Statement of Investment Policies and Procedures

Brescia University College

Endowed, Restricted and Unrestricted Investments

And

Capital Fund Date: March 2022

APPROVED on this

March 16, 2022

BRESCIA UNIVERSITY COLLEGE

Chair, Board of Trustees

President

Section I-Overview

Purpose of the Statement of Investment Policies and Procedures

The purpose of this Statement of Investment Policies and Procedures ("SIPP") is to establish and define a prudent and mutually acceptable basis for the management of the investments of Brescia University College ("Brescia"). Brescia's investments (collectively, "the Funds") comprise the endowed, restricted and unrestricted investments (the "Donor Fund") and the Capital Fund ('the "Capital Fund"). This investment policy:

- Outlines the financial profile of the Funds
- Identifies the Funds' investment objectives and constraints
- Provides appropriate asset mix ranges and restrictions that are consistent with the Fund's respective investment objectives
- Establishes an appropriate reporting and review process

Brescia will engage a third party expert Investment Manager (the "Manager") to manage the Funds on behalf of Brescia. This SIPP is intended to provide guidance to the Manager, Brescia management, Committee Members, Board of Trustees ("Board") and other vested parties.

Background

Brescia University College ("Brescia") is Canada's only women's university. Brescia was founded in 1919 by the Ursuline Sisters, strong women of faith who are committed to social justice, community service, and the development of women. Brescia is open to - and embraces - women of all faiths.

Brescia is affiliated with Western University, the third-largest university in Ontario.

Brescia was incorporated on August 16, 1999 as Brescia College. An application for Supplementary Letters Patent was filed by the Ministry of Consumer and Business Services on July 3, 2002 to change the corporation's name to Brescia University College. On April 30, 2017, Brescia amalgamated with Brescia University College Foundation, whose purpose was to receive and maintain funds for the purpose of providing scholarships, bursaries and other financial assistance to students enrolled at Brescia and for the purpose of providing gifts to Brescia for the furtherance of its objectives.

Brescia is a not-for-profit registered charity exempt from tax under the Income Tax Act.

Section 2A-Investment Strategy
Brescia University College Donor Fund

Financial & Investment Profile

Brescia University College raises funds to support its mission as a non-profit charitable organization providing University level education to women as an affiliate of Western University.

The Brescia University College Donor Fund:

- contains funds donated for specific purposes such as scholarships, bursaries and capital asset purchases according to the restrictions, if any, of the donors;
- is intended to be used for specific purposes and the focus is on preservation of capital. Annual disbursements to cover scholarships and awards are made from the Fund each year.

The Donor Fund portfolio objectives are:

- Primary - To protect and grow the Fund's capital in order to preserve its purchasing power.
- Secondary - To provide for the Fund's annual cash flow needs.

Portfolio Return Expectations and Portfolio Construction

The investment goal of the Donor Fund is to achieve a target rate of return of 4% after inflation and fees per annum over a complete economic cycle. This is consistent with the overall investment risk level that the Donor Fund wishes to assume, reflective of the current low levels of interest rates, and may be re-assessed from time to time. To achieve this goal while controlling investment risk, the Donor Fund has adopted a balanced asset mix.

Measurement against performance objectives will normally be assessed over rolling four-year periods.

The **primary benchmark** of the Donor Fund is to distribute 4% of the rolling 5-year average value of the Fund, thereby implying a 5-year rolling annual return of 4% plus inflation and fees, in order to maintain the real value of the capital in the Fund.

The **secondary benchmark** of the Donor Fund is to earn a gross rate of return (i.e. before all fees) that exceeds the total return from dividends, interest and capital gains derived from a weighted average of the Neutral asset mix weightings and the following component benchmarks over moving four-year periods:

Benchmark Portfolio
For Canadian equities: S&P/TSX Composite Index
For U.S. equities: S&P 500 Index ($CDN)
For International equities: MSCI EAFE Index ($CDN)
For Investment Grade Canadian bonds: The FTSE TMX Universe Bond Index
For High Yield bonds and Senior Loans: The Bank of America ML BB-B Constrained Index (CAD hedged)
For Cash and cash equivalents: FTSE TMX 91-day Treasury-bill index

Risk

Although equities have produced the best long term returns, they have also produced the highest degree of volatility. That said, the Donor Fund has a moderate tolerance for risk so it was agreed the maximum exposure to common equities will be 80% of the Donor Fund portfolio.

