



Special Resolution II.12

Debenture Long-Term Sinking Fund Policy

Category: Board of Governors

Approval: Board of Governors

Responsibility: University Secretary

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Introduction:

On February 17, 2017, Trent University issued \$71,000,000 in Senior Unsecured Series A Debentures (the “Debentures”) due on February 17, 2057 (the “Maturity Date”).

The Debentures have been issued to refinance existing indebtedness and finance various capital projects.

The Debentures are direct obligations of the University and have been issued pursuant to a Trust Indenture between the University and BNY Trust Company of Canada. The Debentures have been assigned a rating of A (Stable) by Dominion Bond Rating Service (DBRS).

The Debentures bear interest at the rate of 4.139% per annum, payable in equal semi-annual instalments in arrears on the 17th day of February and August in each year until maturity commencing August 17, 2017, with repayment of the principal of the Debentures on February 17, 2057.

The Trust Indenture does not require the establishment of a sinking fund. In alignment with its fiduciary responsibilities, the Board of Governors has requested that the University establish a voluntary, internally administered sinking fund from which to repay 100% of the principal of the Debentures at maturity.

Purpose:

The purpose of this policy is:

- To establish the guidelines for a sinking fund for the Debentures
- To set out the investment objectives and risk strategy
- To establish the asset mix and investment guidelines
- To establish the annual contributions
- To set out timing for revaluation of performance and review of the investment strategy

Scope: This policy applies to the \$71,000,000 in Senior Unsecured Series A Debentures (the “Debentures”) due on February 17, 2057 (the “Maturity Date”).

Policy:

Investment Objectives and Risk Strategy

The University's financial objective is to provide sufficient funds to repay 100% of the principal amount of the Debentures by the Maturity Date. The University will invest the annual contributions in a prudent manner as authorized by the Board of Governors. Specifically, the following objectives will govern the investment strategy of the sinking fund:

1. Liquidity – There is no liquidity requirement expected from the sinking fund investments; therefore, holding cash positions are not necessary.
2. Income – There is no income requirement expected from the portfolio; therefore, generating regular cash flows is not necessary.
3. Growth – The fund is required to accumulate \$71,000,000 by the Maturity Date or earlier. As a result, the sinking fund aims to maximize investment earnings over the time horizon and to achieve a minimum annual average rate of return at least equal to the blended rate on the University's debt over the life of the fund.
4. Time Horizon – The investment strategy is based on a very long-term perspective, as no outflows are required until the Maturity Date. As a result, short-term market fluctuations should not receive undue emphasis or require a change in the investment strategy for the sinking fund plan. As the time horizon becomes less than 15 years, a review of this policy should occur.
5. Risk – Due to the long-term perspective of the sinking fund, the risk tolerance of the sinking fund is above average. However, as the main objective of the sinking fund is to ensure sufficient funds for the repayment of the Debentures, preservation of capital should be taken into consideration, especially in the last few years of the sinking fund.

Asset Mix and Investment Guidelines

Due to the long-term horizon that exists for the sinking fund, a long-term asset mix strategy with primarily equity content can be adopted.

Required Annual Contributions

Annual contributions to the sinking fund will be based on a calculation of the amount reasonably required to meet the debt retirement objective as approved by the Finance and Property Committee

At least once every five years the annual contributions will be reviewed given the value of the assets at market value to ensure the adequacy of the sinking fund in comparison to the debt requirement objective. Any changes in the annual contributions will be recommended by the

Pension and Investment Committee.

Special contributions to the sinking fund can be made at any time should the University have surplus funds available or if the sinking fund balance is not accumulating sufficiently to meet the debt retirement obligation of the Debentures.

Evaluation of Performance & Review of Strategy

The primary objective of the investing strategy outlined in this policy is to set aside a pool of assets that is sufficient to repay the principal amount of the Debentures at the Maturity Date. As a result, the primary

goal is to invest in assets that will both achieve sufficient long-term returns while minimizing the University's exposure to a loss of capital. For this reason, the results of investing activities will be measured in terms of the growth of assets over time in comparison to the principal amount needed for repayment of the Debentures.

At least once every five years the Pension and Investment Committee will review the investment objectives of the sinking fund with respect to time horizon and risk tolerance and determine the appropriateness of the investment strategy.

Environmental, Social And Governance (ESG)

"ESG" refers to the environmental, social and governance factors relevant to an investment that may have a financial impact on that investment.

