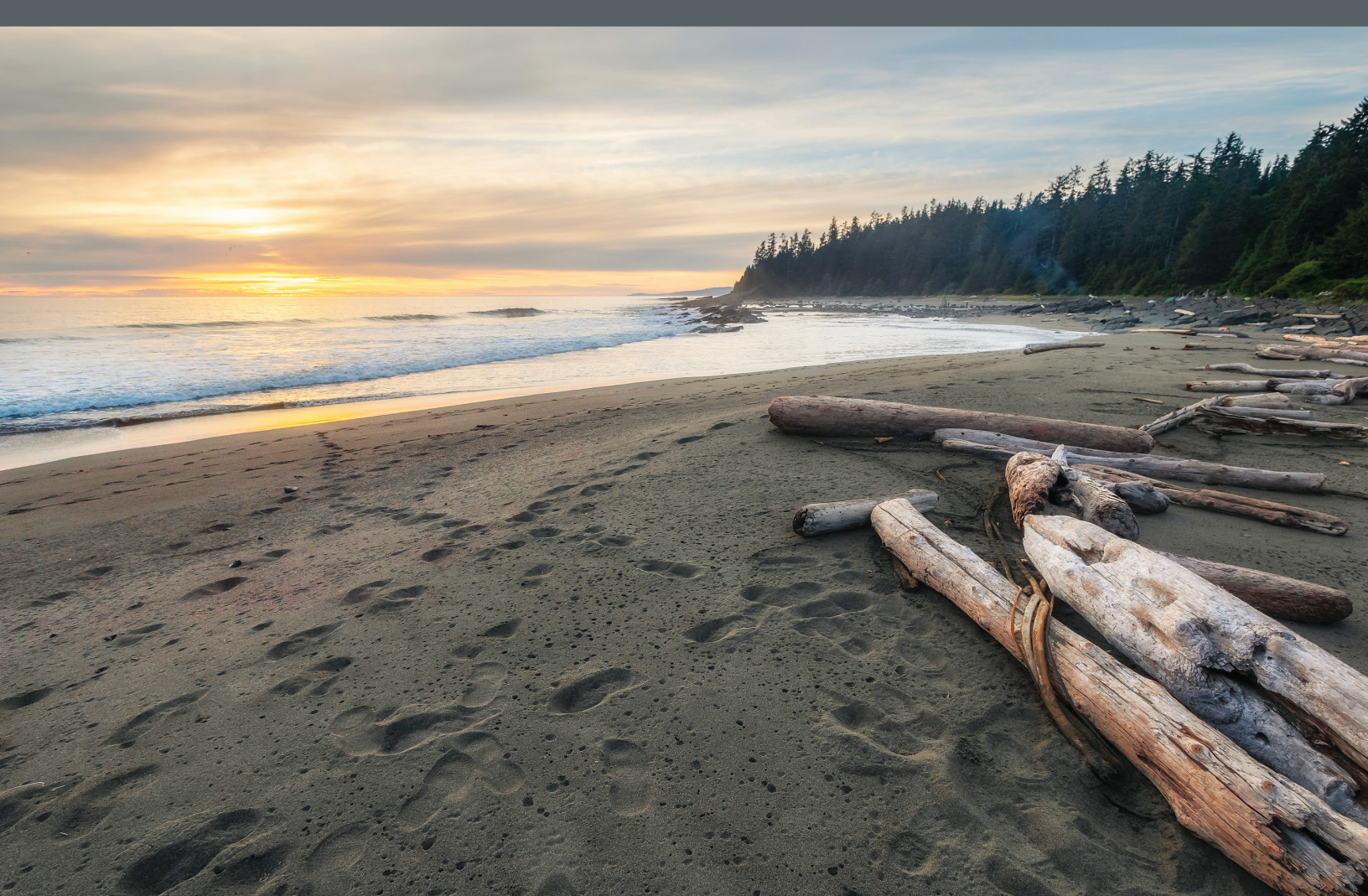


University of Victoria

COMBINATION PENSION PLAN 2022 ANNUAL REPORT



Pension Board
University of Victoria

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NOTE: Unless otherwise indicated, the data and figures in this report are as at December 31, 2022
Minor inconsistencies may appear due to rounding.

LOOKING FOR MORE?

Please visit www.uvic.ca/pensions or contact Pension Services to access the following information:

- Early and deferred retirement benefits; survivor benefits
- Your options at retirement; options available to you when leaving UVic
- PDF versions of this annual report and those from previous years
- Audited financial statements and comprehensive portfolio listings
- History of the Plan and official Plan documents

www.uvic.ca/pensions

LETTER FROM THE CHAIR

Globally, 2022 was a challenging year, with significant negative effects on financial markets. The subsequent effects on pension plan investments were almost universally detrimental.

A performance monitoring report prepared by the Plan's investment consultant, PBI Actuarial Consultants, for the period ending December 31, 2022 included the following table showing the performance of the Balanced Fund and the Defined Retirement Benefit Fund (DRBF).

| BALANCED FUND PERFORMANCE | 3 MONTH | 1 YEAR | 2 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
|----------------------------------|----------------|---------------|---------------|---------------|---------------|----------------|
| Total Plan Return* | 4.0% | -8.6% | 2.2% | 5.5% | 6.5% | 8.3% |
| Asset Mix Benchmark | 4.2% | -8.4% | 1.1% | 4.0% | 5.1% | 7.0% |
| Value Added* | -0.2% | -0.2% | 1.1% | 1.5% | 1.4% | 1.3% |
| DRBF PERFORMANCE | 3 MONTH | 1 YEAR | 2 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
| Total Plan Return* | 5.5% | -9.0% | 3.3% | 6.6% | 7.2% | 9.0% |
| Asset Mix Benchmark | 5.4% | -8.3% | 3.0% | 5.4% | 6.3% | 8.1% |
| Value Added* | 0.1% | -0.7% | 0.3% | 1.2% | 0.9% | 0.9% |

* NET OF INVESTMENT MANAGEMENT FEES

The negative one year returns for the Balanced Fund and DRBF, although not unexpected, are of course concerning – but they are mitigated by strong returns in 2019, 2020 and 2021, as reflected in both performance figures and in value-added in comparison to applicable benchmarks spanning two, three, five and ten year timeframes. It is also encouraging that the three month figures from the fourth quarter of 2022 are positive: showing a 4.0% return for the Balanced Fund, and 5.5% for the DRBF.

