BRANDON UNIVERSITY
RETIREMENT PLAN

ANNUAL REPORT - 2021

Incorporating the Annual Financial Statements

BRANDON UNIVERSITY

June 2022

Dear Member:

Enclosed is a detailed report on the operation of the Brandon University Retirement Plan this past year. Its purpose is to provide general information to the membership, particularly with regard to the financial operation and performance of the Plan. Full audited financial statements for the year ended December 31, 2021 are included in this report.

The Plan, under the guidance of Connor, Clark & Lunn Investment Management Ltd., had a positive rate of return of 13.5% in 2021 (14.2% in 2020).

The December 31, 2021 Brandon University Retirement Plan valuation completed by the Plan actuary, Eckler Ltd. determined that the Plan had a solvency deficiency of Plan assets over calculated Plan obligations (liabilities) of $26,760,000 in 2021 ($52,649,000 in 2020). The solvency ratio was 0.894 in 2021 (0.797 in 2020). In January 2009, Brandon University filed an election to be exempt from the requirement to make solvency deficiency special payments in accordance with the Solvency Exemption for Public Sector Pension Plans Regulation. As a result of the election, the University is not required to make special payments into the Plan related to the solvency deficiency.

The Going-Concern funding method shows a surplus of $21,901,000 on December 31, 2021 ($9,785,000 surplus in 2020). As the University is currently in a surplus position, an annual special payment was not required for 2021. The annual cost of this special payment for 2020 was $26,000. A "Going-Concern Valuation" assumes Brandon University will continue to operate, the Retirement Plan will continue to operate, and pension benefit obligations will come due through member retirement, termination of employment, or death.

The Pension Benefits Act in Manitoba changed in 2021. Previously, whenever the solvency ratio was less than .90, annual plan valuations were required. That threshold has now been set at .85. As the solvency ratio of the plan on December 31, 2021 is greater than 0.85, the Pension Benefits Act of Manitoba requires the next valuation be effective no later than December 31, 2024. This valuation will be completed in 2025 unless the Trustees of the BU Retirement Plan elect for an earlier valuation to reflect anticipated improvements to future solvency ratios.

Subsequent to year-end, the impact of the COVID-19 continues in Canada and globally. Although the disruption of the virus is expected to be temporary and conditions have been improving, given the dynamic nature of these circumstances, the duration and related financial impact cannot be reasonably estimated at this time. Investment returns contribute to financing the obligations of the Retirement Plan. However, returns are "smoothed" over a four-year period, which minimizes the shock of a single bad (or good) year. The Plan is a defined benefit plan, which means that pensions should not be affected by periodic market fluctuations. Brandon University is also responsible, as the residual funder of the Plan, to cover periodic shortfalls that may arise.

In 2020, the Pension Trustees conducted a review of the performance of the Investment Manager, Connor Clark & Lunn. In summary, Eckler found that CC&L exceeded the objectives of earning CPI plus 3%, outperforming the benchmark and placing in the top 33% of peer investment managers in rolling four-year periods over the last four years. Eckler indicated satisfaction with the performance of CC&L overall and they recommend considering adding a further diversification to the investment asset mix. The asset mix has been reviewed and real estate and infrastructure investments added to the portfolio with a subsequent reduction in primarily fixed income assets. A new agreement is in place with CC&L and a new Statement of Investment Policies and Procedures has been created to reflect the objectives of the Pension Trustees.

The Board of Trustees of the Retirement Plan welcomes any comments or questions from all members.

Sincerely,

Original signed by David Taylor
Chair, Board of Trustees

Mr. David Taylor
Chair, Board of Trustees
Brandon University Retirement Plan

Original signed by Scott J.B. Lamont
Vice-President (Administration & Finance)

Mr. Scott J.B. Lamont, FCPA, FCGA, MBA
Vice-President (Administration & Finance)
Brandon University

BRANDON UNIVERSITY RETIREMENT PLAN

Annual Report for the year ended December 31, 2021

Members of the Board of Trustees (as of December 31, 2021):

Consultant/Actuary	Eckler Ltd.
Investment Manager	Connor, Clark & Lunn Investment Management Ltd.
Investment Sector Managers	Connor, Clark & Lunn High Yield Bond Fund I Connor, Clark & Lunn Long Bond Fund Class A Connor, Clark & Lunn Emerging Markets Equity Fund Connor, Clark & Lunn Q Equity Extension I Connor, Clark & Lunn Q US Equity Extension Fund A Scheer Rawlett & Associates Canadian Equity Fund PCJ Canadian Equity Fund A NS Partners International Equity Fund A
Custodian	CIBC Mellon Global Securities Services Company
Plan Administrator	Trustees of the Brandon University Retirement Plan