The Board's primary fiduciary responsibility is to ensure an appropriate balance between the need to seek long-term Investment returns to ensure optimal return on investment, and to ensure that those returns are delivered in as stable a manner as possible (given the behavior of the Investment markets).

Alongside this primary objective, the University is committed to being actively engaged in contributing to climate change abatement and environmental sustainability, and to being responsive to select donor interest in socially-responsible investment options. Investment managers are reviewed with ESG principles in mind. The intention is to see that investment managers do incorporate ESG considerations into the investment decision making process for their funds, alongside the achievement of the primarily fiduciary objectives described above.

The Committee believes that consideration of ESG factors into the investment process and manager selection would be more inline with the core believes and key areas that are of importance to the University.

Portfolio Return Expectations

The investment manager(s) appointed by the Committee to manage the investment of part or all of the assets of the Fund (the "Investment Manager") is expected to achieve a satisfactory return through a diversified portfolio, consistent with acceptable risks and prudent management.

The long-term target of the Fund, measured over rolling four-year periods, is to achieve a total annual real rate of return (i.e. greater than the annual increase in the Canadian Consumer Price Index, net of all expenses) of at least 4.0 %.

The four-year rolling period investment objective is to earn, gross of fees, the target policy benchmark return indicated in 4.02 below. The long-term asset mix policy has been established in order to provide a reference for long-term return requirements which are consistent with the Fund's distribution requirements at a risk level acceptable to the Committee.

In summary, return objectives of the Fund are:

- Rolling four year net return of at least 6% (4% + CPI) per annum.

Expected Volatility

The volatility of the Fund is directly related to its asset mix, specifically, the balance between the asset classes chosen in the asset mix reflected in Section 2.03. Since the Investment Manager does not have the authority to make any type of leveraged investment on behalf of the Fund, the volatility of the Fund should be similar to the volatility of the Benchmark Portfolio set out in Section 4.02.

Asset Mix

Total Asset Mix

Taking into consideration the investment and risk philosophy of the Fund, the following asset mix (at market value) has been established:

Assets	Minimum %	Benchmark %	Maximum %
Canadian Equities	5.0	10.0	15.0
Global Equities	30.0	40.0	50.0
Total Equities	40.0	50.0	60.0
Bonds	15.0	25.0	35.0
Total Fixed Income	15.0	25.0	35.0
Real Estate	7.5	25.0	35.0
Infrastructure	0.0	0.0	0.0
Total Alternatives	15.0	25.0	35.0

For purpose of the total asset mix described above, the Investment Manager's asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.

In the absence of a sufficient allocation to one or more of the above asset classes, particularly Alternatives, assets will be temporarily pro-rated across the remaining asset classes until a suitable allocation can be made. Asset targets have been pro-rated to reflect the temporary 0% allocation to Infrastructure.

In order to ensure that the Fund operates within the minimum and maximum ranges, the University shall monitor the asset mix on an on-going basis. In addition, the Committee shall review the asset mix at least quarterly.

Permitted Investments

The Investment Manager may invest in any of the following asset classes and investment instruments listed below.

(a) Canadian and Foreign Equities

- (i) Common and convertible preferred stock;
- (ii) Debentures convertible into common or convertible preferred stock provided such instruments are traded on a recognized public exchange or through established investment dealers;
- (iii) Rights warrants and special warrants for common or convertible preferred stock;
- (iv) Instalment receipts, American Depository Receipts and Global Depository Receipts;
- (v) Units of real estate investment trusts (REITs);
- (vi) Units of income trusts domiciled in jurisdictions that provide limited liability protection to shareholders;
- (vii) Units of limited partnerships which are listed on the TSX exchange; and
- (viii) Exchange traded index-participation units (e.g. iUnits; SPDRs).

(b) Bonds

- (i) Bonds, debentures, notes, and other evidence of indebtedness of Canadian, supranational or developed market foreign issuers whether denominated and payable in Canadian dollars or a foreign currency;
- (ii) Mortgage-backed securities;
- (iii) Asset backed securities;
- (iv) Term deposits and guaranteed investment certificates;

- (v) Investments in good quality foreign issuers of debt in Canadian dollars (i.e. Maple Bonds) are allowed;
- (vi) Private placements of bonds subject to Section 3.03 below, provided that they are marketable and meet the liquidity and minimum issue size requirements for inclusion in the FTSE Canada Universe Bond Index;
- (vii) Real return bonds.

