Report of the Investment Committee of the Master Trust Université Laval – La Fondation de l'Université Laval

2020–2021 Fiscal Year

La Fondation
Développement et relations
avec les diplômés

UNIVERSITÉ LAVAL

Table of Contents

Background

On behalf of the Joint Investment Committee of the Master Trust Université Laval – La Fondation de l'Université Laval (hereinafter referred to as the "Master Trust"), I am pleased
to present to the members of the Board of Directors of Université Laval (hereinafter referred to as the "University") and the Université Laval Foundation (hereinafter referred to as the "Foundation")[1], the report for the 2020-2021 fiscal year ended on April 30, 2021. This report will also be made available to the various funds and chairs whose money is invested in the Master Trust.

The Joint Investment Committee (hereinafter referred to as the "Committee") is responsible for managing the investments of the Master Trust. The Master Trust was established in 1999 to pool the majority of the Foundation's assets as well as the University's endowment and equity funds.

Once again this year, the Committee accomplished a significant amount of work. Twelve meetings were held during the fiscal year. In addition to its recurring duties and in line with the work plan established at the beginning of the fiscal year, the Committee's primary activities this year were as follows:

- Selection of two global equity managers to replace those in U.S. and international equities, as a result of the continuation and finalization of the reflections initiated at the end of the 2019-2020 fiscal year regarding the non-Canadian equity sub-portfolios
- Development of a comprehensive list of criteria to consider (including carbon footprint reporting requirements) when selecting a new manager
- Membership in two additional responsible investment networks (CERES/INCRS and *Climate Action 100+*)
- Production of a first declaration under the UN Principles for Responsible Investment
- Advancement of work begun the previous year on cash flows and the liquidity risk of investments
- Initial reflections and work already underway on the suitability of the current fixed income positions in the portfolio

The work plan for the 2021-2022 fiscal year includes exciting initiatives and projects that will once again keep the committee busy.

The membership of the Committee, as at April 30, 2021, is listed in Appendix I of this report.

[1] The University and the Foundation are hereinafter referred to as the "Participants."

Medium- and long-term investments

Medium- and long-term investments comprise all capitalized funds as well as about 33% of non-capitalized funds and working capital. As at April 30, 2021, the actual and target allocation for medium- and long-term investments was:

Actual and target allocation of medium- and long-term investments

FIXED-INCOME SECURITIES	ACTUAL	TARGET
CorePlus – BlackRock	11.9%	12.5%
Commercial mortgage debt – TDAM	9.4%	10.0%
Bank loans – BlackRock	7.2%	7.5%
Total	**28.5%**	**30.0%**

EQUITY SECURITIES	ACTUAL	TARGET
Canadian equities – TDAM	13.6%	12.5%
U.S. equities – BlackRock	8.5%	7.75%
U.S. equities – BlackRock	8.7%	7.75%
International equities – MFS	11.2%	11.0%
International equities – Mawer	11.4%	11.0%
Total	**53.4%**	**50.0%**

SPECIFIC INVESTMENTS[1]	ACTUAL	TARGET
Real estate investments – BentallGreenOak	5.9%	6.0%
Global real estate investments – CBRE	0.0%	6.0%
Infrastructure investments – JP Morgan	6.9%	8.0%
Short-term bonds – Fiera Capital	5.2%	0.0%
Total	**18.1%**	**20.0%**

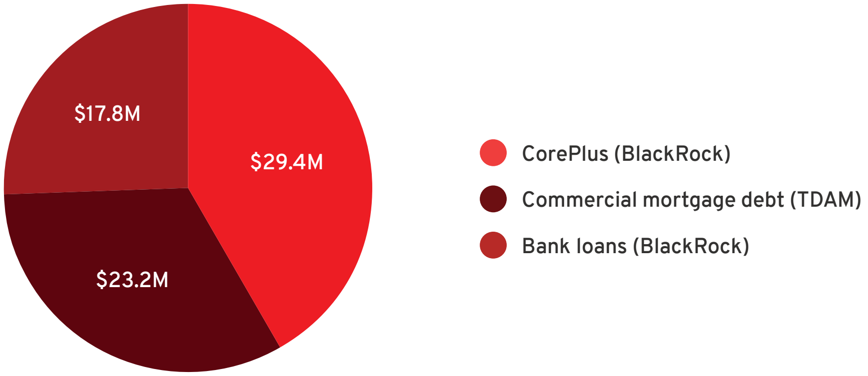
Medium- and long-term investments totalled $246.8M as at April 30, 2021, an increase of $31.0M over the previous year ended April 30, 2020. This substantial increase is mainly due to a significant appreciation in the value of assets, the coronavirus crisis of the previous year having largely subsided.

[1] The global real estate investment, still in the queue, is now expected to move forward in the second half of 2021 or the first quarter of 2022. As a result, the temporary exemption to the Investment Policy and Guidelines adopted at the beginning of the 2019-2020 fiscal year is maintained.

