

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

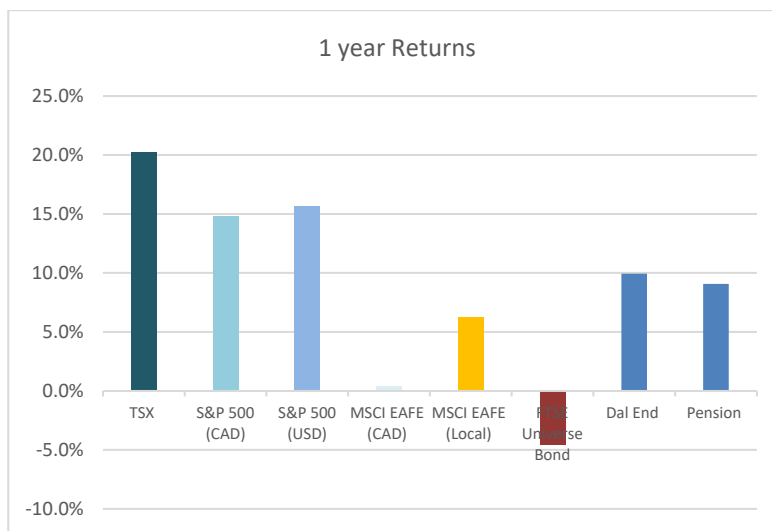
**ANNUAL REPORT TO
Finance, Audit, Investment & Risk Committee, Board of Governors
Endowment Funds
Pension Trust Fund
Retirees' Trust Fund**

June 2022

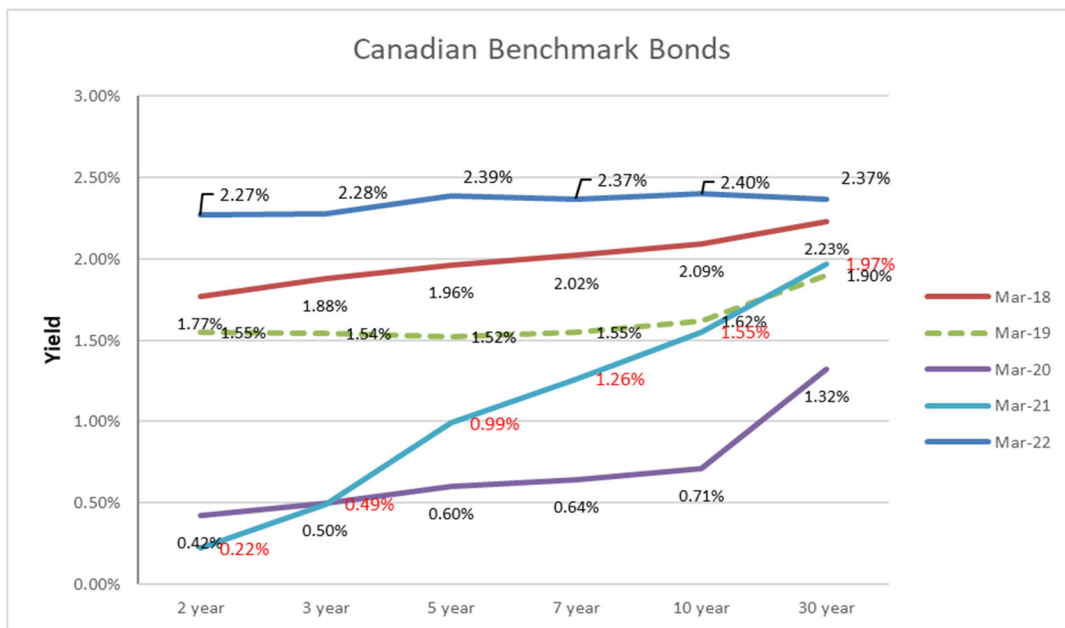
Chair, Members of the Finance, Audit, Investment & Risk Committee:

Market Overview & Summary

The market recovery that started in April of 2020 continued through 2021. 2021 was a good year for value style managers, except for the US equity market that continued to see growth outperform value. The endowment fund and pension plan earned 15.21% and 14.31% respectively from April 1, 2021 to December 31, 2021. Then came 2022. January 2022 was the worst month for the S&P 500 since 2009. Then the world watched as Russia invaded the Ukraine at the end of February. This caused significant volatility in the market, amid geopolitical tension, soaring inflation, a looming monetary policy tightening cycle, continued supply chain disruptions and concerns over slowing economic growth. Oil prices soared 33% in the quarter amid fears that Russia's invasion of Ukraine will impact supplies from the world's second largest crude exporter. Dalhousie's endowment fund and its pension plan earned 9.93% and 9.07% for the fiscal year ending March 31, 2022.



Central banks kept rates low during 2021, however economists quickly adjusted their forecasts predicting a stronger recovery and higher inflation as inflation pushed to its highest level in more than a decade by June 2021. Towards the end of 2021 the Fed Chair Jerome Powell decided to retire the word “transitory” and acknowledge that inflation is proving to be more persistent than expected. The first quarter of 2022 saw fixed income markets post their worst quarter in four decades, as yields rose and credit spreads widened. March of 2022 saw the start of what is expected to be numerous interest rate hikes in an effort to control rising inflation.



Annualized returns as of March 31, 2022	1 year	2 years	3 years	4 years	10 years
Canada -TSX	20.18%	31.66%	14.14%	14.60%	9.08%
U.S. -S&P 500, CAD	14.76%	26.19%	16.24%	15.55%	17.21%
U.S. -S&P 500, USD	15.65%	34.46%	18.92%	16.49%	14.63%
EAFE - CAD	0.39%	13.48%	5.36%	3.94%	8.66%
EAFE - local currency	6.21%	20.42%	8.23%	6.86%	8.61%
Canada Bonds - FTSE universe	-4.52%	-1.50%	0.44%	1.63%	2.54%
CPI	6.66%	4.41%	3.22%	2.88%	2.04%

The Dalhousie Funds' outperformed their benchmarks and had strong returns in the first 3 quarters of the fiscal year. The Funds' allocations to private investments in real estate, infrastructure, and private equity contributed to performance. The first three months of 2022, the final quarter of the fiscal year, saw public markets, except the TSX, end the quarter lower as volatility increased significantly.

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-six 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 8.4% as compared to an annualized objective of 6.8%.

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 48% ahead of the indexed target for this 41 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, 2021 fiscal year-ends, despite volatility of the markets. The PTF had an annualized net return of 8.2% as compared to the actuarial target of 6.6% over this 26-year period. Likewise, the RTF was ahead of its 5.05% objective with a 7.8% annualized net return. The PTF and RTF had to contend with the two 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.

