Statement of
Investment Policies
and Goals

University of
Saskatchewan
Long Term
Investment Pool

October 2015

Approved on this 7th day of October, 2015 on behalf of the Board of Governors:

For: ____________________________
Chairman

For: ____________________________
Secretary
## Contents

### Section 1—Overview

1.01 Definitions .......................... 2  
1.02 Purpose of the Investment Policy .... 3  
1.03 Nature of the Fund .................. 3  
1.04 Objective of the Fund ............... 3  
1.05 Investment and Risk Philosophy ..... 4  
1.06 Administration ...................... 4  

### Section 2—Asset Mix and Diversification Policy

2.01 Portfolio Return Expectations ...... 5  
2.02 Expected Volatility .................. 5  
2.03 Asset Mix ............................ 5  
2.04 Management Structure ............... 6  
2.05 Asset Mix Ranges .................... 7  

### Section 3—Permitted and Prohibited Investments

3.01 General Guidelines .................. 9  
3.02 Permitted Investments ............... 9  
3.03 Minimum Quality Requirements ..... 11  
3.04 Maximum Quantity Restrictions ..... 12  
3.05 Prior Permission Required .......... 13  
3.06 Prohibited Investments ............. 13  
3.07 Securities Lending ................... 13  
3.08 Borrowing ........................... 13  

### Section 4—Monitoring and Control

4.01 Delegation of Responsibilities ...... 14  
4.02 Performance Measurement .......... 14  
4.03 Monitoring and Rebalancing the Fund's Asset Mix 16  
4.04 Reporting by the Investment Managers 17  
4.05 Standard of Professional Conduct 17  

### Section 5—Administration

5.01 Conflicts of Interest ................ 19  
5.02 Related Party Transactions .......... 19  
5.03 Valuation of Securities Not Regularly Traded 20  
5.04 Voting Rights ........................ 20  
5.05 Soft Dollars .......................... 21  
5.06 Investment Policy Review .......... 21  

### Section 6—Investment Managers

6.01 Selecting Investment Managers ...... 22  
6.02 Monitoring of Investment Managers 22  
6.03 Reasons for Terminating an Investment Manager 22  

### Section 7—Investment Consultant

7.01 Selection & Termination Policy .... 24  

### Appendix A—Compliance Reports
Section 1—Overview

1.01 Definitions
For the purposes of this document the following words, phrases and abbreviations are assigned:

(a) Board Board of Governors of the University of Saskatchewan

(b) Custodian Trust company responsible for safekeeping of the assets, income collection, settlement of investment transactions, and accounting for the investment transactions

(c) Fund Investment assets of the Long Term Investment Pool

(d) Investment Committee The Internal Investment Committee of the University of Saskatchewan

(e) Investment Consultant Consulting firm retained by the University to provide strategic advice regarding the Fund’s investment policy, investment managers and investment performance issues

(f) Investment Managers Professional investment managers hired to manage the assets of the Fund

(g) Prudent Person Portfolio Approach As defined by the Office of the Superintendent of Financial Institutions (OSFI), the Prudent Person Portfolio Approach requires the Board to establish, and the Fund to adhere to, “investment and lending policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and obtain a reasonable return”.

(h) Related Party A related party is a person who administers the Fund, including any officer, director or employee of the administrator, or any person who is a member of the Investment Committee. It also includes the Investment Managers and Investment Consultant and their employees, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others. Related party does not include government or a government agency.

(i) University The University of Saskatchewan
1.02 **Purpose of the Investment Policy**  
The purpose of this investment policy is to provide a framework for management of the Fund within levels of risk acceptable to the Board.

A major goal of this policy statement is to establish ongoing communication between the Investment Committee and the Investment Managers. Effective communication will contribute to management of the portfolio in a manner that is consistent with market conditions and with the objectives of the Board. Consultation between the parties will take the form of regular meetings supplemented, from time to time, by informal contact requested by the parties.

This policy is based on the Prudent Person Portfolio Approach to ensure the prudent investment and administration of the assets of the Fund, subject to applicable legislation.

1.03 **Nature of the Fund**  
In order to establish an appropriate policy for the investment and administration of the assets set aside within the Fund, it is important to understand the nature of the underlying accounts and any related ongoing obligations.

Fund assets are for accounts with a long-term investment horizon. This pool of assets is managed by external managers appointed by the Board in accordance with this investment policy.

1.04 **Objective of the Fund**  
There are two overriding objectives for the Fund:

(a) To provide a steady flow of funds to meet annual expenditure requirements, with the amount growing annually to maintain the purchasing power of the expenditure stream; and

(b) To increase the market value of the remaining assets so that capital, in real terms, is maintained.

The objectives have competing demands for current cash flow and long term asset growth. This investment policy sets out guidelines that are intended to permit an investment return sufficient to meet the above objectives, and satisfy the University's expenditure target.

There are different expenditure patterns in the various trust accounts, but in general, the University has adopted a guideline of spending approximately 4.0% of the market value of the trust accounts annually. This guideline is subject to change, based on actual inflation rates, investment returns, and the conditions of the various trust accounts.
1.05 Investment and Risk Philosophy

(a) Investment Philosophy

Fund Assets should be prudently managed to assist in avoiding excessive volatility in annual rates of return.

The investment risk level is discussed and assessed by the Investment Committee on an annual basis during this policy’s review. Factors considered include return requirements, cash flow needs, risk and return of the capital markets and risk preference of the Board and Investment Committee. Based on the assessment, the long-term investment goal and benchmark portfolio weights are set.

A number of factors suggest the Fund has an above-average tolerance for risk:

(i) Long-term investment horizon, as many of the Trust Accounts are perpetual.

(ii) High real return requirement.

Accordingly, the long-term policy asset mix for the Fund has a bias to equities.

