

POLICY 2.26 – Investment

Policy Category:	Financial
Subject:	Investment Policies
Sections:	Purpose ; Definitions ; Policy
Approving Authority:	Board of Governors
Responsible Officer:	Vice-President (Operations & Finance)
Responsible Office:	Financial Services
Related Procedures:	Procedure for Investment Policy
Related University Policies	Policy 2.32 - Responsible Investing Policy 2.11 - Investment Payout Policy 2.12 – Acquisition of Investment Services Policy 2.31 – Major Strategic Opportunities Fund
Effective Date:	April 30, 2026
Supersedes:	April 28, 2022

I. PURPOSE

This purpose of this Policy is to document the investment policies of the University for the Portfolio.

This Policy sets out the considerations and processes for:

- (i) The investment objectives for the Portfolio; and
- (ii) The prudent and responsible management of the Portfolio.

II. DEFINITIONS

Administration: The administrative staff of the University responsible for day-to-day management of the Portfolio.

Board: The Board of Governors of the University.

Custodian: A specialized financial institution (typically a major bank) responsible for the holding and safekeeping of an asset of the Portfolio.

Endowed Portfolio: Endowed assets invested to generate income to fund endowed chairs, scholarships, bursaries, research, etc.

ESG: “Environmental, social, and governance,” and refers to a strategy that evaluates companies based on these non-financial criteria to inform investment decisions. The following definitions are based on the Principles for Responsible Investment.

Environmental issues relate to the quality and functioning of the natural environment and natural systems, identified or assessed in responsible investing processes. These include but are not limited to risks related to greenhouse gas emissions, climate change, natural resources, and waste.

Social issues relate to the rights, well-being, and interests of workers, communities, customers / end-users for corporate entities, and citizens/populations for sovereign entities, identified or assessed in responsible investing processes. These include but are not limited to risks related to human rights, labour rights, child and slave labour, diversity, equity and inclusion, and indigenous rights.

Governance issues relate to the rules followed and actions taken by companies and other investee entities, identified or assessed in responsible investing processes. These include but are not limited to board oversight and structure, independence, company disclosures, shareholder rights, accountability, operational strategies, executive pay and performance evaluation.

Fiduciary Duty: The duty of members of the Board and Investment Committee to act honestly, carefully, in good faith, and in the best interests of the University as a whole. In the investment context, this means that members of the Board and Investment Committee must exercise the care, skill, diligence and judgment that a prudent investor would exercise in making investments, with a long-term view to maximize returns at an acceptable level of risk to support the University's mission.

Fund: The combined Operating Portfolio and Endowment Portfolio of the University.

Investment Committee: A sub-committee of the PF Committee with expertise in investments and investment management.

Investment Consultant:	Means an external, third-party professional or firm retained by the Investment Committee and/or Administration to provide objective advice, research, and recommendations regarding the management of an investment or proposed investment for the Portfolio.
Managers:	The external investment managers who invest portions of the Portfolio.
MTP:	The mid-term investment portfolio of the University.
Operating Portfolio:	The long-term portion of non-endowed funds not included in the MTP and STP.
PF Committee:	The Property and Finance Committee of the Board.
Performance Measurement Consultant:	A specialized third-party service provider retained to independently calculate, verify, and analyze the returns and risks of one or more investments in the Portfolio.
Policy:	Means this MAPP Policy 2.26 – Investment Policy
Portfolio:	Collectively, the STP, the MTP and the Fund.
RI:	“Responsible investing”, is an approach which integrates ESG considerations into investment decision making processes.
STP:	The short-term investment portfolio of the University.
University:	The University of Western Ontario operating as Western University.

III. POLICY

1.0 Roles and Responsibilities

The Board has a Fiduciary Duty with respect to investing the Portfolio. To fulfill its Fiduciary Duty, the Board has assigned responsibilities for the management of the Portfolio among the PF Committee, the Investment Committee, and the Administration. The University may obtain additional expertise from one or more Managers, Custodians, Investment Consultants and Performance Measurement Consultants.

