

Financial Statements of

**DALHOUSIE PENSION  
TRUST FUND**

And Independent Auditor's Report

Year ended June 30, 2023



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## INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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 – Financial Reporting Framework**

Without modifying our opinion, 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.

### ***Auditor's 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.



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- 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 Fund'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 Fund'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 Fund 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

Halifax, Canada

October 11, 2023



# DALHOUSIE PENSION TRUST FUND

## Statement of Net Assets Available for Benefits

As at June 30, 2023, with comparative information for 2022  
(In thousands of dollars)

	2023	2022
<b>Assets:</b>		
Investments (note 4):		
Canadian equities	\$ 93,245	\$ 101,894
U.S. equities	99,819	106,752
Non-North American equities	125,495	100,365
Total equities	318,559	309,011
Private equity	155,269	154,972
Real assets	159,738	140,114
Total alternatives	315,007	295,086
Bonds and long-term notes	202,369	194,060
Cash and short-term investments	32,200	23,708
Total investments	868,135	821,865
Accrued income receivable	313	275
Due from Dalhousie University	2,603	2,300
Due from Retirees' Trust Fund	20	-
Total assets	871,071	824,440
<b>Less liabilities:</b>		
Termination withdrawals payable	196	336
Death benefits payable	3,616	2,424
Accrued expenses	666	521
Total liabilities	4,478	3,281
Net assets available for benefits	\$ 866,593	\$ 821,159

See accompanying notes to financial statements.

# DALHOUSIE PENSION TRUST FUND

## 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
<b>Additions:</b>		
Employees' contributions (note 3)	\$ 25,587	\$ 24,556
Employer's contributions (note 3)	30,290	27,286
	<u>55,877</u>	<u>51,842</u>
Additions from investments:		
Current period change in fair value of investments	58,104	-
Income from investments (note 5)	19,698	20,870
	<u>77,802</u>	<u>20,870</u>
Total additions	<u>133,679</u>	<u>72,712</u>
<b>Deductions:</b>		
Current period change in fair value of investments	-	31,988
Administrative expenses (note 6)	4,252	4,616
Interest expense	223	31
Transfers to Dalhousie Retirees' Trust Fund	73,369	60,125
Death benefits	4,092	2,260
Termination withdrawals	6,309	9,368
	<u>88,245</u>	<u>108,388</u>
Increase (decrease) in net assets for the year	45,434	(35,676)
Net assets available for benefits, beginning of year	821,159	856,835
Net assets available for benefits, end of year	<u>\$ 866,593</u>	<u>\$ 821,159</u>

See accompanying notes to financial statements.

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 1

Year ended June 30, 2023  
(In thousands of dollars)

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## 1. Description of plan:

The Dalhousie Pension Trust Fund (the "Fund" or "Pension Trust Fund" of the "PTF") is one of two funds, the Dalhousie Retirees' Trust Fund (the "RTF") 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.

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 2

Year ended June 30, 2023  
(In thousands of dollars)

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## 1. Description of plan (continued):

### (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 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 Fund'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 Fund's assets to meet the Plan's obligations. For accounting policies that do not relate to either investments or pension obligations, the Fund must consistently comply with either international financial reporting standards ("IFRS") in Part I of the CPA Handbook or accounting standards for private enterprises ("ASPE") in Part II of the CPA Handbook. The Fund has elected to apply, on a consistent basis, ASPE. To the extent that ASPE is inconsistent with Section 4600, Section 4600 takes precedence.

### 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 derivative financial instruments which are measured at fair value.



# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 3

Year ended June 30, 2023  
(In thousands of dollars)

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

### (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

#### (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.

#### (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 7) include private equity, private debt, real estate and infrastructure investments.

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 4

Year ended June 30, 2023  
(In thousands of dollars)

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

### (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.

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.

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 5

Year ended June 30, 2023  
(In thousands of dollars)

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

(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 as calculated by the acting actuary 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.

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.

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.

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 6

Year ended June 30, 2023  
(In thousands of dollars)

### 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 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 in 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
Additional voluntary	42	41
Supplemental	5,898	5,573
Pension buy-backs and reciprocals	1,467	1,584
Total employee contributions	\$ 25,587	\$ 24,556
Employer		
Matching	\$ 18,489	\$ 17,100
Overmatching and deficit reduction	\$ 11,801	\$ 10,186
Total employer contributions	30,290	27,286
Total contributions	\$ 55,877	\$ 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.

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 7

Year ended June 30, 2023  
(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.

