. Neither rebalancing for market fluctuations, nor allocation of new cash flow, will be used as a method to reward or express dissatisfaction with Investment Manager performance. The performance of the Investment Managers is a long-term measure and will be dealt with during performance reviews of the Investment Managers.

The assets allocated to each Investment Manager will be determined following each calendar quarter. Should any Investment Manager's range be breached, the Investment Consultant will advise the Administrator who, with the assistance of the Investment Consultant, will rebalance the funds allocated to that Investment Manager to the target weight by transferring cash to (from) the other managers at the end of the following month. This will allow Investment Managers required to raise cash approximately six weeks to raise the necessary amount. Allocation to (from) the Investment Managers will be in order of greatest variance from the target, up to the Investment Manager's target level.

(iii) Cash outflows and inflows will be funded through pro rata withdrawals/contributions from/to the return seeking and liability matching portfolios. In the event that the portfolios deviate in excess of +/- 5% from the target weights, the withdrawals/contributions will be funded/directed exclusively from/to the overweight portfolio. The administration of Plan withdrawals/contributions is the responsibility of the Administrator, with the assistance, as may be required, of the Investment Consultant.

2.05 Asset Mix Ranges for the Return Seeking Investment Manager

The following table presents the asset mix policy for the Return Seeking Investment Manager's portfolio. These limits are necessary to ensure that the Total Fund asset mix remains within the ranges established in Section 2.03 above.

Return Seeking Investment Manager[(1)]

	Minimum %	Benchmark %	Maximum %
Canadian equities	25	33	50
U.S. equities	25	33	50
Non-North American equities	25	33	50
Total Foreign Equities	50	66	75
Total Equities	90	99	100
Short-term investments	0	1	10
Total		100	

(1) Investments in pooled funds are deemed to be fully invested in that pooled fund's asset class even though the pooled fund may have cash reserves.

2.06 Liability Matching Investment Manager Strategy

The liability matching mandate is designed to reduce Plan sensitivity to interest rate movements through a cashflows matching strategy. Asset cashflows, bond maturities and interest income, are matched with annual liability cashflows for each of the first 15 years from the most recent valuation date. Liability cashflows extending beyond 15 years will be matched in five-year buckets. The cashflow matching will be tested annually and revised as necessary, as described in Section 4.02 (b).

Liability cashflows are to be matched within +/- 5% for each annual or five-year period. Should the matching ranges be breached, the Investment Manager will report the breach to the Administrator and provide an explanation for the breach and whether any corrective action is recommended.

The following table presents the asset mix policy for the Liability Matching Investment Manager's entire portfolio:

Liability Matching Investment Manager*(1)*

	Minimum %	Maximum %
Federal bonds	10%	50%
Provincial bonds	20%	40%
Corporate bonds	15%	40%
Mortgages	0%	30%
Cash	0%	10%

(1) Investments in pooled funds are deemed to be fully invested in that pooled fund's asset class even though the pooled fund may have cash reserves.

Section 3—Permitted and Prohibited Investments

3.01 General Guidelines

The investments of the Fund must comply with the requirements and restrictions imposed by the applicable legislation, including but not limited to the requirements of The Saskatchewan Pension Benefits Act, which refers to the federal Pension Benefits Standards Act on investment related issues, the Income Tax Act and Regulations, and all subsequent amendments.

In general and subject to the restrictions noted below, the Fund may invest in any of the following asset classes and investment instruments:

3.02 Permitted Investments

(a) Canadian and Foreign Equities

(i) Common and convertible preferred stock, listed on a recognized exchange

(ii) Debentures convertible into common or convertible preferred stock

(iii) Rights, warrants and special warrants for common or convertible preferred stock

(iv) Installment receipts, subscription receipts, American Depository Receipts or other recognized depository receipts

(v) Exchange traded funds (e.g., iShares and Standard & Poor's Depository Receipts (SPDRs))

(vi) Income trusts, domiciled in jurisdictions that provide limited liability protection

(vii) TSX exchange traded limited partnerships

(b) Bonds

(i) Bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness of Canadian or developed market foreign issuers whether denominated and payable in Canadian dollars or a foreign currency

