UNIVERSITY PENSION PLAN ONTARIO

POLICY

Statement of Investment Policies and Procedures

Owner	Board of Trustees
Effective date	Jan 1, 2025
FSRA Filing Date	No later than March 2, 2025
Next renewal date	December 31, 2025
Frequency of review	Annual

Contents

1. Purpose

The Statement of Investment Policies and Procedures ("SIPP") provides a summary of the way the assets of the University Pension Plan Ontario ("UPP" or the "Plan") are invested. The investment policies, philosophy, objectives, and principles contained in the SIPP reflect a prudent approach to the investment and administration of the Trust Fund (the "Fund"), consistent with the Funding Policy.

Investments are selected and managed in accordance with the criteria and limitations established by this SIPP and applicable legislation, including but not limited to the *Pension Benefits Act* (Ontario) and regulations ("PBA") and *Income Tax Act* (Canada) and regulations ("ITA"). In the event of a conflict between this SIPP and the *Federal Investment Rules* as modified by the PBA ("FIR"), the terms of the FIR will prevail.

The Plan is managed to achieve the long-term objective of providing retirement benefits in accordance with plan provisions. As a long-term asset owner, UPP considers various factors that impact the plan's sustainability and sufficiently high long-term risk-adjusted returns – including environmental, social and governance ("ESG") and stewardship.

For further information on the Plan's commitments and approach to responsible investing, please refer to UPP's Responsible Investing Policy.

2. Plan Description

UPP and the Fund were established pursuant to a Sponsors' Agreement between the Employee Sponsor and the Employer Sponsor, and a Trust Agreement between the Employee Sponsor, the Employer Sponsor, and the Board of Trustees (the "Board"), dated January 1, 2020. The Employee Sponsor is made up of the Faculty Associations and the Non-Faculty Unions that sponsor and participate in the Plan, acting through their Employee Sponsor Committee. The Employer Sponsor is made up of the Universities that sponsor and participate in the Plan, acting through their Employer Sponsor Committee. The Employee and Employer Sponsors are collectively referred to as the Joint Sponsors.

The Plan consists of three founding universities' predecessor pension plans ("Predecessor Plan(s)") whose assets and liabilities were transferred to UPP on July 1, 2021, and other university sector employers who joined the Plan after July 1, 2021, upon approval by the Employee and Employer Sponsors by entering into a participation agreement ("Post-Conversion Participating Employers").

The Plan is a jointly sponsored pension plan ("JSPP") registered under the PBA and the ITA. As a JSPP, members and employers contribute equally to the Plan's funding and share responsibility for its governance. The Board is made of an equal number of Employer Sponsor nominated Trustees and Employee Sponsor nominated Trustees, one non-unionized employee-nominated Trustee and an Independent Chair.

The Plan's membership includes Predecessor Plan members, full-time employees of a participating employer and other non-full-time employees (who meet certain eligibility criteria) of a participating employer who elect to become members.

In the event of a conflict between this SIPP and the Plan Text registered with the Financial Services Regulatory Authority, the terms of the Plan Text will prevail.

2.1. Nature of the Plan

Pension benefits earned under Predecessor Plans are preserved under the Predecessor Plan formulas and ancillary benefits for service up to conversion to the UPP. The pension for UPP credited service on and after the date a Predecessor Plan or Post-Conversion Participating Employers joined the plan, is based on a best average earnings formula integrated with Canada Pension Plan benefits and includes a conditional cost of living adjustment based on 75% of the increase in CPI. Pensions may be taken as early as age 55 with a normal retirement date of age 65.

2.2. Funding

The Funding Policy was established by the Joint Sponsors and guides their decision on the timing of the filing of actuarial valuations, plan contributions, and plan benefit changes. The Funding Policy also establishes a framework for risk-sharing pre-conversion and post-conversion plan surpluses and deficits between employees and employers over the lifetime of the plan, where post-conversion service is for service on and after July 1, 2021, or a plan's conversion to UPP, if later.

In general, the employers with prior plans are fully responsible for deficits for service prior to their conversion to UPP for an initial period of time, and after this initial period the funding risk gradually transitions to UPP. All funding risk pertaining to service on and after conversion, is shared equally between employees and employers.

The Board and UPP Management conduct periodic asset-liability management studies and actuarial valuations to support the management of the Plan's funding risk.