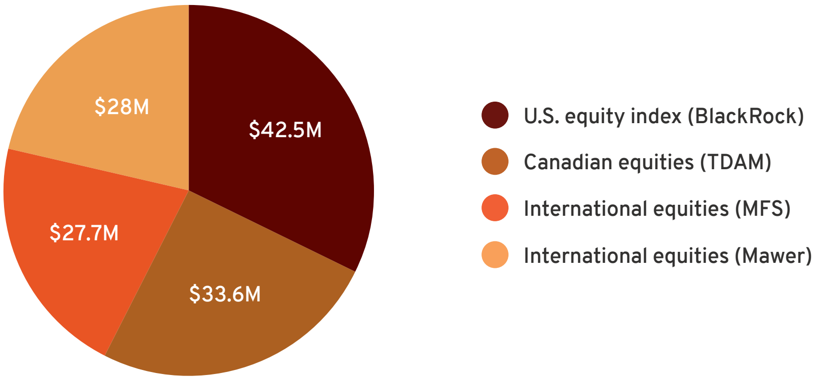
The actual investment allocations are in line with the targets, except for the specific investments in global real estate with CBRE, which is still in the manager's queue for capital deployment, and in short-term bonds, where the capital is temporarily invested with Fiera Capital.

The amounts allocated to each of the medium- and long-term investment types as well as the external asset managers as at April 30, 2021, were as follows:

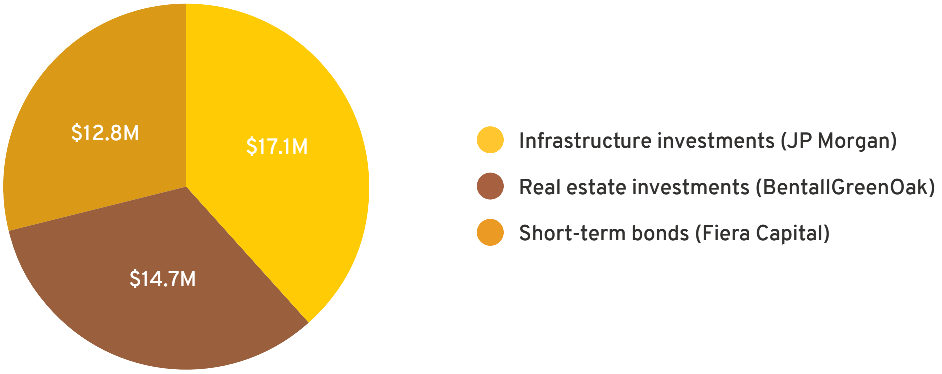
Fixed-income securities



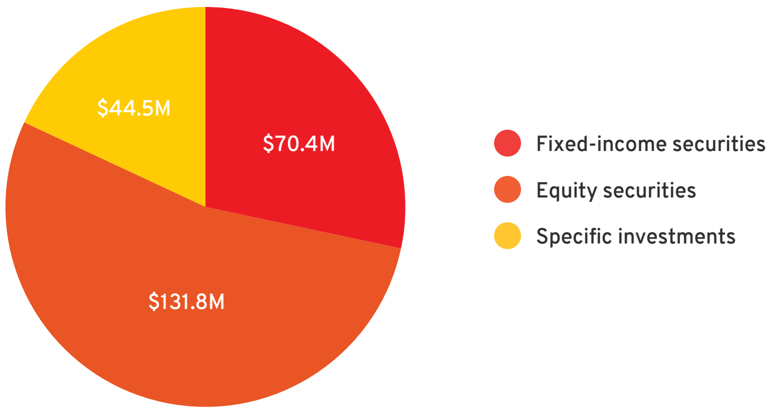
Equity securities



Specific investments



Total assets



Appendix II presents the gross returns of the capitalized funds for the last four fiscal years as well as the gross returns of managers and benchmarks for 2020-2021.

The return on capitalized funds was 15.8% in 2020-2021, well above the annual medium- and long-term target of 3.5% plus inflation and administration costs.

Over longer periods of four and ten years, the results also exceeded the respective long-term targets of 0.8% and 1.7% annually.

However, the return on capitalized funds during the fiscal year was -0.9% below the benchmark, which was 16.7%. The return on these funds had matched or exceeded the benchmark over the previous six years. It underperformed relative to its benchmark over the fiscal year, primarily as a result of the low volatility Canadian equity mandate in the portfolio. The mandate underperformed in an environment unfavourable to the defensive, low volatility style.

Non-capitalized funds, working capital, and short-term investments

Non-capitalized funds and working capital are primarily invested with a more liquid asset allocation and a lower risk level than the capitalized funds.

