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The following item arises from the meeting of the Investment Committee of September 29, 2021. It is presented to the Board of Governors for its information.

**I. FOR THE INFORMATION OF THE BOARD OF GOVERNORS**

**1. 2020-2021 Report on Endowment Performance** [IC21-08]

The Committee approved, for submission to the Board of Governors, the 2020-2021 Report on Endowment Performance, which provides an overview of various features of the McGill Investment Pool (MIP) for the University's fiscal period ending April 30, 2021. The Committee also accepted that the Report be made available to the public, namely on the Office of Investments webpage.

The 2020-2021 Report on Endowment Performance is attached as Appendix A.

The 2020-2021 Report features a new section summarizing how the Covid-19 pandemic affected MIP performance, but otherwise adheres to the format of previous years' reports. The Committee discussed the intended audience for the Report and proposed restructuring next year's Report to present the information in a format that would be more engaging to readers. The Committee also suggested adding yearly highlights, exploring alternative assets, and using the term 'Endowment Fund' instead of the lesser-known acronym 'MIP' to further develop the Report. The Office of Investments will take these recommendations into consideration and update the format of the next Report.

**2. Consideration of Direct Investment Opportunity** [IC21-06]

A direct real estate investment opportunity in residential condominiums and apartments towers was presented to the Investment Committee for discussion and to gauge interest before pursuing the due diligence further.

After discussing the details of the opportunity and the risks involved, the Committee recommended not to pursue it further at this time.

The Investment Committee recommended that the Office of Investments work on developing a general plan for direct investments for future consideration by the Committee.

**3. Management Discussion and Analysis (MD&A) [IC21-10]**

The Committee received a report consisting of an assessment of the McGill Investment Pool's ("MIP") lineup of equities, fixed income and hedge funds managers, with the aim to address specific issues with either the firm, the team, the process or the performance of the mandate.

**4. CAUBO Investment Survey [IC21-03]**

The Committee received the results of the Canadian Association of University Business Officers (CAUBO) survey for periods ended December 31, 2020 for information. The survey provided an overview of Canadian university endowments.

**5. Review of Asset Allocation and Market Value of Investment Portfolio at August 31, 2021 [IC21-11]**

The Committee received an update on the market value of the McGill Investment Pool (MIP), which was \$1.998 billion on August 31, 2021.

**6. 2021-2022 Investment Committee Orientation Package [IC21-01]**

The Committee received an orientation package for the 2021-2022 governance year, containing updated reference documents for the Committee's information.

**7. Updates, Reports and Other Items**

The Committee received the following reports and updates for information:

- Dashboard Report [IC21-09]
- Overall Compliance with SIP and Investment Manager Mandates [IC21-02]
- Management and Administration Fees on the McGill Investment Pool [IC21-04]
- Update on the Review of Brookfield Listed Real Assets Mandate [IC21-05]
- Update on Investment in Baring North American Private Loan Fund (NAPLF) II
- Update on Investment in Trans-Canada Capital (TCC) Multi-Strategy Fund
- Termination of Comgest Emerging Market Ex China Equity Fund

**END**  
**October 2021**



# McGill



## Report on Endowment Performance 2020-2021

# McGill University Mission Statement

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## Mission

*The mission of McGill University is the advancement of learning and the creation and dissemination of knowledge, by offering the best possible education, by carrying out research and scholarly activities judged to be excellent by the highest international standards, and by providing service to society.*

## Principles

*In fulfilling its mission, McGill University embraces the principles of academic freedom, integrity, responsibility, equity, and inclusiveness.*

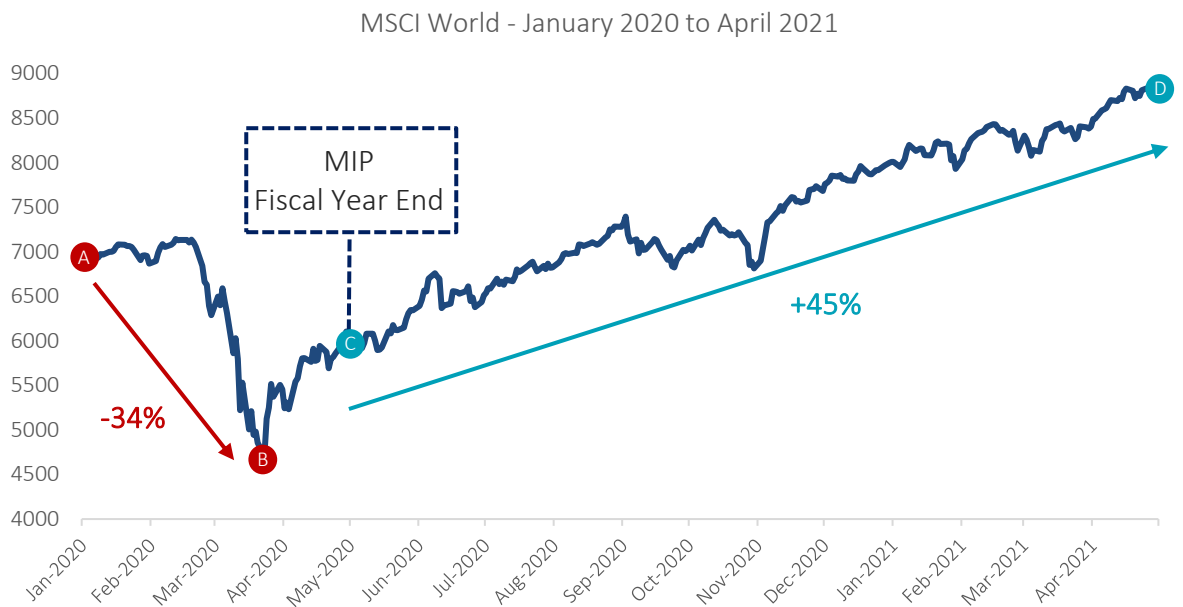
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\*McGill Investment Pool

