

University of Victoria

MONEY PURCHASE PENSION PLAN 2022 ANNUAL REPORT

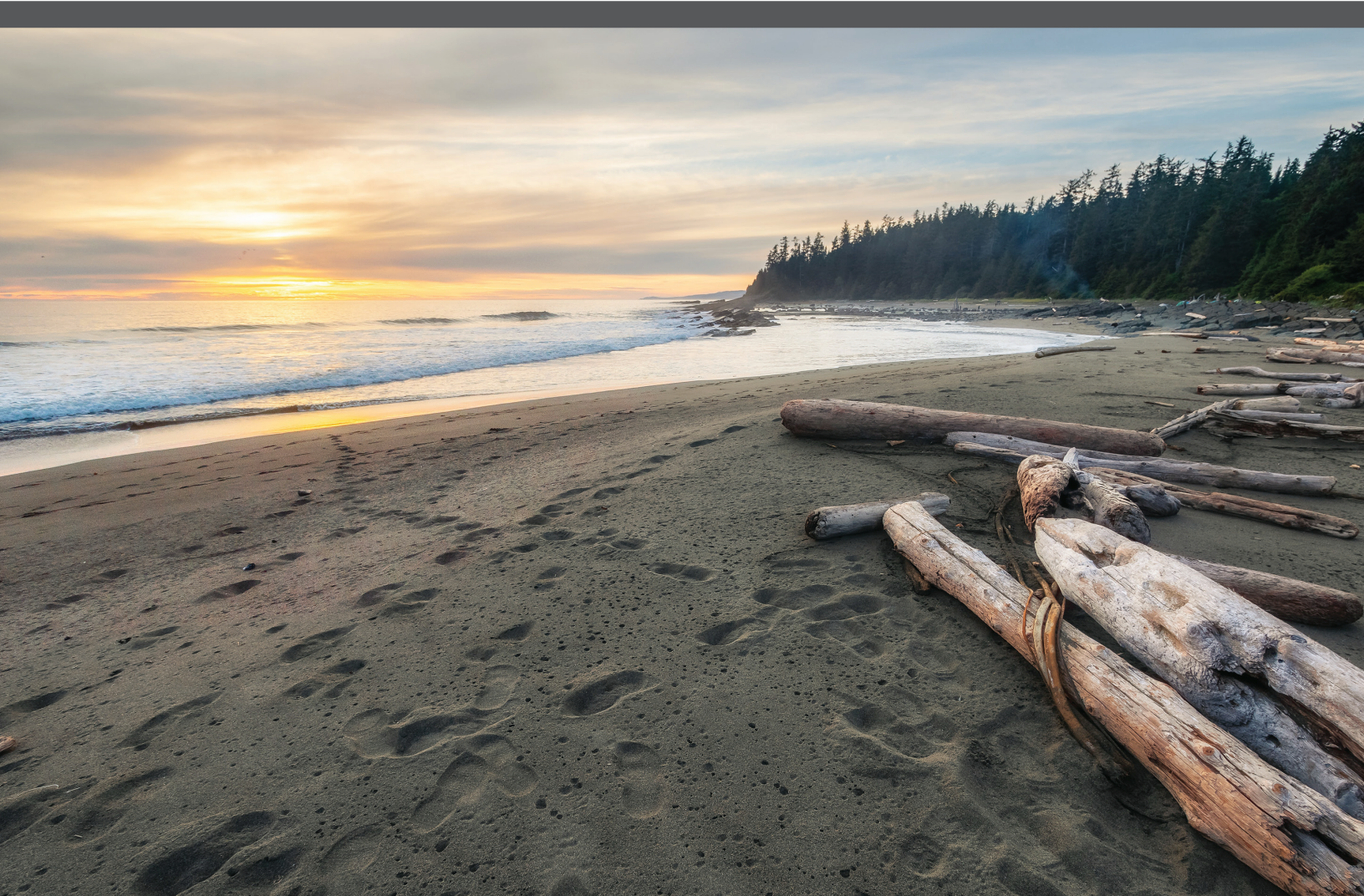


TABLE OF CONTENTS

Letter from the Chair	3
Plan Governance	5
Financial Highlights	6
Investments	
Contributions & Benefit Payments	
Expenses	
Membership	
Investments	8
Policies & Objectives	
Asset Mix	
Total Plan Performance	
Investment Managers: Allocation & Performance	
Portfolio Holdings	10
Top Exposures: Global & Canadian Equities	
Balanced Fund Portfolio Holdings	
Service Providers	12
Contacting Pension Services	12

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 on 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.