3. Governance and Allocation of Responsibilities

Under the Trust Agreement, as amended from time to time, the Board is the Plan Administrator and retains overall responsibility for the administration and investment of the Fund. As Plan Administrator, the Board approves the Statement of Investment Policies and Procedures, and monitors investment performance of the Fund and compliance with all applicable laws, regulations, and the SIPP.

The Board has delegated day to day administration of the Plan and investment of the Fund to the President & CEO (the "CEO"), under the Board's supervision. The delegation to the CEO empowers the CEO to sub-delegate to other UPP employees or agents as the CEO deems necessary to fulfil their responsibilities. The CEO or their delegates provide the Board with such reporting as the Board requires to fulfill its strategic oversight and monitoring roles.

The Board retains the power to appoint the Custodian, the Plan Actuary, and the External Auditor. The Custodian is charged with maintaining safe custody over the assets of the Plan and executing the instructions of UPP and its investment managers. The Actuary performs actuarial valuations of the Plan and provides advice to the Board as required. The External Auditor conducts an annual audit of the financial statements of the Plan and meets with the Board as required. In addition, the Board is empowered to retain such independent expert advisors and consultants as it deems necessary or desirable from time to time.

The Board, the CEO, and their delegates, sub-delegates, and agents, including external investment managers that have agreed to fulfil specific investment mandates in accordance with this SIPP, will exercise the degree of care, diligence and skill in the investment and administration of the Fund that a person or ordinary prudence would exercise in dealing with the property of others. In doing so, they will use all relevant knowledge and skill that they possess or, by reason of their profession, business or calling, ought to possess.

4. Investment Management

4.1. Rate of Return Expectations and Investment Objectives

The Plan is designed and managed to deliver benefits to the members upon retirement, death or disability, or termination of employment, as the case may be. The Plan needs to earn a sufficient and sustainable long-term rate of return that supports these objectives. The Board assesses the rate of return achievable to meet current and future pension obligations by conducting asset-liability studies, actuarial valuations, and investment research which incorporate asset class return expectations and risks. The Board also assesses the sufficiency of the rate of return to meet the current level of benefits promised taking into account expected plan contributions from members and participating employers all within a consultative process with applicable stakeholders. Investment in more volatile return enhancing assets is required to achieve a sustainable sufficient rate of return, which may result in returns significantly above or below this objective, particularly over short time horizons.

The asset mix is expected to produce certain returns that, in the absence of active management strategies, would not meet the sustainable rate of return. Consequently, UPP employs active management strategies designed to increase the likelihood that it meets the sustainable rate of return (net of all costs) within defined risk parameters, primarily through its selection of external managers.

4.2. Asset Mix

In designing the UPP's asset mix, the following factors are considered:

- the goal of achieving the sustainable rate of return to meet current and future pension obligations;
- the management of overall funding risk with the goal of maintaining stable contribution rates, benefit levels, and funded conditional indexing levels;
- the management of three key risks impacting the Plan's funding ratio stemming from investment rate of return (and its volatility), interest rates and inflation;
- the characteristics of UPP's categories of investments;
- the correlations between the changes in value of the Plan's assets and liabilities;
- the need for adequate liquidity to meet all of the Plan's future obligations as they become payable; and
- the need to accommodate any portfolios that UPP inherits (including the portfolio that was inherited on July 1, 2021).

UPP assumed the assets of the Predecessor Plans whose portfolios were constructed to meet the objectives of their plans. As a result, UPP inherited a pre-existing asset mix that will be optimized over time to meet UPP's consolidated objectives and reflect evolving responsible investing best practices, incorporating the liabilities of the Predecessor Plans as well as liabilities that are generated after the inception date.

Return Enhancing Assets

Return Enhancing Assets generally reduce funding risk in the long-term because of higher expected investment rate of returns than other asset categories but increase funding risk in the short-term because of higher volatility (risk) than other asset categories.

Interest Rate Sensitive Assets

Allocations to Interest Rate Sensitive Assets serve to generally reduce funding risk over the long-term because of their ability to hedge the sensitivity of the Plan's liabilities to changes in interest rates but these assets also increase funding risk because of their lower expected returns.

Inflation Sensitive Assets

Allocations to Inflation Sensitive Assets mitigate the impact of inflation over the long-term on the value of the Plan liabilities since the Plan benefits are linked to salary inflation and are partially indexed to changes in inflation.

