June 30, 2023

DALHOUSIE UNIVERSITY

PENSION PLAN

ANNUAL REPORT

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Introduction

The 2023 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 January 31, 2023 and extrapolated to June 30, 2023. The Report also provides information on the investment fund performance of the plan assets.

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 periodic valuations to assess the Plan's current funded status. Nova Scotia's new pension regulations has reduced the frequency of annual valuations to every 3 years. The University works with our Plan members, trustees, and employee groups to ensure the Plan is viable.

The latest actuarial valuation of the Plan (as of January 31, 2023) identified a $23.4 million surplus. Contributions, and plan returns exceeding the actuarial targets since the last valuation as of January 31, 2020, net of cost of indexing and pension mortality experience resulted in a net increase of $72.5 million and moving from a going concern deficit to a going concern surplus. Details of the financial status of the Plan and the most recent valuation results (as of January 31, 2023) are included in this report (pages 6-8).

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

Gitta Kulczycki
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.

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 9.92% of pensionable earnings to January 31, 2023, which is funded primarily by the operating budget. This decreased to 7.92% of pensionable earnings required by the January 31, 2023 actuarial valuation for the following months to June 30, 2023. 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 economic conditions.

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 $175,333 in 2023) x years of service in the Plan (maximum of 35 years) X 2%

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) equals a funded percentage.

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 – 2022/2023

The PAC met four times between July 1, 2022 and June 30, 2023 to report on and discuss a number of pension topics. Some of the topics addressed include:

- Updates on Plan assets and liabilities, including reports on asset and liability growth throughout the year.
- Review of the assumptions used for the January 31, 2023, actuarial valuation, including updates to several of the assumptions to reflect Dalhousie experience.
- Continuous discussion regarding the timing and purpose of the next pension valuation due as of January 31, 2023, and identifying issues and benefits in respect of choosing a different or earlier date. The timing of the valuation did not change.
- Discussion regarding initiating a governance review for PAC with a viewt o updating and formalizing the terms of reference for the Pension Advisory Committee.
- During the year, the PAC sub-committee work regarding the integration of the Dalhousie pension plan with the CPP enhanced benefits was deferred while a grievance related to the matter was addressed.

PAC Members – 2022/2023	
Members	**Observers/Alternates**
• Level Chan (Board) • Choi Chua (NSGEU 77) • Steven Critch (NSGEU 99) • Chris Hattie (Board, Vice-Chair) • Robert Jack (Board) • Gitta Kulczycki (Board) • Ken MacDermid (Board) • Chris Minard (NSGEU 77) • Jonathan Shapiro (DFA, Chair) • David Westwood (DFA)	• Randy Barkhouse (ADRP – Observer) • Corrine Carey (NSGEU – Observer) • Laurie Creelman (Secretary) • Nancy-Beth Foran (Board, Alternate) • Jody Pace (NSGEU 77, Alternate) • Kurt Sampson (DPMG – Non-Voting) • Drew Tavener (NSGEU 99, Alternate) • Joanne Tortola (DPMG – Non-voting, Alternate) • Faye Woodman (ADRP – Observer, Alternate)

PTF/RTF TRUSTEE ACTIVITIES – 2022/2023

The PTF and RTF Trustees met five times from July 1, 2022 to June 30, 2023 to:

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

PTF/RTF Trustees – 2022/2023
• Paul Beesley (Chair) • Andrew Cochrane (RTF only) • Level Chan • Paul Conrod • Cheryl Earle • Greg Hebb • Gitta Kulczyski • Aubrey Palmeter • Jonathan Shapiro

Actuarial status of the Plan

The actuarial valuation as of January 31, 2023 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 the Plan is on track to having sufficient funds to pay out all the benefits to members. Since no one can precisely predict all the factors that will affect the Plan, reliance on best estimates from the valuation are used 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 January 31, 2023 showed that the Plan had a surplus on both a short-term and a long-term basis.

The following table shows the results of the January 31, 2023 valuation.

	Pension Trust Fund ($ thousands)		Retirees' Trust Fund ($ thousands)		Total Plan ($ thousands)	
	Going-concern (long-term)	Solvency (short-term)	Going-concern (long-term)	Solvency (short-term)	Going-concern (long-term)	Solvency (short-term)
Value of assets	840,539	839,339	904,197	904,197	1,744,736	1,743,536
Liabilities	808,165	827,925	803,595	819,796	1,611,760	1,647,721
Pfad	54,931	-	54,644		109,575	
Total Liabilities	863,096	827,925	858,239	819,796	1,721,335	1,647,721
Liabilities at 85%[1]		703,736		696,827		1,400,563
Deficit	(22,557)	135,603	45,958	207,370	23,401	342,973
Funded status	97.4%	119.3%	105.4%	129.8%	96.8%	124.5%

1 *Under section 9 of the regulations of the Nova Scotia Pension Benefits Act, the applicable percentage of solvency liabilities to be included for purposes of measuring a solvency deficiency is 85% at January 31, 2023.*

The funded status tells us if the Plan has enough assets to cover all its liabilities. New funding rules came into effect for valuations with effective dates on or after December 31, 2019. The new regulations require the going concern valuation to reflect an explicit provision for adverse deviations ("Pfad") which is to be applied to the going concern liabilities. A Pfad of 6.8% was determined for the January 31, 2023 valuation.

