Fund Financial Statements of

UNIVERSITY OF WINDSOR EMPLOYEES' RETIREMENT PLAN

Registration Number: 0310573
Year ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Trustee of University of Windsor Employees' Retirement Plan

Opinion

We have audited the accompanying financial statements of the University of Windsor Employees' Retirement Plan (the Plan), which comprise:

- the statement of net assets available for benefits as at June 30, 2022
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at June 30, 2022, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act (Ontario).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act (Ontario), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
November 23, 2022

UNIVERSITY OF WINDSOR
EMPLOYEES' RETIREMENT PLAN

(REGISTRATION Number: 0310573)

Statement of Net Assets Available for Benefits
(in thousands of dollars)

Year ended June 30, 2022, with comparative information for 2021

		2022	2021
		$	**$**
Assets			
Investments	note 4	260,511	315,257
Other assets		184	133
Total assets		260,695	315,390
Liabilities			
Accrued liabilities		357	310
Net Assets Available for Benefits		260,338	315,080

See accompanying notes to the financial statements.

_______________________________ Administrator

_______________________________ Administrator

UNIVERSITY OF WINDSOR

EMPLOYEES' RETIREMENT PLAN

(REGISTRATION Number: 0310573)

Statement of Changes in Net Assets Available for Benefits

(in thousands of dollars)

Year ended June 30, 2022, with comparative information for 2021

		2022 $	2021 $
Increase in net assets:			
Investment income	note 6	6,033	6,626
Net realized gain on sale of investments		19,063	16,204
Current period increase in market values of investments		-	24,779
Required contributions:			
Employee		3,967	4,374
Employer		3,967	4,357
		33,030	56,340
Decrease in net assets:			
Current period decrease in market values of investments		76,322	-
Benefit payments		9,218	8,589
Transfers to other plans		520	1,277
Administrative expenses	note 7	1,712	1,567
		87,772	11,433
Increase (Decrease) in net assets		(54,742)	44,907
Net assets available for benefits, beginning of year		315,080	270,173
Net assets available for benefits, end of year		260,338	315,080

See accompanying notes to financial statements.

1. DESCRIPTION OF PLAN

The following description of the University of Windsor Employees' Retirement Plan (the "Employees' Plan") is a summary only. For more complete information, reference should be made to the Employees' Plan's text.

(a) General

The University of Windsor ("the University") sponsors two pension plans, the Retirement Plan for Faculty and Certain Employees ("the Faculty Plan") and the Employees' Retirement Plan ("the Employees' Plan"). The Board of Governors of the University is the Administrator of the University's pension plans ("Administrator"). The Faculty Plan is a money purchase plan with a defined benefit minimum guarantee. The Employees' Plan is a defined benefit plan.

The Master Trust Fund (the "Fund") holds the assets for both the Faculty Plan and the Employees' Plan. Although the Plans are distinct and separate, the assets are invested jointly under a Master Trust Agreement in order to maximize investment income while minimizing administrative costs and management fees.

(b) Funding policy

The Employees' Plan is a defined benefit pension plan covering eligible employees of the University. The Employees' Plan is a fully cost shared plan, with employees contributing between 6.6% and 9.4% of earnings. Effective April 4, 2022 employees contributed between 2.6% and 3.7%, with that increasing on May 2, 2022 to between 6.2% and 8.9%. These contribution rates will continue to the date of the next actuarial valuation, at which time the contribution rates will be assessed. The University matched all contributions during the year.

The Pension Benefits Act (Ontario) ("Act") requires that the University must fund the benefits determined under the Employees' Plan. The determinations of the value of these benefits are made on the basis of a triennial actuarial valuation and any current legislative requirements.

The most recent actuarial valuation for funding purposes was prepared as at July 1, 2021 by Mercer (Canada) Limited. A copy of the valuation was filed with the Financial Services Regulatory Authority of Ontario ("FSRA"), Pension Plans Branch as required by the Act.