1.1 The PF Committee

As it relates to this Policy, the PF Committee shall:

- i) appoint members of the Investment Committee;
- ii) report investment activities to the Board; and

- iii) regularly review this Policy and recommend any changes to the Board, on the advice of the Investment Committee.

1.2 The Investment Committee

The Investment Committee shall oversee the effective management of the Portfolio consistent with its fiduciary duty and the approved fund objectives indicated in this Policy. Within this general mandate, the Investment Committee shall:

- i) establish a Statement of Investment Beliefs based on the considerations within this Policy, which shall be appended as Appendix A to this Policy;
- ii) manage the risk profile of the Fund and the MTP by recommending for approval each portfolio's asset mix policy to the PF Committee;
- iii) regularly review this Policy and its objectives and make recommendations to the PF Committee on any changes to this Policy;
- iv) appoint Managers and retain Performance Measurement Consultants and other Investment Consultants as appropriate;
- v) establish strategies, guidance and/or principles for investing to aid Administration;
- vi) on recommendation of the Administration, approve investments;
- vii) regularly review the Portfolio and the performance of the Managers and act as the Investment Committee may be deemed appropriate in relation thereto;
- viii) on recommendation of the Administration, hire or terminate Managers; and
- ix) report to the PF Committee as appropriate or at the request of the PF Committee.

1.3 The Administration

The Administration shall:

- i) ensure compliance with legal and University requirements;
- ii) rebalance the Portfolio by transferring funds among Managers and asset classes appropriately according to guidance and principles established by the Investment Committee and report such activity to the Investment Committee;
- iii) manage University cash flows and any short-term borrowing of the Fund in accordance with the objectives and policies outlined in this Policy;
- iv) report to the Investment Committee about the University's cash flows and short-term investing activities on a periodic basis;

- v) execute investments approved by the Investment Committee;
- vi) report to the Investment Committee on the performance of Managers and of the Portfolio and any issues related thereto;
- vii) work closely with and direct the Investment Consultants, Performance Measurement Consultants, the Custodians and the Managers as appropriate;
- viii) report to the Investment Committee on any other University activities that impact the Portfolio;
- ix) periodically meet with each member of the Investment Committee to discuss any concerns or suggestions for improvement;
- x) maintain an awareness of progressive investment management policies and practices at other Canadian and US universities;
- xi) report to the Investment Committee and to the PF Committee on the ratio of investments to obligations for the non-endowed portion of the Portfolio;
- xii) make recommendations to the Investment Committee concerning terminating Managers and hiring new Managers; and
- xiii) make recommendations to the Investment Committee and/or PF Committee, as appropriate, on changes to this Policy.

1.4 Managers

The University may hire one or more Managers who shall:

- i) manage a specific investment mandate according to a set of investment guidelines established and approved by the Investment Committee and maintain compliance to those guidelines;
- ii) aim to achieve a performance objective;
- iii) report to the University on performance of the investment by providing attribution analysis;
- iv) report to the University on changes at the firm in terms of organizational structure, personnel and investment process; and
- v) vote proxies on behalf of the University, where applicable.

1.5 Custodians

The University may hire one or more Custodians who shall:

- i) hold assets owned directly by the University and provide monthly valuation of those assets;

- ii) execute instructions provided by Administration; and
- iii) coordinate securities lending, if any.

1.6 Investment Consultants

The University may hire one or more Investment Consultants who shall:

- i) assist the Investment Committee in the development of strategies, guidance and principles related to investments;
- ii) assist the Investment Committee in identifying the objectives and risks to be managed and in implementing the appropriate asset mix;
- iii) provide research on emerging investment strategies to the Investment Committee;
- iv) provide research on the Managers to the Investment Committee;
- v) assist Administration with Manager searches by giving the University access to its database of managers, narrowing the universe, providing performance analysis, preparing questionnaires and attending finalist meetings;
- vi) provide quarterly opinions on the performance of the Fund and the MTP;
- vii) inform the Investment Committee on beneficial investment management technologies where relevant and appropriate; and
- viii) attend Investment Committee meetings, at the invitation of the Chair of the Investment Committee.