# Covid-19 Pandemic and Market Recovery

## - Financial Market Overview -

In 2020, an unexpected global pandemic severely affected the economy and financial markets which caused a brief drastic equity market correction. By the end of 2020, strong market recovery enabled the MIP to surpass its pre-Covid level. As much as the fiscal year 2020 (ended April 2020) was detrimental to asset growth, the year 2021 was exceptional given the performance of equities (as measured by the MSCI World Index) of 45%.



- A** Beginning of 2020
- B** Worst of market downturn
- C** Beginning of the MIP's fiscal year 2020-21
- D** End of the MIP's fiscal year 2020-21

# Fiscal Year 2021- Highlights

McGill Investment Pool (MIP)

## \$1.9B

of assets

(Strong recovery vs. last year)

The MIP is currently the 4<sup>th</sup> largest university endowment in Canada

## Capital Protection

MIP's 10-year Annualized Return as of April 30, 2021:

## 8.6%

Exceeding  
distributions + fees + inflation by 190bps

## \$44M

FY 2021 New Gifts

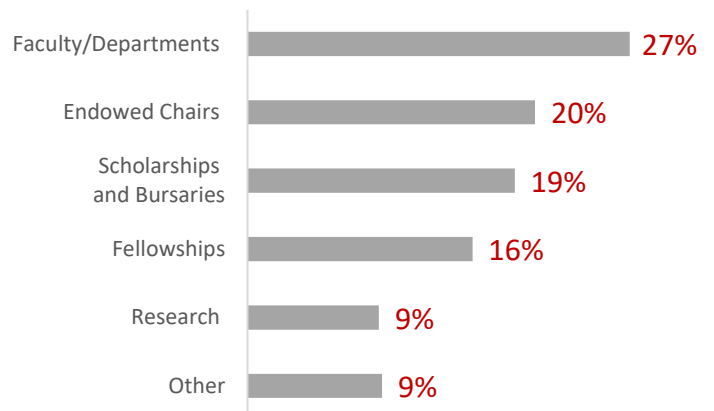
## 4.0%

Income Distribution Rate (FY21)

Amount invested in  
Fossil Fuel Free Funds is \$9.4M

Percentage of the MIP that is either managed by managers that have adopted an ESG Policy or are signatories of the UNPRI as at December 31, 2020

## 99%



# Endowment Overview

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## Endowment Description

Currently the fourth largest university endowment in Canada (*CAUBO* – Dec. 2020), the Endowment is managed through the McGill Investment Pool (the MIP) by McGill's Office of Investments under the direction of the Investment Committee.

The overall objective of the MIP is to preserve (after inflation) the capital of the MIP, within the social and ethical norms of the University, including sustaining a low carbon emissions portfolio, to obtain a total return (yield plus capital appreciation) necessary to provide a dependable and optimal source of income for endowment beneficiaries and to cover the annual operating costs of the MIP. A particular attention is given to how the MIP's performance compares with that of other similar endowment funds.

The use of the unitized pool formed in 1970 allows for the investment of a critical mass of assets thus providing for broad diversification and economies of scale that have over the years resulted in positive performance, reduced volatility and low investment management fees.

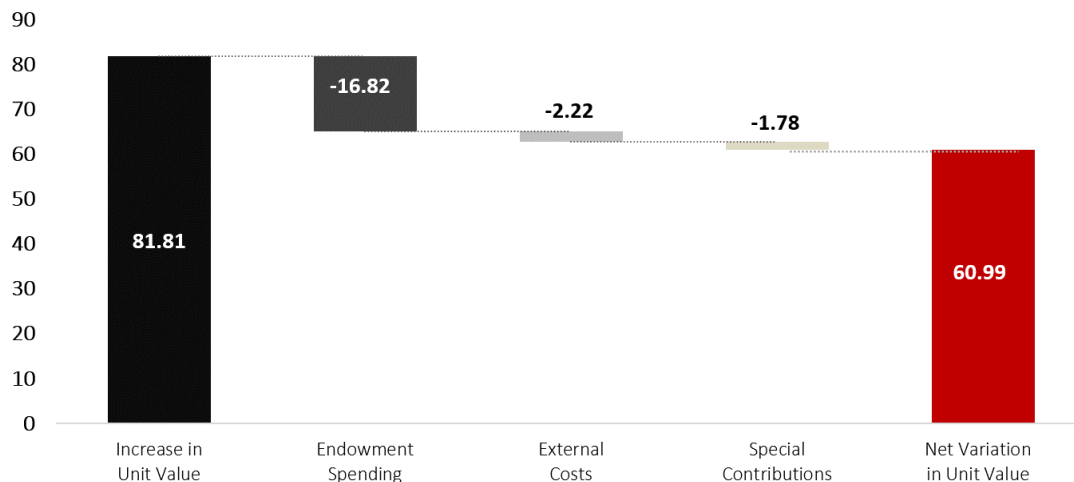
On April 30, 2021, the end of the University's fiscal period, the MIP, with a market value of \$1,891.7M, consisted of investments for the McGill endowments and accounts managed on behalf of McGill units and affiliated entities comprised of:

- Bequests and donations received by the University, for the most part externally restricted, and generally to be held in perpetuity
- Assets of entities affiliated to the University and units of the University which have been invested in the MIP as an investment vehicle, and
- Other assets designated by the Board of Governors ("Board") to be endowed



## Capital Appreciation and Income per Unit

The MIP unit values are calculated quarterly (at the end of July, October, January and April) and income is distributed monthly and adjusted quarterly for capital additions and withdrawals. For the year ended April 30, 2021, the unit value of the MIP has increased by \$60.99 (from \$381.96 to \$442.95) as follows:



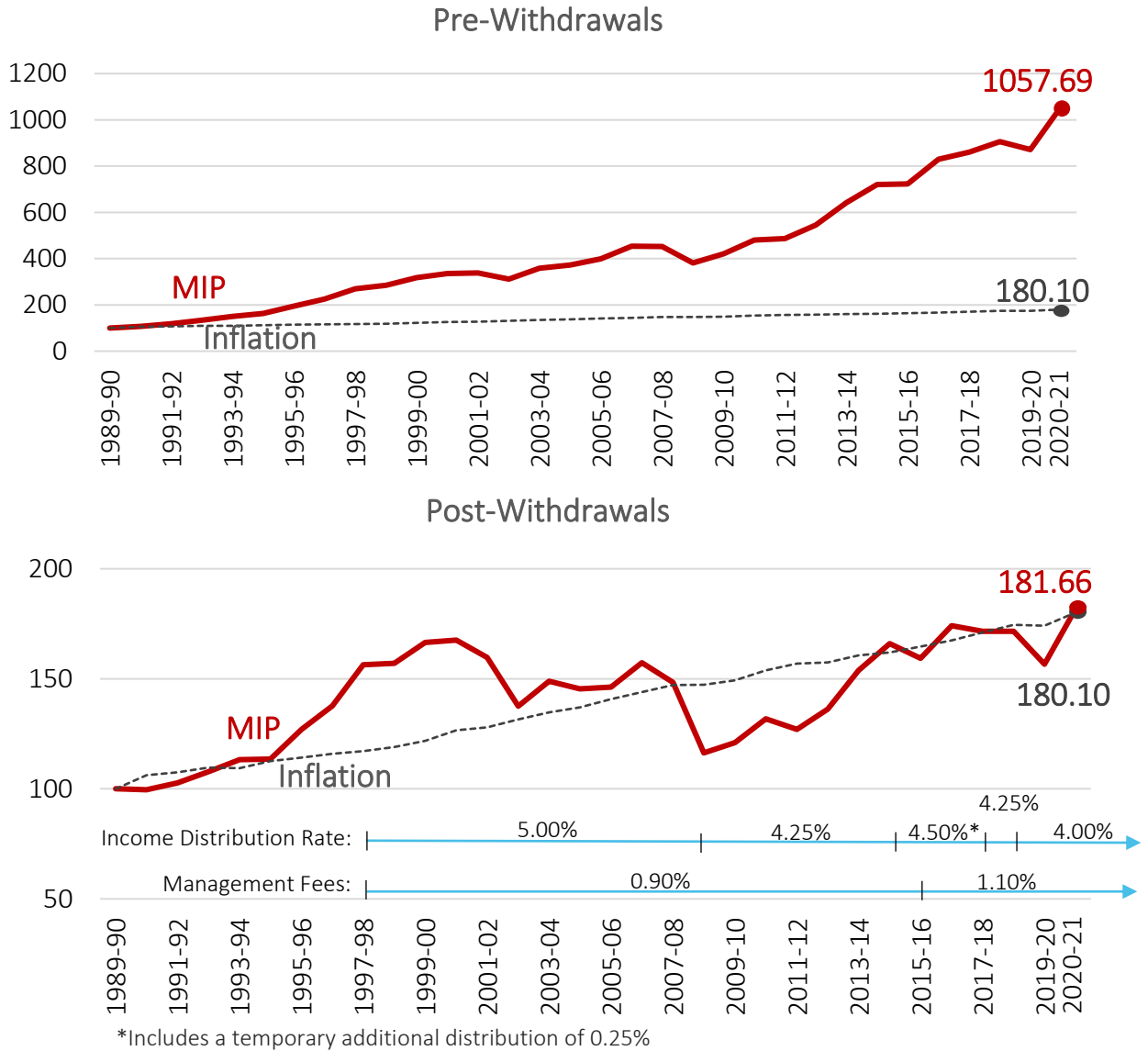
External Costs: External manager fees, service provider fees, McGill's Office of Investments and McGill University's indirect costs

Special Contributions: 44% of the Endowment cost/expenses (1.1%) are related to the University Advancement's fundraising operations in the context of a Bicentennial Campaign

The table below indicates income distribution and management fee information:

	<u>May 1, 2020 to April 30, 2021</u>	<u>May 1, 2021 to April 30, 2022</u>
<b>Income Distribution:</b>	4.00% of the average market values of each of the 3 years ended April 30, 2017, April 30, 2018 and April 30, 2019	4.00% of the average market values of each of the 3 years ended April 30, 2018, April 30, 2019 and April 30, 2020
<b>Management Fees:</b>	1.1% of the market value as of April 30, 2020	1.1% of the market value as of April 30, 2021