General Information

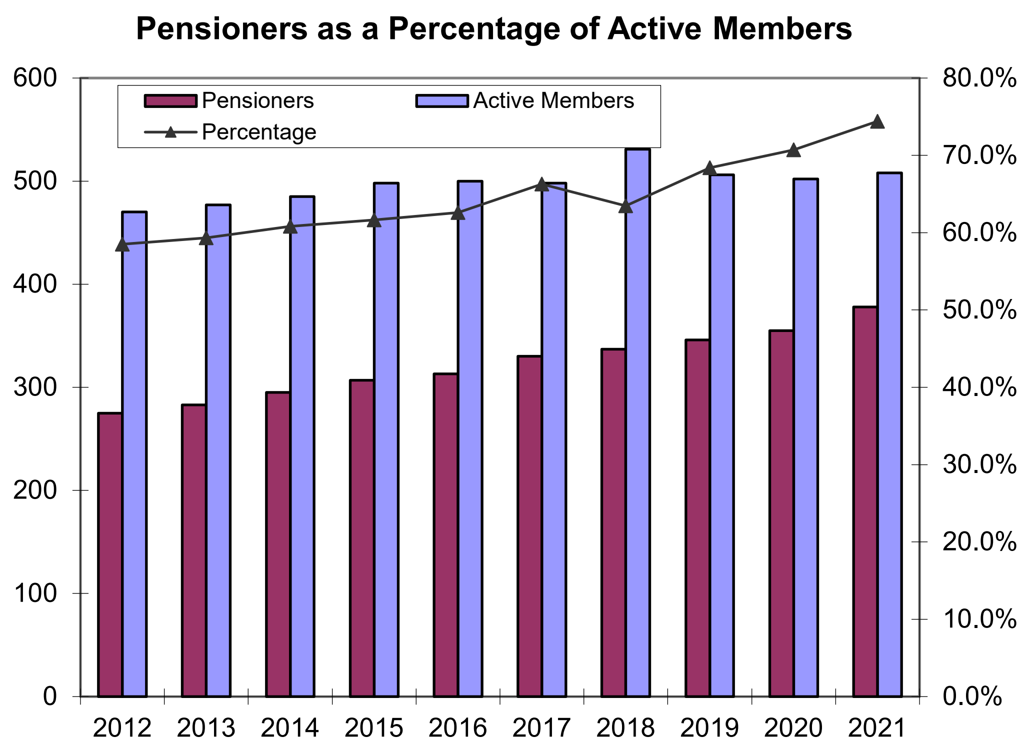
a) The Brandon University Retirement Plan is a final average, defined benefit plan, which provides a benefit to all eligible employees of Brandon University upon retirement, termination, or death. The Plan is administered by the Trustees of the Brandon University Retirement Plan. A full description of the Plan is contained in the official Plan document and is available on the Brandon University website or from the Human Resources Office.

b) The Plan is funded by contributions from Plan members and the University, as well as the income from investments. Net assets in the plan, at market value, at December 31 were:

2021	$249.9 million
2020	$225.6 million
2019	$203.9 million
2018	$176.3 million
2017	$185.4 million

c) Similar to many other maturing pension plans in Canada, the number of pensioners is increasing relative to the number of active contributing members of the Plan. Over the past ten years, the number of pensioners has increased from 59% of the active members to 75% in 2021. Brandon University Retirement Plan membership at December 31:

	2021	**2020**
Active members	508	502
Pensioners	378	355
Deferred, inactive and Pending Election	101	93



An impact of increasing numbers of pensioners relative to active contributing members is the increasing need for investment income of the Plan to fund future income requirements. Pensions paid annually to retirees are 162% of the annual regular contributions from Plan members and the University. In addition, the University has been making unfunded liability special payments to make up the unfunded liability shortfall calculated by the Plan actuaries. That is no longer the case in 2021.

Plan member transactions:	**2021**	**2020**
Member and University regular contributions to the plan	$5,938,472	$5,680,018
Unfunded liability special payments to the plan	0	26,000
Transfers from other plans	7,365	167,299
Pensions paid to retired members	9,580,069	9,194,105
Death benefits and refund settlements due to terminations	1,012,839	2,066,816

d) The Brandon University Retirement Plan is subject to a periodic valuation by an independent actuary to determine whether the current Plan assets, contributions from members and the University, and earnings on Plan investments will adequately fund future benefits. The Pension Benefits Act of Manitoba requires that such a study be done at least every three years as long as the solvency ratio of the Plan is greater than 0.85. The most recent valuation was performed by Eckler Ltd. as at December 31, 2021. Using the solvency valuation method, the Plan had a deficiency of assets over actuarial (calculated) liabilities of $26,760,000 ($52,649,000 in 2020). Using the going-concern or aggregate method, the Plan had a surplus of $21,901,000 in 2021 ($9,785,000 surplus in 2020).

The University is required to make special payments to fund any going concern unfunded liability. There was no annual special payment for 2021. (2020 $26,000). No additional special payment is required to be made for the solvency deficiency because the University is exempted under the Solvency Exemption for Public Sector Pension Plans Regulation. However, with the solvency ratio now exceeding .85, the next Plan valuation is not required until December 31, 2024. It will be completed in 2025 unless the Retirement Plan Trustees decide to do it earlier to recognize anticipated improvements to the solvency ratio.

e) If the average net investment return on the Fund during the last four years exceeds 6.0% per annum, each pensioner who was receiving a pension at the end of that year, is entitled to receive an increase in that pension effective from July 1 in the following calendar year. The details of this entitlement are recorded in article 7.3 of the Brandon University Retirement Plan document, as amended April 11, 2013. The result of this calculation over the past 6 years is as follows:

Brandon University
Historical Increases (Article 7.3 - Supplementary Pension)

Brandon University Pension Increases - Post 2013 amendment						
	(1)	**(2)**	**(3)**	**(4)**	**(5)**	
Year	**Net Investment Return (market value)****	**Four-year Geometric Average Return**	**Excess of Average return over 6%**	**Increase in CPI**	**Actual COLA given**	**Effective Date of COLA Increase**
2016	7.90%	9.06%	3.06%	1.50%	1.50%	1 July 2016
2017	11.04%	7.82%	1.82%	1.90%	1.82%	1 July 2017
2018	-2.80%	4.89%	0.00%	2.00%	0.00%	1 July 2018
2019	17.79%	8.23%	2.23%	2.20%	2.20%	1 July 2019
2020	13.51%	9.60%	3.60%	0.70%	0.70%	1 July 2020
2021	12.97%	10.08%	4.08%	4.80%	4.08%	1 July 2021

