



Investment Policy Statement  
University Investment Trust

**Approved by the Board of Governors on March 28, 2023**

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## The University of Manitoba

### Investment Policy Statement – University Investment Trust

#### I. Introduction, Scope and Purpose

The University Investment Trust (“UIT”) holds assets donated by the friends and alumni of the University of Manitoba, has a long-term focus, and is a pooled fund of individual donor named endowments and quasi-endowments. The fund is part of the University entity, and not legally set up as a separate foundation. The University of Manitoba is a registered charity in Canada. The effective date of this registration is January 1967. As a *registered charity* under Section 149(1)(f) of the *Income Tax Act*, the University is exempt from income tax. The University of Manitoba is an *organization exempt from income tax* in the United States. The effective date of this registration is May 1969. Under section 501(c)(3) of the Internal Revenue Code, the University is exempt from income tax in the U.S.

The UIT is managed as a unitized pool whereby each individual endowed account is pooled for investment purposes and tracked using a net asset market value per unit. The UIT’s purpose is to support the educational mission of the University by providing a reliable source of funds for current and future use. Intergenerational equity is achieved by maintaining the purchasing power of the of the fund’s assets, in perpetuity, while earning sufficient investment returns to sustain the level of spending to support current beneficiaries at the University. Primary beneficiaries are students, faculty and school program/operating costs, Chairs and Professorships, research, athletics, and libraries.

This Investment Policy Statement (“IPS”) establishes policies for the administration and investment of these assets, and formally documents the goals, objectives and guidelines of the UIT’s investment program which are intended to provide the greatest probability that the UIT’s objectives are met in a prudent manner, consistent with the established guidelines. This document is meant to guide primarily the Trust Investment Committee, but also investment managers, investment staff, investment consultants, and the custodian. This IPS will remain in effect until modified by the Board of Governors. The Trust Investment Committee shall review the IPS, at minimum, on an annual basis.

#### II. Roles and Responsibilities

**Trust Investment Committee.** The Trust Investment Committee (“Committee”) has general authority over the investment of assets of the UIT, subject to the provisions of this IPS and any other university policies and shall be accountable to the University’s Board of Governors through the Finance and Infrastructure Committee (FI). The Committee is responsible for:

- Developing and recommending to the Board for approval the IPS. Critical components of the IPS are : the investment objectives for the UIT; the asset allocation of investments; the rebalancing policy for the UIT; and the spending policy for the UIT.
- Selecting, monitoring and making changes to the Investment Consultant, Investment Managers, and Fund Custodian.
- Determining manager mandates within the approved asset allocation.
- Establishing, monitoring, and updating the investment process.
- Review overall performance and individual investment manager performance.

- Annually reviewing the IPS and making recommendations for amendments to the Board.
- Reporting on the performance of the UIT to the Board via the FI Committee at least twice annually.

In executing its primary responsibilities, the Committee shall:

- Act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
- Incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the University and the skills available to the University.
- Consider the following factors: general economic conditions; the possible effect of inflation or deflation; the role that each investment or course of action plays within the overall investment portfolio of the UIT; the expected total return from income and appreciation of assets; the needs of the University and the UIT to make distributions and to preserve capital; and responsible investing and ESG factors, in accordance with University policy.
- Make investment decisions about an individual asset not in isolation, but rather in the context of the UIT's portfolio of investments as a whole and as a part of the University's overall investment strategy, including the risk and return parameters set forth in this IPS.

The Committee shall be comprised of the following members:

- Two members of the Board appointed by the Chair of the FI committee.
- A minimum of three and a maximum of five community members, nominated by the Chair of the Committee and appointed by the Board of Governors. Community members may be employees or retirees of the University, members of the Board of Governors or any of its committees, or members of the investment community, who have expertise in investments and finance.
- The President, the Vice-President (Administration); the Chief Financial Officer and Comptroller; the Treasurer; the Associate Vice-President (Donor Relations) and the Director of Investments as ex-officio, voting members.
- The Committee may, on its own motion, include additional, non-voting resource members.

Appointed members shall serve three-year terms and are eligible for re-appointment for three-year periods thereafter. The Vice-President (Administration) shall serve as Chair of the Committee, and the Committee shall name a Vice-Chair to act for the Chair in the Chair's absence.