(c) *Cash and Short Term Investments*

- (i) Cash on hand and demand deposits;
- (ii) Canadian Treasury bills issued by the federal and provincial governments and their agencies;
- (iii) Sovereign short-term debt instruments of developed countries, with maturities not exceeding 180 months;
- (iv) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances;
- (v) Commercial paper and term deposits;
- (vi) Other money market instruments (maturity not exceeding 365 days).

(d) *Alternatives*

- (i) Infrastructure private investments such as open-ended funds and LP structures. This may be cover any geographical area;
- (ii) Real Estate private investments such as open-ended funds and LP structures. This may be cover any geographical area.

(e) *Other Investments*

- (i) Investments in open-ended or closed-ended pooled funds provided that the assets of such funds are permissible investments under this Policy;
- (ii) Deposit accounts of the custodian can be used to invest surplus cash holdings;
- (iii) Currency forward and futures contracts to hedge the currency risk of investment positions in non-Canadian dominated securities;
- (iv) Index-linked futures contracts/swaps are permissible derivative investments for stock/bond exposure.

(f) *Fund Structures*

While the guidelines in this Policy are intended to guide the management of the Fund, it is recognized that, where pooled funds are held, there may be instances where there is a conflict between this Policy and the investment policy of a pooled fund. In that case, the pooled fund policy shall dominate, subject to the compliance reporting procedures

outlined in Section 4.03 and Appendix A. However, the Investment Manager is expected to advise the Committee in the event of any material discrepancies between the above guidelines and the pooled fund's own investment guidelines. In addition, the Investment Manager will ensure that the Committee has received a copy of the most recent version of the pooled fund policy and of any amendments made to the pooled fund policy.

(g) Derivatives

The Fund may invest derivatives of equity, fixed-income or currency-related investments, futures and/or forward contracts, swaps, options, warrants, depository receipts, rights or other similar instruments are all permitted for the purposes of exposure and/or hedging. The exposure should be consistent with the Plans' investment objectives and guidelines laid out in this document.

Any derivative will be measured against its underlying exposure. Derivatives cannot be used for speculative purposes or to leverage the portfolio. Similarly, the Fund may indirectly invest in derivatives through its investment in pooled or mutual funds, if the objectives and strategies of these funds permit.

Maximum Quantity Restrictions

(a) Total Fund Level

No securities of any one company or organization shall represent more than 10% of the total market value of the Fund.

(b) Individual Investment Manager Level

The Investment Manager shall adhere to the following restrictions:

i. Equities

- a. No one equity holding or private placement shall represent more than 10% of the total market value of the Investment Manager's equity portfolio.
- b. No one equity holding shall represent more than 10% of the voting shares of a corporation.
- c. No one equity or private placement holding shall represent more than 10% of the available public float of such equity or private placement security.
- d. No more than 15% of the Canadian equity portfolio shall be invested in income trusts and limited partnerships.

ii. Bonds and Short Term

- a. Except for federal and provincial bonds, no more than 10% of an Investment Manager's bond portfolio may be invested in any one company or affiliated group of companies.
- b. No more than 15% of the market value of an Investment Manager's bond portfolio shall be invested in bonds rated 'BBB'.

- c. Net foreign currency exposure is limited to no more than 5% of the market value of the bond portfolio.
- d. No more than 20% of the market value of the bond portfolio may be held in foreign issuer bonds.
- e. No more than 10% of the market value of the bond portfolio shall be invested in direct mortgages backed by Canadian real estate.

iii. Pooled Funds

The investment by the University in a pooled fund may not exceed 10% of the market value of the pooled fund.

Prior Permission Required

The following investments are permitted provided that prior permission for such investments has been obtained from the Committee:

- (a) Direct investments in resource properties;
- (c) Direct investments in venture capital financing;
- (d) Investments in a pooled fund that conflicts with this Policy;
- (e) Investments in private placement equities;
- (f) Derivatives other than those otherwise permitted by this Policy;
- (g) Commercial and residential mortgages secured against Canadian real estate;
- (i) Private Placement Bonds.

Private placement bonds that do not qualify for inclusion in the FTSE Canada Universe Bond Index are only permitted subject to all of the following conditions:

- (a) The issues acquired must be at least 'A' or equivalent rated;
- (b) The total investment in such issues must not exceed 10% of the market value of the Investment Manager's bond portfolio;
- (c) The Investment Manager's portfolio may not hold more than 5% of the market value of any one private placement; and
- (d) The Investment Manager must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price.

