



INVESTMENT POLICY STATEMENT

Investor: St. Thomas University
Accounts: Investment Accounts

BACKGROUND

St. Thomas University investments have accumulated from fund-raising activities, donations, the results of operations, and agreements with governments and other organizations. The University plans to increase the size of its investments over time in order to ensure that the funds earmarked for specific activities are sufficient to provide the ongoing level of support and to provide the University with increased funding stability in future years.

The investment portfolio is composed of internally and externally restricted funds, as well as an amount attributed to operations). During the fiscal year, all expenditures from restricted funds are made through operations thus creating amounts owing to operations from the various restricted funds.

Management fees and investment returns are allocated on a pro-rata basis to each restricted fund and to the Operations' share of the investment portfolio. Operations' share of the investment portfolio is currently relatively high. This means that Operations may be incurring significant risk, particularly in years where there is a poor return on investments. To eliminate this risk, Operations' share of the investment portfolio should be repaid annually from the investment portfolio (i.e. liquidation of funds) after completion of the external financial audit. The amount to be repaid should represent the April 30 balance of Operations' share of the total portfolio. This new practice was implemented in 2020-21. It should be recognized, that in years of substantial fundraising, Operations may be required to repay funds to the portfolio if donations received exceed fund expenditures in a fiscal year. The practice of eliminating the operational share in the investment portfolio is in keeping with standard practice of Atlantic Universities.

STATEMENT OF PURPOSE

The purpose of the Investment Policy Statement is to provide a clear understanding between St. Thomas University (the "University"), the St. Thomas University Investment Committee (the "Investment Committee"), and the "Investment Advisor" (Investment Advisor Information is provided in Appendix A) of the investment objectives and management policies applicable to the University's investment portfolio.

The Investment Policy Statement provides the guidelines for the long-term strategic investment plan and will:

- Establish reasonable expectations, objectives, and guidelines for an individual portfolio
- Develop an appropriate investment plan designed to generate acceptable long-term returns at a level of risk suitable to the University
- Identify the appropriate level of risk for the investment of the University's portfolio
- Recommend the appropriate target asset allocation for the University

- Establish investment guidelines regarding the selection of investment management firms, securities, and diversification of assets
- Determine the criteria for evaluating the performance of the portfolio assets
- Define the duties and responsibilities

The Investment Policy Statement is a summary of the investment philosophy and the policies that provide guidance for the University and the Investment Advisor. These policies will be reviewed and revised periodically to ensure they reflect any changes related to the portfolio, the University, or the capital markets. This Investment Policy Statement is not a contract, and there is no guarantee regarding the attainment of the goals or investment objectives outlined herein.

INVESTMENT OBJECTIVES

RETURN OBJECTIVES

The objectives of the investment strategy are to:

- achieve a return sufficient to meet the investment portfolio's funding requirements, cover costs, and increase the investment portfolio's real value over time.
- Out-perform recognized, appropriate benchmarks to be identified in this document.

TIME HORIZON

The time horizon for St. Thomas University is perpetual. Investors should be aware that maintaining a long-term focus could help avoid emotional responses to short-term market volatility. The longer the time horizon, the greater the probability of keeping up with inflation and achieving the investment objectives.

RISK TOLERANCE

The Risk Tolerance is considered conservative to average. Although the time-horizon is perpetual, the 5% annual spending requirement means efforts must be made to reduce volatility to prevent capital erosion. Furthermore, the spending requirement means that the generation of ongoing income is an objective, which reduces the allocation to riskier capital appreciation strategies (equity).

RISK OBJECTIVES

- Use a balanced, diversified approach that relies on interest, dividends, and capital appreciation to generate steady income with an acceptable level of volatility.
- Use a disciplined, conservative strategic allocation, diversification, and prudent investment management firms to reduce the overall standard deviation relative to the benchmark.