**Internal Management/Staff.** The Office of Treasury Services is responsible for implementing policy items in this IPS into their investment oversight and operations; the accounting of the investments of the UIT; calculating the unit value of the UIT (net asset value); the day-to-day interaction with the Investment Managers, Investment Consultant, and Custodian; calculating the spending allocation and making disbursements to beneficiaries of the UIT; obtaining and evaluating compliance related information from managers; and communicating relevant information to the Committee on a periodic basis.

**Investment Consultant.** The Investment Consultant is responsible for providing proactive advice and education with regards to investment guidelines, asset allocation, and investment managers. The

Investment Consultant will provide information and advice in the selection of new investment managers, and will alert the Committee of any important developments with current manager's firms. On a regular basis, the Investment Consultant shall meet with the Committee and report on the investment managers and the overall portfolio of the UIT. This reporting will include firm and industry updates, performance versus benchmarks, performance versus peer groups, performance attribution, and any relevant metrics covering risk/return that the Committee wishes to review.

The Investment Consultant will ensure that, if required, appropriate registration under *The Securities Act* (Manitoba) has been obtained by both the consulting firm and the individual(s) providing advice to the University, and both the firm and individual(s) remain in good standing with regulatory authorities

**Investment Managers.** The Investment Managers selected by the Committee are responsible for management of invested assets under their advisement in accordance with the guidelines and objectives set forth in this IPS, as well as their respective contract, service agreement, limited partnership agreement or similar account documentation. When granted discretionary authority by the Committee, Investment Managers are expected to exercise full discretion with respect to determining investment strategy, investment selection and timing of purchases, managing, and selling assets held in their portfolio(s) in accordance with this IPS. Most importantly, they must use the same care, skill, prudence and due diligence that experienced investment professionals acting in a like capacity would in the management of their own affairs or the affairs of others, with highest regard to the stewardship of assets considering probable income, risk, time horizon, suitability and preservation of capital. Investment Managers must provide the Office of Treasury Services and the Investment Consultant with quarterly compliance letters. Compliance letters will detail the Investment Manager's compliance with this IPS, compliance with the firm's own investment restrictions and guidelines that govern the portfolio, and compliance with the firm's own policies, procedures and Code of Ethics.

The Investment Managers will ensure that appropriate registration under *The Securities Act* (Manitoba) has been obtained by both the investment management firm and the individual(s) providing investment advice and/or exercising discretionary authority over the portfolio assets of the UIT, and that both the firm and individual(s) remain in good standing with regulatory authorities.

**Fund Custodian.** The Custodian, or Custody Bank, is responsible for the safekeeping of portfolio assets; portfolio accounting; communication with investment managers regarding trades and settlements; income collection; recovery of withholding taxes; and monthly reporting to the Office of Treasury Services.

### **III. Investment Objective**

The UIT's investment objective is to preserve the real purchasing power of assets in perpetuity, while providing a continuing and stable funding source to support the current beneficiaries of the fund. To achieve this objective, the UIT seeks to achieve a total return that will exceed the annual spending allocation, all expenses associated with managing the fund, and the eroding effects of inflation. This objective can be quantified as a hurdle rate, where:

Hurdle Rate (UIT investment return)  $\geq$  Spending Rate + Administrative Expenses + Inflation

UIT investment return is defined as dividends, interest, realized capital gains and unrealized capital gains. The spending rate is as defined in Section VIII of this IPS. Administrative expenses are the fees of the investment managers, investment consultant, custodian, Treasury Office, and an allocation for fundraising. Inflation is defined as the annual change in the Consumer Price Index for Canada.

#### **IV. Time Horizon**

The UIT has a long-term time horizon with relatively low liquidity requirements. As such, the UIT can tolerate short-term volatility provided that long-term investment returns meet or exceed its investment objective. The Committee will monitor the fund's short-term returns, however to evaluate the success of the UIT achieving its longer-term investment objective, performance over full market cycles as well as rolling 5 and 10 year returns will be a better measure of the UIT's success. The hurdle rate will be measured over these periods on an annualized basis.

#### **V. Risk Tolerance**

The Committee seeks a return on investment that is consistent with levels of investment risk that are prudent and reasonable given the investment objective and time horizon as defined above in sections III and IV. While the Committee recognizes the importance of capital preservation, it also recognizes that to achieve the goal of its investment objective requires prudent risk taking, and that risk is necessary to generate investment returns equal to or in excess of the hurdle rate. Risk cannot be eliminated, but it should be managed by ensuring risk exposures are identified, measured, monitored and tied to the responsible parties.