An extrapolation, not a full valuation, of the liabilities associated with the pensioners' going concern liabilities to June 30, 2023 was completed by the actuary and showed a deficit of $27.7 million, a change of $51.1 million. A large part of this change is because of the cost of pension indexing that will be granted at January 2024, as discussed below.

The Plan's next valuation will be completed as of January 31, 2026.

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 in any year is not automatic; 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 Plan's indexation is based on an excess return formula. Should the RTF's 3-year net annualized return exceed the prescribed hurdle rate of 5.05%, the excess can be used to provide indexation up to a maximum of CPI. Catch up on indexation that may have been missed in previous years may be granted at the discretion of the RTF Trustees at times when the RTF is in a surplus position. Continued market volatility and increasing life expectancies of Plan members are major factors that the RTF Trustees carefully consider when they deliberate on the use of any surplus for catch up on past missed indexation.

The RTF's 3-year return net of expenses at June 30, 2023 was 8.3812% exceeding the 5.05% hurdle. There was no accumulated shortfall that needed to be recovered. CPI for the year ended June 30, 2023 was 2.8123%. As the lesser of excess interest and actual CPI is granted, a pension increase of 2.8123% will be provided to those pensioners who are eligible for indexation January 1, 2024, full CPI.

The Plan gives the RTF Trustees the discretion to use up to one-half of any surplus that an actuarial valuation may have identified in the Fund for catch-up indexation. The actuarial valuation at January 31, 2023 identified an RTF surplus of $45.9 million. The RTF trustees met in October 2023 to discuss how much, if any, catch-up indexation would be granted. It was decided and agreed to use half of the permitted surplus, approximately $11.48 million to award catch up on missed indexation over the 2013-2015 period on a go-forward basis to eligible pensioners. This was effective October 2023 and will be processed January 2024.

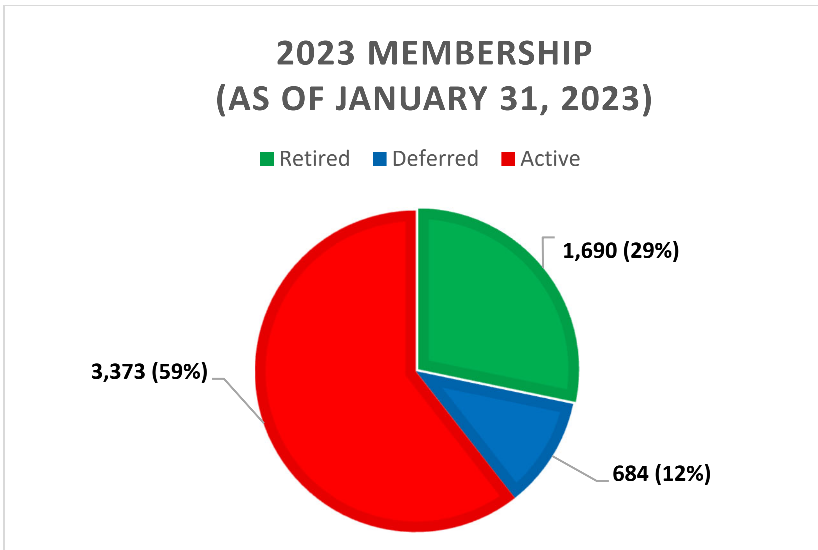
Plan membership and funding

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 have departed Dalhousie University and who have decided to delay collecting pension benefits until a later date.
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 January 31, 2023.