(ii) Mortgage-backed and asset-backed securities

(iii) Term deposits and guaranteed investment certificates

(iv) Private placements of bonds and asset-backed securities, subject to Section 3.03(e)

(c) Cash and Short-term Investments

(i) Cash on hand and demand deposits

(ii) Treasury bills issued by the federal and provincial governments and their agencies

(iii) Mortgage-backed and asset-backed securities

(iv) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances

(v) Commercial paper and term deposits

(vi) U.S. government and corporate, U.S. dollar denominated issues of the above listed securities, except for asset-backed and mortgage backed securities, within a permissible pooled fund

(d) Other Investments

(i) Investments in open or closed-ended pooled funds, provided that the assets of such funds are permissible investments under the Policy

(ii) Deposit accounts of the Custodian can be used to invest surplus cash holdings

(e) Derivatives

The use of derivatives (such as options, futures and forward contracts) is permitted to protect against losses from changes in exchange rates, interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment. Sufficient assets or cash must be held to cover commitments due to the derivatives transactions. No derivatives can be used for speculative trading or to create a portfolio with leverage.

(f) Pooled Funds

Investment in pooled funds is permissible. Pooled fund investments are governed by the policies for each fund. The Administrator shall, with the assistance of the Investment Consultant, review the guidelines for all pooled funds to determine that they are appropriate. The following funds have been determined to be appropriate investment vehicles for a portion of the Plan assets:

(i) TD Greystone Mortgage Fund
(ii) JF Special Equity Fund
(iii) JF International Pooled Fund
(iv) JF Money Market Funds (Canadian and U.S.)

The Investment Manager will notify the Administrator in writing of any material changes to the pooled fund investment guidelines.

3.03 Minimum Quality Requirements

(a) Quality Standards

Within the investment restrictions for individual Investment Manager portfolios, including pooled funds, all portfolios should hold a prudently diversified exposure to the intended market.

(i) The minimum quality standard for individual bonds and debentures is 'BBB' or equivalent as rated by a recognized bond rating agency at the time of purchase (includes all sub-rating levels within the overall 'BBB' rating).

(ii) The minimum quality standard for individual short-term investments is 'R-1Low' or equivalent as rated by a recognized bond rating agency, at the time of purchase

(iii) All investments shall be reasonably liquid (i.e., in normal circumstances they should be capable of liquidation within 1 month)

(b) Split Ratings

In cases where the recognized bond rating agencies do not agree on the credit rating, the security will be classified according to the methodology used by FTSE Canada Fixed Income Indices, which states:

(i) If two agencies rate a security, use the lower of the two ratings;

(ii) If three agencies rate a security, use the most common; and

(iii) If all three agencies disagree, use the middle rating.

(c) Downgrades in Credit Quality

The Investment Manager will take the following steps in the event of a downgrade in the credit rating of a portfolio asset by a recognized bond rating agency to below the purchase standards set out in Section 3.03(a) Quality Standards:

(i) The Administrator will be notified of the downgrade by telephone at the earliest possible opportunity;

(ii) Within ten business days of the downgrade, the Investment Manager will advise the Administrator in writing of the course of action taken or to be taken by the Investment Manager, and its rationale; and

(iii) The Investment Manager will provide regular reporting on the status of the asset until such time as the security matures, is sold or is upgraded to a level consistent with the purchase quality standards as expressed in the above guidelines.

(d) Rating Agencies

For the purposes of the Policy, the following rating agencies shall be considered to be 'recognized bond rating agencies':

(i) DBRS Morningstar;
(ii) Standard and Poor's;
(iii) Moody's Investors Service; and
(iv) Fitch Ratings (foreign issuers only).

(e) Private Placement Bonds

Private placement bonds and asset-backed securities are permitted subject to all of the following conditions:

(i) The issues acquired must be minimum 'BBB' or equivalent rated;

(ii) The Investment Manager's portfolio may not hold more than 5% of the market value of any one private placement; and

(iii) The Investment Manager must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price.

3.04 Maximum Quantity Restrictions

(a) Total Fund Level

No one equity holding of a corporation and its associated or affiliated companies shall represent more than 10% of the total book value of the assets of the Plan.

