Statement of Investment Policies and Procedures, Lakehead University Pension Plan

Category: Financial;

Jurisdiction: Vice President, Administration & Finance; Board Finance & Operations Committee;

Approval Authority: Board of Governors;

Established on: July 19, 1999;

Amendments: April 19, 2001; October 12, 2007; May 20, 2010; October 1, 2010; June 6, 2014; January 29, 2016; April 27, 2017 (amendments effective June 9, 2017); June 8, 2018; June 7, 2019.

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1. Introduction

Lakehead University Pension Plan (the "Plan") consists of two plans which service two groups of employees (the "Members") at Lakehead University (the "University"). The Pension Plan for the Professional Staff of Lakehead University (the "Professional Plan") covers all faculty, management and professional employees. The Lakehead University Employee Pension Plan (the "Employee Plan") covers all support staff employed by the University. The Professional Plan encompasses an annuity account for retired professional members and a defined contribution plan for active professional members; these plans are administered by the Pension Board (the "Board"). The Employee Plan is structured as a defined contribution plan and is administered by the Advisory Committee (the "Committee"). This Statement of Investment Policies and Procedures is intended to be consistent with all federal and provincial pension legislation applicable to investments of the Plan.

2. Purpose of the Investment Policy Statement

This Statement of Investment Policies and Procedures ("SIPP") identifies the key factors bearing upon investment decisions for the Plan and provides a set of written guidelines for the management of its assets.

The Board and the Committee are acting in accordance with their responsibilities to the Members and their beneficiaries under the terms of the Plan and the Pension Benefits Act (Ontario) and regulations in establishing this SIPP.

This SIPP supersedes any existing document and will be reviewed at least annually or as required to ensure that it continues to reflect the Plan's circumstances and requirements.

3. Roles and Responsibilities

3.1 Responsibilities of the Board and the Committee

The Board and Committee shall:

a. maintain an understanding of legal and regulatory requirements and constraints applicable to the Plan including but not limited to the Canadian Association of Pension Supervisory Authorities (CAPSA) Guidelines, and the Pension Benefits Act;
b. review the SIPP annually or more frequently when required;
c. select investment managers and custodian;
d. formulate specialized instructions and mandates for each investment manager (where direct investment in a pooled fund is not employed), in the event that more than one investment manager is engaged, and provide these instructions and mandates to the investment managers. These instructions and mandates will derive from, reflect and be consistent with the provisions of this SIPP;
e. monitor the performance, risk management and personnel of each investment manager, as well as the overall strategy quarterly;
f. monitor the investment managers' compliance with the SIPP as well as each investment manager's compliance with any specialized instructions and mandates they have been given in the event that more than one investment manager is engaged;

g. monitor the Plan's asset allocation and take steps to ensure that the Plan is rebalanced, as necessary, per Section 9;
h. take appropriate steps to resolve conflict of interest issues as provided for in Section 12;
i. retain an Investment Advisor to delegate specified responsibilities to; and
j. keep the Investment Advisor apprised of any developments that will affect the Plan's objectives or constraints.

3.2 Investment Advisor

The Investment Advisor will:

a. provide the Board and Committee with information, advice and recommendations and information to assist in decision making regarding:
   - strategic asset allocation;
   - investment manager structures; and
   - the selection, dismissal or replacement of an investment manager(s) and custodian(s);
b. provide the Board and Committee with a recommended SIPP and specialized investment manager instructions and mandates, as required;
c. on an annual basis, or more frequently if required, provide the Board and Committee with advice on re-approving or amending the SIPP as well as any specialized instructions and mandates provided to the investment managers;
d. monitor the asset allocation and provide recommendations to the Board and Committee with respect to rebalancing assets among investment managers and asset classes;
e. provide reports to the Board and Committee at least quarterly as provided for in Section 10.2 of this SIPP;
f. provide proactive information and advice with respect to developments that might affect the investment manager(s)' performance, risk characteristics and service capabilities;
g. manage the process to acquire/renew/cancel services, including negotiate with investment manager(s) and custodian(s) fees on behalf of the Board and Committee;
h. keep the Board and the Committee up to date on the CAPSA Guidelines and related regulations concerning pension fund management;

i. be an independent and objective resource for all questions/issues concerning administration, custody, managers, specialty mandates, market conditions and related as it pertains to the management of the Plan; and
j. exercise the care, skill and diligence that can reasonably be expected of a prudent expert and adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

