Financial Statements of

DALHOUSIE PENSION TRUST FUND

Year ended June 30, 2019

KPMG LLP
1959 Upper Water Street, Suite 1500
Halifax NS B3J 3N2
Canada
Telephone 902-492-6000
Fax 902-492-1307

INDEPENDENT AUDITORS' REPORT

To the Trustees of the Dalhousie Pension Trust Fund

Opinion

We have audited the financial statements of the Dalhousie Pension Trust Fund (the "Fund"), which comprise:

- the statement of net assets available for benefits as at June 30, 2019
- the statement of changes in net assets available for benefits for the year then ended,
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at June 30, 2019, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of the Dalhousie Pension Trust Fund Trust Agreement as described in note 2 to the financial statements.

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 auditors' report.

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

Emphasis of Matter – Basis of Preparation

We draw attention to Note 2 to the financial statements which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

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 the financial reporting provisions of the Dalhousie Pension Trust Fund Trust Agreement; this includes determining that the applicable financial reporting framework is an acceptable basis for the preparation of the financial statements in the circumstances, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 auditors' 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 auditors' 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 auditors' 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 represent 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, Licensed Public Accountants

Halifax, Canada

October 16, 2019

DALHOUSIE PENSION TRUST FUND

Statement of Net Assets Available for Benefits

As at June 30, 2019, with comparative information for 2018
(In thousands of dollars)

	2019	2018
Assets:		
Investments (note 4):		
Canadian equities	$ 102,435	$ 103,608
U.S. equities	107,877	119,627
Non-North American equities	112,144	111,332
Total equities	322,456	334,567
Private equity	94,983	91,798
Real assets	109,257	101,834
Total alternatives	204,240	193,632
Canadian bonds and long-term notes	207,721	190,650
Cash and short-term investments	23,843	22,716
Total investments	758,260	741,565
Accrued income receivable	329	296
Due from Dalhousie University	2,056	2,188
Total assets	760,645	744,049
Less liabilities:		
Due to Retirees' Trust Fund	1,768	23
Termination withdrawals payable	909	1,889
Death benefits payable	1,557	2,038
Accrued expenses	568	544
Total Liabilities	4,802	4,494
Net assets available for benefits	$ 755,843	$ 739,555

See accompanying notes to financial statements.

DALHOUSIE PENSION TRUST FUND

Statement of Changes in Net Assets Available for Benefits

Year ended June 30, 2019, with comparative information for 2018
(In thousands of dollars)

	2019	2018
Additions:		
Employees' contributions (note 3)	**$ 21,462**	$ 20,593
Employer's contributions (note 3)	**25,443**	25,271
	46,905	45,864
Additions from investments:		
Current period change in fair value of investments	**32,717**	47,871
Income from investments (note 5)	**15,150**	16,388
	47,867	64,259
Total additions	**94,772**	110,123
Deductions:		
Administrative expenses (note 6)	**3,933**	4,045
Interest expense	**142**	91
Transfers to Dalhousie Retirees' Trust Fund	**66,065**	70,700
Death benefits	**801**	1,421
Termination withdrawals	**7,543**	10,913
Total deductions	**78,484**	87,170
Increase in net assets for the year	**16,288**	22,953
Net assets available for benefits, beginning of year	**739,555**	716,602
Net assets available for benefits, end of year	**$ 755,843**	$ 739,555

See accompanying notes to financial statements.

1. Description of plan:

The Dalhousie Pension Trust Fund (the "Fund" or "Pension Trust Fund") is one of two funds, the Dalhousie Retirees' Trust Fund being the other, that constitute the assets of the Dalhousie University Staff Pension Plan (the "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. The University is the Administrator of the Plan.

(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 value of these benefits 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 66.67% 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 Pension Trust Fund is one of two funds supporting the liabilities of the Dalhousie University Staff Pension Plan, a Registered Pension Trust as defined in the Income Tax Act. Thus the Pension Trust Fund is not subject to income taxes.

(f) Membership eligibility:

All full-time employees and regular part-time employees who commenced employment at the University up to June 30, 1996 were eligible to join the Plan upon completion of at least 75 days

1. Description of plan (continued):

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. 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 and summary of significant accounting policies:

These financial statements have been prepared in Canadian dollars, which is the Fund's functional currency, on a going concern basis and in accordance with the financial reporting requirements prescribed by the Dalhousie Pension Trust Fund Trust Agreement. The basis of accounting used in these financial statements materially differs from Canadian accounting standards for pension plans in Section 4600, Pension Plans, in Part IV of the CPA Canada Handbook because it excludes the Plan's pension obligations and related disclosures, as well as certain financial instrument disclosures. Consequently, these financial statements do not purport to show the adequacy of the Plan's assets to meet its pension obligations. These financial statements present the information of the Fund as a separate reporting entity independent of the sponsor and participants of the Plan.