Balance of funds as at April 30, 2021

$54.8M

↑ $12.0M
compared to balance at April 30, 2020

Actual and target asset allocation for non-capitalized funds and working capital as at April 30, 2021

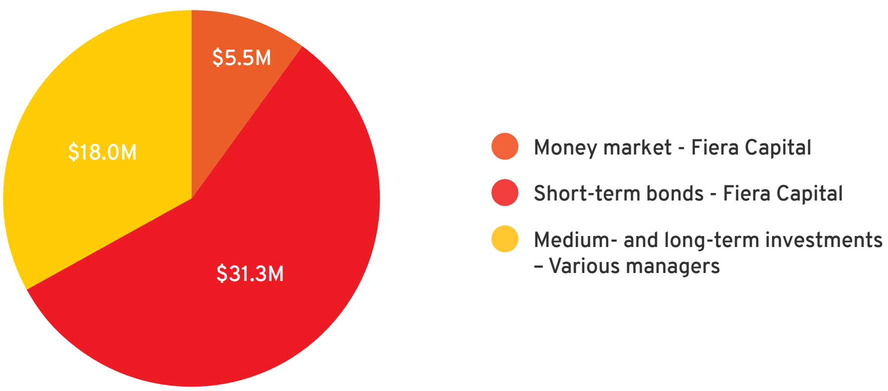
67%
in short-term investments

10%
in money market securities

57%
in short-term fixed income securities

33%
in medium- and long-term investments

Non-capitalized funds and working capital investments



Appendix III presents the gross returns of the non-capitalized funds and working capital for the last four fiscal years as well as the gross returns of managers and benchmarks for 2020-2021.

The non-capitalized funds generated a return of 6.4% in 2020-2021, which exceeds the average annual return target of 3.0% and represents 0.1% in added value over the benchmark.

The return on investment of non-capitalized funds and working capital has now exceeded the benchmark for seven consecutive years.

Investment managers

In line with a decision by the Committee at the beginning of the fiscal year to move from regional to global management — a strong trend in the market in recent years as many studies indicate that this approach generates greater risk-adjusted value — two new global equity managers have been selected and the contractual documentation completed. As a result, the Committee decided to terminate the management contracts of the Master Trust's two international equity managers (Mawer and MFS) and that of the U.S. equity manager (BlackRock).

The decision to terminate the contracts of these international and U.S. equity managers is not linked to any underperformance or dissatisfaction. The Committee has always been very pleased with the work of these managers, and they were all seriously considered in the selection process.

The Committee selected the two new global equity managers in collaboration with the asset management consultant bfinance, which carried out the selection process by issuing a call for proposals.

The first round of the selection process took into account both the consultant's list of criteria and the exhaustive list developed by the Committee over the course of the year, which included criteria specifically related to responsible investment and carbon footprint.

In the final selection, the Committee chose two managers with complementary profiles: RBC GAM and Vontobel. Capital will be split 50%-50% between them.

Both of these managers and their global equity fund offerings meet all the selection criteria set by the Committee, particularly those related to management philosophy and processes, the depth, experience, and stability of the teams, performance over the years, and the consideration of environmental, social, and governance (ESG) factors including the carbon footprint.

In addition, as always, the Committee conducted the annual follow-up meetings with all managers in the spring. This year's meetings were held on April 7 and 8, 2021. Committee members were generally very satisfied with the work of the managers and the information and clarifications shared during these meetings, although the U.S. and international equity contracts with BlackRock, Mawer, and MFS were subsequently terminated for the aforementioned reason.

Finally, it should be noted that during the year, the Committee accepted JP Morgan's proposal that Canadian infrastructure fund investors such as the Master Trust, avail themselves of a Canadian currency hedge through the fund manager, which further stabilizes the return generated by the portfolio.

Investment policy and guidelines

No changes were made to the investment policy during the fiscal year.

However, changes to the investment guidelines were required as a result of the Committee's decision to make new investments in global equities to replace the international and U.S. equities in the portfolio. This new version of the guidelines was adopted within weeks of the end of the fiscal year.

As previously reported, as a result of the delay in completing the upcoming global real estate investment with CBRE, the temporary exemption from the investment policy and guidelines adopted at the beginning of the 2019-2020 fiscal year after the liquidation of the investment in the Ipso Facto limited partnership has been maintained. This exemption temporarily permits the investment of liquidation proceeds in short-term fixed income securities, as the policy and guidelines do not provide for this option for medium- and long-term investments.

Responsible Investment Report

(April 30, 2021)

Responsible investment strategy

Driven by a strong culture of sustainability, the University takes a leadership role when it comes to responsible actions to preserve and improve our quality of life in the present without compromising that of future generations.

In accordance with these principles and in line with its mission to support the activities of the University and the Foundation, the Master Trust has developed a responsible investment strategy to translate the institution's values and objectives into investment activities and thereby inspire other investors to use this vehicle to drive positive societal change. The adoption of a responsible investment approach consistent with the Trust's long-term investment outlook also provides a mechanism to control risk and capitalize on emerging opportunities.

The strategy takes into account for the Trust's inherent limitations, including its limited size, which means that investments are managed by external managers, and aims to achieve these objectives while preserving the optimization of the risk-return relationship.

The strategy is based on four priorities and two principles, described below.

Strategic priorities:

- Integrate environmental, social, and governance considerations into investment decisions
- Reduce the investment portfolio carbon footprint and implement a strategy in line with climate objectives
- Promote responsible shareholder engagement
- Foster collective engagement and public action

Principles:

- Transparency
- Continuous Improvement

Highlights from 2020-2021

- The carbon footprint of the Master Trust equity portfolio decreased by 50% from last year.

- Relative to the Trust's targets, the carbon footprint of the Master Trust equity portfolio is now 42% lower than the baseline year (December 31, 2018). The target of a 30% reduction by 2025 has therefore been achieved, subject to the inherent annual variability that will remain to be validated next year.