3.3 Investment Manager(s)

The investment manager(s) will:

a. have full discretion in day-to-day investment management of the portion of the Plan for which they have been given responsibility, subject to this SIPP, any pooled fund investment policy, any manager specific mandate statements and any amendments thereto as well as any specialized instructions and mandates issued by the Board and the Committee;
b. have the authority to vote all proxies and in exercising this authority, the investment manager(s) will act prudently and solely in the interest of the Plan; however the Board and the Committee retain the right to instruct the investment manager(s) on how to exercise voting rights and it is recognized that the above policy on voting rights is not enforceable by the Board and Committee to the extent that the subject investments are held within a pooled fund;
c. provide regular reports to and meet with the Board and Committee as provided for in Section 10.1;
d. recommend to the Investment Advisor, Board and Committee any changes to their specialized instructions and mandates issued by the Board and Committee, that the investment manager(s) deem(s) appropriate;
e. provide advice and counsel with respect to the Plan when called upon to do so by the Board and Committee;
f. exercise the care, skill and diligence that can reasonably be expected of a prudent expert and adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct; and

g. provide the Board and Committee with an annual signed document, certifying compliance or noting compliance breaches with the SIPP, pooled fund investment policy and / or manager Guidelines, over the past year.

3.4 Custodian(s)

Custody of the Plan's assets will be delegated to one or more trust companies or other financial institutions similarly recognized as a depository for securities ("Custodian(s)"). The Custodian(s) will:

a. provide safekeeping for Plan assets;
b. process transactions as directed by the investment manager(s) or the Board and Committee;
c. collect interest, dividends and the proceeds of cash equivalent and fixed income instrument maturities;
d. inform the investment manager(s) of pending corporate actions (e.g., name changes, mergers, odd lot offerings) and process instructions related to such matters;
e. deposit funds and pay expenses as directed by the Board and Committee;
f. maintain a record of all transactions;
g. provide regular reports to the Board and Committee as provided for in Section 10.3; and
h. provide the investment manager(s) and other agents of the Board and Committee with information required to fulfill their duties, as directed by the Board and Committee.

4. Investment Objectives

4.1 Return on Investments

The Plan is to be managed on a going concern basis. The overriding objective of the Professional and Employee Plan, excluding the short-term account, is to balance short to mid-term capital preservation with long-term returns, within the level of risk identified in section 4.2.

Specific performance criteria are addressed in Section 8.

The above noted return objectives do not apply to Member assets held in the short-term investment account which targets short-term capital preservation.

4.2 Risk Tolerance

The Plan's exposure to risk will be measured in terms of the standard deviation of its investment returns. These measures will be evaluated on a quarterly basis for each investment manager and the Plan. Risk characteristics will be compared to a universe of other comparable funds and appropriate benchmarks with an emphasis on 4-year standard deviation. Neither the individual funds, nor the Plan, should experience materially higher risk than the comparable universe or benchmark.

Where active management is employed, investment fund risk adjusted returns are expected to consistently exceed comparable market indices and consistently rank in the top half of comparable funds over a 4-year period.

The level of risk to which the Plan is exposed will be controlled by diversifying the Plan's holdings, not only in terms of asset class, but also in terms of holdings within each asset class, geographically and by investment management style and investment manager.

(Standard deviation is a statistical measure of the variability or distribution of a series of numbers. The higher the standard deviation of a Plan's investment returns, the greater the level of variability or uncertainty of those returns that can be achieved on a consistent basis).

5. Investment Constraints

5.1 Legal Status

The Plan is comprised of a Defined Contribution plan and an annuity account in the Professional Plan and a Defined Contribution plan in the Employee Plan. The Plan is subject to the CAPSA Guidelines and must comply with the Pension Benefits Act (Ontario). The Professional Plan is considered a hybrid account by the Canada Revenue Agency and the Financial Services Commission of Ontario.