The most significant risk is the failure to meet inter-generational equity (long-term) and failure to support payouts to current beneficiaries (short-term). Volatility of returns, permanent loss of capital, and poor strategic tactical decisions could result in either of these failures. The Committee is the party most responsible for managing these risks, and does so through asset allocation, selection of Investment Managers, investment constraints, ESG and rebalancing. The return objective supports a strong bias to return-seeking assets, with equity investments having the largest weighting in the portfolio. Due to a large equity weighting and long-time horizon, there is willingness for the Committee to accept some degree of short-term risk and volatility, but not to impair the ability to pay beneficiaries in any one year. Therefore, the calculation of the spending policy would have to incorporate time horizons well beyond one year (section VIII).

This long-time horizon also allows the UIT to take advantage of less liquid investments like real estate and infrastructure which typically have higher risk-adjusted returns that compensate for the lack of liquidity. Liquidity risk is less of a concern given the prevalence of new gifts to the fund, and the benefit of the UIT being part of the University therefore allowing it to access temporary leverage if it was required.

Benchmark risk is accepted if Investment Managers have a tracking error and active share that indicates the manager is taking these risks, but at the same time adding value by taking these risks. The Committee and Investment Consultant will monitor the Sharpe Ratio and Information Ratio of active Investment Managers to ensure they are adding value within the risks they are taking within their portfolios.

Finally, seeking Investment Managers and investments that mitigate the risk of permanent loss of capital is a priority of the Committee, and the Committee has a bias to quality investing, as described in Section IX of this IPS.

## **VI. Asset Allocation**

Asset allocation is the single most important determinant of the UIT’s investment performance over the long-term. It is also functions to help control various investment risks. Based on investment objectives and risk tolerances, the Committee, with input from the Investment Consultant, will approve a specific allocation of investments from different asset classes considered prudent given the UIT’s objectives, time horizon, and constraints, and considering multiple measures of investment risk.

The Committee and Investment Consultant have modelled the expected return, volatility, and covariance of the portfolio in order to arrive at the asset allocation decision, and both will review the asset allocation periodically. Each asset class in the portfolio is expected to provide at least one or more of the following principal investment roles:

- Growth of market value in real terms over a long-term investment timeframe;
- Diversification to mitigate the volatility of an equity-oriented portfolio;
- Protection against inflation and macro-economic risks like recessions.

The strategic asset allocation adopted by the Committee is:

<b>Asset Class</b>	<b>Policy Target</b>	<b>Policy Range</b>
Canadian Equity	24%	20% - 28%
U.S. Equity	24%	20% - 28%
International Equity	14%	12% - 16%
Canadian Real Estate	13%	11% - 15%
Infrastructure	10%	7% - 13%
Impact Investments	5%	3% - 7%
Canadian Government Bonds	10%	8% - 12%

All equities are public equities and are expected to provide growth and diversification; real estate is expected to provide growth, diversification, and a hedge against inflation; infrastructure is expected to provide diversification and a protection against both inflation and economic contractions; impact investments are investments that advance positive social and environmental change while still seeking financial returns; and bonds are expected to reduce risk and provide diversification.

Covariance of asset classes will be a key consideration at the time of setting an asset allocation, and after implementation covariance will be monitored to ensure the desired diversification between the asset classes is being achieved.

Performance benchmarks for the above asset classes are as follows:

<b>Asset Class</b>	<b>Performance Benchmark</b>
Canadian Equity	S&P/TSX Composite
U.S. Equity	S&P 500
International Equity	MSCI EAFE (Net)
Canadian Real Estate	MSCI/REALPAC Canada Quarterly Property Index
Infrastructure and Impact Investments	Canadian Consumer Price Index (CPI) + 5%
Canadian Government Bonds	FTSE Canada All Government Bond Index

The total portfolio policy benchmark will be a weighted average of the above performance benchmarks vis-à-vis their relative asset class policy target weightings. Performance benchmarks are necessary to properly measure and evaluate the success of each asset class and the overall investment program. Net of fee investment returns of actively managed equity and bond mandates are expected to exceed their performance benchmarks over longer periods, generally three to five years. Given the inherent limitations of real asset benchmarks, absolute performance and diversification will be as important as relative performance against a benchmark.

