
Financial statements of
The Foundation of Greater Montreal
Investment Fund

December 31, 2021 and December 31, 2020

Independent Auditor’s Report	1-2
Statements of financial position.....	3
Statements of net income and comprehensive income	4
Statements of changes in net assets attributable to holders of redeemable units	5
Statements of cash flows	6
Statement of investment portfolio	7
Notes to the financial statements	8-14

Independent Auditor's Report

To the Unitholders of
The Foundation of Greater Montreal Investment Fund

Opinion

We have audited the financial statements of The Foundation of Greater Montreal Investment Fund (the "Fund"), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of net income and comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

April 11, 2022

¹ CPA auditor, CA, public accountancy permit No. A125888

The Foundation of Greater Montreal Investment Fund

Statements of financial position

As at December 31, 2021 and 2020

(In thousands of Canadian dollars, except for number of redeemable units outstanding and amounts per redeemable unit)

	2021	2020
	\$	\$
Assets		
Cash	330	3,433
Amounts receivable from the Foundation of Greater Montreal Investments	5,368	—
	369,558	335,059
	375,256	338,492
Liabilities		
Redeemed units payable	386	1,159
Net assets attributable to holders of redeemable units	374,870	337,333
Number of redeemable units outstanding		
Balance, beginning of year	281,964.499	265,317.820
Contributions	21,982.577	23,013.038
Reinvested distributions	20,357.060	18,561.907
Withdrawals	(15,229.154)	(24,928.266)
Balance, end of year	309,074.982	281,964.499
Net assets per redeemable unit	1,212.877	1,196.365

The accompanying notes are an integral part of the financial statements.

Approved by the Board

F. J. J. J., Director

Toni Dilli, Director

The Foundation of Greater Montreal Investment Fund
Statements of net income and comprehensive income

Years ended December 31, 2021 and 2020

(In thousands of Canadian dollars, except for number of redeemable units outstanding and amounts per redeemable unit)

	Notes	2021	2020
		\$	\$
Income			
Interest		—	2
Dividends		7	—
Income from partnership		69	106
Income from pooled funds		25,125	12,430
Other income		47	16
		25,248	12,554
Expenses			
Management fees	3	1,779	1,556
Net investment income		23,469	10,998
Realized net gains on disposal of investments		2,589	13,109
Unrealized change in fair value of investments		3,615	8,692
Increase in net assets attributable to holders of redeemable units		29,673	32,799
Average number of redeemable units outstanding		288,206.517	267,405.213
Increase in net assets attributable to holders of redeemable units per unit		102.957	122.657

The accompanying notes are an integral part of the financial statements.

The Foundation of Greater Montreal Investment Fund
Statements of changes in net assets attributable to holders of redeemable units
Years ended December 31, 2021 and 2020
(In thousands of Canadian dollars)

	2021	2020
	\$	\$
Net assets attributable to holders of redeemable units, beginning of year	337,333	306,427
Contributions, reinvested distributions and withdrawals		
Contributions	26,752	26,741
Reinvested distributions	24,690	22,207
Withdrawals	(18,888)	(28,634)
	32,554	20,314
Increase in net assets attributable to holders of redeemable units	29,673	32,799
Distributions to unitholders	(24,690)	(22,207)
Net assets attributable to holders of redeemable units, end of year	374,870	337,333

The accompanying notes are an integral part of the financial statements.

The Foundation of Greater Montreal Investment Fund

Statements of cash flows

Years ended December 31, 2021 and 2020

(In thousands of Canadian dollars)

	2021	2020
	\$	\$
Operating activities		
Increase in net assets attributable to holders of redeemable units	29,673	32,799
Changes in non-cash working capital items	(5,368)	—
Items not affecting cash		
Realized net gains on disposal of investments	(2,589)	(13,109)
Unrealized change in fair value of investments	(3,615)	(8,692)
Acquisition of investments	(34,181)	(126,140)
Proceeds on sale of investments	5,886	(108,247)
	(10,194)	(6,895)
Financing activities		
Contributions	26,752	26,741
Withdrawals	(19,661)	(28,895)
	7,091	(2,154)
Net decrease in cash	(3,103)	(9,049)
Cash, beginning of year	3,433	12,482
Cash, end of year	330	3,433

Non-cash transaction

As at December 31, 2021, the Fund had redeemed units payable for an amount of \$386 (\$1,159 in 2020).