(c) Benefits

Retirement benefits are calculated as 1.5% of the member's best average earnings not in excess of the average Canada pension plan base plus 2.0% of the member's best average earnings in excess of the average Canada pension plan base, together multiplied by the member's pensionable service. Post-retirement indexing is applied as one-half of the excess of the average Fund Rate of Return over the valuation interest rate, capped at 50% of the CPI for the

1. DESCRIPTION OF PLAN (cont'd)

(c) Benefits (cont'd)

year. The normal retirement age of a member is 65.

(d) Income taxes

The Employees' Plan is a Registered Pension Trust as defined in the Income Tax Act and is not subject to income taxes.

(e) Investment policy

The Fund's trustee is Northern Trust ("Trustee"). The unit value of the Fund is calculated based on the fair value of the underlying investments of the Fund. Each of the University's pension plans' interest in the Fund is calculated monthly by the Trustee based on the units held by each of the pension plans.

2. BASIS OF PREPARATION

(a) Basis of presentation

As permitted by FSRA, the Employees' Plan may prepare financial statements in accordance with Canadian accounting standards for pension plans or prepare fund financial statements in accordance with Canadian accounting standards for pension plans excluding pension obligations and any resulting surplus or deficit.

The Employees' Plan has prepared fund financial statements in accordance with Canadian accounting standards for pension plans excluding pension obligations and any resulting surplus or deficit.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans require the Employees' Plan to comply (on a consistent basis) with either International Financial Reporting Standards ("IFRS") or the Canadian accounting standards for private enterprises. The Employees' Plan has chosen to comply on a consistent basis with IFRS.

These fund financial statements have been prepared to assist the Administrator of the Employees' Plan to comply with the requirements of FSRA under Section 76 of Regulation 909 of the Act. As a result, the fund financial statements may not be suitable for another purpose.

These fund financial statements of the Employees' Plan do not purport to show the adequacy of the Employees' Plan's assets to meet its pension obligation. Such an assessment requires additional information, such as the Employees' Plan's actuarial reports and information about the University's financial health.

These fund financial statements have been prepared in accordance with the significant accounting policies set out below.

2. BASIS OF PREPARATION (cont'd)

(b) Basis of measurement

The fund financial statements have been prepared on the historical cost basis, except for investments which are measured at fair value through the Statement of changes in net assets available for benefits.

(c) Use of estimates and judgements

The preparation of the fund financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the Statement of net assets available for benefits and the reported amounts of changes in net assets during the year. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Employees' Plan adopted the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"). As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Employees' Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Employees' Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Employees' Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Fair value measurement (cont'd)

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When the transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Within the Employees' Plan, all changes in fair value, other than interest and dividend income, are recognized in the Statement of changes in net assets available for benefits as part of the current period increase (decrease) in market values of investments.

Fair values of investments are determined as follows:

Pooled fund investments are valued at the unit values supplied by the Trustee, which represent the Employees' Plan's proportionate share of underlying net assets at fair values, determined using closing market prices.

Real asset pooled funds are valued by independent market appraisals. The pooled fund manager performs quarterly valuations of the underlying assets held in the pooled fund to determine fair values.

Bonds and equities not held in pooled funds are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

Guaranteed investment certificates, term deposits maturing after a year, and mortgages are valued at the present value of estimated future cash flows discounted at interest rates in effect on the last business day of the year for investments of a similar type, quality, and maturity.

(b) Financial assets and financial liabilities

(i) Non-derivative financial assets

Financial assets are recognized initially on the trade date, which is the date that the Employees' Plan becomes a party to the contractual provisions of the instrument. Financial assets are subsequently measured at fair value through the Statement of changes in net assets available for benefits.

All other non-derivative financial assets including contributions receivable are measured at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Financial assets and financial liabilities (cont'd)

(i) Non-derivative financial assets (cont'd)

The Employees' Plan de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Employees' Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. On de-recognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the Statement of changes in net assets available for benefits as a net realized gain (loss) on sale of investments.

(ii) Non-derivative financial liabilities

Financial liabilities are recognized initially on the trade date at which the Employees' Plan becomes a party to the contractual provisions of the instrument. The Employees' Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Employees' Plan considers its accrued liabilities to be a non-derivative financial liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of net assets available for benefits when, and only when, the Employees' Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(c) Net realized gain on sale of investments

The net realized gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

(d) Investment recognition

Investment income, which is recorded on the accrual basis, includes interest and dividend income.