1.7 Performance Measurement Consultants

The University may hire one or more Performance Measurement Consultants who shall assist Administration by providing:

- i) performance measurement services and analytical services through research reports, data and/or database(s);
- ii) total fund, individual Manager and asset class return on a monthly basis; and
- iii) quarterly performance reports that include capital market commentary, market indexes, asset class summary by class and Manager, returns over selective time periods by class and Manager, returns attribution analysis, and comparative analysis measurement for active Managers.

2.0 General Description of the Portfolio

The University maintains various investment portfolios, grouped according to their

intended objectives.

The total investment Portfolio is as follows:

- The Short-Term Portfolio (STP)
- The Mid-Term Portfolio (MTP)
- The Operating Portfolio
- The Endowment Portfolio

The Operating Portfolio and Endowment Portfolio shall be invested according to the same investment policy as described in Section 5. The combined Operating Portfolio and Endowment Portfolio is referred to as the Fund. The ownership share of the Fund between the Endowed Portfolio and the Operating Portfolio shall be tracked on a monthly basis and investment returns are to be allocated based on the pro-rata share each month.

The STP and MTP provide the University with the liquidity necessary for the allocation of spending from endowments. As a result, the University is able to manage the Fund with a very long-term focus, with little need for liquidity. The horizon of the Fund is perpetuity, and it is invested to withstand volatility in returns from quarter-to-quarter and year-to-year.

3.0 Investment Objectives and Policies – STP

3.1 STP Objectives

The objectives of the STP are:

- i) to preserve capital and minimize risk in order to meet the University’s liquidity needs; and
- ii) to obtain a reasonable level of return commensurate with risk, terms and liquidity.

3.2 Risk Tolerance

Given the STP objectives, risk tolerance is low and therefore investments should be limited to bank accounts, high interest savings accounts and high-quality money market securities.

3.3 Liquidity

Liquidity needs are high given that the STP is used to fund day-to-day operations. Only investments that can settle into cash within a short period of time should be used.

4.0 Investment Objectives and Policies – MTP

4.1 MTP Objectives

The objectives of the MTP are:

- i) to outperform the FTSE 91-Day T-Bill Index by 300 basis points over a 3-to-5-year period, gross of fees; and
- ii) to generate investment returns that can be used to make additional allocations in relation to University priorities and needs.

4.2 Risk Tolerance

The risk tolerance is moderate, and the standard deviation of returns should normally fall between 3% and 7%. Preservation of capital over the investment horizon (3 to 5 years) is preferred. Liquidity and currency risks are to be minimized. As the MTP will be the next source of liquidity should short-term assets be exhausted, the risk tolerance will fluctuate over time based on the position of the Operating Portfolio and its reserve ratio and should be reassessed periodically.

4.3 Asset Mix Policy

The asset mix policy of the MTP will be reviewed on an annual basis. Given the portfolio's objectives, risk tolerance and constraints, assets will be invested mostly in liquid equities and fixed income. The current target asset mix policy is 30% equities and 70% fixed income.

The MTP's objectives can be achieved by gaining exposure to the following risk factors:

- Equity
- Interest rate (duration)
- Credit

The following types of mandates may be used in the MTP:

Equities:

- Canadian equities
- Global equities

Fixed Income:

- Short-term bonds
- Core fixed income
- Corporate bonds
- High-yield bonds
- Commercial mortgages

The allocation to each individual mandate is limited to 30% of the MTP market value. This constraint is in addition to the rebalancing policy in Section 4.4.

The table below shows the risk factors that each strategic asset class is exposed to:

Risk Factor Exposure

Strategic Asset Class	Risk Factors
Equities (Growth)	
Canadian Equities Global Equities	Equity Size (Small cap) Value Growth Momentum Quality
Fixed Income (Interest Sensitive)	
Core Fixed Income Corporate Bonds Commercial Mortgages	Interest rate Credit Deflation Inflation Liquidity

4.4 Rebalancing Policy

Administration is permitted to deviate from the approved asset mix policy as follows:

Strategic Asset Class	Target Mix	Allowable Drift	Range
Equities			
<i>Canadian Equities</i>	10%	-5%, +5%	5% to 15%
<i>Global Equities</i>	20%	-5%, +5%	15% to 25%
Total Equities	30%	-5%, +5%	25% to 35%
Fixed Income	70%	-5%, +5%	65% to 75%

Changes to the asset mix policy beyond these ranges require the approval of the PF Committee on the recommendation of the Investment Committee.