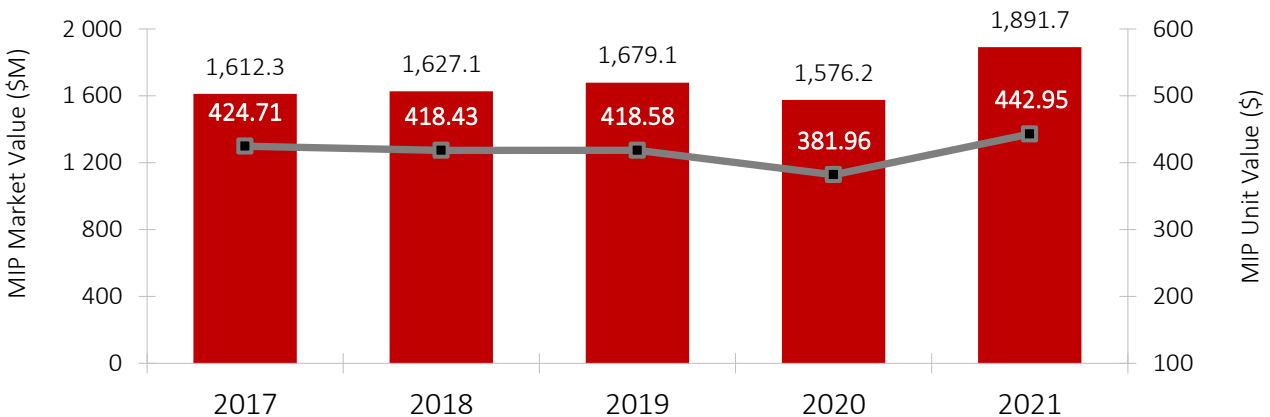
While the chart shown above presents the nominal increase or decrease in the MIP unit values, an important measure is the real change (after inflation) in the unit values. As a result, the following graphs depict, since FY90 and assuming a hypothetical unit value of 100, the cumulative increase in MIP's unit value, before and after withdrawals, versus the same unit value cumulated with the inflation rate:



**The above chart shows that the cumulative increase in MIP's unit value after withdrawals and meeting all expenses, has preserved the real purchasing power of the endowment fund over years, despite several periods of market volatility.**

## Evolution of MIP Market and Unit Values

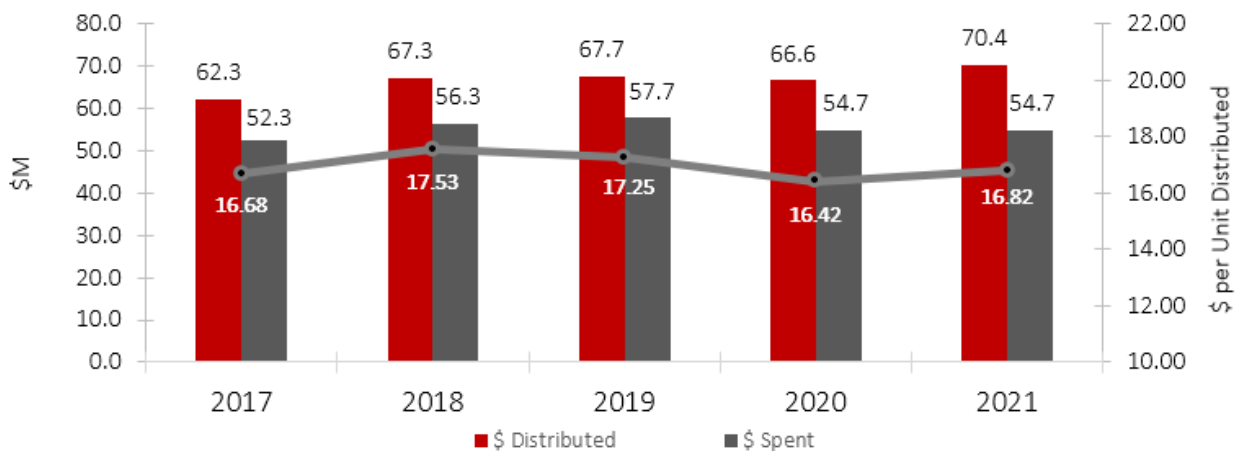
The MIP market value and unit value changes over the fiscal periods ended April 30, 2017 to April 30, 2021 are presented in the following graph:



Increase of 17.3% is observed in the market value from fiscal year 2017 to fiscal year 2021. This increase in market value is calculated after considering yearly distributions (4.0% to 4.5% of 3-year average market values) and fees (1.1% of the market value).