Time Horizon

The Donor Fund is designed to operate in perpetuity and the investment time horizon will be sufficiently long (+25 years) to account forthis.

Asset Mix

The Manager is given discretion to establish the asset mix at levels deemed appropriate relative to the above return objective. The Manager may determine how the mix is distributed among these asset classes according to the following guidelines:

Donor Fund Investment Parameters:

Asset Class	**Minimum**	**Neutral**	**Maximum**
Total Equities	**30%**	**54%**	**80%**
Canadian	15%	24%	40%
U.S.	10%	15%	25%
International	10%	15%	25%
Fixed Income	**20%**	**36%**	**70%**
Investment Grade Bonds	20%%	30%	45%
High Yield Bonds & Senior Loans	0%	5%	10%
Cash	0%	1%	5%
Alternative Investments (Illiquid)	**0%**	**10%**	**15%**

Allowance for Short-term Spending Plans

The above table represents the desired portfolio asset mix when immediate or short-term capital is not required from the portfolio. When Brescia informs the Investment Manager of any capital withdrawals expected in the short-term, some or all of the capital needed may be held outside this asset mix primarily in cash or short-term bonds, depending on the timing and market conditions at the time.

Section 2B-Investment Strategy
Brescia University College Capital Fund

Financial & Investment Profile

The Brescia University College Capital Fund was established with surplus capital from Brescia's operations and intended for unexpected or planned capital costs Brescia might encounter. Historically Brescia has not drawn on the Capital Fund. Brescia also has significant restricted cash set aside outside of the Capital Fund for annual capital maintenance costs and future capital projects.

Brescia plans to develop a long-term capital plan that is intended to provide for more specific spending plans out of the Capital Fund. Until this strategic capital plan is finalized the Capital Fund is intended for emergency, unbudgeted capital needs of Brescia.

The Capital Fund portfolio objectives are:

- To protect and grow the Fund's capital in order to preserve its purchasing power.
- To provide liquidity for emergency or budgeted capital needs.

Portfolio Return Expectations and Portfolio Construction

The investment goal of the Capital Fund is to achieve a target rate return of 4% after inflation and fees per annum over a complete economic cycle. This is consistent with the overall investment risk level that the Fund wishes to assume, reflective of the current low levels of interest rates, and may be re-assessed from time to time. To achieve this goal while controlling investment risk, the Fund has adopted a balanced asset mix.

Measurement against performance objectives will normally be assessed over rolling four-year periods.

The **primary benchmark** of the Capital Fund is to earn an annual rate of return of 4% after fees and inflation.

The **secondary benchmark** for the Capital Fund is to earn gross rate of return (i.e. before all fees) that exceeds the total return from dividends, interest and capital gains derived from a weighted average of the Neutral asset mix weightings and the following component benchmarks over moving four-year periods:

Benchmark Portfolio
For Canadian equities: S&P/TSX Composite Index For
U.S. equities: S&P 500 Index ($CDN)
For International equities: MSCI EAFE Index
For Investment Grade Canadian bonds: The FTSE TMX Universe Bond Index
For High Yield bonds and Senior Loans: The Bank of America ML BB-B Constrained Index (CAD hedged)
For Cash and cash equivalents: FTSE TMX 91-day Treasury-bill index

Risk

Although equities have produced the best long term returns, they have also produced the highest degree of volatility. That said, Brescia has a moderate to high tolerance for risk and given the significant cash balances maintained outside of the investment portfolio, it was agreed the maximum exposure to common equities will be 80% of the Capital Fund.

Time Horizon

The time horizon for the Capital Fund will evolve when the long term spending plan for Brescia is finalized. Until that time, the Capital Fund will be managed with a short to medium-term (2-5 years) outlook to allow for flexibility as demands arise.

