Trinity College Pension Plan

STATEMENT OF INVESTMENT POLICIES AND PROCEDURES

Effective February 3, 2026

Approved by the Pension Committee February 6, 2024; February 25, 2025; February 3, 2026

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1. OVERVIEW

1.1 Trinity College sponsors a defined benefit pension plan called the Trinity College Pension Plan (the "Plan"). The Plan's registration number is 0311258. The Plan operates on a June 30 fiscal year.

1.2 This Statement of Investment Policies and Procedures ("the Statement") applies to the assets held in trust for the Plan. Assets invested in a pooled fund must also satisfy the provisions of such pooled fund's Statement of Investment Policies and Procedures. In case of conflict, the provisions of the pooled fund's Statement of Investment Policies and Procedures apply.

1.3 Plan assets ("the Fund") are managed in accordance with applicable legal requirements regardless of any indication to the contrary which might be construed from the Statement.

1.4 The Pension Committee ("the Committee") has been designated by the Board of Trustees of Trinity College as "administrator" of the Plan under the provisions of the Ontario Pension Benefits Act.

1.5 The Statement is reviewed at least once a year by the Committee.

1.6 The Committee has delegated the management and monitoring of the Fund to the Committee on Investments of the Board of Trustees of Trinity College, and relies on the Committee on Investments to carry out this role on a regular basis, to report annually thereon to the Committee, and to recommend, if advisable, the hiring or termination of an investment manager.

1.7 All those involved in the management of the Fund are required to acknowledge annually their compliance with the applicable provisions of this Statement.

2. BACKGROUND

2.1 The Plan provides a defined benefit pension on retirement based on best 3 years average earnings, as well as death and pre-retirement termination benefits. The Plan also provides pension indexation at 75% of the increase in the Consumer Price Index.

2.2 Plan liabilities are sensitive to inflation, salary increases and demographic factors such as age at retirement, turnover and mortality.

2.3 Plan members contribute in accordance with a formula related to earnings. Trinity College may waive member contributions for specified periods of time. The Plan does not provide for voluntary contributions.

2.5 Trinity College contributes an amount sufficient to ensure the Plan is adequately funded, in accordance with actuarial recommendations.

2.6 In 1994, a significant portion of the Fund was invested in a non-managed portfolio of real return and nominal bonds (the 'immunized' portion) structured so that the cash flow on this portion of the Fund would match required pension payments for existing retirees for a period of 20 years. In 2010, the immunized portfolio was sold and the proceeds added to the balanced pooled fund which held the rest of the Plan's assets.

2.7 Plan administrative expenses are paid by Trinity College, so there are generally no administrative expenses charged to the Fund.

3. INVESTMENT OBJECTIVES

3.1 The primary investment objective is to ensure that Fund returns, along with future contributions, are sufficient to honour the Fund's pension obligations.

3.2 Consistent with the primary objective, the Fund shall be invested so that it is expected to achieve superior returns at an acceptable level of risk, and consequently that required employer contributions are both affordable and reasonably predictable.

3.3 In pursuing the investment objectives, the Committee, through the Committee on Investments shall at all times exercise the care, skill, diligence and judgment that a prudent investor would exercise in the construction of a pension portfolio.

3.4 The Fund shall be predominantly invested in units of independently-managed pooled funds. Consequently, the ability of the Committee, though the Committee on Investments, to manage asset mix, security selection and other security-level factors is limited. The Committee shall accordingly evaluate each investment manager on its performance in meeting the high-level objectives of this Statement.

3.5 The Committee shall select only investment managers (other than investment managers whose mandate is passive, the replication of one or more indices, or who manage a synthetic portfolio) who have incorporated environmental, social and governance (ESG) factors into their investment policies and procedures, on the grounds that well-managed companies are those that maintain high standards in these areas.

3.6 The Fund's rate of return objective is to exceed, net of investment management fees on a 4-year rolling basis, the real rate of return implied by the Plan's going concern actuarial valuations as filed with the Financial Services Regulatory Authority of Ontario.