Prohibited Investments

The Investment Manager shall not:

- (a) Purchase securities on margin or engage in short sales;
- (b) Invest in debt instruments issued by the University; or,
- (c) Make any investment not specifically permitted by this Policy.

Securities Lending

The investments of the Fund may, with the approval of the Committee, be loaned for the purpose of generating revenue for the Fund subject to the provisions of the Income Tax Act (Canada) and its applicable regulations.

Such loans must be secured by cash and or/readily marketable government bonds, treasury bills and/or letters of credit, discount notes, banker's acceptances of Canadian chartered banks or high quality, liquid equities. The amount of collateral taken for securities lending should reflect OSFI standards and best practices in local markets. This market value relationship must be calculated at least daily.

The terms and conditions of any securities lending program will be set out in a contract with the Custodian. The Custodian shall, at all times, ensure that the Administration of the University has a current list of those institutions that are approved to borrow the Fund's investments. If the Fund is invested in a pooled fund, security lending will be governed by the terms and conditions set out in the pooled fund contract.

Borrowing

The Fund shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to the written permission of the Board.

Delegation of Responsibilities

(a) The Board and The Audit & Investment Committee

The Board has responsibility for overseeing the Fund administered by the senior University official as stated in Section 1.06 of this Policy. The board is also responsible for amending this policy upon the review and recommendation of the Committee.

The Committee will:

- a. Assist the Board in fulfilling its fiduciary duties and provides direction to the senior University official with respect to the Fund;
- b. May hire or terminate the Investment Manager(s) at its discretion, without obtaining the approval of the Board;
- c. Develop the Statement of Investment Policies and Procedures for the Fund;
- d. Review the Fund policy statement at least annually;
- e. Make recommendations regarding the appointment or dismissal of Investment Managers, custodians, consultants and others as required;
- f. Monitor and co-ordinate the activities of the Investment Managers and other service providers to the Fund; and
- g. Review and evaluate the investment performance of the assets of the Fund, including asset allocation and the rates of return achieved relative to established objectives.

The Committee can also delegate certain functions relating to the management and administration of the Fund to external organizations, as outlined below:

(b) Investment Manager

The Investment Manager will:

- i. Invest the assets of the Fund in accordance with this Policy;
- ii. Meet with the Committee as required and provide written reports regarding their past performance, their future strategies and other issues requested by the Committee;
- iii. File quarterly compliance reports, unless the investment is in a mutual fund (see Section 4.03 and Appendix A);
- iv. Reconcile their own records with those of the custodian, at least monthly;
- v. Provide quarterly a performance report in a form acceptable to the Committee. The performance should be provided for the total portfolio managed by the Investment Manager and for each major asset class; and,
- vi. Where investment via a pooled fund or mutual fund has been authorized by the Committee, the Investment Manager will provide the Committee with copies of each pooled fund's audited financial statements within 180 days of the pooled fund's fiscal year end.

(c) Custodian/Trustee

The custodian/trustee will:

- i. Maintain safe custody over the assets of the Fund;
- ii. Execute the instructions of the Board, the Committee and the Investment Manager; and,
- iii. Record income and provide monthly financial statements to the University or as required.

(d) Investment Consultant

The investment consultant will:

- i. Assist in the development and implementation of this Policy;
- ii. Monitor the performance and asset allocation of the Fund on a regular basis;
- iii. Support the Investment Committee on matters relating to investment management and administration of the Fund; and,
- iv. Meet with the Investment Committee as required.

Performance Measurement

For purposes of evaluating the performance of the Fund and the Investment Manager, all rates

of returns are measured over rolling four-year periods, and on a time-weighted return basis..

(a) Total Fund

- The long term target performance objective of the Fund is to outperform the CPI by at least 4.0% over four-year rolling periods, on net of expenses basis.

Investment weightings and performance of the Endowment are to be tested regularly against a Benchmark Portfolio comprising:

Policy Benchmark	%
S&P/TSX Composite Index	10.0
MSCI ACWI (\$CAD)	40.0
Canadian Universe Bond Index	25.0
Infrastructure 6% annual return	12.5
Real Estate 6% annual return	12.5

Compliance Reporting by the Investment Manager

The Investment Manager is required to complete and deliver a compliance report to the Committee each quarter (a sample is included in Appendix A (Compliance Report)). The compliance report will indicate whether or not the Investment Manager was in compliance with this Policy during the quarter.