The accompanying notes are an integral part of the financial statements.

The Foundation of Greater Montreal Investment Fund

Statement of investment portfolio

As at December 31, 2021

(In Canadian dollars, except unit amounts)

	Number of units	Total cost	Fair value
		\$	\$
Pooled funds (94.1%)			
Fixed income funds (32.7%)			
Mercer Universe Bond Fund	8,277,907	86,813,266	83,888,336
Mercer Opportunistic Fixed Income Fund	3,093,113	34,364,301	33,349,942
Mercer Money Market Fund	538,927	5,389,269	5,389,269
HRS Holdings Ltd.	278	35,898	—
		<u>126,602,734</u>	<u>122,627,547</u>
Canadian equity funds (8.4%)			
WindWise S&P/TSX Composite Index NL FD	2,538,257	23,586,258	31,338,668
Foreign equity funds (53.0%)			
Mercer Global Low Volatility Equity Fund	1,692,910	29,731,474	37,851,777
UBS (Lux) Equity Fund – Global Sustainable (USD) (CAD) I-X-acc	76,247	8,850,000	21,518,454
Mercer International Equity Fund	3,279,408	36,854,805	41,841,962
Mercer U.S. Passive Equity Fund	4,996,170	58,549,857	46,819,111
RBC Global Equity Focus Fund	661,522	11,632,036	18,698,916
BlackRock CDN MSCI Emerging Markets Index Class A	1,709,066	34,829,638	32,155,252
		<u>180,447,810</u>	<u>198,885,472</u>
Total pooled funds		<u>330,636,802</u>	<u>352,851,687</u>
Limited partnership (4.5%)			
Greystone Real Estate	1,102,198	14,262,873	16,705,899
Cash and other net assets elements (1.4%)			
			<u>5,312,350</u>
Net assets (100.0%)			<u>374,869,936</u>

The Foundation of Greater Montreal Investment Fund

Notes to the financial statements

December 31, 2021 and 2020

(In Canadian dollars)

1. Description of the Fund

The Foundation of Greater Montreal Investment Fund (the "Fund") was created under the laws of the Province of Québec by a declaration of trust dated July 5, 2001.

The Fund is domiciled in Canada and its registered office is 505 René-Lévesque Boulevard West, Suite 1000, Montréal, Québec H2Z 1Y7.

The Foundation of Greater Montreal (the "FGM") acts as the Fund Manager, the National Bank Trust as the trustee and Mercer Global Investment Canada Limited ("Mercer") as the main external investment manager.

These financial statements were approved by the Board on March 23, 2022.

2. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the significant accounting policies are as follows:

Basis of evaluation

These financial statements have been prepared on a fair value basis.

Investment fund

The Fund is an investment entity as described in IFRS 10, *Consolidated Financial Statements* (IFRS 10), as the following conditions are met:

- (a) The Fund obtains capital from many investors to manage their funds;
- (b) The Fund commits to its investors that its investment activities aim to generate returns and provide investment income in accordance with its mission; and
- (c) The Fund measures and evaluates the performance of its investments on a fair value basis.

Financial instruments

Initial recognition

Financial assets are initially measured at fair value.

The Fund classifies its investments at fair value through profit or loss (FVTPL). Cash and amounts receivable from the Foundation of Greater Montreal are classified in the amortized cost category.

Financial liabilities are subsequently measured at their amortized cost using the effective interest rate method. Given the short-term nature of those financial instruments, the amortized cost equates to fair value. Net assets attributable to holders of redeemable shares are classified as financial liabilities and are presented at redemption value, which equates to fair value.

Transaction costs related to financial assets at FVTPL are expensed as incurred. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets when they are classified at amortized cost.