5.2 Taxation Status

The Plan is tax exempt as per Canada Revenue Agency legislation.

5.3 Investment Time Horizon

A Plan's investment time horizon is an important factor in determining its investment strategy. The period over which a particular investment strategy can or will be maintained has a direct bearing on the likelihood that it will generate its targeted rate of return within that period and within acceptable risk parameters. It is anticipated that the Plan will exist in perpetuity. For planning and structuring purposes, it will be assumed that the investment time horizon of the Plan is more than ten years. It should be noted, however, that this SIPP will be reviewed on at least an annual basis.

5.4 Liquidity and Income Requirements

Liquidity risk is the risk that it will become necessary to liquidate Plan assets under unfavorable market conditions in order to make payments to beneficiaries. The Board and Committee must pursue investment strategies which provide sufficient liquidity at all points in an economic cycle.

6. Asset Mix

A Plan's asset allocation is the proportion within which various asset classes are represented in the Plan. In general, the *greater* a Plan's allocation to equities relative to fixed income securities, the *greater* the potential for capital appreciation and the *higher* its potential risk (as measured by the standard deviation of the Plan's rate of return). Conversely, the greater its allocation to fixed income instruments relative to equities, the greater the potential for generating a consistent income stream and the *lower* its potential risk. Control of the Plan's asset allocation is, therefore, the principal means of controlling its risk and return characteristics. Given the Plan's minimum targeted return on investments, its risk tolerance, legal and taxation status, its investment time horizon, liquidity and income requirements, and the following 'benchmark' or long-term strategic asset allocation, these permissible asset class holding ranges have been established:

Table 1: Plan Asset Allocation Policy Targets and Limits

Asset Class	Target	Min	Max
Fixed Income	**40%**	**30%**	**50%**
Money Market & Cash	0%	0%	20%
Canadian Bonds	30%	20%	50%
Commercial Mortgages	10%	0%	20%
Equity	**60%**	**50%**	**70%**
Canadian Equities	30%	20%	40%
Global Equities	30%	20%	40%
Alternative Assets	**0%**	**0%**	**10%**
Total Plan	100%		

Members who meet specified criteria have access to a short term investment account. The assets held in the short term account will be excluded from the other Plan assets for purpose of the benchmark allocation and permissible ranges noted above.

The Investment Advisor will notify the Board and Committee, in a timely manner, if exposure to any asset class violates the permissible ranges set out in their mandates. This notification will be required only in instances where the range violation is expected to persist for more than a short period of time. In this instance, the Investment Advisor must obtain the Board and

Committee's written consent to continue to hold the subject asset class(es) outside of the permissible range.

Such consent will specify the period of time over which the range violation will be allowed and after which the Investment Advisor will be compelled to recommend a rebalance to the Plan so that all asset classes are within their respective permissible ranges.

7. Investment Management Guidelines

7.1 Pension Plan Guidelines

The Ontario Pension Benefits Act has adopted, as its investment regulations (R.R.O. 1990, Reg 909 s.66), Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada), and the Plan investments will comply with said Schedule III, as may be amended from time to time.

7.2 Eligible Asset Classes - Definitions and Constraints

7.2.1 Cash Equivalents

Cash equivalents will consist of instruments issued by governments or corporations, with terms to maturity of 0 to 12 months.

Cash equivalents originally issued with terms to maturity of 12 months or less will have a minimum Dominion Bond Rating Service (DBRS) credit rating of R1 or an equivalent rating by another well-established rating agency at the time of purchase and thereafter.

7.2.2 Fixed Income Instruments

Investments in the following marketable fixed income instruments are permitted:

a. bonds;
b. debentures;
c. coupons and residuals;
d. mortgage and mortgage backed securities;
e. asset-backed securities; and
f. preferred shares.

Such instruments must be:

a. issued or guaranteed by the Government of Canada or one of its agencies;
b. issued or guaranteed by a Canadian provincial government or one of its agencies;
c. issued by a Canadian municipality or regional government;
d. issued by a Canadian corporation; or
e. issued by a foreign government or a foreign corporation.

The following applies to instruments not held in a pooled fund.