The Fund employs a mix of both active and passive management styles. Active management has been adopted for a portion of the assets as it provides the opportunity to outperform common market indices over the long-term. Passive management has been adopted for a portion of the assets as it minimizes the risk of underperformance relative to a benchmark index and is generally less expensive than active management. Specialty managers have been employed to achieve style offsets, further mitigating risk.

(b) Risk Philosophy

In order to achieve the long-term investment goal, the Fund must invest in assets that have uncertain returns, such as Canadian equities, foreign equities and non-government bonds. However, the Investment Committee attempts to reduce the overall level of risk by diversifying the asset classes and further diversifying within each individual asset class.

1.06 Administration

The Board of Governors is responsible for assets invested by the University.

Day-to-day administration is provided by Financial Services of the University.

More detail on the roles and responsibilities of the various parties is included in Section 4.01—Delegation of Responsibilities.
Section 2—Asset Mix and Diversification Policy

2.01 Portfolio Return Expectations
The long-term investment goal of the Fund is to achieve a minimum annualized rate of return of four percentage points in excess of the Canadian Consumer Price Index. This goal is consistent with the overall investment risk level that the Fund could assume in order to maintain the purchasing power of the awards/expenditures, and normally will be assessed over longer time periods; i.e., over ten years or more.

2.02 Expected Volatility
To achieve this long-term investment goal, the Fund has adopted an asset mix that has a bias to equity investments. Risk is controlled by investing in a well-diversified portfolio of asset classes through multiple managers. Since the Investment Managers are not permitted to use leverage (with the exception of Managed Futures Managers), the volatility of the Fund is expected to be similar to that of the benchmark portfolio.

2.03 Asset Mix
The following table presents the current Fund benchmark and asset component ranges, based on market values.

<table>
<thead>
<tr>
<th>Combined Fund Benchmark and Asset Component Ranges</th>
<th>Minimum</th>
<th>Benchmark*</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td><strong>Equities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Equities</td>
<td>8</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Small Cap Equities</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Total Canadian Equities</td>
<td>10</td>
<td>17</td>
<td>25</td>
</tr>
<tr>
<td>Global Equities</td>
<td>30</td>
<td>38</td>
<td>50</td>
</tr>
<tr>
<td>Total Equities</td>
<td>40</td>
<td>55</td>
<td>65</td>
</tr>
<tr>
<td>Managed Futures</td>
<td>5</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Canadian Real Estate</td>
<td>0</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>European Real Estate</td>
<td>0</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Total Real Estate</td>
<td>5</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td><strong>Fixed Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canadian Bonds (1 year and over)</td>
<td>15</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>Cash &amp; Short-term Investments</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Total Fixed Income</td>
<td>25</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

*Effective October 1, 2015.
2.04 **Management Structure**

A specialist management structure has been adopted for management of Fund assets, consisting of:

- Two active large cap Canadian equity manager,
- An active small cap Canadian equity manager,
- Two active global equity managers,
- Two active Canadian and one active European real estate managers,
- A passive fixed income manager, and
- An active managed futures manager.

Specialty managers have been employed in order to maximize value-added potential in asset classes where skilled managers have demonstrated a consistent ability to outperform their respective indices, as well as to achieve style offsets and asset class diversification, and mitigate risks.

The assets of the Fund are managed by various managers with different mandates. In order to ensure adequate diversification by both asset class and by manager, the Investment Committee has established the following parameters to guide the allocation of assets to each of the Fund’s investment managers.

**Manager Rebalancing Guidelines (% of Market Value)**

<table>
<thead>
<tr>
<th>Manager</th>
<th>Minimum %</th>
<th>Target %</th>
<th>Maximum %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap Canadian Equity Manager - A</td>
<td>6.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Canadian Equity Manager - B</td>
<td>6.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Canadian Equity Manager s</td>
<td>8</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Small Cap Canadian Equity Manager</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Global Equity Manager - A</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Equity Manager - B</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Equity Manager s</td>
<td>30</td>
<td>38</td>
<td>50</td>
</tr>
<tr>
<td>Managed Futures</td>
<td>5</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Canadian Real Estate Managers</td>
<td>0</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>European Real Estate Manager</td>
<td>0</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Real Estate Managers</td>
<td>5</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Fixed Income Manager</td>
<td>15</td>
<td>25</td>
<td>35</td>
</tr>
</tbody>
</table>
Implementation of the rebalancing is the responsibility of the Treasurer and Director, Pensions, Financial Services and/or the Manager, Pension and Investments and will be implemented with the assistance of the Investment Consultant.

Procedures
The rebalancing guidelines are intended to assist in managing the asset mix. Neither rebalancing for market fluctuations, nor allocation of new cash flow, will be used as a method to reward or express dissatisfaction with Investment Manager performance which is a long-term measure and will be dealt with during Investment Manager performance reviews.

The assets allocated to each Investment Manager will be determined subsequent to each calendar quarter. Should any Investment Manager’s range be breached, the Investment Consultant will advise the Treasurer and Director, Pensions, Financial Services and the Manager, Pension and Investments who, with the assistance of the Investment Consultant, will rebalance the funds allocated to or from that Investment Manager to the target weight by transferring cash to or from the portfolio of the other Investment Managers by the end of the following month.

2.05 Asset Mix Ranges
The following table presents the asset mix policy for the active and passive mandates. These limits are necessary to ensure that the Fund’s asset mix remains within the ranges established in Section 2.03.

<table>
<thead>
<tr>
<th>Large Cap Canadian Equity Managers(^{(1)})</th>
<th>Minimum %</th>
<th>Benchmark %</th>
<th>Maximum %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large cap Canadian equities</td>
<td>80</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Short-term investments and cash</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) Investments in pooled funds are deemed to be fully invested in that pooled fund’s asset class even though the pooled fund may have cash reserves.