## **VII. Rebalancing Guidelines**

In order to maintain the discipline of the investment process, and to best capture the risk/return profile of the asset allocation, any deviations from the asset class policy targets outside of the allowable ranges must be rebalanced within the tolerance range, and not necessarily back to target. The Office of Treasury Services will make every effort to rebalance with the cash inflows of the fund. In order to avoid transactional costs, rebalancing the portfolio by means of liquidating assets will be the exception and will transpire only when an asset class is outside of its allowable range, and there is no cash available to rebalance. In general, new cash will be added to the asset class that has deviated the furthest under its target.

In addition, the Committee recognizes that investing in certain illiquid investments, like real estate and infrastructure, makes it more challenging to adjust to the asset allocation policy ranges. Furthermore, the pace of commitments to these asset classes can take some time and result in assets deviating from their policy ranges. As a consequence of these constraints, deviations from policy may occur. Persistent deviations from asset class policy ranges will be reported at Committee meetings.



## **VIII. Spending Policy**

The Committee's goal in setting the spending policy is to set a rate that is achievable for the UIT's hurdle rate, as established in Section III. In addition, the calculation must help reduce the volatility of annual distributions, allowing those that budget for and receive the annual distributions a higher degree of certainty of the amount available to them. The Committee feels that a 4-year period helps smooth annual distributions and adds to the predictability of amounts available to beneficiaries.

Annually, the UIT will make available for spending an amount of 4.25% of the average markets values for the rolling 48-month preceding period. In addition, the Committee can recommend a change to the amount in any one year, with a floor set at 3.50% of the preceding 48-month period, and a ceiling of 5.00% of the preceding 48-month period. This change would only arise in circumstances where the net real rate of return of the fund had deteriorated or improved to the extent an adjustment to the rate of spending is warranted. This would depend on the net real return of the UIT over the past 5 and 10 year periods; current investment market conditions; the outlook of future investment markets; and assessing the effect of such an adjustment on current and future beneficiaries of the fund. Any one-year adjustment to the spending rate would have to be recommended by the Committee, and approved by the University's Board of Governors.

## **IX. Selection and Retention Criteria for Investment Managers**

In order to be selected and retained, an Investment Manager must demonstrate a consistency of investment style that is evident and measurable through full market cycles. The stability and experience of the management and ownership of the firm, as well as the portfolio management team, is a critical factor in being selected and retained. The Committee has a bias to firms with controlled growth and manageable levels of assets under management; as well as firms with interests that are aligned with those of their clients by having a meaningful amount of executive and employee dollars invested in funds along with their clients. Firms must demonstrate competitive long-term risk-adjusted performance, net of fees.

The Committee does not favor the practice of seeking equity managers that are classified as value managers or growth managers. Furthermore, there is no intended offset for manager styles in any asset class, such as having a growth manager and a value manager within the same asset class, in order for their styles to act as performance hedges in any given market cycle. Instead, the Committee has a bias towards quality investing, identified by relative strength in criteria such as financial strength, attractive valuation, corporate governance, business model and market positioning. Investments in quality assets, whether that is in equities, bonds or real assets, will also help protect the portfolio from the adverse effect of loss of capital. Thus, the Committee favors managers that have portfolios that exhibit strong downside protection. An equity portfolio that has relatively average bull/up market capture but very strong bear/down market capture would be a preferred portfolio in the UIT. Not all mandates require these exact characteristics; however a meaningful portion of the overall equity portfolio should have good downside protection, given its asset class dominance and its vulnerability to significant stock market downturns. Investment managers that strive to protect their client's capital will always be favored over managers that invest in assets that are at higher risk to permanent loss of capital.

Investment Managers are also expected to have ESG integrated into their investment analysis, risk assessment, and engage with the companies in which they invest UIT capital. Managers are also expected to comply with the policy guidelines on Responsible Investment in section XI of this IPS.

To be retained as Investment Managers of the UIT, firms must continue to demonstrate that their organization and investment process has not changed in any meaningful way that detracts from the very reasons they were hired. Any sustained relative underperformance by a manager will be reviewed closely by the Committee in the context of the current investment markets and the known investment style/process of the manager. When necessary, the Committee will seek approval from the Board of Governors for the termination and replacement of investment managers.