In the event that the Investment Manager is not in compliance with this Policy, the Investment Manager is required to advise the Committee immediately, detail the nature of the non-compliance and recommend an appropriate course of action to remedy the situation.

The Fund may invest in pooled funds with separate investment policies. Should a conflict arise between those investment policies and this Policy, the Investment Manager is required to advise the Committee as per section 3.02(e).

The Fund may invest in mutual funds with separate fund prospectuses. In this case, at inception the Investment Manager is required to provide the prospectus to the Committee and identify any areas in which the investment policy of the mutual fund may not be fully compliant with this Policy. Subsequent to this initial disclosure, the Investment Manager must notify the Committee if it is not in compliance with its own policy or fund prospectus.

Standard of Professional Conduct

The Investment Manager is expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute. All professional service providers are expected to comply with the standards of their professions and general prudence.

The Investment Manager will manage the Fund with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with endowment funds. The Investment Manager will also use all relevant knowledge and skill that it possesses or ought to

possess as a prudent investment manager.

Conflicts of Interest

(a) Responsibilities

This standard applies to members of the Board and its Committee, members of all other committees involved in supporting the work of the Endowment Fund and all administrators and agents employed by the University in the execution of their responsibilities (the "Affected Persons").

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

(b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Fund's assets.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the University.

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

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the Committee immediately. The Committee, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the Committee.

An Affected Person who has or is required to make a disclosure as contemplated in this Policy shall normally withdraw from the meeting until the issue causing the conflict has been dealt with. He or she may be present at, or take part in the discussions on the issue causing the conflict only if the voting members of the Committee unanimously agree that circumstances warrant such participation. Regardless of the position taken by the Committee, an individual member may still elect to suspend all activities relating to the conflict. In no case is a member permitted to vote on any resolution to approve a contract or investment transaction in which he or she has a material interest.

Notwithstanding the above, the parties listed above may, instead of adhering to this Conflict of Interest Policy, adhere to an alternate Conflict of Interest Policy that the University and the Board deem reasonable.

Related Party Transactions

A “related party” is defined to mean the Board or any member of the Board, any officer, director or employee of the University, or any member of the Committee. It also includes the Investment Manager and their employees, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others. Related party does not include government or a government agency, or a bank, trust company or other financial institution that holds the assets of the Fund(s), where that person is not the administrator of the Fund(s).

The University, on behalf of the Fund, may not enter into a transaction with a related party unless:

- (a) The transaction is both required for operation and or administration of the Fund(s) and the terms and conditions of the transaction are not less favourable than market terms and conditions;
- (b) The combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Fund(s).

For the purposes of this Section 5.02, only the market value of the combined assets of the applicable Fund shall be used as the criteria to determine whether a transaction is nominal or immaterial to the Fund. Transactions less than (0.5%) of the combined market value of the Fund are considered nominal.

Effective July 1, 2016, the “purchase of securities of a related party, provided [they] are acquired on a public exchange” will no longer be an allowed exemption. This exemption will be replaced with allowing the Fund to indirectly invest in the securities of a related party “if the securities are held in an investment fund or segregated fund in which investors other than the University and its affiliates may invest, and that complies with certain quantitative limits.

Appointing and Monitoring the Investment Manager

In accordance with its terms of reference, the Committee is responsible for the appointment of the Investment Manager and is not required to obtain the approval of the Board before appointing any Investment Manager, as highlighted under Delegations of Responsibilities in section 4.01 (a). The committee will monitor and review the:

- (a) Assets and net cash flow of the Fund;
- (b) Investment Manager’s organizational and financial stability, staff turnover, consistency of style and record of service;
- (c) Investment Manager’s current economic outlook and investment strategies;
- (d) Investment Manager’s compliance with this Policy where a manager is required to complete and sign a compliance report; and,
- (e) Investment performance of the assets of the Fund in relation to the rate of return expectations outlined in this Policy, on a quarterly basis.

Dismissal of an Investment Manager

It is the responsibility of the Committee to monitor the performance of the Investment Manager and to remove the Investment Manager where necessary, in accordance with this Section. Reasons for considering the termination of the services of an Investment Manager include, but are not limited to, the following factors:

- (a) Changes in the overall structure of the Fund assets such that the Investment Manager's services are no longer required;
- (b) Change in personnel, firm structure or investment philosophy which might adversely affect the potential return and/or risk level of the portfolio;
- (c) Performance results which are below the stated performance benchmarks; and/or
- (d) Failure to adhere to this Policy.