<table>
<thead>
<tr>
<th>Small Cap Canadian Equity Manager(^{(1)})</th>
<th>Minimum %</th>
<th>Benchmark %</th>
<th>Maximum %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small cap Canadian equities</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Investments in pooled funds are deemed to be fully invested in that pooled fund’s asset class even though the pooled fund may have cash reserves.
### Global Equity Managers\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Benchmark</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global equities</td>
<td>80</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Short-term investments and cash</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) Investments in pooled funds are deemed to be fully invested in that pooled fund's asset class even though the pooled fund may have cash reserves.

### Managed Futures Manager\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Benchmark</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed Futures</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Investments in pooled funds are deemed to be fully invested in that pooled fund's asset class even though the pooled fund may have cash reserves.

### Real Estate Managers\(^{(4)}\)

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Benchmark</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Investments in pooled funds are deemed to be fully invested in that pooled fund's asset class even though the pooled fund may have cash reserves.

### Fixed Income Manager\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Benchmark</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Investments in pooled funds are deemed to be fully invested in that pooled fund's asset class even though the pooled fund may have cash reserves.
Section 3—Permitted and Prohibited Investments

3.01 General Guidelines
In general and subject to the restrictions noted below, the Fund may invest in any of the following asset classes and investment instruments:

3.02 Permitted Investments
(a) Canadian and Foreign Equities
   (i) Common and convertible preferred stock, listed on a recognized exchange
   (ii) Debentures convertible into common or convertible preferred stock
   (iii) Rights, warrants and special warrants for common or convertible preferred stock
   (iv) Installment receipts, American Depository Receipts or other recognized depository receipts
   (v) Exchange traded index participation units (i.e., iUnits and Standard & Poor's Depository Receipts (SPDRs))
   (vi) Income trusts, including real estate investment trusts (REITs), in jurisdictions that provide limited liability protection to unit holders
   (vii) Exchange traded limited partnerships
   (viii) Private placement equity where the Investment Manager determines the security will become eligible for trading on a recognized exchange within a reasonable and defined timeframe, not to exceed six months, and the issuing company is publicly listed on a recognized exchange.

(b) Fixed Income
   (i) Bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness of Canadian or developed market foreign issuers whether denominated and payable in Canadian dollars or a foreign currency
   (ii) Mortgage-backed and asset-backed securities
   (iii) Term deposits and guaranteed investment certificates
   (iv) Private placements of bonds subject to Section 3.03(e)

(c) Cash and Short-Term Investments
   (i) Cash on hand and demand deposits
   (ii) Mortgage-backed and asset-backed securities
(iii) Treasury bills issued by the federal and provincial governments and their agencies

(iv) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances

(v) Commercial paper and term deposits

(d) Real Estate
Investment in real estate by way of participation in a pooled fund is permissible. While it is recognized any real estate pooled fund in which the Fund participates is governed by its own investment policy, desirable traits in selection of a real estate manager and pooled fund include:

(i) An institutional investment focus;

(ii) A core style of real estate investing that is predominately focused on developed income-producing properties;

(iii) A well-diversified portfolio by property type and by region; and

(iv) Measured use of leverage, not to exceed 75% on individual properties and 60% on Total Fund assets.

(e) Other Investments
(i) Investments in open or closed-ended pooled funds provided that the assets of such funds are permissible investments under this policy.

(ii) Deposit accounts of the Custodian can be used to invest surplus cash holdings.

(f) Derivatives
The use of derivatives (such as options, futures and forward contracts) is permitted to protect against losses from changes in exchange rates, interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment. Sufficient assets or cash must be held to cover commitments due to the derivatives transactions. No derivatives can be used for speculative trading or to create a portfolio with leverage (except within the Managed Futures mandate, where speculative trading and leverage is permitted).

Derivatives used in pooled funds are subject to the pooled fund guidelines.

(g) Pooled Funds
Investment in pooled funds is permissible. Pooled Funds are governed by the policies for each fund. The Investment Committee shall, with the assistance of the Investment Consultant, review the guidelines for any pooled fund investment to determine that they are appropriate.
3.03 Minimum Quality Requirements

(a) Quality Standards

Within the investment restrictions for individual Manager portfolios, including pooled funds, all portfolios should hold a prudently diversified exposure to the intended market.

(i) The minimum quality standard for individual bonds, debentures and mortgage-backed and asset-backed securities is ‘BBB’ or equivalent as rated by a recognized bond rating agency at the time of purchase (includes all sub-rating levels within the overall ‘BBB’ rating).

(ii) The minimum quality standard for individual short-term investments is ‘R-1’ or equivalent as rated by a recognized bond rating agency, at the time of purchase.

(iii) Province of Saskatchewan securities are permissible investments.

(iv) All investments with the exception of real estate shall be reasonably liquid (i.e., in normal circumstances they should be capable of liquidation within 1 month).

(b) Split Ratings

In cases where the Recognized Bond Rating Agencies do not agree on the credit rating, the security will be classified according to the methodology used by FTSE TMX Global Debt Capital Markets, which states:

(i) If two agencies rate a security, use the lower of the two ratings;

(ii) If three agencies rate a security, use the most common; and

(iii) If all three agencies disagree, use the middle rating.

(c) Downgrades in Credit Quality

The Investment Manager will take the following steps in the event of a downgrade in the credit rating of a portfolio asset by a recognized bond rating agency to below the purchase standards set out in Section 3.03 (a) Quality Standards:

(i) The Investment Committee will be notified of the downgrade by telephone at the earliest possible opportunity;

(ii) Within ten business days of the downgrade, the Investment Manager will advise the Investment Committee in writing of the course of action taken or to be taken by the Investment Manager, and its rationale; and

(iii) The Investment Manager will provide regular reporting on the status of the asset until such time as it matures, is sold or is upgraded to a level consistent with the purchase quality standards as expressed in the above guidelines.

