Fund Financial Statements of

UNIVERSITY OF WINDSOR RETIREMENT PLAN FOR FACULTY AND CERTAIN EMPLOYEES

And Independent Auditors' Report thereon

Registration Number: 0366849
Year ended June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Trustee of University of Windsor Retirement Plan for Faculty and Certain Employees

Opinion

We have audited the accompanying financial statements of the University of Windsor Retirement Plan for Faculty and Certain Employees (the Plan), which comprise:

- the statement of net assets available for benefits as at June 30, 2019
- 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, 2019, 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.

Other Matter – Restriction on Use

Our report is intended solely for the Trustees of the Plan and Financial Services Commission of Ontario and should not be used by other parties.

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 26, 2019

UNIVERSITY OF WINDSOR
RETIREMENT PLAN FOR FACULTY AND CERTAIN EMPLOYEES
(REGISTRATION Number: 0366849)

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

Year ended June 30, 2019, with comparative information for 2018

		2019 $	2018 $
Assets			
Investments	note 4	566,747	548,020
Other assets		179	55
Total Assets		566,926	548,075
Liabilities			
Accrued liabilities		919	758
Net Assets Available for Benefits		566,007	547,317

See accompanying notes to the financial statements.

Administrator

Administrator

UNIVERSITY OF WINDSOR
RETIREMENT PLAN FOR FACULTY AND CERTAIN EMPLOYEES
(REGISTRATION Number: 0366849)

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

Year ended June 30, 2019, with comparative information for 2018

		2019 $	2018 $
Increase in net assets:			
Investment income	note 6	13,886	12,682
Net realized gain on sale of investments		20,492	18,643
Current period increase in market values of investments		-	17,028
Contributions:			
Employee		8,024	7,806
Employer:			
Current service		11,362	10,951
Special		7,047	4,635
Total Employer Contributions		18,409	15,586
		60,811	71,745
Decrease in net assets:			
Current period decrease in market values of investments		5,721	-
Benefit payments		25,954	24,168
Transfers to other plans		7,635	1,586
Administrative expenses	note 7	2,811	2,749
		42,121	28,503
Increase in net assets		18,690	43,242
Net assets available for benefits, beginning of year		547,317	504,075
Net assets available for benefits, end of year		566,007	547,317

See accompanying notes to financial statements.

1. DESCRIPTION OF PLAN

The following description of the University of Windsor Faculty and Certain Employees Retirement Plan (the "Faculty Plan") is a summary only. For more complete information, reference should be made to the Faculty 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 Faculty Plan is a money purchase plan with a defined benefit minimum guarantee covering members of the faculty and certain administrative employees of the University. Members are required to contribute to the money purchase component account an amount equal to 9% of Pensionable Earnings. The University is required to contribute 6% of member Pensionable Earnings to the money purchase component account, and contributes the annual current service costs of the defined benefit minimum guarantee.

The Pension Benefits Act (Ontario) ("Act") requires that the University must fund the benefits determined under the Faculty 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, 2017 by William M. Mercer Limited. A copy of the valuation was filed with the Financial Services Commission of Ontario, Pension Plans Branch as required by the Act.

(c) Benefits

Each member who retires from active service with the University will receive a pension in such amount as can be provided from the total balance in the money purchase component to the member's credit, calculated based on actuarial tables. In addition, each member will receive the minimum guaranteed benefit, calculated as 1.5% of the member's best average earnings not in

1. DESCRIPTION OF PLAN (cont'd)

(c) Benefits (cont'd)

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. The normal retirement age of a member is 65.

(d) Income taxes

The Faculty 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 the Financial Services Commission of Ontario ("FSCO"), the Faculty 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 Faculty Plan has prepared fund financial statements in accordance with Canadian accounting standards for pension plans excluding pension obligations and any resulting surplus ordeficit.

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 Faculty Plan to comply on a consistent basis with either International Financial Reporting Standards ("IFRS") or the Canadian accounting standards for private enterprises. The Faculty Plan has chosen to comply on a consistent basis with IFRS.