(b) Individual Investment Manager Level

The Investment Managers shall adhere to the following restrictions:

(i) *Equities*

(A) No one equity holding shall represent more than 12% of the market value of the respective equity portfolio of any one Investment Manager

(B) No one equity holding shall represent more than 10% of the voting shares of a corporation

(C) No one equity holding shall represent more than 10% of the available public float of such equity security

(D) Within foreign equity portfolios, a maximum of 20% of the portfolio may be invested in stocks domiciled in non-MSCI EAFE Index countries

(ii) *Bonds and Short-term Investments*

(A) Except for federal and provincial bonds (including government guaranteed bonds), no more than 10% of the market value of an Investment Manager's bond portfolio may be invested in the bonds of a single issuer and its related companies

(B) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the market value of the total outstanding for that bond issue

(C) ‘BBB’ or equivalent rated bonds may not be purchased if the purchase would raise the ‘BBB’ holdings to more than 15% of the market value of the bond portfolio

(D) Foreign issued and/or foreign currency denominated short-term securities is limited to 5% of the market value of the Investment Manager’s total portfolio

(iii) ***Pooled Fund Investments***

(A) An investment by the Fund in a single pooled fund should not exceed 10% of the market value of that fund unless provision has been made to transfer assets out of the fund “in kind”

3.05 Prior Permission Required

The following investments require prior permission from the Administrator:

(a) Investments in private placement equities;

(b) Investments in real estate either directly or through open or closed-end pooled funds;

(c) Direct investments in resource properties;

(d) Direct investments in venture capital financing;

(e) Derivatives other than those otherwise permitted in Section 3.02(e) above; and

(f) Investments in any other securities not specifically referenced in the Policy.

3.06 Prohibited Investments

The Investment Managers shall not:

(a) Invest in companies for the purpose of managing them;

(b) Purchase securities on margin or engage in short sales, except as allowed in Section 3.02(e); or,

(c) Make any investment not specifically permitted by the Policy.

3.07 Securities Lending

The securities of the Fund may not be loaned except within pooled funds where the pooled fund investment policy permits securities lending.

3.08 Borrowing

The Plan shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to applicable legislation.

Section 4—Monitoring and Control

4.01 Delegation of Responsibilities

Responsibility for safekeeping of the assets, income collection, settlement of investment transactions, and accounting for the investment transactions has been delegated to a Custodian. Responsibility for investing the assets of the Fund has been delegated to Investment Managers. The Board has a fiduciary responsibility to manage the investments prudently.

The duties of the Administrator are to:

(a) Recommend the Policy to the Board;

(b) Recommend an appropriate investment management structure;

(c) Recommend appointment of Investment Managers;

(d) Recommend appointment of the Custodian;

(e) Recommend appointment of Actuary;

(f) Recommend appointment of Investment Consultant;

(g) Monitor investment performance and provide periodic written reports to the Board as to the performance of the Fund and its Investment Managers;

(h) Liaise with the Investment Managers, Custodian, Actuary and Investment Consultant; and

(i) Recommend changes to the Policy for review and, to the extent acceptable, acceptance by the Board.

In addition, the Administrator, with the assistance of the Investment Consultant, is charged with monitoring conformity with legislation and advising the Board to the extent that the Plan does not conform to legislation and any recommended changes to ensure conformity.

In completing the above duties, a number of responsibilities have been delegated:

a) The Investment Managers will:
   i) Invest the assets of the Fund in accordance with the Policy;

   ii) Meet with the Administrator as required but at least annually and provide written quarterly reports regarding their past performance, their future strategies and other issues as requested;

iii) Notify the Administrator, in writing, of any legal or regulatory proceedings or changes of which the Investment Manager may be aware, against the Investment Manager's firm or investment personnel, or against any sub-advisor or that firm's personnel; and

iv) File quarterly compliance reports (see Section 4.04).

b) The Custodian will:

i) Maintain safe custody over the assets of the Fund;

ii) Execute the instructions of the Administrator, as delegated to any Investment Manager appointed to manage the assets of the Fund; and

iii) Record income and provide monthly financial statements as required.

c) The Actuary will:

i) Provide actuarial valuations of the Plan as required; and

ii) Provide recommendations to the Administrator with respect to any matters relating to Plan funding and contribution rates.

d) The Investment Consultant will:

i) Assist in the development and implementation of the Policy and provide related research;

ii) Monitor the investment performance of the Fund and the Investment Managers on a quarterly basis;

iii) Advise the Administrator when rebalancing is required;

iv) Support the Administrator on matters relating to investment management and administration of the Fund; and

v) Meet with the Administrator as required.