The PBI report also notes, as shown in the table below, that the Balanced Fund has achieved strong one, three, five and ten-year performance compared to a universe of 34 pension plan clients of Northern Trust and PBI. It is particularly noteworthy that the Balanced Fund is at or above the benchmark, sitting in the first quartile for the three, five and ten year timeframes.

| PENSIONS UNIVERSE: GROSS OF FEE RETURNS | 3 MONTH | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR |
|--|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Balanced Fund (Quartile) | 4.1% (2 nd) | -8.4% (2 nd) | 5.7% (1 st) | 6.6% (1 st) | 8.4% (1 st) |
| Total Plan Benchmark (Quartile) | 4.2% (2 nd) | -8.4% (2 nd) | 4.0% (1 st) | 5.1% (1 st) | 7.0% (2 nd) |

In 2021, the Board was informed that BC Investment Management Corporation (BCI) had terminated its relationship with Walter Scott and that Global Equity funds previously invested through Walter Scott would instead be managed directly by BCI. After due consideration of this development, the Board decided that 40% of the overall BCI Global Equity fund should be liquidated and transferred to Walter Scott – effectively restoring the investment balance that existed prior to BCI terminating Walter Scott. The transfer to Walter Scott was completed on March 1, 2023.

Over the first half of 2022, an actuarial valuation of the Defined Retirement Benefit Account (DRBA) was conducted as required by Pension legislation. This actuarial valuation was for the three-year period ending December 31, 2021. That valuation showed the DRBA to be on a sound footing and the Board determined the DRBA contribution rate should remain at 4%. However, given the volatility of financial markets in 2022 and up to the present, the Board of Trustees has committed to undertaking another valuation in 2023 for the period ending December 31, 2022. This will allow the actuaries and Trustees to have the most up-to-date assessment of the DRBA.

LETTER FROM THE CHAIR, CONTINUED

A Governance Review was completed in 2022 by Lawson-Lundell LLP at the request of the Board. The review was undertaken to ensure that the governance model remains optimal, as Plan Trustees, membership and administration change over time. The Board received the results of the review late in 2022, and recommendations in the report are being considered and addressed as required. This work will continue for the Board through 2023.

The Pension Board of Trustees is comprised of four Trustees elected by the membership, and four Trustees appointed by the UVic Board of Governors. Trustees who served in 2022 are listed on page 5 of this report. Susan Service completed her second three-year term as an elected Trustee on December 31, 2022, having chosen not to stand for re-election. We thank Susan for her many contributions on the Board including as chair of the Investments Sub-committee, as well as for her leadership in Pension Services from 1998 to 2016. In November, Dr. Ori Granot was acclaimed as a Trustee for a three-year term beginning January 1, 2023. My next term as a Trustee was also acclaimed at that time.

In 2022 the Board had four sub-committees: Investments [S. Service (chair), C. Heath, M. Murphy]; Policy & Procedures, [D. Boudinot (chair), J. Gilfoyle, B. Gros]; Governance & Communications [M. Miller (chair), D. Boudinot, S. Service]; and Actuarial Valuation, [A. Coward (chair, as acting AVPFO), J. Gilfoyle, S. Service, K. Simpson (by invitation as acting VPFO)].

Christa Taylor joined the University of Victoria as Director, Pension Services in January 2017. Christa has chosen to pursue another employment opportunity and resigned as Director effective December 31, 2022. On behalf of the Board and all plan members, I thank Christa for her contributions, and commend her for maintaining a strong and resilient Pension Services team focused on service to Plan members.

Based on recent experiences with the increased complexities of Plan governance, operations, and member service, the university is searching to appoint an Executive Director, Pensions and Plan Governance to provide more dedicated governance support and oversee the administration of the Plan. The Associate Director of Pensions, Oliver Cown, will be serving as Acting Director, Pension Services while the search for an Executive Director is undertaken.

To optimize presentations and discussions of matters related to the Combination Pension Plan and the Money Purchase Pension Plan, the Board has decided to hold separate CPP and MPP Annual General Meetings in 2023. A notice has been included with this Annual Report mailing indicating details of the Combination Pension Plan Annual General Meeting, as well as a process the Board has adopted for member resolutions at AGMs. The meeting will be held using a hybrid in-person and virtual format, which has been chosen to best accommodate diverse needs.

I look forward to seeing many of you there, whether in-person or online.

Best wishes to all,



D. Michael Miller
Chair, Pension Board of Trustees

NOTE: The investment returns in the above message are calculated based on a time-weighted methodology, as used by investment managers to determine performance. Reporting in the remainder of the document is based on a money-weighted methodology, as per the Plan's audited financial statements.