Chart 1

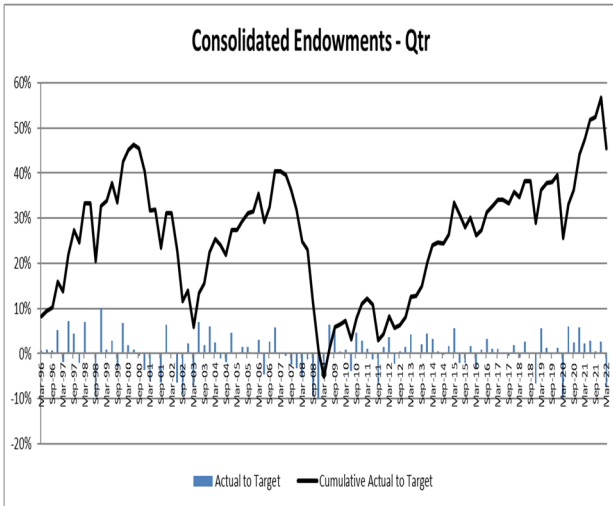


Chart 2

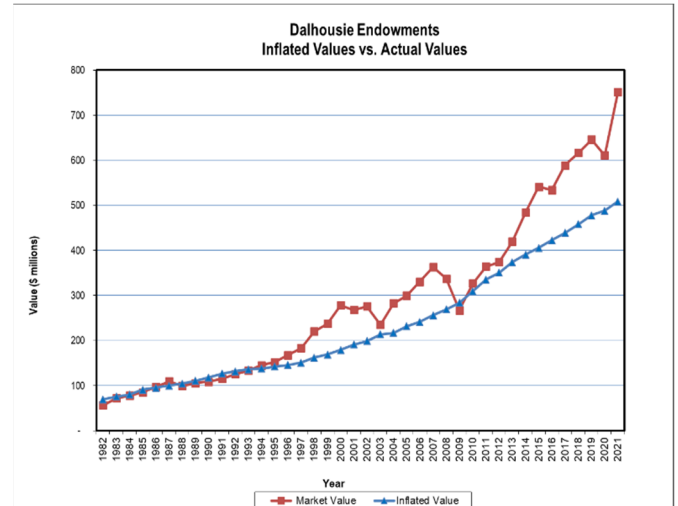


Chart 3

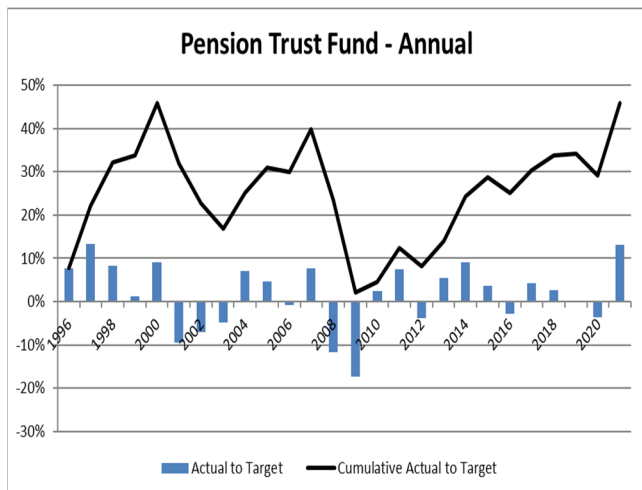
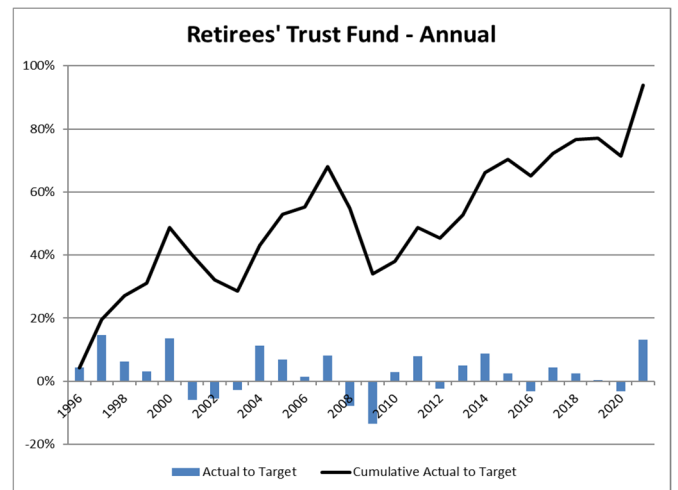


Chart 4



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.

2021/22 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.

Each of the 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.

A full asset/liability review of the Pension Plan was completed. A key part of the study was determining what was the appropriate and prudent amount of risk to assume in investment strategy for each Fund. This was done by establishing a baseline of current asset mix and plan structure, including liability projections from the most recent actuarial valuation (Jan 31, 2020). This was then modelled using stochastic projections of over 1000 scenarios over 15 years, and comparing the results against the baseline. The results were measured as to their impact on the PTF and RTF's major objectives. The study resulted in some minor changes in the current asset mix, including a decrease of public equities to 32.5% , a slight increase in alternatives to 32.5% and an increase in fixed income to 35%. It is expected that the revised asset mix will take 18-24 months to implement.

The study showed that the revised asset mix is expected to produce results in line with current expectations while decreasing risk.

The Committee and Trustees also completed a virtual annual review 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 1,500 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 \$2.1 million received from externally-held endowments supported program spending of \$24.6 million for 2021/22. With the inclusion of \$4.1 million of investment and related administrative costs, total 2021/22 spending was \$28.7 million.

