



COMBINATION PENSION PLAN 2023 ANNUAL REPORT



www.uvic.ca/pensions

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MESSAGE FROM THE CHAIRS

It is our pleasure to share with you the 2023 Annual Report for the UVic Combination Pension Plan (the “Plan”). The Plan continues to demonstrate the value in its unique design, where the base defined contribution (“DC”) provisions provide members with the ability to participate in long term investment returns, and the additional defined benefit (“DB”) provisions provide the security of being able to choose a minimum lifetime income at retirement. Maintaining this balance between investment return exposure and the security of an inflation-protected minimum lifetime income is a key focus of the Pension Board.

Financial Update and Sustainability

Investment returns for 2023 for the Balanced Fund (the fund in which all DC contributions are invested) came in strong at 10.3%, led by a solid recovery in both equity and bond markets after a difficult year in 2022. Annualized returns over the last 10 years sit at 7.7% per year.

Given the change in the economic environment in 2022, the Pension Board undertook an additional actuarial valuation for the year ending December 31, 2022. The valuation was completed during 2023, and showed that the Plan continues to be in a healthy position, demonstrating the resilience of its funding through an uncertain geopolitical and economic environment. As a result, the Pension Board was able to approve a small reduction in contributions for both members and the university overall, while maintaining the same benefits and guarantees within the Plan.

Member Experience and Communications

As plan membership steadily grows, and members’ expectations evolve, so too must the Plan’s approach to communication. We are embarking on a Communications Transformation initiative aimed at enhancing engagement with members at every stage of their journey, from initial enrollment to retirement and beyond. Since a key part of communication is listening, we conducted a member survey in 2023. The survey received an astounding response rate of 32.9% (over 2100 responses), underscoring the importance that you place on how we communicate. Your feedback will inform initiatives through 2024 and beyond as we work to improve members’ experience.

Risk Management Evolving

In tandem with our commitment to financial stability, risk management has always been a priority of the Pension Board. In 2023, we renewed our focus on managing key risks. We have commenced a number of initiatives that will continue into 2024 and beyond, including items such as (i) an asset mix study to review how we optimize the investments’ risk and return; (ii) working towards engaging a consultant who specializes in environment, social and governance (ESG) matters to help the Pension Board advance its approach to managing climate and other risks, and (iii) commencing a review to ensure continued understanding and first-rate management of ever-evolving cybersecurity risk in our dealings with third party service providers and the university.

NOTE: Unless otherwise indicated, the data and figures in this report are as at December 31, 2023

Minor inconsistencies may appear due to rounding.

The numbers shown in this report are unaudited. Audited financial statements for the Plan are in process and will be available online once complete.

Your Pension Board and Leadership Updates

This year marks 55 years since the inaugural Pension Board of eight trustees was formed to manage the newly established pension plan; four from the Plan's membership, and four appointed by the university. This model has proven remarkably successful, with trustees navigating the Plan through economic cycles, geopolitical risks and societal and demographic change. While the world has changed significantly over the last 55 years, one thing has remained the same through the years – that trustees remain committed to the long term sustainability of the Plan on behalf of its members.

Trustees are elected or appointed for three-year terms. In 2023, the Pension Board and the University of Victoria amended the Trust Agreement to establish term limits for Trustees. Trustees may now serve a maximum of four terms. This is intended to strike a balance between the need for continuity, and the importance of having new voices and experience on the Pension Board.

With two Trustee terms expiring at the end of 2023, an election was recently held for the two openings. We are pleased to confirm that Stefan Grbavec was nominated and acclaimed as a new Trustee and Dr. Matt Murphy was re-nominated and acclaimed as a Trustee for another term with the Pension Board. In addition, with the retirement of a long-standing University appointed Trustee, we are also pleased that Melanie Nadeau-Roy was newly appointed to the Board by the university during the year.

We would like to thank David Boudinot, who stepped down after serving on the Trustee Board as a member-nominated Trustee for six years and John Gilfoyle, who retired from the Board in 2023 after over eleven years of service. Their valuable contributions to the Plan and its membership are much appreciated.

The UVic Pension Services team also underwent a leadership change in 2023, welcoming Randi Topp, who was appointed as Executive Director, Pensions and Plan Governance. Ms. Topp brings over 25 years of experience working with pension plans, as an actuary, consultant, director and investment committee member.

The Pension Board and management would also like to recognize and thank the Pension Services team for their continued hard work and dedication to providing service to Plan members. The team is available both on-campus and virtually to support members with any pension questions they may have.

Upcoming Annual General Meeting

Lastly, the Annual General Meeting (AGM) will be held both in-person and virtually on Thursday, May 23, 2024. The AGM is an important event enshrined in the Trust Agreement, and recognizes that members are a key party in the governance of the Plan. We encourage all members to join us and to ask questions of the Pension Board and management.

