



TEACHERS' RETIREMENT
ALLOWANCES FUND

STATEMENT OF INVESTMENT POLICIES & PROCEDURES

Amended effective as of January 1, 2026

SERVING TEACHERS
PAST • PRESENT • FUTURE

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Statement of Investment Policies & Procedures

SECTION I - BACKGROUND

A. THE FUND

- A.1 The purpose of the Teachers' Retirement Allowances Fund (Fund) is to provide pension benefits to plan members and their beneficiaries. The Teachers' Retirement Allowances Fund Board (Board), as administrator of *The Teachers' Pensions Act* (TPA), is responsible for the administration of the Fund, including the investment of the assets of the Fund.
- A.2 The Fund consists of various accounts, including:
- a. Account A;
 - b. Account B;
 - c. Pension Adjustment Account;
 - d. MTS Employer Account;
 - e. MSBA Employer Account;
 - f. Money Purchase Accounts; and
 - g. Voluntary accounts.
- A.3 All of the assets under the management of the Board are commingled for investment purposes and subject to this Statement of Investment Policies & Procedures (SIP&P).
- A.4 This SIP&P guides the Fund's investment activities. The primary objective is to ensure that the assets of the Fund are invested in a prudent and effective manner consistent with the overall objectives of the Fund and within the risk tolerances established by the Board from time to time. Specifically, through this SIP&P, the Board is able to align the investment objectives as set out herein with the funding and other policies of the Fund.

B. ROLES AND RESPONSIBILITIES

- B.1 Board
- a. The Board is ultimately responsible for TRAF's investment program and results. Specific responsibilities of the Board include the following:
 - i. establishing and maintaining the SIP&P and the Terms of Reference of the Investment Committee (IC Terms of Reference);
 - ii. reviewing the SIP&P and IC Terms of Reference at least annually;
 - iii. approving all material aspects of investment strategies to be implemented, including asset allocation;
 - iv. engaging and terminating investment managers, subject to any delegated authority;
 - v. approving investments, subject to any delegated authority;
 - vi. arranging for the custody and safekeeping of the assets of the Fund; and
 - vii. monitoring investment performance on a regular basis.
 - b. Subject to the TPA, the Board may delegate matters to either the Investment Committee or the Chief Executive Officer (CEO). The nature, extent and conditions attached to any such delegation shall be entirely at the discretion of the Board. Any authority delegated by the Board, or any conditions attached thereto, may be changed, adjusted or revoked at any time. Delegation may be effected through the terms of this SIP&P or by other specific directions issued by, resolutions passed by or policies adopted by the Board from time to time.
 - c. Notwithstanding any such delegation, the Board remains ultimately responsible for TRAF's investment program and results.

B.2 Investment Committee

- a. The Investment Committee exists under the provisions of the TPA and has a general responsibility to assist the Board in setting asset allocation, selecting investment managers, approving investments and monitoring investment performance. In furtherance of this general responsibility, the Investment Committee shall have the following specific responsibilities:
 - i. participating in a comprehensive asset liability modelling study (ALM) to be undertaken by staff (and external consultants as necessary) every five years, or more frequently if considered necessary by the Board in the circumstances;
 - ii. recommending to the Board an appropriate asset allocation for the Fund, which shall generally be done on an annual basis;
 - iii. receiving recommendations from staff regarding the engagement or termination of investment managers and, following an assessment thereof, making a recommendation on such matters to the Board;
 - iv. receiving recommendations from staff regarding potential investment opportunities and, following an assessment thereof, making a recommendation on such matters to the Board; and
 - v. approving asset class and individual investment manager mandates as required.

B.3 Chief Executive Officer

- a. The CEO is responsible to ensure that all of the activities necessary for the prudent administration of TRAF's investment program are undertaken in a competent and professional manner consistent with this SIP&P. These activities include, but are not limited to, the following:
 - i. establishing and recommending investment strategy and asset allocation;
 - ii. sourcing and recommending investment managers;
 - iii. sourcing and recommending investments;
 - iv. when permitted under delegated authority, sourcing and making investment commitments;
 - v. monitoring and reporting on investment performance;
 - vi. managing liquidity and cash;
 - vii. currency hedging;
 - viii. managing risk;
 - ix. rebalancing;
 - x. managing fees and expenses;
 - xi. managing internal staffing;
 - xii. engaging and managing such consultants and service providers as is considered necessary or desirable;
 - xiii. developing and maintaining written policies as required;
 - xiv. monitoring compliance with all applicable legislation, mandates, policies and directions provided by the Board and the Investment Committee; and
 - xv. providing any required or requested assistance and resources to the Board and the Investment Committee in order to permit the fulfillment of their respective responsibilities as set out herein.
- b. The CEO may delegate matters to the Chief Investment Officer (CIO) or other staff members as considered appropriate. The nature, extent and conditions attached to any such delegation shall be entirely at the discretion of the CEO. Any authority delegated by the CEO, or any conditions attached thereto, may be changed, adjusted or revoked at any time.
- c. The CEO has established an Internal Investment Committee comprised of senior staff members to assist in the process of making investment-related decisions and recommendations to the Investment Committee. The mandate, scope and operation of the Internal Investment Committee shall be at the discretion of the CEO.
- d. Notwithstanding any such delegation by the CEO, or the establishment of the Internal Investment Committee, the CEO remains ultimately responsible, and accountable to the Board, for all investment-related decisions made at the staff level and recommendations made to the Board and the Investment Committee.