- The Master Trust made its first annual declaration under the UN Principles for Responsible Investment.

- The Trust has joined the *Climate Action 100+* investor group, which lobbies the 160 largest corporate greenhouse gas emitters, notably by introducing resolutions at shareholder meetings.

Strategic priority 1:

Integrate environmental, social, and governance considerations into investment decisions

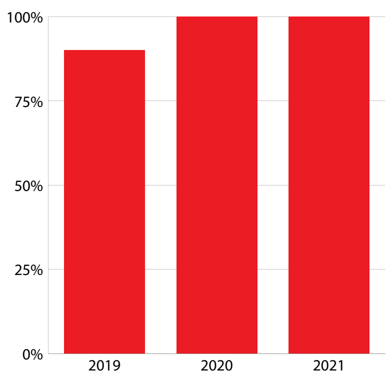
Incorporating environmental (E), social (S) and governance (G) considerations into investment decisions promotes better risk control for long-term returns, and signals to companies that investors care about responsible behaviour and not just maximizing their short-term profits.

As part of the responsible investment strategy, the Committee must:

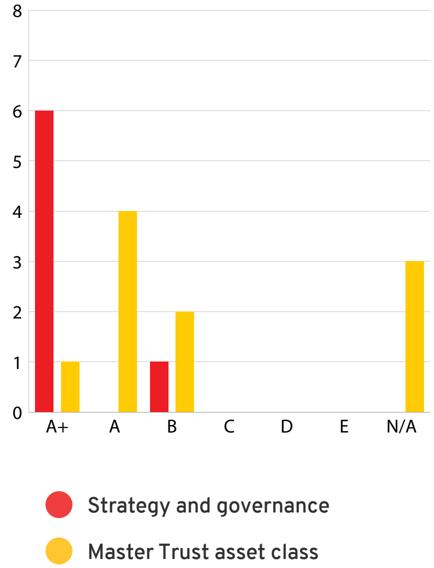
- Give structured and systematic consideration, when selecting a manager, to the quality of their commitment to responsible investment
- Give structured and systematic consideration, when evaluating a manager, to the quality of their commitment to responsible investment

INDICATORS:

UN PRI signatory managers in relation to assets under management for the Trust



UN PRI score of the Trust's managers



Past results – Highlights

2019-2020
Since 2019-2020, all contracted investment managers have been members of the UN Principles for Responsible Investment. For several years, a majority of the managers were members, but not all of them.

2020-2021 results

For the first time, the selection process for two new managers included a formal and structured assessment of the candidate firms' range of responsible investing practices and the integration of ESG considerations into their decision-making framework. Based on this experience, the analytical framework can be improved.

Strategic priority 2:

Reduce the investment portfolio carbon footprint and implement a strategy in line with climate objectives

The transition to a low-carbon economy must be actively supported and funded by responsible investors. Investors have significant leverage over companies and must use it to demonstrate their approval for practices that reduce carbon emissions to the atmosphere. The transition also creates risks and opportunities that must be properly accounted for in order to maximize performance.

As part of the responsible investment strategy, the Trust intends to:

- Quantify the carbon footprint of the investment portfolio on an annual basis
- Reduce the long-term carbon footprint of the investment portfolio
- Limit investment exposure to fossil fuel reserves and to companies that are reluctant to commit to the transition to a low-carbon economy

This strategic priority, which introduces additional constraints to the investment universe, must be implemented in such a way as to limit any significantly adverse impact on performance, risk control, and the optimization of the relationship between these two elements.

To this end, the monitoring of investment performance must be two-fold, i.e., performance must be compared to a low-carbon index in order to measure the performance of the chosen investment manager, and then must also be compared to the regular market index to isolate the impact of the decision to reduce the carbon footprint of the portfolio.

Also, considering that such a step-by-step approach to reducing the carbon footprint is innovative, lacking in external comparables, and riddled with unknowns, the Committee must take an iterative approach based on ongoing feedback and dialogue with the stakeholders, namely the University and the Foundation.

The quantification methodology and its units of measure are detailed in Appendix IV.

TARGETS

The ambitious carbon footprint reduction targets for the equity portfolio, relative to the baseline at December 31, 2018, are as follows:

- Reduction of 30% by 2025
- Reduction of 50% by 2030

A "fossil fuel divestment," per the *Carbon Underground 200* list, would have reduced the carbon footprint by 19.3% as at December 31, 2018.

Past results – Highlights

2018-2019

First quantification of the carbon footprint of the equity portfolio.

2019-2020

Identification and adoption of carbon footprint reduction targets for the equity portfolio.

Modification of the target asset allocation in order to reduce the carbon footprint of the equity portfolio.