Active membership details

	As at January 31, 2023	As at January 31, 2020
Average age	47.6	48.3
Average credited service	10.5	11.4
Average pensionable salary	$96,157	$87,375
Average accumulated contributions	$66,106	$75,044

Retired membership details

	As at January 31, 2023	As at January 31, 2020
Average age	73.1	72.7
Average annual lifetime pension	$39,796	$38,634

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:

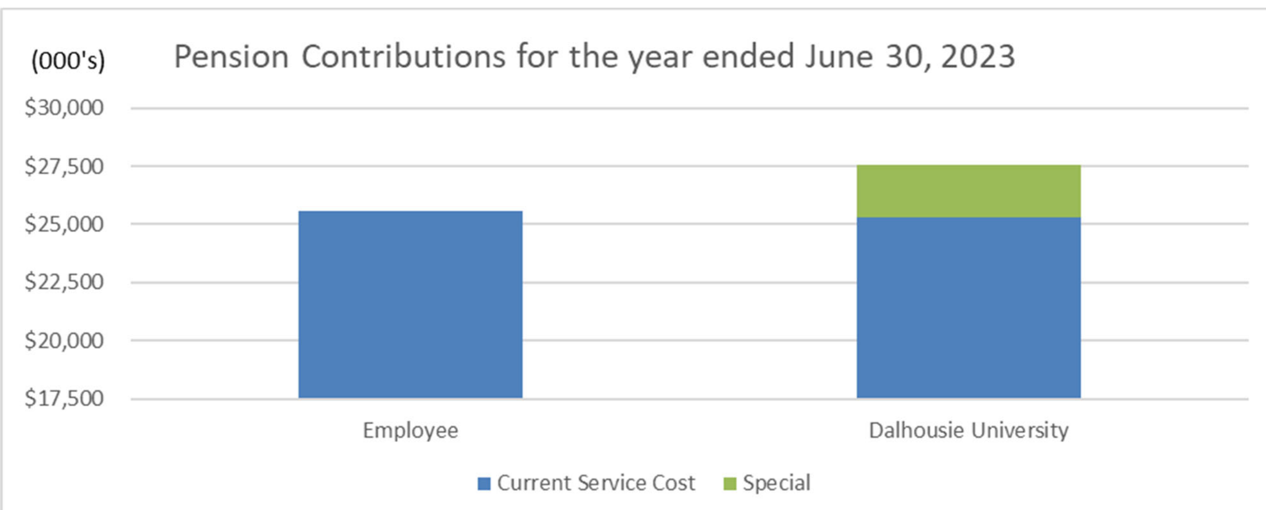
1. Regular contributions towards the cost of the benefits that active members accrue in each year, and
2. Special payments to fund the deficit in the Plan.

The most recent actuarial valuation showed a plan surplus and therefore special payments are not currently required.

The following table shows Dalhousie University's contributions to the Plan as of June 30, 2023.

	July 1, 2022 to January 31, 2023	**Feb 1, 2023 to June 30, 2023**
Regular matching and over-matching contributions	9.15%	7.92%
Special payments	0.77%	0.00%
Total	**9.92%**	**7.92%**

The graph below shows the total contributions made to the Plan from July 1, 2022 to June 30, 2023.



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.

Investments

FINANCIAL MARKETS JULY 1, 2022 TO JUNE 30, 2023

Public equities in Canada, U.S. and overseas were positive for the twelve-month period ending June 30, 2022, with returns ranging from 10.42% to 19.60%. The second half of 2022 saw global markets rally, helping to reverse losses in the first half of the year, and continued through the first half of 2023. By June 2023, the Bank of Canada had paused the interest rate hikes, before resuming late in June 2023 as inflation remained stubbornly high. The US equity market, as represented by the S&P 500 returned 19.60% (in USD), while international equities returned 17.49% (in local terms). The US returns and the international returns increased to 22.68% and 21.83% respectively for the Canadian investor, as the Canadian dollar weakened against the US and other currencies during this period. The Canadian bond market yielded a 3.14% return as yields fell during the period, and credit spreads tightened due the the tightening of monetary policy. Inflation, as measured by the consumer price index, increased by 2.81%.

The following table provides major market returns for the one-year period ending June 30, 2023.

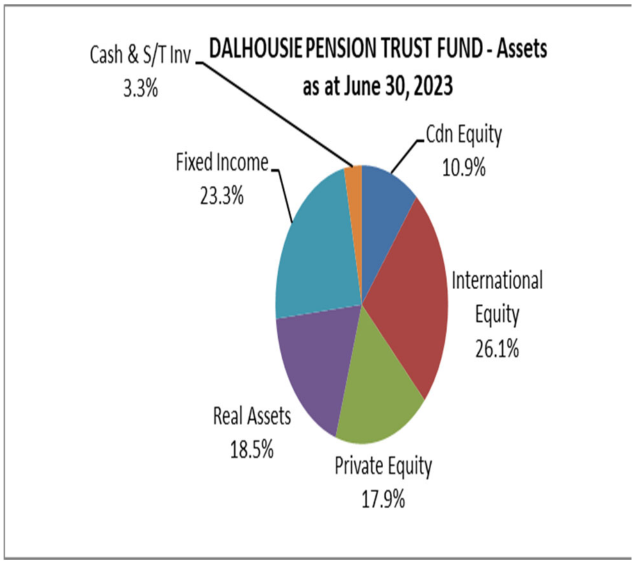
Market returns for the one-year period ending June 30, 2023