SECTION II - INVESTMENT POLICIES

C. INVESTMENT BELIEFS

- C.1 The Board and the Investment Committee are committed to investing the Fund's assets prudently from a risk management perspective.
- C.2 Notwithstanding the generality of the foregoing, the Board and the Investment Committee believe that:
- a. markets are not completely efficient, and to varying degrees, markets offer opportunities for skilled managers to add value. Such active management may also reduce total portfolio risk;
 - b. passive management may be appropriate for selective use to reduce active management risk and cost;
 - c. there is a relationship between risk and return in that:
 - i. higher risk, as measured by volatility of returns, is generally expected to be rewarded by higher returns;
 - ii. equity investments have, in the longer term, exhibited higher returns than fixed income investments. Asset mixes that contain higher levels of equity investments may be expected to produce higher returns in the long run, though with potentially greater volatility and periods of unfavourable returns in the short run; and
 - iii. although historical returns may not necessarily be a valid determinant of future returns in terms of either magnitude or timing, past interrelationships of various asset classes are, in the long run, a reasonable indicator of prospective asset class interrelationships. Historical interrelationships are a valid tool in establishing suitable asset mix alternatives, and in arriving at an appropriate asset allocation;
 - d. investment risk can and should be reduced through a balanced investment program that emphasizes diversification among:
 - i. asset classes;
 - ii. investment managers;
 - iii. individual securities;
 - iv. sectors within each asset class;
 - v. geography; and
 - vi. style of investment management;
 - e. the benchmark asset allocation held over the long term can achieve the investment objectives of the Fund.
- C.3 The success of active management in public equities can generally be explained, at least in part, by exposures to various styles and factors. The Board and the Investment Committee believe that positive exposures to value and momentum factors provide the best opportunity to outperform a market capitalization-weighted benchmark over the long term, and the actively managed portion of the public equity allocation of the Fund shall generally be constructed and maintained on that basis.
- C.4 The Board and the Investment Committee recognize that investment management requires considerable resources in terms of portfolio managers, investment analysts, traders and back-office personnel. Given this, in addition to the Fund's history, size and geographic location, it is the position of the Board and the Investment Committee that the Fund's assets should generally be managed by external investment firms that have the necessary resources and experience.
- C.5 The Board and the Investment Committee believe that market timing at the strategic asset allocation level is generally not an effective strategy for consistently increasing returns. There may, however, be certain instances where tactical asset allocation decisions may add value and should be considered.
- C.6 The Board and the Investment Committee are committed to investing in a responsible manner, including the consideration of environmental, social and governance (ESG) factors.
- C.7 The Board and the Investment Committee recognize that the costs paid by the Fund in the form of administration, investment management, custodial and related fees have a direct impact on the overall Fund investment returns and must, therefore, be controlled and managed. It is also important that such costs be clearly and consistently calculated and reported to the members.

D. INVESTMENT OBJECTIVES

- D.1 The general investment objective is to obtain the highest rate of return that is consistent with the investment objectives and risk parameters established in the SIP&P.
- D.2 The specific investment objectives for the Fund over the long term as measured by moving five-year periods are as follows:
- a. exceed the benchmark return net of all investment-related fees and expenses; and
 - b. achieve the expected rate of return assumed in the most recent actuarial valuation report of the Fund net of all investment-related fees and expenses.

