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1.1 Saint Mary's University (t

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21 The University, acting through its Board of Governors (the 'Board'), has appointed the Committee the Administrator of the Plan. The Committee may delegate tasks to employees of the University and to the various agents it has retained to assist it in carrying out its duties in respect of the Fund. The Committee has overall responsibility for the Fund as set out below

22 The Committee shall

establish and adopt the Statement;
review the Statement at least annually and confirm or amend it as needed;
appoint the fund managers (the 'Managers') to manage the Fund's investments;
select the investment options to be offered to the Members;
appoint the record keeper (the 'Record keeper') to hold the Fund and to maintain records for the Members;
appoint (an) investment performance monitor(s) (the 'Performance Monitor') to assist the Committee;
review the frequency of Members' investment option transfer activity;
review Member asset balances in excess of insured limits;
evaluate the appropriateness of the overall Plan design and/or membership communications;
ensure that information is provided to Members to help them in their selection of appropriate investment options;
delegate tasks relating to the overall management of the Fund to selected employees of the University and/or to selected agents retained by the Committee;
communicate to the Record keeper, in the Record keeper's specified format, the target asset allocation of each individual component of the Diverse Growth Portfolio Option and the eight target Date Portfolio Options; and

at least annually, review and evaluate the Managers and their performance, both quantitatively and qualitatively, including

- an evaluation of the rates of return achieved and a comparison to the objectives established;
- a review of the degree of risk assumed in attaining investment returns; and
- a review of the Managers in the context of the criteria used for their appointment.

23 The Members shall

inform themselves of the risks, reward (° all \$ m

assist the Committee in providing information and support to Members with the objective of helping them select t th

31 The Plan is a registered pension plan that provides defined contribution benefits for Members. The University and the Members are required to contribute to the Plan. Members may elect to make additional voluntary contributions insofar as they are permitted by the Income Tax Act and Regulations.

32 The amount of a Member's pension will be a function of the accumulated value of his or her pension assets at retirement and the qualifying retirement vehicles permitted by the Income Tax Act at retirement. Under a defined contribution plan, the member bears the investment risk. A Member's account balance is directly related to the amount and timing of contributions to the Member's account and to the performance of the investment options selected by the Member.

33 The Members have diverse demographics, diverse investment and financial experience, and diverse risk tolerance. The Committee believes that the best way to address the diverse investment needs of the Members is to offer a range of investment options that cover the major asset classes and range of risk/return preferences.

34 The Committee has considered the following in selecting the investment options:

While many Members may prefer a simplified and automated approach to managing investment risk over their working lives, some Members will want the flexibility to control the amount of risk they are willing to accept at any point in time;

Members are provided flexibility to select from investment options that meet a range of individual preferences;

Members' selection of investment options is kept as simple as possible by:

offering those Members looking for a simplified and automated investment approach, a series of Target Date Portfolios, and

by offering those Members wanting to control the amount of risk they are willing to take at any point, the ability to create their own target asset allocation using a streamlined set of investment options that cover the major risk/return spectrum. The Committee believes that minimizing the amount of redundancy between these options will facilitate these Members' decisions in pursuing their target asset allocation.

the Committee believes that active management of Canadian Government Bonds and US Large Cap Equities will likely not add value net of fees relative to indexed management and accordingly may adopt a passive approach in the w Bd valy a e ly

Global Small Cap Equity*	MSCI World Small Cap (Net)	+1.00%

overall adherence by a Manager to the Statement;

consistency of a Manager's portfolio style and strategy with its stated style and strategy;

retention of a Manager's professional staff; replacement of a Manager's staff lost by retirement, resignation, etc.;

consistency of key personnel and their role in investment decisions;

competitiveness of fees; and

characteristics of a Manager's firm (e.g., ownership, growth in assets under management, client retention/loss, etc.).

If the Individual disclosing the conflict has voting powers, he or she may continue to participate with respect to the issue only with the unanimous approval of the other participants with voting rights, and

The Individual's notification shall be considered a continuing disclosure on that issue for purposes of the obligations outlined by these guidelines.