## **X. Strategic Investment Guidelines and Constraints**

**Active vs Passive:** the Committee recognizes that many of the capital markets exhibit high levels of security pricing efficiency - particularly in large highly traded markets such as those for large capitalization equities, for example in regions like the U.S. These markets exhibit broad ownership by institutional investors, and extensive coverage of individual companies by the investment analyst community. In such cases, the Committee may use a passive investment strategy for the asset class, or a portion of the asset class. The Committee may also use a passive investment strategy as part of an asset transition.

**Foreign Exposure and Currency:** The Committee does not target a specific level of foreign currency exposure. Greater emphasis is placed on selecting core asset classes and their appropriate weighting in the overall portfolio that over long periods of time will meet both the UIT's desired risk profile and return requirements. In this regard, a number of core assets that contribute to the most optimal portfolio required to meet the long-term objectives may be denominated in foreign currencies. While foreign exchange movements over shorter time periods may materially affect performance, it is believed that over the much longer investment time horizon of an endowment fund these foreign exchange swings will be both positive and negative and largely offsetting over time thus minimizing the potential for material long-term adverse consequences. As such, the UIT does not actively or passively hedge its exposure to any foreign currency. This doesn't prohibit the opportunity to strategically hedge an exposure given the right circumstances, or an investment manager hedging within its mandate.

**Proxy Voting:** The Committee delegates the responsibility for exercising proxy votes to Investment Managers. In doing so, the Committee expects Investment Managers to act prudently and in the best interest of the UIT as a shareholder. Investment Managers must report to the Committee annually that all proxies were voted under the firm's guidelines as indicated in their Proxy Voting Policy.

**Tax:** As registered charity in Canada, the UIT is prohibited from holding 20% or more of the interest in a limited partnership, as CRA would consider it to be carrying on a business solely because of the extent of this ownership.

**Investment Limitations and Restrictions:** Diversification among asset classes is provided through the asset allocation guidelines set forth in Section VI of this IPS. Assets may be held in separate accounts or pooled investment vehicles. In the case of pooled investment vehicles, the investment guidelines and restrictions

defined by the vehicle will apply. The asset class definitions stated below indicates the type of securities and strategies that can be used. The Committee acknowledges each Investment Manager's separate account will detail their specific guidelines, however those guidelines must reflect the guidelines below unless the Committee has knowingly allowed the manager to employ a strategy or invest in a security that doesn't comply with the general guidelines as stated below. This deviation must be stated in writing by the Committee.

#### Public Equities

- Approved: includes Canadian, U.S., and International equity securities traded through a marketplace, as well as listed equity substitutes that are convertible into equities traded through those same marketplaces. It also includes income and royalty trusts, exchange traded funds, institutional passive investment accounts, American Depository Receipts, rights and warrants, instalment receipts, equity futures, IPOs, and convertible securities. Derivatives that reduce risk and do not directly or indirectly leverage the portfolio are allowed.
- Constrained: prohibited are commodity and commodity futures, the use of futures or options to establish a leverage position, uncovered options and short selling, derivatives and leverage of any type that would encumber any UIT assets. No privately held companies will be invested in. Prohibited is any one separate portfolio with less than 20 individual securities or more than 10% invested in the securities of any single company in a separate portfolio. Securities in fossil fuel supply companies will be constrained under the policy items in Section XI, Responsible Investment.

#### Fixed Income and Public Debt

- Approved: includes Government of Canada bonds; Provincial bonds with a minimum DBRS rating of A; Municipal bonds with a minimum credit rating of A; and mortgage-backed securities backed by NHA insured mortgages. Also included are domestic government and corporate issued Guaranteed Investment Certificates, Banker's Acceptance, and T-Bills with a minimum DBRS rating of R-1(low).
- Constrained: prohibited are domestic and non-domestic corporate bonds; non-domestic sovereign bonds; private placements; private debt; derivatives and leverage. Fixed income related to fossil fuel supply companies will be constrained under the policy items in Section XI, Responsible Investment.

#### Real Assets

- Approved: includes Canadian real estate in pooled investment vehicles that is diversified by property type and region. Also includes diversified infrastructure in developed markets invested through open-ended and closed-ended vehicles. Derivative financial and currency related instruments are permitted provided that such participation is not for speculative purposes.
- Constrained: prohibited are direct investments in real estate and real estate investments outside of Canada.