	2023	2022
<u>Canadian Equities Mandates:</u>		
Burgundy Asset Management - Canadian equities	\$ 45,074	\$ 53,915
Burgundy Focus Canadian Equity Fund	1,530	1,277
Montrusco Bolton Equity Income Trust Fund	21,258	21,405
Fiera Canadian Equity Fund	26,814	24,859
<u>U.S. Equities Mandates:</u>		
Ashford Capital Management - U.S. small cap equities	23,642	27,503
Fiera US Equity – U.S. large cap equities	44,323	45,371
Wellington Management – US SMID cap equities	13,763	12,019
State Street S&P MidCap Index Fund	20,370	24,912
<u>Non-North American Equities Mandates:</u>		
Addenda EAFE Fund	39,015	31,542
Burgundy EAFE Fund	39,696	31,922
Fiera EAFE Fund	45,996	35,878
<u>Private Capital Mandates:</u>		
Commonfund Capital Partners L.P - fund of funds	106,051	107,763
JP Morgan Asset Management - fund of funds	32,012	28,675
Pantheon Europe Fund V'A' - fund of funds	838	974
BMO GAM, F&C – fund of funds	16,368	17,560
<u>Real Estate and Infrastructure Mandates:</u>		
CU Real Property (6) Limited Partnership - Canadian real estate	-	70
Fiera Real Estate (11), (12) & Industrial Fund - Canadian real estate	27,516	26,442
CBRE Clarion Securities - global real estate	37,064	36,127
Lazard Global Listed Infrastructure (Canada) Fund	20,648	19,264
JP Morgan Global Maritime Investment Fund	1,756	4,743
JP Morgan Infrastructure Investments Fund	14,251	13,002
Crestpoint Real Estate	15,613	14,681
Brookfield SREP III	9,232	7,726
Macquarie GIG Renewable Energy Fund 2	20,817	14,407
Commonfund Capital Partners L.P - fund of funds	8,138	2,827
BentallGreenOak	4,821	1,040
Connor Clark Lunn CCL-IIF	347	-
<u>Fixed Income Mandates:</u>		
CIBC Pooled Canadian Bond Index Fund	57,087	55,187
Addenda Capital Bond Fund	33,840	32,081
Canso Broad Corporate Fund	38,648	36,707
BlackRock CorePlus Universe Bond Fund	46,166	44,658
Canso Private Loan Fund	2,802	3,922
Brookfield Real Estate Finance Fund V	4,611	5,227
Crestline Specialty Lending	19,215	16,278
Balance carried forward	\$ 839,322	\$ 799,964

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 8

Year ended June 30, 2023  
(In thousands of dollars)

## 4. Investments (continued):

	2023	2022
Balance carried forward	\$ 839,322	\$ 799,964
<u>Other:</u>		
RBC Investor Services - cash and notes	16	14
Bank of Nova Scotia - bank account	28,797	21,887
Total investments	\$ 868,135	\$ 821,865

## 5. Income from investments:

	2023	2022
Canadian equities	\$ 3,162	\$ 3,531
U.S. equities	938	1,105
Non-North American equities	2,554	2,645
Private equity	(775)	(331)
Real assets	4,626	4,587
Bonds and long-term notes	8,747	9,330
Cash and short-term investments	446	3
Total income from investments	\$ 19,698	\$ 20,870

## 6. Administrative expenses:

	2023	2021
Investment management fees	\$ 3,139	\$ 3,540
Investment custodial, performance, consulting fees	185	187
Benefits administration	270	283
Benefits actuarial and consulting fees	567	543
Audit fees	35	34
General administration	61	29
Total administrative expenses	\$ 4,257	\$ 4,616

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 9

Year ended June 30, 2023  
(In thousands of dollars)

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## 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.

### (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 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.

### (c) Interest rate risk:

The Fund's 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 Fund, this could result in a loss of \$30.9 million, or 3.6% 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.

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 10

Year ended June 30, 2023  
(In thousands of dollars)

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## 7. Financial instruments and investment risks (continued):

### (d) Credit risk:

Credit risk is the risk of loss in the event the counterparty to a transaction fails to discharge an obligation and causes the other party to incur a loss. Credit risk is mitigated through the management of the 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 \$7.3 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.

### (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. Pooled funds or fund-of-funds that the Fund invests in may 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.



# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 11

Year ended June 30, 2023  
(In thousands of dollars)

## 7. Financial instruments and investment risks (continued):

### (g) Derivative financial instruments (continued):

#### (i) Future and forward contracts (continued):

As of June 30, 2023, the Fund 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	\$ 60,650	\$ 61,485
Europe, Asia, Far East	12,554	12,313
Through pooled funds:		
United States	259,959	256,524
Europe, Asia, Far East	162,730	132,283
Total	\$ 495,893	\$ 462,605

#### (ii) 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.

# DALHOUSIE PENSION TRUST FUND

Notes to Financial Statements, page 12

Year ended June 30, 2023  
(In thousands of dollars)

## 7. Financial instruments and investment risks (continued):

(g) Derivative financial instruments (continued):

(iii) Fair values (continued):

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

Financial Assets	2023	2022
<b>Level 1</b>		
Equity securities - Canadian	\$ 45,638	\$ 54,479
Equity securities - non-Canadian	73,905	75,085
Cash	28,797	21,887
<b>Level 2</b>		
Pooled funds - Canadian equities	49,602	47,541
Pooled funds - non-Canadian equities	210,048	188,889
Pooled funds - fixed income	175,741	168,633
Short-term and other	16	14
<b>Level 3</b>		
Private equity	155,269	154,972
Private real assets	102,491	84,938
Private debt	26,628	25,427
	<b>\$ 868,135</b>	<b>\$ 821,865</b>

## 8. Commitments:

Certain of the alternative investments contain contractual capital commitments. As at June 30, 2023, the Fund had outstanding future commitments of CAD \$0.0 million (2022 - \$4.0 million) in Canadian real estate; US \$26.7 million (2022 - US \$38.7 million) and €4.9 million (2022 - €4.9 million) in private equity investments; US \$4.5 million (2022 - \$8.0 million), €7.8 million (2022 - €10.9 million), and CAD \$4.7 million (2022 - \$0.0 million) in Infrastructure; US \$9.9 million (2022 - US \$14.5 million) in private debt; and US \$1.7 million in private global real estate (2022 - US \$2.2 million).

## 9. Related party transactions:

During the year, the University provided investment administration, benefit administration, payroll, and accounting services to the Pension Trust Fund. These recoverable service costs for 2023 were \$422 (2022 - \$426), 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.