Summary of significant accounting policies:

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

(b) Investments:

(i) Valuation of investments:

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the Fund's proportionate share of underlying net assets at fair values, determined using closing market prices. Short-term notes and Treasury Bills maturing within a year are stated at cost, which together with accrued interest approximates fair value given the short-term nature of these investments. The fair values of other investments are based on closing market quotations as at June 30. Where quoted prices are not available, estimated fair values are calculated using market comparable company's or securities and recent transaction multiples.

2. Basis of presentation and summary of significant accounting policies (continued):

(ii) Investment transactions and transactions costs:

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.

(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 Part II of the CPA Canada Handbook Section 3856: Financial Instruments, and, accordingly, are measured at fair value.

(vi) Alternative investments:

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 Fund 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 Fund 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.

2. Basis of presentation and summary of significant accounting policies (continued):

The Fund 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 Fund 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 Fund becomes a party to the contractual provisions of the instrument. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Fund 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 Fund 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) Interfund accounts:

The interfund balance between the Dalhousie Pension Trust Fund and the University and/or the Dalhousie Retirees' Trust Fund accumulates interest at prime less 2%.

(e) Transfers to Dalhousie Retirees' Trust Fund:

When an employee retires, the actuarial value of retirement benefits is transferred to the Dalhousie Retirees' Trust Fund and is recorded on the effective date of retirement.

(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.

(In thousands of dollars)

2. Basis of presentation and summary of significant accounting policies (continued):

Gains and losses arising from translations are included in the current period change in market value of investments.

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

(g) Use of estimates:

The preparation of these 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 revenues and expenses during the year. Actual results could differ from those estimates.

3. 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 foregoing from employees. Employees have made an additional 2% supplementary contribution of salary to maximum pensionable earnings. In addition, pursuant to the March 31, 2018 actuarial valuation, the University made overmatching contributions of 3.25% of pensionable earnings and was required to make another $2.8 million (2018 - $3.4 million) in deficit reduction contributions. 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	**2019**	2018
Employee		
Regular	**$ 15,237**	$ 14,626
Additional voluntary	**22**	20
Supplemental	**4,900**	4,727
Pension buy-backs and reciprocals	**1,303**	1,220
Total employee contributions	**$ 21,462**	$ 20,593
Employer		
Matching	**$ 15,165**	$ 14,672
Overmatching and deficit reduction	**$ 10,278**	$ 10,599
Total employer contributions	**25,443**	25,271
Total contributions	**$ 46,905**	$ 45,864

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

(In thousands of dollars)

4. 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.

	2019	2018
Canadian Equities Mandates:		
Burgundy Asset Management - Canadian equities	**$ 52,977**	$ 54,706
Burgundy Focus Canadian Equity Fund	**1,053**	3,116
Montrusco Bolton Equity Income Trust Fund	**22,488**	21,706
Fiera North American Market Neutral Fund	**24,842**	24,322
U.S. Equities Mandates:		
Ashford Capital Management - U.S. small cap equities	**32,430**	44,828
Wedge Capital Management – U.S. large cap equities	**-**	49,708
Fiera US Equity – U.S. large cap equities	**40,682**	-
Wellington Management – US SMID cap equities	**13,558**	14,402
State Street S&P MidCap Index Fund	**26,116**	28,428
Non-North American Equities Mandates:		
First Eagle International Value Fund	**24,077**	23,345
Addenda EAFE Fund	**28,215**	26,522
Burgundy EAFE Fund	**27,722**	27,018
Fiera EAFE Fund	**31,536**	29,039
Private Capital Mandates:		
Commonfund Capital Partners L.P - fund of funds	**56,529**	53,609
JP Morgan Asset Management - fund of funds	**18,615**	19,210
Pantheon Europe Fund V'A' - fund of funds	**1,904**	2,491
F&C – fund of funds	**17,935**	16,488
Real Estate and Infrastructure Mandates:		
CU Real Property (6) Limited Partnership - Canadian real estate	**8,620**	11,800
GPM Real Property (11), (12) & (13) - Canadian real estate	**26,952**	24,949
CBRE Clarion Securities - global real estate	**33,749**	31,003
Lazard Global Listed Infrastructure (Canada) Fund	**15,849**	14,306
JP Morgan Global Maritime Investment Fund	**3,316**	3,477
JP Morgan Infrastructure Investments Fund	**10,813**	10,693
Crestpoint Real Estate	**8,380**	5,828
Brookfield SREP III	**1,973**	-
Fixed Income Mandates:		
CIBC Pooled Canadian Bond Index Fund	**67,758**	63,046
Addenda Capital Bond Fund	**39,154**	36,674
Canso Broad Corporate Fund	**34,625**	32,321
BlackRock CorePlus Universe Bond Fund	**52,614**	49,022
Canso Private Loan Fund	**4,167**	4,363
Brookfield Real Estate Finance Fund V	**4,629**	3,070
Crestline Specialty Lending II	**4,774**	2,135
Balance carried forward	**738,052**	731,625