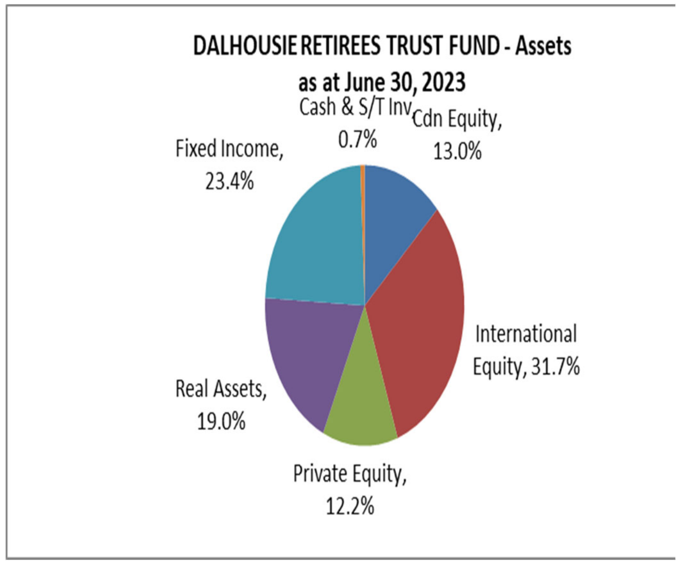
Canada (TSX)	U.S. (S&P 500) *CAD*	U.S. (S&P 500) *USD*	International (EAFE– *CAD*)	International (EAFE– *local*)	Canadian Bonds (FTSE Universe)	Canadian CPI
10.42%	22.68%	19.60%	21.83%	17.49%	3.14%	2.81%

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 the Plan's objectives with acceptable levels of risk is the Trustees' responsibilities. Given this strategic nature, the asset mixes are reviewed on an annual basis. An asset/liability study was completed in 2021 and concluded with some minor changes to the asset mix which were approved by the Trustees at the June 2021 Investment Committee meeting. The revised asset mix has a decrease in public equities to 32.5%, a slight increase in alternatives to 32.5% and an increase in fixed income to 35%. It will take some time to implement the new asset mix and public equities will be allowed to drift higher until private placement equity subscriptions in alternatives and private debt can be closed and capital called for those commitments.

The following diagrams illustrate how the Plan's assets under the PTF and RTF were distributed as of June 30, 2023.





BREAKDOWN BY INVESTMENT TYPE

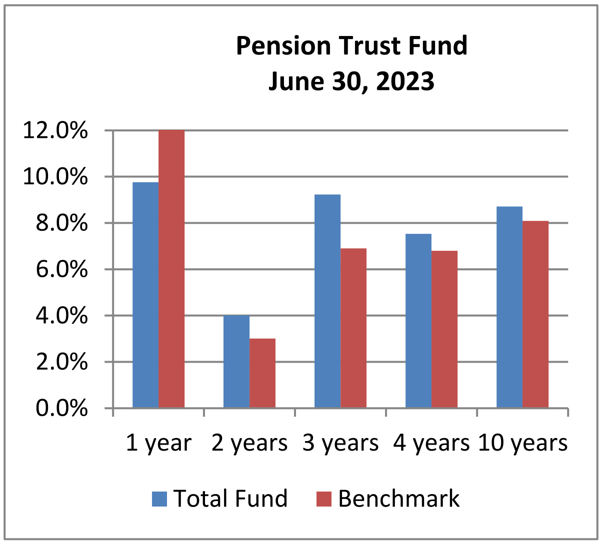
The tables below show how assets in the PTF and RTF were invested as of June 30, 2023 compared to the previous year.