(d) Rating Agencies

For the purposes of this policy, the following rating agencies shall be considered to be ‘recognized bond rating agencies’:

11
(i) DBRS (for Canadian issuers only);
(ii) Standard and Poor’s;
(iii) Moody’s Investors Services; and
(iv) Fitch Ratings (for foreign issuers only).

(e) Private Placement Bonds
Private placement bonds are permitted subject to all of the following conditions:

(i) The issues acquired must be minimum ‘BBB’ or equivalent rated;

(ii) The Investment Manager’s portfolio may not hold more than 5% of the market value of any one private placement; and

(iii) The Investment Manager must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price.

3.04 Maximum Quantity Restrictions
The Investment Manager shall adhere to the following restrictions:

(a) Equities
(i) Equity holdings of a corporation and its associated or affiliated companies, public or private placements, shall not represent more than 10% of the market value of the respective equity portfolio of any one Manager

(ii) No one equity holding shall represent more than 10% of the voting shares of a corporation

(iii) No one equity holding shall represent more than 10% of the available public float of such equity security

(iv) Within foreign equity portfolios, a maximum of 20% of the portfolio may be invested in stocks domiciled in non-MSCI World Index (emerging market) countries

(b) Bonds and Short-Term Investments
(i) Except for federal and provincial bonds (including government guaranteed bonds), no more than 10% of an Investment Manager’s bond portfolio may be invested in the bonds of a single issuer and its related companies

(ii) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the market value of the total outstanding for that bond issue

(iii) ‘BBB’ or equivalent rated securities may not be purchased if the purchase would raise the ‘BBB’ holdings to more than 15% of the market value of the bond portfolio

(iv) No more than 15% of the market value of an Investment Manager’s bond portfolio shall be invested in bonds of foreign issuers
(v) Foreign currency exposure is limited to 10% of the market value of the bond portfolio

(c) **Pooled Fund Investments**
An investment by the Fund in a single pooled fund should not exceed 10% of the market value of that fund unless provision has been made to transfer assets out of the fund "in kind". Real estate pooled funds are excluded due to the illiquid nature of the underlying assets.

### 3.05 Prior Permission Required
The following investments require prior permission from the Investment Committee:

(a) Investments in private placement equities other than those otherwise permitted in Sections 3.02(a) above;

(b) Investments in mortgages;

(c) Direct investments in resource properties;

(d) Direct investments in venture capital financing;

(e) Derivatives other than those otherwise permitted in Sections 3.02(f) above;

(f) Any other investment not explicitly authorized in this policy.

### 3.06 Prohibited Investments
The Investment Managers shall not:

(a) Invest in companies for the purpose of managing them;

(b) Purchase securities on margin or engage in short sales, except as allowed in 3.02(f); or,

(c) Make any investment not specifically permitted by this policy.

### 3.07 Securities Lending
The securities of the Fund may not be loaned, except within pooled funds where the pooled fund investment policy permits securities lending.

### 3.08 Borrowing
The Fund shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to applicable legislation.
Section 4—Monitoring and Control

4.01 Delegation of Responsibilities
The Board has established a Finance and Investment Committee and an Internal Investment Committee to assist in fulfilling its responsibility. The Investment Committee will report to the Board through the Investment Committee Chair.

In general, the Board has a fiduciary responsibility to manage the investments prudently. The Board has delegated authority to the Investment Committee to:

- Establish and recommend an investment policy to the Board;
- Recommend an investment management structure (number of Investment Managers, investment mandate);
- Recommend appointment of the Investment Managers, the Investment Consultant and the Custodian;
- Monitor investment performance;
- Monitor compliance with policy;
- Liaise with the Investment Consultant, Investment Managers and Custodian;
- Authorize the Vice-President (Finance and Resources) to hire any agent, broker, Investment Manager, Custodian and other advisors that the Committee deems appropriate to fulfill their fiduciary responsibilities; and
- Recommend changes to this policy for review and, to the extent acceptable, acceptance by the Board.

Responsibility for investment management of the Fund has been delegated to professional Investment Managers. Responsibility for safekeeping of the assets has been delegated to the Custodian.

In completing the above duties, a number of responsibilities have been delegated:

(a) The Investment Managers will:
   (i) Invest the assets of the Fund in accordance with this policy;
(ii) Meet with the Investment Committee as required, but at least annually, and provide quarterly written reports regarding their past performance, their future strategies and other issues as requested;

(iii) Notify the Investment Committee, in writing, of any legal or regulatory proceedings or charges of which the Investment Manager may be aware, against the Investment Manager’s firm or investment personnel, or against any sub-advisor or that firm’s personnel; and

(iv) File quarterly compliance reports (see Section 4.04).

(b) The Custodian will:
   (i) Maintain safe custody over the assets of the Fund;

   (ii) Execute the instructions of the Board, as delegated to any Investment Manager appointed to manage the assets of the Fund; and

   (iii) Record income and provide monthly financial statements as required.

(c) The Investment Consultant will:
   (i) Assist in the development and implementation of this policy and provide related research;

   (ii) Monitor the investment performance of the Fund and the Investment Managers on a quarterly basis;

   (iii) Advise the Treasurer and Director, Pensions, Financial Services and the Manager, Pension and Investments when rebalancing is required;

   (iv) Support the Investment Committee on matters relating to investment management and administration of the Fund; and

   (v) Meet with the Investment Committee as required.

(d) Financial Services of the University will:
   (i) Maintain a unitized record-keeping system to account for proportionate ownership of assets in the fund;

   (ii) Account for additions, withdrawals and balances in the various trust accounts;

   (iii) Manage cash flow to ensure adequate liquidity to meet the conditions of the trusts;

   (iv) Maintain and rebalance the Fund's asset mix as outlined in Section 4.03;

   (v) Liaise with donors;

   (vi) Liaise with the Investment Consultant, Investment Managers and Custodian.
(vii) Prepare a schedule of trust fund balances for inclusion in the annual financial report; and

(viii) Prepare financial statements that are subject to independent audit.

