

**Statement of  
Investment Policies  
and Goals**

Saskatchewan  
Telecommunications  
Pension Plan

As of November  
2021

APPROVED on this 7th day  
of October 2021

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On behalf of  
Saskatchewan Telecommunications Pension Plan

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# Section 1—Overview

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## 1.01 Purpose of Statement

The purpose of this policy statement is to provide a framework for the prudent investment and administration of the pension fund. The policy provides the Investment Managers with a written statement of specific quality, quantity and rate of return standards.

A major goal of this policy statement is to establish ongoing communication between the Board and the Investment Managers. Effective communication will contribute to management of the assets in a manner that is consistent with market conditions and with the objectives of the Board.

This Policy is based on the “prudent person portfolio approach” to ensure the prudent investment and administration of the assets of the Plan, within the parameters set out in the *Pension Benefits Act, 1992* and the Regulations thereunder.

## 1.02 Background of the Plan

The Saskatchewan Telecommunications Pension Plan is registered pursuant to the Pension Benefits Act, 1992. Effective January 1, 1999, the assets and liabilities of the Saskatchewan Telecommunications Superannuation Fund were transferred to the Saskatchewan Telecommunications Pension Fund. Also effective January 1, 1999 the former Fund and the former Act, The Saskatchewan Telecommunications Superannuation Act, were disestablished.

## 1.03 Plan Profile

Aspects of the Plan that impact return requirements and risk tolerance include:

- The Plan is a contributory defined benefit pension plan.
- SaskTel, as employer, contributes amounts as necessary to ensure that sufficient funds are available to make benefits payments to retired members.
- Effective January 1, 2001, indexing of retirement benefits is guaranteed to a maximum of 2% per year.
- The Plan is mature, as it has been closed to new members since 1977. A number of early retirement programs have further reduced the active membership over the years. As a result the majority of the actuarial liability relates to retired members.
- Given the small number of active members, any additional contributions required to fund deficits will be solely employer funded.

- Liquidity requirements are also a consideration for the investment policy as benefit payments and expenses are higher than contributions, requiring funding from income and sale of assets.

## **1.04 Objective of the Plans**

The purpose of the Saskatchewan Telecommunications Pension Plan (the “Plan”) is to meet the present and future obligations accumulated on behalf of the Plan’s participants.

## **1.05 Investment and Risk Philosophy**

### **(a) Investment Beliefs**

The Policy sets out the parameters under which the Fund is managed, which are influenced by several basic assumptions about the characteristics and trends in capital markets. The key investment beliefs that shape the Policy are:

- (i) Asset allocation is the most important determining factor in the investment performance of the Fund.
- (ii) In the long term, equities will outperform bonds to compensate for their higher risk.
- (iii) Alternative asset classes, including real estate, offer an opportunity to reduce overall investment risk without reducing returns, through a combination of income, stable valuations and low correlations to traditional asset classes.
- (iv) Market movements between asset classes are not perfectly correlated as equity and bond portfolios respond differently to economic factors. In addition, Canadian versus foreign equities, are not perfectly correlated due to different economic environments and the underlying composition of the capital markets. As a result, diversification offers the opportunity to improve risk-adjusted returns.
- (v) Exposure to foreign currencies as a result of moderate levels of foreign equity investments has provided diversification benefits. However, as the time horizon shortens, eliminating some foreign currency exposure is seen as appropriate risk management where cost effective.
- (vi) The success of active management varies based on efficiency of capital markets. Where markets are efficient, the quick dissemination of information limits the ability of investment professionals to consistently add value to the broad market indices.

### **(b) Investment Philosophy**

Plan Assets (Fund) should be prudently managed to assist in avoiding actuarial deficits and excessive volatility in annual rates of return.

An assessment of the risk tolerance of the Plan considers the cash demands and the closed nature of the Plan, along with the financial position of SaskTel. The Plan maturity is above average in that retired lives dominate the membership, and liquidity needs are increasing. The need for continued growth is also a consideration, given the maximum 2% guaranteed indexing for retirees. Based on these factors, the Fund can assume a modest level of investment risk, defined as the volatility of returns in any year, to achieve the income and growth objectives. This assessment implies a long-term asset mix strategy that has a significant position in fixed income and as well as equity

exposure and real assets for diversification and growth. Given the maturity of the Plan, improvements in funded position will result in a review and potential shift in asset mix with the intent of reducing equity exposure and funding volatility, in accordance with the SaskTel Pension Plan Dynamic Investment Monitoring Policy.

**(c) Risk Philosophy**

While prudent management seeks to avoid excessive volatility, it is recognized that a low risk investment policy will earn a low rate of return. The impact may be that the Plan's liabilities grow faster than the assets. Therefore, in order to achieve the long-term investment goals, the Fund must invest in assets that have uncertain returns, such as Canadian and foreign equities, real estate, non-government bonds and mortgages. However, the Board attempts to reduce the overall level of risk by diversifying the asset classes and further diversifying within each individual asset class. The Board will also monitor the funded position and look to de-risk the Plan in accordance with the SaskTel Pension Plan Dynamic Investment Monitoring Policy.

**1.06 Administration**

The Saskatchewan Telecommunications Pension Plan text sets out the powers and responsibilities of the Saskatchewan Telecommunications Pension Board.

The Board is authorized to invest the assets of the Fund in accordance with the *Pension Benefits Act, 1992* and the *Income Tax Act*.

Investment management and custody of the Plan's assets have also been delegated as set out in Section 4.01 of this policy.

