

**DALHOUSIE UNIVERSITY
INVESTMENT COMMITTEE
PENSION TRUST FUND and RETIREES' TRUST FUND TRUSTEES**

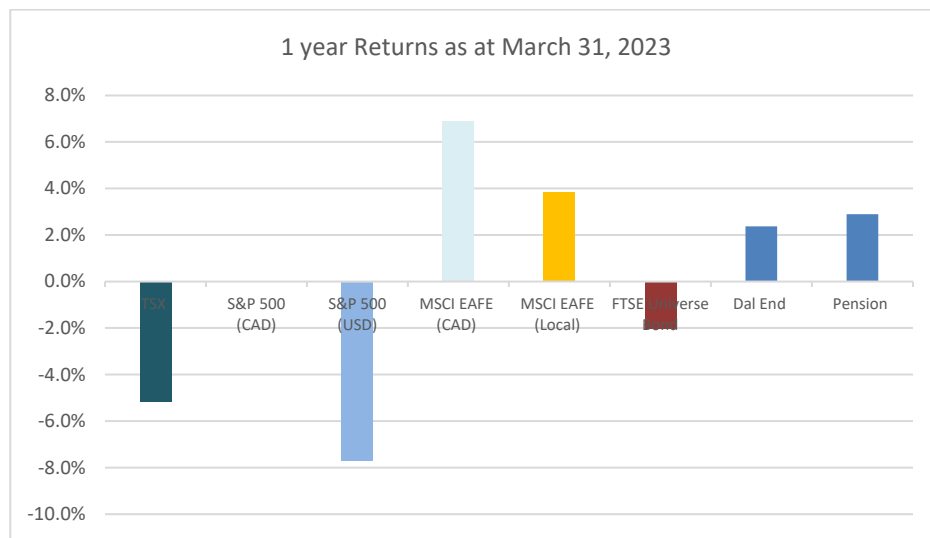
**ANNUAL REPORT TO
Finance, Audit, Investment & Risk Committee, Board of Governors
Endowment Funds
Pension Trust Fund
Retirees' Trust Fund**

June 2023

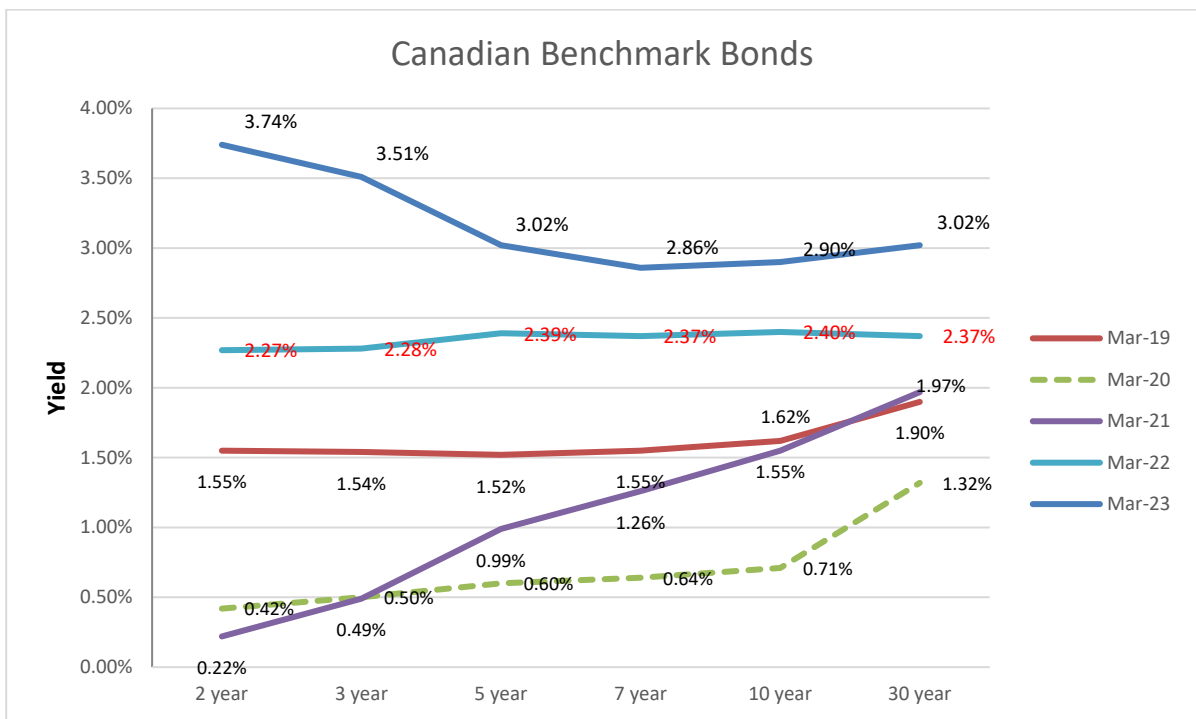
Chair, Members of the Finance, Audit, Investment & Risk Committee:

Market Overview & Summary

2022 was a difficult year for investors across most asset classes, with global stocks having their worst year since 2008. The first six months of the year saw large declines across all public markets. Although the second half of the year rallied it was not enough to reverse the losses. The endowment fund and pension plan earned negative 6.36% and negative 5.97% respectively from March 1, 2022 to June 30, 2022, and then 5.34% and 5.39% from July 1, 2022 to December 31, 2022. 2003 started strong and then fell in March as some small US banks failed and caused fear that others would follow leading to a contagion similar to the global financial crisis. Fortunately, loan quality was not the issue and regulators acted quickly to stem the fallout. Dalhousie's endowment fund and its pension plan earned 2.37% and 2.89% for the fiscal year ending March 31, 2023.



2022 was a year of inflation. After decades of low (or no) inflation central banks had to engage in aggressive interest rate hikes in an effort to control decades-high inflation. Bank of Canada started raising rates in March 2022 and had raised them a total of 4% by January 2023 before pausing in March 2023, bringing interest rates back to levels not seen for 15 years.



Annualized returns as of March 31, 2023	1 year	2 years	3 years	4 years	10 years
Canada -TSX	-5.19%	6.75%	18.01%	8.97%	7.86%
U.S. -S&P 500, CAD	0.03%	7.15%	16.79%	11.96%	15.49%
U.S. -S&P 500, USD	-7.72%	3.30%	18.60%	11.61%	12.24%
EAFE - CAD	6.91%	3.60%	11.25%	5.74%	8.03%
EAFE - local currency	3.85%	5.02%	14.62%	7.12%	7.34%
Canada Bonds – FTSE universe	-2.02%	-3.28%	-1.68%	-0.18%	1.88%
CPI	4.30%	5.47%	4.37%	3.49%	2.37%

The Dalhousie Funds' slightly outperformed their benchmark during the one year period ending March 31, 2023. During the fiscal year public equities and fixed income outperformed their benchmarks. Despite having a relatively good return, real assets detracted from its benchmark, as the benchmark is T-Bills plus 6% during this rising rate environment. The Funds' allocations to private equity detracted from performance due to weaker market valuations for the sector compared to its public equity benchmark plus a spread.

The endowments at Dalhousie are managed under a total rate of return ('TROR') investment approach along with a banded inflation spending model to provide stable and sustainable spending levels, while preserving the real purchasing power of the gifted capital. Chart 1 illustrates that over the last twenty-eight years, the endowment funds have achieved sustainable spending despite a number of significant downturns, as the return objective over time has been met. The bars depict the Funds' returns versus the objectives on a quarterly basis. The endowment return objective is the spend rate plus administrative fees plus inflation. Since 1995, the Funds' annualized return was 8.5% as compared to an annualized objective of 7.3%.

The other principal endowment objective is the preservation of the real economic value of the capital. Since 1980, a full decade before TROR was fully adopted, the market value of the endowments in aggregate has stayed ahead of the indexed values on a fairly consistent basis as demonstrated by Chart 2. The endowments' market value is 34% ahead of the indexed target for this 44 year period.

The obligations of the Dalhousie University Staff Pension Plan are supported by the combined assets of the Pension Trust Fund (“PTF”) and the Retirees’ Trust Fund (“RTF”). The following Charts 3 and 4 illustrate that the two funds have each met and exceeded their respective return targets over the last twenty-five years to the Funds’ most recent June 30, 2022 fiscal year-ends, despite volatility of the markets. The PTF had an annualized net return of 7.8% as compared to the actuarial target of 6.4% over this 27-year period. Likewise, the RTF was ahead of its 5.05% objective with a 7.3% annualized net return. The PTF and RTF had to contend with the three major declines in equity markets during this period. Despite each fund exceeding its respective return targets, the Plan had a deficit position at its last actuarial valuation on January 31, 2020. Improving mortality rates have increased the plan liabilities significantly, and past use of previous surpluses for benefit enhancements, contribution holidays and surplus distributions have also contributed to the deficit. An actuarial valuation is currently being completed with a measurement date of January 31, 2023.