We look forward to seeing you there.



Barry Gros
2024 Board Chair



D. Michael Miller
2024 Board Vice Chair
(2023 Chair)



2023 HIGHLIGHTS

01

MEMBERSHIP

Active | 1,969

Inactive | 801

Pensioners | 1,058



Pension Seminars delivered to 149 members.
Trustee election for two member-elected trustees.
Annual General Meeting held both in person and virtually.

02

INVESTMENTS

Balanced Fund

10.3% | Net Investment Return in 2023

7.7% | 10-Year Annualized Net Rate of Return

0.32% | Expenses in 2023

Returns over the last 3, 5 and 10 year timeframes are above benchmark and in top quartile compared to other balanced funds as measured by our custodian, Northern Trust.

Two new equity managers added in 2023.

Project started to hire a consultant to support the Board with moving its responsible investment approach forward.

03

FINANCIALS & RISK MANAGEMENT



Contributions received: \$40.3M
Benefits paid: \$65.0M
Total assets: \$1.7B



Risk management evolving:
Governance and investment policies updated to enhance documentation of key risks and how these risks are managed.

04

FUNDING



New actuarial valuation completed as of December 31, 2022. Plan remains in a strong position.

Contribution reduction for employees and UVic in 2024 while maintaining benefit levels and guarantees.

MEMBERSHIP HIGHLIGHTS

The following charts describe the status and growth in Plan membership over the past 20 years. As shown, not only has the Plan matured, its membership has more than doubled in size over this time.

MEMBERSHIP HISTORY

ACTIVE MEMBERS are employed by the University and contributing to the Plan. Active members continued to represent approximately 51% of total membership in 2023.

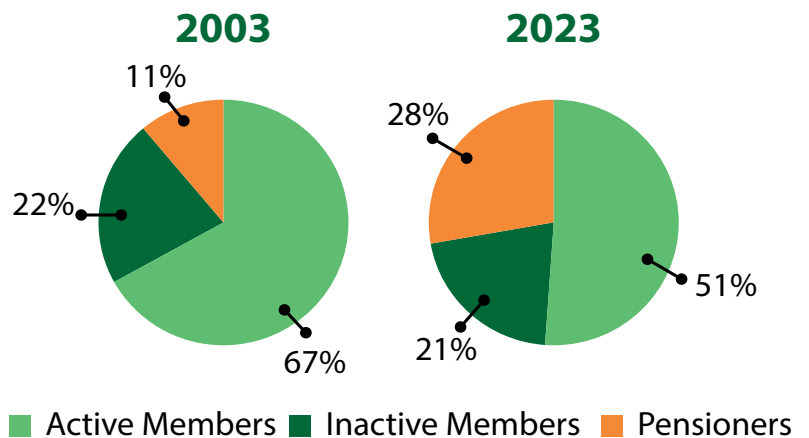
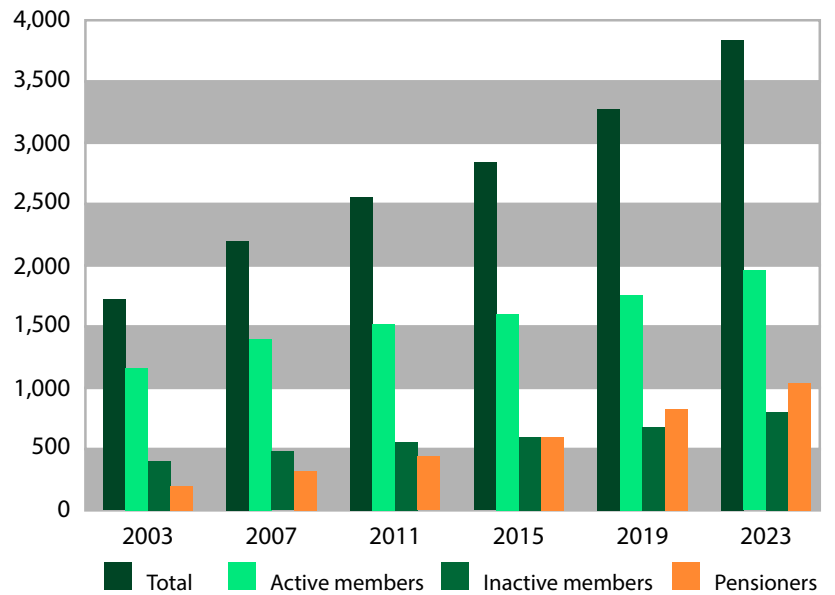
INACTIVE MEMBERS have transferred to another UVic plan or terminated employment but have not yet selected a benefit. Their assets remain invested in the Fund until they make a selection. The category includes accounts held by surviving spouses of members who died before retirement. While membership in this group has grown, its relative size in the Plan is consistent with the past few years, representing 21% of membership in 2023.