4.02 Performance Measurement

The performance of the Fund shall be measured quarterly and return calculations shall be as follows:

- Time weighted rates of return; and
- Total returns, including realized and unrealized gains and losses and income from all sources.

Measurement against performance objectives for the Investment Managers will normally be assessed over rolling four-year periods.

(a) Total Fund Benchmark

The primary performance objective for the Fund is to earn a rate of return that exceeds the rate of return earned on a benchmark portfolio. The benchmark consists of the following market index total returns weighted as indicated:

Total Fund Benchmark

	Current (%)
S&P/TSX Capped Composite Total Return Index	10.0
S&P 500 Total Return Index in Canadian dollars	10.0
MSCI EAFE Net Total Return Index in Canadian dollars	10.0
Custom Liability Matching Benchmark	70.0
	100.0

(b) Investment Managers Benchmarks

The primary performance objective of the Return Seeking Investment Manager is to earn a rate of return that exceeds the rate of return earned on a benchmark portfolio, which is expected to assist in closing the Plan's funded gap. The benchmark portfolio consists of the following total return market indices weighted as indicated:

Return Seeking Investment Manager Benchmark

	%
S&P/TSX Capped Composite Total Return Index	33
S&P 500 Total Return Index in Canadian dollars	33
MSCI EAFE Net Total Return Index in Canadian dollars	33
FTSE Canada 91-Day TBills Index	1
	100

The primary objective of the Liability Matching Investment Manager is to hold a portfolio of assets that match the cash flow structure of Plan liabilities. A secondary performance objective is to exceed the rate of return earned on a custom liability matching benchmark portfolio. The benchmark portfolio consists of varying weights in the following total return market indices:

Custom Liability Matching Investment Manager Benchmark

FTSE Canada Short Federal Bond Index
FTSE Canada Federal Bond Index
FTSE Canada Long Federal Bond Index
FTSE Canada Short Provincial Bond Index
FTSE Canada Provincial Bond Index
FTSE Canada Long Provincial Bond Index
FTSE Canada Short Corporate Bond Index
FTSE Canada All Corporate Bond Index
FTSE Canada Long Corporate Bond Index

The Liability Matching Investment Manager agreed to report mandate performance relative to a Custom Liability Matching Investment Manager Benchmark, based on the FTSE Canada Fixed Income Indices, as well as a secondary liability benchmark comprised of Government of Canada securities, also called a risk-free liability matching benchmark.

The risk-free liability matching benchmark will be rebalanced by the Investment Manager each quarter to reflect the aging of the liabilities and the developments in the federal bond market. The Custom Liability Matching Investment Manager Benchmark will be rebalanced monthly to reflect the consistently changing structure of the Canadian bond market. Further, the Liability Matching Investment Manager will be provided with the Plan's annual actuarial valuation to rebalance the mandate and both liability matching benchmarks.

The Custom Liability Matching Investment Manager Benchmark history for the past year is found in Appendix B.

Asset Class Performance Objectives

The benchmark performance objectives for the Investment Managers are tailored to the specific mandate established for each Investment Manager. Accordingly, the performance objectives may change over time. Currently, the objectives for the Return Seeking Investment Manager is to exceed, net of fees, the following indices with a level of volatility consistent with the investment mandate provided to the Investment Manager:

Return Seeking Manager Performance Objectives

Canadian equities	=	S&P/TSX Capped Composite Total Return Index
U.S. equities	=	S&P 500 Total Return Index in Canadian dollars
Non-North American equities	=	MSCI EAFE Net Total Return Index in Canadian dollars
Cash	=	FTSE Canada 91-Day TBills Index

The Liability Matching Investment Manager does not have asset class performance objectives.