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%

* NET OF INVESTMENT MANAGEMENT FEES

The negative one year returns for the Balanced Fund, although not unexpected, are of course concerning – but are mitigated by strong returns in 2019, 2020 and 2021, as reflected in both performance figures and in value added in comparison to the asset mix benchmark 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.

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.

The BC Financial Services Agency (BCFSA) routinely performs reviews of pension plans in accordance with their risk management framework. In Fall 2022, the MPP was selected by BCFSA for such a review. The Board received a report from BCFSA in January 2023, and will be engaging with BCFSA and Pension Services on consideration of the results of the review.

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.

LETTER FROM THE CHAIR, CONTINUED

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 Cowern, 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 Money Purchase 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 Money Purchase 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, who also serve as the Board for the University of Victoria Combination Pension Plan. Trustees’ terms are up to three years.

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 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	
NAME & TITLE	TERM ENDING
David Boudinot <i>Social Sciences Librarian, UVic libraries</i>	December 31, 2023
Andrew Coward <i>Acting Associate Vice-President, Financial Planning & Operations</i>	Appointed <i>ex-officio</i>
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
Michael Miller (2022 Chair) <i>Professor Emeritus, Department of Computer Science</i>	December 31, 2025
Matthew Murphy <i>Associate Professor, School of Business</i>	December 31, 2023
Susan Service <i>Professional Accountant</i>	December 31, 2022

FINANCIAL HIGHLIGHTS

INVESTMENTS

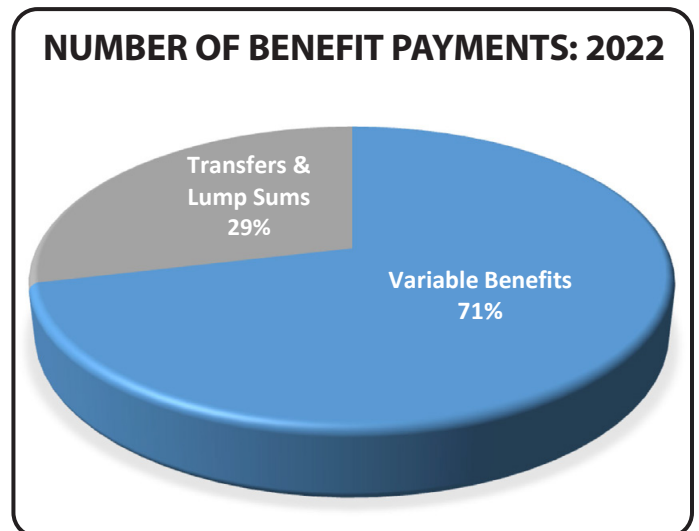
MARKET VALUE OF INVESTMENTS	2020	2021	2022
<i>Expressed in \$000's</i>	\$	\$	\$
Balanced Fund	89,073	103,335	95,046

INVESTMENT RETURNS		2020		2021		2022	
<i>Expressed in \$000's</i>		\$	%	\$	%	\$	%
Balanced Fund	Gross returns	10,075	12.75	13,335	14.85	-8,458	-7.88
	Expenses	-323	-0.41	-366	-0.41	-385	-0.36
	Net returns	9,752	12.34	12,969	14.44	-8,843	-8.24

CONTRIBUTIONS & BENEFIT PAYMENTS

TOTAL CONTRIBUTIONS		2020	2021	2022
<i>Expressed in \$000's</i>		\$	\$	\$
Members	Required	1,008	1,116	1,090
	Voluntary	62	58	50
	Transfers in	397	686	275
University (Required)		2,366	2,551	2,541
Total		3,833	4,411	3,956

VALUE OF BENEFIT PAYMENTS	2020	2021	2022
<i>Expressed in \$000's</i>	\$	\$	\$
Variable Benefits (VB)	1,131	1,279	1,488
Transfers & lump sums	1,761	1,762	1,897
Total	2,892	3,041	3,385