‘Maple bonds’, i.e., bonds denominated in Canadian dollars both in terms of interest payments and principal payments but issued by non-Canadian entities, may be held in the portfolio provided they meet the minimum credit rating standards set out below. Maple bonds should not constitute more than 10% of the market value of the fixed income asset class.

Preferred shares, if considered as part of the fixed income component of the portfolio, must have a minimum DBRS credit rating of PFD-3 or an equivalent rating by another well-established rating agency at the time of purchase and thereafter.

All other public fixed income instruments must have at least a DBRS credit rating of BBB, or an equivalent rating by another well-established rating agency, or better at the time of purchase. The maximum allocation to BBB (or equivalent) rated fixed income instruments is 15% of the market value of the overall fixed income Plan level allocation.

In the event that an investment manager expects a downgrade in the credit rating of a fixed income instrument to below the minimum BBB credit rating, the investment manager shall develop a strategy for disposing of the fixed income instrument in a timely, orderly and efficient manner. In the event that the investment manager wishes to retain the investment in the portfolio, the investment manager will contact the Vice President, Administration & Finance and the Investment Advisor within five business days to provide detailed information on the downgrade as well as the investment manager's rationale for retaining the investment in the Plan. The Board and the Committee may require that the investment manager dispose of the investment immediately.

Alternatively, the Board and the Committee may authorize retention of the investment. In this instance, the Board and the Committee will provide the investment manager with a deadline by which the investment must be disposed of and the investment manager will provide, at a minimum, monthly updates on the investment in question, including its trading pattern and the investment manager's strategy for disposing of it on a timely basis and efficient manner. In the event of a ‘split’ rating (i.e., a situation in which credit rating agencies assign non-equivalent ratings), the lowest rating will apply.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Plan as a whole. In addition, investment in any single issuer should not constitute more than 10% of the market value of the fixed income asset class. Fixed income instruments issued or guaranteed by the Government of Canada or one of its agencies or by a Canadian provincial government or one of its agencies are exempted from this provision.

Foreign pay bonds should not constitute more than 10% of the market value of the fixed income asset class and only be invested in opportunistically.

7.2.3 Equities

Investments in the following equity securities are permitted:

a. publicly traded common stocks;
b. rights, warrants, options, futures, installment receipts, convertible debentures and other instruments convertible into common stocks;
c. income trust units issued and registered in jurisdictions where appropriate legislation is in place to limit the liability of unitholders;
d. American Depositary Receipts; and
e. Global Depositary Receipts.

Individual equities or equities held within equity funds must be listed on a major stock exchange.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Plan as a whole. In addition, investment in the securities of any single issuer should not constitute more than 10% of the market value of the equity asset class.

7.2.4 Alternative Strategies

Investments in the following alternative strategies are permitted, though not currently (or historically) utilized:

a. Private Equity;
b. Real Estate; and
c. Hedge Funds.

Other potential strategies may be reviewed from time-to-time.

Alternative strategies can comprise a maximum of 10% of Plan assets as per the aforementioned asset allocation. Depending on the strategy, additional due diligence and care to select a traditional manager will be used to select an alternative strategy manager.

7.3 Environmental, Social and Governance (ESG)

The Plan incorporates environmental, social, and governance (ESG) factors, as defined in the United Nations Principles for Responsible Investment (UNPRI), into the investment of its funds. Competency in and the capacity to take ESG factors into account in investment selection and management will be a selection criteria in the retention and review of investment managers. The Plan expects all investment managers to incorporate ESG factors into the selection and management of their portfolios within 3 years of the effective date of the 2017 revision of this SIPP. Where index or index-like funds are used, the Board and Committee have the right to waive this requirement.

7.4 Lending of Securities and Cash

The Plan will not lend cash or enter into securities lending agreements although pooled funds used by the Plan may do so if their practices permit.

7.5 Buy-In Annuities

The use of investments in buy-in annuities is not permitted by the Plan.

7.6 Valuation of Investments and Securities Not Traded on a Public Exchange

The trustees of the pooled funds shall value pooled fund units.