## Income Distributed

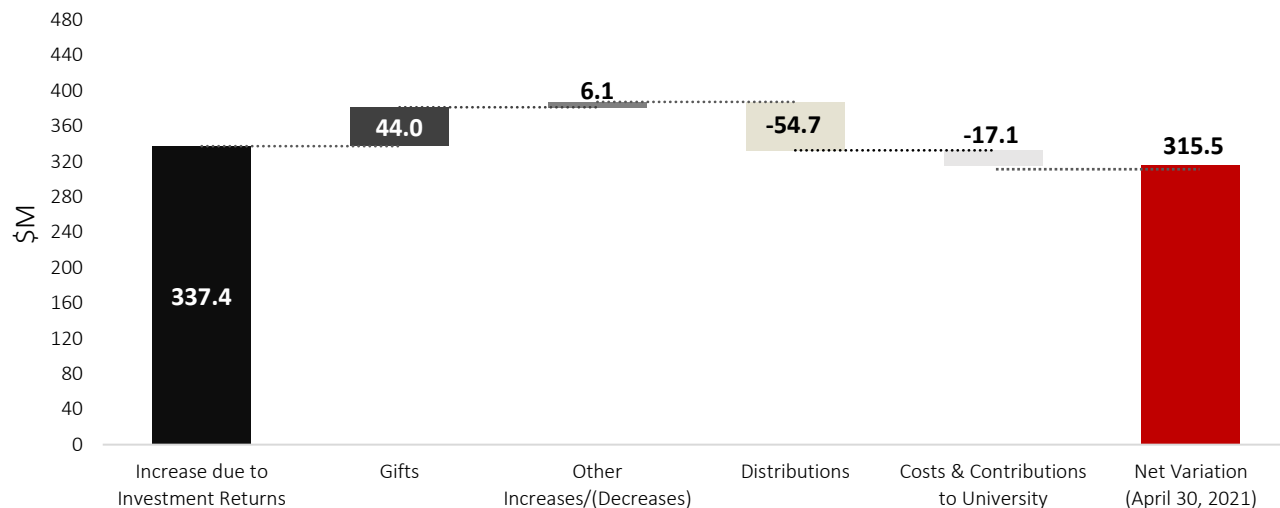
The income distribution for fiscal periods ended April 30, 2017 to April 30, 2021 is shown below:



The amount distributed per unit to endowment beneficiaries increased from April 30, 2020 to April 30, 2021 by 2.4% in nominal terms. In FY2021, while 70.4M were distributed, 54.7M were spent by faculties. This is explained by the lower level of activities initiated by faculties during the pandemic. Nonetheless, distributed amounts that were not spent by faculties were re-invested into the MIP as re-capped amounts.

## Change in MIP Market Value

For the year ended April 30, 2021, the market value of the MIP has increased by \$315.5M (from \$1,576.2 to \$1,891.7M) as follows:



## MIP 2020-21 Financial Results

Shown below are the comparative financial results for the year ended April 30, 2021:

	May 1, 2020 to April 30, 2021	May 1, 2019 to April 30, 2020
	<u>000's</u>	<u>000's</u>
<b>Increase/(Decreased) due to Investment Returns</b>		
Investment Income	24,344	40,480
Currency Hedge Gain/(Loss)	29,254	-14,456
Realized Gain/(Loss)	136,291	29,971
Unrealized Gain/(Loss)	147,500	-112,343
<b>Total</b>	<b>337,389</b>	<b>-56,348</b>
<b>Gifts</b>	<b>43,960</b>	<b>33,251</b>
<b>Other Increases/(Decreases)</b>	<b>6,059</b>	<b>-7,120</b>
<b>Distributions</b>		
Endowed Spending	-70,399	-66,585
Re-capped Amount	15,669	11,881
<b>Total</b>	<b>-54,730</b>	<b>-54,704</b>
<b>Costs and Contributions to University</b>		
Office of Investments' Expenses	-917	-997
External Manager Fees	-3,757	-3,664
Service Provider Fees	-240	-176
Contribution to University Indirect Costs	-3,600	-3,600
Transfer to Internally Restricted Fund	-988	-1,402
Contribution to University Advancement	-7,582	-8,221
<b>Total</b>	<b>-17,084</b>	<b>-18,060</b>

FY21 was unique. In 2020, an unexpected global pandemic severely affected the economy and financial markets which caused a brief drastic equity market correction. By the end of 2020, strong market recovery enabled the MIP to surpass its pre-Covid level. The MIP's investment returns totaled \$337.4M for the year ended April 30, 2021.

Gifts totaled \$44.0M during the year (representing an increase of about ~\$10M), while the MIP's endowed spending totaled \$70.4M.

Overall costs and contributions to University in 2020-21 decreased by approximately \$1M. A fixed annual amount of \$3.6M was withdrawn with respect to the contribution towards University indirect costs and \$1.0M was transferred to McGill's internally restricted funds.

In 2020-21, \$7.6M of the 17.1M total costs were allocated to the University Advancement's fundraising operations in the context of McGill's Bicentennial Campaign. The contribution to the University Advancement for the Campaign composed 44% of the total 1.1% endowment fees and expenses. While it is shown as an expense, it is considered as an investment, as it will help the MIP grow its endowment assets, which in turn will have a significant positive and sustainable impact on the University and its beneficiaries.

## MIP Estimated Withdrawals for Fiscal Year 2022

The 2021-22 estimates are set out below and assume 4.3 million units (using a growth rate of 2%):

	May 1, 2021 to April 30, 2022	
	Estimate	
	Total (000's)	Per Unit \$
Distribution for Endowed Spending	70,100	16.25
Office of Investments' Expenses	1,300	0.30
Managers and Service Provider Fees	7,500	1.74
Contribution to University Indirect Costs	4,300	1.00
Contribution to University Advancement	7,400	1.72
<b>Total Withdrawal Amount</b>	<b>90,600</b>	<b>21.01</b>

Income distribution in 2021-22 is based on a rate of 4.00%. Using the assumed 4.3M units, the withdrawal required for regular income distribution is estimated to be \$70.1M. Manager and service provider fees normally vary proportionally with the market value of the portfolio and the allocation of funds among managers who have varying fees. The total fees and contributions to McGill, excluding the endowed spending, are estimated to be \$20.5M.