## Section 2—Asset Mix and Diversification Policy

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### 2.01 Portfolio Return Expectations

The Investment Manager(s) appointed by the Board to arrange the investment of part or all of the Fund are directed to achieve a satisfactory long-term real rate of return through a diversified portfolio within their mandate, consistent with acceptable risks and prudent management. The long-term investment objective of the Fund is to achieve a total annual real return, net of all expenses, of 1.7% (i.e., the Consumer Price Index plus 1.7%), which is to be measured over rolling ten-year periods. A long-term asset mix policy has been established in order to provide a reference for long-term return requirements that are consistent with the Plans' liabilities at a risk level acceptable to the Board.

### 2.02 Expected Volatility

The volatility of the Fund is directly related to its asset mix, specifically, the balance between Canadian fixed income, Canadian and foreign equities, and real estate. Since the Investment Managers do 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 below and in Section 4.02 (Performance Measurement).

### 2.03 Asset Mix

#### (a) Combined Fund Asset Mix

Taking into consideration the investment and risk philosophy of the Fund, the following asset mix has been established:

Assets	Minimum %	Benchmark* %	Maximum %
<b>Growth</b>			
Canadian equities	4.5	6.5	8.5
U.S. equities	4.5	6.5	8.5
Non-North American equities	7.0	10.0	13.0
Emerging Markets equities	<u>1.0</u>	<u>2.0</u>	<u>3.0</u>
<b>Real Estate</b>	10.0	15.0	20.0
<b>Total Growth Component</b>	36.0	40.0	44.0
<b>Liability Matching</b>			
Canadian Custom Fixed Income	52.0	57.0	62.0
Short-term investments	<u>0.0</u>	<u>3.0</u>	<u>10.0</u>
<b>Liability Matching Component</b>	56.0	<u>60.0</u>	64.0
<b>Total Fund</b>		100.0	

\* Effective October 1, 2021

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

**(b) Active Specialty Manager Portfolios**

The following table represents the asset mix policy for the specialty Investment Managers. The Investment Manager is expected to maintain a fully invested portfolio, but cash would be permitted as set out below or in the Investment Manager's investment policy for the investment fund.

***Canadian Equity Manager<sup>(1)</sup>***

	<b>Minimum %</b>	<b>Benchmark %</b>	<b>Maximum %</b>
Canadian equities	80	100	100
Short-term investments cash	0		20
Total		100	

<sup>(1)</sup> Cash reserves in investment funds are deemed to be fully invested in that investment fund's asset class.

The specialty Canadian Equity Investment Manager may invest in Canadian equities, cash and short-term investments, subject to Section 3.02 (a), (d), (e)(i) and (f).

***International Equity Manager<sup>(1)</sup>***

	<b>Minimum %</b>	<b>Benchmark %</b>	<b>Maximum %</b>
All Country ex U.S. Equities	100	100	100
Emerging Markets Equities	100	100	100

<sup>(1)</sup> Cash reserves in investment funds are deemed to be fully invested in that investment fund's asset class.

The specialty International Equity Manager will invest in an All Country ex U.S. Equity Investment mandate as well as an Emerging Markets mandate. The Manager may invest in developed equity markets outside of the U.S. and emerging market equities, as well as bonds, cash and short-term investments, and investment funds that invest in these securities in accordance with the Trust Prospectus as submitted to the Board.

***Custom Fixed Income Manager Portfolio<sup>(1)</sup>***

	<b>Minimum %</b>	<b>Benchmark %</b>	<b>Maximum %</b>
Custom Fixed Income	90	100	100
Short Term Investments & Cash	0	0	10

<sup>(1)</sup> Cash reserves in investment funds are deemed to be fully invested in that investment fund's asset class.

### **Short Term Investments Manager Portfolio<sup>(1)</sup>**

	<b>Minimum %</b>	<b>Benchmark %</b>	<b>Maximum %</b>
Short-Term Investments	90	100	100

<sup>(1)</sup> Cash reserves in investment funds are deemed to be fully invested in that investment fund's asset class.

### **Real Estate Manager Portfolio<sup>(1)</sup>**

	<b>Minimum %</b>	<b>Benchmark %</b>	<b>Maximum %</b>
Real Estate	90	100	100

<sup>(1)</sup> Cash reserves in investment funds are deemed to be fully invested in that investment fund's asset class.

### **(c) Index Manager Portfolios<sup>(1)</sup>**

	<b>Minimum %</b>	<b>Benchmark %</b>	<b>Maximum %</b>
U.S. Equities	100	100	100

<sup>(1)</sup> Cash reserves in investment funds are deemed to be fully invested in that investment fund's asset class.

The Index Manager may invest in U.S. equities, international equities, equity index futures contracts, currency forwards and futures, cash and short-term investments, subject to Section 3.02 (a), (b), (d), (e)(i), and (f).

## **2.04 Management Structure**

### **(a) Philosophy**

A specialist management structure has been adopted for the Fund, consisting of:

- (i) An active Canadian equity manager;
- (ii) An active international equity manager, which will invest in developed equity markets outside of the U.S. and emerging market equities;
- (iii) A passive manager, managing U.S. equities;
- (iv) An active real estate manager;
- (v) An active fixed income manager, who will invest a portfolio of liability matching assets; and
- (vi) An active short term investments manager,

This structure employs a mix of active and passive management styles. Active management has been adopted for a portion of the assets as it provides the opportunity to outperform common market indices over the long-term, with minimum degree of excess risk. Passive management has been adopted for a portion of the assets as it

minimizes the risk of underperformance relative to a benchmark index and is generally less expensive than active management.