The market indices referred to in this section may be changed by the Administrator to match the specific investment mandates for the Investment Managers selected to manage the portfolio, recognizing that at all times the Fund must be managed in accordance with the asset mix guidelines and permitted and prohibited investments set out in Sections 2 and 3 above.

4.03 Reporting by the Investment Managers

On a calendar quarterly basis, each Investment Manager will provide a performance report, and a strategy review for the portfolio under management. The report should discuss any changes in the Investment Manager's investment personnel, style, process or philosophy.

Also, each Investment Manager is required to complete and sign a compliance report each quarter. The compliance report should indicate whether or not the Investment Manager's portfolio was in compliance with the Policy during the quarter. Copies of the compliance reports must be sent to the Administrator, and to the Plan's Investment Consultant. Suggested report formats for the compliance reports are included under the appendix.

In the event that an Investment Manager is not in compliance with the Policy, the Investment Manager is required to advise the Administrator immediately, detailing the nature of the non-compliance and recommending an appropriate course of action to remedy the situation. If it is in the best interests of the Fund, the Administrator may permit the Investment Manager, on a temporary basis, to be outside of the guidelines.

If an Investment Manager believes the Asset Mix Guidelines are inappropriate for anticipated economic conditions, this Investment Manager is responsible for advising the Administrator that a change in guidelines is desirable and the reasons therefore.

The Fund invests in pooled funds, which have separate investment policies. Should a conflict arise between the provisions of the Policy, and the provisions of the pooled fund's investment policy, the Investment Manager is required to notify the Administrator immediately in writing, detailing the nature of the conflict and the Investment Manager's recommended course of action.

4.04 Standard of Professional Conduct

The Investment Managers are, as a minimum, 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 Investment Managers will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use in dealing with pension plan assets. The Investment Managers will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent investment manager.

Section 5—Administration

5.01 Conflicts of Interest

a) Responsibilities

This standard applies to the Board, the Administrator and any employees of the University who have responsibilities in administration of the Plan, as well as to all agents employed by them, in the execution of their responsibilities to the Fund (the "Affected Persons").

An "agent" is defined to mean a company, organization, association or individual, as well as its employees, who are retained by the Administrator to provide specific services with respect to the investment, administration and management of the Fund.

In carrying out their fiduciary responsibilities, these parties must act at all times in the best interest of the Fund.

b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which would appear to a reasonable person to impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Fund.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge or their responsibilities are permitted if documented and approved by the Administrator.

No Affected Person shall accept a gift or gratuity or other personal favor, other than one of nominal value, from a person with whom the individual deals in the course of performance of his or her duties and responsibilities for the Administrator.

It is incumbent on any Affected Person who believes that he/she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the Administrator immediately. The Administrator, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will have the matter tabled and recorded in the minutes of the next regular meeting of the Administrator.

No Affected Person who has or is required to make a disclosure which is determined to be in conflict as contemplated in the Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

5.02 Related Party Transactions

Without prior approval of the Board, the Administrator of the Plan may not enter into a transaction with a Related Party unless:

a) The transaction is required for the operation or administration of the Plan (not including loans or investments) and the terms and conditions of the transaction are not less favourable to the Plan than market terms and conditions; or

b) The investment is in an investment fund in which other investors may invest and that complies with the regulations governing the investments in a plan or in member choice accounts; or

c) The investment is in a unallocated general fund of an authorized Canadian life insurance company; or

d) The investment is in securities issued by or fully guaranteed by the Government of Canada, the government of a province, or an agency of either of these governments; or

e) The investment is in a fund composed of mortgage-backed securities that are fully backed by the Government of Canada, the government of a province, or an agency of either of these governments;

f) The investment is in a fund that replicates the composition of a broad class of securities traded at a marketplace; or

g) The investment involves the purchase of a contract or agreement under which the return is based on the performance of a widely recognized index of a broad class of securities traded at a marketplace.

Under the conflict of interest guidelines, any person who becomes aware of a conflict of interest shall notify the Administrator. Such conflict includes Related Party transactions.