During the past year, the University's Endowment Funds increased by \$52.2 million from \$760.7 to \$812.9 million. Market value appreciation totalled \$75.6 million of investment returns, and \$29.8 million was withdrawn for the year's spending allocations. \$6.3 million in new gifts and designated net transfers were received, and \$0.1 million was received in net disbursements from investments.

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, 2022	March 31, 2021
Burgundy Asset Management	Canadian Equities	\$ 70.6	\$58.7
Montrusco Bolton	Canadian Equities – dividend growth	31.9	27.8
Fiera Capital Management	Canadian Equities	29.1	25.1
Ashford Capital Management	US Equities	40.7	51.5
Fiera Capital Management	US Equities – Large Cap	65.2	60.9
Wellington Management Canada LLC	US Equities – SMID	16.5	15.1
State Street Global Asset Management	US Equities – Mid Cap Index	33.5	36.1
Addenda Capital Inc.	NNA Equities	36.1	37.9
Burgundy Asset Management	NNA Equities	36.8	38.6
Fiera Capital	NNA Equities	50.2	47.5
CIBC Global Asset Management	Canadian Bond – Index	53.6	56.2
Addenda Capital Inc.	Canadian Bonds - active	27.0	27.9
BlackRock Asset Management	Canadian Bonds - active	31.0	32.1
Canso Investment Counsel	Canadian Bonds - active	38.8	39.5
Brookfield	Private Loans & Mortgage	4.4	5.4
Crestline	Private Debt	9.9	7.4
Commonfund Capital	Private Equity	99.0	68.1
JP Morgan	Private Equity	33.7	26.1
BMO F&C	Private Equity	16.1	17.0
Pantheon	Private Equity	1.1	1.5
Lazard Asset Management	Infrastructure securities	15.3	12.8
Macquarie	Infrastructure – Renewable Energy	3.2	1.8
JP Morgan	Infrastructure & Shipping	14.3	12.1
Commonfund	Infrastructure	1.5	0.5
CBRE Clarion	Global Real Estate Securities	26.8	22.6
Brookfield	Global Real Estate	2.7	1.9
Fiera	Canadian Real Estate	13.7	10.7
Canadian Urban	Canadian Real Estate	0.1	6.5
Crestpoint	Canadian Real Estate	4.9	4.1
Jarislowsky Fraser	Global Balanced	2.4	2.4
	General*	2.8	4.9
TOTAL ASSETS		812.9	760.7

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

ENDOWMENT FUND PERFORMANCE

	Annualized Returns to			
	March 31, 2022		March 31, 2021	
	Fund	Benchmark**	Fund	Benchmark**
10 Years	10.2%	9.3%	9.5%	8.8%
4 Years	9.8%	9.1%	9.2%	9.0%
3 Years	10.4%	9.5%	9.7%	9.8%
2 Years	17.6%	15.8%	10.7%	10.8%
1 Year	9.9%	7.1%	25.7%	25.3%

** 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 \$16.7 million from \$856.6 million to \$873.3 million. The Fund transferred \$48.7 million to the Retirees' Trust Fund for new retirements, disbursed \$8.7 million in benefit payments, and incurred \$3.8 million in expenses. Market appreciation accounted for an additional \$38.9 million. The Fund received \$39.0 million in new contributions.