Specialty managers have been employed as the simplest and most efficient implementation approach for achieving the Total Fund investment strategy and asset mix.

**(b) Investment Manager Rebalancing Guidelines and Procedures**

In order to ensure adequate diversification by both asset class and by Investment Manager, the Board has established the following parameters to guide the allocation of assets to each of the Fund's Investment Managers.

<b>Rebalancing Guidelines* Assets (as a % of Market Value)</b>	<b>Minimum %</b>	<b>Target %</b>	<b>Maximum %</b>
Active Canadian Equity Manager	4.5	6.5	8.5
Active All Country ex U.S. Equity Manager	7.0	10.0	13.0
Active Emerging Markets Manager	1.0	2.0	3.0
Passive U.S. Equity Manager	4.5	6.5	8.5
Active Real Estate Manager	10.0	15.0	20.0
Custom Fixed Income Manager	52.0	57.0	62.0
Active Short-term Investment Manager	0.0	3.0	10.0

\* *Effective October 1, 2021*

Implementation of the rebalancing in accordance with the above shall be the responsibility of the Board, which may be delegated to Administration.

**(c) Investment Manager Rebalancing Procedures**

The rebalancing guidelines are intended to assist in managing the asset mix. Neither rebalancing for market fluctuations, nor allocation of new cash flow, will be used as a method to reward or express dissatisfaction with Investment Manager performance. Investment Manager performance is a long-term measure and will be dealt with during performance reviews.

The assets allocated to each Investment Manager will be determined subsequent to each month end. Should any specialty Investment Manager's range be breached, that Investment Manager will be rebalanced to the target weight by transferring cash to (from) the mandate(s) furthest from target, with consideration given to cost and efficiency.

In the event that the Total Fund asset mix guidelines are breached without a breach of any of the Investment Manager rebalancing guidelines also occurring, the Total Fund will be brought within the guidelines by adjusting those mandates furthest from their target weights.

## Section 3—Permitted and Prohibited Investments

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### 3.01 General Guidelines

The investments of the Fund must comply with the requirements and restrictions imposed by the applicable legislation, including but not limited to the requirements of the *Pension Benefits Act, 1992*, which refers to the federal *Pension Benefits Standards Act, 1995* on investment related issues, the Income Tax Act and Regulations, and all subsequent amendments.

In general, and subject to the restrictions noted below, the Fund Assets may be invested in any of the asset classes in any of the instruments listed below. However, any permitted investment within the trust agreement of an investment fund vehicle, which is not specifically permitted below should be disclosed in writing to the Board.

### 3.02 Permitted Investments

In general, and subject to the restrictions in Section 2 and in Section 3, an Investment Manager may within its mandate, invest the Fund assets in any of the following asset classes and in any of the investment instruments listed below:

#### (a) Canadian and Foreign Equities

- (i) Common and convertible preferred stock, traded through a marketplace.
- (ii) Debentures convertible into common or convertible preferred stock.
- (iii) Rights and warrants for common or convertible preferred stock.
- (iv) Private placement equities of publicly listed companies, where the security will be eligible for trading through a marketplace within a reasonable and defined time frame.
- (v) Installment receipts, American Depository Receipts and Global Depository Receipts.
- (vi) Exchange traded index participation units (i.e., iUnits and Standard and Poor's Depository Receipts).
- (vii) Units of real estate investment trusts (REITs).
- (viii) Units of publicly traded income trusts domiciled in jurisdictions that provide limited liability protection to unitholders.
- (ix) Units of limited partnerships which are traded through a marketplace.

**(b) Bonds and Mortgages**

- (i) Bonds, debentures, notes, non-convertible preferred stock and other evidence of indebtedness of Canadian or developed market foreign issuers whether denominated and payable in Canadian dollars or a foreign currency.
- (ii) Mortgages secured against Canadian real estate subject to Section 3.03 below.
- (iii) Mortgage-backed securities.
- (iv) Asset-backed securities.
- (v) Term deposits and guaranteed investment certificates.
- (vi) Private placements of bonds subject to Section 3.03.

**(c) Real Estate**

- (i) The Investment Manager will invest only in assets that are allowable investments under the applicable Canadian pension legislation and Section 149 of the *Income Tax Act* (Canada).
- (ii) Assets may include equity interests in, and mortgages of, Canadian real estate investments and other investments permissible under Section 149 of the *Income Tax Act* (Canada). In addition, investments may also include closed or open-ended investment funds, securities or bonds issued by tax exempt real estate corporations or pension corporations, or other issuers permitted under pension legislation where the assets underlying the securities or bonds are mortgages or real estate equities.

**(d) Cash and Short-Term Investments**

- (i) Cash on hand and demand deposits.
- (ii) Treasury bills issued by the federal and provincial governments and their agencies.
- (iii) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances.
- (iv) Commercial paper and term deposits.

**(e) Other Investments**

- (i) Investments in open-or closed-ended investment funds provided that the assets of such funds are permissible investments under the Policy.
- (ii) Deposit accounts of the custodian can be used to invest surplus cash holdings.

**(f) Derivatives**

The use of derivatives (such as options, futures and forward contracts) is permitted to protect against losses from changes in exchange rates, interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment. Sufficient assets or cash must be held to cover commitments due to the derivatives transactions. No derivatives can be used for speculative trading or to create a portfolio with leverage.

**(g) Investment Funds**

Investment in investment funds is permissible.