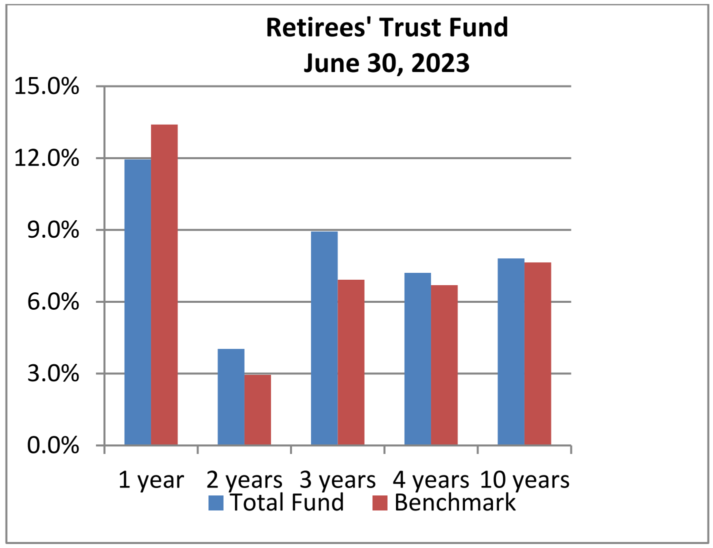
Pension Trust Fund		
	Market Value *($millions)* June 30	
Asset Class	2023	2022
Equities		
Canadian Equities	$ 94.8	$ 101.6
U.S. Equities	102.1	109.8
Non-North American Equities	124.7	99.3
Alternatives		
Private Equity	155.3	155.0
Real Assets	160.4	140.4
Fixed Income		
Canadian bonds	175.7	168.6
Private Debt	26.6	25.4
Cash & equivalents	28.9	21.9
Total Assets	$ 868.5	$ 822.1

Retirees' Trust Fund		
	Market Value *($millions)* June 30	
Asset Class	2023	2022
Equities		
Canadian Equities	$116.1	$111.0
U.S. Equities	149.3	140.8
Non-North American Equities	133.8	106.4
Alternatives		
Private Equity	109.2	96.4
Real Assets	170.1	151.6
Fixed Income		
Canadian bonds & mortgages	184.7	158.1
Private Debt	24.9	24.1
Cash & equivalents	6.2	6.7
Total Assets	$894.3	$795.1

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 compare the annualized returns relative to the policy benchmark. The PTF and RTF have exceeded the benchmark in all periods presented in the tables below. The PTF's return for the year that ended June 30, 2023 was 9.76% while the RTF achieved a 11.94% return, the difference resulting from the slight differences in asset mixes between the two funds. Over 15 years the PTF has returned 7.51% compared to a benchmark return of 6.66%, while the RTF has returned 6.94% compared to its benchmark return of 6.46%.





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 28 years since the plan last enjoyed a strong surplus position. The PTF annualized return net of expenses was 7.83% as compared to its actuarial target of 6.59%, while the RTF achieved 7.04% versus its hurdle target of 5.05%. However, contribution holidays and benefit enhancements from the 1996 Pension Surplus Use Agreement as well as increases in mortality assumptions have left the Plan in a deficit position until the most recent actuarial valuation.

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, Nova Scotia pension legislation requires the interest crediting rate for the PTF to be based on a 12-month averaging period. The PTF crediting rate is 1.15 % as of June 30, 2023. The RTF crediting rate continues to be based on a three-year annualized rate. The RTF rate effective January 1, 2023 is 5.1286%.

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, 2023

Financial Statements of

DALHOUSIE UNIVERSITY STAFF PENSION PLAN

Year ended June 30, 2023

KPMG LLP
Purdy's Wharf Tower One
1959 Upper Water Street, Suite 1000
Halifax, NS B3J 3N2
Canada
Telephone 902 492 6000
Fax 902 429 1307

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Dalhousie University Staff Pension Plan (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2023;
- the statement of changes net assets available for benefits for the year then ended;
- the statement of changes in pension obligation for the year then ended;
- and notes, comprising a summary of significant accounting policies and other explanatory information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2023, and the changes in net assets available for benefits and changes in pension obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity‘s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Halifax, Canada

November 14, 2023

DALHOUSIE UNIVERSITY STAFF PENSION PLAN

Statement of Financial Position

Year ended June 30, 2023, with comparative information for 2022
(In thousands of dollars)

	2023	2022
Assets:		
Investments (note 6)		
Canadian equities	$ **208,358**	$ 213,184
U.S. equities	**243,746**	243,527
Non-North American equities	**260,520**	208,436
Total equities	**712,624**	665,147
Private equity	**264,459**	251,365
Real assets	**329,096**	291,308
Total alternatives	**593,555**	542,673
Bonds and long-term notes	**360,428**	326,606
Mortgages	**–**	119
Private debt	**51,545**	49,513
Cash and short-term investments	**43,924**	32,564
Total investment assets	**1,762,076**	1,616,622
Receivables:		
University contributions	**2,625**	2,371
Accrued income receivable	**649**	521
Total receivables	**3,274**	2,892
Total assets	**1,765,350**	1,619,514
Less liabilities:		
Termination withdrawals payable	**196**	336
Benefits payable	**4,061**	2,848
Accrued expenses	**1,369**	1,074
Due to Dalhousie University	**2,772**	192
Total liabilities	**8,398**	4,450
Net assets available for benefits	**$ 1,756,952**	$ 1,615,064
Pension obligation and Surplus/(deficit)		
Pension obligation	**$ 1,784,619**	$ 1,727,812
Deficit	**(27,667)**	(112,748)
Pension obligation and deficit	**$ 1,756,952**	$ 1,615,064

See accompanying notes to financial statements.