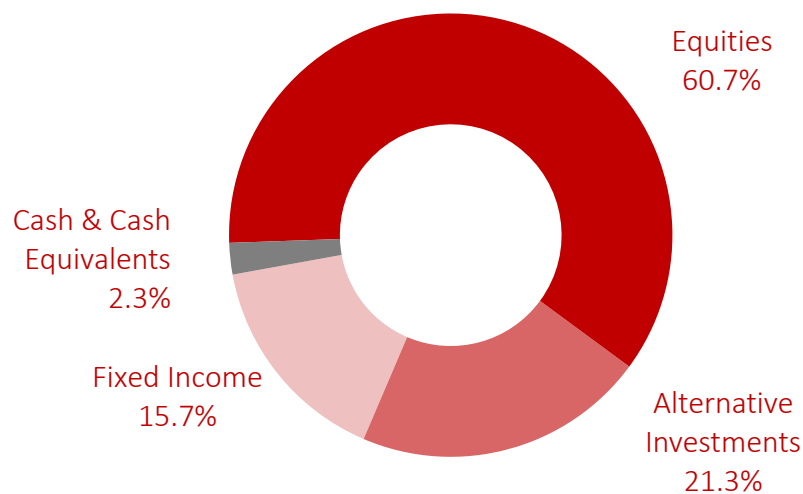
# Asset Allocation

## MIP Asset Allocation – April 30, 2021

As of April 30, 2021, approximately 97.5% of the MIP was managed externally by investment managers. The internally managed assets consist mainly of Exchange Traded Funds (ETF), currency overlay and deposits.

The MIP market value at April 30, 2021 was \$1,891.7M and was invested in a wide variety of asset and sub-asset classes. The allocation is illustrated below:

### MIP Asset Classes



### MIP Sub-asset Classes

Equity	Alternative Investments	Fixed Income
U.S. 41%	Private Investments 41%	Corporate Bonds 34%
N.N.A. 41%	Real Estate 21%	Provincial Bonds 25%
Canada 18%	Hedge Funds 18%	Municipal Bonds 13%
	Listed Real Assets 13%	EM Gov't Bonds 9%
	Infrastructure 3%	Inflation Linked Bonds 7%
	Commodities 3%	Federal & Agency Bonds 7%
		Cash & Short Term 4%
		Mortgages 1%

## MIP Asset Allocation – April 30, 2021 vs April 30, 2020

Asset Class	Manager	April 30, 2021		April 30, 2020	
		Market Value (\$M)	% of Total Fund	Market Value (\$M)	% of Total Fund
<b>Public Equities:</b>					
Canadian Equities	Fidelity	160.7	8.5%	126.8	8.0%
	Van Berkorn	39.4	2.1%	31.8	2.0%
	iShares (XIU)	3.5	0.2%	2.7	0.2%
		<b>203.6</b>	<b>10.8%</b>	<b>161.3</b>	<b>10.2%</b>
U.S. Equities	SSGA	204.6	10.8%	97.3	6.2%
	Enhanced U.S. Equity Strategy	105.5	5.6%	168.0	10.7%
	LSV	94.2	5.0%	50.6	3.2%
	Van Berkorn	71.0	3.8%	45.6	2.9%
		<b>475.3</b>	<b>25.1%</b>	<b>361.5</b>	<b>22.9%</b>
Non-North American Equities	William Blair	135.2	7.1%	97.0	6.2%
	Mawer	123.4	6.5%	-	-
	Comgest	103.7	5.5%	95.2	6.0%
	RBC GAM	94.4	5.0%	56.5	3.6%
	RBC FFF*	6.7	0.4%	5.3	4.7%
	Desautels-FFF**	2.7	0.1%	2.1	0.1%
	Desautels**	2.4	0.1%	1.9	0.1%
	MSCI EAFE ETF (Transition)	0.0	0.0%	74.1	0.3%
		<b>468.5</b>	<b>24.8%</b>	<b>332.1</b>	<b>21.1%</b>
<b>Total Public Equities:</b>	<b>1,147.4</b>	<b>60.7%</b>	<b>854.9</b>	<b>54.2%</b>	
<b>Alternative Investments:</b>					
Private Investments	Various Funds	165.1	8.7%	162.4	10.3%
Real Estate	Various Funds	85.8	4.5%	63.7	4.0%
Hedge Funds	Various Funds	73.6	3.9%	95.4	6.1%
Listed Real Assets	Brookfield	51.6	2.7%	21.3	1.4%
Infrastructure	Various Funds	13.8	0.7%	7.1	0.4%
Commodities	Various Funds	13.5	0.7%	25.9	1.6%
	<b>Total Alternative Investments:</b>	<b>403.4</b>	<b>21.3%</b>	<b>375.8</b>	<b>23.8%</b>
<b>Fixed Income:</b>					
Bonds	RBC GAM	108.6	5.7%	118.1	7.5%
	Fiera	78.9	4.2%	104.2	6.6%
	Canso	63.8	3.4%	55.9	3.5%
	Colchester	44.9	2.4%	61.8	3.9%
	Desautels**	1.3	0.1%	1.4	0.1%
	Neuberger Berman***	0.0	0.0%	6.1	0.4%
		<b>Total Fixed Income:</b>	<b>297.5</b>	<b>15.7%</b>	<b>347.5</b>
<b>Total Cash &amp; Short-term:</b>		<b>43.4</b>	<b>2.4%</b>	<b>-2.0</b>	<b>0.5%</b>
<b>Total MIP:</b>		<b>1,891.7</b>	<b>100.0%</b>	<b>1,576.2</b>	<b>100.0%</b>

\*This mandate was managed by Hexavest in 2019-20.

