UNIVERSITY OF ALBERTA

2022
Annual Investment Report

Investing for the Long-Term

Investments at a Glance

$3.1 Billion Total Assets

$1.6 Billion Endowment Assets

9.5% 2022 Return

$57 Million 2022 Spending Allocation

9.6% 10 year Annualized Return

$425 Million 10 year Cumulative Spending

$1.5 Billion Non-Endowed Assets

4.2% 2022 Return

$68 Million 2022 Operating and Strategic Support

4.0% 10 year Annualized Return

$350 Million 10 year Cumulative Support

U N I V E R S I T Y   O F   A L B E R T A

Annual Investment Report
For the Year Ended March 31, 2022

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Letter from the Chair

Investment Committee as of March 31, 2022

Appointed:
Derek Brodersen, CFA Chair
Maria Holowinsky, CFA Vice-Chair
Kelly Featherstone, CFA
Sandy McPherson, CFA
Jai Parihar, CFA
Peter Pontikes, CFA
R. Ryan Thompson, CFA

Ex-Officio:
Kate Chisholm, Q.C.
Bill Flanagan
Peggy Garritty

I am pleased to present the 2022 annual investment report on behalf of the University of Alberta Investment Committee. The University's investment assets totaled \$3.1 billion as of March 31, 2022, of which \$1.64 billion represented endowments. Over the year, endowment assets provided a record \$57 million for program spending on scholarships and research.

The University Endowment Pool (UEP) returned 9.5% this past year, and continued the positive momentum following the COVID-19 pandemic induced sell-off in early 2020. Over the last decade, the UEP has exceeded its long-term target of 7.25% with a 9.6% annualized return. This impressive long-term record of accomplishment has led to investment assets reaching an all time high, in turn allowing for stable funding support amidst escalating budget pressures. The Non-Endowed Investment Pool (NEIP) returned 4.2% this past year, with performance more muted after a strong 2021. Over the past two years the NEIP has generated an 8.2% annualized return, and provided record financial support for the annual operating budget amidst one of the most challenging periods in the University's history.

Over the past year, the world continued to navigate the COVID-19 pandemic and commensurate challenges associated with it. Fortunately, it appears as though the worst may be behind us, and many have started to gradually resume activities done on a regular basis. 2021 was another positive year for most risk assets as equities, real estate, and commodities all posted gains while fixed income was more muted. With the global economy reopening, significant pent up demand was met with numerous supply chain issues leading to accelerating inflation throughout the year. As we progressed into 2022, this issue was exacerbated by armed conflict in Europe, which has led to materially higher food and energy prices. As a result, global central banks have reversed the accommodative policy observed since the start of the pandemic, signalling that higher interest rates and quantitative tightening is on the horizon. These events have resulted in increased capital market volatility thus far in 2022, and commensurately lower valuations being priced in across most asset classes. While the road ahead appears more uncertain, the University's investment program is well positioned to navigate this environment.

The UEP benefitted from its strategic allocations to Inflation Sensitive and Diversifying strategies over the past year, while Deflation Hedging performed poorly. Growth strategies in aggregate performed well as an uptick in private market valuations mitigated softer performance from public equities. The Investment Committee continued to oversee Management's implementation of the UEP and NEIP's respective investment strategies, as well as policy refinements to improve governance, which culminated in changes to the University Funds Investment Policy. These changes will allow Management to adapt more quickly going forward and take advantage of investment opportunities as they arise.

I would like to acknowledge members of the Investment Committee and Management for their hard work and dedication in support of the University and its stakeholders over the past year.

Derek Brodersen, CFA
Chair, Board Investment Committee

2022 Highlights

The University of Alberta's investment program consisted of $3.1 billion in assets as of March 31, 2022, divided between $1.64 billion in endowment assets and $1.47 billion in non-endowed assets.