Brokers' commissions and other transaction costs are recognized in the Statement of changes in net assets available for benefits in the year incurred.

(e) Foreign currency

The functional and presentation currency of the fund financial statements is Canadian dollars. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are then translated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognized in the Statement of changes in net assets available for benefits as a current period increase (decrease) in market values of investments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Fund unit valuation

The Employees' and Faculty Plans are issued units in the Fund based on the unit value at the Valuation Date, prior to which a contribution was made. Capital gains and losses, plus investment income, net of agency fees, custodian fees and investment managers' fees are allocated to each participating pension plan on a pro-rata basis. The Employees' Plan's units are redeemed based on the unit value at the Valuation Date prior to which the request for redemption is made by the Employees' Plan.

4. INVESTMENTS

The following table summarizes the Fund's investments at fair value and cost:

	2022 Fair Value $	2022 Cost $	2021 Fair Value $	2021 Cost $
Cash and short-term investments	19,114	19,114	6,276	6,276
Canadian bonds and debentures	223,174	325,589	297,290	303,247
Canadian common and preferred shares	199,787	165,112	288,004	211,099
	442,075	509,815	591,570	520,622
Non-Canadian common and preferred shares	280,212	276,074	383,536	271,456
Real assets	103,419	97,589	30,179	28,592
	825,706	883,478	1,005,285	820,670

The following table summarizes the Employees' Plan's pro-rata share of the investments at fair value and cost in the Fund – 31.55% (2021 – 31.36%):

	2022 Fair Value $	2022 Cost $	2021 Fair Value $	2021 Cost $
Cash and short-term investments	6,030	6,030	1,968	1,968
Canadian bonds and debentures	70,412	102,723	93,230	95,098
Canadian common and preferred shares	63,033	52,093	90,318	66,201
	139,475	160,846	185,516	163,267
Non-Canadian common and preferred shares	88,407	87,101	120,277	85,129
Real assets	32,629	30,789	9,464	8,966
	260,511	278,736	315,257	257,362

5. STATUTORY DISCLOSURES

The following information is provided in respect of individual investments within the Fund with a fair value or cost in excess of 1% of the fair value or cost of the Fund, as required by the Regulation to the Pension Benefits Act (Ontario):

	2022 Fair Value $	2022 Cost $	2021 Fair Value $	2021 Cost $
Pooled funds:				
FGP Universe Bond Fund	-	-	23, 951	23,396
PHN Canadian Money Market Fund	11,640	11,640	-	-
PHN Core Plus Bond Fund	-	-	35,819	36,458
PHN Prism Levered Gov't Bond Fund	50,223	100,000	-	-
PHN Long Core Plus Bond Fund	91,763	121,299	137,017	142,461
FGP Long Term Bond Fund	81,188	104,290	100,504	100,931
PHN Canadian Equity Value Fund	95,748	72,025	103,789	75,530
Fidelity Canadian Equity Pool	104,039	93,087	184,215	135,569
Baillie Gifford Global Alpha Fund	138,959	147,796	212,613	137,514
Burgundy Global Equity Fund	141,253	128,278	170,923	133,942
JP Morgan IIF Cdn 2 L.P.	51,041	50,277	14,780	15,658
IFM Global Infrastructure (Canada) L.P.	52,378	47,312	15,399	12,934
	818,232	876,004	999,010	814,393

6. INVESTMENT INCOME

The following represents the investment income earned by the Fund:

	2022 $	2021 $
Canadian bonds and debentures	5,664	9,949
Canadian common and preferred shares	7,230	5,723
Non-Canadian common and preferred shares	4,622	4,278
Real assets	1,604	1,181
	19,120	21,131
Employees' Plan's Pro-rata share of Fund investment income	6,033	6,626

7. ADMINISTRATIVE EXPENSES

The following represents the administrative expenses incurred by the Employees' Plan:

	2022 $	2021 $
Investment management fees	1,327	1,156
Actuarial and investment consulting fees	182	204
Sponsor administrative and trustee fees	130	119
Pension information system fees	35	65
Audit fees	4	4
Miscellaneous	34	19
	1,712	1,567

8. FINANCIAL INSTRUMENTS

(a) Fair values

The fair value measurement of investments are as described in note 3(a). The fair values of other financial assets and liabilities, being other assets and accrued liabilities, approximate their carrying values due to the short-term nature of these financial instruments.