\*\*This mandate is managed by students at McGill's Desautels Faculty of Management.

\*\*\*This mandate was terminated in 2020-21.

# Performance

## MIP Overall Performance

The table below shows the MIP and its asset class performances as at April 30, 2021.

	Annualized Returns (%)			
	1 Year	3 Years	5 Years	10 Years
<b>MIP</b>	<b>21.0</b>	<b>7.5</b>	<b>8.3</b>	<b>8.6</b>
Absolute return objective: 5.10% + Prior Month CPI	7.8	6.6	6.9	6.7
Composite benchmark <sup>1</sup>	20.1	9.4	9.8	9.0
<b>Public Equities:</b>				
Canadian Equities	33.6	10.3	9.9	8.7
Benchmark: S&P/TSX Composite	33.3	10.4	9.8	6.4
U.S. Equities (Hedged)	48.0	15.5	15.9	15.6
Benchmark (Hedged) <sup>2</sup>	44.4	17.6	16.9	16.5
Non-North American Equities	31.2	6.6	10.0	8.3
Benchmark: 55.56% MSCI EAFE + 44.44% MSCI EM	28.5	6.0	10.9	7.7
<b>Alternative Investments<sup>3</sup>:</b>				
Benchmark <sup>4</sup>	1.0	0.7	2.3	6.1
	8.5	7.8	8.2	-
<b>Fixed Income:</b>				
Bonds	2.2	4.6	3.9	4.7
Benchmark: FTSE Universe Bond	-2.0	4.1	2.9	3.9
<b>Cash &amp; Cash Equivalents*:</b>				
Benchmark: FTSE 91-Day T-Bill	-4.3	5.8	3.7	2.3
	0.2	1.2	0.1	0.9

Notes: Performance is gross of fees except for Alternative Investments which are net of fees

Different benchmark indices were used in the one, three, five and ten-year periods, where applicable

\*The return is impacted by currency appreciation/depreciation versus the Canadian Dollar

1) 7.5% S&P/TSX Composite Index + 18% S&P 500 (50% USD Hedged) Index + 7% Russell 2000 (50% USD Hedged) Index + 12.5% MSCI EAFE + 10% MSCI EM + 5% [US T-bills (50% USD Hedged) + 5%] + 10% [(MSCI World + 2%) (50%) + (US T-bills (50% USD hedged) + 5%) (50%)] + 15% [5.15% + Prior Month CPI (All Items)] + 2% FTSE 91 Day T-Bill + 13% FTSE Universe Bond

2) 72% S&P 500 (50% USD Hedged) Index + 28% Russell 2000 (50% USD Hedged) Index

3) Includes hedge funds, private investments, real estate, commodities, listed real assets and infrastructure

4) Respective benchmarks for hedge funds, private investments, real estate, commodities, listed real assets and infrastructure

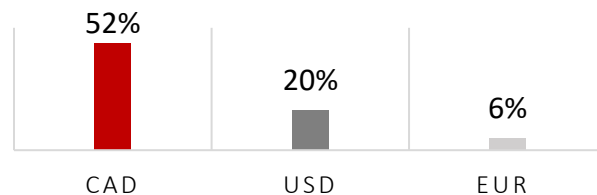
The 1-year performance of the MIP was excellent, reflecting the market recovery following the market downturn experienced last year. The very good returns in equities and relatively good performance in fixed income compensated for the disappointing returns in alternatives that continued to be affected by 2 private fund investments made more than a decade ago.



The performance of public equities (Canadian Equities, US Equities and International Equities) was in line or above their respective benchmarks for all the periods and the diversification in equities outside Canada has contributed to good returns. In Fixed Income, despite lower returns, the overall asset mix and the performance of managers has generated performance in excess of the benchmark. Unfortunately, the alternative assets performance affected the capacity of the MIP to beat the composite benchmark of the MIP on the one, three and five-year periods.

## Currency Exposure

The MIP has adopted a global approach to investing whereas its liabilities are in Canadian dollars. In order to mitigate the currency risks of this asset/ liability currency mismatch, a dynamic hedging strategy is pursued to contain such risks, with particular attention to the USD/CAD relationship. As a result, the USD variability (vs CAD) is partially mitigated, through the use of currency contracts, by adopting trading bands where the hedge ratio increases with the USD appreciation and vice versa. As at April 30, 2021, the MIP's exposure to CAD, USD and EUR after hedging, were as follows:



## Performance Measurement Services

The provider of performance measurement services to the MIP is BNY Mellon Global Risk Solutions, a division within the MIP's custodian BNY Mellon, one of the largest players in the custody service market globally. Investment rates of return are stated gross of fees (except for Alternative Investments which are net of fees), in CAD, on a total return basis which includes capital appreciation (both realized and unrealized) and income received and accrued.




Long-term performance of the MIP is evaluated by examining the success of these returns in meeting the spending policy and capital preservation policy of the Endowment through an absolute return objective of 5.10% + CPI. The MIP performance is also compared to a composite benchmark, which is obtained with the weighted average of each asset class' benchmark, following their respective target allocation as per the Statement of Investment Policy. Furthermore, an individual manager's performance is judged by assessing that manager's ability to meet a specified target return linked to a market index or composite of indices that is representative of the investment mandate assigned to the manager.

# Socially Responsible Investing Highlights

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On the recommendation of its Committee to Advise on Matters of Social Responsibility (CAMSR), stemming from the report adopted in December 2019, McGill's Board of Governors has approved ambitious, responsible and implementable actions that are needed to support collective efforts in the fight against climate change.