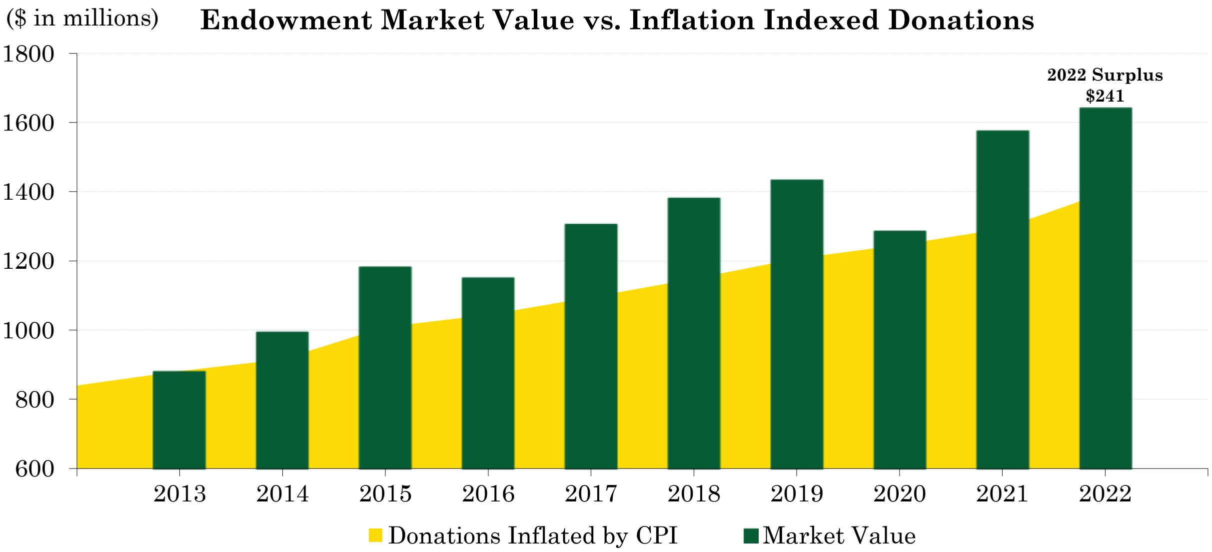
With few exceptions, endowment assets are pooled and invested collectively in the University Endowment Pool (UEP). Endowment assets represent permanently restricted capital, and only a portion of the earnings can be allocated for their specified purpose. The investment objective of the UEP is to achieve a long-term rate of return that in real terms (i.e. adjusted for inflation) meets or exceeds total endowment spending, as outlined in the UEP Spending Policy. By meeting this objective, the University is able to preserve intergenerational equity for students and researchers, ensuring a comparable level of support between current beneficiaries and future generations.

In contrast, the Non-Endowed Investment Pool (NEIP) consists primarily of expendable operating and research funds. Its time horizon is shorter-term in nature and it has a commensurately lower risk profile. Like the UEP, these assets are pooled together for investment purposes until required. Investment earnings derived from this program directly support the University's annual operating budget and future strategic initiatives.

Endowment Assets

- The market value of endowment assets ended the 2022 fiscal year at $1.64 billion, up $66 million from 2021. A total of $57 million was made available for spending on academic programs, faculty support, research, and scholarships, which represents an increase of $1 million from the last fiscal year.
- The UEP returned 9.5% during the year as healthy performance from Inflation Sensitive and Diversifying strategies more than offset softer gains in Growth and negative performance in Deflation Hedging. Over the past ten years, the UEP's annualized return was 9.6%, well above the 7.25% objective.
- The benchmark returned 9.4% in line with the UEP. Over the past ten years, the UEP has outperformed its benchmark by an annualized rate of 0.3%.
- The real value of the endowments declined by 1.9% - the 9.5% return less net expenditures of 4.7% and inflation of 6.7%. As a result, the value of the endowments over their cumulative inflation adjusted target decreased to $241 million as of March 31, 2022, or 17.3% as outlined in Exhibit 1. The current surplus is required to protect against future market volatility and allows for stable spending support heading into the coming year.

Exhibit 1



Non-Endowed Assets

- The NEIP returned 4.2% for the year as performance was positive across the Liquidity, Yield, and Return Seeking strategies. Over the past ten years, the NEIP's annualized return was 4.0%.
- During the year, the NEIP earnings provided $20 million in operating support, and $48 million was transferred to the investment income reserve.
- Progress continued in implementing the Yield strategy as private credit strategies continued to call capital throughout the year. Management also allocated additional capital from Liquidity to Return Seeking at several points throughout the year.
- The value of the NEIP's Yield and Return Seeking strategies exceeded their underlying obligations by $204 million or 24% as of March 31, 2022. This includes both realized and unrealized earnings. Realized earnings support the investment income reserve of $103 million.

Major Initiatives During the Year

University Funds Investment Policy Revisions

Over the course of the year, Management worked collaboratively with the Investment Committee and recommended changes to the University Funds Investment Policy that were approved by the Board of Governors. While the concept of strategic roles was retained, both the UEP and NEIP strategic asset allocations were refined to include the newly introduced 'asset group'. The re-alignment of the respective strategic asset allocations in this way allows Management greater flexibility to capitalize on potential capital market opportunities and to control risks as they occur over time. Commensurate with these changes was the Committee's approval of the Strategic Role Investment Guidelines (SRIGs), which provide Management with the necessary parameters within which the University Funds Investment Policy is implemented and the ability to execute on these potential opportunities going forward. Management continues to engage in ongoing dialogue with the Investment Committee and reports on all investment activities at its regular meetings.