Chart 1

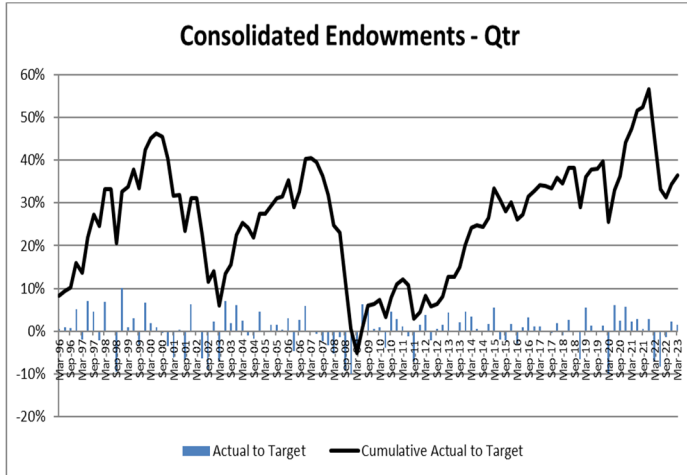


Chart 2

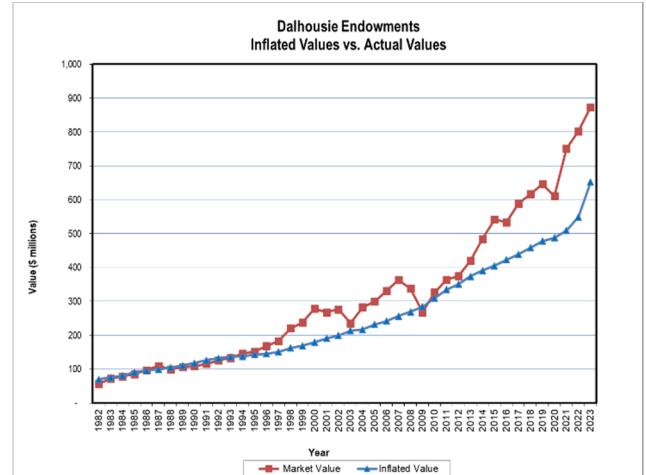


Chart 3

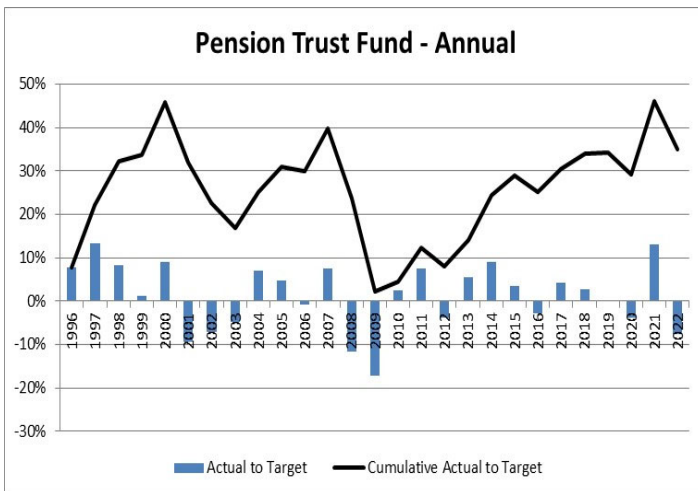
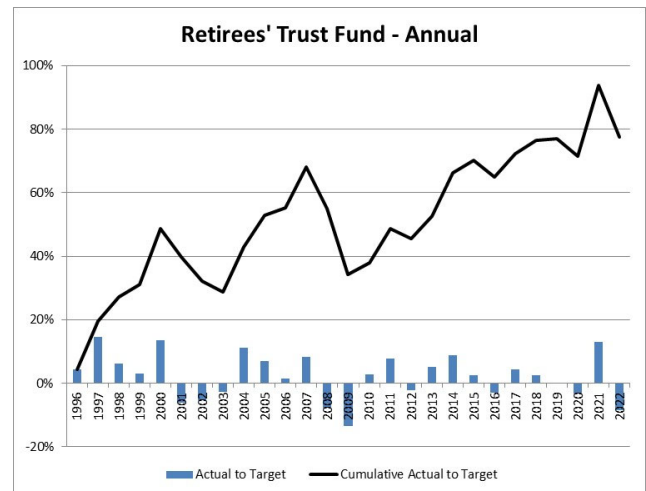