PLAN GOVERNANCE

The Combination Pension Plan (the “Plan”) is governed by the Pension Board of Trustees. The Pension Board is legally responsible for the investment of funds and financial management of the Plan, and to ensure the Plan is administered in accordance with the Trust Agreement, the *Income Tax Act*, and British Columbia’s *Pension Benefits Standards Act*.

There are eight Trustees on the Pension Board, serving terms of up to three years. Four Trustees are elected by Plan members, and four are appointed by the University’s Board of Governors.

The Trustees have a fiduciary duty to act in the best financial interest of Plan beneficiaries and as a result, they have an obligation to ensure every decision made as Trustees is motivated by the aim of furthering the interest of the Plan’s beneficiaries.

The Trust Agreement between the University of Victoria and the Pension Board sets out the rights and responsibilities of the Pension Board, as well as the rules and procedures related to the appointment and election of Trustees.

Additional information, including the Trust Agreement, is available at www.uvic.ca/pensions, or by request from Pension Services.

| 2022 PENSION BOARD TRUSTEES | |
|--|-----------------------------|
| APPOINTED | TERM ENDING |
| John Gilfoyle (2022 Vice Chair) <i>Investment & Strategy Consultant</i> | June 30, 2023 |
| Barry Gros <i>Retired Pensions Actuary</i> | December 31, 2024 |
| Catherine Heath <i>Principal, Portfolio Manager, Leith Wheeler Investment Counsel</i> | December 31, 2024 |
| Andrew Coward <i>Acting Associate Vice-President, Financial Planning & Operations</i> | Appointed <i>ex-officio</i> |
| ELECTED | TERM ENDING |
| David Boudinot <i>Social Sciences Librarian, UVic libraries</i> | December 31, 2023 |
| Matthew Murphy <i>Associate Professor, School of Business</i> | December 31, 2023 |
| Michael Miller (2022 Chair) <i>Professor Emeritus, Department of Computer Science</i> | December 31, 2025 |
| Susan Service <i>Professional Accountant</i> | December 31, 2022 |

FINANCIAL HIGHLIGHTS

INVESTMENTS

| MARKET VALUE OF INVESTMENTS <i>Expressed in \$000's</i> | 2020 \$ | 2021 \$ | 2022 \$ |
|---|-------------------|-------------------|-------------------|
| Balanced Fund | 1,226,597 | 1,378,904 | 1,230,453 |
| Defined Retirement Benefit Fund | 283,749 | 341,270 | 318,199 |
| Total | 1,510,346 | 1,720,174 | 1,548,652 |

| INVESTMENT RETURNS <i>Expressed in \$000's</i> | | 2020 | | 2021 | | 2022 | |
|--|--------------------|----------------|--------------|----------------|--------------|-----------------|--------------|
| | | \$ | % | \$ | % | \$ | % |
| Balanced Fund | Gross returns | 139,725 | 12.75 | 180,259 | 14.85 | -107,785 | -7.87 |
| | Expenses | -4,172 | -0.38 | -4,698 | -0.39 | -4,942 | -0.36 |
| | Net returns | 135,553 | 12.37 | 175,561 | 14.46 | -112,727 | -8.23 |
| Defined Retirement Benefit Fund | Gross returns | 33,527 | 13.43 | 51,117 | 17.75 | -29,632 | -8.67 |
| | Expenses | -945 | -0.38 | -1,102 | -0.34 | -1,284 | -0.38 |
| | Net returns | 32,582 | 13.05 | 50,015 | 17.41 | -30,916 | -9.05 |

EXPENSES

The following table details the expenses incurred to invest and administer the Plan. Expenses are deducted from gross returns to determine net returns. Net returns are distributed to members' accounts.

| BALANCED FUND EXPENSES | <i>Expressed in \$000's</i> | 2020 | | 2021 | | 2022 | |
|--|-----------------------------|-------------|--------------|-------------|--------------|-------------|---|
| | | \$ | % | \$ | % | \$ | % |
| Investment management | 3,560 | 0.33 | 4,023 | 0.34 | 4,187 | 0.31 | |
| Custodial and consulting | 56 | 0.00 | 62 | 0.00 | 98 | 0.00 | |
| Office and administration ¹ | 513 | 0.05 | 554 | 0.05 | 558 | 0.04 | |
| Audit and legal | 43 | 0.00 | 59 | 0.00 | 99 | 0.01 | |
| Total expenses | 4,172 | 0.38 | 4,698 | 0.39 | 4,942 | 0.36 | |

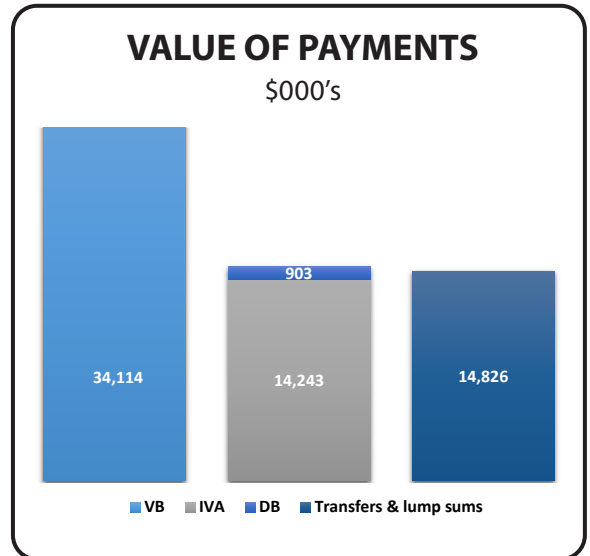
¹ 0.02% of 2022 office and administration expenses were for individual Trustee expenses.

