2017

DALHOUSIE UNIVERSITY

PENSION PLAN ANNUAL REPORT

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Introduction

The 2017 Dalhousie University Pension Plan Annual Report provides members with an overview of the Plan's membership and governance, and information on the funded status of the Plan based on the most recent actuarial valuation as of March 31, 2017 and investment fund performance.

MESSAGE TO DALHOUSIE UNIVERSITY STAFF PENSION PLAN MEMBERS

Your pension from the Dalhousie University Staff Pension Plan ("the Plan") can be one of your most important financial assets in retirement, which makes the security of your pension and the financial health of the Plan important. We hope this report provides you with a better understanding of how the Plan is managed, as well as its current financial status.

The Plan's financial health is shaped by the benefits it offers and the environment in which it operates, affected by factors such as investment market cycles, the life expectancy of Plan members and many others. Added to this is a requirement to conduct annual valuations due to the Plan's current funded status, which will introduce more volatility in future funding requirements. The university works with our Plan members, trustees and employee groups to ensure the Plan is viable, and the work has gone well; however, future sustainability remains a concern.

The latest actuarial valuation of the Plan (as of March 31, 2017) identified a $25.2 million deficit. Plan returns exceeded the actuarial targets since the last valuation as of March 31, 2014, reducing the going concern deficit by $43.1 million. However, the Plan's liabilities increased due to updated mortality tables reflecting longer life expectancies, Dalhousie's aging membership, and indexation of up to 14.9% (compounded) granted over this period. In addition, the Plan's liabilities had a net increase as a result of legislated changes to death benefits, offset by the interest crediting change. Details of the financial status of the Plan and the most recent valuation results (as of March 31, 2017) are included in this report (pages 6–7).

The collective objective of Plan members, trustees and the sponsor is to continue to work together to create and maintain a Plan that supports the needs of our community and remains sustainable for years to come.

Ian C. Nason
Vice President, Finance and Administration

About the Pension Plan

Your pension from the Plan is an important component along with the income you may receive from the Canada Pension Plan, Old Age Security and other personal savings, to fund your retirement.

The Dalhousie University Plan is a defined benefit (DB) Plan. This means that at retirement, you receive a monthly pension from the Plan that is determined in advance based on a set formula.

Your pension is guaranteed to you for your lifetime and depending on your marital status and the option you select at retirement, your spouse could also receive pension payments from the Plan after your death.

Calculating your pension

The pension formula is important to understand as it lets you know how your benefits are calculated. To determine your annual pension, the formula uses your years of service and the average of your best three years of earnings in the following calculation:

The average of your best three years of earnings (maximum of $145,722 in 2017)

x

years of service in the Plan (maximum of 35 years)

x

2%

CONTRIBUTIONS

Every pay day, members contribute a percentage of their earnings into the Plan. Currently, members contribute 4.65% of pensionable earnings up to $5,000, plus 6.15% of pensionable earnings above $5,000. As of July 1, 2012, members started making supplementary contributions of 2% of their earnings. In total, members contribute on average about 8.06% of pensionable earnings.

Dalhousie University contributed 12.59% of pensionable earnings to April 1, 2017, which is funded primarily by the operating budget. This decreased to 10.68% of pensionable earnings as a result of the March 31, 2017 actuarial valuation. The contributions from both the members and the University, together with the investment returns thereon, provide the pension benefits promised by the Plan to all members and their beneficiaries. Dalhousie University's contributions may vary, depending on the level of the pension fund's assets, plan demographics, and on economic conditions.

WHAT THE WORDS MEAN

Going-concern
When a plan's funding status is evaluated assuming that the plan will be maintained indefinitely. This is also known as long-term basis.

Solvency
The provincial pension regulator requires a plan's funding status to also be evaluated assuming the plan will be terminated (or be "wound up") on the day of the valuation. This is also known as short-term basis.

Funded status
The degree to which a plan's liabilities are funded (plan assets ÷ plan liabilities).

Plan documents

For more information about the Plan, visit the Dalhousie University pension website at www.dal.ca/pension.

Governance and administration

Dalhousie University has a structure in place for the governance and administration of the Plan that consists of the Board of Governors, the Pension Advisory Committee and Fund Trustees. The Plan is unique in that it is comprised of two trust funds – the Pension Trust Fund (PTF) and Retirees' Trust Fund (RTF). Here is a summary of the responsibilities of each.

The Board of Governors – Plan Sponsor and Administrator

- Acts as the Administrator of the Plan
- Monitors the investment of the Plan assets
- Amends Plan rules subsequent to PAC recommendations
- Collects and deposits member contributions and contributions from the employer
- Maintains all necessary administrative records
- Provides members with information on the Plan
- Issues annual pension statements to Plan members
- Pays pension benefits

Pension Advisory Committee (PAC)

- Considers matters relating to pension benefits and the administration of the Plan
- Makes recommendations respecting the administration of the Plan and Plan design
- Seeks to promote awareness and understanding of the Plan among its members

PTF/RTF Trustees

- Implement investment policies to align with the Plan's obligations
- Oversee fund investment management
- Retain investment managers
- Present financial statements of the pension funds' assets

PAC ACTIVITIES – 2016/2017

The PAC met twice between July 1, 2016 and June 30, 2017 to report on and discuss a number of pension topics. Some of the topics addressed include:

- Discussion and approval to recommend changes to the Plan text (the omnibus amendment) incorporating recent required changes to the new Nova Scotia *Pension Benefits Act;*
- Receiving updates on Plan assets and liabilities, including reports on asset and liability growth throughout the year;
- Discussion and review of the existing retirement transfer mechanism between the PTF and the RTF, including discussion of an Asset Liability Study Update showing the impact of the retirement transfer mechanism with the current two-trust structure of the Plan;
- Discussion regarding plan design related to indexing and the use of PRIA (Post-Retirement Interest Assumption) to provide a holdback or buffer against life expectancy variations that may no longer be necessary.