Chart 4



Each Fund’s primary return objective is defined by its funding requirement – currently the endowment has a 4.75% real return target, while the PTF and RTF have targets of 6.00% and 5.05% respectively. The PTF target represents its actuarial discount rate, while the RTF’s 5.05% represents the return hurdle required after which excess returns can be applied for pension indexation. As a result, each Fund has had its own distinct set of investment objectives that have yielded over time different asset mix policies for each Fund, and consequently different return results. With the growth of the RTF assets, its asset mix policy has drifted closer to that of the PTF to where they match today. However, the RTF’s more recent policy allocation to private investments will require some time to be actually funded, thus return results will continue to differ from the PTF for a while.

2022/23 Committee & Trustee Activity

The Committee and Trustees meet a number of times during the year to provide oversight and insight on the strategic direction of the Funds. The Committee and Trustees review investment performance each quarter, using a number of measures including each Fund's return requirement, investment policy benchmark, and to a lesser extent, peer universe comparisons. Each Fund's specific return requirement is obviously the most important measure over time. However, each Fund's investments are subject to the variations of market conditions, and as such, the investment policy benchmark is another important measure.

All three Funds made additional capital calls to private equity, private debt, private real estate, and private infrastructure strategies. The Committee and Trustees reviewed each Fund's investment risk as well as ESG assessment with the assistance of a semi-annual risk dashboard. Reviews are made at each of the investment manager, asset class and total fund levels.

During the year the committee worked on adding some mandates to the real asset space to move toward the new asset mix that was approved in 2021 for the Endowment and Pension plan. A new real estate manager, BGO, was hired and 2 infrastructure managers, CCL and Axium, were approved.

As of October 1, 2022 the Dalhousie Medical Research Foundation ("DMRF") was integrated with Dalhousie University. As part of the integration approximately \$72 million was transferred into the Fund. DMRF's asset mix is different from Dalhousie's Endowment Fund and as a result DMRF's SIP&P was included as an appendix to the Endowment Funds for the duration of the transition period.

Staff resumed some in person annual reviews and continued with some virtual of each Fund's investment managers.

The members of the Investment Committee and Trustees for the past year are listed on the last page of this report.

DALHOUSIE UNIVERSITY ENDOWMENT FUNDS

Dalhousie University has over 1,600 endowments that provide annual funding to the operating budget to support academic chairs and salaries, fellowships, scholarships, student bursaries, library enhancement, research, equipment and facilities. Investment returns from these endowed gifts plus \$1.8 million received from externally-held endowments supported program spending of \$28.5 million for 2022/23. With the inclusion of \$4.3 million of investment and related administrative costs, total 2022/23 spending was \$32.8 million.

During the past year, the University's Endowment Funds increased by \$67.6 million from \$812.9 to \$880.5 million. Market value appreciation totalled \$25.0 million of investment returns, and \$36.2 million was withdrawn for the year's spending allocations. \$6.7 million in new gifts and designated net transfers were received, and \$72.1 million resulting from the integration of DMRF.

The endowment spending and associated investment policies are reviewed frequently to ensure that spending is kept at a sustainable level to enable preservation of the real economic value of the corpus and to provide an intergenerational equality balance. Dalhousie uses a banded inflation model that commences spending at 4.25% percentage of the gift and increases spending at the rate of inflation in subsequent years so long as the spending remains within a band of 3.75% to 5.00% of each endowment's market value.