This action plan includes McGill's eight commitments pertaining to responsible investment, including commitments on decarbonization, impact investment and engagement. Below is a summary of the status on those three important commitments as at December 31, 2020:

Decarbonization		<b>Commitment: Sustain, by 2025, an equity portfolio with 33% less carbon emissions versus the listed equity benchmark</b> As at December 31, 2020, the MIP listed equity portfolio emitted 20% less carbon emissions than its benchmark, better than the minimum expected reduction of 15% at that point in time.
Impact Investment		<b>Commitment: Increase the MIP's impact investments to 5% of its portfolio by 2025</b> Including commitments, 4.4% of the MIP's assets were impact investments as at December 31, 2020. Impact investments are those made with the intention to generate a positive and measurable social and/or environmental impact alongside a financial return. As suggested by CAMSR, they include low-carbon funds and funds that contribute to decarbonization.
Engagement		<b>Commitment: Exercise, to the extent possible, active stewardship through investor engagement opportunities</b> In FY2021, McGill appointed SHARE as its shareholder engagement service provider to engage with portfolio companies on its behalf on climate-related issues, along with other universities as part of SHARE's University Network for Investor Engagement (UNIE) program. Moreover, as at December 31, 2020, 99% of the MIP's investment managers had an ESG Policy or were signatories to the United-Nations Principles for Responsible Investment (UNPRI).

For further information on McGill's other commitments to reduce the carbon footprint of its portfolio, please refer to the [2020 SRI Report](#).

# Administration

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## Investment Committee

The Investment Committee (“Committee”), a committee of the Board of Governors (“Board”) mandated to oversee the University’s Endowment investments, consists of 10 members and at April 30, 2021 was comprised of:

- Joel Raby, Chair (Montreal)
- Sam Minzberg, Vice-Chair (Montreal)
- Ram Panda, Chair, Board of Governors, ex-officio (Montreal)
- Suzanne Fortier, Principal and Vice-Chancellor, ex-officio (Montreal)
- Sam Altman (Montreal)
- Warren Smith (Montreal)
- Anik Lanthier (Montreal)
- Lester Fernandes (Montreal)
- Gerald Sheff (Toronto), succeeded by Donald Lewtas in July 2021
- Marc Trottier (Montreal)

Members are appointed based on their expertise and interest in investment, business and economics. Marc Weinstein (Montreal), Vice-Principal (University Advancement) serves as Special Advisor and Yves Beauchamp, Vice-Principal (Administration and Finance) serves as Senior Steward. Sophie Leblanc, Chief Investment Officer and Treasurer, serves as resource person.

Pursuant to its Terms of Reference and the Policy on the Approval of Contracts and Designation of Signing Authority, the Committee is responsible for overseeing the management of the University’s investments in accordance with the Statement of Investment Policy (“SIP”). Included in the Committee’s functions are:

- Providing advice to the Board in establishing policies related to investments and making recommendations thereon to the Board for approval
- Reviewing the SIP annually and making recommendations on proposed modifications to the Board
- Recommending to the Board policies on the annual distribution rate for the income from the Endowment

- Reviewing and approving the appointment and termination of investment managers and service providers, investment manager mandates and the performance of each fund manager
- Monitoring compliance with the SIP

In June 2014 a Subcommittee of the Investment Committee was created with the authority to act on investment matters which may arise between regularly scheduled meetings. The Subcommittee is composed of the Chair of the Investment Committee, two members of the Investment Committee, and is supported by the Senior Steward and the Chief Investment Officer & Treasurer (resource person). For fiscal year 2021 there was one Subcommittee meeting called.

The Investment Committee held four regular scheduled meetings and one special meeting convened by electronic vote during the fiscal year ended April 30, 2021. Quorum was established for all meetings.

In September 2020, the Committee reviewed the SIP and recommended changes to the minimum, target and maximum allocation limits to the Equity and Fixed Income Asset Classes. Notably, the target allocation to fixed income was reduced by 5% in favor of public equities and, within equities, target allocation to U.S. equities increased by 5%, while that of Canadian equities was reduced by 2.5%. Moreover, target allocation to non-North American equities (developed) increased by 2.5%. These recommended changes were approved by the Executive Committee on October 29, 2020 and came into effect on December 1, 2020.

Recommendations to maintain the income distribution rate at 4.00% for the 2021-22 fiscal year and that such rate be applied to the three-year rolling average market value, determined by including the three fiscal years ending April 30, 2020, April 30, 2019 and April 30, 2018 were approved by the Board. Further to the above, the Committee was presented with the management fees of 1.10% of the market value of the MIP at the beginning of the fiscal year.

## **Investment Management Decisions**

During the year ended April 30, 2021, several investment decisions were approved by the Investment Committee, including:

- Investment in a fund focused on North American distressed or undervalued corporate bonds
- Investment in an international equity strategy
- Investment in a value-add real estate fund focusing on multi-residential properties in Canada
- Investment in an infrastructure fund focusing on renewables in North America and Asia
- Replacement of the fossil fuel free global equity strategy's manager
- Termination of a manager with a US High Yield Bond mandate
- Investment in a real estate debt fund focusing on mezzanine lending for U.S. properties

- Investment in an opportunistic real estate fund focusing on the U.S. market
- Investment in a Chinese equity strategy
- Investment in an absolute return fund invested in hedge funds secondaries and co-investments

Prepared by: Office of Investments