INVESTMENT CONSTRAINTS

Income Requirements-The guideline for University expenditures from restricted funds is a maximum of 5% per annum excluding fees. The 5% expenditure rate maximum is based on the average market value of the funds over the latest three-year period. In certain circumstances, the Finance Committee may recommend to the Board of Governors a spending rate in excess of 5% as part of the budget approval process.

Liquidity Requirements -Liquidity of funds is not a primary concern. Nevertheless, the majority of the investment portfolio should contain equity and fixed income securities that can be liquidated quickly, and without penalty, in the event the funds are required for the University's spending needs. Furthermore, the securities should be liquid and marketable in order to enhance the ability of the University to respond to factors such as changes in market conditions.

Tax Considerations -The University investment portfolio is tax-exempt.

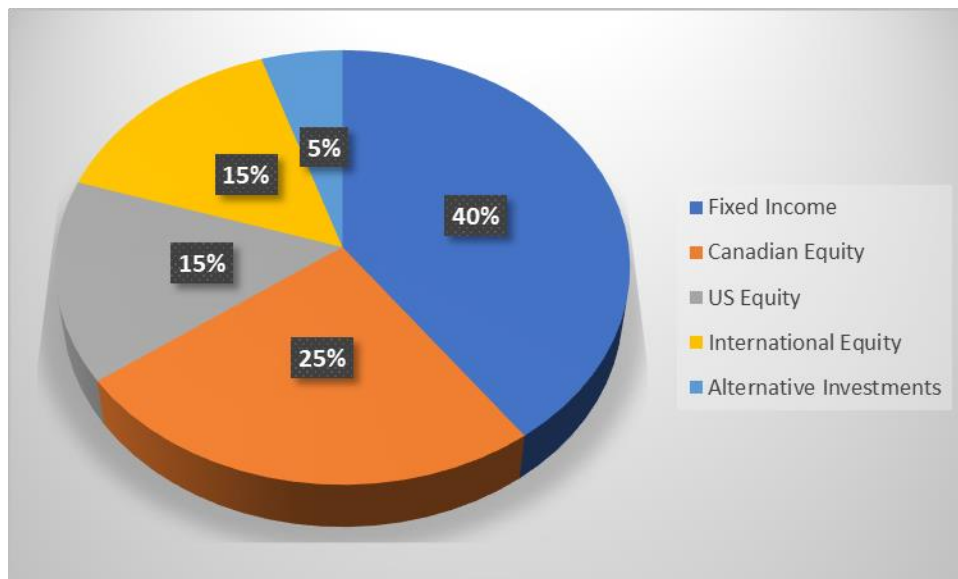
Legal or Regulatory Constraints-There are no legal or regulatory constraints that apply to this situation, beyond fulfilling obligations under the Trustees Act of New Brunswick and complying with New Brunswick securities law. The Trustees Act of New Brunswick includes provisions regarding fiduciary duty and duty of care, as well as the duty relating to investments.

Unique Circumstances -There are no unique constraints although the investment policy must comply with any stated conditions or other requirements put forth in this document.

ASSET ALLOCATION GUIDELINES

Strategic asset allocation is the process of determining how much of the portfolio should be invested in each of the various asset classes. Historically, asset allocation has proven to be a greater influence on the variation between the return of different portfolios than either market timing or the selection of individual securities.

The proposed asset allocation strategies listed below are based on a combination of long-term forecasts of returns for each asset class and the University's individual return and risk objectives.



REBALANCING

Over time, as the various asset classes under or outperform, the portfolio may move away from the original asset allocation guidelines established by this Investment Policy Statement.