Due Diligence Process for Investment Manager Selection and Monitoring

Despite the ongoing pandemic and focus on policy related initiatives, Management was very productive with respect to executing the long-term investment strategies for the UEP & NEIP. Management evolved its manager selection process to cope with the reality brought about by the pandemic. With travel suspended, Management relied heavily on video meeting technology and its various advisors to assist in conducting the due diligence required to make new investments. This process worked well and in many cases Management found that access to senior investment manager staff improved significantly due to the increased efficiency resulting from a virtual process. With that said, there are elements of the due diligence process that simply cannot be replicated virtually, and Management is looking forward to resuming in-person onsite meetings when it is safe to do so.

Implementation of the UEP Investment Strategy

Management had another active year and closed on a number of new allocations across the portfolio. Within Growth, five private equity/growth/venture capital fund commitments were made as this asset class is still growing towards its strategic allocation target. In Inflation Sensitive, commitments were made to value-add real estate and infrastructure via existing General Partners (GP). Within the real assets space Management proactively pursued accretive investment opportunities with existing GPs. Exposure to select investments was increased through the purchase of additional fund interests in the secondary market as well as two co-investments. Capital calls continued across the private markets program throughout the year in line with Management's expectations. With respect to Diversifiers, Management increased exposure to the UEP's existing custom hedge fund program, and completed an allocation to equity risk mitigation managed by one of the University's long-tenured investment partners. Due to increased allocations and strong performance, the UEP's exposure to alternative assets (private markets & hedge funds) ended the year at an all time high of 36%.

Implementation of the NEIP Investment Strategy

With the Yield strategy largely now in place after a busy 2021, the NEIP saw more measured investment activity this past year. The Liquidity strategy continued to see its weight drift lower through the year as interest rates remained at record lows and performance was strong in Yield and Return Seeking. Capital calls continued for existing private credit strategies in line with Management's expectations, with no changes to any underlying Yield allocations through the year. On two occasions, Management allocated additional capital to Return Seeking with proceeds coming from Liquidity. The Return Seeking strategy ended the year at an all time high of $526 million.

Endowment Assets

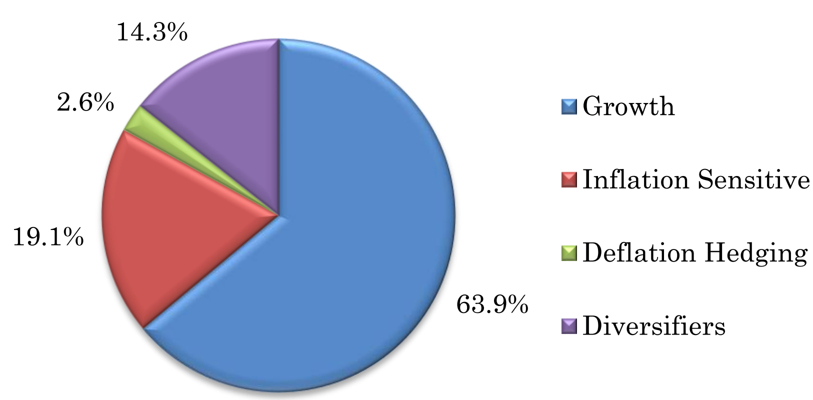
The primary investment objective for the UEP is to achieve a long-term real rate of return that equals or exceeds total endowment spending and inflation. Emphasis is placed on preserving intergenerational equity to ensure all beneficiaries, current and future, receive comparable levels of support. Assets are classified based on the strategic role they perform within the portfolio, specifically: Growth, Inflation Sensitive, Deflation Hedging, and Diversifiers.

- To meet spending targets and grow the value of the assets over time, a large allocation to public and private equities is necessary.
- Inflation sensitive assets are those that respond favourably to unexpected and/or rising inflation. The assets in this category include real estate, natural resource equities, energy and renewables, and commodities.
- Deflation hedging assets are expected to remain liquid and maintain their value during times of extreme economic and capital market turmoil. This strategy consists of high-quality sovereign bonds.
- Diversifiers are investment strategies that have low or no expected correlation with the capital markets or inflation and include absolute return strategies and cash.