Asset Mix

The Manager is given discretion to establish the asset mix at levels deemed appropriate relative to the above return objective. The Manager may determine how the mix is distributed among these asset classes according to the following guidelines:

Capital Fund Investment Parameters:

Asset Class	Minimum	NeutralE	Maximum
Total Equities	**20%**	**64%**	**80%**
Canadian	10%	28%	40%
U.S.	5%	18%	25%
International	5%	18%	25%
Fixed Income	**20%**	**36%**	**80%**
Investment Grade Bonds	20%	40%	60%
High Yield Bonds & Senior Loans	0%	5%	10%
Cash	0%	1%	10%
Alternative Investments (Illiquid)	**0%**	**0%**	**15%**

Allowance for Short-term Spending Plans

The above table represents the desired portfolio asset mix when immediate or short-term capital is not required from the portfolio. When Brescia informs the Investment Manager of any capital withdrawals expected in the short-term, some or all of the capital needed may be held outside this asset mix primarily in cash or short-term bonds, depending on the timing and market conditions at the time.

Section 3-Permitted and Prohibited Investments

List of Permitted Investments

List of Permitted Investments which can be held in the context of the permitted asset mix for each Fund:

a) Canadian equities: (actively traded on North American recognized stock exchanges)

- Common and preferred stocks;
- Rights and warrants;
- REITs; and
- Mutual funds and investment pools.

(b) Foreign equities (including U.S. and international): (actively traded on major international stock exchanges)

- Common and preferred stocks;
- Rights and warrants;
- American Depository Receipts and Global Depository Receipts; and
- Mutual funds or investment pools.

(c) Fixed income instruments:

- Bonds;
- Senior loans;
- Debentures (convertible and non-convertible); and
- Mortgages and other asset-backed securities.

(d) Cash and Equivalents:

- Cash;
- Demand or term deposits;
- Short-term notes;
- Treasury bills;
- Bankers acceptances;
- Commercial paper; and
- Investment certificates issued by banks, insurance companies and trust companies.

(e) Alternative Illiquid Assets
All illiquid strategies must be reviewed and approved by the FAIC prior to the investment manager investing or committing in the strategy.

(f) Pooled funds, closed-end investment companies and other structured vehicles in any or all the above permitted investment categories are allowed. The Manager may hold any part of the portfolio in one or more pooled or co-mingled funds managed by the Manager, provided that such pooled funds are expected to be operated within constraints similar to those described in this SIPP. It is recognized by the Committee that complete adherence to this SIPP may not be entirely possible; however, the Manager is expected to advise the Committee in the event that the pooled fund exhibits, or may exhibit, any departure from this SIPP.

Derivatives

Investment in derivative instruments may be used for hedging purposes in pooled funds to facilitate the management of risk or to facilitate an economical substitution for a direct investment. Under no circumstances will derivatives be used for speculative purposes or to create leveraging of the portfolio.

Prohibited Transactions

The Funds will not engage in the following unless permitted in writing by the Board of Trustees:

- Purchase of securities on margin;
- Loans to individuals or related parties;
- Short sales; and
- Direct investments in real estate, venture capital, and/or resource properties.

Borrowing

The Funds will not be used to guarantee any borrowing except in the case of unanticipated overdrafts when cash is not sufficient to settle a purchase expected to occur.

Minimum Quality Requirements

i) Investment Grade Bonds shall have a minimum quality standard for individual bonds and debentures is 'BBB' or equivalent as rated by at least one Recognized Bond Rating Agency, at the time of purchase.

ii) High Yield Bonds and Senior Loans with a quality standard below 'BBB' will be limited in their asset weight according to the Asset Mix table in Section 2.

iii) The minimum quality standard for individual short-term investments is 'R-1' or equivalent as rated by at least one Recognized Bond Rating Agency, throughout the holding period. If any investment grade bond falls below the rating, the manager will rectify the holding within a reasonable time period (2 quarters). .

iv) Asset-backed securities must have a 'BBB' rating from at least one Recognized Bond Rating Agency, at the time of purchase.

Where one Recognized Bond Rating Agency differs significantly, either on 'investment grade' status (above or below BBB-) or a difference in rating of 3 grades or more, from the other Recognized Bond Rating Agencies, the Investment Manager will disclose the difference and justify the rating they are using in the quarterly compliance report.