3.7 In evaluating investment manager performance, the Committee on Investments shall also consider other factors such as changes in investment style and organizational stability, and advise the Committee accordingly.

4. INVESTMENT GUIDELINES

4.1 Fund assets shall be invested only in categories of investments permitted by applicable legislation, including:

i) insured contracts;
ii) cash and demand deposits;
iii) treasury bills, bankers acceptances, commercial paper and short term notes;
iv) term deposits and guaranteed investment contracts;
v) mortgage loans;
vi) mortgage-backed and asset-backed securities;
vii) non-convertible bonds and debentures;
viii) concessions and participating rights in natural resources;
ix) convertible debentures;
x) common and preferred shares;
xi) derivatives such as rights, options, warrants, forwards and futures;
xiii) mutual funds, pooled funds, closed-end funds, investment corporations and other vehicles investing in the categories and sub-categories of investments and loans described above.

4.2 The Fund shall not invest in rights, options, warrants, forwards and futures except for the purpose of controlling portfolio risk, including risk arising from foreign currency exposure.

4.3 Except with the written permission of Trinity College on the recommendation of the Committee on Investments, the Fund shall not engage in:

- borrowing, except where the borrowing is necessary to cover a short-term contingency, including but not limited to paying Plan benefits and expenses and the borrowing is for a period that does not exceed ninety days;
- the guarantee of third-party borrowing;
- the purchase of securities on margin;
- the purchase of generally illiquid investments such as real estate, resource properties and venture capital; and
- short selling.

4.4 The Fund shall not grant loans to individuals.

4.5 Securities lending by a pooled fund in which the Fund is invested, is permitted only if conducted in accordance with applicable legislation and standard industry practice.

4.6 The Fund, whether invested directly or through units of investment funds, shall maintain an asset mix that, in aggregate, is prudently diversified and intended to meet the risk/return objectives of this Statement in the context of long-term capital market performance, taking into account the Plan's benefit obligations and the College's ability to withstand employer contribution increases. The Fund's asset allocation shall be maintained within the following limits:

Asset class	ON PBA Regulation 909 Investment Category [S.76(12)]	Minimum allocation	Target Allocation	Maximum allocation
Cash and Money Market	4 (Short-term notes and treasury bills)	0%	0%	15%
Fixed income	15 (Canadian bonds & debentures)	30%	40%	50%
Canadian Equities	13 (Canadian stocks)	10%	20%	30%
Global Equities	14 (Non-Canadian stocks)	30%	40%	50%

The reference index for each asset class above shall be :

Short term : FTSE TMX Treasury Bills (91 days)
Fixed income : FTSE TMX Canada Universe
Canadian equities : S&P/TSX Capped Composite
Global equities : MSCI World ex-Canada (CAD)

4.7 In addition to the diversification obtained as a result of the asset mix guideline above, diversification is provided by investing no more than :

- 20% of a fixed income portfolio in the debt of or guaranteed by a single province of Canada,
- 10% of a fixed income portfolio in the debt of any single corporate issuer or its related entities,
- 10% of an equity portfolio in the shares of any single corporate issuer or its related entities.

4.8 In order to ensure adequate liquidity, the Fund shall not, without the written consent of the College on the recommendation of the Committee on Investments:

- hold more than 10% of a given public issue;
- invest in private placements; or
- invest in equities that are not traded on a recognized exchange.

4.9 The solvency of borrowers is promoted by requiring that:

- at least 90% of the market value of short-term securities have a credit rating of at least A-1 (low)* or its equivalent; and
- at least 90% of the market value of bonds have a credit rating of at least BBB* or its equivalent.