Endowment assets are summarized by Strategic Role in Exhibit 2.

Exhibit 2

UEP Asset Allocation by Strategic Role as of Mar 31, 2022

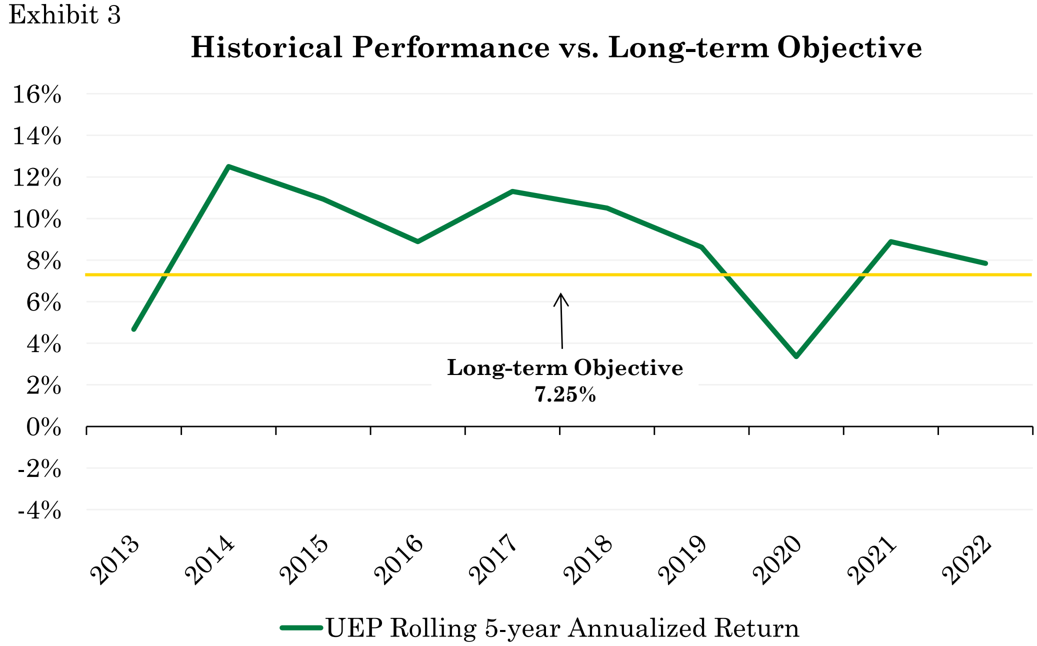


Investment Performance Relative to Objectives

The UEP return over the past year trailed total spending plus inflation by 1.9%. This was due entirely to inflation registering 6.7% on a year over year basis for March 2022, significantly above Management's long-term expectation of 2%, which is based on the inflation bands used by the Bank of Canada. The ten year and since inception annualized excess return above spending and inflation as of March 31, 2022 was 2.9% and 1.9% respectively. This indicates that the UEP's investment program has been able to grow endowment principal in real terms over its history.

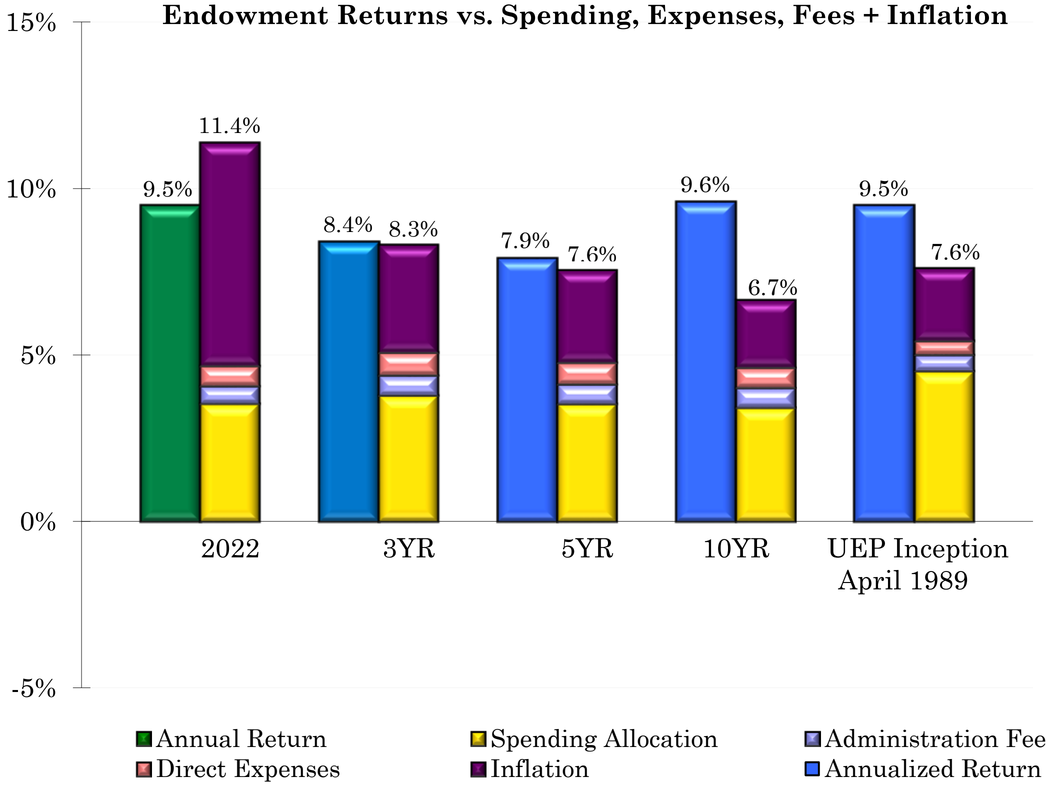
The UEP remains invested for the long-term with the expectation of providing a return in excess of spending and inflation in some years to compensate for years when this is not the case. Exhibit 3 illustrates the UEP's historical performance relative to the return objective of 7.25%.