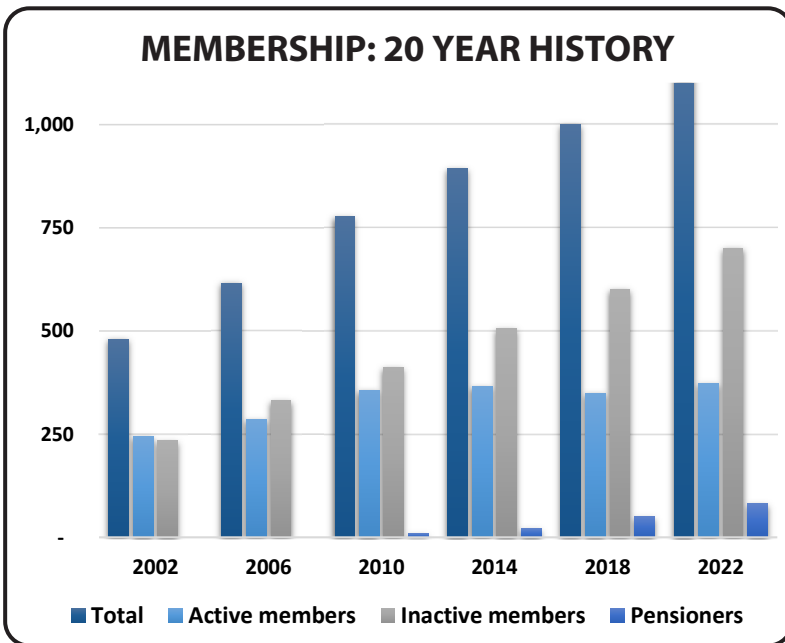
FINANCIAL HIGHLIGHTS

EXPENSES

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

BALANCED FUND EXPENSES			2020		2021		2022	
	<i>Expressed in \$000's</i>		\$	%	\$	%	\$	%
	Investment management	257	0.33	298	0.33	316	0.29	
Custodial and consulting	4	0.01	4	0.01	7	0.01		
Office and administration ¹	37	0.04	41	0.05	42	0.04		
Audit and legal	25	0.03	23	0.02	20	0.02		
Total expenses	323	0.41	366	0.41	385	0.36		

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



MEMBERSHIP

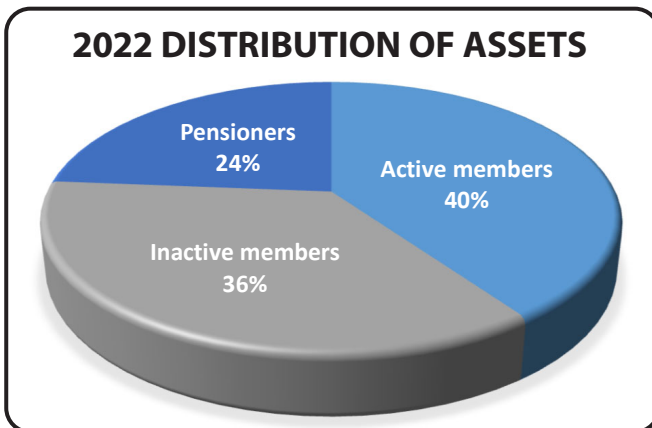
These charts describe the distribution of assets among different member groups, as well as the status and growth in Plan membership over the past 20 years.

The Money Purchase Plan had a total of 1,126 members in 2022, up from 1,094 members in 2021.

ACTIVE MEMBERS are employed by the University and contributing to the Plan. In 2022, this group comprised 343 members, a decrease from 362 in 2021. This group is proportionally shrinking relative to the other Plan membership. In 2022, active members comprised just over 30% of the Plan, whereas in 2018, this group represented over 35% of the membership.

INACTIVE MEMBERS have transferred to another UVic plan or terminated employment but have not yet elected a benefit; the category also includes a small number of accounts held by surviving spouses of members who died before retirement. In 2022, this group comprised 701 members, an increase of 47 from 2021.

PENSIONERS are members and/or beneficiaries who are drawing a monthly pension from the Plan. In 2022, there were 82 pensioners, a small increase from 78 pensioners in 2021.



INVESTMENTS: POLICIES & OBJECTIVES

THE BALANCED FUND

Individual member accounts (Money Purchase Contribution Accounts, Variable Benefit Accounts and Voluntary Contribution Accounts) are held in the Balanced Fund, together with the assets of the Combination Pension Plan.

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 at least annually, and 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 involved with the Balanced Fund 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.

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 is 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.