PAC Members – 2016/2017

Members

- Ian Blair (NSGEU 77)
- Brian Bowdridge (NSGEU 99)
- Level Chan (Board)
- Choi Chua (NSGEU 77)
- Laurie Creelman (Board)
- Robert Jack (Board)
- Ian Nason (Board)
- Jonathan Shapiro (DFA, Vice-Chair)
- Jasmine Walsh (Board, Chair)
- Faye Woodman (DFA)

Observers/Alternates

- Randy Barkhouse (ADRP – Observer)
- Corrine Carey (NSGEU – Observer)
- Chris Cullum (NSGEU 99, Alternate)
- D. George (NSGEU 77, Alternate)
- Paul Huber (ADRP – Observer, Alternate)
- Debbie Parker (Secretary)
- Margie Publicover (DPMG – Non-voting)
- Colin Spinney (Board, Alternate)
- Meghan Wagstaff (DPMG – Non-voting, Alternate)

PTF/RTF TRUSTEE ACTIVITIES – 2016/2017

The PTF and RTF Trustees met five times from July 1, 2016 to June 30, 2017 to:

- Review investment policies and governance processes,
- Assess and monitor investment strategies and performance, and
- Review and consider discretionary indexation.

PTF/RTF Trustees – 2016/2017

- David Cameron (RTF only)
- Paul Conrod
- Greg Hebb
- Ian Nason
- Aubrey Palmeter
- Ron Pink

Actuarial status of the Plan

The actuarial valuation as of March 31, 2017 reported the funded status of the Plan based on the Plan's assets and liabilities.

WHAT IS AN ACTUARIAL VALUATION?

To determine the Plan's financial health, an actuarial valuation of the Plan is performed at least once every three years. An actuarial valuation helps determine if we are on track to having enough money to pay out all the benefits to members. Since no one can precisely predict all the factors that will affect the Plan, we rely on the best estimates from the valuation to determine what, if any, steps need to be taken to bring the Plan back to financial health.

The valuation looks at how much money there is in the Plan (the Plan's assets) and how much money the Plan needs to pay out the benefits promised (the Plan's liabilities) in two ways – the going-concern (long-term) basis and the solvency (short-term) basis. If the funded status on a solvency basis falls below 85%, the Plan is required to complete an actuarial valuation annually until the funded status meets or exceeds 85%.

RESULTS OF THE VALUATION

The most recent valuation as of March 31, 2017 showed that the Plan had a deficit on both a short-term and a long-term basis.

The following table shows the results of the March 31, 2017 valuation.

	Pension Trust Fund ($ millions)		Retirees' Trust Fund ($ millions)		Total Plan ($ millions)	
	Going-concern (long-term)	Solvency (short-term)	Going-concern (long-term)	Solvency (short-term)	Going-concern (long-term)	Solvency (short-term)
Value of assets	697,699	696,749	545,054	545,054	1,242,753	1,241,803
Liabilities	(748,565)	(933,506)	(519,394)	(586,575)	(1,267,959)	(1,520,081)
Deficit	(50,866)	(236,757)	25,660	(41,521)	(25,206)	(278,278)
Funded status	93%	75%	105%	93%	98%	82%

The funded status tells us if the Plan has enough assets to cover all its liabilities. The total Plan improved on the going-concern funded status, however lost ground on a solvency basis due to lower interest rates.

The Plan's next valuation will be completed as of March 31, 2018.

A WORD ABOUT INDEXATION

The Dalhousie University Pension Plan has an indexation provision, which means monthly pension payments may be increased to keep pace with inflation. However, indexation is not an automatic benefit; it depends on the financial status and investment performance of the RTF.

Financial markets go through periods of both positive and negative returns, which in turn impact the investment performance of the fund. Although the fund is expected to realize positive growth from the markets over time, there will be periods of volatility and asset value declines. The RTF experienced such a decline in 2008/2009, which left it with a shortfall from its return target. The Plan's indexation provision requires this shortfall to be fully recovered before the excess return formula may generate additional indexation. Indexation also may be granted at the discretion of the RTF Trustees at times when the RTF is in a surplus position. The RTF Trustees consider a number of factors, including longer life expectancies and potential market declines. Life expectancies of Plan members have been increasing and are projected to continue to do so. Therefore, the RTF Trustees must carefully consider the use of the surplus to catch up on past missed indexation.

The RTF's 3-year return net of expenses at June 30, 2017 was 6.328% providing an "excess interest" of 1.278%. CPI for the year ended June 30, 2017 was 1.007%, thus a pension increase of 1.007% will be provided to those pensioners who are eligible for indexation at January 1, 2018. The Plan also gives the Trustees the discretion to use up to one-half of any surplus that an actuarial valuation may have identified in the Fund. The actuarial valuation at March 31, 2017 identified a surplus of $25.6 million that was generated by the Fund's strong investment returns in the preceding years. This surplus is projected to decline to $23.1 million as a result of the 1.007% indexation that commences January 2018. As a result, the Trustees determined that it would not be prudent to provide any additional catch-up indexation until a stronger surplus exists. The Trustees will revisit this in the new year.

Plan membership and funding

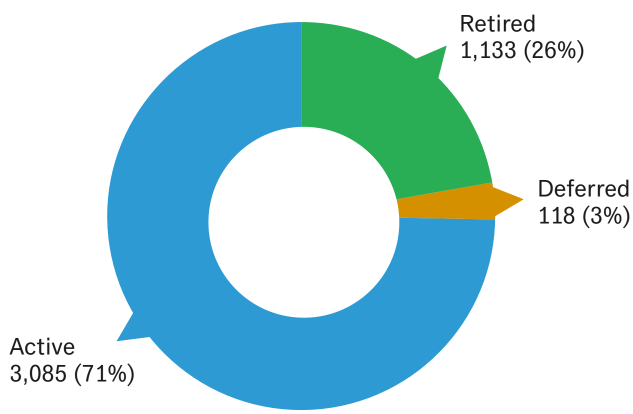
PLAN MEMBERSHIP

Each Plan member belongs to one of three categories of Plan membership:

1. Active – members who are currently employed by Dalhousie University and are making their regular contributions to the Plan.
2. Deferred – members who are no longer employed by Dalhousie University but have left the pension benefits they have earned while employed at Dalhousie University in the Plan until they retire.
3. Retired – members who are receiving a pension from the Dalhousie University Plan. This category includes survivors of former Dalhousie University employees.

Here's a snapshot of membership in the Plan as of the most recent valuation from March 31, 2017.