4.5 Exposure to Non-Canadian Currencies

Given the fixed income focus of the MTP, currency exposure should be limited as it would increase the risk of the portfolio. Most non-Canadian currency exposure should be hedged on fixed income mandates. Managers are allowed to retain up to 10% of non-Canadian currency exposure for tactical purposes. The global equity component of the portfolio may remain unhedged, given the relatively small exposure and the diversification benefits it would bring.

4.6 Measurement of Investment Returns

Investment returns are measured quarterly and assessed in relation to the following criteria:

- i) The overall objective is to achieve a gross rate of return in excess of the FTSE 91-Day T-Bills + 300 basis points over a 3-to-5-year period, with a level of risk, as measured by the standard deviation of returns, ranging from 3% to 7%.
- ii) The Managers are expected to achieve the performance objectives included in their mandates over the relevant time horizon.

4.7 Liquidity

Liquidity requirements for the MTP are moderate. In a normal environment, assets will not be taken out of the MTP to meet obligations. A significant portion of the portfolio should be convertible into cash in a relatively short timeframe (30 days or less), given the nature of the obligations that the MTP is supporting.

5.0 Investment Objectives and Policies – The Fund

5.1 Fund Objectives

The objectives of the Fund are:

- i) to maintain the purchasing power of the Fund after payout over the long-term. The required return, at a minimum, should meet (after fees) [Policy 2.11](#);
- ii) to earn the return produced by the asset mix policy (Section 5.3), based on the return of the market indices, plus a premium to reflect active portfolio management. The premium should at least cover the cost of active portfolio management; and
- iii) to meet the following payout requirements:

For the Endowed Portfolio

- a) Pay the total return generated by the endowment portfolio's share of the Fund to the capital of the endowment funds.

For the Operating Portfolio

- a) Pay the 30-day Treasury bill rate less an established administrative fee to a portion of the non-endowed funds, as outlined in [Policy 2.11](#). Such portion of the Operating Portfolio includes the capital fund, ancillaries, and trust funds but do not include research funds.

- b) Pay the amounts required for the supplemental pension plan and for term endowments as outlined in [Policy 2.11](#).
- c) Pay an allocation to the University, subject to availability and restricted to one-time allocations. Allocations will not be made to fund general operations of the University.
- d) Fund the initial and future allocations to the major strategic opportunities fund, subject to the Major Strategic Opportunities Fund [Policy 2.31](#)
- e) When investment returns exceed the above obligations and are in excess of the reserve requirements (as defined later in this document), the Board may make additional allocations in relation to University priorities and needs.

5.2 Risk Tolerance

The required real rate of return over time can only be achieved by accepting a level of volatility in returns from quarter to quarter and from year to year. The current expected asset mix policy return on the Fund is 7.2% and the expected standard deviation of returns is 11.0%¹. As a result, the expectation is that annual policy returns will fall within a range of minus 3.8% to plus 18.2% about 67% of the time and that annual returns will fall outside of this range about 33% of the time.

5.3 Asset Mix Policy

The Investment Committee shall review the asset mix policy on an annual basis to maintain, over the long-term, the best balance between investment returns within an acceptable level of risk. Assets will be allocated across four strategic asset classes, based on the role of the underlying assets in the Fund. The four strategic classes are: equities, fixed income, real assets, and diversifiers as described further in Section 6 of this Policy. Each strategic asset class is exposed to particular risk factors:

- Equities are expected to generate most of the growth in the Fund;
- Fixed income assets are expected to protect the Fund in times of stress and provide some liquidity;
- Real assets are expected to protect the Fund from high or unexpected inflation; and
- Diversifiers provide additional diversification to the Fund due to their low correlation with the other asset classes.