On behalf of the Administrator:

Cassandra Dorrington

DALHOUSIE UNIVERSITY STAFF PENSION PLAN

Statement of Changes In Net Assets Available for Benefits

Year ended June 30, 2023, with comparative information for 2022
(In thousands of dollars)

	2023	2022
Additions:		
Employees’ contributions (note 4)	**$ 25,587**	$ 24,556
Employer’s contributions (note 4)	**27,559**	27,286
	53,146	51,842
Additions from investments:		
Current period change in fair value of investments	**134,558**	–
Income from investments (note 7)	**40,170**	42,964
	174,728	42,964
Total additions	**227,874**	94,806
Deductions:		
Current period change in fair value of investments	–	81,021
Pension benefits	**67,068**	63,517
Termination withdrawals	**6,309**	9,368
Death benefits	**4,092**	2,260
Administrative expenses (note 8)	**8,517**	9,220
	85,986	165,386
Increase / (decrease) in net assets for the year	**141,888**	(70,580)
Net assets available for benefits, beginning of year	**1,615,064**	1,685,644
Net assets available for benefits, end of year	**$ 1,756,952**	$ 1,615,064

See accompanying notes to financial statements.

DALHOUSIE UNIVERSITY STAFF PENSION PLAN

Statement of Changes in Pension Obligation

Year ended June 30, 2023, with comparative information for 2022
(In thousands of dollars)

	2023	2021
Increase in pension obligation:		
Benefits accrued	**$ 52,368**	$ 49,303
Interest accrued on benefits	**90,668**	87,098
Indexation	**31,682**	524
Experience loss	**-**	3,593
Provision for adverse deviations (note 5)	**-**	4,912
	174,718	145,430
Decrease in pension obligation:		
Provision for adverse deviations (note 5)	**9,901**	-
Experience gain	**28,619**	-
Benefits paid	**77,469**	75,145
Change in assumptions (note 5)	**1,922**	1,574
	117,911	76,719
Net increase in pension obligation	**56,807**	68,711
Pension obligation, beginning of year	**1,727,812**	1,659,101
Pension obligation, end of year	**$ 1,784,619**	$ 1,727,812

See accompanying notes to financial statements.

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"), terms of which are provided in the Plan text as restated July 1, 1997 plus amendments to January 2018. 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.

(h) Indexation:

Indexation is provided to eligible retirees. The rate of indexation for eligible retirees is determined by the calculation and comparison of two rates. The plan stipulates that the investment yield on the Retirees' Trust Fund in excess of the post-retirement interest assumption with holdback, the warranted indexation, will be used to fund the indexing of pensions up to the year over year change in CPI, the maximum permitted indexation. The lesser of warranted indexation and permitted indexation will be granted as indexation, where there is no cumulative shortfall balance. If warranted indexation is less than permitted indexation and is in fact negative, eligible pensions are not eligible for indexation at that time. Any shortfall must be recovered before pensions qualify for indexation in future years.

2. **Basis of presentation:**

These financial statements have been presented in Canadian dollars, which is the Plan's functional currency, and 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) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for investments and derivatives which are measured at fair value through the statement of changes in net assets available for benefits and the pension obligation is measured at fair value through the statement of changes in pension obligation.

3. Summary of significant accounting policies (continued):

(b) Investments:

(i) Investment transactions:

Investment transactions are recorded on the trade date. Brokers' commissions and other transaction costs are recorded in the statement of changes in net assets available for benefits when incurred.

(ii) Index linked mortgages:

The interest rate is adjusted annually according to the change in the Consumer Price Index. In 2023, all index linked mortgage payments matured and mortgage payments reduced the principal on a book value basis by $94 (2022 - $371). The cumulative decrease to date totals $21,444 (2022 - $21,350).

(iii) Income from investments:

Income from investments includes interest income and dividend income. Income from securities directly held is recorded on an accrual basis. 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) Alternative investments:

Alternative investment, which are classified as level 3 investments in the fair value hierarchy (see note 9) include private equity, private debt, 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.

The 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.

3. Summary of significant accounting policies (continued):

(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.

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 primarily from Level 3 investments and from the extrapolation of pension obligations from the last actuarial valuation.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

(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 January 31, 2020 actuarial valuation, the University made overmatching contributions of 2.59% of pensionable earnings (2022 – 3.09%) and was required to make deficit reduction contributions of $2.2M this fiscal year (2022 - $1.1 million).