Fair value measurements recognized in the Statement of net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

8. FINANCIAL INSTRUMENTS (cont'd)

(a) Fair values (cont'd)

The following table illustrates the classification of the Employees' Plan's financial instruments using the fair value hierarchy as at June 30, 2022:

	Level 1 $	Level 2 $	Level 3 $	2022 Total $
Cash and short-term investments	7,474	11,640	-	19,114
Canadian bonds and debentures	-	223,174	-	223,174
Canadian common and preferred shares	-	199,787	-	199,787
Non-Canadian common and preferred shares	-	280,212	-	280,212
Real assets	-	-	103,419	103,419
Total investments in Fund	7,474	714,813	103,419	825,706
Employees' Plan's share of Fund assets				260,511

	Level 1 $	Level 2 $	Level 3 $	2021 Total $
Cash and short-term investments	4,056	2,220	-	6,276
Canadian bonds and debentures	-	297,290	-	297,290
Canadian common and preferred shares	-	288,004	-	288,004
Non-Canadian common and preferred shares	-	383,536	-	383,536
Real assets	-	-	30,179	30,179
Total investments in Fund	4,056	971,050	30,179	1,005,285
Employees' Plan's share of Fund assets				315,257

The Fund made an additional commitment of $50,771 in real assets was made with JP Morgan PEG Global Private Equity X S.A. SICAV-RAIF Fund. Subsequent to year end, a capital call for $2,216 was executed, with the remainder of the commitment to be called over multiple years.

The following table reconciles the Plan's Level 3 fair value measurements from July 1, 2021 to June 30, 2022:

	2022 $	2021 $
Real Assets		
Balance, beginning of year	30,179	27,745
Gain included in the statement of changes in net assets available for benefits	5,240	2,434
Purchases	-	-
Sales	-	-
Settlements	-	-
Transfers in	68,000	-
Balance, end of year	103,419	30,179
Employees' Plan's share of Fund Assets	32,629	9,464

8. FINANCIAL INSTRUMENTS (cont'd)

(b) Risk management

(i) Market risk

Market risk is the risk that value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As all of the Employees' Plan's financial instruments are carried at fair value with fair value changes recognized in the Statement of changes in net assets available for benefits, all changes in market conditions will result in an increase (decrease) in net assets available for benefits. Market risk is managed by the Administrator through construction of a diversified portfolio of instruments traded on various markets and across various industries. The Pension Plan Fund Statement of Investment Policies and Procedures ("SIPP") determines the portfolio diversification, and sets limits on the equity holdings of the Fund. In addition, the SIPP permits the hedging of market price risk using derivative financial instruments.

The Fund's investments in common and preferred shares are also sensitive to market fluctuations. An immediate hypothetical increase (decrease) of 10% in equity values will impact the Fund's equity investments by an approximate gain (loss) of $47,999 (2021 – $67,154). The Employees' Plan's pro-rata share of this gain (loss) would be $15,143 (2021 – $21,059).

(ii) Liquidity risk

Liquidity risk is the risk that the Employees' Plan will encounter difficulty in meeting obligations associated with financial liabilities. The SIPP determines the portfolio diversification, and set limits on the fixed income investments of the Fund. In addition, the Fund's investments include pooled funds to mitigate liquidity risk.

(iii) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Employees' Plan. The Administrator does not expect any counterparties to fail to meet their obligations given their high credit ratings. The SIPP also establishes minimum credit rating requirements for such investments to mitigate this risk.