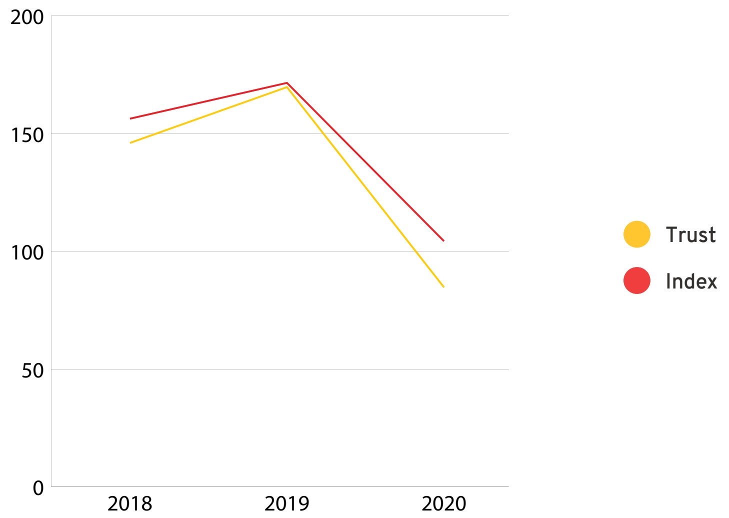
Inclusion of low-carbon indices in quarterly manager monitoring reports to assess managers' performance against these indices in addition to the regular indices.

2020-2021 results

For the first time, the selection process for two new managers included a formal carbon footprint criterion. The consideration of this information in management decisions was also analyzed.

The carbon footprint of the Master Trust equity portfolio is now 42% lower than the baseline year, at December 31, 2018.

Carbon footprint of Trust investments ($tCO_2e/\$M$)



Strategic priority 3:

Promote responsible shareholder engagement

Responsible voting is an important way to effectively and positively influence companies in which the Trust indirectly holds shares. However, since the Trust generally invests in mutual funds, it cannot exercise voting rights directly. The fund managers vote in accordance with the guidelines set out in their policies on the subject. The power of the Trust therefore lies in its ability to influence such policies and to monitor the exercise of votes.

As part of the responsible investment strategy, the Committee must take a proactive approach in this regard and, more specifically, within the limits of its organizational capabilities:

- Give structured and systematic consideration, when selecting a manager, to the quality of their voting rights policies in terms of responsible investment
- Periodically review and evaluate the policies and voting practices of managers under contract
- Help influence the voting policies of managers under contract, including flagging issues of interest

Past results – Highlights

2018-2019
Creation of an inventory of managers' voting rights policies with a view to analyzing them.

2020-2021 results

None, as other actions were prioritized.

Strategic priority 4:

Foster collective engagement and public action

As major economic players, large institutional investors like the Master Trust enjoy significant influence with governments, businesses, and the general public. A responsible investor must maximize the use of this power of influence for the benefit of society and the environment.

As part of the responsible investment strategy, the Trust intends to collaborate with other similar investors to carry out public engagement initiatives on sustainability issues and to contribute to the evolution of responsible investment. To this end, membership and involvement in responsible investment networks is the best way to pool the power of influence and knowledge of many players.

INDICATORS:

The Master Trust is an active member of the following networks:

- UN Principles for Responsible Investment (UN PRI)
- RIA Canada — Responsible Investment Association Canada
- Ceres Investor Network on Climate Risk and Sustainability
- *Climate Action 100+*
- Investing to Address Climate Change: A Charter for Canadian Universities

Past results – Highlights

Membership in two responsible investor networks (UN PRI – United Nations Principles for Responsible Investment and RIA Canada – Responsible Investment Association of Canada).

2020-2021 results

- Membership in two responsible investor networks (Ceres Investor Network on Climate Risk and Sustainability and Climate Action 100+).
- Signatory of and participant in the Investing To Address Climate Change charter, a collaborative initiative of 15 Canadian universities on responsible investment.
- First annual declaration (optional and non-public) under the UN Principles for Responsible Investment.

Priorities for next year

For 2021-2022, the Trust intends to focus on the following actions to implement its responsible investment strategy:

- Produce a first public declaration and a second annual declaration under the UN Principles for Responsible Investment
- Identify the votes recommended by Climate Action 100+ on indirectly held companies and inform our managers of our views on the issue
- Actively collaborate on the work of the Investing To Address Climate Change Charter inter-university working group
- Define a methodology to give structured and systematic consideration, when evaluating a manger, to the quality of their commitment to responsible investment (integration of ESG consideration, quality of voting rights policy, active participation in various collective initiatives, etc.).

Comparative returns as at December 31, 2020

The Canadian Association of University Business Officers (CAUBO) annually compiles the endowment returns (capitalized funds) of most Canadian universities. It should be noted, however, that this data is compiled per calendar year and not per the Master Trust's fiscal year, which ends on April 30.

Appendix V presents the returns of the Master Trust capitalized funds as well as the median returns of the 69 university endowments that participated in the survey.

For the 12-month period ended December 31, 2020, the median return for all Canadian university endowments was 8.9%. In comparison, the return on the Master Trust capitalized funds was 6.2%, while the median return for the 17 funds of comparable size to the Master Trust was also 8.9%. The fourth quartile (25th percentile) return for funds of comparable size to the Master Trust was 6.3% (25% of these funds had returns less than or equal to 6.3%).