FINANCIAL HIGHLIGHTS

BENEFIT PAYMENTS

| VALUE OF BENEFIT PAYMENTS | | | |
|---|---------------|---------------|---------------|
| | 2020 | 2021 | 2022 |
| <i>Expressed in \$000's</i> | \$ | \$ | \$ |
| Variable Benefits (VB) | 25,243 | 30,115 | 34,114 |
| Internal Variable Annuities (IVA) | 10,056 | 11,806 | 14,243 |
| Defined Benefit Pensions & Supplements (DB) | 1,261 | 1,034 | 904 |
| Transfers & Lump Sums | 12,434 | 9,718 | 14,826 |
| Total | 48,994 | 52,673 | 64,087 |

| BENEFIT PAYMENTS: TYPE & NUMBER OF RECIPIENTS | | | |
|---|--------------|--------------|--------------|
| | 2020 | 2021 | 2022 |
| Variable Benefits | 541 | 567 | 590 |
| Internal Variable Annuities: Without DB | 157 | 209 | 260 |
| Internal Variable Annuities: With DB | 250 | 232 | 232 |
| Transfers & Lump Sums | 74 | 75 | 83 |
| Total | 1,022 | 1,083 | 1,165 |



CONTRIBUTIONS

| CONTRIBUTIONS | | | | |
|--|---------------|---------------|---------------|--------|
| Balanced Fund & Defined Retirement Benefit Account | | | | |
| | 2020 | 2021 | 2022 | |
| <i>Expressed in \$000's</i> | \$ | \$ | \$ | |
| Members | Required | 9,908 | 10,676 | 11,120 |
| | Voluntary | 266 | 311 | 281 |
| | Transfers in | 3,104 | 4,016 | 998 |
| University (Required) | 21,369 | 22,865 | 23,893 | |
| Total | 34,647 | 37,868 | 36,292 | |

Members and the University share the cost of the Plan. Required contributions are based on a percentage of members' salary.

Members also have the option of making additional voluntary contributions by payroll deduction, or by transferring other vehicles into the Plan.

Additional information on contributions can be found on Pension Services' website: www.uvic.ca/pensions.

MEMBERSHIP HIGHLIGHTS

The following charts describe the status and growth in Plan membership over the past 20 years, as well as the distribution of assets among different member groups in 2022.

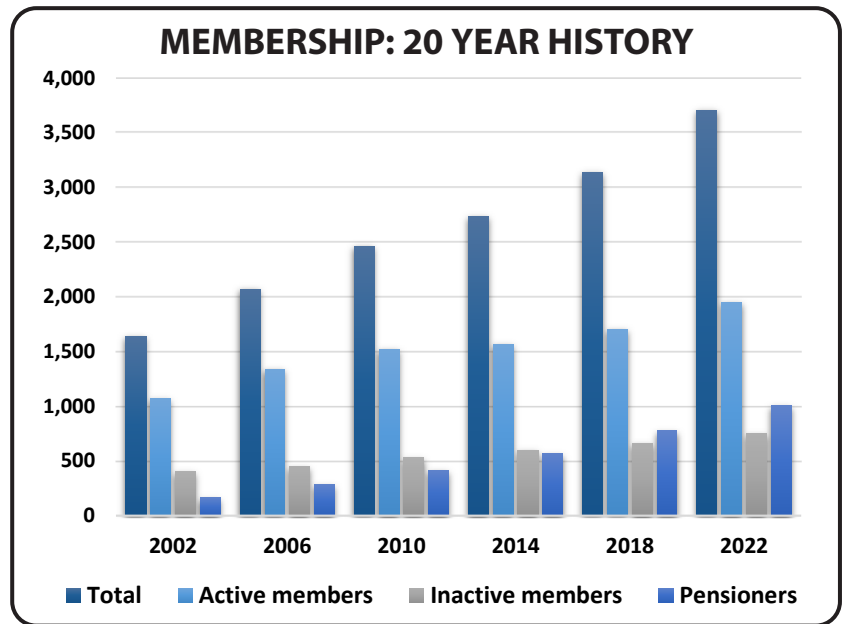
MEMBERSHIP HISTORY

ACTIVE MEMBERS are employed by the University and contributing to the Plan. Active members continued to represent approximately 53% of total membership in 2022.

INACTIVE MEMBERS have transferred to another UVic plan or terminated employment but have not yet selected a benefit. Their assets remain invested in the Fund until they make a selection. The category includes accounts held by surviving spouses of members who died before retirement. While membership in this group has grown, its relative size in the Plan is consistent with the past few years, representing 20% of membership in 2022.

PENSIONERS are members and/or beneficiaries drawing a pension from the Plan. In 2022, this group represented 27% of Plan membership. Pensioner numbers increased by 7% between 2020 and 2021, and again from 2021 to 2022. This is consistent with the trend in this group over the past 5 years.

| MEMBERSHIP | 2002 | 2012 | 2022 |
|------------------|--------------|--------------|--------------|
| Active members | 1,070 | 1,544 | 1,948 |
| Inactive members | 405 | 580 | 749 |
| Pensioners | 165 | 484 | 1,004 |
| TOTAL | 1,640 | 2,608 | 3,701 |