Year ended June 30, 2019
(In thousands of dollars)

4. Investments (continued):

		2019		2018
Balance carried forward		**738,052**		731,625
Other:				
State Street Global Advisors, Ltd. - currency hedging		**2,578**		(1,431)
RBC Investor Services - cash and notes		**9**		3,022
Bank of Nova Scotia - bank account		**17,621**		8,349
Total investments	**$**	**758,260**	$	741,565

5. Income from investments:

		2019		2018
Canadian equities	**$**	**2,800**	$	2,417
U.S. equities		**1,083**		1,392
Non-North American equities		**2,139**		2,186
Private equity		**(1,036)**		(517)
Real assets		**4,002**		3,690
Bonds and long-term notes		**6,145**		7,211
Cash and short-term investments		**17**		9
Total income from investments	**$**	**15,150**	$	16,388

6. Administrative expenses:

		2019		2018
Investment management fees	**$**	**2,714**	$	2,865
Investment custodial, performance, consulting fees		**276**		277
Benefits administration		**251**		244
Benefits actuarial and consulting fees		**541**		511
Audit fees		**21**		20
General administration		**130**		128
Total administrative expenses	**$**	**3,933**	$	4,045

7. 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 Fund has set formal policies and procedures that establish an asset mix among equity, fixed income and alternative investments, requires diversification of investments within categories, and limits exposure to individual investments, counterparties and foreign currencies.

7. Financial instruments and investment risks (continued):

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

The fair values of investments are as described in note 2(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 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

(c) Interest rate risk:

The Fund's 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 8.9% in value. For the Fund, this could result in a loss of $18.4 million, or 2.4% of the total Fund. The Fund seeks to manage this risk by diversifying its 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 of the overall fixed income 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 Fund assets within generally accepted parameters of safety and prudence, using a diversified investment program. Investments must adhere to specific limitations as outlined in the Fund's Statement 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 $6.2 million decline in the Fund's overall value. 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.

7. Financial instruments and investment risks (continued):

(f) Liquidity risk:

Liquidity risk refers to the risk that the Fund does not have sufficient cash to meet its current payment liabilities, including benefit payments and obligation to transfer amounts to RTF, and to acquire investments in a timely and cost-effective manner. The liquidity position of the Fund is monitored regularly with updated cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(g) Derivative financial instruments:

Derivatives are financial contracts, the value of which are derived from the value of underlying assets or interest rates or exchange rates. Foreign currency risk arises from the Fund's holding of foreign currency-denominated investments. Foreign currency risk is managed by the Fund's currency hedging policy. The Fund utilizes derivative contracts directly for managing exposure to foreign currency volatility. Pooled funds or fund-of-funds that the Fund invests 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 the following:

(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/or 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.

(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 Fund directly had the following derivative contracts outstanding:

	Notional Amounts		Fair Values	
	2019	2018	**2019**	2018
Foreign exchange contracts:				
Forwards	**$ 105,890**	$ 115,492	**$ 2,578**	$ (1,431)

Year ended June 30, 2019
(In thousands of dollars)

7. Financial instruments and investment risks (continued):

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

	2019	2018
Through direct investment:		
United States	**$ 64,047**	$ 125,601
Europe, Asia, Far East	**14,668**	13,609
Through pooled funds:		
United States	**167,447**	120,622
Europe, Asia, Far East	**131,389**	124,903
Total	**$ 377,551**	$ 384,735

(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. 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.

(In thousands of dollars)

7. Financial instruments and investment risks (continued):

The following is a summary of the disclosures of the fair value and the level in the hierarchy:

Financial Assets	**2019**	2018
Level 1		
Equity securities - Canadian	**$ 54,305**	$ 56,001
Equity securities - non-Canadian	**78,409**	138,646
Cash	**17,621**	8,349
Level 2		
Pooled funds - Canadian equities	**48,383**	49,144
Pooled funds - non-Canadian equities	**194,197**	148,658
Pooled funds - fixed income	**194,151**	181,063
Short-term and other	**2,587**	1,591
Level 3		
Private equity	**94,983**	91,798
Private real assets	**60,054**	56,747
Private debt	**13,570**	9,568
	$ 758,260	$ 741,565

8. Commitments:

Certain of the alternative investments contain contractual capital commitments. As at June 30, 2019, the Fund had outstanding future commitments of $1.5 million (2018 - $3.5 million) in Canadian real estate; US $11.1 million (2018 – US $13.9 million) and €5.6 million (2018 - €5.7 million) in private equity investments; US $11.6 million (2018 – US $15.0 million) in private debt; and US $5.2 million in private global real estate (2018 – US $6.8 million).

9. Related party transactions:

During the year, the University provided investment administration, benefit administration, payroll, and accounting services. These recoverable service costs for 2019 were $453 (2018 - $442), and were included in administrative expenses for the year. The transactions were in the normal course of operations and were measured at the exchange amount.