As in recent years, the asset allocation of the Master Trust was significantly different in 2020 from that of the other funds. That said, given that returns on both traditional assets such as equities and fixed income securities and on non-traditional assets were broadly in the same range in 2020, the Master Trust's underperformance (2% to 3% lower than the other pools) was largely due to the underperformance of its investments in Canadian equities. On one hand, the very poor performance of one of its two managers led to the decision to terminate its management contract in May 2020. On the other hand, the second Canadian equity mandate is one of low volatility and market circumstances, which resulted in this strategy underperforming in an environment unfavourable to the defensive low volatility style. In addition, the bank loan position yielded a meagre 2.5% over the year and the Canadian real estate position was negative 0.86%.

Over the past four years, the Master Trust's average return has been 8.3% compared to a median return of 7.5% for all the universities surveyed.

Financial statements

The Master Trust's financial statements, attached as Appendix VI, present the statement of net assets available and the statement of changes in net assets available for participants, which includes the investments held by the Master Trust that represent the majority of its assets. For the fiscal year ended April 30, 2021, net assets available were $284.2M compared to $245M for the fiscal year ended April 30, 2020. This noteworthy increase is mainly due to the significant market recovery over the course of the year, following the sharp drop in early 2020 with the outbreak of the coronavirus.

The statement of changes in net assets available for participants shows the attributable share of each in the Master Trust. This statement also includes transfers between the Foundation and the University for administrative fees charged to the University's endowment funds and credited to the Foundation and for income from the University's non-capitalized funds charged or credited to the Foundation.

The notes to the financial statements further detail the various risks affecting the Master Trust.

Work plan

2021-2022

The Committee's agenda for the 2021-2022 fiscal year will focus on:

- Continuing the discussions begun in fiscal year 2020-2021 regarding the portfolio of fixed income securities as well as the development of the hedging strategy for future investments in global equities and global real estate, as these are denominated in foreign currencies

- Analyzing potential additional changes to portfolio investments (particularly Canadian equities and fixed income) to further reduce the carbon footprint

- Producing a report on asset and liability matching for the Master Trust, allowing the Committee and its participants to be more comfortable with the liquidity risk

- Analyzing the outcome of the first declaration under the UN Principles for Responsible Investment, and identifying necessary and feasible corrections to implement

- Defining a methodology to give structured and systematic consideration, when evaluating a manager, to the quality of their voting rights policy and active participation in various collective sustainable development initiatives related to investment

- Implementing a monitoring system for the various responsible investment networks to which the Master Trust has belonged in recent years, making it easier to stay as up to date as possible with new developments

- Producing a set of questions to ask at follow-up meetings with managers next year in order to provide a more defined framework for the issues of interest to the Committee, particularly in the area of responsible investment

Michel Lévesque
Chair of the Joint Investment Committee
September 7, 2021

Appendices

Appendix I

Members of the Joint Investment Committee as at April 30, 2021

UNIVERSITY REPRESENTATIVES

Louis Frenette-Nolin
Research and Planning Officer
Office of the Vice Rector, Administration, Université Laval

François Girouard
Consultant

Jean Grégoire, Vice-Chair
Cash Manager
Finance Department, Université Laval

FOUNDATION REPRESENTATIVES

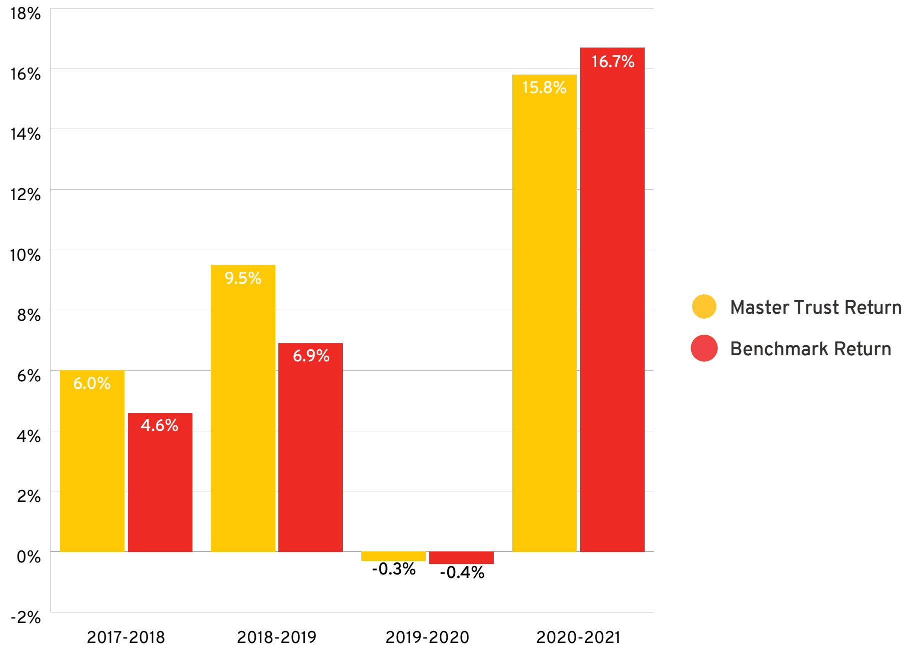
François Lalande
Corporate Director

Michel Lévesque, Chair
Corporate Director

Sara Lévesque
Senior Director, Finance, Operations and Systems
The Université Laval Foundation

Appendix II

Annual returns of Master Trust capitalized funds for the fiscal year ended April 30



***Benchmark index:**

As at February 25, 2020: 12.5% FTSE TMX Canada Universe, 10% FTSE TMX Canada Short Term +0.5%, 7.5% S&P/LSTA Leveraged Loan Index US$, 12.5% S&P/TSX Composite, 7.75% S&P 500 C$, 7.75% S&P 500 US$, 22% MSCI EAFE C$, 12% MSCI IPD PFI Can and 8% (CPI +4%).