Exhibit 3



As shown in Exhibit 4, since its April 1989 inception the UEP has produced an annualized return of 9.5%. This performance has exceeded since inception annualized endowment spending plus inflation of 7.6%. Performance has also surpassed spending and inflation over the past three, five, and ten year periods. The UEP remains in a position to allow for stable support for students, researchers, and the University during this uncertain environment.

Exhibit 4



Further Discussion on Investment Performance

Exhibit 5

UEP Investment Policy Benchmark

MSCI ACWI IMI	55%
MSCI ACWI IMI + 3% (3 mth lag)	5%
IPD/Realpac Global Property Index	10%
S&P Global Natural Resources Index	10%
FTSE Canada Federal Bond Index	5%
LIBOR + 6%	15%
	100%

Management measures the performance of all underlying strategies against relevant benchmarks while the Total Fund is compared to the benchmark outlined in Exhibit 5 that was adopted on April 1, 2021. Most changes were minor with the exception of public equity indices being consolidated into a single benchmark, and private markets adopting a relative benchmark as opposed to a peer comparison. Deviations in performance between the UEP and its benchmark reflect the impact of Management's allocation decisions as well as value added by investment managers.

The UEP returned 9.5% over the past year, in line with the benchmark return of 9.4%. The portfolio's Inflation Sensitive strategy contributed the majority of the return as all underlying allocations exhibited strong performance over the course of the year as inflation accelerated to multi decade highs across the globe. Growth and Diversifying strategies were also positive contributors as healthy performance from private markets and absolute return compensated for softer performance from public equities in aggregate. Deflation Hedging posted a loss for the year and detracted slightly from overall portfolio performance as interest rates rose sharply across the yield curve. Further commentary on each of the UEP's strategic roles is provided below.

Growth

Growth assets generated a 5% return for the year as valuation write-ups across the private markets program helped offset softer performance from public equities. On an aggregate basis, the public equity portfolio maintained overweight allocations to Canada and Emerging Markets at the expense of the United States. With respect to market capitalization, the portfolio remained tilted to smaller companies with a commensurate underweight to larger companies. This positioning was largely responsible for detracting from relative performance when compared to the benchmark MSCI ACWI IMI. Select managers experienced idiosyncratic underperformance due to stock selection. Towards the end of the third quarter of 2021, Management trimmed the allocation to Canadian equity following a period of strong absolute and relative performance and redeployed the proceeds into Diversifiers.

The private markets program made significant progress this past year in moving towards the long-term strategic asset allocation target, as existing fund commitments continued to call and distribute capital in line with Management's expectations. Many existing GP relationships raised successor funds during the year, ahead of their regular schedule. Five new fund commitments (three to growth, and two to venture capital) were completed during the year. Management will continue working alongside its private markets advisor to build out the program over the coming years, with emphasis on existing GP's and opportunistic new allocations where appropriate.