When one of these or any other serious concern arises, the Committee will normally request a special meeting with the manager to discuss the issue. In any such case, the Committee may recommend corrective action up to and including termination of the services of the Investment Manager. The Committee is not required to obtain Board approval to terminate the services of an Investment Manager.

Voting Rights

The Board has delegated voting rights acquired through the investments held by the Fund to the custodian of the securities to be exercised in accordance with the Investment Manager's instructions. The Investment Manager is expected to exercise all voting rights related to investments held by the Fund in the interests of the beneficiaries in cases where a pooled fund is used. On an annual basis, the Investment Manager shall report their voting activities to the Committee.

The Board reserves the right to take-back voting rights of assets held in segregated portfolios for specific situations.

Valuation of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

(a) Equities

Average of bid-and-ask prices from two major investment dealers, at least once every month.

(b) Bonds

Same as for equities.

(c) Mortgages

Unless in arrears, the outstanding principal plus/minus the premium/discount resulting from the differential between face rate and the currently available rate for a mortgage of similar quality and term, determined at least once every month.

(d) Alternatives & Real Assets

A certified written appraisal from a qualified independent third party appraiser at least every two years.

Policy Review

This Policy should be formally reviewed by the Committee at least annually and may be amended by the Board at any time. A copy of the most current policy is to be provided to the Investment Manager.

Appendix —Glossary of Terms

As used in this Policy:

Active Management

Managing the investments of a fund with the objective of outperforming the return of a broad-based index or combination of broad based indices.

Administrator

Person or persons that administer the pension plan.

American Depository Receipt (ADR)

Receipt for the shares of a foreign-based corporation held in the vault of a U.S. bank and entitling the shareholder to all dividends and capital gains.

Asset

Anything having exchange value.

Asset Classes

Groups of securities or assets with similar characteristics. These may be broadly defined (equities, bonds) or more narrowly defined (Canadian small cap equities, Real Return Bonds).

Basis Point

One-one hundredth of one percent (0.01%).

Bond

Any interest-bearing or discounted government or corporate security that obligates the issuer to make specified payments of interest and principal to the holder over a specified period.

Book Value

The acquisition cost of an asset, including all direct costs associated with the acquisition, prior to any external financing.

Common Stock

Units of ownership of a public corporation where owners typically are entitled to vote on the selection of directors and other important matters as well as to receive dividends on their holdings, and in the event that a corporation is liquidated, the claims of secured and unsecured creditors and owners of bonds and preferred stock take precedence over the claims of those who own common stock.

Consumer Price Index (CPI)

The Consumer Price Index for Canada as published by Statistics Canada under the authority of the Statistics Act (Canada).

Custodian

A bank or other financial institution that holds the investment assets of the Plan.

Debenture

A general debt obligation backed only by the integrity of the borrower and documented by an agreement called an indenture.

Derivative Instruments or Securities

Financial contracts that derive their value from the value of an underlying asset (such as a financial instrument, index, or commodity) through contractual relationships. Derivatives include forwards, swaps, futures, options and warrants.

FTSE Canada Universe Bond Index

An index maintained by FTSE that covers all marketable Canadian bonds with term to maturity of more than one year. The purpose of the index is to reflect the performance of the broad Canadian bond market, including federal, provincial and municipal government issues, as well as corporate issues.

FTSE Canada 91-day T-Bill Index

An index maintained by FTSE that covers Canadian Treasury Bills. The index is constructed by selling and repurchasing Government of Canada T-bills with an average term to maturity of 91 days.

Diversification

The spreading of risk by investing assets in different categories of investments.

Duration

The weighted-average time (in years) to cash flow recovery.

Equity

The ownership interest possessed by a shareholder in a corporation - stocks as opposed to bonds.

Foreign Equity

Ownership in non-Canadian stocks.

Foreign Exchange Contract

A contract for the immediate (spot) delivery of a specified amount of foreign currency in exchange for Canadian dollars.

Forwards

Any over-the-counter (OTC) contract, which calls for the delivery of an underlying asset, for a specified price (the forward delivery price), to be delivered at contract maturity.

Futures

Any exchange-traded contract, which calls for the delivery of an underlying asset at a predetermined maturity date, for a pre-specified price (the futures delivery price), to be delivered at contract maturity.