PENSIONERS are members and/or beneficiaries drawing a pension from the Plan. In 2023, this group represented 28% of Plan membership. Pensioner numbers increased by 7% between 2021 and 2022, and 5% from 2022 to 2023. This is consistent with the trend in this group over the past 5 years.

Pensioners accounted for 55% of total Balanced Fund assets at the end of 2023, which is consistent with the distribution at the end of 2022.



MEMBERSHIP: 20 YEAR HISTORY



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: Contact Pension Services at least 3 months before your anticipated retirement date. Individual meetings are available by appointment.

MEMBER SURVEY 2023: SUMMARY RESULTS

Thank you to all UVic pension plan members who completed the pension communications survey that was distributed last May to all members of the university's three pension plans. Of these plans, the Combination Pension Plan represents close to half of the membership and a similar proportion of the responses received.

Response to the survey was tremendous. More than 2100 UVic pension plan members took the time to share their experiences, insights and wishes with us in areas such as pension plan understanding, views on communications they have received and interactions with the Pension Services office. Respondents were diverse, representing a broad range of employees and members at varied stages of life and career.

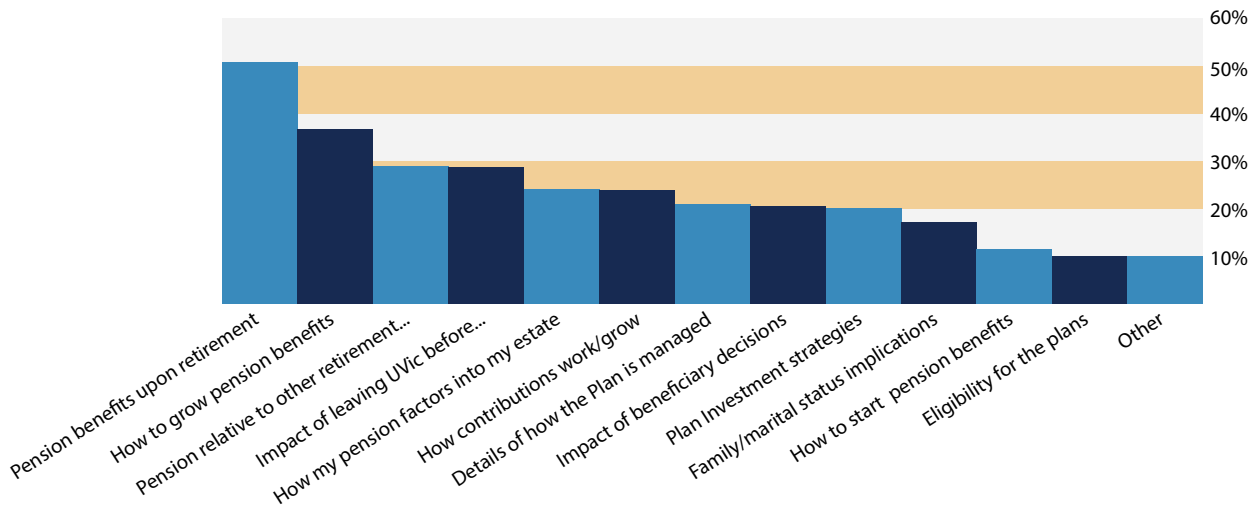
Thank you for your input.

Using the insight we've gathered, our focus this year will be on enhancing members' awareness of pension benefits and improving the clarity and accessibility of pertinent information.