Liquidity

The Fund is managed with a view of providing sufficient liquidity to enable the Plan to meet all its future obligations as they become payable. Short term money market and cash are used to manage liquidity needs. UPP maintains a sufficient level of operating cash and money market investments to ensure timely payment of our day-to-day cash obligations. Our focus is on being fully invested to minimize cash drag while maintaining the fund's operational efficiency and effectiveness. We do this by ensuring close monitoring of our liquidity requirements, consistent with our Liquidity Risk Management Framework. UPP manages risks identified above by setting exposure limits for these different categories of assets. The exposure limits also serve to manage net cash positions and currency risk. Leverage (the borrowing from one asset class to obtain increased exposure to another asset class, or to hedge one or more risks within the investment portfolio or to pension liabilities) may be employed as an investment tool in line with investment policies approved by the Board.

4.2.1. Exposure Limits

Exposure	Lower Limit	Upper Limit	Mid
Return Enhancing Assets	43%	63%	53%
Interest Rate Sensitive Assets	34%	54%	44%
Inflation Sensitive Assets	5%	18%	11.5%
Leverage	-17%	3%	-7%

The upper and lower Exposure Limits should not be exceeded. In the event a limit is breached, for example due to market movements or investment manager transitions, the Board is informed of the breach, the cause, and a corrective action plan.

4.2.2. Asset Subclass Thresholds

UPP's objective is to maintain positions within the asset subclass threshold ranges, however, so long as the Exposure Limits are maintained, exceeding the threshold ranges does not represent a policy breach. Threshold ranges are reported to the Board for discussion purposes and future asset mix planning.

Exposure	Asset Subclass	Threshold Range	Mid
Return Enhancing	Public Equity		

Exposure	Asset Subclass	Threshold Range	Mid
Assets		25% to 35%	30%
	Private Equity	2% to 12%	7%
	Private Debt	1% to 11%	6%
	Absolute Return	7% to 17%	12%
Inflation Sensitive Assets	Infrastructure	3% to 13%	8%
	Real Estate	1% to 11%	6%
Interest Rate Risk Sensitive Assets	Fixed Income	33% to 43%	38%
	Inflation Sensitive Bonds	3% to 13%	8%

4.3. Performance Measurements

The performance of the Fund is measured relative to the long-term rate of return goal established by the Board. Benchmarks are used to assess the active management performance. In measuring active management, benchmarks normally represent the return of market indices from each of the asset classes or CPI + benchmarks.

The investment performance of the Plan is reported to the Investment Committee of the Board at regularly scheduled meetings. Performance measurement and reporting is consistent with industry recognized practices.

4.4. Effect of Expenses

Plan assets can be managed internally or externally. When making asset allocation decisions, consideration is given to the impact of management and performance fees when funds are managed externally, and to staff compensation and other administrative expenses when funds are invested internally. These factors are also considered when determining total fund expected returns and monitoring performance.

5. Permitted Investments

5.1. Permitted Investment Structures

The investments listed below may be made directly (e.g., by holding the relevant equity security, bond, or other asset), indirectly or synthetically. Examples of indirect holdings include those held through exchange traded funds, mutual funds, pooled funds, segregated funds, trusts, limited partnerships, or other investment vehicles. Examples of synthetic holdings are those held through a derivative such as options, swaps, or futures contracts (see the Derivatives section of the SIPP).

5.2. Permitted Asset Subclasses

The following categories of investments are permissible for purposes of the Plan whether made directly, indirectly, or synthetically. Marginal exposures to other assets classes not explicitly defined in this SIPP is permitted.

5.2.1. Return Enhancing Assets

a. Public Equity: Investments in domestic and foreign public equities and equity equivalents.

b. Private Equity: Investments in non-publicly traded equity assets.

c. Private Debt: Non-publicly traded debt or debt-related assets.

d. Absolute Return Strategies: Strategies that take both long and short positions, with absolute or hurdle rate of return objectives that have, over the long-term, low systemic exposure.

5.2.2. Interest Rate Risk Sensitive Assets

a. Fixed Income Bonds: Investments in domestic and foreign debt instruments.

b. Inflation Protected Bonds: Investments where the underlying principal or return is indexed to inflation.

5.2.3. Inflation Sensitive

a. Infrastructure: Direct or indirect investments in infrastructure entities.

b. Real Estate: Direct or indirect investments in real property assets.