Inflation Sensitive

Inflation Sensitive assets posted a return of 34.6% over the year with strong positive contribution from all underlying allocations. Within real estate, core strategies in the US and Canada posted healthy performance as valuations bounced back after write downs experienced during the depths of the pandemic. Value-add strategies continued to call and distribute capital in line with Management's expectations. During the year, Management completed one commitment to a Canadian value-add fund with an existing GP, as well as the UEP's first infrastructure investment with another existing GP in which the University has had a long-term relationship. Given the underweight allocation, real estate & infrastructure is an area Management intends to focus on in the coming year.

To augment the exposure to real estate & infrastructure the UEP invests in natural resource public equities, private energy & renewables, and directional commodity futures. Amidst a favourable macroeconomic backdrop, all of these strategies posted significant gains this past year. The Russian invasion of Ukraine in February 2022 exacerbated the inflation trends the world has experienced coming out of the pandemic. Constructive supply/demand fundamentals for virtually all commodities led to robust performance since these respective strategies have varying degrees of direct/indirect correlation with the underlying inputs. Management purchased additional fund interests in the secondary market and completed two co-investments with existing GP's during the year. Given the robust performance, Management has started to see distributions from pre-pandemic investments accelerate. Strong relative performance has led to an overweight allocation to real assets, and Management expects to harvest gains to redeploy elsewhere over the coming year.

Deflation Hedging

The Deflation Hedging strategy produced a return of -3.7% for the year as interest rates across the yield curve moved sharply higher due to accelerating inflation and a commitment from central banks for less monetary accommodation. For the past several years, Management has been cautious on sovereign bonds due to the fact that yields were negative in real terms (ie. after inflation) and the risk that the extraordinary monetary policy accommodation observed during the pandemic would be reversed. As a result, the strategy benefitted from this defensive posture and shorter modified duration than the index. Management began to temper its positioning in the first quarter of 2022 by selling shorter maturity sovereign bonds to fund endowment spending. The underweight allocation is likely to remain in place until real yields become more attractive or Management believes that adding capital at the expense of other opportunities is appropriate.

Diversifiers

In aggregate, Diversifiers were the second best performing strategy this past year with a 7% return. The UEP's diversified absolute return program generated gains as allocations to trend following, global macro, and European commodity managers were the top contributors. Performance was dampened somewhat by long/short equity managers and a small cash position that was held for the first six months of the year. Management deployed additional capital in Diversifying strategies during the fourth quarter of 2021 following the rebalancing of Canadian equity. A portion of the capital was allocated to the UEP's existing custom hedge fund program across a combination of new and existing managers. The remainder was allocated to an equity risk mitigation program run by one of the University's long-tenured investment partners.

Investment Performance Relative to Endowment Peers

The University of Alberta participates in annual benchmark studies with our North American peers. The Canadian Association of University Business Officers (CAUBO) surveys endowment asset allocation and returns as of December 31. The most recent published data from CAUBO is for the period ending December 31, 2020. This data may make shorter-term comparisons less than informative due to timing issues. The UEP's ten year annualized return of 8.7% for the period ending December 31, 2020 was comparable to the CAUBO ten year median return. In the United States, the National Association of College and University Business Officers (NACUBO) in conjunction with Teachers Insurance and Annuity Association of America (TIAA), surveys as of June 30. As US dollar returns can be very different to those in Canadian dollars due to exchange rate fluctuations, comparisons are usually not meaningful.

Investment Program Costs

Investment management fees of $10 million or 0.6% were paid directly by the endowments during the year. An administrative fee to support centrally funded indirect costs associated with endowment programs is charged to the endowments. For 2022, this amounted to $8 million or 0.5%.

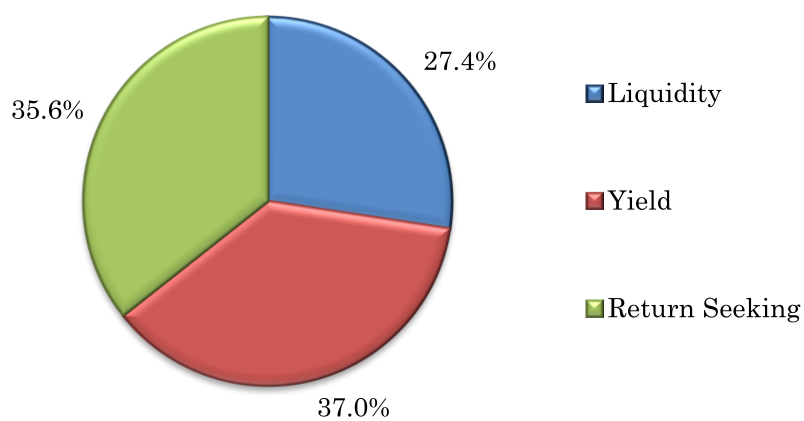
Non-Endowed Assets

The Non-Endowed Investment Pool (NEIP) represents the University's operating, capital, and restricted funds, which are pooled together for investment purposes until required. Updated long-term cash flow projections continue to indicate that a substantial portion of these funds will not be required in the short-term. Accordingly, the Non-Endowed funds are structured to reduce opportunity cost by investing across three distinct strategies with varying maturity profiles as summarized in Exhibit 6.