4.02 Performance Measurement

The performance of the Fund shall be measured quarterly and return calculations shall be as follows:

- Time weighted rates of return; and

- Total returns, including realized and unrealized gains and losses and income from all sources.

Measurement against performance objectives for the Investment Managers will normally be assessed over rolling four-year periods.

Combined Fund Benchmark

The primary objective for the Fund is to earn a rate of return, net of fees, that exceeds the rate of return earned on a benchmark portfolio. The benchmark consists of the following market index total returns weighted as indicated:

<table>
<thead>
<tr>
<th>Combined Fund Benchmark*</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P/TSX Capped Composite Index</td>
<td>13.0</td>
</tr>
<tr>
<td>S&amp;P/TSX Canadian Small Cap Index</td>
<td>4.0</td>
</tr>
<tr>
<td>MSCI World Index (Cdn. $)</td>
<td>38.0</td>
</tr>
<tr>
<td>REALpac/IPD Canadian Property Index</td>
<td>5.0</td>
</tr>
<tr>
<td>IPD Pan-European Property Fund Index – Balanced Funds**</td>
<td>5.0</td>
</tr>
<tr>
<td>FTSE TMX Canada Universe Bond Index</td>
<td>25.0</td>
</tr>
<tr>
<td>FTSE TMX Canada 91-day T-Bill Index plus 4%</td>
<td>10.0</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Effective October 1, 2015
** Hedged to Canadian Dollars

Active Investment Manager Performance Objectives

The benchmark performance objectives for the active Investment Managers are tailored to the specific mandate established for each Investment Manager. Accordingly, the asset class performance objectives may change over time. Currently, the asset class objectives are to exceed the following indices, net of fees, with an appropriate level of volatility:

Canadian equities = S&P/TSX Capped Composite Index total return

Small cap Canadian equities = S&P/TSX Canadian Small Cap Index total return
Global equities = MSCI World Index (Cdn. $) total return
Managed Futures = FTSE TMX Canada 91-day T-Bill Index plus 4%
Canadian Real Estate = REALpac/IPD Canadian Property Index
European Real Estate = IPD Pan-European Property Fund Index – Balanced Funds

Passive Investment Manager Performance Objectives

Bonds = FTSE TMX Canada Universe Bond Index total return

The market indices referred to in this section may be changed by the Investment Committee to match the specific investment mandates for the Investment Managers selected to manage the portfolio, recognizing that at all times the Fund must be managed in accordance with the asset mix guidelines with regard to permitted and prohibited investments set out in Sections 2 and 3 above.

4.03 Monitoring and Rebalancing the Fund’s Asset Mix

In order to ensure that the Fund operates within the guidelines stated in this policy, Treasurer and Director, Pensions, Financial Services and the Manager, Pension and Investments, with the assistance of the Investment Consultant, shall monitor the asset mix on a quarterly basis. In the event that the Fund falls outside of asset mix and/or rebalancing guidelines at the end of a calendar quarter, the Investment Consultant will advise the Treasurer and Director, Pensions, Financial Services and the Manager, Pension and Investments who will rebalance the portfolio as outlined in Section 2.04—Management Structure.

4.04 Reporting by the Investment Managers

On a calendar quarterly basis, each Investment Manager will provide a performance report and a strategy review for the portfolio under management.

Each Investment Manager is required to complete and sign a compliance report each quarter. The compliance report should indicate whether or not the Investment Manager’s portfolio was in compliance with this policy during the quarter. Copies of the compliance reports must be sent to the Investment Consultant and to the Manager, Pension and Investments for distribution to the Investment Committee. Suggested report formats for the compliance reports are included under the appendix.

In the event that an Investment Manager is not in compliance with this policy, the Investment Manager is required to advise the Manager, Pension and Investments immediately, detailing the nature of the non-compliance and recommending an appropriate course of action to remedy the situation. If it is in the best interest of the Fund, the Investment Committee may permit the Investment Manager, on a temporary basis, to be outside of the guidelines.

If the Investment Manager believes the Asset Mix Guidelines are inappropriate for anticipated economic conditions, the Investment Manager is responsible for advising the Manager, Pension and Investments that a change in guidelines is desirable and the reasons therefore.
The Fund invests in pooled funds that have separate investment policies. Should a conflict arise between the provisions of this policy, and the provisions of the pooled fund investment policies, the respective Investment Manager is required to notify the Manager, Pension and Investments immediately in writing, detailing the nature of the conflict and the Investment Manager's recommended course of action.

4.05 Standard of Professional Conduct
The Investment Manager is expected, as a minimum, to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute.

The Investment Manager will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use in dealing with endowment assets. The Investment Manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent investment manager.
Section 5—Administration

5.01 Conflicts of Interest

(a) Responsibilities

This standard applies to the members of the Investment Committee and employees of the University who have responsibilities in administration of the Fund, as well as to all agents employed by them, in the execution of their responsibilities related to the Fund (the "Affected Persons").

An "agent" is defined to mean a company, organization, association or individual, as well as its employees, who are retained by the Investment Committee to provide specific services with respect to the investment, administration and management of the Fund.

In carrying out their fiduciary responsibilities, these parties must act at all times in the best interest of the Fund.

(b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which would appear to a reasonable person to impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Fund.

No Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Investment Committee.

No Affected Person shall accept a gift or gratuity or other personal favor, other than one of nominal value, from a person with whom the individual deals in the course of performance of his or her duties and responsibilities for the Investment Committee.