As at February 28, 2017: 12.5% FTSE TMX Canada Universe, 10% FTSE TMX Canada Short Term +0.5%, 7.5% S&P/LSTA Leveraged Loan Index US$, 17% S&P/TSX Composite, 7% S&P 500 C$, 7% S&P 500 US$, 19% MSCI EAFE C$ and 20% (CPI +4%).

Appendix II (cont.)

Annual returns of Master Trust sub-portfolios of capitalized funds for the fiscal year ended April 30, 2021

FIXED-INCOME SECURITIES	ACTUAL	BENCHMARK INDEX
CorePlus (BlackRock)	1.6%	-2.0%
Commercial mortgage debt (TDAM)	6.0%	4.7%
Bank loans (BlackRock)	13.5%	15.8%

EQUITY SECURITIES	ACTUAL	BENCHMARK INDEX
Canadian equities (TDAM)	25.4%	33.3%
U.S. equities (not hedged) (BlackRock)	29.3%	29.3%
U.S. equities (hedged) (BlackRock)	44.5%	44.4%
International equities (MFS)	22.1%	23.9%
International equities (Mawer)	23.4%	23.9%

SPECIFIC INVESTMENTS	ACTUAL	BENCHMARK INDEX
Real estate investments (BentallGreenOak)	0.5%	1.3%
Infrastructure investments (JP Morgan)	7.8%	5.1%
Short-term investments (Fiera Capital)	2.7%	1.3%

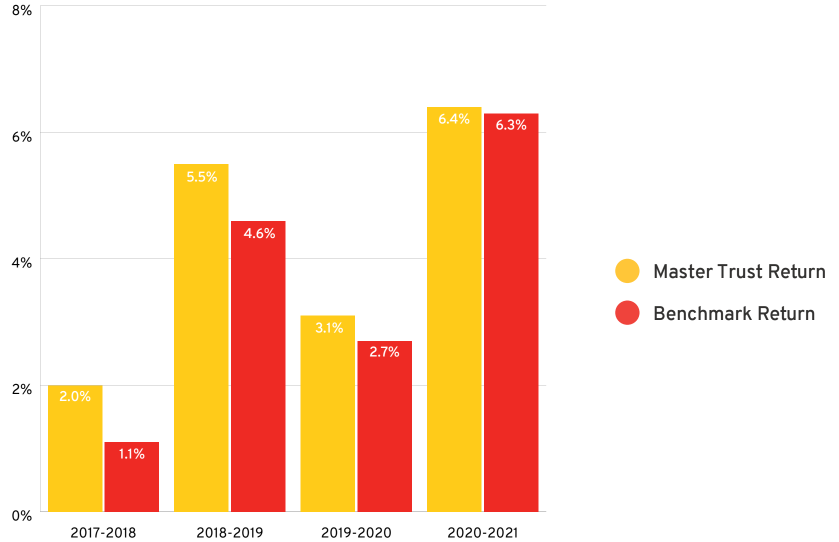
MASTER TRUST	ACTUAL	BENCHMARK INDEX
All sub-portfolios	15.8%	16.7%

***Benchmark index:**

FIXED-INCOME SECURITIES	
CorePlus	FTSE TMX Canada Universe
Commercial mortgage debt	FTSE TMX Canada Short Term +0.5%
Bank loans	S&P/LSTA Leveraged Loan Index US$
EQUITY SECURITIES	
Canadian equities	S&P/TSX Composite
U.S. equities	S&P 500 C$ and S&P 500 US$
International equities	MSCI EAFE C$
SPECIFIC INVESTMENTS	
Real estate investments	MSCI IPD PFI Can
Infrastructure investments	CPI +4%
Short-term investments	MSCI IPD PFI Can (temporary exemption, Fiera Capital is manager since July 2019)

Appendix III

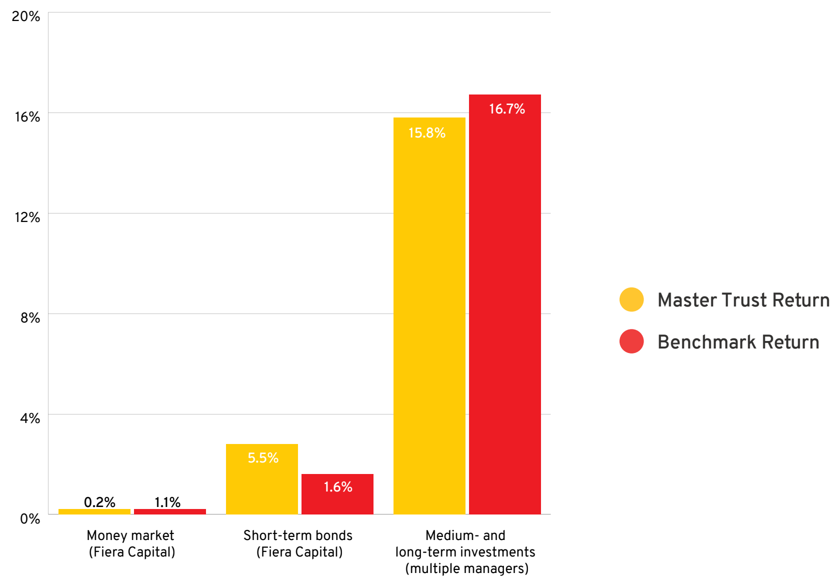
Annual returns of Master Trust non-capitalized funds and working capital for the fiscal year ended April 30