The current target asset mix policy is 57.5% in equities, 17.5% in fixed income, 20% in real assets and 5% in diversifiers. The asset mix policy is based on an optimization model that was externally developed and vetted by the Investment Committee. This model projects investment return and risk based on historic relationships among the asset classes. To achieve the return objective, the Fund has a substantial weight in

¹ Source: Mercer as of December 31, 2024

growth assets.

The table below shows the risk factors that each strategic asset class is exposed to:

Risk Factor Exposure

Strategic Asset Class	Risk Factors
Equities (Growth)	
Canadian Equities U.S. Equities EAFE Equities Global Equities Emerging Markets Equities Long/short Equities Private Equity	Equity Size (Small cap) Liquidity Value Growth Momentum Quality Foreign exchange
Fixed Income (Interest Sensitive)	
Core Fixed Income Multi-Asset Credit Commercial Mortgages Private Credit	Interest rate Credit Deflation Inflation Liquidity Foreign exchange
Real Assets (Inflation Sensitive)	
Real Estate Infrastructure Commodities	Inflation Liquidity Foreign exchange
Diversifiers	
Absolute Return Strategies Market Neutral Strategies Cash	High yield credit spread Liquidity

5.4 Rebalancing Policy

The Investment Committee is permitted to deviate from the approved asset mix policy as follows:

Fund Rebalancing Policy

Strategic Class	Asset	Target Mix	Allowable Drift	Range²
Equities				
	<i>Domestic Equities³</i>	7.5%	+/- 7.5%	0% to 15%
	<i>Foreign Equities⁴</i>	37.5%	+/- 7.5%	30% to 45%
	<i>Private Equity</i>	12.5%	+/- 5%	7.5% to 17.5%
	Total Equities	57.5%	+/- 7.5%	50% to 65%
Fixed Income				
	<i>Core Fixed Income</i>	5%	+/- 5%	0% to 10%
	<i>Commercial Mortgages</i>	0%	-0%, +10%	0% to 10%
	<i>Private Credit</i>	7.5%	-7.5%, +5%	0% to 12.5%
	<i>Multi-Asset Credit</i>	5.0%	+/- 5.0%	0% to 10%
	Total Fixed Income	17.5%	+/- 7.5%	10% to 25%
Real Assets				
	<i>Real Estate</i>	10%	+/- 5%	5% to 15%
	<i>Infrastructure</i>	10%	+/- 5%	5% to 15%
	Total Real Assets	20%	+/- 7.5	12.5% to 27.5%
Diversifiers				
	<i>Cash</i>	0%	-0%, +3%	0% to 3%
	<i>Short-Term Fixed Income</i>	0%	-0%, +7%	0% to 7%
	<i>Absolute Return Strategies, Market Neutral Strategies</i>	5%	+/- 5%	0% to 10%
	Total Diversifiers	5%	-5%, +7.5%	0% to 12.5%

The Administration may, at all times, rebalance the Fund toward the target weights without prior approval of the Investment Committee.

Changes to the asset mix policy beyond these ranges require the approval of the PF Committee on the recommendation of the Investment Committee.

5.5 Endowed Portfolio Payout Policy

The Board has established Investment Payout Policy ([MAPP 2.11](#)). Such policy is

² The Fund may fall outside of these ranges as it transitions towards the target mix established in 2025. Temporary deviations are allowed.

³ Domestic equities is Canadian equities.

⁴ Foreign equities include U.S., EAFE, Global and Emerging Markets equities.

designed to ensure that current and future generations share equally in the benefits of the Endowment Portfolio.

5.6 Exposure to Non-Canadian Currencies

The Canadian equity market represents approximately 4% of total world equity market in terms of total capitalization. Non-Canadian investments are included in the Fund in order to add diversification and reduce volatility of returns. Non-Canadian investments need not necessarily incur gains or losses from increases or decreases in the value of the Canadian dollar relative to currencies in other countries. This can be accomplished through currency hedging techniques employed by a Manager.