Asset Allocation Ranges:	Minimum	Target Mix	Maximum
Asset Category:			
Canadian Fixed Income	30.0%	40.0%	70.0%
Canadian Equity	15.0%	25.0%	35.0%
U.S. Equity	0.0%	15.0%	22.7%
International Equity	0.0%	15.0%	24.6%
Alternative Investments	0.0%	5.0%	10.0%
Cash & Cash Equivalents	0.0%	0.0%	20.0%
TOTAL		100.0%	

- If the actual aggregate weighting differs from the target weighting, this will be identified in the Quarterly Investment Report. The Target Mix represents the targeted Asset Allocation in normal circumstances. The use of Minimum and Maximum Ranges is intended to provide the flexibility to adapt to capital market conditions. The Investment Committee may decide that the portfolio be rebalanced or modified, when appropriate, as long as the changes made will result in the weights of each Asset Category falling within the respective Asset Allocation Range.
- The guidelines may be changed as capital market conditions or investment objectives change.

CHANGES IN INVESTMENT MANAGEMENT FIRMS

- Reasons for the replacement of an investment management firm can include, but are not limited to, compliance irregularities or marked underperformance in comparison to benchmark over a sustained time period.

INVESTMENT PERFORMANCE BENCHMARKS

The performance of the investment manager shall be measured against a benchmark comprised of fixed allocations as follows:

- 40% FTSE Canada Universe Bond Index (CAD)
- 25% S&P/TSX Composite TR Index
- 15% S&P 500 TR Index (CDN)
- 15% MSCI EAFE Index (CDN)
- 5% FTSE Canada 91 Day T-Bill Index + 2%

The overall portfolio performance will be compared to the above benchmark, while individual sub-managers shall be compared to the largest, most relevant index that best matches their mandate. Individual manager benchmark indices can be selected from, but not limited to:

Asset Class	Benchmark Index
Canadian Fixed Income	Canadian Income Index* Canadian Government Bond Index**
Canadian Equity	S&P/TSX Composite Index
U.S. Equity	Russell 2000 Index Russell 2000 Value Index Russell 1000 Value Index Russell 1000 Growth Index S&P 500 Index
International Equity	MSCI EAFE Index MSCI EAFE Growth Index
Alternative Investments	FTSE Canada 91 Day T-Bill Index + 2%

*The Canadian Income Index is a blended benchmark comprised of 50% FTSE TMX Canada Short Term Overall Bond Index (CAD) and 50% FTSE TMX Canada Mid-Term Bond Index (CAD).

**The Canadian Government Bond Index is a blended benchmark comprised of 50% FTSE TMX Canada Mid-Term All Government Bond TR Index (CAD) and 50% FTSE TMX Canada Short-Term All Government Bond TR Index (CAD).

The benchmark used if and when the portfolio invests in alternative investments will depend on the asset class used. Alternative asset classes may include but are not limited to venture capital, private placement funds, and hedge funds.

QUALITATIVE AND QUANTATIVE CONSTRAINTS

FIXED INCOME

The purpose of fixed income investments is to provide diversification and a predictable source of revenue. It is expected that fixed income investments will be flexibly allocated among maturities of different lengths according to interest rate prospects and that the investments will be actively managed to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums.

At least 90% of fixed income investments must be in government (federal, provincial, or municipal) or corporate securities with a minimum rating of "A" by the Dominion Bond Rating Service, Standard and Poor's or Moody's. Up to 10% of fixed income investments may be invested in securities with an average rating of "BB". No more than 10% of the fixed income securities should be investments of a single issuer with the exception of those guaranteed by the federal or provincial governments.

EQUITY

The purpose of equity investments is to provide current income and capital appreciation. It is recognized that this class is associated with higher volatility and risk. Investments must be in companies that have demonstrated quality based on an analysis of their balance sheet position, earnings growth, dividends record, future operating prospects or other factors. Holdings should be spread among companies and industry sectors with no more than 10% of the market value of the equity component of the portfolio being in the securities of a single company and no more than 40% invested in the stock of companies in any one industry sector.

MONEY MARKET

Short term investments may be held in order to provide minimal liquidity requirements and to allow adjustments to changing market conditions. Short term investments should be in very high quality instruments with individual investments not to exceed \$500,000 except those in federal or provincial government bonds. Managers shall have an objective to keep investments in this asset class at a minimum on an ongoing basis.