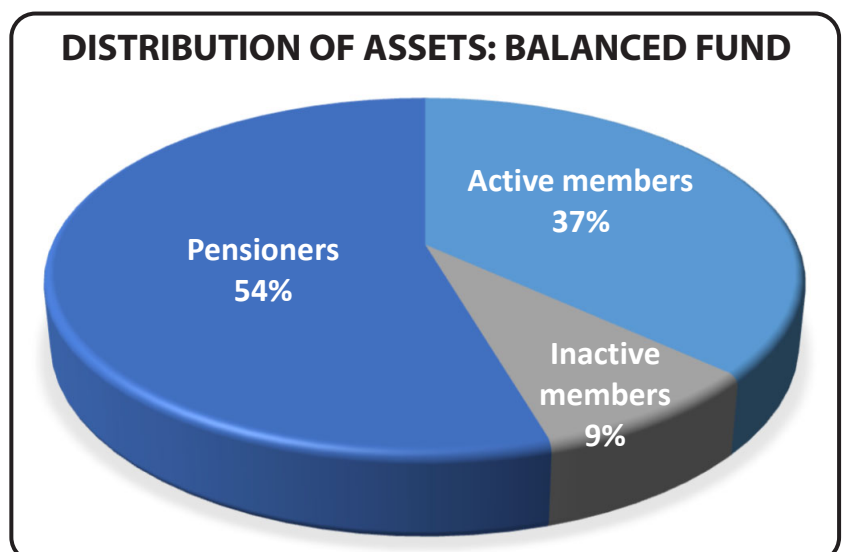


DISTRIBUTION OF ASSETS

The distribution of assets, in this context, refers to the allocation of Plan assets to different types of members—pensioners, active, and inactive members, as defined above.

Pensioners accounted for 54% of total Balanced Fund assets in 2022, which is consistent with distribution in 2021.

Active and inactive members continued to share the remaining 46% of assets, with a slight shift in which inactive member assets increased 1%, to 9%. Active members have dropped slightly, to represent 37% of assets.



INVESTMENTS: POLICIES & OBJECTIVES

THE FUNDS

Plan assets are distributed over two Funds: the Balanced Fund and the Defined Retirement Benefit Fund (DRBF).

Individual member accounts (Combined Contribution Accounts, Variable Benefit Accounts and Voluntary Contribution Accounts) are held in the Balanced Fund, together with the assets of the Money Purchase Pension Plan. The DRBF holds the assets of the Defined Retirement Benefit Account (DRBA) from which defined benefit pensions and supplements are paid.

INVESTMENT POLICY AND ENVIRONMENTAL, SOCIAL & GOVERNANCE FACTORS

As required, the Pension Board has established a Statement of Investment Policies and Procedures (SIPP) to formulate those investment principles, guidelines and monitoring procedures that are appropriate to established objectives. The Policy is reviewed annually at a minimum. It sets out the categories of permitted investments, diversification, asset mix and rate of return expectations.

Under the SIPP, investment managers are encouraged to consider environmental, social and governance (ESG) related risks. In addition, managers are required to report on how ESG factors are incorporated into their investment decision making, and the Pension Board considers this information in its evaluation of prospective investment managers.

All investment managers for the Balanced Fund and the DRBF are signatories to the United Nations-supported Principles for Responsible Investment (UNPRI).

RISK TOLERANCE

In recognition of the Plan's current characteristics, an average degree of risk in terms of short-term variability of returns may be tolerated in the Balanced Fund's investments in pursuit of longer term returns. A higher degree of risk may be tolerated in the DRBA's investments.

PERFORMANCE EXPECTATIONS

Over rolling four-year periods, the minimum return expectations are:

- Domestic managers of Canadian equities are expected to meet the benchmark plus 0.5% per annum, plus investment management and pooled fund custodial fees; for fixed income, the expectation is 1.25% gross of fees.
- The global equity manager is expected to meet the benchmark plus 1.0% per annum, plus investment management and pooled fund custodial fees.
- The real estate manager is expected to meet the MSCI Global Property Fund Index; with a secondary benchmark of the Canadian Consumer Price Index plus 4%.

In 2022, the benchmarks were as follows:

- Short term: FTSE Canada 91-day T-Bill Index
- Fixed income: FTSE Canada Universe Bond Index
- Canadian equities: Benchmark: S&P/TSX Capped Composite Index
- Global equities: MSCI World Ex-Canada Net \$Cdn Index

The total fund benchmark for the Balanced Fund and the DRBF are a composite of the benchmarks for each of the asset classes.

PERFORMANCE MONITORING

The primary objective is to achieve a rate of return, net of investment fees and based on a four-year moving average, which is above a benchmark rate of return associated with asset mix policy. The Pension Board monitors and reviews performance regularly. While short-term results are of interest, it is important that an investment strategy provide good results over the longer term. As a result, the focus is on evaluating investment performance over rolling four-year periods.