SECTION III - INVESTMENT PROCEDURES

E. GENERAL REQUIREMENTS AND PERMITTED INVESTMENTS

- E.1 All Fund investments shall be made in compliance with the TPA, the *Pension Benefits Standards Act, 1985* and the regulations made thereunder and the *Income Tax Act*.
- E.2 Decisions shall be made exercising the care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person, and using all relevant knowledge and skill that the person possesses or, by reason of his profession or calling, ought to possess.
- E.3 Permitted investments in the following asset classes include:
- a. Fixed Income
 - i. bills, notes and deposits with a maturity of less than one year;
 - ii. publicly or privately traded bonds and debentures rated BBB or higher and derivations of same, including index units and options, subject to guidelines approved by the Internal Investment Committee for that purpose;
 - iii. high-yield debt, including publicly or privately traded bonds and debentures rated BBB or lower (including unrated bonds) and derivations of same, including the use of bank loans, subject to guidelines approved by the Internal Investment Committee for that purpose;
 - iv. real estate debt, subject to the guidelines approved by the Internal Investment Committee for that purpose; and
 - v. unlisted private debt pooled funds.
 - b. Equity
 - i. shares, derivations of same, subject to guidelines approved by the Internal Investment Committee for that purpose, securities exercisable or convertible into shares or with a variable participation feature and limited partnerships, including oil and gas and venture capital securities, equity index units and options;
 - ii. income trust units, including publicly traded units of real estate investment trusts;
 - iii. the writing of covered calls in order to generate additional income on equity securities held; and
 - iv. unlisted private equity pooled funds.
 - c. Real Estate
 - i. holdings may be held either directly or indirectly, subject to the guidelines approved by the Internal Investment Committee for that purpose.
 - d. Infrastructure
 - i. unlisted pooled funds or similar vehicles; and
 - ii. such other securities as may be approved by the Internal Investment Committee from time to time.
- E.4 For certainty, it is acknowledged that permitted investments in each asset class may be made through the direct purchase of securities (where permitted) or indirectly through pooled investment funds, provided that, if the holdings of the pooled fund are not then known, the investment policy of the pooled fund is approved by the Internal Investment Committee. To the extent applicable, the investment policy of the pooled fund shall comply with the restrictions set out herein.

F. PORTFOLIO DIVERSIFICATION

F.1 The assets of the Fund shall be invested to ensure there is a prudent level of diversification by asset class, investment manager, investment style, type of security, geographic location and sector. The required level of diversification for each investment manager shall be set out in the mandate document (in the case of segregated accounts) or investment policy in the case of pooled funds.

G. ASSET ALLOCATION

G.1 The following benchmarks, asset allocation ranges and target weights shall be effective as of January 1, 2026:

Asset Class	Benchmark	Minimum	Maximum	Target
FIXED INCOME				
Cash & Short-Term	FTSE Canada 91-Day T-Bill Index	0.0%	6.0%	2.0%
Universe Bonds	FTSE Canada Universe Bond Index	3.0%	11.0%	7.0%
Long-Term Bonds	FTSE Canada Long-Term Overall Bond Index	4.0%	12.0%	8.0%
Real Estate Debt	60% FTSE Canada Short-Term Bond Index and 40% FTSE Canada Mid-Term Bond Index, +1.0%	4.0%	12.0%	8.0%
Private Debt	Morningstar LSTA US Leveraged Loan 100 Index +2.0%	2.0%	10.0%	6.0%
TOTAL FIXED INCOME		26.0%	36.0%	31.0%
EQUITY				
Canadian	S&P/TSX 10% Capped Index	3.0%	11.0%	7.0%
Canadian Low Volatility	MSCI Canada Minimum Volatility Index	0.0%	6.0%	2.0%
US	S&P 500 Index	3.0%	11.0%	7.0%
International	MSCI All Country World (ex US) Index	4.0%	12.0%	8.0%
Global	MSCI All Country World Index	5.0%	15.0%	9.0%
Global Low Volatility	MSCI All Country World Minimum Volatility (CAD) Index	1.0%	9.0%	5.0%
Private	MSCI World Index +2.5%	6.0%	14.0%	10.0%
TOTAL EQUITY		43.0%	53.0%	48.0%
REAL ESTATE				
Canadian	MSCI/REALPAC Canada Quarterly Property Fund Index	3.0%	11.0%	7.0%
Global	25% NCREIF Fund Index - Open-End Diversified Core Equity (NFI-ODCE) Index and 75% MSCI Global Private Real Estate Closed-End Fund Index	0.0%	8.0%	4.0%
TOTAL REAL ESTATE		6.0%	16.0%	11.0%
INFRASTRUCTURE				
Global	CPI +4.0%	5.0%	15.0%	10.0%
TOTAL INFRASTRUCTURE		5.0%	15.0%	10.0%
TOTAL PORTFOLIO				100.0%

H. ASSET CLASS AND INVESTMENT MANAGER MANDATES

- H.1 Where considered appropriate or desirable, a mandate document shall be developed for specific asset classes or sub-asset classes. The primary objective of an asset class mandate shall be to establish permissible holdings and specific risk controls, including diversification guidelines. Mandate documents at the asset class level shall be approved by the Internal Investment Committee. Material changes to an asset class mandate shall require the approval of the Investment Committee. For certainty, it is noted that, should there be a discrepancy between an asset class mandate and the SIP&P, the provisions of the SIP&P shall govern.
- H.2 Each investment manager engaged by the Fund shall be required to comply at all times with a written mandate document that must be approved, prior to engagement, by the Internal Investment Committee.