Investment fund investments are governed by the policies for each fund. The Board has reviewed the guidelines for the following funds and determined they are appropriate investment vehicles for a portion of the Fund assets:

Beutel Goodman Money Market Fund  
Beutel Goodman Small Capitalization Fund  
TD Greystone Real Estate Fund  
TD Greystone Target Duration Funds  
TD Greystone Mortgage Fund  
TD Emerald US Pooled Fund  
TD Emerald Canadian Treasury Management – Government of Canada Fund  
GMO International Equity Allocation Fund  
GMO Emerging Markets Fund

The Investment Manager is required to notify the Board immediately in writing of any changes to the investment fund guidelines. In the event fund guideline changes are deemed inappropriate by the Board for an existing investment fund, the Board will determine the necessary course of action, which may include exiting the fund.

Any new investment funds reviewed and deemed appropriate during the course of the year are to be added to the list of eligible funds during the next investment policy review.

### **3.03 Minimum Quality Requirements**

**(a) Quality Standards**

Within the investment restrictions for individual Investment Manager portfolios, including investment funds, all portfolios should hold a prudently diversified exposure to the intended market.

- (i) The minimum quality standard for individual bonds and debentures is ‘BBB’ or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase (includes all sub-rating levels within the overall “BBB” rating).
- (ii) The minimum quality standard for individual short-term investments is ‘R-1’ or equivalent rating as rated by a Recognized Bond Rating Agency, at the time of purchase.
- (iii) All investments shall be reasonably liquid (i.e., in normal circumstances, with the exception of real estate, they should be capable of liquidation within 1 month).
- (iv) Due to the relative illiquidity of mortgages, the net yield at the time of commitment should exceed the yield on Government of Canada bonds of a similar term, after deduction of all administrative fees.

- (v) Unrated bonds should be assigned a rating by the Investment Manager before purchase.
- (vi) The minimum quality standard for individual preferred shares is 'P-1' or equivalent as rated by a Recognized Bond Rating Agency, at the time of purchase.

**(b) Split Ratings**

In cases where the Recognized Bond Rating Agencies do not agree on the credit rating, the bond will be classified in accordance with the rules established by FTSE Russell for the FTSE Canada Universe and Maple Bond Indexes.

**(c) Downgrades in Credit Quality**

An Investment Manager will take the following steps in the event of a downgrade in the credit rating of a portfolio asset by a Recognized Rating Agency to below the purchase standards set out in Section 3.03(a) Quality Standards:

- (i) The client will be notified of the downgrade by telephone at the earliest possible opportunity;
- (ii) Within ten business days of the downgrade, the Investment Manager will advise the Client in writing of the course of action taken or to be taken by the Investment Manager, and its rationale; and
- (iii) The Investment Manager will provide regular reporting on the status of the asset until such time as the security matures, is sold or is upgraded to a level consistent with the purchase quality standards as expressed in the above guidelines.

**(d) Rating Agencies**

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

- (i) DBRS Morningstar;
- (ii) S&P Global;
- (iii) Moody's Investors Services; and,
- (iv) Fitch Ratings

**(e) Private Placement Bonds**

Private placement bonds and asset-backed securities are permitted subject to all of the following conditions:

- (i) The issues acquired must be minimum 'BBB' or equivalent rated.
- (ii) The Investment Manager's portfolio may not hold more than 5% of the market value of any one private placement.

- (iii) The Investment Manager must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price.

### **3.04 Maximum Quantity Restrictions**

#### **(a) Total Fund Level**

No one equity holding of a corporation and its associated or affiliated companies shall represent more than 10% of the total market value of the assets of the Fund.

#### **(b) Individual Investment Manager Level**

The Investment Manager shall adhere to the following restrictions:

##### **(i) Equities**

- (A) No one equity holding shall represent more than 10% of the market value of the manager's portfolio.
- (B) No one equity holding shall represent more than 10% of the voting shares of a corporation.
- (C) No one equity holding shall represent more than 10% of the available public float of such equity security.
- (D) The 10% limit referred to in 3.04(b)(i)(B) does not apply to a corporation incorporated for the purpose of, and that limits its activities to, allowing a pension fund to avail itself of either:
  - Expertise not otherwise available to the fund.
  - An investment opportunity in real estate, resource property or venture capital.

##### **(ii) Bonds and Short-Term**

- (A) Except for federal and provincial bonds (including government guaranteed bonds), no more than 10% of a Investment Manager's bond portfolio may be invested in the bonds of a single issuer and its related companies.
- (B) Except for federal and provincial bonds, no one bond holding shall represent more than 10% of the market value of the total outstanding for that bond issue.
- (C) 'BBB' bonds may not be purchased if the purchase would raise the holdings rated 'BBB' or lower to more than 15% of the market value of the bond portfolio.
- (D) Foreign currency exposure is limited to no more than 10% of the market value of the bond portfolio.
- (E) No more than 15% of the market value of the bond portfolio may be held in foreign issuer bonds.

**(iii) *Real estate***

- (A) The real estate portfolio shall be prudently diversified by geographic region and property-type.
- (B) Leverage at the property and portfolio level should be reasonable given the nature of the property and economic environment.
- (C) No one property shall represent more the 10% of the market value of the real estate portfolio.
- (D) The Investment Manager will not invest in non-income producing properties if such investment would result in the aggregate market value of non-income producing properties exceeding 20% of the market value of the portfolio of the Fund.

**(iv) *Investment Funds***

Except for the real estate and mortgage funds, an investment by the Fund in a single investment fund should not exceed 10% of the market value of that fund unless provision has been made to transfer assets out of the fund "in kind" where possible or practical.