Although an analysis of the University's spending shows that less than 5% of all expenditures are in non-Canadian funds, the value of the Canadian dollar affects the price of imported materials that are resold in Canada. Accordingly, it is appropriate to have some exposure to investments within currencies that are non-Canadian to provide a hedge against a major fall in the value of the Canadian dollar. Given the rapidly evolving nature of currency markets, it is preferable to hire a Manager dedicated to the management of the Fund's currency exposure.

Currency hedging strategies should be implemented on a case-by-case basis, according to the Statement of Investment Committee Beliefs.

5.7 Measurement of Investment Returns

Investment returns are to be measured quarterly and assessed in relation to the following criteria:

- The overall objective is to achieve the required rate of return over the long-term on the Fund, with an acceptable level of risk. The real rate of return is monitored on a 5-year annualized basis.
- Managers are expected to achieve the performance objectives included in their mandates over the relevant time horizon.

5.8 Liquidity

The Investment Committee shall take reasonable steps to ensure that the Fund has sufficient liquidity to meet its future obligations. To properly assess the liquidity needs of the Fund, Administration will provide the Investment Committee with regular updates on risk controls regarding liquidity, such as:

- i) the availability of short-term and mid-term assets;
- ii) the ratio of assets to obligations for the Operating Portfolio;
- iii) upcoming capital calls and distributions;
- iv) potential working capital needs and releases on rolling currency hedges in the currency hedging program;
- v) any upcoming contributions to the University operating and capital budgets;
- vi) internal loans; and

vii) borrowing within the Fund.

5.9 Borrowing

To meet short-term liquidity needs arising from activities such as rebalancing, capital calls or currency hedging, the Fund may use line(s) of credit. Draws on the credit facilities shall have a combined limit of \$100 million and generally are to be repaid within 90 days. A repayment plan from within the Fund shall be developed by Administration prior to any draw(s) on the credit facilities. Short-term borrowing hereunder is restricted for use within the Fund and is not available for other purposes. Short-term borrowing costs shall be netted against the performance of the Fund.

6.0 Permitted Investments

The University shall maintain a list of permitted investments, categorized by strategic asset classes, as part of the Procedures to this Policy.

7.0 Manager Structure

The Investment Committee may hire Managers with specific asset class investment mandates as opposed to balanced investment mandates to manage the actual asset mix of the Fund and the MTP.

The Investment Committee may hire either active or passive Managers. In general, passive management is preferred in markets where Managers have not been able to outperform the market indices. Active Managers are required to earn a prescribed amount over the appropriate index return to cover their fees and to compensate for the greater risk and fee costs of active management.

The Investment Committee may hire Managers where the mandate allows leverage and short selling. Management of publicly traded equities may involve the use of leverage and short selling at a level with which the Investment Committee has stated at the outset of the Manager's mandate.

There is a preference for multiple manager styles for the Fund. Within equities, a diversified exposure to various factors, such as value, growth, size, momentum and quality is preferred. Within bonds, styles can include interest rate anticipation, sector selection, security selection, yield curve positioning and currency management or passive (index returns).

The University's tax-exempt status makes interest, dividends, capital gains and foreign exchange gains equally preferable.

8.0 Target Ratios for the Non-Endowed Funds (Operating Portfolio, STP, MTP)

The Administration shall provide quarterly reports to the PF Committee, which reports the reserve levels for the non-endowed funds by reporting the ratio of the market value of investments to the obligations of the non-endowed funds at the end of each fiscal quarter over time. The Board's policy requires the ratio of investments to obligations to

maintain a target level of at least 1.08, based on a 12-quarter moving average. It is recognized that due to volatility in investment returns this ratio may fall below 1.00 at the end of a given quarter. Any such shortfall will be shown in the annual financial statements but will not be used in calculating the balanced operating budget required by the Board.

The investment earnings objective is expected to exceed the payout requirements over time for the non-endowed funds. A fundamental premise is that investment returns in excess of the payout requirements will be generated to meet other one-time strategic University needs.