I. INVESTMENT GUIDELINES AND REPORTING

- I.1 While the Fund is not restricted in respect of investing in entities based in, or conducting business in, Manitoba, no preference shall be given to local investment opportunities. All such investment opportunities will be held to the same risk and reward assessment and due diligence standards as any other investment opportunity.
- I.2 As and when considered necessary or desirable, the investment managers shall meet with the Investment Committee for general reporting purposes. Independent performance measurement reporting will be conducted on a quarterly basis.

J. FOREIGN CURRENCY EXPOSURE

- J.1 Given the Fund's long investment horizon and desire for diversification, the general policy of the Fund is not to directly hedge foreign currency exposure. However, it is acknowledged that investment managers engaged by TRAF may adopt hedging strategies within their pooled investments funds, provided that it is permitted by the investment policy applicable to the investment vehicle and there is no recourse to the Fund beyond its commitment to the investment vehicle.

K. LOANS AND BORROWING

- K.1 No part of the assets under management shall be loaned to any person, company, partnership, association or other legal entity except by way of investment in compliance with this SIP&P or in connection with a securities lending program administered in compliance with this SIP&P. The Fund shall not borrow money except as permitted under the TPA. For certainty, it is acknowledged that the borrowing of money or securities by an investment vehicle in which the Fund has invested is permitted, provided that it is permitted by the investment policy applicable to the investment vehicle and there is no recourse to the Fund beyond its commitment to the investment vehicle.

L. SECURITIES LENDING

- L.1 The Fund may enter into agreements to lend investments of the Fund to reputable and well-established broker/dealers provided the loaned investments are secured by cash or readily marketable investments at a rate greater than 102% of the loan value in the case of cash collateral and 105% of the loan in the case of non-cash collateral. This level of security shall be monitored daily. If the selection and monitoring of eligible borrowers is delegated to a third party, the Fund must be indemnified against borrower default.

M. SOFT DOLLAR COMMISSIONS

- M.1 The Fund's policy on soft dollars shall be in accordance with regulatory requirements and CFA Institute standards. "Soft dollar commissions" refers to the use of commission dollars to finance goods or services that assist in the making of investment-related decisions for the benefit of the Fund. The Investment department is responsible for reviewing and approving each investment manager's policy respecting the use of soft dollar commissions. The Investment department will request a year-end report from each investment manager on the amount and usage of soft dollar commissions for the previous year.

N. VOTING RIGHTS

- N.1 The Board is responsible for exercising all rights, including voting rights, attached to the securities in the Fund's portfolio. This function may (and will generally) be delegated to the respective investment manager, on a general basis, to act in the best interests of the Fund. The Board may at any time, however, instruct an investment manager to exercise such rights as the Fund determines to be appropriate and will report any such instructions to the Investment Committee on a timely basis.
- N.2 All investment managers are required to provide their proxy voting procedures prior to engagement, and thereafter within a reasonable period of time following amendment. Investment managers are also required to maintain accurate records of their proxy voting activity and provide copies of such records, or summaries thereof, at such time and in such form as may be requested from time to time.

O. USE OF DERIVATIVES

- O.1 Derivatives may only be used for limited purposes. Specifically, derivatives may be used for hedging and risk management purposes. Derivatives may also be used to replicate investments in assets (or groups of assets such as indices) in order to achieve market exposure. Derivatives may not be used for speculative or leverage purposes. The use of derivatives by an investment manager must be expressly permitted by the investment manager mandate or pooled fund investment policy.

P. CONFLICTS OF INTEREST

- P.1 All investment managers and advisors to the Fund are required to have appropriate written policies regarding conflicts of interest and must make these policies available upon request.

Q. RELATED PARTY TRANSACTIONS

- Q.1 The Fund shall not enter into a transaction with a related party, as that term is defined in Schedule III to the *Pension Benefits Standards Regulations, 1985*, (Canada), unless the transaction is required for the operation or administration of the Fund and the terms and conditions of the transaction are not less favourable to the Fund than market terms and conditions.



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