

# Statement of Investment Beliefs

AC BOARD



Michael Kelly

Effective  
January 1, 2020

## OVERALL PRINCIPLES

OMERS investment strategies, governance framework and policies are guided by the values reflected in these investment beliefs and are designed to manage our funding risk and achieve returns and cash flows that meet our long-term financial obligations.

**This Policy applies to all investments of the OMERS Primary Pension Plan, the Supplemental Pension Plan and the Retirement Compensation Arrangement.**

Next renewal date:	January 2023
Frequency of review:	Every 3 years

Liabilities are the key driver of our investment strategies.

- Our core mission is to deliver sustainable, affordable and meaningful pensions to our members.
- Protecting our funded status is an essential element of meeting our core mission.
- Our investment strategies and policies are designed to focus on managing funding risk and achieving returns and cash flows that meet our long-term payment obligations to members.

Our long-term strategic asset mix is the key determinant of our overall risks and return.

- Our long-term investment performance will be determined by the choices we make in setting our long-term strategic asset mix.
- Our strategic asset allocation will determine an asset mix that seeks to deliver on our funding objectives.
- The implementation of our long-term strategic asset mix requires a disciplined approach to portfolio construction.

A long-term investment horizon is an advantage.

A long-term investment horizon enables us to:

- invest in private asset classes that are less liquid but have the potential to generate higher and more stable returns;
- tolerate short-term volatility in asset values and returns;
- undertake investment strategies that are not driven by short-term market volatility; and
- take advantage of long-term trends in the global economy.

### Long-term value creation is maximized through direct investment strategies and effective management of human capital.

- Direct drive, active management is cost-effective and enhances investment results.
- Attracting, developing and retaining high performing employees and appropriately aligning behavior with the long-term interests of our plan members is crucial to meeting our investment goals.
- In certain circumstances and markets, the use of external managers and passive investment strategies are appropriate and effective.

### Effective management of financial capital includes the use of leverage and derivatives.

- Prudent use of financial and economic leverage enhances investment returns.
- Derivatives and synthetic securities are efficient tools to manage our asset mix and mitigate risk.

### Articulating our investment goals and performance measures helps ensure clear accountability.

- Key performance indicators including return expectations are set annually.
- Delegation of appropriate levels of investment authority to our employees promotes effective and efficient decision-making.
- Effective reporting of investment activities and results includes consistent robust valuation processes and measuring investment performance against appropriate return targets.

### Environmental, social and governance (“ESG”) factors can have a material impact on long-term investment performance.

- We integrate ESG factors into our investment decision-making process and asset management practices as such factors could have a material impact on long-term investment performance.

- We believe that well run organizations with sound ESG practices will perform better, particularly over the long term.

### Achieving our investment goals requires us to assume risk and accept that periodic losses can arise.

- Risk is multi-faceted and not fully captured exclusively through measures such as volatility. Our principal concern is the risk of a material and permanent loss of capital.
- We seek to achieve appropriate returns for the risk undertaken.
- Our investment risk tolerance will be clearly articulated in a risk appetite statement.

### Costs matter and need to be managed.

- We balance risk, return and cost when developing and implementing investment strategies.
- Managing costs effectively includes setting Management Expense Ratio (MER) targets.
- Expanding our capital base is an effective way to leverage our investment management teams and offset costs.

### We manage our investment assets in the best interests of our members and beneficiaries as a whole and consistent with our fiduciary duty.

- We expect our directors, officers and employees to act ethically, respectfully and with a high degree of integrity at all times in the conduct of our investment activities.
- Policies and procedures are designed to facilitate compliance with legal and regulatory requirements and support a culture of high ethical behavior and accountability.

#### ROLES & RESPONSIBILITIES

Policy Approver	AC Board of Directors	Responsible for approving the Policy
Policy Sponsor	Chief Investment Officer	Ultimately accountable for the Policy, including its development, implementation and administration
Policy Manager	Chief Legal & Corporate Affairs Officer	Responsible for the design and operational effectiveness of the day to day administration of the Policy
Policy Monitor	SVP, Legal & Corporate Secretary	Responsible for the monitoring, compliance and reporting functions of the Policy