Rating Agencies

For the purposes of this Policy, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies':

i) Dominion Bond Rating Agency;

i) Standard and Poor's;

ii) Fitch Ratings (foreign issuers only); and

iii) Moody's Investors Services.

Maximum Quantity Restrictions

i) No one equity security shall represent more than 10% of the market value of the total equity portfolio.

ii) Except for federal and provincial bonds (including government guaranteed bonds), no more than 10% of an Investment Manager's bond portfolio may be invested in the bonds of a single issuer and its related companies.

iii) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the total outstanding market value of a bond issue.

iv) Asset backed and commercial mortgage backed securities shall represent no more than 30% of the total market value ofthe bond portfolio.

v) Securities with a credit rating less than "A" shall represent no more than 25% of the total market value of the investment grade bond portfolio.

vi) Corporate bonds shall represent no more than 70% of the total market value of the investment grade bond portfolio.

vii) In the event of one or more ratings differing from the others, the majority rating will prevail. In the event that there are only two ratings available, the most conservative rating will prevail.

Environmental, Social and Governance (ESG) Factors

Brescia believes that environmental, social and governance ("ESG") factors can impact the Funds' investment returns and that consideration of such factors contributes to the prudent investment of the Funds' assets.

The Funds' investments are not selected, or rejected, solely on the basis of ESG factors. Rather, provided there is sufficient transparency regarding the asset class, ESG factors are considered to the extent that they may have a material impact on the financial return of an investment. The Manager is responsible for determining the materiality of the risks posed by ESG factors and other economic and financial risks and for selecting the Funds' investments accordingly.

Brescia's ESG approach includes: encouraging the Manager to consider the material ESG risks and opportunities facing the Funds' investments; and encouraging the Manager to become a signatory to the United Nations-Supported Principles for Responsible Investment.

Section 4-Monitoring and Control

Delegation of Responsibilities

Brescia's Investment Committee (Brescia's Finance, Audit and Investment Committee functions as Brescia's Investment Committee), which oversees Brescia's investments, has been appointed by Brescia's Board of Trustees.

The Investment Committee will:

i) Formulate and amend, when necessary, this Policy;

ii) Recommend selection and any subsequent changes of the Investment Manager;

iii) Monitor the Funds' performance and activity.

Investment Committee activities may also be subject to Board of Trustees approval.

The Investment Manager will:

i) Invest the assets of the Funds in accordance with this Policy and provide quarterly reports certifying the Funds are in compliance with the mandate or listing any exceptions;

ii) Notify the Committee in writing of any significant changes in the investment manager's philosophies and policies, personnel or organization and procedures;

iii) Meet with the Committee as required, but at least annually, and provide quarterly written reports regarding their past performance, future strategies and other issues as requested.

iv) The Investment Manager will provide the FAIC a signed Compliance Report confirming compliance with this SIPP on a quarterly basis.

The Custodian/Trustee will:

i) Maintain safe custody over the assets of the Funds;

ii) Execute the instructions of Brescia and any Investment Manager appointed to manage the assets of the Funds; and

iii) Record income and provide monthly financial statements as required.

Benchmark and Performance Measurement

The performance of the Funds shall be measured quarterly and, in accordance with CFA Institute Standards, return calculations shall be as follows:

- Time weighted rates of return, where possible.
- Total returns, including realized and unrealized gains and losses and income from all sources.

Transition Period:

Transition periods will be kept to a minimum. All transactions will be considered in the context of what is the best approach for the Funds over the long term.

Standard of Professional Conduct

The Investment Manager is expected, at a minimum, 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.

The Manager will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use in dealing with institutional assets. 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

Responsibilities

This standard applies to the members of the Manager's staff, as well as to all agents employed by them, in the execution of their responsibilities to the Funds (the "Affected Persons").

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

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 Funds.

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 Brescia.

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 individual deals in the course of performance of his or her duties and responsibilities for Brescia.

It is incumbent on any Affected Person who believes that he/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 Brescia immediately.

No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.