DALHOUSIE UNIVERSITY ENDOWMENT FUNDS

Manager	Asset Class	Market Value (\$ Millions)	
		March 31, 2023	March 31, 2022
Burgundy Asset Management	Canadian Equities	\$ 55.7	\$ 70.6
Montrusco Bolton	Canadian Equities – dividend growth	28.0	31.9
Fiera Capital Management	Canadian Equities	30.5	29.1
Ashford Capital Management	US Equities	34.4	40.7
Fiera Capital Management	US Equities – Large Cap	59.9	65.2
Wellington Management Canada LLC	US Equities – SMID	17.4	16.5
State Street Global Asset Management	US Equities – Mid Cap Index	22.5	33.5
Addenda Capital Inc.	NNA Equities	38.3	36.1
Burgundy Asset Management	NNA Equities	39.7	36.8
Fiera Capital	NNA Equities	54.6	50.2
CIBC Global Asset Management	Canadian Bond – Index	40.0	53.6
Addenda Capital Inc.	Canadian Bonds - active	26.8	27.0
BlackRock Asset Management	Canadian Bonds - active	30.4	31.0
Canso Investment Counsel	Canadian Bonds - active	38.3	38.8
Brookfield	Private Loans & Mortgage	4.1	4.4
Crestline	Private Debt	13.8	9.9
Commonfund Capital	Private Equity	103.7	99.0
JP Morgan	Private Equity	36.3	33.7
BMO F&C	Private Equity	14.4	16.1
Pantheon	Private Equity	0.9	1.1
Lazard Asset Management	Infrastructure securities	15.5	15.3
Macquarie	Infrastructure – Renewable Energy	9.5	3.2
JP Morgan	Infrastructure & Shipping	13.5	14.3
Commonfund	Infrastructure	7.7	1.5
Connor, Clark & Lunn	Infrastructure	0.7	0.0
CBRE	Global Public Real Estate	24.0	26.8
Brookfield	Global Real Estate	3.2	2.7
BentallGreenOak	Canadian Real Estate	14.6	0.0
Fiera	Canadian Real Estate	14.4	13.7
Canadian Urban	Canadian Real Estate	0.0	0.1
Crestpoint	Canadian Real Estate	7.2	4.9
Jarislowsky Fraser	Global Balanced	2.3	2.4
Dalhousie Medical Research Foundation (DMRF)	Other	76.8	0.0
	General*	1.4	2.8
TOTAL ASSETS		880.5	812.9

* Includes other funds invested in a manner as specified by donor and cash in-transit.

ENDOWMENT FUND PERFORMANCE

	Annualized Returns to			
	March 31, 2023		March 31, 2022	
	Fund	Benchmark**	Fund	Benchmark**
10 Years	9.3%	8.6%	10.2%	9.3%
4 Years	8.4%	7.6%	9.8%	9.1%
3 Years	12.3%	11.1%	10.4%	9.5%
2 Years	6.1%	4.6%	17.6%	15.8%
1 Year	2.4%	2.1%	9.9%	7.1%

** The benchmark is the index return of the Fund's policy asset allocation.

DALHOUSIE UNIVERSITY
Pension Trust Fund

The Pension Trust Fund's fiscal year commences on July 1st. For the first nine months of this fiscal year, the Pension Trust Fund's assets increased \$31.6 million from \$822.1 million to \$853.7 million. The Fund transferred \$67.9 million to the Retirees' Trust Fund for new retirements, disbursed \$8.1 million in benefit payments, and incurred \$3.7 million in expenses. Market appreciation accounted for an additional \$70.0 million. The Fund received \$41.3 million in new contributions.