5.2.4. Short-Term Money Market

a. Investments made in cash and cash equivalents.

5.2.5. Leverage

a. Reflects exposures stemming from derivative contracts tied to short-term money market rates which are not fully backed by cash.

5.3. Derivatives

UPP uses derivatives to aid in the management of the Fund's asset-mix, hedge exposures in the Fund and Plan Liabilities, create a synthetic exposure in a permitted investment, and as part of active management strategies. Where the use of derivatives is authorized in specific investment management mandates, the mandate will also specify the authorized instrument(s), portfolio limitations, and purpose of their use and other criteria.

5.4. Short Selling

UPP may short sell securities, by way of borrowing securities or otherwise, to enhance the return or reduce the risk of the Fund. When engaging in short sale transactions, UPP will consider the related risks involved in short sales.

5.5. Securities Lending

The investments of the Fund may be loaned, for the purpose of generating revenue for the Fund, enhancing expected returns, or reducing "Total Fund" risk. UPP prefers not to engage in equity securities lending when it can undermine stewardship activities including proxy voting.

All loans are made in accordance with the terms of securities lending agreements entered into between the Fund and the agents appointed to administer the securities lending program, and any other lending agreements entered into between such agent and a borrower of securities.

All loans must be secured by cash or securities collateral. Securities collateral obtained must be high quality, readily marketable securities. The amount of collateral taken for securities should reflect best practices in local markets. All loaned and collateral securities are updated (marked to market) daily.

5.6. Borrowing, Pledging and Collateral

5.6.1. Permitted Borrowing

Borrowing or providing guarantees on behalf of the Plan is permitted in accordance with the PBA and the ITA.

5.6.2. Permitted Pledging

Subject to any restrictions in the PBA or ITA, UPP may pledge, charge, or otherwise grant a security interest in assets or post margin as required to complete derivatives transactions, complete a short sale or in connection with repurchase transactions. Assets that may be posted as collateral are set out in the legal agreements or are defined by exchanges.

6. Risk Management

6.1. Risk Factors and Tolerance

Factors which will influence the risk tolerance of the Board include, but are not limited to, Plan funding risk, investment risk (including the expected total return of the portfolio, and the risk and return characteristics of different asset classes), interest rate risk, inflation risk, liquidity risk, counterparty risk, and the nature of the Plan's liabilities reflecting plan terms and plan demographics. The Board regularly reviews and considers its approach to Investment Risk management.

6.2. Risk Management Tools

6.2.1. Asset/Liability Studies & Asset Mix

To manage the Plan's long-term funding risk, the Board will conduct asset/liability studies. These studies lead to the recommendation and adoption of an asset mix that aims to fund the liabilities and manage the risk of adverse consequences to the Plan from decreases in the Plan's funding position. The approach of broad diversification across various asset sub-classes within the asset mix is an important risk management and control tool. The long-term performance of the Fund is primarily determined by the long-term asset mix.

6.2.2. Risk Metrics

The Board uses risk measures with long and short historical windows to calculate potential losses based upon volatility of returns.

6.2.3. Stress Testing

Stress testing involves subjecting the Plan to adverse economic scenarios or shocks that could have a strong negative impact on the funded status of the Plan or cause assets to be in a distressed state.

6.2.4. Policies

UPP implements procedures to translate policies into defined, consistent, repeatable, and auditable practices that ensure the Board's objectives are realized within its risk tolerance.

6.3. Diversification

Diversification can come from various sources – including asset classes, duration, credit quality, issuers, manager strategy, liquidity, geography, and sectors. Diversification is a key element of the Plan's investment strategy.

6.4. Currency Hedging

While returns associated with non-Canadian currency movements relative to the Canadian dollar are not expected to have a significant effect on the return of the Plan over the very long term, over shorter periods, currency movements may cause returns to be volatile. Hedging may be employed for certain non-Canadian currency exposures to mitigate this volatility.

6.5. Liquidity

Investment of the Fund is undertaken with a view to providing for sufficient liquidity to enable the Plan to meet all its obligations as they become payable. Liquidity needs are evaluated in the context of net cash flow (cash inflows such as realized investment income and returns and pension contributions, less cash outflows such as benefits payments, expenses, and collateral calls) as well as the Plan's ability to convert assets into cash over future time periods. The Plan's liquidity is managed to ensure sufficient funds are available to meet future obligations as they become payable during times of market stress as well as under normal operating conditions.