The Fund's fixed income investments are in Canadian-issued instruments and are diversified among federal, provincial, corporate and other issuers. In order to minimize the exposure of risk, a comprehensive investment policy has been developed. There were no significant concentrations of credit risk in the portfolio in either 2022 or 2021. The maximum credit risk exposure as at June 30, 2022 is $223,174 (2021– $297,290). The Employees' Plan's pro-rata share of this risk exposure is $70,411 (2021 – $93,230).

8. FINANCIAL INSTRUMENTS (cont'd)

(b) Risk management (cont'd)

(iii) Credit risk (cont'd)

The following table provides the breakdown of the total fixed income investments by credit rating. In addition to the table below, the Fund holds mortgages within pooled fund investments with a market value at June 30, 2022 of $5,777 (2021 – $6,388). The Employees' Plan's pro-rata share in the mortgage holdings is $1,823 (2021 – $2,003).

Credit Rating	2022 Fund Fair Value $	2022 Plan's Pro-rata share by credit rating $	2021 Fund Fair Value $	2021 Plan's Pro-rata share by credit rating $
AAA	41,908	13,223	75,602	23,709
AA	96,922	30,579	115,487	36,217
A	48,156	15,193	63,320	19,857
BBB	26,379	8,322	32,596	10,222
BB and under	4,032	1,272	3,897	1,221
	217,397	68,589	290,902	91,226

(iv) Interest rate risk

Interest rate risk is the risk that the market value of the Employees' Plan's investments will fluctuate due to the changes in the market interest rates. To properly manage the Employees' Plan's interest rate risk, appropriate guidelines on the weighting and duration for the bonds and other fixed income investments are set and monitored. The Employees' Plan's investments in fixed income are sensitive to interest rate movements. An immediate hypothetical 1% increase (decrease) in interest rates, with all other variables held constant, would impact Canadian bonds and debentures by an estimated gain (loss) of approximately $3,352 (2021 – $2,995) for the Fund. The Employees' Plan's pro-rata share of this gain (loss) would be $1,057 (2021 – $939).

(v) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign currency rates. The Employees' Plan is exposed to risks that the exchange rate of the foreign currency may change in a manner that has an adverse effect on the value of the portion of the Employees' Plan's underlying assets or liabilities invested in foreign transactions. The Administrator monitors the Employees' Plan's overall currency positions and exposures on a regular basis. In addition, the SIPP permits the hedging of market price risk using derivative financial instruments. The Employees' Plan's exposure to foreign currencies would not create a significant change in the fair value of the assets except for the Employees' Plan's exposure to the US dollar. If the US dollar strengthened or weakened by 5% the Fund's US dollar holdings would change by $12,144 (2021 – $12,778). The Employees' Plan's pro-rata share of this risk exposure is $3,832 (2021 – $4,007).

9. CAPITAL MANAGEMENT

The capital of the Fund is represented by the net assets available for benefits. The Fund's objective when managing the capital is to safeguard its ability to continue as a going concern and to maintain adequate assets to support pension obligations. The Administrator has adopted the SIPP, which states investment objectives, guidelines and benchmarks used in investing the capital of the plan, permitted categories of investments, asset-mix diversification and rate of return expectations. The SIPP is reviewed annually and was last amended effective November 23, 2021. The SIPP was amended to reflect changes made to streamline the language while updating for legislative requirements.

The Employees' Plan invests in units of the Fund, which itself invests in various investment vehicles, in accordance with the SIPP and investment mandates specific to each investment manager. The Fund's investments expose it to a variety of financial risks which are discussed in Note 8 – Financial Instruments. The allocation of assets among various asset categories is on a monthly basis. A comprehensive review is conducted quarterly, which includes measurement of returns, comparison of returns to appropriate benchmarks, ranking of returns to appropriate universes and risk analysis.

10. RELATED PARTY TRANSACTIONS

The Employees' Plan defines its key management personnel as the University's Board of Governors and other members of senior administration responsible for planning, controlling and directing the activities of the Employees' Plan. The Employees' Plan has not paid for services provided by key management personnel.

The University provides certain administrative services to the Employees' Plan. The cost to the Employees' Plan for these services during the year ended June 30, 2022 was $96 (2021 – $86), which is included in Sponsor administrative and trustee fees in Note 7 – Administrative Expenses.