DALHOUSIE UNIVERSITY
PENSION TRUST FUND

Manager	Asset Class	Market Value (\$ Millions)		
		March 31, 2023	June 30, 2022*	March 31, 2022
Burgundy Asset Management	Canadian Equities	\$ 50.0	\$ 55.3	\$ 66.4
Montrusco Bolton	Canadian Equities	23.1	21.4	27.0
Fiera Capital Management	Canadian Equities	26.0	24.9	31.1
Ashford Capital Management	US Equities	25.4	27.5	34.3
Fiera Capital	US Equities – Large Cap	47.0	45.4	54.0
Wellington Management Canada LLC	US Equities – SMID	13.7	12.0	13.0
State Street Global Asset Management	US Equities – Mid Cap	19.9	24.9	28.5
Addenda Capital Inc	NNA Equities	37.8	31.5	35.6
Burgundy Asset Management	NNA Equities	39.2	31.9	36.2
Fiera Capital	NNA Equities	45.0	35.9	41.4
CIBC Global Asset Management	Canadian Bond - Index	57.5	55.2	62.8
Addenda Capital Inc.	Canadian Bonds - active	33.7	32.1	33.9
BlackRock Asset Management	Canadian Bonds – active	46.6	44.7	47.4
Canso Investment Counsel	Canadian Bonds – active	42.2	40.6	42.8
Crestline	Private Debt	18.8	16.3	13.5
Brookfield	Private Loans & Mortgage	5.0	5.2	5.3
Commonfund Capital	Private Equity	105.2	107.8	100.7
JP Morgan	Private Equity	31.9	28.7	29.2
BMO F&C	Private Equity	16.9	17.6	19.2
Pantheon Ventures Ltd.	Private Equity	0.9	1.0	1.1
Lazard Asset Management	Infrastructure securities	20.2	19.3	19.8
Macquarie	Infrastructure – Renewable Energy	18.3	14.4	6.3
JP Morgan	Infrastructure & Shipping	16.0	17.7	17.2
Commonfund	Infrastructure	7.7	2.8	1.5
Connor, Clark & Lunn	Infrastructure	0.3	0.0	0.0
CBRE	Global Public Real Estate	37.9	36.2	42.4
Brookfield	Global Real Estate	8.8	7.7	7.3
BentallGreenOak	Canadian Real Estate	4.9	1.0	0.0
Fiera	Canadian Real Estate	27.2	26.4	25.3
Canadian Urban	Canadian Real Estate	0.0	0.1	0.1
Crestpoint	Canadian Real Estate	15.8	14.7	13.6
	Cash in Bank & Other	10.8	21.9	16.4
TOTAL ASSETS		\$853.7	\$822.1	\$873.3

PENSION TRUST FUND PERFORMANCE

	Annualized Returns to					
	March 31, 2023		June 30, 2022*		March 31, 2022	
	Fund	Benchmark**	Fund	Benchmark**	Fund	Benchmark**
10 Years	8.7%	7.9%	9.0%	7.8%	9.6%	8.5%
4 Years	7.9%	6.9%	6.8%	5.3%	9.4%	8.2%
3 Years	11.2%	9.6%	6.8%	4.7%	9.8%	8.5%
2 Years	6.2%	4.1%	9.0%	3.8%	15.8%	13.4%
1 Year	2.4%	2.4%	-1.4%	-6.5%	10.2%	5.8%

*June 30 is the fiscal year end of the Pension Trust Fund

** The benchmark is the index return of the Fund's policy asset allocation

DALHOUSIE UNIVERSITY
Retirees' Trust Fund

For the first nine months of the Retirees' Trust Fund's fiscal year that commenced on July 1, 2021, its asset value increased from \$795.0 million to \$894.0 million, an increase of \$99.0 million. The Fund received \$67.9 million in transfers for new retirees from the Pension Trust Fund. Market value increases amounted to \$84.9 million for the period. For these nine months, it made \$50.2 million in benefit payments and incurred \$3.6 million in expenses.

DALHOUSIE UNIVERSITY
RETIRES' TRUST FUND

Manager	Asset Class	Market Value (\$ Millions)		
		March 31, 2023	June 30, 2022*	March 31, 2022
Burgundy Asset Management	Canadian Equities	\$ 62.3	\$ 53.6	\$ 66.5
Montrusco Bolton	Canadian Equities	29.5	27.3	30.2
Fiera Capital	Canadian Equities	33.8	30.0	32.2
Ashford Capital Management	US Equities – Small Cap	35.0	30.1	40.9
Fiera Capital	US Equities – Large Cap	68.6	58.2	68.1
Wellington Management Canada LLC	US Equities – SMID	21.7	19.1	20.6
State Street Global Asset Management	US Equities – Mid Cap	39.2	33.3	38.2
Addenda Capital Inc	NNA Equities	38.2	31.9	36.0
Burgundy Asset Management	NNA Equities	39.1	31.9	36.2
Fiera Capital	NNA Equities	53.5	42.6	49.1
CIBC Global Asset Management	Canadian Bond - Index	36.5	35.0	40.4
Addenda Capital Inc	Canadian Bonds - active	35.1	33.4	35.3
BlackRock Asset Management	Canadian Bonds - active	50.3	48.2	51.2
Canso Investment Counsel	Canadian Bonds - active	48.7	47.0	49.5
Crestline	Private Debt	16.8	14.3	11.8
Brookfield	Private Loans & Mortgage	3.8	4.0	4.1
Commonfund Capital	Private Equity	72.0	65.3	55.9
BMO F&C	Private Equity	15.5	16.0	17.4
JP Morgan	Private Equity	19.4	15.1	14.5
Lazard Asset Management	Infrastructure securities	48.5	46.2	47.7
Macquarie	Infrastructure – Renewable Energy	8.0	6.3	2.7
JP Morgan	Infrastructure & Shipping	11.6	12.7	12.2
Commonfund	Infrastructure	7.7	2.8	1.5
Connor, Clark & Lunn	Infrastructure	0.3	0.0	0.0
First National	Index Linked Mortgages	0.0	0.1	0.2
CBRE	Global Public Real Estate	43.5	41.6	48.6
Brookfield	Global Real Estate	7.7	6.8	6.4
BentallGreenOak	Canadian Real Estate	4.9	1.0	1.0
Fiera	Canadian Real Estate	21.6	21.1	20.1
Canadian Urban	Canadian Real Estate	0.0	0.0	0.1
Crestpoint	Canadian Real Estate	13.8	12.9	11.9
	Cash in Bank & Other	7.4	7.2	5.6
TOTAL ASSETS		\$894.0	\$795.0	\$855.4