- To meet the University's cash flow requirements, the Liquidity strategy focuses primarily on the preservation of capital and invests in money market securities maturing within one year.
- To generate additional returns above Liquidity assets while maintaining an appropriate level of risk, the Yield strategy is diversified across global fixed income, preferred shares, private credit, and absolute return strategies. The investments within the Yield generally have a five to ten year investment period.
- To further enhance long-term returns, the Return Seeking strategy accesses global public and private markets by investing in the UEP.

Exhibit 6

NEIP Asset Allocation by Strategic Role
as of Mar 31, 2022



Investment Performance Relative to Objectives

The NEIP returned 4.2% for the year, which fell short of the benchmark return of 6.3%. March 2022 marked the first full year that the NEIP was invested in accordance with the revised strategic asset allocation adopted in 2018. While some fine-tuning is still required, Management has worked diligently to implement the Yield strategy and bring the Return Seeking strategy closer to its recently revised long-term target allocation. Effective April 1, 2022 the target allocation to each of the three strategies are as follows; Liquidity 20%, Yield 40% and Return Seeking 40%. Further commentary on each of the NEIP's strategic roles is provided below.

Liquidity

The internally managed Liquidity strategy returned 0.5% amidst continued record low interest rates for most of the year. In anticipation of rising interest rates, the portfolio maintained a shorter duration during the later half of the year.

Yield

The Yield strategy returned 2.1% with mixed results from the underlying allocations. Global unconstrained fixed income performed well up until the first quarter of 2022 as credit spreads remained tight and volatility was subdued. The first quarter of 2022 was the worst for fixed income in many decades, as sovereign bond markets sold off due to higher interest rates, and corporate bonds were impacted by widening credit spreads. Canadian preferred shares were not immune from this capital market volatility, however still generated strong gains for the year due to the tailwind of rising interest rates and favorable regulatory developments. The private credit allocation continued to call capital as expected and has held up well thus far despite the challenging environment for fixed income more broadly. The absolute return allocation provided nice diversification in a disappointing year for fixed income, and generated positive performance due to opportunities on both the long and short side across many asset classes. Towards the end of the year, Management revisited its commercial mortgage investment manager search that began in 2020, but was put on hold due to the uncertainty stemming from the pandemic.

Return Seeking

The Return Seeking strategy invests in the UEP with the objective of enhancing growth over time. This strategy returned 9.5% and saw its allocation increased on two occasions during the year to bring the weight closer to target.

After another year of positive performance, the value of the Yield and Return Seeking strategies over their underlying obligations stood at $204 million or 24%. This includes both realized and unrealized earnings. The surplus value supports the University's investment income reserve, which is one element of the NEIP's risk management strategy. Amounts in excess of 17% may be used for future strategic initiatives. Cumulative realized earnings of $103 million have been transferred to the investment income reserve.

Responsible Investment

The University's Statement of Investment Principles and Beliefs (SIP&B) includes the following statement on responsible investment:

As a long-term investor, the University of Alberta believes that investments in companies with positive attributes such as high ethical standards, respect toward their employees, human rights, and a commitment to the communities in which they do business can improve long-term financial performance. Conversely, investments in companies that manage their environmental, social and governance (ESG) risks poorly can negatively impact returns. The university believes that a proactive approach of engagement on ESG risks and opportunities is more constructive than excluding particular investments. As an active owner, the University collaborates with its active investment managers to ensure that ESG risks are incorporated into the investment analysis and portfolio construction process and are reported upon.

Management is pleased to provide a summary of its approach to managing environmental risks, and more importantly, how it is allocating capital towards investment opportunities that are attempting to address these immense challenges. This topic has become an area of increased focus for institutional investors over the past decade, with recent geopolitical events in Europe exacerbating the energy supply problem we were already facing. Transitioning the global economy towards a more sustainable and balanced energy mix is of critical importance as is ensuring that energy security, cost, and access are not compromised in the pursuit of our collective energy transition.