INVESTMENTS

ASSET MIX

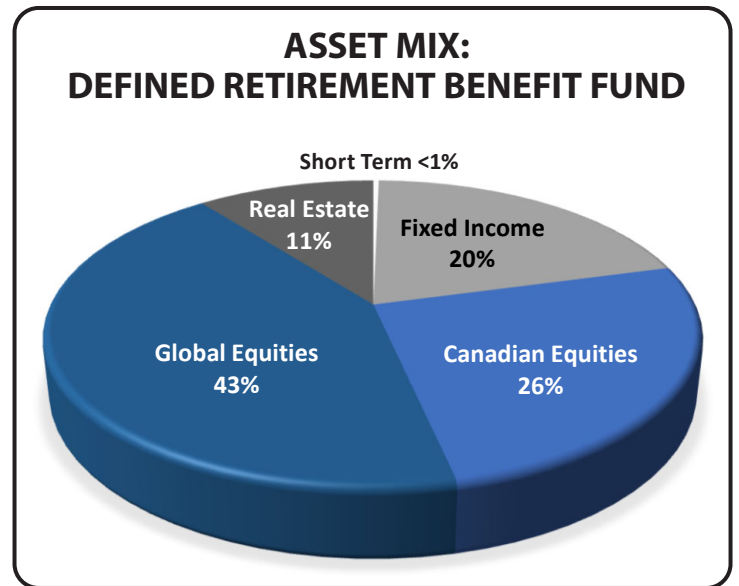
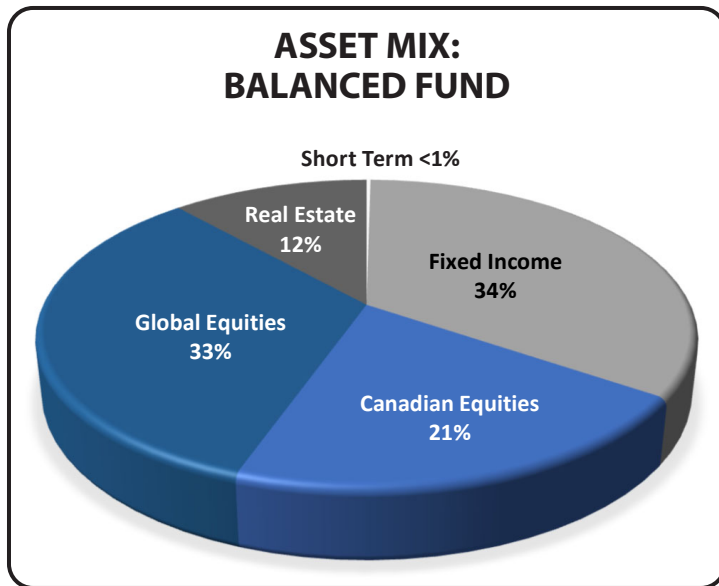
The following charts illustrate the asset mix for the Balanced Fund and DRBF, as at December 31, 2022.

The target range for assets is available in the table on page 12 of this report.

Assets are invested with the investment managers listed in the Service Providers section of this report. The Portfolio Holdings section of this report provides a summary of the funds' holdings.

| ASSET MIX | | \$ | % |
|--|---------------------------|------------------|----------------|
| <i>Expressed in \$000's</i> | | | |
| Balanced Fund | Short Term | 3,039 | 0.23% |
| | Fixed Income | 454,493 | 34.29% |
| | Canadian Equities | 276,992 | 20.90% |
| | Global Equities | 437,027 | 32.97% |
| | Real Estate | 153,949 | 11.61% |
| | TOTAL MARKET VALUE | 1,325,500 | 100.00% |
| Defined Retirement Benefit Fund | Short Term | 1,017 | 0.32% |
| | Fixed Income | 65,191 | 20.49% |
| | Canadian Equities | 82,061 | 25.79% |
| | Global Equities | 136,492 | 42.90% |
| | Real Estate | 33,438 | 10.51% |
| | TOTAL MARKET VALUE | 318,199 | 100.00% |

The Combination Pension Plan share of the Balanced Fund is 92.83%.



INVESTMENTS

TOTAL PLAN PERFORMANCE: BALANCED FUND

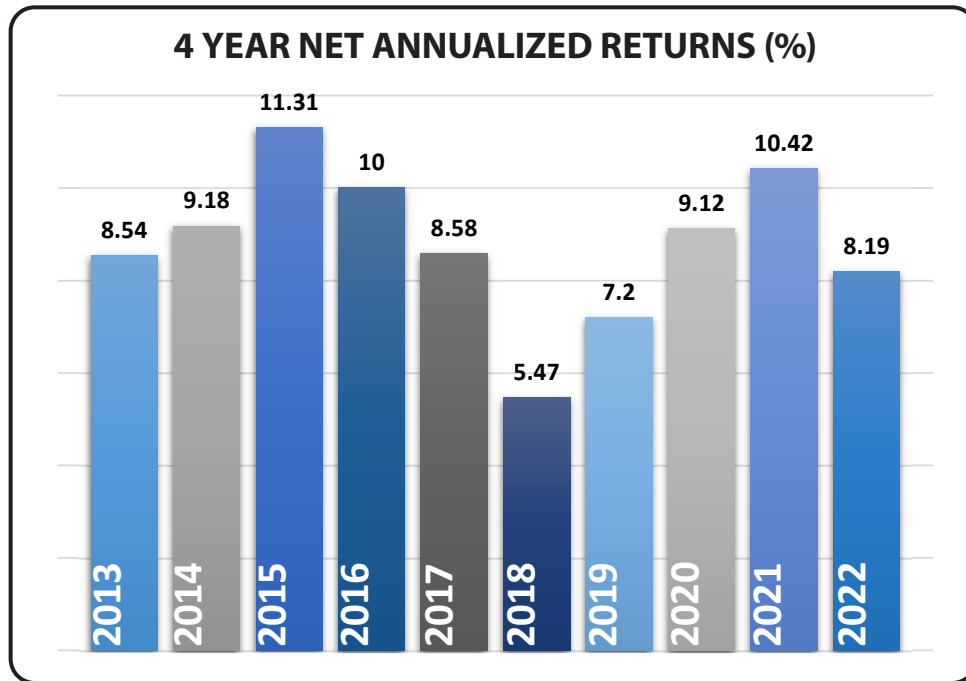
| BALANCED FUND ANNUALIZED RETURNS (%) | | | | |
|--------------------------------------|--------------|--------------|-------------|-------------|
| | 1 YEAR | | 4 YEAR | 10 YEAR |
| | Gross | Net | Net | Net |
| 2022 | -7.87 | -8.23 | 8.19 | 8.11 |
| 2021 | 14.85 | 14.46 | 10.42 | 10.06 |
| 2020 | 12.75 | 12.37 | 9.12 | 8.65 |
| 2019 | 16.50 | 16.08 | 7.20 | 8.35 |
| 2018 | 0.03 | -0.42 | 5.47 | 8.32 |
| 2017 | 9.52 | 9.17 | 8.58 | 6.58 |
| 2016 | 4.98 | 4.64 | 10.00 | 5.93 |
| 2015 | 9.10 | 8.75 | 11.31 | 6.71 |
| 2014 | 12.21 | 11.88 | 9.18 | 7.08 |
| 2013 | 15.31 | 15.01 | 8.54 | 7.06 |

This table shows annualized rates of return for the Balanced Fund portfolio over the last ten years. The four year net returns are also illustrated. These returns are calculated using a money-weighted methodology.