RETIRES' TRUST FUND PERFORMANCE

	Annualized Returns to					
	March 2023		June 30, 2022*		March 31, 2022	
	Fund	Benchmark**	Fund	Benchmark**	Fund	Benchmark**
10 Years	7.7%	7.4%	7.7%	7.1%	8.4%	8.0%
4 Years	7.5%	6.8%	5.7%	5.1%	8.6%	8.0%
3 Years	11.6%	9.7%	5.7%	4.5%	8.9%	8.4%
2 Years	5.9%	4.0%	7.5%	3.8%	16.1%	13.6%
1 Year	3.3%	2.3%	-3.3%	-6.5%	8.7%	5.6%

*June 30 is the fiscal year end of the Retirees' Trust Fund

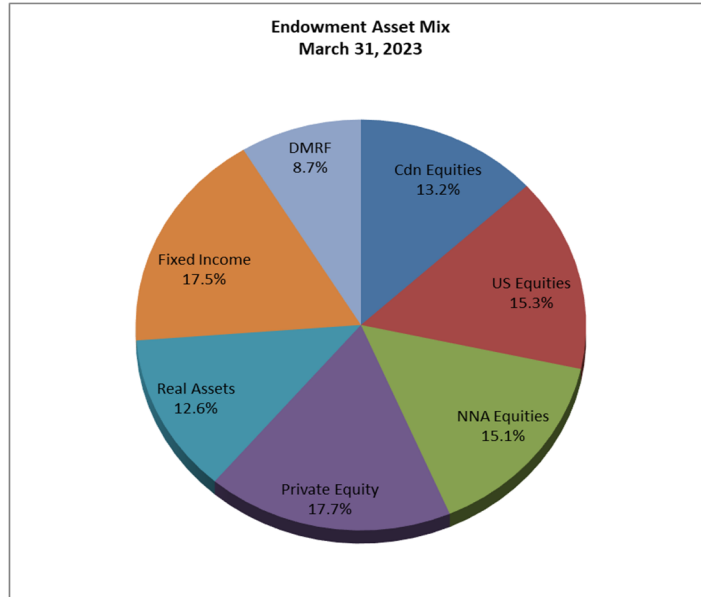
** The benchmark is the index return of the Fund's policy asset allocation

APPENDIX A Investment Objectives & Asset Mix

Endowment Objectives:

- *Maintain and preserve the real economic value of the endowment capital;*
- *Optimize spending levels that achieve objective #1 and that provides for:*
 - ✓ *annual spending stability in real terms*
 - ✓ *minimizes the risk of declines in year-to-year spending levels*
- *Moderate growth (1%) of endowment corpus via capital appreciation once objectives #1 and #2 are satisfied*