5.03 Valuation of Securities Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

a) Equities, last available trade price, unless otherwise instructed by the client

b) Securities that are not publicly traded are valued at cost unless there is an external transaction or other evidence that indicates market value is different from cost; and

c) Bonds, same as for equities.

5.04 Voting Rights

The Board has delegated voting rights acquired through pension Fund investments to the Custodian of the securities, to be exercised in accordance with the Investment Managers' instructions. Investment Managers are expected to vote all proxies in the best interests of the beneficiaries of the Fund.

The Board, however, may take back voting rights for specific situations. The Administrator, as a result of its meetings with the Investment Managers, may wish to make recommendations to the Board in respect of specific situations when it may be appropriate for the Board to assume voting rights in respect of specific securities.

For private placements, voting rights will be delegated to the Investment Manager, or voted directly by a representative, as appointed by the Board.

The Investment Managers should disclose their proxy voting policies and any changes thereto and report quarterly in the compliance report on (1) whether all eligible proxies were voted on the Fund's behalf and (2) if the proxy guidelines were followed and report on any deviations.

5.05 Soft Dollars

Soft dollars are the costs of commissions paid in excess of the cost of execution.

A variety of brokers should be used in order to gain maximum utilization of the services available. It is the responsibility of the Investment Manager to ensure that the commission distribution is representative of the services rendered.

Investment Managers may use soft dollars to pay for research and other investment-related services with annual disclosure to the Administrator provided they comply with the Soft Dollar Standards promulgated by the CFA Institute.

5.06 Policy Review

The Policy may be reviewed and revised at any time but must be formally reviewed by the Administrator at least once in every calendar year and to the extent changes are necessary, the Administrator shall make recommendations to the Board as to changes in the Policy.

Section 6—Investment Managers

6.01 Selecting Investment Managers

In the event that a new Investment Manager must be selected or additional Investment Manager(s) added to the existing Investment Manager, the Administrator will undertake an Investment Manager search. The criteria used for selecting an Investment Manager will be consistent with the investment and risk philosophy set out in Section 1.06 (Investment and Risk Philosophy).

6.02 Monitoring of Investment Managers

To enable the Administrator to fulfill its responsibility of monitoring and reviewing the Investment Managers, the Investment Consultant will assist the Administrator, on an ongoing basis, in considering:

(a) the Investment Managers' staff turnover, consistency of style and record of service;

(b) the Investment Managers' current economic outlook and investment strategies;

(c) the Investment Managers' compliance with the Policy, where an Investment Managers are required to complete and sign a compliance report; and,

(d) Investment performance of the assets of the Plan in relation to the rate of return expectations outlined in the Policy.

6.03 Reasons for Terminating an Investment Manager

Reasons for considering the termination of the services of an Investment Manager include, but are not limited to, the following factors:

(a) Performance results, which over a reasonable period of time, are below the stated performance benchmarks;

(b) Changes in the overall structure of the Fund such that the Investment Manager's services are no longer required;

(c) Change in personnel, firm structure and investment philosophy, style or approach which might adversely affect the potential return and/or risk level of the portfolio;

(d) Legal or regulatory proceedings against the Investment Manager or its investment personnel, or any sub-advisor firm or that firm's investment personnel; and/or

(e) Failure to adhere to the Policy.

Section 7—Investment Consultant

7.01 Selection & Termination Policy

(a) Selection

The Administrator shall consider the following criteria when selecting an Investment Consultant to monitor the investment performance under the Plan;

(i) Investment Consultant has established a reputation for expertise in the issues and laws governing pension plans in Canada

(ii) Investment Consultant has established a reputation for proactive advice to governance committees

(iii) Investment Consultant has established a reputation for quality client servicing. The criteria for judging this quality include clear, accurate and complete reporting, both orally and in writing

(iv) Investment Consultant fees shall be competitive

(b) Termination

Reasons for considering the termination of the services of an Investment Consultant include, but are not limited to, not meeting the selection criteria cited above.