7. Responsible Investing

Informed by research and evidence, we believe that responsible investing ("RI") supports risk management and value creation and helps UPP provide stable retirement benefits at a reasonable cost for members, now and in the future. It is our duty as stewards of members' capital to consider and manage material ESG risks and opportunities, to be active asset owners, and to take into account stakeholder interests and investment impacts when conducting our investment management activities. Accordingly, UPP considers RI, being the integration of ESG considerations into investment management processes and stewardship practices, to be an essential component of its broader investment strategy.

Approaches to responsible investment may vary depending on whether investments are managed internally or through external investment managers, and whether externally managed funds are segregated mandates or reside in pooled or commingled funds. UPP will therefore apply a mosaic approach to ESG integration across its investment management and stewardship practices. In the spirit of continuous improvement, that approach will expand and evolve alongside UPP's investment strategy and in line with the changing external landscape. UPP will manage its investments in accordance with its Responsible Investing Policy, which outlines its related investment beliefs, commitments, and approach to incorporating ESG considerations in investment management and stewardship activities in a consistent and comprehensive manner. In accordance with the Responsible Investing Policy, UPP:

- Establishes RI management and oversight responsibilities,

- Integrates ESG considerations into investment analysis and decisions,
- Is an active owner and engages in ESG stewardship activities,
- Establishes, implements, and reports progress against a climate action plan, and
- Reports on RI practices and ESG performance to plan members.

The Responsible Investing Policy (and corresponding integration of RI considerations) will be applied in a manner consistent with all other UPP policies and legal obligations, including UPP's fiduciary duty to beneficiaries.

8. Voting Rights

UPP's approach to proxy voting reflects its commitment to responsible investment and ESG stewardship activities. Through the voice that proxy voting provides, UPP aims to influence companies in which it invests to align with Plan beneficiaries' interest in ensuring a sustainable pension fund and economy through responsible business practices.

UPP exercises a hybrid approach to voting in accordance with its Proxy Voting Policy. With the support of a third-party service provider, UPP aims to vote all the ballots we receive for which we have voting rights. Where UPP does not have proxy voting authority, we share our Proxy Voting Policy with our investment managers to communicate our preferences on proxy voting issues. UPP may exercise judgment in connection with voting of any proxy on a case-by-case basis.

9. Valuations of Investment Assets

The Fund's investment assets and liabilities are valued by using fair values or as otherwise required by law.

9.1. Frequency of Valuation

The frequency of valuation depends on the nature of the investment asset or liability. To the extent possible, fair values are obtained or valuations are prepared daily. For certain investments, for example, private instruments and real estate, valuations are prepared or reviewed no less than on an annual basis.

9.2. Fair Value

Investments are stated at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. UPP uses quoted public market prices for the valuation of its assets wherever such quoted prices exist.

9.3. Where Observable Inputs are Not Available

Where observable inputs are not available for an investment asset or liability, a suitable method of valuation is used, including – discounted cash flows, earnings multiples, appraisals, prevailing market rates for instruments with similar characteristics or other pricing models as appropriate. External appraisers and external audited statements may be used to provide independent valuations or verify the reasonableness of internal valuations.

10. Professional Conduct

10.1. Code of Conduct

The Board members, Committee members, employees and agents of the Plan must adhere to the Plan's Code of Conduct.

10.2. Conflict of Interest

All investment decision-making is subject to the Plan's policy on conflicts of interest. All investment managers and investment advisors to the Fund should have policies regarding conflicts of interest and must make these policies available upon request.

10.3. Related Party Transactions

UPP may enter into related party transactions in the course of managing investments or administering the Plan if appropriate steps have been taken to confirm that these Related Party Transactions are in the best interests of UPP and do not harm UPP's reputation.

UPP may enter into a transaction with a related party, including transactions that are nominal or immaterial, provided that the transaction complies with applicable laws. A transaction is considered nominal or immaterial if its value is no more than 1% of AUM in respect of portfolio investments or CA$50,000 in respect of non-portfolio transactions at the time the transaction is entered into.

11. Policy Review

The SIPP is reviewed, amended (if necessary) and approved by the Board at least annually.

A copy of the SIPP is filed with the Financial Services Regulatory Authority of Ontario and delivered to the Plan's actuary, within 60 days of its establishment or subsequent amendment.