2017 membership (as of March 31, 2017)



Active membership details

	As of March 31, 2017
Average Age	48.8
Average credited service	11.9
Average pensionable salary	$83,518
Average accumulated contributions	$86,716

Retired membership details

	As of March 31, 2017
Average Age	72.7
Average annual lifetime pension	$36,995

PLAN FUNDING

When the valuation shows a Plan deficit, Dalhousie University must adjust its level of contributions to the Plan. For the last number of years, Dalhousie University has been paying contributions in the form of:

1. Regular contributions towards the cost of the benefits that active members accrue in each year, and
2. Special payments to fund the deficit in the Plan.

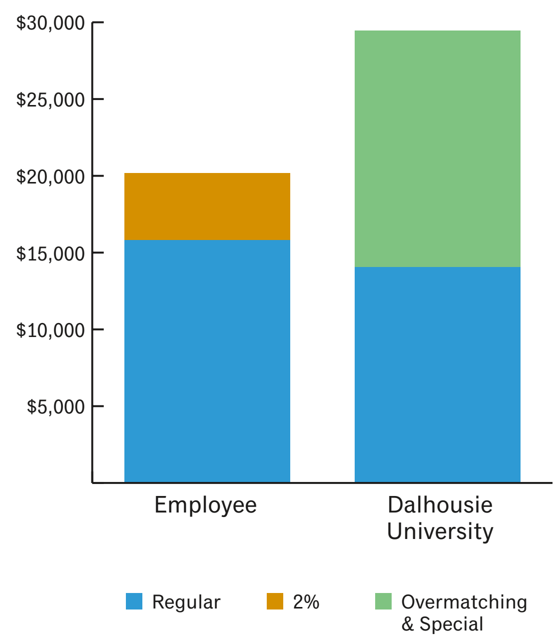
The following table shows Dalhousie University's contributions to the Plan during the fiscal year July 1, 2016 to April 1, 2017, after which the contribution rate declined to 10.68%.

	July 1, 2016 to April 1, 2017	April 1, 2017 to June 30, 2017
Regular matching and over-matching contributions	9.15%	9.34%
Special payments	3.44%	1.34%
Total	**12.59%**	**10.68%**

The graph to the right shows the total contributions made to the Plan from July 1, 2016 to June 30, 2017.

A number of Canadian defined benefit plans have had to deal with increasing costs. Some plans have increased contributions, addressed benefit design, or both. In 2012, Dalhousie employee contributions increased by 2%, with a corresponding salary increase of 2% to offset the contribution increase.

Pension contributions ($ millions) for the year ended June 30, 2017



Investments

FINANCIAL MARKETS JULY 1, 2016 TO JUNE 30, 2017

Public equities in Canada, U.S. and overseas markets saw a rebound from the prior year, all finishing with strong returns for the twelve-month period ending June 30, 2017. International equities were the strongest performing sector with the MSCI EAFE returning 22.11% in local currency, followed by US Equities with the S&P 500 returning 17.90% in USD. Over the one-year period the Canadian dollar strengthened relative to the USD and most international currencies causing these returns to be lower in Canadian dollar terms. Canadian bonds, as represented by FTSE Universe was flat returning 0% for the one-year period, and the consumer price index increased only slightly by 1.0%.

The following table provides major market returns for the one-year period ending June 30, 2017.

Market returns for the one-year period ending June, 30 2017

Canada (TSX)	U.S. (S&P 500) *CAD*	U.S. (S&P 500) *USD*	International *(EAFE - CAD)*	International *(EAFE - local)*	Canadian Bonds (FTSE Universe)	Canadian CPI
11.04%	17.54%	17.90%	19.91%	22.11%	0.0%	1.0%

ASSET MIX

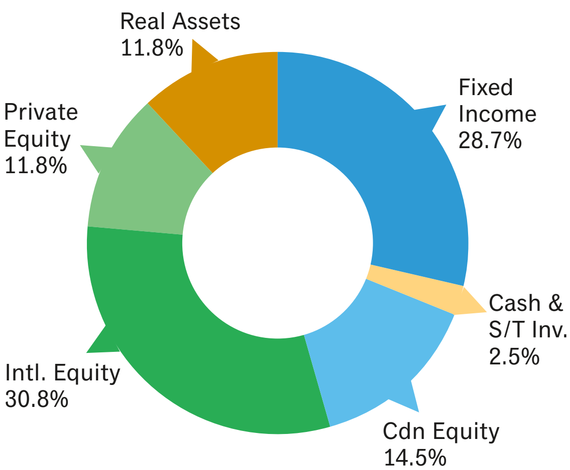
Without question, one of the most important parts of a successful investment strategy is the asset mix and the distribution of assets among multiple asset classes. In addition, multiple external investment managers are used within each asset class to provide additional diversification. As noted in the *Governance and administration* section of this report, reviewing the asset mix policies to ensure that they meet acceptable levels of risk and the Plan's objectives are the Trustees' responsibilities.

Given this strategic nature, the asset mixes are reviewed on an annual basis. In February 2015, the Trustees increased private equity and real estate by 2.5%. As previously reported for the RTF, the targeted allocation for public equities will remain at 40% but will be allowed to drift higher until private placement subscriptions in the real assets and private equity areas can be closed and capital called for those commitments.

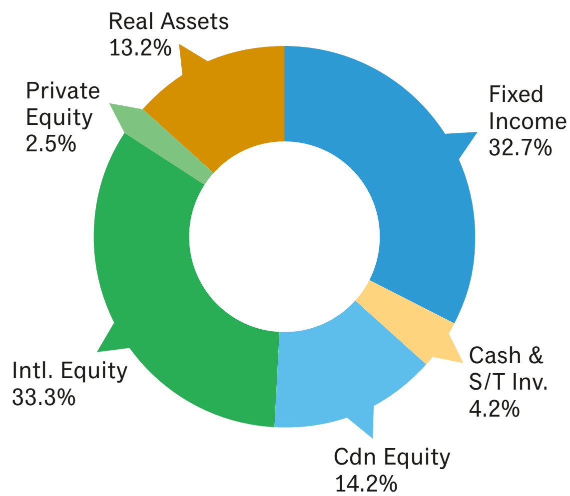
Investments

The following diagrams illustrate how the Plan's assets under the PTF and RTF were distributed as of June 30, 2017.

PTF asset mix (as of June 30, 2017)



RTF asset mix (as of June 30, 2017)



BREAKDOWN BY INVESTMENT TYPE

The tables below show how assets in the PTF and RTF were invested as of June 30, 2017 compared to the previous year.