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	**2023**	2022
Employee		
Regular	**$ 18,180**	$ 17,358
Supplemental	**5,898**	5,573
Pension buy-backs, reciprocals & additional voluntary	**1,509**	1,625
Total employee contributions	**$ 25,587**	$ 24,556
Employer		
Matching	**$ 18,489**	$ 17,100
Overmatching and deficit reduction	**9,070**	10,186
Total employer contributions	**27,559**	27,286
Total contributions	**$ 53,146**	$ 51,842

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 January 31, 2023 was made by Eckler Ltd., a firm of consulting actuaries. Liabilities of this valuation have been presented by following the funding rules of the Nova Scotia Pensions Benefits Act. Under these funding rules, assets must exceed liabilities to create a provision for adverse deviation ("PfAD"). With this PfAD in place, the amount of conservatism in the discount rate has been reduced. 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 actuarial valuation calculates liabilities for each member on the basis of service earned to date and the employee's projected three-year highest average salary at the expected date of retirement, or in the case of pensioners and survivors, on the basis of the amount of pension being paid to them. The projected unit credit method was adopted for the actuarial valuation to determine the current service cost and actuarial liability. The actuary extrapolated the results of the January 31, 2023 valuation to yield the June 30, 2023 results.

(In thousands of dollars)

5. Obligations for pension benefits (continued):

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:

	2023	2022
Asset rate of return	**5.83%**	5.71%
Salary escalation rate	**3.75**	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 with post retirement adjustment factors of 97% for female and 87.6% for males**	

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 Financial Position.

	2023	2022
Canadian Equities Mandates:		
Burgundy Asset Management - Canadian equities	**$ 87,589**	$ 89,072
Burgundy Focus Canadian Equity Fund	**15,392**	19,666
Montrusco Bolton Equity Income Trust Fund	**49,062**	48,745
Fiera Canadian Equity Fund	**58,666**	54,843
U.S. Equities Mandates:		
Ashford Capital Management - U.S. small cap equities	**57,155**	57,645
Fiera US Equity - U.S. large cap equities	**108,065**	103,553
Wellington Management – US SMID cap equities	**35,581**	31,076
State Street S&P MidCap Index Fund	**50,552**	58,256
Non-North American Equities Mandates:		
Addenda EAFE Fund	**78,483**	63,450
Burgundy EAFE Fund	**79,339**	63,802
Fiera EAFE Fund	**100,662**	78,519
Private Capital Mandates:		
Commonfund Capital Partners L.P - fund of funds	**180,067**	173,047
JP Morgan Asset Management - fund of funds	**51,981**	43,795
Pantheon Europe Fund V ’A’ - fund of funds	**838**	974
BMO GAM, F&C – fund of funds	**31,573**	33,549
Balance carry-forward	**985,005**	919,992

(In thousands of dollars)

6. Investments (continued):

	2023	2022
Balance carried forward	985,005	919,992
Real Estate and Infrastructure Mandates:		
CU Real Property (6) Limited Partnership	–	112
Fiera Real Estate (11) (12) and Industrial Fund	**49,448**	47,493
CBRE Clarion Securities - global real estate	**79,592**	77,581
Lazard Global Listed Infrastructure (Canada) Fund	**70,257**	65,546
JP Morgan Global Maritime Investment Fund	**2,985**	8,063
JP Morgan Infrastructure Investments Fund	**24,571**	22,417
Crestpoint Real Estate	**29,297**	27,548
Brookfield SREP III	**17,378**	14,543
Macquire	**29,949**	20,727
Commonfund Capital Partners L.P - fund of funds	**16,276**	5,653
BentallGreenOak	**9,642**	2,080
Connor Clark Lunn CCL-IIF	**694**	–
Fixed Income Mandates:		
CIBC Pooled Canadian Bond Index Fund	**113,183**	90,213
Addenda Capital Bond Fund	**69,094**	65,503
Canso Broad Corporate Fund	**82,109**	77,985
BlackRock CorePlus Universe Bond Fund	**96,042**	92,905
Canso Private Loan Fund	**6,907**	9,667
Brookfield BREF V	**8,158**	9,248
Crestline Specialty Lending	**36,480**	30,598
First National Financial - index linked mortgages	–	119
Other:		
RBC Investor Services - cash and notes	**34**	24
Bank of Nova Scotia - bank account	**34,975**	28,605
Total investments	**$ 1,762,076**	$ 1,616,622

7. Income from investments:

	2023	2022
Canadian equities	**$ 7,012**	$ 7,356
U.S. equities	**2,288**	2,588
Non-North American equities	**5,225**	5,475
Private equity	**(2,412)**	(1,031)
Real assets	**9,940**	9,784
Bonds and long-term notes	**16,936**	18,700
Cash and short-term investments	**1,181**	92
Total income from investments	**$ 40,170**	$ 42,964