12. Approval Record

This Policy is reviewed by the Board of Trustees at least annually, or as required based on changes in UPP's investment beliefs, statutory or regulatory requirements, or UPP's operations.

Version	1.5
Reviewer	Investment Committee
Review Date	November 26, 2024
Approver	Board of Trustees
Approval Date	December 12, 2024

APPENDIX A - Glossary of Terms

American Depository Receipt ("ADR"): A certificate issued by U.S. banks representing shares of a foreign stock. The holder of an ADR has the right to the foreign stock it represents.

Asset Backed Security ("ABS"): A financial investment collateralized by an underlying pool of assets. They are issued as bonds or notes and provide fixed income until maturity.

Assets: Cash or any financial instrument that holds economic value. UPP categorizes these as return enhancing, inflation sensitive, interest rate risk sensitive, and net cash positions.

AUM: The total market value of the total net invested assets of the Plan.

Banker's Acceptance: A fixed income instrument representing a promised future payment guaranteed by a bank.

Cash Equivalent: Deposits with financial institutions and any short-term financial instrument. Examples of cash equivalents include, repurchase and reverse repurchase agreements, certificates of deposit, banker's acceptances, treasury bills, commercial paper, and other money market instruments.

Certificate of Deposit ("CD"): Receipts payable (on demand or after a defined term) to the depositor for funds deposited with an institution.

Collateral: Cash or securities provided to or received from a counterparty to mitigate credit or counterparty risk.

Commercial Paper: Unsecured short-term negotiable promissory notes issued by commercial businesses, including finance companies and deposit-taking institutions.

Common Share: Equity-based security that represents a piece of ownership in a corporation. Common shares entitle the holder to voting rights, with the number of votes being proportional to the number of shares held.

Consumer Price Index ("CPI"): A measure that examines the change in prices of goods and services. It is used to identify inflation levels.

Corporate Bond: A debt security issued by a company that provide interest payments to the bond holders until the bond matures.

Currency Exposure: The sensitivity of an asset's value to fluctuations in exchange rates.

Custodian: A financial institution or company that safeguards financial assets to minimize the risk of theft or loss.

Debenture: An uncollateralized debt instrument. Since debentures have no collateral backing, their merit as an investment vehicle relies on the creditworthiness and reputation of the issuer.

Debt Instrument: A financial instrument issued by governments and corporations to raise capital in exchange for a promise of repayment over time according to pre-determined terms such as interest rate, schedule for interest payments, and a term to maturity.

Derivative: Financial contracts whose value depend on, or are derived from, the value of one or more underlying reference assets. Some examples include futures, forwards, options, swaptions, and swaps.

Direct Investment: Investment managed by UPP rather than investments made by external investment managers that are engaged by UPP for investment services.

Environmental, Social, Governance (ESG): ESG refers to environmental, social, and corporate governance factors that may impact or be impacted by corporate or investment activities. Environmental factors relate to the quality and functioning of the natural environment and natural systems. Social factors relate to the rights, well-being, and interests of people and communities (e.g., employees, customers, broader society). Governance factors relate to the policies and procedures used to direct, control, and monitor companies and other investee entities. Examples of ESG factors that may be considered by UPP include, but are not limited to, climate change, human and labour rights, equity, diversity and inclusion, Indigenous rights and reconciliation, resource use and efficiency, executive compensation, and shareholder rights.

Equity Equivalents: Any security or debt issued by a company that are convertible, or exchangeable into the equity of the company. Some examples include income trusts, investment trusts, Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), rights, warrants, and convertible and preferred shares.

Exposure: A measure of the degree to which the investor is vulnerable to potential loss due to changes in the value of assets and investments, made directly, indirectly, or synthetically.

Exposure Limit: The maximum acceptable level of exposure for the fund, measured in market value.

Fixed Income: Investments that provide investors income through regular payments until a maturity date. Some examples include government and corporate bonds, treasury bills ("T-Bills"), commercial paper ("CP"), certificates of deposit ("CD"), bankers' acceptances ("BA"), collateralized loan obligations ("CLO"), collateralized debt obligations ("CDO"), asset backed securities ("ABS"), mortgage backed securities ("MBS").