DALHOUSIE UNIVERSITY
PENSION TRUST FUND

Manager	Asset Class	Market Value (\$ Millions)		
		March 31, 2022	June 30, 2021*	March 31, 2021
Burgundy Asset Management	Canadian Equities	\$ 66.4	\$61.4	\$ 58.6
Montrusco Bolton	Canadian Equities	27.0	25.4	24.0
Fiera Capital Management	Canadian Equities	31.1	28.3	26.8
Ashford Capital Management	US Equities	34.3	40.9	39.6
Fiera Capital	US Equities – Large Cap	54.0	52.5	48.4
Wellington Management Canada LLC	US Equities – SMID	13.0	12.3	11.9
State Street Global Asset Management	US Equities – Mid Cap	28.5	28.0	27.4
Addenda Capital Inc	NNA Equities	35.6	39.5	37.4
Burgundy Asset Management	NNA Equities	36.2	39.3	38.0
Fiera Capital	NNA Equities	41.4	46.2	42.6
CIBC Global Asset Management	Canadian Bond - Index	62.8	67.0	65.8
Addenda Capital Inc.	Canadian Bonds - active	33.9	35.7	35.1
BlackRock Asset Management	Canadian Bonds – active	47.4	50.1	49.1
Canso Investment Counsel	Canadian Bonds – active	42.8	44.7	43.5
Crestline	Private Debt	13.5	11.4	10.2
Brookfield	Private Loans & Mortgage	5.3	6.5	6.6
Commonfund Capital	Private Equity	100.7	81.2	70.3
JP Morgan	Private Equity	29.2	25.1	22.6
BMO F&C	Private Equity	19.2	21.3	21.2
Pantheon Ventures Ltd.	Private Equity	1.1	1.4	1.5
Lazard Asset Management	Infrastructure securities	19.8	17.5	16.6
Macquarie	Infrastructure – Renewable Energy	6.3	3.7	3.4
JP Morgan	Infrastructure & Shipping	17.2	14.5	14.5
Commonfund	Infrastructure	1.5	0.3	0.5
CBRE Clarion	Global Public R.E.	42.4	39.1	35.8
Brookfield	Global Real Estate	7.3	5.4	5.3
Fiera	Canadian Real Estate	25.3	21.0	20.0
Canadian Urban	Canadian Real Estate	0.1	7.8	8.5
Crestpoint	Canadian Real Estate	13.6	11.7	11.2
	Cash in Bank & Other	16.4	17.3	15.1
TOTAL ASSETS		\$873.3	\$856.6	\$811.7

PENSION TRUST FUND PERFORMANCE

	Annualized Returns to					
	March 31, 2022		June 30, 2021*		March 31, 2021	
	Fund	Benchmark**	Fund	Benchmark**	Fund	Benchmark**
10 Years	9.6%	8.5%	9.4%	8.7%	8.9%	8.3%
4 Years	9.4%	8.2%	9.6%	9.1%	8.6%	8.4%
3 Years	9.8%	8.5%	9.7%	9.5%	9.1%	9.1%
2 Years	15.8%	13.4%	11.2%	10.7%	9.6%	9.9%
1 Year	10.2%	5.8%	20.5%	15.1%	21.8%	21.5%

* 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 \$829.8 million to \$855.4 million, an increase of \$25.6 million. The Fund received \$48.7 million in transfers for new retirees from the Pension Trust Fund. Market value increases amounted to \$28.2 million for the period. For these nine months, it made \$47.5 million in benefit payments and incurred \$3.8 million in expenses.

DALHOUSIE UNIVERSITY
RETIRES' TRUST FUND

Manager	Asset Class	Market Value (\$ Millions)		
		March 31, 2022	June 30, 2021*	March 31, 2021
Burgundy Asset Management	Canadian Equities	\$ 66.5	\$ 59.2	\$ 55.0
Montrusco Bolton	Canadian Equities	30.2	26.2	24.8
Fiera Capital	Canadian Equities	32.2	29.4	27.8
Ashford Capital Management	US Equities – Small Cap	40.9	59.2	57.4
Fiera Capital	US Equities – Large Cap	68.1	64.0	58.9
Wellington Management Canada LLC	US Equities – SMID	20.6	19.5	18.9
State Street Global Asset Management	US Equities – Mid Cap	38.2	40.4	39.6
Addenda Capital Inc	NNA Equities	36.0	39.9	37.8
Burgundy Asset Management	NNA Equities	36.2	39.3	37.9
Fiera Capital	NNA Equities	49.1	50.5	46.5
CIBC Global Asset Management	Canadian Bond - Index	40.4	43.0	42.3
Addenda Capital Inc	Canadian Bonds - active	35.3	37.1	36.5
BlackRock Asset Management	Canadian Bonds - active	51.2	54.1	53.1
Canso Investment Counsel	Canadian Bonds - active	49.5	51.6	50.3
Crestline	Private Debt	11.8	9.9	8.8
Brookfield	Private Loans & Mortgage	4.1	5.0	5.1
Commonfund Capital	Private Equity	55.9	36.9	28.5
BMO F&C	Private Equity	17.4	18.5	18.4
JP Morgan	Private Equity	14.5	9.1	7.5
Lazard Asset Management	Infrastructure securities	47.7	42.0	40.0
Macquarie	Infrastructure – Renewable Energy	2.7	1.6	1.5
JP Morgan	Infrastructure & Shipping	12.2	10.4	10.4
Commonfund	Infrastructure	1.5	0.3	0.5
First National	Index Linked Mortgages	0.2	0.5	0.6
CBRE Clarion	Global Public Real Estate	48.6	44.9	41.1
Brookfield	Global Real Estate	6.4	4.8	4.7
Fiera	Canadian Real Estate	20.1	16.7	15.9
Canadian Urban	Canadian Real Estate	0.1	4.6	5.1
Crestpoint	Canadian Real Estate	11.9	10.2	9.8
	Cash in Bank & Other	5.6	0.7	14.4
TOTAL ASSETS		\$855.4	\$829.8	\$798.9