COMMUNICATION

- The Investment Committee will receive a statement on a quarterly basis from the Investment Advisor. This statement will show all account activity and the current market value of all securities as well as investment management fees.
- The Investment Advisor will be available on a reasonable basis for telephone communication when needed.
- The contact information for the primary liaisons from the University are as follows. Each party shall ensure they notify the other party in a timely manner of any changes to the contact information including telephone numbers and email addresses.
 - James Culligan, Vice-President, Finance and Administration, vpfa@stu.ca, telephone (506) 452-0533.
 - Reg Gallant, Comptroller, gallant@stu.ca, telephone (506) 452-0631.

STATEMENT OF RESPONSIBILITIES

THE UNIVERSITY

To properly maintain the investment plan, the University must:

- Provide the Investment Advisor with accurate information on their financial situation, net worth, and risk tolerances.
- Inform the Investment Advisor of any significant changes to this information as they occur.

THE INVESTMENT COMMITTEE

The Investment Committee was established by the University's Board of Governors on February 24, 2018. Based on the Committee's Terms of Reference, the Investment Committee has the following responsibilities with respect to the University's investment portfolio:

- Recommend policies relating to the investment of the funds, and in reviewing those policies periodically, to ensure the long-term health of the funds. This includes periodically reviewing this Investment Policy Statement.
- Make recommendations to the Board on the appointment of investment managers and advisors and review those arrangements on a biennial basis;
- Monitor the performance of the investment managers and advisors and make recommendations with respect thereto, as appropriate, to the Board;
- Undertake such other matters as requested or delegated by the Board from time to time.

The Investment Committee has the authority to rebalance or modify the portfolio, when appropriate, as long as the changes made will result in the weights of each Asset Category falling within the respective Asset Allocation Range as defined in this Investment Policy Statement.

The Investment Committee is also responsible to review the approach used by the investment management firms regarding their integration of the concepts of environmental, social justice, and corporate governance (ESG) in their investment philosophy and processes. The Investment Committee will strive to adhere to the UN-supported Principles of Responsible Investing which encourages incorporation of ESG factors into investment management practices.

THE INVESTMENT ADVISOR

The Investment Advisor shall have the following responsibilities:

- Responsible for the initial and ongoing implementation of the University's investment plan;
- Monitor Investment Managers in order to provide support and educational materials to the Investment Committee to assist them in their duty to monitor and make recommendations regarding Investment Managers;
- Provide materials and data on asset allocation strategies;
- Provide materials and data on the carbon intensity of the University's investment portfolio;
- Provide materials and data on the approach used by the investment management firms regarding their integration of the concepts of environmental, social justice, and corporate governance (ESG) in their investment philosophy and processes.
- Advise the University in a timely manner of any donation of shares, liquidate such shares as soon as possible after receipt, and invest the proceeds as per the asset allocation in this Investment Policy Statement.
- Ensure the University is appraised of any material changes in the investment portfolio;
- Report immediately any material event that affects the ownership of the Investment Advisor's firm or the management of the portfolio;
- Provide educational materials on investments and finance from time to time;
- Meet with the University no less than annually, to review and explain the portfolio's investment results against stated benchmarks, and to discuss any related issues; and
- Should the Investment Advisor manage part of the investment portfolio on a non-discretionary basis, the University's prior approval will be required before any security transactions can be made.

Approved October 15, 2022
Board of Governors Meeting

APPENDIX A: Investment Advisor Information

Investment Advisor and Contact Information:

Bill Reynolds, Mais Reynolds Financial Group (CIBC Private Wealth)
bill.reynolds@cibc.ca
(506) 451-8836

Investment Management Research (IMR) Team:

CIBC Wood Gundy engages an Investment Management Research (IMR) Team which uses a proprietary review process on an ongoing basis to evaluate the practices and the performances of the investment management firms selected to manage the University's investment portfolio. More detailed information on the role of the IMR Team is provided in the Quarterly Investment Reports provided by the Investment Advisor.