Gross returns are calculated before expenses. Net returns are calculated after all investment and operating expenses.

The net rate of return is credited to members' individual Combined Contribution Accounts (CCA), Variable Benefit Accounts (VBA) and Additional Voluntary Contribution Accounts (AVCA).

Past performance is not a reliable indicator of future performance.



INVESTMENTS

MANAGERS: ALLOCATION & PERFORMANCE

The charts below provide a snapshot of the asset mix, allocation among the funds' investment managers, and associated performance returns for each asset class, compared to a set benchmark.

BALANCED FUND

| INVESTMENT MANAGER | ALLOCATION (%) | | | RETURN (%) | | | |
|--------------------------|----------------|-----------|-----------------|-------------|-------------|------------|------------|
| | Actual | Benchmark | Allowable Range | 1 YEAR | 1 YEAR | 4 YEAR | 4 YEAR |
| | WEIGHT | WEIGHT | | GROSS | BENCHMARK | GROSS | BENCHMARK |
| FIXED INCOME | | | | | | | |
| PH&N | 34.2 | 36 | 20-46 | -11.2 | -11.7 | 1.4 | 0.0 |
| CANADIAN EQUITIES | | | | | | | |
| BCI | 10.8 | | 9-13 | -5.9 | | 12.4 | |
| Fiera | 10.2 | | | 0.2 | | 13.5 | |
| Total | 21.0 | 22 | 14-27 | -2.9 | -5.8 | 13.0 | 11.2 |
| GLOBAL EQUITIES | | | | | | | |
| BCI | 32.8 | 32 | 20-40 | -14.0 | -12.4 | 11.2 | 10.0 |
| REAL ESTATE | | | | | | | |
| BCI | 11.7 | 10 | 5-15 | 7.1 | 10.6 | 7.7 | 7.6 |
| TOTAL FUND | | | | -8.4 | -8.4 | 8.3 | 6.6 |

DEFINED RETIREMENT BENEFIT FUND

| INVESTMENT MANAGER | ALLOCATION (%) | | | RETURN (%) | | | |
|--------------------------|----------------|-----------|-----------------|-------------|-------------|------------|------------|
| | Actual | Benchmark | Allowable Range | 1 YEAR | 1 YEAR | 4 YEAR | 4 YEAR |
| | WEIGHT | WEIGHT | | GROSS | BENCHMARK | GROSS | BENCHMARK |
| FIXED INCOME | | | | | | | |
| PH&N | 20.5 | 20 | 15-25 | -11.1 | -11.7 | 1.4 | 0.0 |
| CANADIAN EQUITIES | | | | | | | |
| PH&N | 25.8 | 25 | 15-35 | -5.0 | -5.8 | 11.9 | 11.2 |
| GLOBAL EQUITIES | | | | | | | |
| BCI | 42.9 | 45 | 40-50 | -13.8 | -12.4 | 11.1 | 10.0 |
| REAL ESTATE | | | | | | | |
| BCI | 10.8 | 10 | 5-15 | 9.4 | 10.6 | 7.5 | 7.6 |
| TOTAL FUND | | | | -9.0 | -8.3 | 9.5 | 8.2 |

Short term investment results are grouped with respective managers.

PORTFOLIO HOLDINGS

BALANCED FUND

| ASSET | | MARKET VALUE \$ |
|--------------------------------------|----------------------------|-----------------------------|
| | | <i>Expressed in \$000's</i> |
| SHORT-TERM INVESTMENTS (0.23%) | CANADA TREASURY BILLS | 1,622 |
| | POOLED FUNDS | 1,417 |
| CANADIAN BONDS (34.29%) | POOLED BOND FUNDS | 454,493 |
| CANADIAN EQUITIES (20.90%) | CONSUMER DISCRETIONARY | 4,848 |
| | CONSUMER STAPLES | 8,102 |
| | ENERGY | 16,513 |
| | FINANCIALS | 40,821 |
| | INDUSTRIALS | 22,609 |
| | MATERIALS | 12,071 |
| | INFORMATION TECHNOLOGY | 11,207 |
| | TELECOMMUNICATION SERVICES | 5,807 |
| | UTILITIES | 2,026 |
| | POOLED FUNDS | 152,988 |
| GLOBAL EQUITIES (32.97%) | POOLED FUNDS | 437,027 |
| REAL ESTATE (11.61%) | POOLED FUNDS | 143,145 |
| | SEGREGATED FUNDS | 12,087 |
| | HEDGES | -1,283 |
| TOTAL BALANCED FUND PORTFOLIO | | 1,325,500 |
| COMBINATION PENSION PLAN | | 1,230,453 |
| MONEY PURCHASE PENSION PLAN | | 95,046 |

DEFINED RETIREMENT BENEFIT FUND

| ASSET | | MARKET VALUE \$ |
|--|-------------------|----------------------------|
| | | <i>Expressed in \$000s</i> |
| SHORT-TERM INVESTMENTS (3.2%) | POOLED FUNDS | 1,017 |
| CANADIAN BONDS (20.11%) | POOLED BOND FUNDS | 65,191 |
| CANADIAN EQUITIES (26.3%) | POOLED FUNDS | 82,061 |
| GLOBAL EQUITIES (44.73%) | POOLED FUNDS | 136,492 |
| REAL ESTATE (5.66%) | POOLED FUNDS | 21,819 |
| | SEGREGATED FUNDS | 12,149 |
| | HEDGES | -530 |
| TOTAL DEFINED RETIREMENT BENEFIT FUND PORTFOLIO | | 318,199 |

Some inconsistencies may exist due to rounding.