* *Standard and Poor's credit ratings*

4.10 It is recognized that a pooled fund investment manager (other than a passive manager) will manage to the discretion limits, diversification guidelines and other constraints in the investment policy of its pooled fund. The Committee shall consider the appropriateness of the investment policy, including the asset mix, of each pooled fund that it selects to ensure the pooled fund is and remains eligible for pension fund investment consistent with this Statement.

5. VOTING RIGHTS

5.1 Voting rights are delegated to the Fund's investment manager(s) unless adequate notice is given to the investment manager(s) through the Committee on Investments that the Pension Committee wishes to retain specific voting rights.

5.2 An investment manager is expected to exercise its voting rights for the best interests of the Fund and in consideration of ESG factors as discussed in Section 3.5. In case of doubt as to the best interests of the Fund, the investment manager is required to request direction from the Pension Committee, through the Committee on Investments.

5.3 Each investment manager is required to maintain a record of how voting rights are exercised.

5.4 It is recognized that the above policy on voting rights is not enforceable to the extent that the Fund is invested in pooled funds. Nevertheless, an investment manager shall advise the Committee on Investments if a vote or a likely vote is not in the best interests of the Fund.

6. MONITORING

6.1 The Fund's custodian determines the market value of each investment at least quarterly. In the case of investments that are not regularly or publicly traded, the Fund's custodian shall use a method to estimate market value that accounts for the type of investment concerned and that is acceptable to the Committee on Investments.

6.2 The Committee on Investments shall monitor returns on behalf of the Pension Committee on a regular basis and report to the Pension Committee on the performance and management of the Fund annually.

6.3 The Fund's investment manager shall provide to the Committee on Investments when requested to do so but at least annually, a letter confirming compliance at all times with this Statement, and confirming that no investigation or disciplinary action by the regulatory authorities has taken place, since the last letter was issued.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

7.1 Transactions with related parties as defined in Section 7.2 are prohibited except as allowed by Sections 7.3 and 7.4. Conflicts of interest as defined in Section 7.5 must be avoided at all times.

7.2 For the purposes of these guidelines, related parties are defined as:

- i) the Committee;
- ii) a member of the Committee, the Committee on Investments or the Board of Trustees;
- iii) a person responsible for holding or investing the assets of the Plan, or any officer, director or employee thereof;
- iv) an association or union representing employees of the employer, or an officer or employee thereof;
- v) an employer who participates in the Plan, or an employee, officer or director thereof;
- vi) a member of the Plan;
- vii) the spouse or child of any person referred to in any of paragraphs i) to vi);
- viii) a corporation that is directly or indirectly controlled by a person referred to in any of paragraphs i) to vii); <u>or</u>
- ix) an entity in which a person referred to in paragraph i), ii), iii), or vi), or the spouse or a child of such a person, has a substantial investment. For the purpose of this Section, "substantial" means beneficial ownership of greater than 10%.

7.3 The Plan may not enter into a transaction with a related party unless approved by the Committee and:
- the transaction is required for the operation or administration of the Plan; and
- the terms and conditions of the transaction are not less favorable to the Plan than market terms and conditions.

7.4 The assets of the Plan may not be loaned to a related party or invested in the securities of a related party unless such securities are held within an pooled fund that complies with applicable requirements of the applicable pension legislation or in an pooled fund or a contract that replicates a widely recognized index of a broad class of securities traded at a marketplace.

7.5 A conflict of interest is deemed to exist when a person may materially benefit from knowledge of, participation in or by virtue of a Fund investment or investment decision.

7.6 Any person who is in an actual or perceived conflict of interest must disclose it in writing to the Committee within 14 days of becoming aware of it.

7.7 The Committee shall take appropriate action to address the conflict. This may be accomplished by removing a person who is in a conflict of interest situation from being involved in the decision-making process with respect to issues relating to such conflict.

7.8 Failure to comply with the procedures described above shall not by itself invalidate any decision, contract or other matter pertaining to Fund investments.

7.9 As a minimum, the CFA Institute Code of Ethics and Standards of Professional Conduct shall apply to the investment manager.