Pension Trust Fund

Asset class	Market value ($ millions)	
	2017	2016
Equities		
Canadian Equities	$101.3	$95.6
U.S. Equities	$141.4	$119.8
Non-North American Equities	$100.8	$87.3
Alternatives		
Private Equity	$83.6	$78.0
Real Assets	$82.1	$78.6
Fixed income		
Canadian Bonds	$178.7	$182.1
Private Debt	$9.7	$8.8
Cash & equivalents	$20.8	$13.7
Total assets	$718.4	$663.9

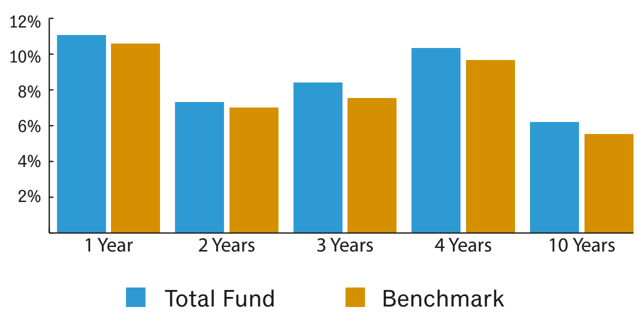
Retirees' Trust Fund

Asset class	Market value ($ millions)	
	2017	2016
Equities		
Canadian Equities	$84.5	$68.4
U.S. Equities	$111.0	$90.9
Non-North American Equities	$92.1	$72.2
Alternatives		
Private Equity	$16.0	$11.9
Real Assets	$74.4	$64.2
Fixed income		
Canadian Bonds & Mortgages	$145.2	$145.5
Private Debt	$13.5	$12.9
Cash & equivalents	$7.3	$18.1
Total assets	$544.0	$484.1

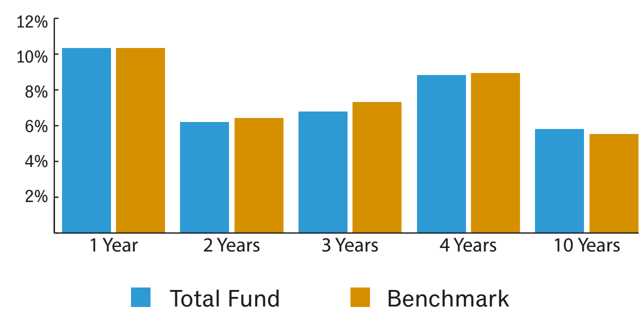
INVESTMENT PERFORMANCE

One measure of investment performance of the PTF and RTF is against a market index, also known as a policy benchmark. By comparing the investments to the benchmark, it can be determined how well the Funds are managed. The following graphs indicate that the annualized returns relative to the policy benchmark. The PTF has met or exceeded the benchmark for all periods, and the RTF, while in transition to greater private equity and real asset allocations, has lagged in the short term, but over the long term has exceeded. The PTF's return for the year that ended June 30, 2017 was 10.99%, while the RTF achieved a 10.23% return. Over 15 years the PTF has returned 7.54% compared to a benchmark return of 6.95%, while the RTF has returned 7.37% compared to its benchmark return of 6.88%.

Pension Trust Fund (as of June 30, 2017)



Retirees' Trust Fund (as of June 30, 2017)



The Trustees' primary focus is on the actuarial return targets for each Fund required to meet the benefit objectives. Dalhousie University's two pension funds have met and exceeded their respective return targets over the last 22 years since the plan last enjoyed a strong surplus position. The PTF annualized return net of expenses was 8.01% as compared to its actuarial target of 6.75%, while the RTF achieved 7.68% versus its actuarial target of 5.05%.

The Plan applies interest in determining a number of benefits and accumulations. When determining the interest to be credited on contributions made to the PTF, new Nova Scotia pension legislation requires the interest crediting rate for the PTF to be based on a 12-month averaging period. The interest crediting rate was amended mid-year going from the PTF's net return to the average yield of 5-year personal fixed term chartered bank deposit rates. For the transition year, the PTF rate effective October 1, 2016 is 1.22%. The RTF crediting rate continues to be based on a three-year annualized rate. The RTF rate effective January 1, 2018 is 6.328%.

For more information and to calculate your pension

If you have questions concerning the Dalhousie University Pension Plan, please contact Human Resources at 902.494.1782 or pensions@dal.ca.

You can also visit the Dalhousie University pension website at www.dal.ca/pension.

In addition, there is an online pension projection tool available to you to estimate your pension. You can find this tool on the Dalhousie University website at Dal Online – Web for Employees.

Appendix

Audited financial statements of DALHOUSIE UNIVERSITY STAFF PENSION PLAN

Year ended June 30, 2017

KPMG LLP
Suite 1500 Purdy's Wharf Tower 1
1959 Upper Water Street
Halifax NS B3J 3N2
Canada

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Telefax (902) 492-1307
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INDEPENDENT AUDITORS' REPORT

To the Dalhousie University Finance, Audit, Investment & Risk Committee

We have audited the accompanying financial statements of the Dalhousie University Staff Pension Plan, which comprise the statement of financial position as at June 30, 2017 and the statements of changes in net assets available for benefits, changes in pension obligation for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Dalhousie University Staff Pension Plan as at June 30, 2017 and the changes in its net assets available for benefits and the changes in pension obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
November 28, 2017
Halifax, Canada

DALHOUSIE UNIVERSITY STAFF PENSION PLAN

Statement of Financial Position

Year ended June 30, 2017, with comparative information for 2016
(In thousands of dollars)

	2017	2016
Assets:		
Investments (note 6)		
Canadian equities	$ **187,136**	$ 164,690
U.S. equities	**232,881**	193,899
Non-North American equities	**204,095**	171,759
Total equities	**624,112**	530,348
Private equity	**99,680**	89,941
Real assets	**155,280**	142,081
Total alternatives	**254,960**	232,022
Canadian bonds and long-term notes	**319,711**	321,895
Mortgages	**4,004**	5,659
Private debt	**23,256**	21,759
Cash and short-term investments	**28,911**	35,308
Total investment assets	**1,254,954**	1,146,991
Receivables:		
Currency hedge	**7,001**	820
University contributions	**2,398**	2,758
Accrued income receivable	**453**	362
Total receivables	**9,852**	3,940
Total assets	**1,264,806**	1,150,931
Less liabilities:		
Termination withdrawals payable	**425**	1,510
Benefits payable	**1,644**	1,561
Accrued expenses	**1,180**	812
Due to Dalhousie University	**98**	19
	3,347	3,902
Net assets available for benefits	$ **1,261,459**	$ 1,147,029
Pension obligation and deficit		
Pension obligation	$ **1,287,333**	$ 1,217,289
Deficit	**(25,874)**	(70,260)
Pension obligation and deficit	$ **1,261,459**	$ 1,147,029

See accompanying notes to financial statements.