Reserves, being the cumulative difference between investment returns and obligations, are maintained for the non-endowed funds to accommodate the short-term variability of investment returns and to reduce, to an acceptable level, the risk associated with meeting the payout requirements discussed in Section 5.1 (b) and (c).

The reserve level is equal to the total market value of the non-endowed fund less the obligations owing to the non-endowed funds. It is recognized that there is potential for the reserve level for non-endowed funds to be in deficit. The Investment Committee is expected to take a long-term view of the management of the Fund and to maintain an asset mix, which is expected to earn the required rate of return over the long term.

9.0 Cash Flow Management

The objectives of the University's cash flow management process are as follows:

- i) to maximize the funds that are available for external management in the Fund, while maintaining sufficient short-term and mid-term investments outside of the Fund to meet the University's working capital requirements;
- ii) to generally maintain a positive cash balance throughout each year in order to meet the University's liquidity needs, investing temporary excess cash either in the STP or MTP;
- iii) to only borrow funds for short periods of time to support operating purposes of the Fund. A line of credit is maintained for the Fund's operating needs; and
- iv) to ensure, as much as reasonably possible, that the funds allocated to Managers are not subject to short-term cyclical variations as a result of the University's cash flow needs.

10.0 Securities Lending

The Portfolio may engage in securities lending activities to generate incremental income, subject to the approval of the PF Committee on recommendation of the Investment Committee and compliance with applicable laws and regulations.

Such loans must be secured by Canadian government bonds, treasury bills, provincial bonds of any highly rated Canadian province and/or letters of credit, discount notes,

and banker's acceptances of major Canadian chartered banks. The amount of collateral taken for securities lending should reflect best practices in local markets and marked to market on a daily basis.

The terms and conditions of any securities lending program, including the maximum exposure in aggregate and by counterparty, will be set out in a contract with the Custodian. The Custodian shall, at all times, ensure that the Administration has a current list of those institutions that are approved to borrow the Portfolio's investments. If the Portfolio's assets are invested in a pooled fund, security lending will be governed by the terms and conditions set out in the pooled fund contract.

11.0 Derivatives Usage

Derivatives may be used by the University or the Managers managing the Portfolio for hedging, risk management and portfolio rebalancing purposes. Leveraging the Portfolio is prohibited. Derivative products include options, futures, forwards and swaps.

12.0 Valuation of Infrequently Traded Instruments

The valuation of infrequently traded investments shall be determined by the trustee or Custodian of the underlying fund. In the case of private investments, including but not limited to real estate, infrastructure, private equity and commercial mortgages, the valuation shall be based on independent opinions of qualified appraisers as required or should follow the best practices used for a particular asset class.

13.0 Responsible Investing

The Investment Committee will be guided by the Responsible Investing Policy (MAPP 2.32) which shall operate alongside this Policy.

14.0 Conflicts of Interest

Conflicts of interest shall be addressed in accordance with the Procedures to this Policy.

15.0 Review

This Policy will be reviewed at least every five years.

Last Reviewed: April 30, 2026

Appendix A: Statement of Investment Beliefs

The Investment Committee is guided by various investment beliefs, including:

1. A governance framework is essential to achieve success in managing investments and consists of:
 - i) a diverse, independent and experienced Investment Committee to mentor, monitor and counsel the Administration;
 - ii) written investment objectives, policies and governance guidelines to facilitate efficient operations;
 - iii) acknowledgment and delegation of responsibilities amongst four levels of fiduciaries:
 - The Board – approves policies and is ultimately responsible for results attained;
 - The PF Committee – reviews and recommends policies to the Board;
 - Investment Committee – designs policies and oversees implementation thereon; and
 - Administration - implements policy directly and through contracted agents.
 - iv) establishment of risk management policies, commensurate with the Portfolio's circumstances, which attempt to address the greatest investment risks within each part of the Portfolio. However, it must be recognized that in order to attain the stated objectives, some risk is essential within parts of the Portfolio.
 - v) Financial risk and return are the foundation of all investment decisions. The Portfolio must be free from influences or agendas that conflict with the Fiduciary Duty of the Investment Committee.
2. A broadly diversified Portfolio, which includes among other vehicles, as appropriate: cash, bonds, equities and less liquid non-traditional investments such as private equity, private credit, real assets and absolute return strategies are the best way to achieve required nominal and real returns and is a prudent and cost-effective method of reducing risk.
3. Cash is generally the asset class with the lowest expected long-term returns and should be minimized, except for the STP.
4. Bonds provide a steady income stream and often experience lower volatility when equity performance is volatile.
5. Equities provide dividend income and/or potential capital growth and are expected to outperform bonds by a risk and volatility premium.