It is expected that all the securities held by the Investment Manager will have an active market and therefore valuation of the securities held by the Plan will be based on their market values. The Investment Manager will notify the Board and Committee if the market for any investment held by the Plan becomes inactive and provide for the Board and Committee's consideration a method for valuing the affected investment.

7.7 Materiality

The Board and Committee review materiality with the Auditor annually. The Auditor sets materiality, which the Board and Committee endorse for investment purposes.

7.8 Related Party Transactions

For the purposes of this Statement a “related party” and a “transaction” in respect of the Plan have the meanings given to those terms in Schedule III of the Pension Benefits Standards Regulations (Canada). The following related party transactions are permitted for the Plan if:

- it is under terms and conditions that are not less favourable to the plan than market terms and conditions;
- it does not involve the making of loans to, or investments in, the related party;
- the value of the transaction is nominal, or the transaction is immaterial to the plan. In assessing whether the value of a transaction is nominal or whether a transaction is immaterial, two or more transactions with the same related party shall be considered a single transaction.

7.9 Derivative Securities

Derivative securities, other than those employed by hedge fund managers, may be held in the Plan for risk management purposes only. Derivative securities may not be used for speculative purposes or solely to create a leveraged position.

7.10 Overdraft Positions and Short-Selling

The Plan will not engage in any short-selling, creation of overdraft positions, or borrowing, although pooled funds used by the Plan may do so if their practices permit.

7.11 Additional Constraints, Inclusions and Exclusions

The Plan as a whole and each asset class represented in the Plan must be reasonably diversified. If more than one investment manager is employed, a reasonable attempt will be made to ensure that the Plan is diversified in terms of investment management 'style'.
The Plan's investments as a whole should be reasonably liquid at the time of purchase and thereafter. In the event that the investment manager(s) forecast(s) an impairment in the liquidity of an investment, the investment manager will make all reasonable efforts to liquidate the investment on a timely basis.

Index, mutual and pooled funds may be held in the Plan with the understanding that the guidelines in the fund's offering memorandum will supersede the aforementioned guidelines. While such funds will be managed in keeping with their own investment policies, these policies must be consistent with the spirit of this SIPP. In the event that there are any substantive inconsistencies between the provisions of this SIPP and the policies applicable to a fund that an investment manager wishes to employ in the Plan, the Board and the Committee must provide written approval for investing in the fund before any such investment is made. These funds will be categorized as cash equivalents, fixed income investments or equities as appropriate given their underlying securities or the capital markets to which they are intended to provide exposure.

In the event that an investment manager plans to make a material change to the mandate or investment policy of one or more of the investment manager's index, mutual or pooled funds held in the Plan, the investment manager must provide the Board and the Committee with prior notice of the revision. This notification must be provided to the Board and the Committee at least one month in advance of the proposed revision.

The Board and the Committee reserve the right to instruct the investment manager(s) to exclude any asset, security or category of investment and will notify the investment manager(s) by written notice in the event that such restrictions are to be imposed.

8. Performance Standards

8.1 Investment Returns

The Plan's investment performance will be measured against the performance of a 'benchmark' index calculated using appropriate market indices combined in the same proportion as the Plan's benchmark asset mix.

Table 2: Plan Benchmark

Asset Class	Index	Proportion
Fixed Income Instruments	FTSE/TMX Universe Bond Index	40%
Canadian Equities	S&P / TSX Total Return Composite Index	30%
Global Equities	MSCI World Total Return Index (CAD)	30%
Alternative Strategies	FTSE/TMX 91 Day Treasury Bill + As Applicable	0%

The benchmark index indicates the return that a passive investor (i.e., one who invests in market indices) would earn by consistently employing the benchmark asset allocation set forth in Section 6.

The Plan's investment performance is expected to:

a. exceed the investment performance of the benchmark over rolling 4-year periods; or
b. rank in the top 50% of comparable portfolios over rolling 4-year periods in terms of return.

In addition, it is expected that managers will add value to enhance the return by an average of 0.50% per annum at the Plan level, so that the target average annual rate of return is above the benchmark allocation.

9. Rebalancing

The Plan's allocation among asset classes will be reviewed quarterly. Rebalancing will be considered on an ongoing basis and when allocations fall outside of the ranges established in Section 6 or outside of established parameters related to the allocation of assets between or among investment managers.