### **3.05 Prior Permission Required**

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

- (a) Investments in private placement equities except as permitted in 3.02 (a) (iv),
- (b) Investments in private placement bonds which are not deemed to be liquid,
- (c) Direct investments in venture capital financing,
- (d) Direct investments in resource properties,
- (e) Investments in an investment fund that conflicts with this Policy,
- (f) Derivatives other than those otherwise permitted in Section 3.02(f) above.

### **3.06 Prohibited Investments**

The Investment Managers shall not:

- (a) Invest in companies for the purpose of managing them;
- (b) Purchase securities on margin or engage in short sales, except in the case of a unleveraged synthetic index strategy where the Investment Manager will utilize futures contracts and short-term securities to attempt to create returns that match those of a specified index; or,
- (c) Make any investment not specifically permitted by this Policy.

### **3.07 Securities Lending**

The investments of the Fund Assets may be loaned, for the purpose of generating revenue for the Fund Assets, subject to the provisions of the *Pension Benefits Act, 1992*, the *Income Tax Act (Canada)* and their applicable Regulations.

Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes and banker's acceptances of Canadian chartered banks. The amount of collateral taken for securities lending should reflect best practices in local markets. In Canada, the current market practice is to obtain collateral of at least 105% of the market value of the securities lent. This market relationship must be calculated at least daily.

The terms and conditions of any securities lending program including the maximum exposure in aggregate and by counterparty will be set out in a contract with the Custodian. The Custodian shall, at all times, ensure that the administration has a current list of those institutions that are approved to borrow the Plan's investments. If the Plan assets are invested in an investment fund, security lending will be governed by the terms and conditions set out in the investment fund contract.

### **3.08 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.

## Section 4—Monitoring and Control

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### 4.01 Delegation of Responsibilities

The Saskatchewan Telecommunications Pension Board is the administrator of the Plan and the Fund with duties that include establishing the investment policy and objectives; establishing investment management structure; selecting Investment Managers and a custodian; and monitoring investment performance. Board duties also include hiring staff and acquiring services as necessary in administering the Fund.

In completing the above duties a number of responsibilities have been delegated:

**(a) Investment Managers will:**

- (i) Invest the assets of the Fund in accordance with this Policy,
- (ii) Notify the Board, in writing of any significant changes in the Investment Manager's philosophies and policies, personnel or organization and procedures,
- (iii) Reconcile their own records with those of the custodian, at least monthly,
- (iv) Meet with the Board as required and provide quarterly written reports regarding their past performance, their future strategies and other issues as requested, and
- (v) File quarterly compliance reports.

**(b) The custodian/trustee will:**

- (i) Maintain safe custody over the assets of the Fund,
- (ii) Execute the instructions of the Board and any Investment Manager appointed to manage the assets of the Fund, and
- (iii) Record income and provide monthly financial statements as required.

**(c) The actuary will:**

- (i) Provide actuarial valuations of the Plan as required, and
- (ii) Support the Board on any matters relating to plan funding and contribution rates.

**(d) The investment consultant will:**

- (i) Assist in the development and implementation of this policy and provide related research;

- (ii) Monitor the investment performance of the Fund and the Investment Managers on a quarterly basis;
- (iii) Support the Board on matters relating to investment management and administration of the Fund; and
- (iv) Meet with the Board as required.

The Board has the authority to retain other consultants/suppliers, as it deems necessary from time to time.

#### 4.02 Performance Measurement

The performance of the Fund shall be measured quarterly and, in accordance with industry convention, return calculations shall be as follows:

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

For the purpose of evaluating the Plan and Investment Managers, performance will normally be assessed over rolling four-year periods, except for passively managed index mandates, which shall be measured over one year periods.

##### (a) Combined Fund Benchmark

The primary objective for the Fund is to earn a rate of return that, net of fees, exceeds the rate of return earned on a benchmark portfolio. The benchmark consists of the following market index total returns weighted as indicated:

Combined Fund Benchmark <sup>(1)</sup>	Target %
S&P/TSX Composite Index	6.5
S&P 500 Index (Cdn \$)	6.5
MSCI All Country Ex-US Index <sup>(2)</sup>	10.0
MSCI Emerging Markets Index (Cdn \$)	2.0
MSCI/REALPAC Canada Quarterly Property Fund	15.0
Custom Fixed Income Benchmark	57.0
FTSE Canada 91-day T-Bills	<u>3.0</u>
	<u>100.0</u>

<sup>(1)</sup> Effective October 1, 2021 Historical benchmark information in Appendix A.

<sup>(2)</sup> From July 1, 2004 to June 30, 2015 SaskTel's performance objective for the All Country ex U.S. equity mandate was 80% MSCI EAFE (C\$) and 20% MSCI Emerging Markets Free (C\$).

- (b) The Custom Fixed Income Benchmark shall have the following benchmarks:

***Primary Measure***

The Investment Manager will be expected to add 0.40% p.a. (before fees) over moving 4-year periods above the rate of return achieved by the Custom Fixed Income Benchmark. The Custom Fixed Income Benchmark return is the rate of return that would be achieved on a portfolio of Government of Canada “stripped coupons,” passively invested to replicate the liability benchmark cash flows.

***Secondary Measure:***

The Investment Manager’s performance will be assessed compared to returns generated over the weighted average returns of various FTSE Canada sub-indices. Besides the return comparison, the intent of using FTSE Canada-based benchmarking is to permit independent, third-party performance calculations using publically available indices.

