

# Statement of Investment Beliefs

AC BOARD



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Effective  
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## OVERALL PRINCIPLES

OMERS investment strategies, governance framework, policies and management accountabilities are guided by the principles reflected in these investment beliefs and are designed to manage our funding risk and achieve returns and cash flows that meet our financial obligations and deliver a sustainable, affordable and meaningful pension to our members.

**This Policy applies to all investments of the Primary Plan, the Supplemental Plan and RCA.**

Next renewal date:	January 2029
Frequency of review:	Every 3 years

We are building tomorrow together through defined benefit pensions with investment strategies driven by our liabilities.

- We are focused on delivering sustainable, affordable and meaningful pensions to our members.
- Protecting our funded status is an essential priority.
- Our investment strategies and policies are designed to focus on managing funding risk and achieving returns and cash flows that meet our 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 asset-liability studies inform a long-term strategic asset mix that seeks to deliver on our funding obligations without taking undue risk.
- The implementation of our long-term strategic asset mix requires a disciplined approach to asset allocation and portfolio construction that considers medium-term portfolio-positioning as well as short-term tactical decisions.

Diversification is an important risk management tool.

- Under most market conditions, diversification reduces the variability of returns by distributing our exposure among asset classes, investment strategies, counterparties, countries, sectors, asset holding periods, currencies and securities.
- Diversification is not assumed to be constant or static; regular review of portfolio composition facilitates exposure adjustments based on market conditions and our risk appetite.

## A long-term investment horizon is an advantage and responsibility.

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;
- take advantage of long-term trends in the global economy; and
- proactively and selectively rotate capital in pursuit of our long-term strategic asset mix.

## Favourable portfolio performance and outcomes are driven by diverse investment strategies and effective stewardship of investment and human capital.

- Direct drive, active management is a cost-effective way to access certain markets, builds intellectual capital and allows us to exercise influence in the stewardship of plan assets.
- In certain circumstances and markets, the use of external managers and passive investment strategies is appropriate and effective.
- Attracting, developing and retaining high-performing talent and appropriately aligning performance measurement and incentives with our values and the long-term interests of our plan members is crucial to meeting our investment goals.

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

- Prudent use of financial and economic leverage enhances risk-adjusted investment returns and supports liquidity management.
- Derivatives and synthetic securities are efficient tools to assist in managing our asset mix and mitigating risk.

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

- Key performance indicators including return expectations, are set annually. These return

expectations are influenced by our long-term strategic asset mix assumptions.

- Key risk limits and thresholds, including asset concentration, currency exposures, and financial leverage, provide clear measures for monitoring investment risk.
- Delegation of appropriate levels of investment authority to our employees promotes effective and efficient decision-making while maintaining appropriate checks and balances.
- Effective reporting of investment activities and results includes consistent robust valuation processes and measuring investment performance against appropriate return targets.

## Sustainability factors can have a material impact on investment performance across varying time horizons.

- We believe that well-run organizations with sound sustainability practices will perform better, particularly over the long term.
- We integrate sustainability factors into our investment decision-making process and asset management practices where relevant and material.
- We seek to address sustainability factors, where material, in how we collaborate, and engage with portfolio companies and other stakeholders, with a view to improving portfolio returns and the sustainable finance ecosystem upon which those returns rely.

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

- Risk is multi-faceted and not fully captured exclusively through measures such as volatility. Our principal concerns are liquidity risk and the risk of a material and permanent loss of capital.
- We seek to achieve appropriate returns for the risk undertaken.
- It is critical to have an investment risk tolerance including with respect to reputational risk matters 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 assets under management to include third party partnerships in appropriate areas can be an effective way to leverage our investment management teams and offset costs.

**We manage our investments in the best interests of our members as a whole and consistent with our fiduciary duty.**

- We expect our Directors, employees and Designated Contractors 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.
- In carrying out our investment activities we are guided by our core values: inclusion, integrity, humility and excellence.

#### 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 & Sustainability Officer	Responsible for the design and operational effectiveness of the day-to-day administration of the Policy
Policy Monitor	SVP, Associate General Counsel and Corporate Secretary	Responsible for the monitoring, compliance and reporting functions of the Policy