On behalf of the Administrator:

DALHOUSIE UNIVERSITY STAFF PENSION PLAN

Statement of Changes In Net Assets Available for Benefits

Year ended June 30, 2017, with comparative information for 2016
(In thousands of dollars)

	2017	2016
Additions:		
Employees' contributions (note 4)	$ **20,300**	$ 19,904
Employer's contributions (note 4)	**29,236**	29,093
	49,536	48,997
Additions from investments:		
Current period change in fair value of investments	**93,879**	7,070
Income from investments (note 7)	**28,489**	27,049
	122,368	34,119
Total additions	**171,904**	83,116
Deductions:		
Pension benefits	**40,995**	37,055
Termination withdrawals	**8,851**	15,625
Death benefits	**1,002**	642
Administrative expenses (note 8)	**6,626**	6,253
	57,474	59,575
Increase in net assets for the year	**114,430**	23,541
Net assets available for benefits, beginning of year	**1,147,029**	1,123,488
Net assets available for benefits, end of year	$ **1,261,459**	$ 1,147,029

See accompanying notes to financial statements.

DALHOUSIE UNIVERSITY STAFF PENSION PLAN

Statement of Changes in Pension Obligation

Year ended June 30, 2017, with comparative information for 2016
(In thousands of dollars)

	2017	2016
Increase in pension obligation:		
Benefits accrued	**$ 41,470**	$ 41,147
Interest accrued on benefits	**66,055**	63,578
Plan Improvements and Indexation	**4,671**	10,408
Experience loss	**8,696**	-
	120,892	115,133
Decrease in pension obligation:		
Experience gain	**-**	7,665
Benefits paid	**50,848**	53,322
	50,848	60,987
Net increase in pension obligation	**70,044**	54,146
Pension obligation, beginning of year	**1,217,289**	1,163,143
Pension obligation, end of year	**$ 1,287,333**	$ 1,217,289

See accompanying notes to financial statements.

Year ended June 30, 2017
(In thousands of dollars)

1. Description of plan:

The Dalhousie University Staff Pension Plan (the "Plan") is a contributory defined benefit pension plan covering employees of Dalhousie University (the "University"). Under the Plan, contributions are made by the employees and the University. The Plan is registered under the Pension Benefits Act of Nova Scotia and is registered with the Canada Revenue Agency. Dalhousie University is the Administrator of the Plan. Assets of the Plan are held within two Funds, the Dalhousie Pension Trust Fund and the Dalhousie Retirees' Trust Fund. Contributions to the Plan are forwarded to the Dalhousie Pension Trust Fund and retirement benefit payments are funded by the Dalhousie Retirees' Trust Fund.

(a) Funding policy:

The University is required to meet the cost of all benefits not met by required contributions of members. The determination of the required contributions is made on the basis of an actuarial valuation.

(b) Current service pension:

The current service pension provides for a pension of 2% of the average best three years of pensionable salary received by the member multiplied by the number of years of participation in the plan up to a maximum of 35 years.

(c) Survivor's pension:

The normal form of pension payable to members with spouses includes a 66 2/3% survivor pension in respect of credited service up to June 30, 2004 with a minimum guarantee of 60 monthly payments. For credited service after June 30, 2004, the pension is paid for the member's life with a minimum guarantee of 84 monthly payments, which can be actuarially converted to provide for a survivor's pension.

(d) Death benefits before retirement:

A return is made of the greater of (a) the commuted value of the accrued post-1987 earned pension benefits plus the Member's pre-1988 contributions and interest or (b) the member's regular contributions plus interest, together with any vested entitlement in the University's matching contributions plus interest. For members with spouses, the minimum entitlement for benefits earned after 1987 is 100% of the commuted value of the benefits.

(e) Income taxes:

The Dalhousie University Staff Pension Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

(f) Membership eligibility:

All full-time employees and regular part-time employees who commenced employment at Dalhousie University up to June 30, 1996 were eligible to join the Plan upon completion of at least 75 days of employment with the University. After June 30, 1996 membership shall date from the first day of the first full month employed, provided that the employee is then eligible.

1. Description of plan (continued):

Statutory part-time employees may elect to join the Plan following completion of two consecutive calendar years of employment during which, in each of the calendar years, their earnings were at least 35% of the Canada Pension Plan year's maximum pensionable earnings ("YMPE"), or their hours worked were at least 700.

(g) Termination of membership:

On termination of employment, the member is entitled to receive either (a) a deferred pension, or (b) a termination transfer which shall be the greater of either commuted value, or the total of the member's contributions plus interest, together with any vested entitlement in the University's matching contributions plus interest, subject to minimum payout requirements of the member's contributions plus interest.

2. Basis of presentation:

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans in Part IV of the Canadian Institute of Chartered Professional Accountants ("CPA") Handbook. Section 4600 provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, the Plan must consistently comply with either International Financial Reporting Standards ("IFRS") in Part I of the CPA Canada Handbook or accounting standards for private enterprises ("ASPE") in Part II of the CPA Canada Handbook. The plan has elected to comply on a consistent basis with ASPE. To the extent that ASPE is inconsistent with Section 4600, Section 4600 takes precedence.

3. Summary of significant accounting policies:

Summary of significant accounting policies:

(a) The accompanying financial statements have been prepared on an accrual basis and present the financial position, changes in pension obligation, and changes in net assets available for benefits.

(b) Investments:

(i) Investment transactions:

Investment transactions are recorded on the trade date.

3. Summary of significant accounting policies (continued):

(ii) Index linked mortgages:

The interest rate is adjusted annually according to the change in the Consumer Price Index. In 2017, mortgage payments reduced the principal on a book value basis by $1,414 (2016 - $1,326). The cumulative decrease to date totals $17,747.