It is incumbent on any Affected Person who believes that he/she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the Vice-President, Finance and Resources and the Investment Committee Chair immediately. The Investment Committee Chair, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will raise the matter and have it recorded in the minutes of the next regular meeting of the Investment Committee.

No Affected Person who has or is required to make a disclosure which is determined to be in conflict as contemplated in this policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.
5.02 Related Party Transactions
Without prior approval of the Investment Committee Chair, the Fund may not enter into a transaction with a related party unless:

(a) The transaction is required for the operation or administration of the Fund (not including loans or investments) and the terms and conditions of the transaction are not less favourable to the Fund than market terms and conditions; or

b) The investment is in an investment fund in which other investors may invest and that complies with the regulations governing the investments in a plan or in member choice accounts; or

c) The investment is in a unallocated general fund of an authorized Canadian life insurance company; or

d) The investment is in securities issued by or fully guaranteed by the Government of Canada, the government of a province, or an agency of either of these governments; or

e) The investment is in a fund composed of mortgage-backed securities that are fully backed by the Government of Canada, the government of a province, or an agency of either of these governments; or

f) The investment is in a fund that replicates the composition of a broad class of securities traded at a marketplace; or

g) The investment involves the purchase of a contract or agreement under which the return is based on the performance of a widely recognized index of a broad class of securities traded at a marketplace.

Under the conflict of interest guidelines, any person who becomes aware of a conflict of interest shall notify the Vice-President, Finance and Resources and the Investment Committee Chair if a conflict arises. Such conflict includes related party transactions.

5.03 Valuation of Securities Not Regularly Traded
The following principles will apply for the valuation of investments that are not traded regularly:

(a) Equities; average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter;

(b) Bonds; same as for equities;

(c) Mortgages; unless in arrears, at the outstanding principal;

(d) Real estate; a certified written appraisal from a qualified independent appraiser at least every two years; and

(e) Securities that are not publicly traded are valued at cost unless there is an external transaction or other evidence that indicates market value is different from cost.
5.04 Voting Rights
The Board has delegated voting rights acquired through Fund investments to the Custodian of the securities, to be exercised in accordance with the Investment Managers’ instructions. Investment Managers are expected to vote all proxies in the best interests of the beneficiaries of the Fund. In certain international markets, shares may be blocked from transfer prior to a vote. If deemed potentially detrimental to the Fund, Investment Managers may refrain from voting these proxies.

The Board, however, may take back voting rights for specific situations.

For private placements, voting rights will be delegated to the Investment Manager, or voted directly by a Board representative.

The Investment Managers should disclose their proxy voting policies and any changes thereto and report quarterly in the compliance report on (1) whether all eligible proxies were voted on the Fund’s behalf and (2) if the proxy guidelines were followed and report on any deviations.

5.05 Soft Dollars
A variety of brokers should be used in order to gain maximum utilization of the services available. It is the responsibility of the Investment Manager to ensure that the commission distribution is representative of the services rendered.

The University does not use soft dollars (i.e., directed commissions) to pay for any goods or services. Investment Managers may use soft dollars to pay for research and other investment-related services with disclosure to the Board, provided they comply with the CFA Institute Soft Dollar Standards or the Investment Manager’s form ADV part II as appropriate.

5.06 Investment Policy Review
This policy may be reviewed and revised at any time, but it must be formally reviewed by the Investment Committee at least once in every calendar year and to the extent changes are necessary, the Investment Committee shall make recommendations to the Board as to the changes in the policy.
Section 6—Investment Managers

6.01 Selecting Investment Managers
In the event that a new Investment Manager must be selected or additional Investment Managers added to the existing Investment Manager, the Investment Committee will undertake an Investment Manager search. The criteria used for selecting an Investment Manager will be consistent with the investment and risk philosophy set out in Section 1.05 (Investment and Risk Philosophy).

As responsible corporate behaviour with respect to environmental, social and governance (ESG) factors is recognized to have a positive influence on long-term shareholder value, the Committee may consider an Investment Manager’s approach to ESG or sustainability factors when selecting Investment Managers.

6.02 Monitoring of Investment Managers
To enable the Investment Committee to fulfill its responsibility of monitoring and reviewing the Investment Managers, the Investment Consultant will assist the Investment Committee, on an ongoing basis, in considering:

(a) Investment Manager’s staff turnover, consistency of style and record of service;

(b) Investment Manager’s current economic outlook and investment strategies;

(c) Investment Manager’s compliance with this policy, where an Investment Manager is required to complete and sign a compliance report; and

(d) Investment performance of the assets of the Fund in relation to the rate of return expectations outlined in this policy.

6.03 Reasons for Terminating an Investment Manager
Reasons for considering the termination of the services of an Investment Manager include, but are not limited to, the following factors:

(a) Performance results, which over a reasonable period of time, are below the stated performance benchmarks;

(b) Changes in the overall structure of the Fund such that the Investment Manager’s services are no longer required;

(c) Change in personnel, firm structure and investment philosophy, style or approach which might adversely affect the potential return and/or risk level of the portfolio;
(d) Legal or regulatory proceedings against the Investment Manager or its investment personnel, or any sub-advisor firm or that firm's investment personnel; and/or

(e) Failure to adhere to this policy.
Section 7—Investment Consultant

7.01 Selection & Termination Policy
(a) Selection
The Investment Committee shall consider the following criteria when selecting an Investment Consultant to monitor the investment performance for the Fund:

(i) The Investment Consultant has established a reputation for expertise in the issues and regulations governing institutional investment portfolios in Canada.

(ii) The Investment Consultant has established a reputation for proactive advice to governance committees.

(iii) The Investment Consultant has established a reputation for quality client servicing. The criteria for judging this quality include clear, accurate and complete reporting, both orally and in writing.

(iv) The Investment Consultant’s fees shall be competitive.