(In thousands of dollars)

8. Administrative expenses:

	2023	2022
Investment management fees	**$ 6,804**	$ 7,517
Investment custodial, performance, consulting fees	**364**	366
Benefits administration	**491**	514
Benefits actuarial and consulting fees	**732**	761
Audit fees	**59**	57
General administration	**67**	5
Total administrative expenses	**$ 8,517**	$ 9,220

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(d). The fair values of other financial assets and liabilities, being cash and short-term investments, accrued income receivable, due from Dalhousie University, contributions receivable 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 macro factors and global events that cause significant volatility and potential disruption affecting all securities traded in the market. The Fund's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Guidelines, to mitigate the impact of market risk.

9. Financial instruments and investment risks (continued):

(c) Interest rate risk:

The Funds' fixed income investments are subject to the risk of rising interest rates. Should interest rates rise by 2.0%, it is estimated that the broad Canadian fixed income market could depreciate 15% in value. For the Funds, this could result in a loss of $62.9 million, or 3.6% 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.

(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.

(e) 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 $15.1 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.

(f) 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.

(In thousands of dollars)

9. Financial instruments and investment risks (continued):

(g) Derivative financial instruments:

Derivatives are financial contracts, the values of which are derived from the values of underlying assets, interest rates, or exchange rates. 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.

As of June 30, 2023, The Plan does not hold any derivative financial instruments. The foreign currency exposure at June 30 is summarized as follows ($ Canadian):

	2023	2022
Through direct investment:		
United States	**$ 142,656**	$ 135,882
Non-North American	**26,950**	26,449
Through pooled funds:		
United States	**496,513**	469,173
Non-North American	**320,844**	261,021
Total	**$ 986,963**	$ 892,525

During the year the Plan terminated its foreign currency hedging strategy. If the Canadian dollar appreciated by 10% against all other currencies at June 30, 2023, the stated value of the assets would decrease by $98.7 million (2022 - $89.3 million).

9. Financial instruments and investment risks (continued):

(h) 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 levels used as of June 30 in valuing the financial assets carried at fair value:

Financial Assets	2023	2022
Level 1		
Equity securities - Canadian	**$ 88,773**	$ 90,256
Equity securities - non-Canadian	**171,144**	165,118
Cash in bank	**34,975**	28,605
Level 2		
Pooled funds - Canadian equities	**123,120**	123,254
Pooled funds - non-Canadian equities	**487,358**	433,126
Pooled funds - fixed income	**360,428**	326,725
Short-term and other	**34**	24
Level 3		
Private equity	**264,459**	251,365
Private real assets	**180,240**	148,636
Private debt	**51,545**	49,513
	$ 1,762,076	$ 1,616,622

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, 2022	$ 251,365	$ 148,636	$ 49,513	$ **449,514**
Net realized & unrealized gains	(595)	13,340	4,588	**17,333**
Purchases, net of redemptions	13,689	18,264	(2,556)	**29,397**
Fair Value, June 30, 2023	**264,459**	**180,240**	**51,545**	**496,244**
Fair Value, July 1, 2021	$ 193,579	$ 113,326	$ 42,698	$ 349,603
Net realized & unrealized gains	47,096	31,915	5,211	84,222
Purchases, net of redemptions	10,690	3,395	1,604	15,689
Fair Value, June 30, 2022	251,365	148,636	49,513	449,514

(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	**2023**	2022
Canadian equities	S&P TSX Composite	**11.8**	13.2
U.S. equities	S&P 500	**13.8**	15.1
Non-north American equities	MSCI EAFE	**14.8**	12.9
Private equity	S&P 500 + 4%	**15.0**	15.5
Real assets	T-Bills + 6%	**18.7**	18.0
Bonds and long-term notes	FTSE TMX Universe	**23.4**	23.3
Cash and cash equivalents		**2.5**	2.0
Total investments		**100.0**	100.0

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, 2023.

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, 2023, the Funds had outstanding future commitments of $0.0 million (2022 - $8.0 million) in Canadian real estate; US $50.6 million (2022 – US $74.2 million) and €8.5 million (2022 - €8.5 million) in private equity investments; US $8.5 million (2022 – US $16.0 million), €11.2 million (2022 - €15.7 million), and $9.3 million (2022 - $0.0 million) in Infrastructure; US $3.2 million (2022 – US $4.2 million) in private global real estate; and US $18.2 million (2022 – US $27.2 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 2023 were $782 (2022 - $787). The transactions were in the normal course of operations and were measured at the exchange amount.