Environmental Risk Management

Management continues to engage regularly with its investment partners on the topic of environmental risk. When it comes to public equity, 100% of the assets are managed with ESG risks taken in account at varying points in the portfolio construction process depending on the approach. Some firms have invested significant time and resources into developing in-house solutions, while the majority are still relying on data from external providers. The consistent message Management hears from investment managers is that while ESG related disclosure by companies is trending in the right direction, there remains a lack of standardization and significant gaps in reporting. When moving beyond public equity to asset classes such as private equity, real estate, and hedge funds, the reporting and data issues increase. However, nearly all of these investment managers report on their use of ESG related measures when making investment decisions. ESG related disclosures and questions are also part of any potential new investment due diligence process. Management plans to gather ESG related information from its investment partners, but acknowledges that there is still very much more work that needs to be done for analysis and reporting. This past year, Management initiated a project to measure the carbon dioxide intensity of its investment program utilizing existing resources, and plans to refine its work over the coming year.

Environmental Investment Opportunities

Management has constructed a diversified portfolio, which includes investments in public natural resource equities, private energy & renewables, and private infrastructure. The size and complexity of this portfolio sets the UEP apart when it comes to Canadian endowment peers, and is one of the main reasons why recent performance has remained strong amidst a volatile and uncertain market backdrop. With the recent strong performance of traditional energy markets, Management has started to see material valuation write-ups across its private markets portfolio and distributions are expected to follow. In recognition of the vast array of opportunities related to the required energy transition that will take place over the coming decades, Management has begun to allocate capital to the renewable energy space.

Below, Management has selected a few of the recent investments made that focus on varying aspects of the global energy transition:

Actis

Since 2020, the University has been an investor with Actis, a London-based private equity manager that focuses on sustainable infrastructure. Taking a pragmatic approach, they seek to build companies that deliver a transition to lower or zero carbon emissions, which are equitable, inclusive, and leave no one behind. At present, Actis is evaluating several potential buy and build wind and solar projects in the Middle East, Central Europe and Southern Asia as well as the addition of an energy transition platform targeting renewables in Latin America.

Silfab

In the summer of 2021, the University became a co-investor in Silfab Solar Inc. Started in 2010 and headquartered in Ontario, Silfab is the largest manufacturer of solar panels for residential use in North America. Silfab builds a premium solar panel that has higher than average efficiency. With increasing government policy support and a market that is expected to grow between 20% and 30% per year, Silfab plans to expand its manufacturing capacity in order to help supply the expected demand.

Monolith

Another University co-investment is Monolith. Monolith's vision is to build the world's leading clean hydrogen and materials company. To do this, Monolith has a proprietary methane pyrolysis technology that uses renewable electricity to split natural gas into hydrogen and valuable carbon black (largely used in tire manufacturing). This process does not produce any CO_2 and requires half the electricity usage of electrolysis. Already commercially competitive, with further expansion of their facility, Monolith could become the low cost producer of hydrogen in North America.

In addition to the three examples listed above, Management is also in the process of considering other infrastructure and energy transition investments at this time.

Looking Forward

After several years of constant change and seemingly endless challenges, the University is slowly starting to find its footing in the post-pandemic era. Certain aspects of daily campus life are back while others are settling into a new normal. With the investment team adopting a hybrid work model, time will be split between campus and home offices. After two years, Management is also keen to resume in-person engagement with existing and prospective investment managers, as well as other institutional investors. After another strong year, the University's investment program remains well positioned for a potentially uncertain road ahead.

With the worst of the pandemic hopefully behind us, the world is now grappling with a host of new challenges. As inflation across the world reaches multi decade highs, many people are feeling the effects of higher food and energy prices on their household budgets. After more than a decade of highly accommodative monetary policy, central banks have begun to reverse course in an attempt to ease the burden of inflation while attempting to avoid low growth or worse, recession. This task will not be easy, and with most equities, fixed income, and real estate still appearing richly valued, the investment implications are equally as challenging. Further complicating matters are the major geopolitical shifts currently taking place, which are likely to lead to de-globalization of trade, increased market volatility, and a wider array of potential economic outcomes going forward.

Under the purview of the Investment Committee, Management will continue to carry out the implementation of both the UEP and NEIP's long-term strategies. After several years of activity, the portfolios are well positioned to capitalize on potential investment opportunities that may arise in a world with greater uncertainty and higher volatility. Management and the Investment Committee are working collaboratively and are more focused than ever on ensuring the risk profiles of the UEP and NEIP remain consistent with their respective objectives and time horizons.