(b) Termination
Reasons for considering the termination of the services of the Investment Consultant include, but are not limited to, not maintaining the selection criteria cited above.
Appendix A—Compliance Reports
University of Saskatchewan Trust Funds
Long Term Investment Pool – Large Cap Canadian Equity Manager
Compliance Report For The Period From ___________ To ___________

<table>
<thead>
<tr>
<th>Asset Mix (at Market Value)</th>
<th>Guidelines</th>
<th>Policy Complied With</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>%</td>
<td>Yes/No*</td>
</tr>
<tr>
<td>Canadian Equities</td>
<td>80 - 100</td>
<td></td>
</tr>
<tr>
<td>Short-term Investments &amp; Cash</td>
<td>0 - 20</td>
<td></td>
</tr>
</tbody>
</table>

Constraints

<table>
<thead>
<tr>
<th>Equities</th>
<th>- Publicly traded on recognized securities market</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Diversification</td>
<td>Max 10% of the market value of the equity portfolio in any single issuer</td>
</tr>
<tr>
<td>- Concentration</td>
<td>Max 10% of the voting shares of a corporation</td>
</tr>
<tr>
<td>- Private Placements</td>
<td>In compliance with policy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short-term Investments</th>
<th>- Minimum Quality</th>
<th>&quot;R-1 Low&quot; rating</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Pooled Fund</th>
<th>- Compliance</th>
<th>Compliance with Pooled Fund guidelines</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th>- Statutory Requirements</th>
<th>Must meet requirements for eligible investments outlined in The Pension Benefits Act</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Derivative Securities</td>
<td>Use of derivatives in compliance with the Pooled Fund guidelines</td>
</tr>
</tbody>
</table>

Conflicts of Interest

<table>
<thead>
<tr>
<th>- Disclosure</th>
<th>Conflicts of interest disclosed to the Investment Committee Chair</th>
</tr>
</thead>
</table>

CFA Institute Code of Ethics and Standards of Professional Conduct

<table>
<thead>
<tr>
<th>- Compliance</th>
<th>CFA Institute Code of Ethics and Standards of Professional Conduct complied with</th>
</tr>
</thead>
</table>

Voting Rights

<table>
<thead>
<tr>
<th>- Compliance</th>
<th>All proxies voted in compliance with the manager's proxy voting guidelines</th>
</tr>
</thead>
</table>

Soft Dollars

<table>
<thead>
<tr>
<th>- Compliance</th>
<th>Compliance with CFA Institute or internal guidelines as applicable</th>
</tr>
</thead>
</table>

Suppression of Terrorism

<table>
<thead>
<tr>
<th>- Compliance</th>
<th>Compliance with Federal Suppression of Terrorism Regulations</th>
</tr>
</thead>
</table>

* Provide actual weight or range where appropriate

If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

Signature and Title  Company Name
**University of Saskatchewan Trust Funds**

**Long Term Investment Pool – Small Cap Canadian Equity Manager**

**Compliance Report For The Period From** [date] **To** [date]

| Asset Mix (at Market Value) |   |  
|-----------------------------|---|---
| Equities                    | Small Cap Canadian | 100 |

<table>
<thead>
<tr>
<th>Guidelines</th>
<th>Policy Complied With Yes/No*</th>
</tr>
</thead>
<tbody>
<tr>
<td>%6</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pooled Fund</th>
<th>Compliance</th>
<th>Compliance with Pooled Fund guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Investments</td>
<td>Minimum Quality</td>
<td>&quot;R-1 Low&quot; rating</td>
</tr>
<tr>
<td>Other</td>
<td>Statutory Requirements</td>
<td>Must meet requirements for eligible investments outlined in The Pension Benefits Act</td>
</tr>
<tr>
<td></td>
<td>Disclosure</td>
<td>Conflicts of interest disclosed to the Investment Committee Chair</td>
</tr>
<tr>
<td>CFA Institute Code of Ethics and Standards of Professional Conduct</td>
<td>Compliance</td>
<td>CFA Institute Code of Ethics and Standards of Professional Conduct complied with</td>
</tr>
<tr>
<td>Soft Dollars</td>
<td>Compliance</td>
<td>Compliance with CFA Institute or internal guidelines as applicable</td>
</tr>
<tr>
<td>Suppression of Terrorism</td>
<td>Compliance</td>
<td>Compliance with Federal Suppression of Terrorism Regulations</td>
</tr>
</tbody>
</table>

* Provide actual weight or range where appropriate.

If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

---

**Signature and Title**

**Company Name**
### University of Saskatchewan Trust Funds

**Long Term Investment Pool – Global Equity Manager (Pooled Fund)**

Compliance Report For The Period From ___ To ___

<table>
<thead>
<tr>
<th>Equities</th>
<th>Global</th>
<th>100</th>
</tr>
</thead>
</table>

#### Constraints

<table>
<thead>
<tr>
<th>Equities</th>
<th>Concentration</th>
<th>Max 10% of the voting shares of any corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Diversification</td>
<td>Max 10% of the market value of the equity portfolio in any single issuer. Max 20% in non MSCI World Index countries.</td>
</tr>
<tr>
<td>Pooled Funds</td>
<td>Concentration</td>
<td>Max 10% of market value of Pooled Fund unless assets can be withdrawn &quot;in kind&quot;</td>
</tr>
<tr>
<td>Derivatives</td>
<td>Compliance</td>
<td>Where applicable, compliance with pooled fund guidelines</td>
</tr>
<tr>
<td>Permissible Investments</td>
<td></td>
<td>Equities including rights, warrants, and installment receipts, and short term investments</td>
</tr>
<tr>
<td>Conflicts of Interest</td>
<td>Disclosure</td>
<td>Conflicts of interest disclosed to the Investment Committee Chair</td>
</tr>
<tr>
<td>CFA Institute Code of Ethics and Standards of Professional Conduct</td>
<td>Compliance</td>
<td>CFA Institute Code of Ethics and Standards of Professional Conduct complied with</td>
</tr>
<tr>
<td>Proxy Voting</td>
<td>Compliance</td>
<td>Where appropriate, proxies voted in compliance with disclosed proxy voting policy</td>
</tr>
<tr>
<td>Suppression of Terrorism</td>
<td>Compliance</td>
<td>Compliance with Federal Suppression of Terrorism Regulations</td>
</tr>
</tbody>
</table>