Valuation of investments

Investments are recorded at fair value in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- The pooled funds do not have a quoted market price in an active market. The fair value is based on the unit value provided by the manager of the pooled fund, which is determined based on the fair value of the underlying investments of each fund.

The Foundation of Greater Montreal Investment Fund

Notes to the financial statements

December 31, 2021 and 2020

(In Canadian dollars)

2. Accounting policies (continued)

Financial instruments (continued)

Valuation of investments (continued)

- The real estate fund does not have a quoted market price in an active market. The fair value is based on the unit value provided by the manager of the pooled fund, and is based on recognized valuation methods driven from data that is not obtained exclusively from observable markets.
- The fair value of money market securities corresponds to their acquisition cost plus accrued interest.

Derecognition

The Fund derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled, or have expired.

Recognition of investment income

Investment transactions are recorded on the trade date. Pooled fund revenues are recognized when earned. Interest income is recognized as it is earned and dividend income is recorded on the ex-dividend date. Realized net gains on disposal of investments and unrealized change in fair value of investments are calculated using the average cost method.

Allocation to holders of redeemable units

The allocation to holders of redeemable units of net investment income and realized net gains on disposal of investments is calculated on the last day of the evaluation period indicated below. At that time, these amounts are paid to the Fund's holders of redeemable units recorded at the previous valuation day, in proportion to the units they hold.

Net investment income	Monthly allocation
Realized net gains on disposal of investments	Yearly allocation in December of each year

Valuation of redeemable units

The unit value of redeemable units is determined on the last business day of each month by dividing the net asset value of the Fund by the total number of redeemable units outstanding on that date.

Foreign currency translation

The fair values of investments and other assets in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the date of the statements of financial position.

Purchases and sales of investments as well as investment income in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the date of the transaction. Realized gains or losses are recorded in income for the year and are reported as realized net gains on disposal of investments. Unrealized gains or losses are recorded in income for the year and are included in the unrealized change in fair value of investments.

The Foundation of Greater Montreal Investment Fund

Notes to the financial statements

December 31, 2021 and 2020

(In Canadian dollars)

2. Accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of net assets attributable to holders of redeemable units, as well as disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of investment income and expenses during the reporting period. Actual results could differ from these estimates.

Critical judgments

The following are the critical judgments that management has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Units classification

As per IAS 32, *Financial Instruments: Disclosure*, the net assets attributable to holders of redeemable units must be classified as a liability in the statement of financial position, unless all conditions to classify them as equity are met. The net assets attributable to holders of redeemable units are presented as liabilities.

Assessment as investment entity

The Manager has concluded that the Fund meets the definition of an investment entity in conformity with *IFRS 10, Consolidated Financial Statements* and, therefore, is required to measure its subsidiaries at fair value through profit or loss rather than consolidate them.

The main judgment in order to conclude whether the Fund respects the definition mentioned above is the fact that the Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Fair value of the financial instruments

The Fund takes a position when the security price is not part of the bid-ask spread. IFRS stipulate that the Fund must determine the price considered most representative of the fair value based on facts and circumstances. Management has taken a position that when this situation occurs, investments are valued at bid price.

Additionally, management uses judgment in regards to the valuation method of the financial instruments which are not traded on open markets. The methods used are the methods that are used in the market.

3. Management fees

Management fees charged by the Fund Manager were \$1,779,046 (\$1,555,791 in 2020), representing annual administrative fees of 0.5% (0.5% in 2020) of the fair value of managed funds, payable in monthly instalments, according to the number of days in the month. These fees are used to pay the investment management fees, trustee fees and various charges.

The Foundation of Greater Montreal Investment Fund

Notes to the financial statements

December 31, 2021 and 2020

(In Canadian dollars)

4. Income taxes

The Fund meets the definition of a mutual fund trust under the *Income Tax Act* (Canada). All net investment income of the Fund for tax purposes and a sufficient share of realized net gains on disposal of investments during any period must be distributed to holders of redeemable units so that the Fund has no tax liability. The Fund makes such distributions and therefore recognizes no income taxes.