## **XI. Responsible Investment**

The University of Manitoba has a Responsible Investment Policy applicable to all investments of the University. This includes the investments of the University Investment Trust. The University has a fiduciary duty to act in the best interest of its stakeholders, and as a fiduciary the University must conduct investing activities with due care, skill and diligence. The regulatory landscape is changing, and investors have come to realize that ESG considerations, including climate change, are financially material. As such, they must be considered when assessing investment opportunities and must be incorporated in risk management.

**Investment Managers:** the Committee delegates discretionary authority of investment research, security selection, real asset acquisition and portfolio construction to external investment managers. As such, the Committee expects all investment managers to comply with the following policy items:

Investment Process:

- Managers will have rigorous ESG processes in place when evaluating investments.
- Managers will have an ESG investment policy, and dedicated ESG governance and staff.
- Managers will report on ESG risks and issues to the Committee, at minimum annually.
- Managers will be signatories to UNPRI.

Proxy Voting:

- Managers will use their proxy votes to promote best practices in responsible investing.
- Managers proxy voting policies must incorporate ESG considerations.

**Investment Consultant:** the Committee engages an investment consultant to provide investment advice at the overall fund level, and the individual portfolio level. As such, the Committee expects the investment consultant to comply with the following policy items:

- Investment Consultant will be a signatory to UNPRI.
- Investment Consultant will provide ESG ratings and ESG information on investment managers at each quarterly meeting with the Committee.
- Investment Consultant will report on known ESG disclosure issues at the security level.

**The Committee, Treasury Services and the University:** University staff and committee members will comply with the following policy items:

- The University will be a signatory of UNPRI.
- The Committee and Treasury Services will incorporate ESG into their investment review process.
- The University will work with other universities, foundations, and institutional investors to enhance the development of ESG tools and analysis.
- The Committee and Treasury Services will work with shareholder advocacy organization(s) to improve accountability of the companies we invest in and participate in shareholder proposals that are in alignment with our ESG policies and beliefs.

- Treasury will disclose investment manager’s ESG policies and ESG reports.
- Treasury will disclose, when available, investment manager proxy voting on ESG matters, and investment manager participation in shareholder proposals on ESG matters.
- Treasury will disclose all shareholder engagement activities and outcomes achieved.
- Treasury will publish UNPRI annual reporting.
- The Committee and Treasury will communicate with stakeholders the adoption and success of ESG integration in the UIT portfolios.
- The Committee will commit to making meaningful and prudent allocations to investments that will seek positive social and environmental change while still seeking financial returns. These investments will be classified as Impact Investments.

### **Climate Change Commitments**

As a signatory to both the Global Universities and Colleges Climate Letter and the Canadian University Charter: Investing to Address Climate Change, the University and the UIT has committed to the following action plan:

- Divest from all direct investments in fossil fuel supply companies by the end of 2024.
- Divest from all indirect fossil fuel supply investments held in pooled funds and commingled investments by 2030.
- Fossil fuel supply companies are defined as any company whose primary business is the exploration, extraction and/or refining of oil, natural gas, and/or coal.
- Set targets for the reduction of carbon emissions in public equity portfolios.

### **XII. Conflict of Interest**

All Committee members are subject to the *Code of Conduct for Members of the Board of Governors*, and must sign and file the appropriate disclosure and declaration on an annual basis. If any Committee member has an actual or perceived conflict of interest that impairs their ability to exercise independent and unbiased judgement with respect to their fiduciary duties as a member, he or she shall disclose such conflicts to the Chair and other Committee members before any meaningful discussion of the relevant matters take place and shall not vote on any resolution to which the disclosure is required.

The University recognizes the value of having experts from the external community as members of the Trust Investment Committee. From time to time, however, these members might find themselves privy to information relating to the University’s investment and other financial interests that might put them in conflict to interest relating to their employment with their company or organization or with respect to their other outside activities. External members shall therefore make a self-declaration in writing to hold such information in strict confidence and privacy.

Investment Managers must also disclose the Committee any perceived conflicts of interest, such as self – dealing or any other conflict of interest related to the companies and boards of those companies of securities that the portfolio of the UIT invests in.