The specific weights of the FTSE Canada sub-indices will depend on the duration target and the sector weighting targets of the four target duration funds used in the duration matched fixed income (LDI) strategy. Given the supply-driven nature of the FTSE Canada indices, the weightings of the various FTSE Canada sub-indices will be reviewed monthly and revised if necessary, to ensure they continue to result in a fair representative benchmark.

- (c) **Specialty Canadian Equity Manager**

Investment results of the Canadian Equity Manager are to be tested regularly against a long-term Benchmark Portfolio comprising:

<b>Benchmark</b>	<b>%</b>
S&P/TSX Composite Index	100

- (d) **Specialty All Country ex U.S. Equity Manager**

Investment results of the All Country ex. U.S. Equity Manager are to be tested regularly against a long-term Benchmark Portfolio comprising:

<b>Benchmark</b>	<b>%</b>
MSCI All Country Ex-US Index*	100

*From July 1, 2004 to June 30, 2015 SaskTel’s performance objective for the All Country ex U.S. equity mandate was 80% MSCI EAFE (C\$) and 20% MSCI Emerging Markets Free (C\$).*

(e) **Specialty Emerging Markets Equity Manager**

Investment results of the Emerging Markets Equity Manager are to be tested regularly against a long-term Benchmark Portfolio comprising:

<b>Benchmark</b>	<b>%</b>
MSCI Emerging Markets Free (C\$)	100

(f) **Index Manager**

The primary objective for the index manager is to earn a rate of return on each component of the Index Portfolio that approximates the rate of return earned on the relevant market index as follows:

<b>Benchmarks</b>	<b>Tracking Error</b>
S&P 500 Index (Cdn. \$) (cash market)	+/-20 Basis Points per annum -10 Basis Points to +20 Basis Points over rolling four-year periods

The market indices referred to in this section may be changed by the Board to match the specific investment mandates for the Investment Managers selected to manage the portfolio, recognizing that at all times the Fund must be managed in accordance with the asset mix guidelines set out in Section 2 and permitted and prohibited investments set out in Section 3 above.

(g) **Specialty Short Term Investments Manager**

Investment results of the Short Term Investments Manager are to be tested regularly against a long-term Benchmark Portfolio comprising:

<b>Benchmark</b>	<b>%</b>
FTSE Canada 91-Day T-Bills	100

(h) **Canadian Real Estate Investment Manager**

Investment results of the Canadian Real Estate Investment Manager are to be tested regularly against a long-term Benchmark Portfolio comprising:

<b>Benchmark</b>	<b>%</b>
MSCI/REALPAC Canada Quarterly Property Fund	100

#### **4.03 Compliance Reporting by Investment Manager**

Each Investment Manager is required to complete and sign a compliance report each quarter. The compliance report should indicate whether or not the Investment Manager's portfolio was in compliance with this Policy, or where appropriate the relevant investment fund policy, during the quarter. Copies of the compliance reports must be sent to the Board and to the Fund's investment consultant. Report formats for the compliance reports are included under Appendix B. Alternative report formats that address manager compliance may be used, as agreed to by the Board.

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

If an Investment Manager believes the Asset Mix Guidelines are inappropriate for anticipated economic conditions, the Investment Manager is responsible for advising the Board that a change in guidelines is desirable and the reasons therefore.

#### **4.04 Standard of Professional Conduct**

Each 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.

Each Investment 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 pension plan assets. The Investment Manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent Investment Manager.

#### **4.05 Directed Brokerage Commission**

A variety of brokers should be used in order to gain maximum utilization of the services available. It is the responsibility of the Investment Manager to ensure that the commission distribution is representative of the services rendered.

The Board does not use directed commissions (i.e., soft dollars) to pay for any goods or services. Investment Managers may use soft dollars to pay for research and other investment-related services with disclosure to the Board, provided they comply with the Soft Dollar Standards promulgated by the CFA Institute or internal guidelines if substantially equivalent.

#### **4.06 Suppression of Terrorism**

The Investment Manager must comply at all times and in all respects with the federal Suppression of Terrorism Regulations.

## Section 5—Administration

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### 5.01 Conflicts of Interest

#### (a) Responsibilities

This standard applies to the members of the Board as well as to all agents employed by them, in the execution of their responsibilities to the Fund (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 Board to provide specific services with respect to the investment, administration and management 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.

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 Board.

No Affected Person shall accept a gift or gratuity or other personal favor, 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 the Board.

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 the Board immediately. The Board, 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 Board.

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.

## **5.02 Related Party Transactions**

The Fund may not enter into a transaction with a related party unless permitted under the Pension Benefits Standards Act and Regulations.

Related party includes any officer, director or employee of the Company. It also includes the investment managers and their employees, a union representing employees of the Company, 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

Under the preceding conflict of interest guidelines, it is incumbent on any person to notify the Board Chair if a conflict arises. Such conflict includes related party transactions.

## **5.03 Selecting Investment Managers**

In the event that a new Investment Manager must be selected or additional Investment Manager(s) added to the existing Investment Managers, the Board will undertake an Investment Manager search. The criteria used for selecting an Investment Manager will be consistent with the investment and risk philosophy set out in Section 1.05 (Investment and Risk Philosophy), and the Management Structure Philosophy set out in Section 2.04(a).

## **5.04 Monitoring and Rebalancing the Fund's Asset Mix**

In order to ensure that the Fund operates within the guidelines stated in this Policy, the Pension Plan Manager shall monitor the asset mix on a monthly basis. In the event that the Fund falls outside of asset mix and/or rebalancing guidelines, the Pension Plan Manager will rebalance according to the rebalancing procedures as set out in Section 2.04 (b) Investment Manager Rebalancing Guidelines and report back to the Board.