The Fund is currently subject to withholding taxes on investment income and capital gains in some foreign countries. These revenue and gains are recognized at the gross income amount and withholding taxes relating thereto are presented in the statement of net income and comprehensive income.

5. Financial instruments and financial risk management

The Fund's investment activities expose it to certain financial risks. The Fund Manager minimizes these risks by entrusting the management of the Fund's portfolio to experienced investment advisors who manage it day to day in accordance with market events and the Fund's investment policy.

The Fund has determined that all its investments in underlying funds are investments in unconsolidated structured entities. The Fund may invest in unconsolidated structured entities to achieve capital growth. The underlying funds are managed by asset managers that apply various investment strategies to accomplish their objectives. The Fund's investments in underlying funds are subject to the terms and conditions of the respective underlying funds and are susceptible to market price risk arising from uncertainty about the future values of those underlying funds. The Fund's maximum exposure to loss from its interests in unconsolidated structured entities is equal to the total carrying value of its investments in unconsolidated structured entities. The statement of investment portfolio presents the carrying value of funds invested in unconsolidated structured entities.

Market risk

Market risk is the risk of loss resulting from changes in market prices, interest rates or foreign exchange rates.

(a) Price risk

Price risk is the risk of change in the value of a financial instrument resulting from a change in market prices caused by factors specific to the security, its issuer or any other factor concerning a market or market segment. The Fund is exposed to price risk since all of its investments are exposed to market factor volatility and to the risk of capital loss. The maximum risk to which financial instruments are exposed is equal to their fair value.

The following table presents the impact on the Fund's net assets if the return on the Fund's benchmark index had increased or decreased by 10%, all other things being equal. The impact is presented according to a 36-month historical correlation between the fluctuations in the Fund's return and in the benchmark index's return.

The Foundation of Greater Montreal Investment Fund

Notes to the financial statements

December 31, 2021 and 2020

(In Canadian dollars)

5. Financial instruments and financial risk management (continued)

Market risk (continued)

(a) Price risk (continued)

In practice, actual results may differ from this sensitivity analysis and the variance may be significant.

	2021		2020	
	Impact on net assets and results	Percentage of net assets	Impact on net assets and results	Percentage of net assets
	\$	%	\$	%
Composition of the Fund's benchmark index*	29,202,366	7.8	25,030,075	7.4

* In 2021, the composition of the benchmark index was the following: S&P/TSX Composite Index (7%) – FTSE Canada Universe Bond Index (24%) – MSCI World Index (20%) – MSCI EAFE Index (11.5%) – MSCI Emerging Markets Index (10%) – FTSE Canada T-Bill 91-Day Index (2%) – Russell 1000 Index (11.5%) – JP Morgan GBI – EM Diversified Global Index (5%) – BOFA/ML High Yield Bonds Index (5%) – REALpac/IPD Canada Quarterly Property Index (4%).

In 2020, the composition of the benchmark index was the following: S&P/TSX Composite Index (14%) – FTSE Canada Universe Bond Index (25%) – Russell 2000 Index (4%) – MSCI World Index (20%) – MSCI EAFE Index (5%) – MSCI Emerging Markets Index (8%) – FTSE Canada T-Bill 91-Day Index (2%) – MSCI EAFE Small Cap Index (4%) – Russell 1000 Index (5%) – JP Morgan GBI – EM Diversified Global Index (5%) – BOFA/ML High Yield Bonds Index (5%) – REALpac/IPD Canada Quarterly Property Index (3%).

(b) Interest rate risk

Changes in interest rates offered on the market expose income securities, such as fixed-income funds, to interest rate risk. The Fund, which holds income securities through the mutual funds, is therefore exposed to this risk because interest rates in effect on the market have an impact on the fair value of income securities.

The Fund mostly holds interests in pooled funds that hold debt securities. The fair value of these interests may therefore be indirectly exposed to this risk.

(c) Foreign exchange risk

The mutual funds in which the Fund invests are denominated in Canadian dollars. Consequently, there is no direct possession of titles in foreign currency. That said, the Fund is invested in mutual funds that possess titles in foreign currency, and so there is an indirect risk.