To the extent that is reasonable and possible, inflows and outflows of cash will be directed in such a way as to maintain:

a. the long-term strategic asset allocation of the Plan; and
b. the targeted allocation of assets between or among investment managers.

In the event that such flows of cash are insufficient to rebalance, the Investment Advisor will inform the Board and Committee as to the steps required to rebalance the Plan by way of the transfer of cash and assets between or among the investment managers.

10. Reporting and Service

10.1 Investment Manager(s)

Upon receipt of this SIPP, the appropriate custom manager mandate statement (as applicable) or any amendments thereto, the investment manager(s) will provide the Investment Advisor, Board and Committee with a written statement acknowledging receipt, understanding and acceptance of the portions of the SIPP applicable to the investment manager, mandate statement or the amendments.

Each calendar quarter and within 30 days of its end, each investment manager will provide the Investment Advisor, Board and Committee with reports containing:

a. a valuation of the relevant component of the Plan as at the end of the quarter, including the market value of each security;

b. a listing of transactions that were completed or initiated during the quarter;
c. data and commentary on the investment manager investment performance relative to benchmarks established in this SIPP or to the investment manager's specialized mandate Guideline in the event that more than one investment manager is engaged;
d. a commentary on the investment strategy and tactics employed over the past quarter;
e. an outlook on capital markets for the upcoming quarter and proposed strategies and tactics to be employed during the quarter;
f. information pertaining to changes in the investment manager's investment or senior management personnel and ownership structure, if any;
g. information pertaining to changes to the investment manager's investment style, process or discipline or any other philosophical, operational or organizational matter that might reasonably be expected to have a bearing on the performance or risk profile of the assets managed by the investment manager;
h. confirmation that the investment manager is in compliance with Section 12;
i. suggestions regarding this SIPP or their Guideline if any; and
j. a signed Certificate of Compliance must be submitted annually indicating that the assets have been managed within the parameters established by this SIPP or by the investment manager's specialized mandate Guideline in the event that more than one investment manager is engaged and that all investment activities have been conducted in accordance with requirements of the applicable securities commissions and the CFA's Standard Code of Ethics.

On an annual basis, each investment manager will provide a written report to the Investment Advisor, Board and Committee outlining their standing policies with respect to proxy voting including any changes that have been made to these policies since the last report. Each investment manager will also provide, upon request, a written report on of all of its proxy votes with respect to Plan assets under their management. Such reports will identify any instances in which proxies were not voted in accordance with standing policies.

Upon the request of the Board and Committee, the investment manager(s) will supply to the Board and Committee:

a. copies of all documentation in support of any investment activity; and
b. evidence of suitable insurance coverage.

The investment manager will be available for meetings with the Board and Committee on a quarterly basis, or more frequently if required by the Board and Committee, and will be available for discussion and consultation on an ad hoc basis.

10.2 Investment Advisor

On a quarterly basis, the Investment Advisor will provide the Board and Committee with a report detailing:

a. the performance of the Plan and each investment manager. These reports will detail performance in both absolute terms and relative to the benchmark index described in Section 8.1. Performance statistics will be provided for the quarter, the year-to-date, and other relevant time periods;
b. the risk characteristics of the Plan and each investment manager;
c. the performance and risk characteristics of the investment manager(s) relative to (an) appropriate peer group(s); and
d. a qualitative assessment of the investments and investment management firms;

The Investment Advisor will be available for meetings with the Board and Committee on a quarterly basis, or more frequently if required by the Board and Committee, and will be available for discussion and consultation on an ad hoc basis.

10.3 Custodian(s)

The Custodian(s) will provide the University with statements on a monthly basis. These statements will include, at a minimum, a summary and a detailed listing of assets held in the Plan as well as a listing of transactions (including deposits, withdrawals, receipt of interest and dividends, purchases, sales, corporate actions and fees paid) that occurred in the Plan during the reporting period.

The Custodians' reports will provide the book value and current market value of each asset held in the Plan, categorized securities by issuer type, market sector and industry, as appropriate.