*** Portfolio:** Optimum and all medium- and long-term investment managers from August 2015 to November 3, 2017. Fiera Capital and all medium- and long-term investment managers thereafter.

**** Benchmark index:** 10% FTSE TMX Canada 91 Day T-Bill, 57% FTSE TMX Canada Short Term Overall Bond and 33% based on medium- and long-term investment targets.

Annual returns of Master Trust sub-portfolios of non-capitalized funds and working capital for the fiscal year ended April 30, 2021



*** Benchmark index:**

Money Market	FTSE TMX Canada 91 Day T-Bill
Short-term bonds	FTSE TMX Canada Short-Term Overall Bond
Medium- and long-term investments	See Appendix II

Appendix IV

Methodology for assessing the carbon footprint of equity investments

CARBON FOOTPRINT

The carbon footprint is defined as the amount of greenhouse gases attributable to an investor as a proportion of the value of the investments made.

If an investor owns 1% of a company's shares, 1% of that company's greenhouse gas emissions are counted in the investor's footprint. These emissions are then plotted against the sum of the capital invested to obtain a comparable relative value.

The unit of measure is therefore tonnes of carbon dioxide equivalent per million dollars of investment (tCO_2e/$M). Carbon dioxide equivalent (CO_2e) is used to account for the equivalent impact of different greenhouse gases. For example, one tonne of methane, which has 22 times the effect of carbon dioxide, is counted as 22 tonnes of CO_2e.

METHODOLOGY

Using an extensive and continuously updated database, the Master Trust's contracted service provider, MSCI, evaluates all of the Master Trust's publicly traded equity portfolios by examining the total carbon emissions, carbon footprint, carbon intensity, fossil fuel reserves, and alignment of the business strategy with a low-carbon economy of the companies in which the Master Trust invests.

More specifically, MSCI measures emissions as follows:

- Category 1 emissions, i.e., those directly produced by a company
- Category 2 emissions, i.e., indirect emissions, related to a company's consumption of electricity, heat, or steam

Category 3 emissions are not included in the calculation of emissions. These indirect emissions, designated as those that are a consequence of a company's activities, but are not owned or controlled by the company, are neither defined nor calculated uniformly by all economic players and are difficult to estimate for an investor.

The evaluation is produced for a period of 12 months ending December 31 of the evaluation year, based on the securities held in the portfolio at that date. The data used for corporate carbon emissions is from the previous year, i.e., the most recent data available at the time of the evaluation.

As of the date of publication of this report, data for the U.S. equity fund managed by BlackRock comes from Trucost and not MSCI. The Trust will make sure to regularize this methodological issue that affects the coherence of the data, but does not change the general trend indicated.

Appendix V

Annual returns of Master Trust capitalized funds (medium and long term) relative to the median for CAUBO* funds for calendar years ended December 31

PERIOD	MASTER TRUST RETURN	MEDIAN CAUBO RETURN
Year 2020	6.2%	8.9%
Year 2019	13.9%	13.8%
Year 2018	2.2%	-1.2%
Year 2017	11.2%	9.1%
Year 2016	5.2%	7.5%
Year 2015	7.9%	5.0%
Year 2014	10.8%	10.3%
Year 2013	14.9%	16.1%
Year 2012	9.5%	9.1%
Year 2011	1.4%	0.9%

PERIOD	MASTER TRUST RETURN	MEDIAN CAUBO RETURN
Four years, 2017 to 2020	8.3%	7.5%
Ten years, 2011 to 2020	8.2%	7.8%

***CAUBO**: Canadian Association of University Business Officers

Appendix VI

Financial Statements of the Master Trust Université Laval – La Fondation de l'Université Laval

Separate document.

Appendix VII

Changes to the Investment Policy

No changes made.

Changes to the Investment Guidelines

Changes have been made to the guidelines, primarily regarding the inclusion of new investments in global equities coming in late summer 2021. Note that these changes were adopted early in the 2021-2022 fiscal year.

It should also be noted that as a result of the delay in finalizing the new global real estate investment with CBRE, the temporary exemption adopted after the liquidation of the investment in Ipso Facto in the previous fiscal year has been maintained. This exemption allows for temporary investment in short-term fixed income securities in medium- and long-term investments, which is not permitted by the Policy. It will remain in effect until the global real estate investment, which is slated for the second half of 2021 or the first quarter of 2022, is completed.