## **5.05 Monitoring of Investment Managers**

To enable the Board to fulfil its responsibility of monitoring and reviewing the Investment Managers, the investment consultant will assist the Board, on an ongoing basis, in considering:

- (a) Investment Manager's financial stability, staff turnover, consistency of style and record of service;
- (b) Investment Manager's current economic outlook and investment strategies;
- (c) Investment Manager's compliance with this Policy, where an Investment Manager is required to complete and sign a compliance report; and,
- (d) Investment performance of the assets of the Plan in relation to the rate of return expectations outlined in this Policy.

## **5.06 Performance Reporting by Investment Managers**

On a calendar quarterly basis, the Investment Managers will provide performance reports that include a strategy review for their portfolios.

Regular meetings between the Active Managers and the Board will be scheduled. For each meeting, it is expected that the Active Managers will prepare a general economic and capital markets overview, which will be distributed prior to the meeting. The Active Managers should address the following issues in their presentations.

- (a) Review the previous period's strategy and investment results.
- (b) Discuss how the condition of the capital markets affects the investment strategy of their respective portfolios.
- (c) Economic and market expectations.
- (d) Anticipated changes in the asset mix within the limits provided in this Policy.
- (e) Discuss compliance and proxy deviations or exceptions.

The Index Manager will meet with the Board at least once per annum.

An important element of the success of this policy is the link between the Investment Managers and the Board. It is expected that the Investment Managers will communicate with the Board and investment consultant whenever necessary between regularly scheduled meetings.

## **5.07 Dismissal of an Investment Manager**

Reasons for considering the termination of the services of an Investment Manager include, but are not limited to, the following factors:

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

## **5.08 Voting Rights**

The Board has delegated voting rights acquired through pension fund investments to the custodian of the securities, to be exercised in accordance with the Investment Managers' instructions. Investment Managers are expected to vote all proxies in the best interests of the Plan members.

The Board may take back voting rights of assets held in segregated portfolios for specific situations. For private placements, voting rights will be delegated to the Investment Manager, or voted directly by a Board representative.

The Investment Managers should disclose their proxy voting policies and report annually on (1) whether all eligible proxies were voted on the Plan's behalf and (2) if the proxy guidelines were followed and report on any deviations.

### **5.09 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 calendar quarter.

**(b) Bonds**

Same as for equities.

**(c) Mortgages**

Unless in arrears, at 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 calendar quarter.

**(d) Real estate**

Real estate is valued at fair value as estimated by an annual independent appraisal. Real estate acquired within the year is recorded at cost, which approximates its fair value.

**(e) Others**

Securities that are not publicly traded and for which no external transaction or other evidence of market value exists, will be valued at cost.

### **5.10 Policy Review**

This Policy may be reviewed and amended at any time, but it must be formally reviewed by the Board, at least annually.

# **Appendix A—Benchmark History**

## (A) Combined Fund Benchmark History

Combined Fund Benchmark %	Oct 1, 2021	April 1, 2021	April 1, 2018	Jun 1, 2014	Mar 1, 2014	July 1, 2012	Jan 1, 2009	Oct 1, 2008	Oct 1, 2005
S&P/TSX Composite Index	6.5	9.5	11.0	12.5	14.0	14.0	24.0	24.0	24.0
S&P 500 Index (Cdn. \$)	6.5	9.5	11.0	12.5	14.0	6.0	7.0	7.0	7.0
S&P 500 Index (Hedged to Cdn \$)	-	-	-	-	0.0	8.0	7.0	7.0	7.0
MSCI EAFE Index (Cdn. \$)	-	3.0	5.0	7.0	9.0	9.0	7.0	7.0	7.0
MSCI All Country Ex-US Index <sup>(1)</sup>	10.0	10.0	10.0	10.0	10.0	10.0	9.0	9.0	9.0
MSCI Emerging Markets Index	2.0	3.0	3.0	3.0	3.0	3.0			
MSCI/REALPAC Canada Quarterly Property Fund <sup>(2)</sup>	15.0	15.0	15.0	15.0	15.0	15.0	7.0	8.5	7.0
FTSE Canada Long Bond / Custom Fixed Income Benchmark	57.0	48.0	43.0	38.0	33.0	33.0	20.0	20.0	20.0
FTSE Canada Real Return Bond Index	-	-	-	-	-	-	7.0	8.5	10.0
FTSE Canada 91-day T-Bills	<u>3.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

(1) From July 1, 2004 to June 30, 2015 SaskTel's performance objective for the All Country ex U.S. equity mandate was 80% MSCI EAFE (C\$) and 20% MSCI Emerging Markets Free (C\$).

(2) Prior to April 1, 2018, MSCI/REALPAC Canada Property Index used as the real estate mandate benchmark

# **Appendix B—Compliance Reports**

**Saskatchewan Telecommunications Pension Plan**  
**Custom Fixed Income and Short Term Investments Management**  
**Compliance Report For The Period From \_\_\_\_\_ To \_\_\_\_\_**  
(date) (date)