COLA = lower of columns (3) or (4)

** Net investment return is net of expenses. Therefore, returns are lower than those reported by the investment manager.

Investment Management Objectives

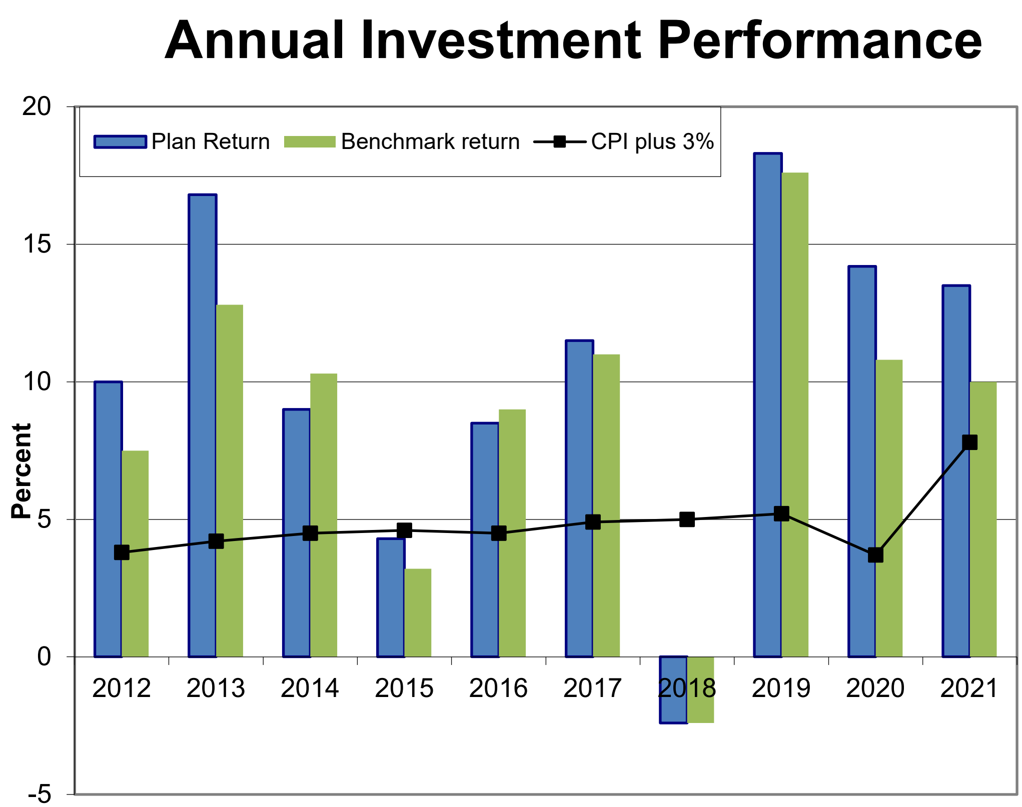
The current investment manager, Connor, Clark & Lunn, Investment Management Ltd. (CC&L), was appointed December 30, 1994. Since that time, the plan investment management has been diversified by making use of several investment sector specialists within the family of companies working with CC&L, under the general management of CC&L.

The Investment Manager operates with the general objective to maximize long-term total returns while protecting the capital value of the fund. The Manager seeks to attain an average rate of return of 3% over the CPI increase for the same period. Secondary objectives are to generate returns in excess of the return of the Benchmark Fund over rolling four-year periods and to perform between the 25th and 50th percentile of investment managers as measured by a nationally recognized service. RBC Investor & Treasury Services was used as the measurement service for this report.

The Brandon University Retirement Plan annual investment performance (13.5%) did exceed the objective of CPI plus 3% (7.8%) for 2021, and the four year rolling average ending in 2021 did as well. (BU Plan was 10.9% vs. 5.4%). The Plan exceeded the rolling four year average benchmark return (BU Plan 10.9% vs. Benchmark 9.0%). Although the top third of managers is not reported by BIA, the BU Plan annual return (13.5%) was higher than the median (13.3%), but lower than the top 25% (15.9%) of balanced fund investment managers in 2021. The BU Plan four year rolling average return (10.9%) was higher than the median (8.4%) and higher than the top 25% (9.3%) of balanced fund investment managers.