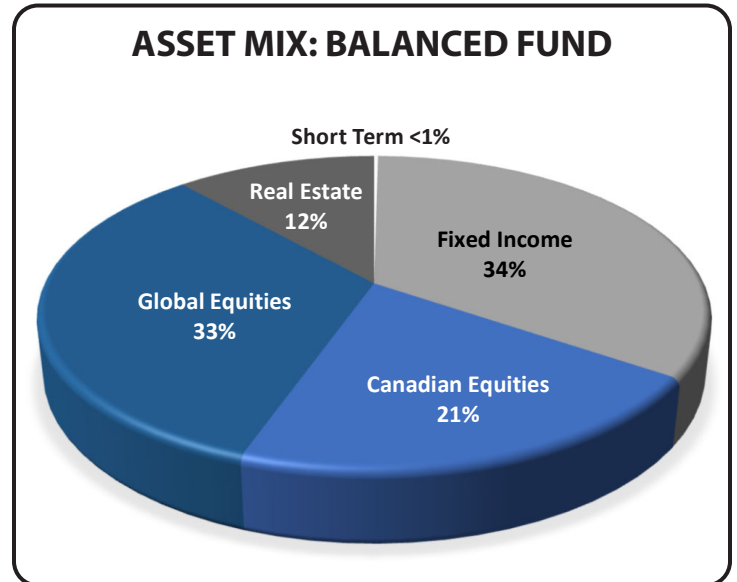
INVESTMENTS

ASSET MIX

This chart illustrates the Fund's asset mix, as at December 31, 2022. Target asset mix ranges are listed in the table on page 10 of this report. Assets are invested with three investment managers, as listed in the Service Providers section.

ASSET MIX		\$	%
<i>Expressed in \$000s</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%

The Money Purchase Pension Plan share of the Balanced Fund is 7.17%.



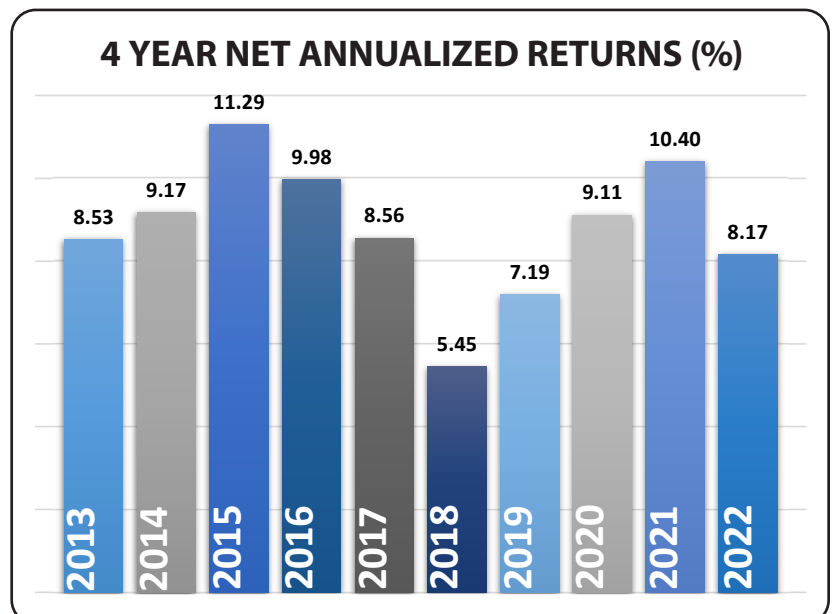
TOTAL PLAN PERFORMANCE

This table shows the annualized rates of return for the Balanced Fund portfolio over the last ten years. The four year net returns are also illustrated in the chart below. 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 Money Purchase Contribution Accounts (MPCA), Variable Benefit Accounts (VBA) and Additional Voluntary Contribution Accounts (AVCA).

Past performance is not a reliable indicator of future performance.

BALANCED FUND ANNUALIZED RETURNS (%)				
	1 YEAR		4 YEAR	10 YEAR
	Gross	Net	Net	Net
2022	-7.88	-8.24	8.17	8.09
2021	14.84	14.44	10.40	10.04
2020	12.75	12.34	9.11	8.64
2019	16.50	16.05	7.19	8.34
2018	0.03	-0.42	5.45	8.30
2017	9.52	9.17	8.56	6.57
2016	4.98	4.63	9.98	5.92
2015	9.10	8.71	11.29	6.70
2014	12.21	11.87	9.17	7.07
2013	15.31	15.00	8.53	7.04



INVESTMENTS

MANAGERS: ALLOCATION & PERFORMANCE

The chart below provides a snapshot of the asset mix, allocation among the Balanced Fund's investment managers, and associated performance returns for each asset class, compared to a set benchmark.

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

Short term investment results are grouped with respective managers.

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

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 (20.9%)	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

Some inconsistencies may exist due to rounding.

A full listing of portfolio holdings can be obtained at www.uvic.ca/pensions or by contacting Pension Services.

SERVICE PROVIDERS

INVESTMENT MANAGERS

BC Investment Management Corporation (BCI)	Managed one-half the Canadian equity portion, and all the foreign equity and real estate portions of the Balanced Fund.
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.

CUSTODIAN

The Northern Trust Company, Canada	Custodian of Plan assets (excluding BCI funds) and benefit payment service.
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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 3-6 months before their retirement date. Individual meetings are available by appointment.

The 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. Should any discrepancy exist, the Plan Documents, statutes, or regulations shall apply.

Additional information about the University of Victoria Money Purchase 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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