PORTFOLIO HOLDINGS: BALANCED FUND

GLOBAL EQUITIES

| TOP 10 EXPOSURES | Weight* |
|--------------------------------------|--------------|
| NOVO NORDISK A/S-B | 6.1% |
| MICROSOFT CORP | 4.9% |
| ALPHABET INC-CL C | 4.5% |
| VISA INC-CLASS A SHARES | 4.4% |
| THERMO FISHER SCIENTIFIC INC | 4.2% |
| SONY GROUP CORP | 3.0% |
| S&P GLOBAL INC | 2.7% |
| NESTLE SA-REG | 2.7% |
| AIA GROUP LTD | 2.4% |
| NEXTERA ENERGY INC | 2.4% |
| Total Weight: Top 10 Holdings | 37.3% |

* As a percentage of total Global Equity Holdings

CANADIAN EQUITIES

| TOP 10 EXPOSURES | Weight* |
|--------------------------------------|--------------|
| ROYAL BANK OF CANADA | 7.6% |
| TORONTO-DOMINION BANK | 6.2% |
| CANADIAN PACIFIC RAILWAY | 4.7% |
| CANADIAN NATURAL RESOURCES | 4.2% |
| WSP GLOBAL INC | 3.9% |
| CONSTELLATION SOFTWARE | 3.7% |
| CANADIAN NATIONAL RAILWAY | 3.6% |
| BANK OF MONTREAL | 3.5% |
| FRANCO NEVADA CORP | 3.4% |
| BROOKFIELD CORP | 3.3% |
| Total Weight: Top 10 Holdings | 44.1% |

* As a percentage of total Canadian Equity Holdings

A detailed listing of portfolio holdings can be obtained at www.uvic.ca/pensions.

PENSION PLAN FUNDING

Under the British Columbia Pension Benefits Standards Regulation (PBSR), a pension plan containing a defined benefit component must undertake an actuarial valuation to assess the financial health of the plan at intervals not exceeding three years. Assets for the defined benefit component of the Combination Plan are held in the Defined Retirement Benefit Fund, as described in this report.

An actuarial valuation provides a snapshot of a pension plan's estimated financial condition at a particular point in time. One type of valuation required is the solvency valuation, which measures whether the pension plan would have the ability to meet its obligations (liabilities) to its members if the plan were to be terminated and wound up at the valuation date. The last valuation date for the Combination Pension Plan was in 2022, for the period ending December 31, 2021. At that time, the solvency ratio — the percentage of solvency assets compared to solvency liabilities — was 280.0%.

The Combination Pension Plan provides for a reduction or elimination of contributions when the Plan has a surplus. The actuarial valuation undertaken in 2022 revealed an accrued going concern surplus of \$244,207,000. While the plan was in a surplus position on this basis, actuarial analysis of a range of economic scenarios determined that maintaining the existing 4% contribution rate was appropriate for funding the liabilities of the defined benefit component of the Plan.

In order to assess the Plan's funding in the context of the 2022 economic environment, an additional actuarial valuation will be performed in 2023, for the period ending December 31, 2022.

PLAN SERVICE PROVIDERS

INVESTMENT MANAGERS

| | |
|---|---|
| BC Investment Management Corporation (BCI) | Managed one-half the Canadian equity portion, and all the global equity and real estate portions of the Balanced Fund; and, the foreign equity and real estate portion of the DRBF. |
| Fiera Capital Corporation | Managed one-half the Canadian equity portion of the Balanced Fund. |
| Phillips, Hager & North Investment Management Limited (PH&N) | Managed the fixed income portion of the Balanced Fund and the domestic portion of the DRBF. |

CUSTODIAN

| | |
|---|---|
| The Northern Trust Company, Canada | Custodian of Plan assets (excluding BCI funds) and benefit payment service. |
|---|---|

INVESTMENT CONSULTANT

PBI Actuaries & Consultants

PERFORMANCE MEASUREMENT

PBI Actuaries & Consultants

ACTUARY

Mercer (Canada) Limited

AUDITOR

Grant Thornton LLP

Please review your annual statement and contact Pension Services with any updates to your information, such as marital status, contact information, or beneficiary designations.

Current UVic employees, please also ensure your information is up-to-date on your UVic MyPage.

Accessibility: If you require your annual statement digitally, please contact Pension Services to request a PDF version.

Retiring members should contact Pension Services approximately 3-6 months before their retirement date. Individual meetings are available by appointment.

Precise terms of the Plan are provided in the Plan Document, which can be obtained at www.uvic.ca/pensions, or by request from Pension Services. We make every effort to ensure that all information in this report is accurate and complete. In the event of a discrepancy, the Plan Documents, statutes, or regulations shall apply.

Additional information about the University of Victoria Combination Pension Plan and a PDF version of this report can be found at: www.uvic.ca/pensions

HOW TO REACH PENSION SERVICES:

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