Investment Performance

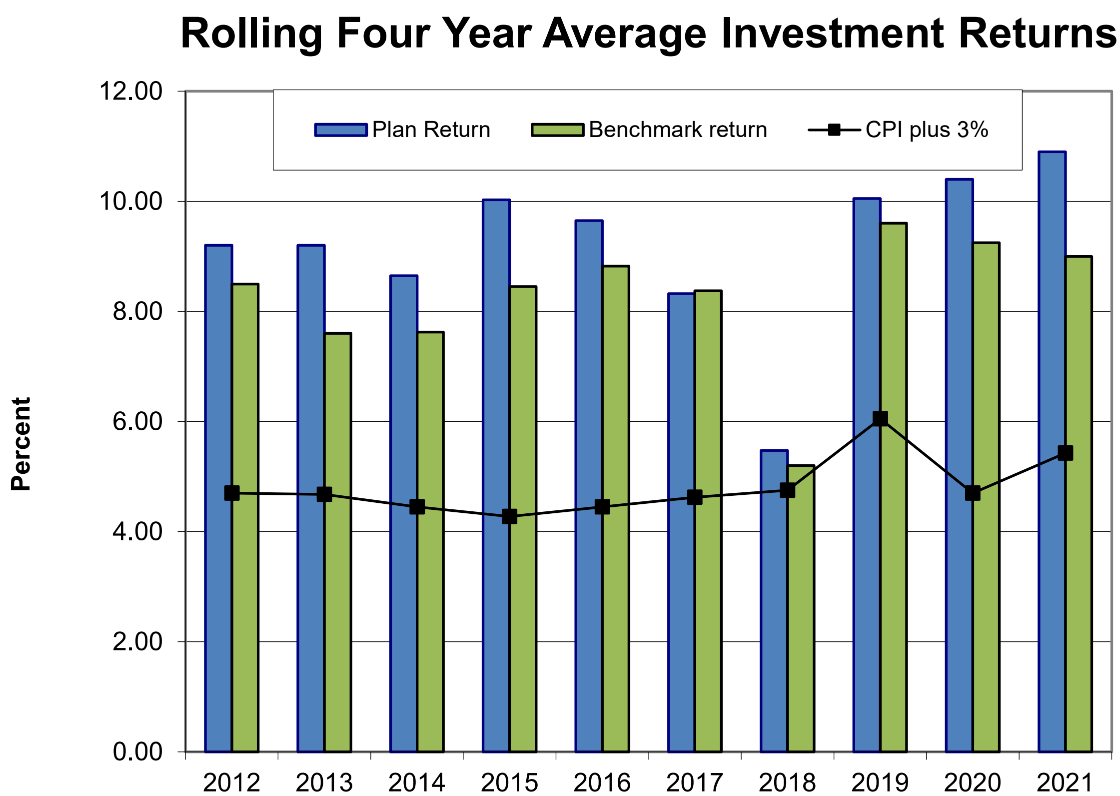
Period Ending December 31	Total Return	Annual Rate of Increase in CPI
2021	13.5%	4.8%
2020	14.2%	0.7%
2019	18.3%	2.2%
2018	-2.4%	2.0%
2017	11.5%	1.9%
Benchmark return for 2021		10.0%
Four year rolling average ending 2021		
Retirement plan performance		10.9%
Benchmark performance		9.0%



BIA Balanced Fund Performance Summary

For the Period Ending December 31, 2021

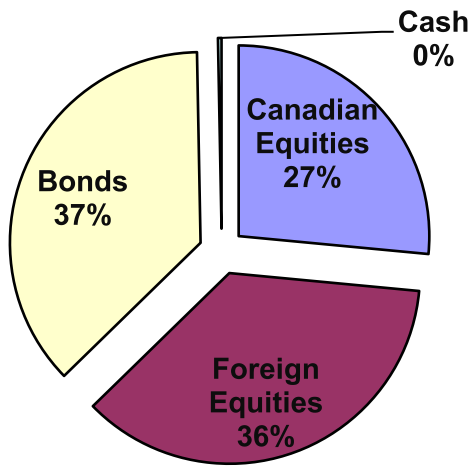
Top quartile (12 months)	15.9%
Median (12 months)	13.3%
BU Retirement Plan (12 months)	13.5%
Top quartile (4 year rolling)	9.3%
Median (4 year rolling)	8.4%
BU Retirement Plan (4 year rolling)	10.9%



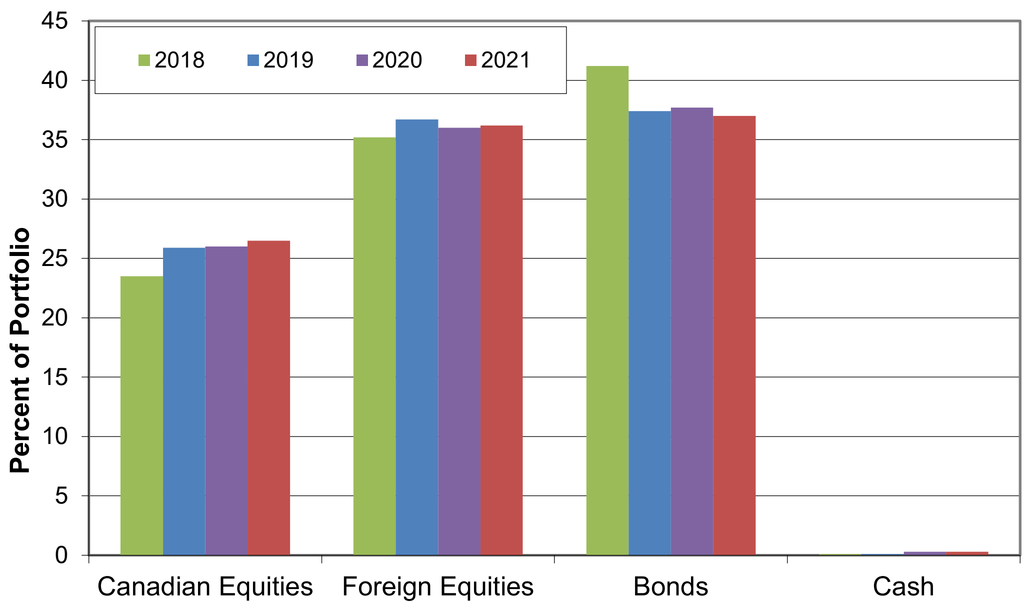
The investment mix of the Brandon University Retirement Plan is established by the Pension Trustees and investment manager. On December 31, 2021 the asset mix and the annual performance in each sector follows:

	% of Portfolio	12 month Portfolio return	12 month Benchmark return
Canadian Equities	26.5%	31.4%	25.1%
Foreign Equities	36.2%	19.8%	21.2%
Bonds	37.0%	-3.5%	-4.5%
Cash	0.1%	0.2%	0.2%
TOTAL FUND	100.0%	13.5%	10.0%