- 56 The Committee shall be notified of any perceived conflict of interest arising from Members receiving assistance with the selection of investment options. The Committee shall take whatever action is deemed appropriate under the circumstances.
- 57 The failure of a person to comply with this paragraph shall

61 The Committee may not enter into securities lending agreements, although the Pooled

as market terms and conditions and the transaction does not involve the making of loans to or investments in the related party.

7.1 The Committee shall review the Statement at least annually, taking into account whether any developments such as the following have occurred

governance changes;

changes in investment beliefs;

changes in risk tolerance;

changes to benefits provided by the Plan;

changes to the Plan membership demographics;

changes to Members' behaviour in managing their asset allocations;

changes to expectations for the long term risk/return trade-offs of the capital markets;

new investment products;

changes to legislation; and

practical issues that arise from the application of the Statement

In the construction of these portfolios, risk was described in terms of the volatility of a DC Member's expected annual lifetime retirement income. There is a presumption that risk tolerance decreases as DC Members approach retirement. This presumption is based on two factors, the time horizon until the Member's retirement and the size of the Member's account relative to the present value of future contributions.

In addition there was a presumption that the majority of members would continue investing in retirement and that these Members would have a lower tolerance for risk than an early or mid-stage career Member. A DC Member that anticipates purchasing an annuity at retirement could switch from the Target Date Portfolio to a bond portfolio shortly before retirement. It is anticipated that few members will be purchasing a lifetime annuity.

Each portfolio along the glide path can be described as an allocation to a Base Po city.

liquidity risk premium, inflation risk premium and non corporate Gross Domestic Product growth risk premiums. After careful analysis of these risk premiums, associated potential rewards, expected volatility and correlations, the following model Growth Portfolio was constructed

13	21%	79%
14	18%	82%
15	16%	84%
16	14%	86%
17	12%	88%
18	10%	90%
19	8%	92%
20	6%	94%
21	5%	95%
22	4%	96%
23	4%	96%
24	3%	97%
25	3%	97%
26	2%	98%
27	2%	98%
28	1%	99%
29	1%	99%
30	0%	100%

31	0%	100%
32	0%	100%
33	0%	100%

Global Low Volatility Equity	180%
Global Small Cap Equity	120%
Emerging Markets Equity	180%

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This describes what most investment professionals do to earn a living. It is the attempt to add value relative to the market through security selection, sector weighting, asset allocation, or market timing as applicable.

A Life Income Fund (LIF) is a retirement vehicle to which a member may choose to transfer pension assets upon retirement. A LIF allows a retiree to maintain a significant degree of

medium and small capitalization companies. The index is market value weighted and calculated both with net (of foreign taxes) and gross dividends reinvested

An international equity index which consists of approximately 800 securities from the following 21 countries:

Australia	Ireland	Singapore
Austria	Israel	Spain
Belgium	Italy	Sweden
Denmark	Japan	Switzerland
Finland	Netherlands	United Kingdom
France	New Zealand	
Germany	Norway	
Hong Kong	Portugal	

MSCI's goal is to accurately represent the buyable opportunities in the markets covered. An independent group of country specialists regularly monitors the index constituents and adds or deletes companies to maintain representativeness. The index represents approximately 85% of the free float adjusted market capitalization in each country. The index attempts to replicate the industry composition of each local market and includes a representative sampling of large, medium and small capitalization companies. The index is market value weighted and

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Passive (or index) Investment entails buying a well diversified portfolio to represent a broad based market index without attempting to search out specific securities.

A Pooled Fund is a vehicle used by investment managers to provide a common investment product to multiple investors. Securities are bought and sold within the Pooled Fund, with each investor's interest accounted for by the number of "units" that are held. Investment results cause the value of the units to vary, which in turn impacts the value of each investor's stake.

Securities Lending refers to the lending of securities in exchange for a fee. This practice is typically executed by a fund with either