* Provide actual weight or range where appropriate

If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

Signature and Title

Company Name
## University of Saskatchewan Trust Funds
### Long Term Investment Pool – Global Equity Manager (Segregated)
#### Compliance Report For The Period From __________ To __________

<table>
<thead>
<tr>
<th>Asset Mix (at Market Value)</th>
<th>Guidelines</th>
<th>Policy Complied with Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>Global</td>
<td>80 - 100</td>
</tr>
<tr>
<td>Short-term Investments &amp; Cash</td>
<td></td>
<td>0 - 20</td>
</tr>
</tbody>
</table>

### Constraints

<table>
<thead>
<tr>
<th>Equities</th>
<th>Concentration</th>
<th>Max 10% of the voting shares of any corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Max 10% of the public float of any security</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of holdings between 25 and 35</td>
</tr>
<tr>
<td>- Diversification</td>
<td></td>
<td>Max 10% of the market value of the equity portfolio in any single issuer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Max 20% in non MSCI World Index countries</td>
</tr>
<tr>
<td>- Private Placements</td>
<td></td>
<td>In compliance with policy</td>
</tr>
</tbody>
</table>

### Derivatives

- Limited to equity index futures, currency futures and forward currency exchange contracts for defensive purposes

### Permissible Investments

- Equities including rights, warrants, and installment receipts, and short term investments

### Conflicts of Interest

- Disclosure | Conflicts of interest disclosed to the Investment Committee Chair

### CFA Institute Code of Ethics and Standards of Professional Conduct

- Compliance | CFA Institute Code of Ethics and Standards of Professional Conduct complied with

### Proxy Voting

- Compliance | Where appropriate, proxies voted in compliance with disclosed proxy voting policy

### Suppression of Terrorism

- Compliance | Compliance with Federal Suppression of Terrorism Regulations

---

* Provide actual weight or range where appropriate.

If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

---

Signature and Title

Company Name
University of Saskatchewan Trust Funds  
Long Term Investment Pool – Managed Futures Manager (Pooled)  
Compliance Report For The Period From ___________ To ___________  

<table>
<thead>
<tr>
<th>Constraints</th>
<th>Objectives*</th>
<th>Policy Compiled with Yes/No*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivatives</td>
<td>Compliance Limited to equity index futures, commodity futures, fixed income futures, currency futures, and forward currency exchange contracts; The list of traded markets is set out in the Master Fund's Investment Management Agreement, provided.</td>
<td></td>
</tr>
<tr>
<td>Permissible Investments</td>
<td>Compliance In addition to derivatives listed above, notes, bills or bonds issued by the U.S. government.</td>
<td></td>
</tr>
<tr>
<td>Offering Memorandum</td>
<td>Compliance Compliance with the terms set out in the Fund's Offering Memorandum.</td>
<td></td>
</tr>
<tr>
<td>Amendments to the Offering Memorandum</td>
<td>- Disclosure Amendment to the Fund's Offering Memorandum communicated to the Investment Committee.</td>
<td></td>
</tr>
<tr>
<td>Investment Management Agreement (IMA)</td>
<td>- Compliance Compliance with the terms set out in the IMA between the Master Fund and Lynx Asset Management AB.</td>
<td></td>
</tr>
<tr>
<td>Risk Limits</td>
<td>- Compliance Portfolio VAR not to exceed 5% daily VAR.*</td>
<td></td>
</tr>
<tr>
<td>Conflicts of Interest</td>
<td>- Disclosure Conflicts of interest disclosed in the Offering Memorandum.</td>
<td></td>
</tr>
<tr>
<td>Suppression of Terrorism</td>
<td>- Compliance Compliance with the Fund's Anti-Money Laundering and Know Your Customer procedures.</td>
<td></td>
</tr>
</tbody>
</table>

* Objectives as applicable to the Master Fund, Lynx Master (Cayman) Ltd. The Fund Lynx (Bermuda) Ltd invests approximately 67% of its NAV in the Master Fund in order to achieve its volatility target. If policy is not in compliance, please comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

______________________________  _______________________________  
Signature and Title  Company Name
Compliance Reporting by LaSalle Investment Management
On a calendar quarterly basis, LaSalle Investment Management will complete and make available a signed compliance letter for each pooled fund within the Fund. The compliance letter should indicate whether funds were in compliance with the internal pooled fund guidelines through the period.

Compliance Reporting by Bentall Kennedy (Canada) Limited Partnership
On a calendar quarterly basis, Bentall Kennedy (Canada) Limited Partnership will complete and make available a signed compliance letter for each pooled fund within the Fund. The compliance letter should indicate whether funds were in compliance with the internal pooled fund guidelines through the period.

Compliance Reporting by BlackRock Asset Management Canada Limited
On a calendar quarterly basis, BlackRock Asset Management Canada Limited will complete and make available a signed compliance report for each pooled fund within the Fund. The compliance letter should indicate whether funds were in compliance with the internal pooled fund guidelines through the period.

Compliance Reporting by CBRE Global Investors
On a calendar quarterly basis, CBRE Global Investors will complete and make available a signed compliance report for each pooled fund within the Fund. The compliance letter should indicate whether funds were in compliance with the internal pooled fund guidelines through the period.