

Financial Statements of

**DALHOUSIE RETIREES'  
TRUST FUND**

Year ended June 30, 2024



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## INDEPENDENT AUDITORS' REPORT

To the Trustees of the Dalhousie Retirees' Trust Fund

### ***Opinion***

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

- the statement of net assets available for benefits as at June 30, 2024
- 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, 2024, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of the Dalhousie Retirees' 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 – 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 Retirees' 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management



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- 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 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 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*

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Chartered Professional Accountants

Halifax, Canada

October 10, 2024

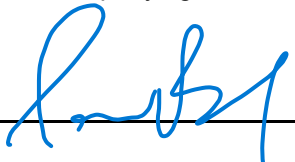
# DALHOUSIE RETIREES' TRUST FUND

Statement Net Assets Available for Benefits


Year ended June 30, 2024, with comparative information for 2023  
(In thousands of dollars)

	2024	2023
<b>Assets:</b>		
Investments (note 3):		
Canadian equities	\$ 131,882	\$ 115,113
U. S. equities	125,080	143,927
Non-North American equities	157,826	135,025
Total equities	414,788	394,065
Private equity	122,942	109,190
Real assets	184,794	169,358
Total alternatives	307,736	278,548
Bonds and long-term notes	217,613	209,604
Mortgages	-	-
Total fixed income	217,613	209,604
Cash and short-term investments	31,386	11,724
Total investments	971,523	893,941
Accrued income receivable	300	336
Total assets	971,823	894,277
<b>Less liabilities:</b>		
Benefits payable	468	445
Due to Dalhousie University	257	19
Due to Pension Trust Fund	-	20
Accrued expenses	678	703
Total liabilities	1,403	1,187
Net assets available for benefits	\$ 970,420	\$ 893,090

See accompanying notes to financial statements.



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# DALHOUSIE RETIREES' TRUST FUND

Statement of Changes in Net Assets Available for Benefits

Year ended June 30, 2024, with comparative information for 2023

(In thousands of dollars)

	2024	2023
<b>Additions:</b>		
Capital transferred from the Dalhousie Pension Trust Fund for retirement benefits	\$ 67,659	\$ 73,369
Additions from investments:		
Change in fair value of investments	63,379	76,454
Income from investments (note 4)	22,198	20,472
	<u>85,577</u>	<u>96,926</u>
Interest income	410	213
Total additions	<u>153,646</u>	<u>170,508</u>
<b>Deductions:</b>		
Change in fair value of investments	-	-
Administrative expenses (note 5)	4,472	4,255
Pension benefits	71,844	67,068
Total deductions	<u>76,316</u>	<u>71,323</u>
Increase in net assets for the year	77,330	99,185
Net assets available for benefits, beginning of year	893,090	793,905
Net assets available for benefits, end of year	<u>\$ 970,420</u>	<u>\$ 893,090</u>

See accompanying notes to financial statements.



# DALHOUSIE RETIREES' TRUST FUND

Notes to Financial Statements, page 2

Year ended June 30, 2024  
(In thousands of dollars)

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

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.

### (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 value of other investments is based on closing market quotations as at June 30. Where quoted prices are not available, estimated fair values are calculated using the most recent valuation report in combination with cash transactions up to June 30.

#### (ii) Investment transactions and transaction 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) Index linked mortgages:

The interest rate is adjusted annually according to the change in the Consumer Price Index. In 2023 all index linked mortgages matured. In 2024, and mortgage payments reduced the principal on a book value basis by \$0 (2023 - \$94). The cumulative decrease to date totals \$21,444 (2023 - \$21,444).

#### (iv) Income from investments:

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

#### (v) 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 costs and proceeds, net of any selling expenses, are recorded at the time of disposition of the investment.



# DALHOUSIE RETIREES' TRUST FUND

Notes to Financial Statements, page 3

Year ended June 30, 2024  
(In thousands of dollars)

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## 2. Basis of presentation and summary of significant accounting policies (b) Investments

(continued):

(vi) Alternative investments:

Alternative investments, which are categorized as level 3 investments in the fair value hierarchy (see note 6) 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 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 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.

# DALHOUSIE RETIREES' TRUST FUND

Notes to Financial Statements, page 4

Year ended June 30, 2024  
(In thousands of dollars)

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## 2. Basis of presentation and summary of significant accounting policies (c) Financial Assets and Financial Liabilities (continued):

### (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 Retirees' Trust Fund and the University and/or the Dalhousie Pension Trust Fund attracts interest at prime less 2%.

### (e) Transfers from Dalhousie Pension Trust Fund:

When an employee retires, the actuarial value of retirement benefits as calculated by the acting actuary is transferred from the Dalhousie Pension 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 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 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 RETIREES' TRUST FUND

Notes to Financial Statements, page 5

Year ended June 30, 2024

(In thousands of dollars)