Credit risk

Credit risk is the risk that a commitment to the Fund will not be respected by the counterparty to a financial instrument. The Fund also holds interests in pooled funds that hold debt securities. The fair value of these interests may therefore be indirectly exposed to this risk. In accordance with the Fund's investment policy, credit risk is regularly monitored by the Fund Manager. Amounts receivable from the Foundation of Greater Montreal are not subject to a significant credit risk, because it is a related party and the amounts will be received on a really short term basis.

The Foundation of Greater Montreal Investment Fund

Notes to the financial statements

December 31, 2021 and 2020

(In Canadian dollars)

5. Financial instruments and financial risk management (continued)

Liquidity risk

Liquidity risk is defined as the risk that an entity may experience difficulties respecting its obligations or commitments and cause the other party thereto to suffer a financial loss. Holders of redeemable units may redeem their units on every valuation day. Since the Fund invests on active markets through the mutual funds, it can sell its assets on short notice. The Fund maintains a level of cash and short-term investments that the Fund Manager deems to be sufficient to maintain necessary liquidities.

Fair value hierarchy

For presentation purposes, financial instruments must be classified according to a hierarchy of fair value measurements. This three-level hierarchy is established based on the following criteria:

Level 1 – Fair values based on quoted prices in active markets for identical instruments;

Level 2 – Fair values based on quoted market prices for similar instruments or on valuation techniques for which all the significant inputs are derived from observable market data; and

Level 3 – Fair values based on recognized valuation techniques for which not all significant inputs are derived from observable market data.

The hierarchy that applies in the determination of fair value requires the use of observable market data whenever such data exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input was taken into account in determining its fair value. The following table presents the breakdown of the securities held by the Fund according to levels.

				2021
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Pooled funds	—	352,851,687	—	352,851,687
Limited partnership	—	—	16,705,899	16,705,899
Total investments	—	352,851,687	16,705,899	369,557,586

				2020
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Pooled funds	—	320,654,536	—	320,654,536
Limited partnership	—	—	14,404,069	14,404,069
Total investments	—	320,654,536	14,404,069	335,058,605

During the years ended December 31, 2021 and 2020, there were no transfers between Levels 1, 2 and 3.

The Foundation of Greater Montreal Investment Fund

Notes to the financial statements

December 31, 2021 and 2020

(In Canadian dollars)

5. Financial instruments and financial risk management (continued)

Reconciliation of Level 3 fair value measurements of financial instruments

The following table only includes financial assets.

	\$
Value as at January 1, 2020	10,655,352
Acquisitions	3,960,643
Disposals	(163,448)
Realized loss	(23,651)
Unrealized change in fair value	(24,827)
Value as at January 1, 2021	14,404,069
Acquisitions	68,705
Disposals	—
Realized gain	196,629
Unrealized change in fair value	2,036,496
Value as at December 31, 2021	16,705,899

6. Capital management

The Fund defines its capital as its Net assets attributable to holders of redeemable units. The Fund's objective in managing capital is to maintain an optimal structure and preserve the assets of the Fund so that it can continue its activities.

7. Related party transactions

Through the Fund, the FGM (manager of the Fund) manages its own capital in addition to the funds held by other entities. The fair value of the funds managed by the Fund for the FGM and the number of redeemable units are as follows:

	2021		2020	
	Number of redeemable units	Fair value	Number of redeemable units	Fair value
		\$		\$
Funds held by the FGM	197,650.577	239,725,838	175,009.130	209,374,797
Funds held by other entities	111,424.405	135,144,098	106,955.369	127,957,659
	309,074.982	374,869,936	281,964.499	337,332,456

There are no employees in the Fund. Therefore, key management compensation of the Fund was established as the portion of the compensation paid to executives of the FGM to manage the Fund's operations based on the time spent managing the Fund. Key management compensation related to the Fund's operations is composed of salaries only for an amount of \$241,578 (\$227,850 in 2020).