These fund financial statements have been prepared to assist the Administrator of the Faculty Plan to comply with the requirements of the FSCO 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 Faculty Plan do not purport to show the adequacy of the Faculty Plan's assets to meet its pension obligation. Such an assessment requires additional information, such as the Faculty 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 Faculty 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 Faculty Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Faculty 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 Faculty 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 Faculty 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 Faculty 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.

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

(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 Faculty 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.

The Faculty 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 Faculty 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 Faculty Plan becomes a party to the contractual provisions of the instrument. The Faculty Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Faculty 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 Faculty 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.

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

(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.

(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 Faculty Plans' units are redeemed based on the unit value at the Valuation Date prior to which the request for redemption is made by the Faculty Plan.

4. INVESTMENTS

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

	2019 Fair Value $	2019 Cost $	2018 Fair Value $	2018 Cost $
Cash and short-term investments	11,305	11,193	6,075	6,054
Canadian bonds and debentures	275,336	259,121	262,842	266,522
Canadian common and preferred shares	221,694	213,860	226,996	207,685
	508,335	484,174	495,913	480,261
Non-Canadian common and preferred shares	304,800	238,259	303,417	221,781
Real assets	13,268	13,923	-	-
	826,403	736,356	799,330	702,042

The following table summarizes the Faculty Plan's pro-rata share of the investments at fair value and cost in the Fund – 68.58% (2018 – 68.56%):

	2019 Fair Value $	2019 Cost $	2018 Fair Value $	2018 Cost $
Cash and short-term investments	7,753	7,676	4,165	4,150
Canadian bonds and debentures	188,825	177,705	180,204	182,728
Canadian common and preferred shares	152,038	146,665	155,629	142,389
	348,616	332,046	339,998	329,267
Non-Canadian common and preferred shares	209,032	163,398	208,022	152,053
Real assets	9,099	9,549	-	-
	566,747	504,993	548,020	481,320

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):

	2019 Fair Value $	2019 Cost $	2018 Fair Value $	2018 Cost $
Pooled funds:				
FGP Universe Bond Fund	28,076	27,599	29,220	29,807
PHN Core Plus Bond Fund	39,725	39,832	36,029	37,666
PHN Enhanced Long Bond Pension Trust	119,403	110,612	108,064	110,678
FGP Long Term Bond Fund	88,132	81,078	89,529	88,372
FGP Small Cap Cdn Equity Fund	7,625	9,252	8,700	7,810
FGP Cdn Equity Fund	78,088	85,591	90,870	85,853
Fidelity Canadian Equity Pool	135,981	119,018	127,426	114,022
Baillie Gifford Global Alpha Fund	167,763	115,446	175,296	105,592
Burgundy Global Equity Fund	137,037	122,813	128,121	116,189
JP Morgan IIF Cdn 2 LP	13,268	13,923	-	-
	815,098	725,164	793,255	695,989

6. INVESTMENT INCOME

The following represents the investment income earned by the Fund:

	2019 $	2018 $
Canadian bonds and debentures	8,837	8,878
Canadian common and preferred shares	5,718	5,356
Non-Canadian common and preferred shares	5,172	4,264
Real assets	521	-
	20,248	18,498
Faculty Plan's Pro-rata share of Fund investment income	13,886	12,682

7. ADMINISTRATIVE EXPENSES

The following represents the administrative expenses incurred by the Faculty Plan:

	2019 $	2018 $
Investment management fees	2,282	2,165
Actuarial and investment consulting fees	149	239
Sponsor administrative and trustee fees	247	234
Pension information system fees	84	80
Audit fees	8	8
Miscellaneous	41	23
	2,811	2,749

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 Faculty Plan's financial instruments using the fair value hierarchy as at June 30, 2019:

	Level 1 $	Level 2 $	Level 3 $	2019 Total $
Cash and short-term investments	3,910	7,395	-	11,305
Canadian bonds and debentures	-	275,336	-	275,336
Canadian common and preferred shares	-	221,694	-	221,694
Non-Canadian common and preferred shares	-	304,800	-	304,800
Real assets	-	-	13,268	13,268
Total investments in Fund	3,910	809,225	13,268	826,403
Faculty Plan's share of Fund assets				566,747

	Level 1 $	Level 2 $	Level 3 $	2018 Total $
Cash and short-term investments	4,582	1,493	-	6,075
Canadian bonds and debentures	-	262,842	-	262,842
Canadian common and preferred shares	-	226,996	-	226,996
Non-Canadian common and preferred shares	-	303,417	-	303,417
Real assets	-	-	-	-
Total investments in Fund	4,582	794,748	-	799,330
Faculty Plan's share of Fund assets				548,020

Investment in real assets with a fair value of $13,651 were transferred from Level 2 to Level 3 during the year. An additional commitment of $13,050 in real assets was made with IFM Global Infrastructure (Canada) L.P. Subsequent to year end, the additional commitment was transferred.

The following table reconciles the Plan's Level 3 fair value measurements from July 1, 2018 to June 30, 2019.

	Real Assets $	2019 Total $
Balance, beginning of year	-	-
Loss included in the statement of changes in net assets available for benefits	(383)	(383)
Purchases	-	-
Sales	-	-
Settlements	-	-
Transfers in	13,651	13,651
Balance, end of year	13,268	13,268
Faculty Plan's share of Fund Assets		9,099

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 Faculty 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 financialinstruments.

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 $52,649 (2018 – $53,041). The Faculty Plan's pro-rata share of this gain (loss) would be $36,107 (2018 – $36,365).

(ii) Liquidity risk

Liquidity risk is the risk that the Faculty 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 Faculty 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 2019 or 2018. The maximum credit risk exposure as at June 30, 2019 is $275,336 (2018 – $262,842). The Faculty Plan's pro-rata share of this risk exposure is $188,825 (2018 – $180,204).

(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, 2019 of $10,596 (2018 – $5,321). The Faculty Plan's pro-rata share in the mortgage holdings is $7,267 (2018– 3,648).

Credit Rating	2019 Fund Fair Value	2019 Plan's Pro-rata share by credit rating	2018 Fund Fair Value	2018 Plan's Pro-rata share by credit rating
	$	$	$	$
AAA	71,777	49,225	79,293	54,363
AA	100,605	68,995	88,447	60,639
A	57,640	39,529	62,835	43,080
BBB	32,631	22,379	23,745	16,280
BB and under	2,087	1,431	3,201	2,195
	264,740	181,559	257,521	176,557

(iv) Interest rate risk

Interest rate risk is the risk that the market value of the Faculty Plan's investments will fluctuate due to the changes in the market interest rates. To properly manage the Faculty 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 Faculty 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 $2,827 (2018 – $2,643) for the Fund. The Faculty Plan's pro-rata share of this gain (loss) would be $1,939 (2018 – $1,812).

(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 Faculty 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 Faculty Plan's underlying assets or liabilities invested in foreign transactions. The Administrator monitors the Faculty 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 Faculty Plan's exposure to foreign currencies would not create a significant change in the fair value of the assets except for the Faculty 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 $9,150 (2018– $8,441). The Faculty Plan's pro-rata share of this risk exposure is $6,275 (2018 –$5,787).

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 May 24, 2018. The SIPP was amended to reflect the new infrastructure managers and the related benchmarks that were approved for the Fund.

The Faculty 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 investment positions 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 Faculty 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 Faculty Plan. The Faculty Plan has not paid for services provided by key management personnel.

The University provides certain administrative services to the Faculty Plan. The cost to the Faculty Plan for these services during the year ended June 30, 2019 was $184 (2018 – $173), which is included in Sponsor administrative and trustee fees in Note 7 – Administrative Expenses.