(iii) Income from investments:

Income from investments includes interest income and dividend income. Income from securities directly held is recorded on an accrual basis. For certain private investments, income is recorded when received. Income from other fund investments is recognized upon the receipt of those funds' statements in which income declarations have been made.

(iv) Current period change in fair value of investments:

Current period change in fair value of investments includes all net realized and unrealized capital gains.

Gains or losses on sale or maturity of investments, based on the difference between average cost and proceeds, net of any selling expenses, are recorded at the time of disposition of the investment.

(v) Foreign currency exchange contracts:

Future foreign currency exchange contracts are entered into to manage foreign currency exposures. These contracts are not designated and documented as hedging relationships in accordance with CPA Canada Handbook Section 3856: Financial Instruments, and, accordingly, are measured at fair value.

(vi) Alternative investments include private equity, real estate, and infrastructure investments.

(c) Financial assets and financial liabilities:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

Plan measures all of its investments at fair value through the statement of changes in net assets available for benefits.

All other non-derivative financial assets including contributions receivable are measured at amortized cost.

3. Summary of significant accounting policies (continued):

The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain or loss on sale of investments.

ii) Non-derivative financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Plan considers its accounts payable and accrued liabilities to be a non-derivative financial liability.

(iii) Derivative financial instruments:

Derivative financial instruments are recognized initially at fair value and attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets available for benefits when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(d) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

3. Summary of significant accounting policies (continued):

In determining fair value, the Plan adopted the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CPA Canada Handbook. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's-length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's-length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the current period change in fair value of investments.

3. Summary of significant accounting policies (continued):

Fair values of investments are determined as follows:

Any separately managed bonds and equities are valued at year-end quoted closing prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

Any interest bearing securities directly held are valued at the present value of estimated future cash flows discounted at interest rates in effect on the last business day of the year for investments of a similar type, quality and maturity.

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.

Real estate, resource properties and private capital investment values are determined using independent appraisals.

(e) Interfund accounts:

The interfund balances between the Plan's Funds and Dalhousie University attract or pay interest at prime less 2%.

(f) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of net assets available for benefits are translated into Canadian dollars at year-end rates of exchange. Gains and losses arising from translations are included in the current period change in fair value of investments.

Foreign currency denominated transactions are translated into Canadian dollars at the rates of exchange on the dates of the related transactions.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Actual results could differ from those estimates.

(In thousands of dollars)

4. Funding policy:

The Plan requires employees to contribute 4.65% of the first $5,000 of annual salary plus 6.15% of annual salary in excess of $5,000 to maximum pensionable earnings. The University has made annual contributions matching those required from employees. Employees made an additional 2% supplementary contribution of salary to maximum pensionable earnings.

The University is required to fund benefit costs not fully met by the employees' contributions and the University's matching contributions. Pursuant to the March 31, 2014 actuarial valuation, the University has been required to make additional overmatching and deficit reduction contributions of 3.10% and 3.44% of pensionable earnings respectively.

Under the terms of the Plan, employees may be able to make additional voluntary contributions to the Fund and to buy back eligible past service.

Contributions	**2017**	2016
Employee		
Regular	**$ 14,503**	$ 14,143
Supplemental	**4,692**	4,577
Pension buy-backs, reciprocals & additional voluntary	**1,105**	1,184
Total employee contributions	**$ 20,300**	$ 19,904
Employer		
Matching	**$ 14,529**	$ 14,195
Overmatching and deficit reduction	**$ 14,707**	14,898
Total employer contributions	**29,236**	29,093
Total contributions	**$ 49,536**	$ 48,997

The Nova Scotia Pension Benefits Act exempts Nova Scotia universities from solvency funding, thereby limiting funding to that determined by a going concern valuation.

5. Obligations for pension benefits:

An actuarial valuation as of March 31, 2017 was made by Eckler Ltd., a firm of consulting actuaries. The actuarial present value of accrued pension benefits was determined using the projected benefit method prorated on service and the Administrator's best estimate assumptions. The actuary extrapolated the results of the March 31, 2017 valuation to yield the June 30, 2017 results, while June 30, 2016 results were extrapolated from the March 31, 2014 valuation.

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation and extrapolation were:

(In thousands of dollars)

5. Obligations for pension benefits (continued):

	2017	2016
Asset rate of return	**5.42%**	5.45%
Salary escalation rate	**3.54%**	3.59%
Retirement age	**determined by age for each year between ages 55 -71**	
Cost Method	**Projected unit credit method**	
Mortality	**2014 Canadian Pension Mortality Table (Public Sector) Projected generationally with CPM improvement scale B**	

6. Investments:

Investments are presented by mandate, which may include cash, short-term investments, or other investments that are presented separately on the statement of net assets available for benefits.

	2017	2016
Canadian Equities Mandates:		
Burgundy Asset Management - Canadian equities	**$ 76,188**	$ 65,378
Burgundy Focus Canadian Equity Fund	**22,311**	22,740
Montrusco Bolton Equity Income Trust Fund	**41,393**	34,960
Fiera North American Market Neutral Fund	**45,718**	40,721
U.S. Equities Mandates:		
Ashford Capital Management - U.S. small cap equities	**66,331**	49,207
Wedge Capital Management - U.S. large cap equities	**97,670**	85,468
Wellington Management – US SMID cap equities	**27,990**	24,920
State Street S&P MidCap Index Fund	**60,334**	50,904
Non-North American Equities Mandates:		
First Eagle International Value Fund	**44,358**	38,658
Addenda EAFE Fund	**48,849**	38,888
Burgundy EAFE Fund	**49,222**	41,546
Fiera EAFE Fund	**50,535**	40,441
Private Capital Mandates:		
Commonfund Capital Partners L.P - fund of funds	**55,717**	49,128
JP Morgan Asset Management - fund of funds	**19,096**	18,566
Pantheon Europe Fund V ’A’ - fund of funds	**3,483**	4,315
F&C ECP II L.P.	**21,384**	17,932
Balance carry-forward	**730,579**	623,772

Year ended June 30, 2017
(In thousands of dollars)