Forward: A derivative contract for delayed delivery of securities or money market instruments to make or take delivery of a specified instrument at a specified future date and at a specified price or yield. They differ from a future in that they are traded over the counter and their terms are not standardized.

Future: A standardized derivative contract to make or take delivery of a specified quantity of a commodity, financial instrument, or foreign currency on a specified future date a specified price established in a central marketplace. They trade on organized exchanges and their terms are standardized.

Global Depository Receipt: A bank issued certificate representing shares of a foreign stock on multiple global markets. They represent a simple and liquid way for investors to own foreign stocks.

Government Bond: A debt security issued by a government to raise capital that pays periodic interest payments called coupon payments.

Hedge Fund: Actively managed investment pools that use a wide range of strategies, often including investing of borrowed funds.

Hedging: A risk management strategy involving taking an offsetting position in a security, or group of securities, to reduce the impact of loss caused by adverse price movements.

Income Trust: An investment trust that holds income producing assets.

Indirect Investment: Investments managed by external investment managers engaged by UPP to provide investment services.

Inflation: The rate at which the purchasing power of a currency declines over time measured by an indicator of prices such as the CPI.

Investment Risk: The chance that an investment's actual gains will differ from the anticipated return.

Investment Trust Liabilities: A company which sells shares in order to raise money and fund their investment in a range of securities.

Liabilities: The expected cost of promised benefits or other financial obligations.

Liquidity: The ability to generate sufficient cash, or its equivalent, to honour its commitments on an ongoing basis.

Money Market Security: Governments, financial institutions, and large corporations issue these debts which are highly liquid and offer low rates of return.

Mortgage-Backed Security ("MBS"): A financial instrument collateralized by an underlying pool of mortgages. They are issued as bonds or notes and provide fixed income until maturity.

Non-Portfolio Transaction: A transaction not related to the assets of the Plan. Examples include operational expenses.

Option: A derivative agreement between two parties where the seller of the option, for compensation (premium), grants the buyer the future right, not obligation, to buy from the seller (a call), or to sell to the seller (a put), either on a specified date or during a specified period, a financial instrument or commodity at a price agreed when the option is arranged.

Portfolio Transaction: A transaction related to the assets of the Plan such as the purchase or sale of a financial instrument or private investment.

Preferred Share: An equity-based security with fixed dividends that are issued to shareholders before common stock dividends. Should the company enter bankruptcy, preferred shareholders are entitled company assets before common shareholders. Preference shareholders do not have voting rights.

Private Debt: Any debt instrument held by or extended to privately held companies. Investors may trade private debt on a secondary market.

Rate of Return: The percentage increase in the total value of a security or a group of securities compared to its market value.

Related Party Transaction: An arrangement between two parties with a common interest or pre-existing business relationship. Some related party transactions create the potential for conflicts of interest. As a result, regulatory authorities often scrutinize these types of transactions.

Repurchase Agreement (and Reverse Repurchase Agreement): A transaction that involves the sale of a security or other asset with the simultaneous commitment by the seller that after a stated period of time, the seller will repurchase the asset from the original buyer at a predetermined price. A reverse repurchase agreement consists of the purchase of a security or other asset with the simultaneous commitment by the buyer that after a stated period of time, the buyer will resell the asset to the original seller at a predetermined price.

Responsible Investing (RI): The integration of ESG considerations into investment management processes and stewardship practices, focused on those factors that could have a material impact on financial performance and the environmental, social, and financial systems upon which capital markets rely.

Right: An equity-based security that gives the holder the right, but not the obligation to purchase additional shares at a preferred price before a specified date.

Securities Lending: The practice of lending securities to other investors or broker dealers in exchange for a borrow fee. The borrower of securities is required to post collateral to secure the loan.

Short Selling: The sale of borrowed securities with the belief that the price of the security will fall and be less expense to repurchase to repay the loan of securities. Short selling is a common hedging technique.

Swap: A derivative contract in which two parties arrange to exchange financial instruments such as interest rates and cash flows, or securities such as stocks and bonds.

Synthetic Exposure: using derivatives to gain exposure to a financial instrument, or group of financial instruments without owning them.

Term Deposit: Interest-bearing deposits payable at a specified date, after a specified time or after a specified notice period.

Treasury Bill: Short-term, non-interest-bearing government obligations that are payable to bearer and sold on a discount basis.

Warrant: A derivative that allows the holder to purchase stock at a certain price within a specific window of time.