11. Review of an Investment Manager

The Board and Committee will consider reviewing an investment manager when one or more of the following circumstances prevail:

a. the investment manager's investment performance results have been below the median performance results of the appropriate manager peer group and the appropriate market benchmark indice(s) on a rolling 4-year basis for six consecutive quarters;
b. the investment manager's short-term underperformance is found to be a result of a change in the investment manager's investment style, process or discipline or a change in the key investment personnel;
c. there is a significant change in the risk profile of the investment manager;
d. the investment manager's investment style is no longer appropriate given the Plan's requirements;
e. the investment manager is no longer in compliance with the provisions of this SIPP and any amendments thereto as well as any specialized instructions and mandates issued by the Board and the Committee;
f. the investment manager's reporting and client service are unsatisfactory; or
g. the Board and Committee have concerns regarding the investment manager's ethics.

Notwithstanding the above, the Board and the Committee may decide that a manager be terminated for any reason that the Board and Committee deems appropriate.

If a Manager of any particular asset class fails to achieve the identified benchmark objectives the following process will be put in place by the Committee;

i) A qualitative review of the manager will be prepared addressing the following criteria;
- Organizational structure / changes
- Personnel changes
- Investment style / process
- Risk controls

ii) A quantitative report will be prepared considering risk and return performance relative to the fund's universe;

iii) The Board and Committee will consider whether the benchmark objective(s) continue to be appropriate;

iv) The Board and Committee will decide whether there has been a fundamental change at the Manager's operation which renders them no longer appropriate for the Plan's pension mandate; and

v) If required, the Board and Committee will conduct an investment manager search for the identified asset class.

12. Conflict of Interest

No fiduciary or any of its governors, directors, officers, personnel or any party related thereto will knowingly permit his or her interest to conflict with his or her duties or powers relating to investment of the Plan's assets or to any other matter related to the Plan. Any actual or perceived conflict of interest must be reported to the Board and Committee. Such disclosure will be made when the affected party first becomes, or ought to have become, aware of the conflict or potential conflict. The Board and Committee will be the sole arbiter in determining whether the conflict of interest exists and, if it determines that a conflict does exist, will take all necessary and appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the relevant Board and Committee meeting.
The failure of a fiduciary to comply with the requirements of this Section will not of itself invalidate any decision, contract or other matter.
(A fiduciary is a person, organization or other entity entrusted with the property of another party, in whose best interests the fiduciary is expected to act when holding, investing or otherwise managing or utilizing that party's property).

Appendix A

The strategic asset mix is described in the Statement of Investment Policies and procedures (SIPP). This appendix has been prepared exclusively to provide the disclosure required by subsection 78(7) of the General PBA Regulation. To the extent of any inconsistency between this appendix and any other provision of the SIPP, the other provision of the SIPP prevails.

Investment Category	Target
1. Insured contracts	
2. Mutual or pooled funds or segregated funds	
3. Demand deposits and cash on hand	
4. Short-term notes and treasury bills	
5. Term deposits and guaranteed investment certificates	
6. Mortgage loans	10%
7. Real estate	
8. Real estate debentures	
9. Resource properties	
10. Venture Capital	
11. Corporations referred to in subsection 11(2) of Schedule III to the federal investment regulations	
12. Employer issued securities	
13. Canadian stocks other than investments referred to in items 1 to 12	30%
14. Non-Canadian stocks other than investments referred to in items 1 to 12	30%
15. Canadian bonds and debentures other than investments referred to in items 1 to 12	30%
16. Non-Canadian bonds and debentures other than investments referred to in items 1 to 12	
17. Investments other than investments referred to in items 1 to 16	

Review Period: Annually;
Date for Next Review: January 2020;
Related Policies and Procedures: None;
Policy Superseded by this Policy: None.

The University Secretariat manages the development of policies through an impartial, fair governance process, and in accordance with the Policy Governance Framework. Please contact the University Secretariat for additional information on University policies and procedures and/or if you require this information in another format:

Open: Monday through Friday from 8:30am to 4:30pm;
Location: University Centre, Thunder Bay Campus, Room UC2002;
Phone: 807-346-7929 or Email: univsec@lakeheadu.ca.