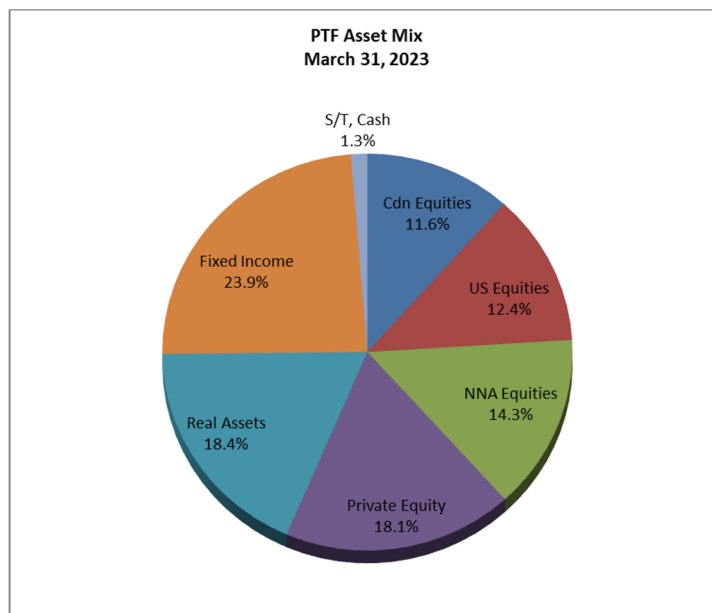
Target: CPI + 4.75%



Pension Trust Fund Objectives:

- *Fully funded obligations - Achieve and maintain a funded ratio of 100%;*
- *Stabilize contribution ratios;*
- *With #1 and #2 satisfied, reduce contribution rates.*

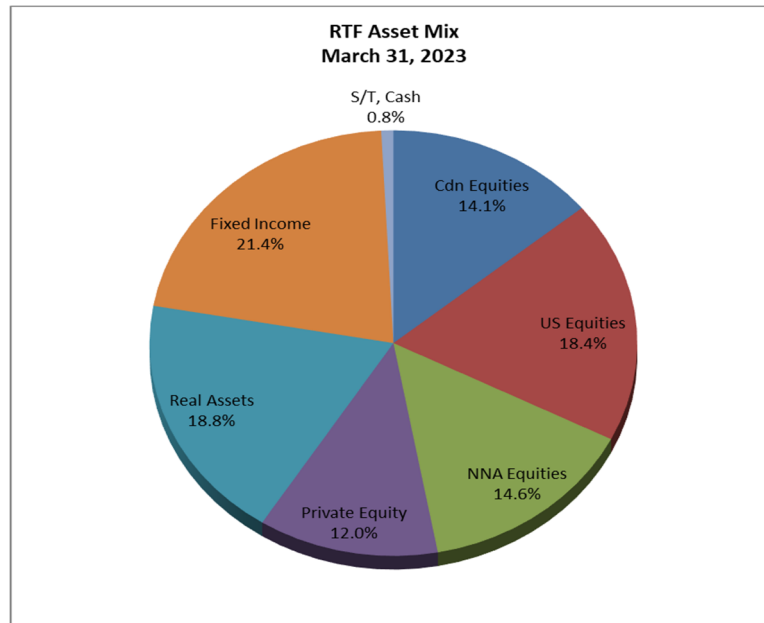
Target: Actuarial Assumption of 6.30%



Retirees' Trust Fund Objectives:

- *Meet the current pension promise;*
- *Provide pension indexation – a secondary objective to #1;*
- *Avoid the requirement for supplemental sponsor funding.*

Target: 5.05%



**DALHOUSIE UNIVERSITY
INVESTMENT COMMITTEE
TRUSTEES OF THE PENSION & RETIREES' FUNDS
2022-23**

		Investment Committee	Pension Trust Fund	Retirees' Trust Fund
Mr. Paul Beesley – July 1, 2022 – present (Chair)	Board Representative / Nominee	√	√	√
Mr. Robert Richardson – until June 30, 2022(Chair)	Board Representative / Nominee	√	√	√
Mr. Level Chan	Board Nominee	√	√	√
Mr. Paul Conrod	Non-Board, External	√	√	√
Mr. Aubrey Palmeter	Non-Board, External	√	√	√
Dr. Greg Hebb	Senate Nominee	√	√	√
Mr. Andrew Cochrane – start July 1, 2021	Non-Board, retiree			√
Mr. Jonathan Shapiro	DFA Nominee		√	√
Ms. Gitta Kulczycki (Vice-President, Finance & Administration)	Senior Officer for Liaison and Member	√	√	√
Ms. Cheryl Earle (CFO and Asst Vice-President, Financial Services)	Internal Appointment	√		

Support:

Secretary/Staff: Ms. Nancy-Beth Foran (Treasurer)

Consultant: Mr. Bob Mitchell