Global Depository Receipt

A receipt denoting ownership of foreign-based corporation stock shares, which are traded in numerous capital markets around the world.

Income Tax Act (ITA)

The Income Tax Act (Canada) and the regulations made thereunder, as amended from time to time.

Income Trust

An investment structured as a trust that invests in income-producing assets where the revenues, net of expenses, are distributed to investors.

Index

A statistical composite that measures changes in the economy or in financial markets, often expressed in percentage changes from a base year or from the previous month.

Inflation

The rise in the prices of goods and services.

Investment Manager

An investment manager who is an individual or company with the responsibility for providing investment advice to clients and executing discretionary investment decisions.

Liquidity

- (a) The characteristics of a security or commodity with enough units outstanding to allow large transactions without a substantial drop in price, and
- (b) The ability of an individual or company to convert assets into cash or cash equivalents without a significant loss.

Market Value

The most probable price that would be obtained for property in an arm's length sale in an open market under conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and willingly.

MSCI EAFE Index

An index maintained by MSCI, the MSCI EAFE Index is free float-adjusted market capitalization index that is designed to measure developed market equity performance globally, excluding North America.

Mortgage

A debt instrument by which the borrower (mortgagor) gives the lender (mortgagee) a lien on

property as security for the repayment of a loan.

Options

Any contract granting the purchaser of the contract, the right, but not the obligation, to exercise or fulfil the terms and conditions specified in the contract.

Passive Management

Managing the investments of a fund with the objective of matching the return of a broad-based index such as the S&P/TSX Composite Index.

Policy

The Statement of Investment Policies and Procedures for the Trent University Endowment Fund.

Preferred Stock

A class of capital stock that pays dividends at a specified rate, usually does not have voting rights and that has preference over common stock in the payment of dividends and the liquidation of assets.

Private Placement

Stocks, bonds or other investments that are issued directly to an institutional investor and are not publicly traded.

Real Estate

Investments with returns derived from rental incomes from properties and gains from development, redevelopment and/or sale of properties including office buildings, multi-unit residential buildings and retail space.

Resource Property

Any property that is,

- (a) A right, license or privilege to explore for, drill for or take petroleum, natural gas or related hydrocarbons;
- (b) A right, license or privilege to;
 - i. Store underground petroleum, natural gas or related hydrocarbons; or
 - ii. Prospect, explore, drill or mine for minerals in a mineral resource;
- (c) An oil or gas well or real property, of which the principal value depends on its petroleum or natural gas content, excluding any depreciable property used or to be used in connection with the extraction or removal of petroleum or natural gas there from;
- (d) A real property, of which the principal value depends on its mineral resource content, excluding any depreciable property used or to be used in connection with the extraction or removal of minerals there from; or

(e) A right to or interest in any property described in clause (a) to (d) above.

S&P/TSX Composite Index

An index maintained by the S&P/TSX Canadian Index Policy Committee that measures the return on the largest companies that trade on the Toronto Stock Exchange. The index is float-weighted and calculated on a total return basis with dividends reinvested.

S&P/TSX Composite Capped Index

Contains all the constituents of the S&P/TSX Composite Index, with weight of any single index constituent capped at 10 percent.

S&P 500 Index

An index maintained by the Standard & Poors U.S. Index Committee, this widely recognized index measures the performance of 500 large cap U.S stocks.

Securities Lending Agreement

An agreement entered into by the trustees of Trent University and a borrower of the securities outlining the terms of the loan.

Security

Any document, instrument or writing commonly known as a security and includes a share of any class or series of shares or a debt obligation of a corporation, a certificate evidencing such a share or debt obligation and a warrant.

Segregated Fund or Portfolio

A fund established by a sponsor that is duly authorized to operate a fund in which money from one or more contributors is accepted for investment and the assets of the fund are maintained by the sponsor as separate and distinct from the general funds of the sponsor.

Supranational bonds

Debt issued by supranational organizations such as the World Bank (IBRD), the European Development Bank (EIB) or Inter-American Development Bank (IADB).

Policy Benchmark

A portfolio that represents the long-term asset allocation set by the Board of Governors in order to meet the portfolio return expectations.

Warrant

A type of security, usually issued together with a bond or preferred stock that entitles the holder to buy a proportionate amount of common stock at a specified price, usually higher than the market price at the time of issuance, for a period of years or to perpetuity.