RETIRES' TRUST FUND PERFORMANCE

	Annualized Returns to					
	March 2022		June 30, 2021*		March 31, 2021	
	Fund	Benchmark**	Fund	Benchmark**	Fund	Benchmark**
10 Years	8.4%	8.0%	8.4%	8.2%	8.0%	7.9%
4 Years	8.6%	8.0%	8.7%	8.8%	7.8%	8.1%
3 Years	8.9%	8.4%	8.9%	9.3%	8.5%	8.9%
2 Years	16.1%	13.6%	10.5%	10.6%	9.0%	9.8%
1 Year	8.7%	5.6%	19.4%	15.3%	24.0%	22.1%

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

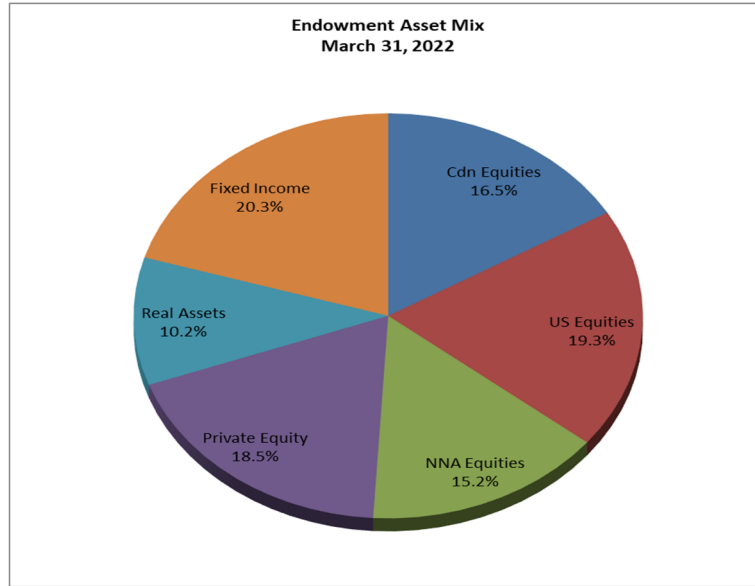
** The benchmark is the index return of the Fund's policy asset allocation