6. Equity premiums are dynamic and unpredictable; hence, diversification by market, investment manager and style is preferred.
7. Non-liquid and non-traditional investments, particularly in private equity, private credit, real estate and infrastructure, provide income and potential capital growth, but generally require more specialized knowledge than public equities and have higher management fees.
8. Active portfolio managers are expected to add value above their respective benchmark after accounting for related fees, particularly in less efficient markets such as Canadian, non-North American equities and non-traditional investments, including private markets. Active portfolio management is defined as any strategy where a manager uses proprietary knowledge to outperform a benchmark, as opposed to only replicating the benchmark return.
9. Portfolio return objectives and pursuits thereon must be evaluated on a net-of-fees basis.
10. Portfolio rebalancing according to asset range guidelines is a procedure that maintains the asset mix exposures at risk policy levels.
11. Due to the size of the Portfolio, it is more economical to use Managers. Managers should preferably be researched by Investment Consultants in order to be considered for managing a portion of the Portfolio.
12. The Investment Committee should remain mindful of the size of the Portfolio's holdings with a particular Manager in relation to the size of the Manager's assets under management.
13. Liquidity needs will vary between the Fund, STP and the MTP. The Fund has a long duration with low liquidity needs and, as a result, can hold some of its assets in illiquid investments (e.g., non-traditional investments, including real estate, private equity, private credit, infrastructure and hedge funds) with an objective to achieve additional diversification and an additional liquidity risk premium. The STP and the MTP have high and moderate liquidity needs, respectively, and as such, investments in illiquid asset should be minimized.
14. Attempting to achieve investment return advantages through market timing practices, such as frequent asset allocation changes, poses unacceptable risks to the Fund and the MTP. It is extremely difficult to repeatedly time the market through ongoing changes to the asset mix and in individual elements of each part of the Portfolio. The Investment Committee should be mindful of market cycles and while not attempting to engage in market timing practices, should consider modest Portfolio adjustments with market cycles in mind.
15. While acknowledging that most University operating costs and obligations are denominated in Canadian dollars, the Investment Committee recognizes that foreign currency exposure can potentially mitigate or exacerbate risk depending on

the currency pairings and underlying asset classes. Foreign currency should be hedged when it is expected that it will exacerbate risk or where the volatility associated with currency movements will meaningfully alter the overall risk profile of the investment. The cost of hedging should also be considered when implementing currency hedging programs.

16. ESG issues as part of risk management considerations can enhance long-term performance and is aligned with the University's objective of meeting the needs of current and future generations.
17. Active stewardship is important for long-term value creation and for promoting best practices with the University's Managers.
18. The risks posed by climate change are relevant and material to the Portfolio, and the Investment Committee must manage and mitigate both physical and transition climate risks in order to achieve the University's investment objectives.
19. An understanding of sustainability issues may lead to new investment opportunities that contribute to the University's investment objectives.
20. RI is a journey that requires continuous learning, innovation, and a dynamic and adaptive approach. Being transparent with the University community and regularly reporting on the University's RI progress is fundamental to the University's long-term RI journey.
21. As described in Section E of the Procedures on Conflicts of Interest, members of the Investment Committee will advise the Chair of the Investment Committee of any conflicts of interest that arise.
22. These investment beliefs will be reviewed by the Investment Committee on an annual basis, with any proposed changes recommended to the PF Committee. The PF Committee shall review such proposed changes and a recommendation to the Board for approval.