Fund Asset Mix - December 31, 2021



Asset Mix Trend



Tel: 204 727 0671
Fax: 204 726 4580
Toll Free: 800 775 3328
www.bdo.ca

BDO Canada LLP
148 – 10th Street
Brandon MB R7A 4E6 Canada

Independent Auditor's Report

To the Board of Governors of the Brandon University Retirement Plan

Opinion

We have audited the financial statements of Brandon University Retirement Plan (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants
Brandon, Manitoba

June 13, 2022

Responsibility for Financial Reporting

The Board of Trustees of the Brandon University Retirement Plan is responsible for the preparation and presentation of the financial statements and the accompanying notes. The Board of Trustees relies upon the accounting and financial systems established by Brandon University. The financial statements are prepared in conformity with the accounting policies noted in the financial statements, and are reviewed and approved by the Board of Trustees of the Brandon University Retirement Plan. An independent financial auditor whose opinion is included herein examines the statements.

To fulfil its responsibility, Brandon University maintains internal control systems to provide reasonable assurance that relevant and reliable financial information is produced.

Mr. David Taylor
Chair, Board of Trustees
Brandon University Retirement Plan

Mr. Scott J. B. Lamont, FCPA, FCGA,
MBA Vice-President (Administration &
Finance) Brandon University

June 8, 2022

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Financial Position
as at December 31, 2021

	2021	2020
ASSETS		
Accounts receivable	$ 624,373	$ 5,542,729
Investments (Note 2 b)		
Cash and short-term investments	726,133	743,292
Bonds and debentures	92,272,847	84,981,004
Canadian equities	66,283,398	58,491,367
Foreign equities	90,300,881	81,078,392
	249,583,259	225,294,055
Total Assets	250,207,632	230,836,784
LIABILITIES		
Accounts payable	245,751	5,193,072
Total Liabilities	245,751	5,193,072
Net assets available for benefits	**249,961,881**	**225,643,712**
Pension obligations	**203,065,000**	**196,622,000**
Plan surplus (going concern basis)	**$ 46,896,881**	**$ 29,021,712**

The accompanying notes are an integral part of the financial statements.

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2021

	2021	2020
CONTRIBUTIONS		
Members	$ 2,508,046	$ 2,349,475
University	3,430,426	3,330,543
University special payments (Note 9)	-	26,000
Transfers from other plans	7,365	167,299
	5,945,837	5,873,317
OTHER INCOME		
Investment income		
Interest	2,764,076	2,501,723
Dividends	3,110,574	3,499,063
	5,874,650	6,000,786
Change in fair value		
Realized	22,825,770	16,309,964
Unrealized	1,336,778	5,840,528
	24,162,548	22,150,492
Other income	37	43
Total Increase in Net Assets	35,983,072	34,024,638
PAYMENTS		
Benefit payments		
Retirements	9,580,070	9,194,105
Refunds	1,012,839	1,409,139
Deaths	-	657,677
	10,592,909	11,260,921
Administrative expenses		
Actuarial and consulting fees	128,240	118,591
Custodian and plan administration fees	214,394	202,856
Legal and audit fees	9,141	9,710
Investment management fees	733,600	662,066
Trustee expenses	201	127
GST rebate	(13,582)	(12,285)
	1,071,994	981,065
Total Decrease in Net Assets	11,664,903	12,241,986
Net Increase in Assets Available for Benefits	**24,318,169**	**21,782,652**
Net Assets Available For Benefits, beginning of year	**225,643,712**	**203,861,060**
Net Assets Available For Benefits, end of year	**$ 249,961,881**	**$ 225,643,712**

The accompanying notes are an integral part of the financial statements.

BRANDON UNIVERSITY RETIREMENT PLAN

Statement of Changes in Pension Obligations
for the year ended December 31, 2021

	2021	2020
Interest accrued on benefits	$ 10,194,000	$ 10,125,000
Transfers	7,000	167,000
Benefits accrued	5,687,000	5,482,000
Benefits paid	(10,593,000)	(11,261,000)
Experience (gain)/loss	3,389,000	(197,000)
Changes in actuarial assumptions	(2,241,000)	(1,536,000)
Net Change in Pension Obligations	**6,443,000**	**2,780,000**
Pension Obligations, beginning of the year	**196,622,000**	**193,842,000**
Pension Obligations, end of year	**$ 203,065,000**	**$ 196,622,000**

The accompanying notes are an integral part of the financial statements.

1. Description of the Plan

The following description of the Brandon University Retirement Plan is only a summary. More complete information is contained in the official Plan document.

a) General

The Brandon University Retirement Plan is a final average contributory defined benefit pension plan established April 1, 1974 for the benefit of the employees of Brandon University. The assets of the Plan are held in trust in the name of ten Trustees - eight elected by and from the Plan membership and two appointed by the Board of Governors. The Trustees oversee the administration of the Plan and set forth the investment guidelines. Their obligations and responsibilities are defined in a trust agreement with Brandon University. An asset manager invests the Plan assets based on the approved investment guidelines and according to the terms of the Managed Account Agreement. The Plan is registered with the Pension Commission of Manitoba and meets the requirements of the Pension Benefits Act of Manitoba and the Income Tax Act (Canada).

b) Membership

Unless otherwise stated, all Brandon University employees are eligible to become members of the Plan on their date of employment. Full-time and certain part-time employees are required to join the Plan. Membership is optional for other part-time and certain specified employees.

c) Funding

The Plan receives its funds from:

i) The contributions of members - Members of the University are each required to contribute at the rate of 8.0% of salary up to the Year's Basic Earnings (YBE), 6.2% between the YBE and the Year's Maximum Pensionable Earnings (YMPE) and 8.0% in excess of the YMPE. Members contribute only on the amount earned up to the Year's Maximum Contributory Earnings.
ii) The required and special contributions of the University - The University is required to contribute at the rate of 8.0% of salary up to the YBE, 6.2% between the YBE and the YMPE and 8.0% in excess of the YMPE with no salary limitations applied, plus any special payments for the unfunded liability required under the Pension Benefits Act of Manitoba.
iii) the income from investments

An actuarial valuation is performed at least once every three years to determine the adequacy of the funding for pension benefits (see note 2g).

d) Plan Benefits

The Plan provides for the payment of benefits to a member upon retirement, death, or termination of employment with Brandon University.