- End -

Appendix A—Compliance Reports

University of Saskatchewan 1974 Academic (Retirees) Pension Plan
Return Seeking Manager
Compliance Report for the Period from ___________ to ___________
(date) (date)

		Guidelines %	Policy Complied With Yes/No*
Asset Mix (at Market Value)			
Equities	Canadian	25 - 50	
	U.S.	25 – 50	
	Non-North American	25 – 50	
	Total Foreign	50 – 75	
	Total	90 - 100	
Short-term & Cash		0 - 10	
Constraints			
Equities	- Publicly traded on recognized securities market		
	- Diversification	Max 12% of the market value of the equity portfolio in any single issuer	
	- Concentration	Max 10% of the common stock of any corporation	
		Max holding 10% of market value of any pooled fund	
Short-term Investments	- Minimum Quality	Min "R-1Low" rating	
	- Foreign Securities	Max 5% exposure of the total portfolio market value	
Derivatives		As permitted by Section 3.02(e)	
Private Placements			
	- Equities	Prior Approval Required	
Pooled Funds	- Compliance	Compliance with pooled fund investment policy for all pooled funds	
Other Investments	- Prior Approval Required		
Other	- Statutory Requirements	Must meet requirements for eligible investments outlined in The Pension Benefits Act.	
		Must meet requirements for eligible investments outlined in the Income Tax Act.	
Conflicts of Interest	- Disclosure	Conflicts of interest disclosed to the Administrator	
CFA Institute Code of Ethics and Standards of Professional Conduct	- Compliance	CFA Institute Code of Ethics and Standards of Professional Conduct complied with	
Proxy Voting	- Compliance	All proxies voted in compliance with disclosed proxy voting policy	

* Provide actual weight or range where appropriate.

If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Procedures throughout the reporting period.

____

Signature and Title

____

Company Name

____

Date

University of Saskatchewan 1974 Academic (Retirees) Pension Plan
Liability Matching Manager
Compliance Report for the Period from ___________ to ___________
(date) (date)

		Guidelines %	Policy Complied With Yes/No*
Asset Mix (at Market Value)			
Bonds	Federal	10 - 50	
	Provincial	20 - 40	
	Corporate	15 - 40	
	Mortgages	0 - 30	
Cash & Short Term		0 - 10	
Constraints			
Bonds		Structured to match the cashflows of Plan liabilities to within +/- 5% for each annual and five-year period	
Pooled Funds	- Compliance	Compliance with pooled fund investment policy for all pooled funds	
Other Investments		None	
Other	- Statutory Requirements	Must meet requirements for eligible investments outlined in The Pension Benefits Act.	
		Must meet requirements for eligible investments outlined in the Income Tax Act.	
Conflicts of Interest	- Disclosure	Conflicts of interest disclosed to the Administrator.	
CFA Institute Code of Ethics and Standards of Professional Conduct	- Compliance	CFA Institute Code of Ethics and Standards of Professional Conduct complied with	

* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Procedures throughout the reporting period.

____
Signature and Title

____
Company Name

____
Date

Appendix B—Liability Matching Benchmark

Custom Liability Matching Investment Manager Benchmark History

The Custom Liability Matching Investment Manager Benchmark is rebalanced monthly by the Liability Matching Investment Manager. In addition, each year, upon receipt of the Plan's actuarial valuation, the Liability Matching Investment Benchmark will conduct a benchmark rebalancing. Below is a history of the benchmark at each quarter-end for the past 12 months.

	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21
FTSE Canada Short Federal Bond Index	8%	6%	6%	3%	3%
FTSE Canada Federal Bond Index	17%	19%	18%	17%	12%
FTSE Canada Long Federal Bond Index	0%	0%	0%	0%	0%
FTSE Canada Short Provincial Bond Index	40%	39%	40%	39%	36%
FTSE Canada Provincial Bond Index	0%	0%	0%	0%	0%
FTSE Canada Long Provincial Bond Index	9%	9%	9%	11%	9%
FTSE Canada Short Corporate Bond Index	9%	9%	9%	8%	15%
FTSE Canada All Corporate Bond Index	17%	18%	18%	22%	25%
FTSE Canada Long Corporate Bond Index	0%	0%	0%	0%	0%