6. Investments (continued):

	2017	2016
Balance carried forward	**730,579**	623,772
Real Estate and Infrastructure Mandates:		
CU Real Property (6) Limited Partnership - Canadian real estate	**17,669**	17,632
GPM Real Property (11) & (12) Ltd - Canadian real estate	**26,193**	26,011
CBRE Clarion Securities - global real estate	**53,690**	49,689
Lazard Global Listed Infrastructure (Canada) Fund	**37,831**	29,488
JP Morgan Global Maritime Investment Fund	**5,115**	4,527
JP Morgan Infrastructure Investments Fund	**15,805**	15,596
Fixed Income Mandates:		
CIBC Pooled Canadian Bond Index Fund	**100,160**	101,946
Addenda Capital Bond Fund	**68,923**	68,176
Canso Broad Corporate Fund	**61,605**	57,804
BlackRock CorePlus Universe Bond Fund	**88,997**	87,490
Canso Private Loan Fund	**21,428**	21,759
Brookfield	**1,828**	-
First National Financial - index linked mortgages	**4,004**	5,659
Other:		
RBC Investor Services - cash and notes	**30**	6,488
Bank of Nova Scotia - bank account	**21,097**	30,954
Total investments	**$ 1,254,954**	$ 1,146,991

7. Income from investments:

	2017	2016
Canadian equities	**$ 4,231**	$ 5,302
U.S. equities	**2,697**	2,454
Non-North American equities	**3,586**	5,823
Private capital	**(1,063)**	(1,188)
Real estate and infrastructure	**6,061**	4,991
Bonds	**12,816**	9,378
Short-term and cash	**161**	289
Total income from investments	**$ 28,489**	$ 27,049

(In thousands of dollars)

8. Administrative expenses:

	2017	2016
Investment management fees	$ 4,830	$ 4,399
Investment custodial, performance, consulting fees	565	569
Benefits administration	397	451
Benefits actuarial and consulting fees	551	581
Audit fees	34	32
General administration	249	221
Total administrative expenses	$ 6,626	$ 6,253

9. Financial instruments and investment risks:

Financial instruments are utilized to replicate certain market exposures or to assist in the management of investment risks. Investments are primarily exposed to foreign currency, interest rate, market and credit risks. The Funds have set formal policies and procedures that establish an asset mix among equity, fixed income and alternative investments, require diversification of investments within categories, and limit exposure to individual investments, counterparties and foreign currencies.

(a) Fair value of financial assets and financial liabilities:

The fair values of investments are as described in note 3(b). The fair values of other financial assets and liabilities, being cash and short-term investments, accrued income receivable, due from Dalhousie University, and liabilities approximate their carrying values due to the short-term nature of these instruments.

(b) Market risk:

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Funds' policies are to invest in a diversified portfolio of investments, based on criteria established in the Statements of Investment Policies and Guidelines, to mitigate the impact of market risk.

(c) Interest rate risk:

The Funds' fixed income investments are subject to the risk of rising interest rates. Should interest rates rise by 1.0%, it is estimated that the broad Canadian fixed income market could depreciate 8.7% in value. For the Funds, this could result in a loss of $30.2 million, or 2.4% of the total Funds. The Funds seek to manage this risk by diversifying their exposures to the Canadian fixed income market, by investing a portion in a pooled fund that utilizes broad holdings to replicate the overall Canadian fixed income market, a portion to a pooled fund strategy that changes the duration of the portfolio to position itself for anticipated interest rate movements, a fund that utilizes multiple strategies and markets to manage return, an allocation to Canadian corporate credit fixed income strategies that offer higher yield and that experience interest rate movements that differ from the broad market, and a final portion to floating rate debt.

9. Financial instruments and investment risks (continued):

(d) Credit risk:

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss. Credit risk is mitigated through the management of the assets within generally accepted parameters of safety and prudence, using a diversified investment program. Investments must adhere to specific limitations as outlined in the Funds' Statements of Investment Policies and Guidelines.

The Funds of the Plan engage in currency forward contracts to manage currency risk. The Funds will be subject to credit risk with respect to the counterparties with which they enter into these currency forward contracts. The Funds' managers seek to minimize this risk by using numerous counterparties, and with assessments and detailed on-going credit analysis of the counterparties.

(b) Other price risk:

Other price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. An adverse change of 1% would lead to an approximate $10.4 million decline in the overall value of the Funds. Since all other variables are held constant in assessing price risk sensitivity, it is possible to extrapolate a 1% absolute change in the fair value to any absolute percentage change in fair value.

(c) Liquidity Risk:

Liquidity risk refers to the risk that the Plan's associated funds do not have sufficient cash to meet their current payment liabilities, including benefit payments, and to acquire investments in a timely and cost-effective manner. The liquidity position of the Funds are monitored regularly with updated cash forecasts to ensure they have sufficient funds to fulfill their obligations.

(d) Derivative financial instruments:

Derivatives are financial contracts, the values of which are derived from the values of underlying assets, interest rates, or exchange rates. Foreign currency risk arises from the Funds' holdings of foreign currency-denominated investments. Foreign currency risk is controlled by the Funds' currency hedging policies. The Funds utilize derivative contracts directly for managing exposure to foreign currency volatility. Pooled funds or fund-of-funds that the Funds invest in may also use derivative contracts to replicate or to reduce the exposure to certain financial markets or specific securities. Derivative contracts, transacted either on a regulated exchange market or in the over-the-counter market directly between two counterparties, include:

(i) Future and forward contracts:

Future and forward contracts are contractual obligations either to buy or sell a specified amount of money market securities, bonds, equity indices, commodities or foreign currencies at predetermined future dates and prices. Future contracts are transacted in standardized amounts on regulated exchanges and are subject to daily cash margining. Forward contracts are customized contracts transacted in the over-the-counter market.

(In thousands of dollars)

9. Financial instruments and investment risks (continued):

(ii) Option contracts:

Option contracts are agreements in which the right, but not the obligation, is acquired by the option purchaser from the option writer either to buy or sell, on or before a specified date, a predetermined amount of a financial instrument at a stated price.

At June 30, the Funds directly had the following derivative contracts outstanding:

	Notional Amounts		Fair Values	
	2017	2016	**2017**	2016
Foreign exchange contracts:				
Forward contracts	**$ 212,054**	$ 164,821	**$ 7,001**	$ 820

These forward contracts have contractual maturities of less than one year.