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**

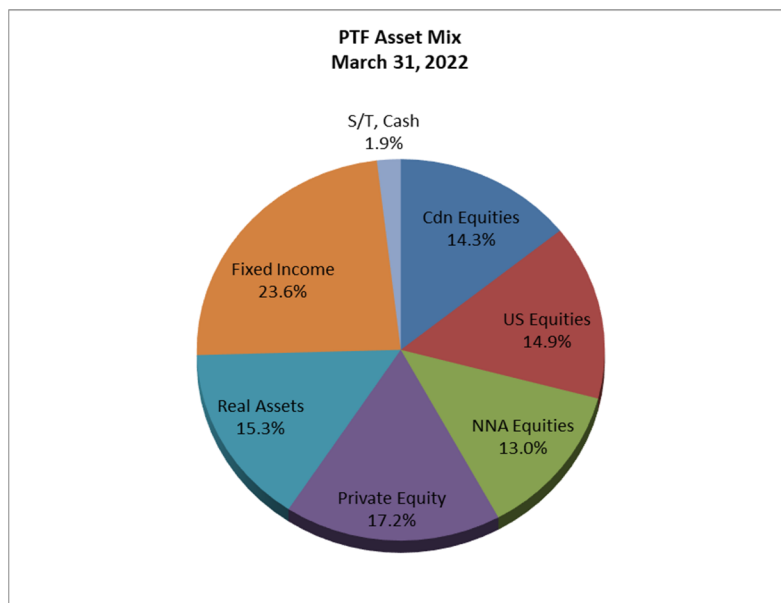
Target: CPI + 4.75%



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.**

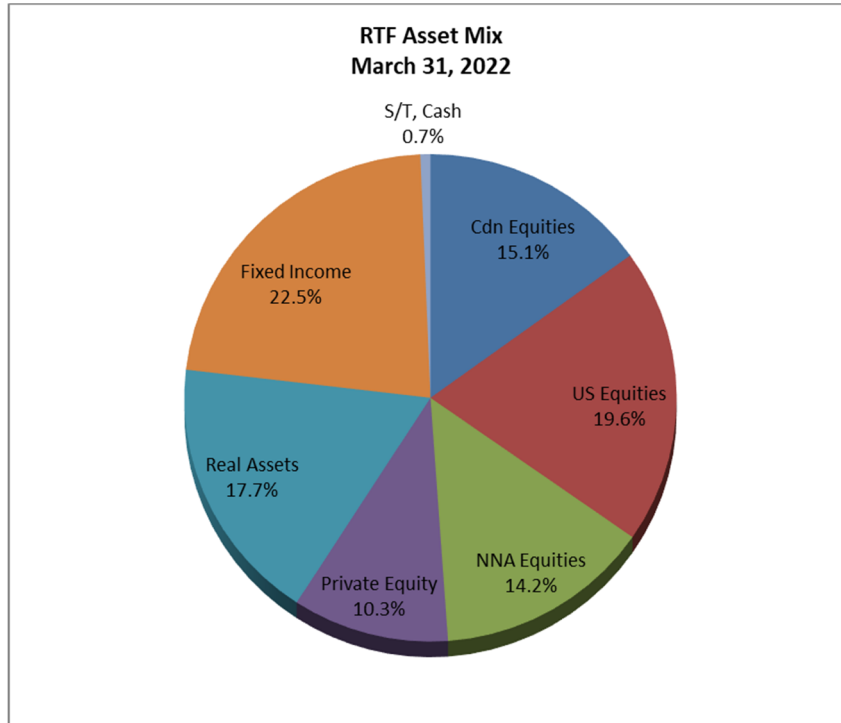
Target: Actuarial Assumption of 6.00%



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
2021-22**

		Investment Committee	Pension Trust Fund	Retirees' Trust Fund
Mr. Robert Richardson (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	√	√	√
Dr. David Cameron – until June 30, 2021	Non-Board, retiree			√
Mr. Andrew Cochrane – start July 1, 2021	Non-Board, retiree			√
Mr. Ron Pink, Q.C. – until Dec 31, 2021	DFA Nominee		√	√
Mr. Jonathan Shapiro – start Jan 1, 2022	DFA Nominee		√	√
Ms. Gitta Kulczycki (Vice-President, Finance & Administration)	Senior Officer for Liaison and Member	√	√	√
Ms. Susan Robertson (Asst Vice-President, Financial Services) – until February 2022	Internal Appointment	√	√	√
Ms. Cheryl Earle (CFO and Asst Vice-President, Financial Services) – start March 2022	Internal Appointment	√		

Support:

Secretary/Staff:	Ms. Nancy-Beth Foran (Treasurer January 2022 – present / Treasurer (Acting) January 1, 2021 - December 31, 2021)
Consultant:	Mr. Bob Mitchell