At retirement, the member is entitled to an annual pension equal to 2% of final average earnings multiplied by the member's years of credited service less 0.6% of CPP average earnings multiplied by the member's years of service since January 1, 1990. Final average earnings are the average of the best 5 years earnings in the last 12 years prior to retirement. CPP average earnings are the member's average earnings up to the YMPE in the 5 years prior to retirement. Full benefits are payable (a) upon normal retirement; (b) upon early retirement for members who qualify. Reduced benefits are provided to members who retire early and do not qualify for full benefits.

Pensions are increased automatically on July 1 of each year by the amount the net four-year geometric average investment return on the fund, as determined by the actuary, exceeds 6.0% per annum, subject to a maximum increase of CPI for the previous year.

Death and termination benefits are based on the value of the member's pension as determined by the Plan Administrator at the time of death or termination of employment. The options available to beneficiaries and terminating members are outlined in the official Plan document.

2. Significant Accounting Policies

a) General

The Brandon University Retirement Plan prepares its financial statements in accordance with Canadian accounting standards for pension plans. The Plan has adopted Part II (Private Enterprises) accounting standards for all accounting policies that do not relate to the valuation of the investment portfolio or pension obligations.

b) Financial Instruments

The financial instruments of the Plan consist of accounts receivable, investments, and accounts payable. The Plan recognizes and derecognizes all financial assets and liabilities in accordance with Financial Instruments, Section 3856, of Part II of the CPA Canada Handbook.

Initially, all financial assets and liabilities are recorded at fair value on the Statement of Financial Position. Subsequent measurement is determined by the classification of each financial asset and liability. Investments assets and liabilities are measured at fair value based on International Financial Reporting Standards (IFRS 13) with the change in fair value recognized in the Statement of Changes in Net Assets Available for Benefits. Financial instruments classified as accounts receivable and accounts payable are measured at amortized cost using the effective interest method.

Investments are recorded at market value on a trade date basis.

Fair values of investments (including the underlying assets of investments held in pooled funds) are determined as follows:

Fixed Income:
Short-term investments are recorded at cost which approximates market value. Bonds and debentures are valued at market by an independent securities valuation company.
Equity:
Publicly traded securities are recorded at year end market prices.

c) Investment Income

Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis as earned.

d) Foreign Currency Translation

The fair value of investments denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at year end and the resulting change is included in the change in fair value of investments. Revenue and expense transactions are translated at the exchange rates prevailing on the dates of the transactions and are included in investment income or the change in fair value of investments (realized gains or losses) at the translated amounts.

e) Contributions

Contributions from the members and the University are recorded on an accrual basis. Cash received from members as transfers from other pension plans is recorded when received.

f) Use of Estimates

Preparation of the financial statements requires management to make estimates and assumptions that primarily affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of changes in net assets available during the year. Actual results could differ from these estimates.

g) Pension Obligations

The pension obligations of the Brandon University Retirement Plan are the actuarial present value of accrued pension benefits determined by applying the best estimate assumptions and the projected benefit method prorated on services.

3. Financial Risk Management

Management of investments is governed by the managed account agreement between the Brandon University Retirement Plan and Connor, Clark & Lunn Management Ltd. The investment management objective of the Plan is to maximize the long-term total return while protecting the capital value of the fund from major market fluctuations through prudent management of asset allocation and prudent selection of investments. The investment manager is to attain an average rate of return of 3% over the CPI increase for the same period.

The Plan's investments are publicly traded.

There have been no substantive changes in the Plan's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period unless otherwise stated in this note.

a) Market Risk

Market risk is the risk the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual investment or volatility in interest rates, foreign currencies or other factors affecting similar securities traded in the market.

The Plan's cash and investments, including investments denominated in foreign currencies, are reported in Canadian dollars as follows:

	(in thousands of dollars)			
	2021		**2020**	
Canadian cash and short-term investments	$ 726	0.3 %	$ 743	0.3 %
Canadian bonds	92,273	37.0 %	84,981	37.7 %
Canadian equities	66,283	26.5 %	58,491	26.0 %
	159,282	63.8 %	144,215	64.0 %
US equities	39,891	16.0 %	35,061	15.6 %
Non-North American equities	50,410	20.2 %	46,018	20.4 %
	$ 249,583	100.0 %	$ 225,294	100.0 %

i) Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The value of the Plan's fixed income investments is directly affected by changes in nominal and real interest rates. There are guidelines in the managed account agreement for the fixed income investment portfolio related to permitted investments, diversification, and quality, and duration management which are designed to mitigate the risks of interest rate volatility.

Duration is the most common measure used to quantify the impact of changes in bond prices due to change in interest rates. Using this measure it is estimated that a one percent increase or decrease in interest rates, with all other variables held constant, would result in a change in fair value on Canadian bonds of 14.6% or $13,554,570 (2020 - 15.7% or $13,314,878).

ii) Currency risk is the risk that the value of non-Canadian investments measured in Canadian dollars will fluctuate due to changes in foreign exchange rates primarily related to foreign equity holdings. In some instances, forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency. Forward foreign exchange contracts are contractual agreements that establish an agreed upon exchange rate at a settlement date in the future for the purpose of protecting future cash flows from adverse price movements.