The foreign currency exposure at June 30 is summarized as follows ($ Canadian):

	2017	2016
Through direct investment:		
United States	**$ 220,115**	$ 187,946
Non-North American	**23,624**	20,478
Through pooled funds:		
United States	**157,895**	138,721
Non-North American	**217,831**	181,780
Total	**$ 619,465**	$ 528,925

The Plan follows a foreign currency hedging strategy. The objective of the strategy is to provide partial protection of the base Canadian dollar value of the non-Canadian dollar denominated assets against a change in the value of the non-base currency. US dollar denominated publicly-traded securities are hedged within a range on 0% - 65% of their value, while the range for publicly-traded securities denominated in other foreign currencies is between 10% - 55% of their value. As at June 30, 2017, if the Funds were unhedged and the Canadian dollar appreciated by 10% against all other currencies, the stated value of the assets would decrease by $61.9 million (June 30, 2016 - $52.5 million).

9. Financial instruments and investment risks (continued):

(e) Fair values:

Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on the transparency of inputs to the valuation of an asset or liability as of the financial statement date. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose values are determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes mutual and pooled funds, hedge funds, Government of Canada, provincial and other government bonds, Canadian corporate bonds, and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

Securities with no readily available market are generally valued according to the market approach, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations and/or the income approach.

(In thousands of dollars)

9. Financial instruments and investment risks (continued):

The following is a summary of the inputs used as of June 30 in valuing the financial assets carried at fair value:

Financial Assets	**2017**	2016
Level 1		
Equity securities - Canadian	**$ 78,835**	$ 66,415
Equity securities - non-Canadian	**243,034**	208,247
Cash in bank	**21,097**	30,954
Level 2		
Pooled funds - Canadian equities	**109,422**	98,421
Pooled funds - non-Canadian equities	**291,129**	239,925
Pooled funds - fixed income	**323,689**	321,075
Short-term and other	**30**	6,488
Level 3		
Private equity	**99,680**	89,941
Private real assets	**64,782**	63,766
Private debt	**23,256**	21,759
	$ 1,254,954	$ 1,146,991

The following table summarizes the changes in the fair value of the Plan's financial instruments classified as Level 3 investments:

Level 3 Financial Assets	Private Equity	Private Real Assets	Private Debt	**Total**
Fair Value, July 1, 2016	$ 89,941	$ 63,766	$ 21,759	**$ 175,466**
Net realized & unrealized gains	6,839	(147)	548	**7,240**
Purchases, net of redemptions	2,900	1,163	949	**5,012**
Fair Value, June 30, 2017	**99,680**	**64,782**	**23,256**	**187,718**
Fair Value, July 1, 2015	$ 73,604	$ 61,596	$ 21,429	$ 156,629
Net realized & unrealized gains	20,413	2,119	(503)	22,029
Purchases, net of redemptions	(4,076)	51	833	(3,192)
Fair Value, June 30, 2016	89,941	63,766	21,759	175,466

(In thousands of dollars)

9. Financial instruments and investment risks (continued):

Fair values of the level 3 financial assets represent valuations of the Plan's Funds' unit holdings in partnerships, and are provided by the general partners of the funds in which the Plan's Funds participate. Underlying private equity valuations can be based on a combination of factors such as comparable public market valuations, comparable private market transaction multiples, and discounted future expected income and cash flows. Private real asset valuations are provided annually by independent appraisals that focus on comparable properties, current leases, market capitalization rates, and market activity. Private debt loans have been acquired at discounted prices and are primarily carried at cost.

10. Capital risk management:

The capital of the Plan is represented by the net assets available for benefits. The main objective is to sustain a certain level of net assets in order to meet the pension obligations of the Plan. The Plan fulfils its primary objective by adhering to the Statement of Investment Policies and Guidelines (the "SIP&G") of the Pension Trust Fund and the Retirees' Trust Fund, which are reviewed annually by the respective trustees.

The investments of the Trust Funds were allocated within the allowed asset category ranges, as of the date of the Plan's financial statements. The following table presents the consolidated asset allocation of the two trust funds for each asset category and total investments, along with appropriate benchmarks:

		Asset allocation (%)	
Asset categories	Benchmark	**2017**	2016
Canadian equities	S&P TSX Composite	**14.9**	14.4
U.S. equities	S&P 500	**18.6**	16.9
Non-north American equities	MSCI EAFE	**16.3**	15.0
Private equity	S&P 500 + 4%	**7.9**	7.8
Real assets	T-Bills + 6%	**12.4**	12.4
Fixed income	FTSE TMX Universe	**27.6**	30.4
Cash and cash equivalents		**2.3**	3.1
Total investments		**100.0**	100.0

The Plan's investments are within the asset allocation target ranges as at June 30, 2017.

The Plan's investment positions expose it to a variety of financial risks which are discussed in note 9. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employee and employer contributions) in accordance with the approved SIP&G. The allocations of trust assets among various asset categories are monitored by the Plan administrator on a monthly basis. A comprehensive review is conducted quarterly, which includes measurement of returns, comparison of returns to appropriate benchmarks and risk analysis.

10. Capital risk management (continued):

Increases in net assets available for benefits are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and by the University. The employer is required under the Pension Benefits Act (Nova Scotia) to pay contributions, based on actuarial valuations, necessary to ensure the benefits are funded. More details on employee and employer contributions that were paid during the year is disclosed in note 4. There were no contributions past due as at June 30, 2017.

The main use of net assets is for benefit payments to eligible Plan members. The Plan is required to file Plan financial statements with Nova Scotia Superintendent of Pensions. There is no change in the way capital is managed this year.

11. Commitments:

Certain of the alternative investments contain contractual capital commitments. At June 30, 2017, the Funds had outstanding future commitments of $0.4 million (2016 - $0.4 million) in Canadian real estate; US $24.1 million (2016 – US $24.1 million) and €14.8 million (2016 - €10.4 million) in private equity investments; US $0.0 million (2016 – US $0.8 million) in private infrastructure; and US $17.0 million (2016 – US $0.0 million) in private debt.

12. Related party transactions:

During the year, Dalhousie University provided investment administration, benefit administration, payroll, and accounting services. These recoverable service costs for 2017 were $757 (2016 - $762). The transactions were in the normal course of operations and were measured at the exchange amount.

13. Comparative information:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.