## 3. 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.

	2024	2023
<u>Canadian Equities Mandates:</u>		
Burgundy Asset Management – Canadian equities	\$ 49,106	\$ 42,515
Burgundy Focus Canadian Equity Fund	15,852	13,862
Montrusco Bolton Equity Income Trust Fund	30,171	27,804
Fiera Canadian Equity Fund	36,390	31,852
<u>U.S. Equities Mandates:</u>		
Ashford Capital Management - U.S. small cap equities	34,834	33,513
Fiera US Equity – U.S. large cap equities	75,107	63,742
Wellington Management – U.S. SMID cap equities	24,633	21,818
State Street S&P MidCap Index Fund	–	30,182
<u>Non-North American Equities Mandates:</u>		
Addenda EAFE Fund	42,954	39,468
Burgundy EAFE Fund	44,190	39,643
Fiera EAFE Fund	64,508	54,666
<u>Private Equity Mandates:</u>		
BMO GAM, F&C – fund of funds	12,449	15,205
Commonfund Capital Partners L.P. – fund of funds	87,077	74,016
JP Morgan Asset Management – fund of funds	23,416	19,969
<u>Real Estate and Infrastructure Mandates:</u>		
Fiera Real Estate (11), (12) & Industrial Fund - Canadian real estate	22,164	21,932
CBRE Clarion Securities - global real estate	46,937	42,528
Lazard Global Listed Infrastructure (Canada) Fund	50,977	49,609
JP Morgan Global Maritime Investment Fund	25	1,229
JP Morgan Infrastructure Investments Fund	11,713	10,320
Crestpoint Real Estate	13,446	13,684
Brookfield SREP III	9,362	8,146
Macquarie GIG Renewable Energy Fund 2	12,713	9,132
Commonfund Capital Partners L.P. – fund of funds	11,197	8,138
BentallGreenOak	4,510	4,821
Connor Clark Lunn CCL-IIF	2,102	347
<u>Fixed Income Mandates:</u>		
CIBC Pooled Canadian Bond Index Fund	58,170	56,096
Addenda Capital Bond Fund	36,618	35,254
Canso Broad Corporate Fund	46,754	43,461
BlackRock CorePlus Universe Bond Fund	52,384	49,876
Canso Private Loan Fund	4,003	4,105
Brookfield Real Estate Finance Fund V	3,525	3,547
Crestline Specialty Lending	16,159	17,265
Balance carried forward	\$ 943,446	\$ 887,745

# DALHOUSIE RETIREES' TRUST FUND

Notes to Financial Statements, page 6

Year ended June 30, 2024

(In thousands of dollars)

## 3. Investments (continued):

	2024	2023
Balance carried forward	\$ 943,446	\$ 887,745
Other:		
RBC Investor Services - cash and notes	23	18
Bank of Nova Scotia - bank account	28,054	6,178
Total investments	\$ 971,523	\$ 893,941

## 4. Income from Investments:

	2024	2023
Canadian equities	\$ 3,820	\$ 3,850
U.S. equities	1,365	1,350
Non-North American equities	3,485	2,671
Private equity	(3,204)	(1,637)
Real assets	5,791	5,314
Bonds and long-term notes	9,174	8,189
Cash and short-term investments	1,767	735
Total income from investments	\$ 22,198	\$ 20,472

## 5. Administrative expenses:

	2024	2023
Investment management fees	\$ 3,810	\$ 3,665
Investment custodial, performance, consulting fees	132	179
Benefits administration	276	221
Benefits actuarial and consulting fees	199	165
Audit fees	27	24
General administration	28	1
Total administrative expenses	\$ 4,472	\$ 4,255

# DALHOUSIE RETIREES' TRUST FUND

Notes to Financial Statements, page 7

Year ended June 30, 2024  
(In thousands of dollars)

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## 6. 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 to Dalhousie University, and accrued expenses 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 15.4% in value. For the Fund, this could result in a loss of \$33.6 million, or 3.5% 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.

# DALHOUSIE RETIREES' TRUST FUND

Notes to Financial Statements, page 8

Year ended June 30, 2024  
(In thousands of dollars)

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

### (e) 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 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.

### (f) 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 \$8.3 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.

### (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.

As of June 30, 2024, the Fund does not hold any derivative financial instruments. The foreign currency exposure at June 30 is summarized as follows (\$ Canadian):

	2024	2023
Through direct investment:		
United States	\$ 89,199	\$ 82,006
Europe, Asia, Far East	15,467	14,396
Through pooled funds:		
United States	237,581	236,554
Europe, Asia, Far East	176,814	158,114
<b>Total</b>	<b>\$ 519,061</b>	<b>\$ 491,070</b>

# DALHOUSIE RETIREES' TRUST FUND

Notes to Financial Statements, page 9

Year ended June 30, 2024  
(In thousands of dollars)

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

### (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 RETIREES' TRUST FUND

Notes to Financial Statements, page 10

Year ended June 30, 2024  
(In thousands of dollars)

## 6. 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	2024	2023
Level 1		
Equity securities - Canadian	\$ 49,726	\$ 43,135
Equity securities - non-Canadian	105,784	97,239
Cash	28,054	6,178
Level 2		
Pooled funds - Canadian equities	82,413	73,518
Pooled funds - non-Canadian equities	277,736	277,310
Pooled funds - fixed income	193,926	184,687
Short-term and other	23	18
Level 3		
Private equity	122,942	109,190
Private real assets	87,232	77,749
Private debt	23,687	24,917
	<b>\$ 971,523</b>	<b>\$ 893,941</b>

## 7. Commitments:

Certain of the alternative investments contain contractual capital commitments. As at June 30, 2024, the Fund had outstanding future commitments of US \$16.6 million (2023 – US \$23.9 million) and €3.4 million (2023 - €3.6 million) in private equity investments; US \$2.4 million (2023 - \$4.0 million), €1.5 million (2023 - €3.4 million) and CAD \$8.0 million in Infrastructure (2023 - \$4.7 million); US \$2.6 million (2023 – US \$8.4 million) in private debt; and US \$0.0 million (2023 – US \$1.5 million) in private global real estate.

## 8. Related party transactions:

During the year, the University provided investment administration, benefit administration, payroll, and accounting services to the Retirees Trust Fund. These recoverable service costs for 2024 were \$423 (2023 - \$360) 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.