A 10 percent increase or decrease in exchange rates, with all other variables held constant, would result in a change in unrealized gains/(losses) of $9,030,088 (2020 - $8,107,839). Generally when there is a 10% strengthening (weakening) of the Canadian dollar versus the corresponding currency, there would be a 10% decrease (increase) in the value of the corresponding country's portion of the portfolio from this currency movement.

iii) Other price risk is the risk that the fair value or future cash flows from portfolio holdings fluctuate because of changes generally, in market prices, other than those arising from interest rate risk or currency risk or as a result of a deterioration in the outlook for a specific issuer. To manage its price risk arising from investments in equity securities, by policy, the portfolio is well diversified. The managed account agreement sets out the limits of investments in any one security as well as concentration within market sectors.

The Plan's target asset allocation based on fair value is:

Fixed income	35 %
Canadian equity	35 %
Foreign equity	25 %
Cash	5 %

Total exposure to equities is to be no less than 35% of the Pension Fund and no more than 70% of the Pension Fund.

b) Liquidity Risk

Liquidity risk is the risk that the Plan will encounter difficulty in having available sufficient funds to meet its commitments as they come due. It is the Pension Plan's policy to ensure that it will have sufficient cash and short-term investments to allow it to meet its liabilities when they come due.

The term to maturity and the related market values of bonds and debentures are as follows:

	(in thousands of dollars) 2021	2020
Term to Maturity		
Less than one year	$ 170	$ 357
One to five years	13,121	73,553
Over five years	78,982	11,071
Total bonds and debentures	$ 92,273	$ 84,981

c) Credit Risk

Credit risk arises from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit risk is the risk the issuer of the debt security or a counter party to a derivative contract is unable to meet its financial obligation. Credit risk encompasses the risk of a deterioration of credit worthiness and concentration risk. The Plan limits credit risk through a managed account agreement with its investment manager that details the specific quality and concentration constraints.

At December 31, 2021, the Plan's maximum credit risk exposure related to cash and short-term investments and bonds and debentures is $92,998,980 (2020 - $85,724,296), and accounts receivable is $624,373 (2020 - $5,542,729). The Plan limits credit risk by acquiring high quality securities and following the managed account agreement. The managed account agreement establishes limits for ownership of investments and acceptable credit ratings. In the case of bonds and debentures, all must be rated BBB or higher.

The breakdown of the fixed income investment portfolio by credit rating from various rating agencies are as follows:

(in thousands of dollars)

	2021		2020	
Bonds and debentures investments				
Credit Rating				
AAA	$ 13,179	14.3 %	$ 16,182	19.0 %
AA	38,090	41.3 %	32,565	38.3 %
A	16,782	18.2 %	20,893	24.6 %
BBB	24,222	26.3 %	15,341	18.1 %
	92,273	100.1 %	84,981	100.0 %
Cash and short-term investments	-		-	
	$ 92,273		$ 84,981	

4. Capital Management

The capital of the Brandon University Retirement Plan is comprised of the net assets available for benefits. The combined assets of the Plan are held in the name of the Trustees of the Plan as described in Note 1 a).

The Trustees, as the administrators of the Plan, on behalf of Brandon University, have developed appropriate risk management strategies, as described in Note 3, to preserve the net assets available for benefits. In accordance with the provisions of The Pension Benefits Act of the Province of Manitoba and the provisions of the Income Tax Act (Canada) a Statement of Investment Policies and Procedures (SIPP) has been established. The SIPP states the investment objectives and investment guidelines by class of investment. The objective when managing capital is to maximize the long-term total return through prudent selection of investments in compliance with the investment rules under the respective federal and provincial Pension Benefits Acts.

There have been no significant changes to the University's capital management objectives, policies and processes in the year nor have there been any changes in what the Trustees consider to be the Plan's capital. The Pension Plan has complied with externally imposed capital requirements during the year.

5. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurements are based on the assumptions that market participants would use when pricing the item being measured under current market conditions, including assumptions about risk.

The Plan uses a fair value hierarchy under which the inputs to valuations techniques used to measure fair value are categorized into three levels. They are as follows:

Level 1: Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities the Plan can access at the measurement date.
Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (prices) or indirectly (derived from prices).

Level 3: Inputs are unobservable inputs for the asset or liability.

(in thousands of dollars)

	2021			2020		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Cash	$ 202	-	$ 202	$ 192	-	$ 192
Short-term investments	524	-	524	552	-	552
Bonds and debentures	92,273	-	92,273	84,981	-	84,981
Canadian equities	66,283	-	66,283	58,491	-	58,491
Foreign equities	50,410	39,891	90,301	46,018	35,060	81,078
	$ 209,692	$39,891	$ 249,583	$ 190,234	$35,060	$ 225,294

6. Investments

Section 3.29 of the Pension Benefits Act Regulations requires disclosure of each investment that has a fair value greater than 1% of the fair value of all investments. The investments, including pooled funds, are as follows:

	2021
Bonds and debentures:	
Connor, Clark & Lunn Long Bond Fund Class A	$ 80,386,431
Connor, Clark & Lunn High Yield Bond Fund I	$ 11,886,416
Canadian equities:	
Connor, Clark & Lunn Q Equity Extension I	$ 22,188,682
PCJ Canadian Equity Fund	$ 21,942,387
Scheer Rowlett & Associates Canadian Equity Fund	$ 22,152,329
US equities:	
Connor, Clark & Lunn Q US Equity Extention Fund	$ 39,891,087
Non-North American equities:	
NS Partners Int'l Equity Fund A	$ 37,490,430
Connor, Clark & Lunn Emerging Markets Equity	$ 12,919,364

7. Actuarial Valuation

The actuarial present value of accrued pension benefits was determined using the accrued benefit method prorated on service and using assumptions recommended by the actuary and approved by the Trustees. An actuarial valuation was prepared as at December 31, 2020 by Eckler Ltd., a firm of consulting actuaries. Those results provide the present value of accrued pension benefits as at December 31, 2020 and accruing cost in 2021. A second actuarial valuation was prepared by Eckler Ltd. as at December 31, 2021 to determine the present value of accrued pension benefits as at December 31, 2021. The valuation as at December 31, 2021 has not yet been filed with Manitoba's Office of the Superintendent - Pension Commission.