		Guidelines and Constraints	Policy Complied With Yes/No*
<b>Mandate</b>			
<b>Custom Fixed Income</b>	TD Greystone Target Duration Funds	Compliance with TD Greystone Target Duration Funds guidelines	
	TD Greystone Mortgage Fund	Compliance with TD Greystone Mortgage Fund guidelines	
<b>Short Term Investments</b>	TD Greystone Money Market Fund	Compliance with TD Greystone Money Market Fund guidelines	
<b>Investment Fund Policies</b>	Latest investment fund policies sent to SaskTel administration		
<b>General Constraints</b>			
<b>Other Investments</b>		None	
<b>Other</b>	- Statutory Requirements	Must meet requirements for eligible investments outlined in <u>The Pension Benefits Act</u>	
		Must meet requirements for eligible investments outlined in the <u>Income Tax Act</u>	
<b>Conflicts Of Interest</b>	- Disclosure	Conflicts of interest disclosed to the Chairperson of the Board	
<b>Suppression of Terrorism</b>	- Compliance	Compliance with Federal Suppression of Terrorism Regulations	

*\*If policy not complied with, comment on specifics.*

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Company Name

**Saskatchewan Telecommunications Pension Plan**  
**Specialty Canadian Equity Management**  
**Compliance Report For The Period From \_\_\_\_\_ To \_\_\_\_\_**  
(date) (date)

		Guidelines	Policy Complied With Yes/No*
		%	
<b>Asset Mix (at Market Value)</b>			
<b>Equities</b>	Canadian	80 - 100	
<b>Short Term &amp; Cash</b>		0 - 20	
<b>Constraints</b>			
<b>Equities</b>	- Publicly traded through a marketplace		
	- Diversification	Max 10% of the market value of the equity portfolio in any single holding	
	- Concentration	Max 10% of the common stock or voting shares of a single corporation	
	- Private Placements	Prior approval required except for equities as allowed in Section 3.02(a)(iv)	
<b>Short Term Investments</b>	- Minimum Quality	"R-1" rating, or equivalent	
<b>Investment Fund Policies</b>	Latest investment fund policy sent to SaskTel administration		
<b>Other</b>	- Statutory Requirements	Must meet requirements for eligible investments outlined in <u>The Pension Benefits Act</u>	
		Must meet requirements for eligible investments outlined in the <u>Income Tax Act</u>	
	- Derivative Securities	Prior approval required	
<b>Conflicts Of Interest</b>	- Disclosure	Conflicts of interest (if any) disclosed to the Chairperson of the Board	
<b>Suppression of Terrorism</b>	- Compliance	Compliance with Federal Suppression of Terrorism Regulations	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Company Name

**Saskatchewan Telecommunications Pension Plan**  
**Index Management**  
**Compliance Report For The Period From \_\_\_\_\_ To \_\_\_\_\_**  
(date) (date)

		Guidelines and Constraints	Policy Complied With Yes/No*
<b>Mandate</b>			
<b>U.S equities (Cash Market)</b>	Emerald U.S. Equity Index Fund	Managed in a manner that approximates the composition of the S&P 500 Composite Index.	
		Derivatives permitted for the management of short-term cash flows and hedging currency exposure	
<b>Investment Fund Policies</b>	Latest investment fund policies sent to SaskTel administration		
<b>General Constraints</b>			
<b>Other Investments</b>		None	
<b>Other</b>	- Statutory Requirements	Must meet requirements for eligible investments outlined in <u>The Pension Benefits Act</u>	
		Must meet requirements for eligible investments outlined in the <u>Income Tax Act</u>	
<b>Conflicts Of Interest</b>	- Disclosure	Conflicts of interest disclosed to the Chairperson of the Board	
<b>Suppression of Terrorism</b>	- Compliance	Compliance with Federal Suppression of Terrorism Regulations	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Company Name

**Saskatchewan Telecommunications Pension Plan**  
**Canadian Real Estate Management**  
**Compliance Report For The Period From \_\_\_\_\_ To \_\_\_\_\_**  
**(date) (date)**

		Guidelines %	Policy Complied With Yes/No*
<b>Asset Mix (at Market Value)</b>			
<b>Real Estate</b>	Canadian Real Estate	80 – 100	
	Short-term investments	0 – 20	
<b>Constraints</b>			
<b>Real Estate</b>	- Leverage	Reasonable (indicate %)	
	- Type of Real Estate	Land held for future development limited in amount	
<b>Other Investments</b>		None	
<b>Other</b>	- Statutory Requirements	Must meet requirements for eligible investments outlined in the <i>Pension Benefits Act</i> .	
		Must meet requirements for eligible investments outlined in the <i>Income Tax Act</i> .	
<b>Conflicts of Interest</b>	- Disclosure	Conflicts of interest disclosed to the Chair of the Board and Chair of the Investment Committee.	
<b>CFA Institute Code of Ethics and Standards of Professional Conduct</b>	- Compliance	CFA Institute Code of Ethics and Standards of Professional Conduct complied with	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Company Name

**Saskatchewan Telecommunications Pension Plan**  
**All Country Ex-U.S. Equity and Emerging Market Equity Management**  
**Compliance Report For The Period From \_\_\_\_\_ To \_\_\_\_\_**  
**(date) (date)**

**Emerging Market Equity Mandate**

**Compliance Reporting**

On a calendar quarterly basis, the emerging markets equity fund manager, GMO, will complete and make available a signed compliance letter for the GMO Emerging Markets Fund. The compliance letter should indicate whether the fund was in compliance with the internal investment fund policy guidelines or prospectus through the period and confirm that any changes to the investment guidelines have been disclosed.

**International Equity Allocation Mandate**

**Compliance Reporting**

On a calendar quarterly basis, the international equity fund manager, GMO, will complete and make available a signed compliance letter for the GMO International Equity Allocation Fund. The compliance letter should indicate whether the fund was in compliance with the internal investment fund policy guidelines or prospectus through the period and confirm that any changes to the investment guidelines have been disclosed.