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuations were:

	2021	2020
Rate of return on investments	5.50 %	5.25 %
Rate of general wage increase	4.50 %	3.00 %
Average rate of salary increase	4.50 % for increases in general wage growth plus a merit and promotion component *, if applicable	3.00 % for increases in general wage growth plus a merit and promotion component*, if applicable
Post retirement cost of living increase	1.00 %	0.75 %
Mortality rate	RPP 2014 Public Sector with Mortality Table (CPM-RPP2014Publ) with full generational improvements in mortality using CPM improvement Scale B (CPM-B)	RPP 2014 Public Sector with Mortality Table (CPM-RPP2014Publ) with full generational improvements in mortality using CPM improvement Scale B (CPM-B)

*Salaries are assumed to increase in accordance with general wage increases in Canada at the rate of 4.5% per year for two years, 3.0% per year thereafter for all members. Salaries for Division #1 plan members are assumed to increase by an additional merit and promotion component in accordance with the following table:

Age	Average Annual Increase over next 5 years	Average Annual Increase to age 65
30	3.3%	2.3%
35	2.8%	2.2%
40	2.5%	2.0%
45	2.2%	1.9%
50	2.0%	1.8%
55	1.8%	1.7%
60	1.7%	1.7%

Schedule rate increases according to collective bargaining agreements have been reflected in the valuation in place of assumed wage inflation, where applicable.

The actuarial value of net assets available for pension benefits has been determined reflecting long-term market trends (consistent with the assumptions underlying the valuation of accrued pension benefits). The valuation is based on a four year moving average market method with the market value being the underlying basis. The market value is adjusted by amortizing over a four year period the differences in each year between the fund's actual return and the long term expected return applicable for that year. The long term expected returns on plan assets for the smoothing period was 5.55% in 2018, 5.55% in 2019, 5.30% in 2020, and 5.5% in 2021. However, the excess of the actuarial value over the market value, positive or negative, is limited to 10%.

The actuarial value of net assets as at December 31 were:

	2021	2020
Market value of net assets available for pension benefits	$ 249,962,000	$ 225,644,000
Market value of changes not reflected in the actuarial value of net assets	(26,527,000)	(19,237,000)
Actuarial value of net assets available for pension benefits **before** limit	$ 223,435,000	$ 206,407,000
Actuarial value as a percentage of market value	89.4 %	91.5 %
Actuarial value of net assets available for pension benefits **after** limit	224,966,000	206,407,000
Actuarial value as a percentage of market value	90.0 %	91.5 %

The next required valuation of the Plan will be as at December 31, 2021 and will be completed in 2022.

8. Election for Exemption from Special Payments

The Brandon University Retirement Plan is subject to the Manitoba Pension Benefits Act and Regulations. The University Pension Plans Exemption Regulation 141/2007 allowed the University to make an election to be exempt from solvency and transfer deficiency payments. "2(1) An employer in relation to a university plan may, by filing a written election with the plan administrator, elect to be exempt from the solvency and transfer deficiency provisions."

On January 19, 2009 the University filed such an election.

With the exemption, the Plan will continue to be subject to the going-concern funding provisions of the Act.

9. Going-Concern Deficit Funding

An actuarial valuation performed by the Plan's actuary, Eckler Ltd., to determine the Plan's funding status as required by the Pension Benefits Act of Manitoba, was prepared as at December 31, 2020 and was filed with the Manitoba's Office of the Superintendent - Pension Commission in 2021.

The actuarial valuation indicates an actuarial surplus of $9,785,000 as at December 31, 2020 using the accrued benefit method. The valuation is based on actuarial assumptions with regard to demographics, rate of return on investments and salary increases to compare the Plan's actuarial assets with its actuarial liabilities.

The University is required to fund the matching contributions, as well as the actuarial cost of the defined benefits in excess of the matching costs. A funding deficit is required to be funded over a maximum period of 15 years. There were no annual special payments required in 2021 (2020 - $26,000). The next actuarial valuation of the Plan is required as at December 31, 2021 and will be completed during 2022.

10. Contributed Services

Brandon University provides staff and miscellaneous administrative services at no charge to the Plan. The cost of these services is not reflected in the Financial Statements.

11. Subsequent Event - COVID-19 Pandemic

As of December 31, 2021 and subsequent to year end, COVID-19 continues to significantly impact Canada and the global economy. The global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The Brandon University Retirement Plan's ability to continue to meet obligations as they come due is dependant on the continued ability to generate cash flows. Brandon University Retirement Plan's investment revenue may fluctuate with changes in market rates due to the economic changes of COVID-19. Management is actively monitoring the effect on its financial condition, liquidity, operations, industry and workforce.

12. Comparative Figures

Comparative figures for the year ended December 31, 2020 have been reclassified where necessary to conform with the presentation adopted for the year ended December 31, 2021.