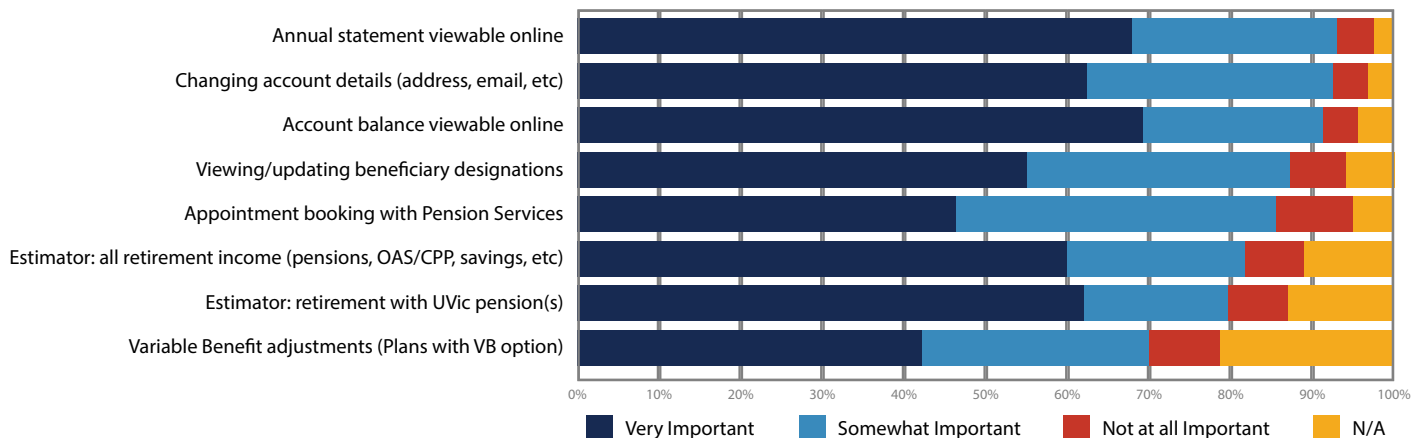
More detailed survey results can be found on our [website](#).

New information and a new look will be appearing throughout the year.

What (if anything) would you like to understand better about your UVic pension plan(s)?



If the following online pension tools were available, how would you rank them in terms of importance?



INVESTMENTS: POLICY AND OBJECTIVES

The Pension Board has established a Statement of Investment Policies and Procedures (SIPP) that sets out the objectives for the investment of the plan assets and to formulate investment principles, guidelines and monitoring procedures that are appropriate to help achieve the 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.

THE FUNDS

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

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

DRBF: The DRBF holds the assets of the Defined Retirement Benefit Account (DRBA) from which defined benefit pensions and supplements are paid.

PERFORMANCE MONITORING AND EXPECTATIONS

The primary objective of the Balanced Fund and DRBF 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 the 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.

The secondary long-term return objective is Consumer Price Index (CPI) plus 3.25% for the Balanced Fund, and CPI plus 3.75% for the Defined Retirement Benefit Account.

RISK TOLERANCE

In recognition of the Plan's current characteristics, a reasonable level 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. The Pension Board believes that a higher degree of risk is reasonable for the DRBF's investments. These investments are funded by University contributions as security for the Plan's minimum benefit guarantee, and while the performance of the DRBF has a less direct impact on Plan member balances, it can impact member contributions. With the renewed focus on risk management, the SIPP was modified in 2023 to require additional reporting by managers of key risks, and their approach to managing those risks.

RESPONSIBLE INVESTING

The Pension Board believes that taking environment, social and governance (ESG) factors into consideration can have a positive effect on long-term financial performance and is committed to investing responsibly.

The Plan's SIPP requires that the selected investment managers provide information at least annually regarding the processes by which ESG factors are incorporated into their investment decisions, along with key related risks and how the risks are being managed. In addition, the Pension Board acknowledges that climate change represents a long-term material systematic risk to the Plan's investments, and accordingly, the investment managers and consultants with whom the Board works are required to assess the companies and funds in which the Plan invests and provide related reporting to the Board. The Board then considers this information in its evaluation of current and prospective managers. All investment managers for the Balanced Fund and the DRBF are signatories to the United Nations Principles for Responsible Investment ([UNPRI](#)).

To continue to advance their approach to managing ESG factors and risks, the Pension Board is in the process of engaging a consultant with specific expertise in this area. The work is expected to be undertaken in 2024.



INVESTMENTS: ASSET MIX

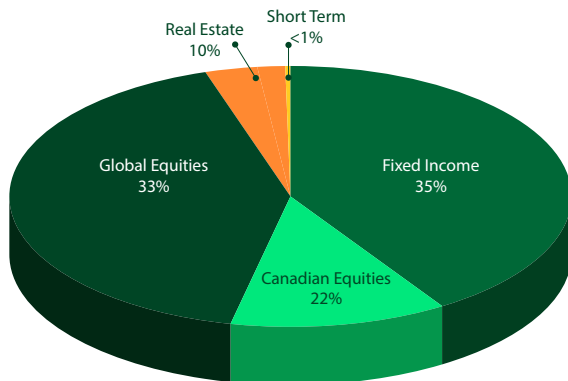
The following charts illustrate the asset mix for the Balanced Fund and DRBF, as at December 31, 2023.

| ASSET MIX AS OF DECEMBER 31, 2023 | | | | | |
|--|---------------------------|----------------------------------|------------------------|--------------------|-------------------|
| | | Investment Manager | Market Value (\$000's) | Current Allocation | Target Allocation |
| Balanced Fund | Fixed Income | PH&N | 454,677 | 35% | 36% |
| | Canadian Equities | BCI & Fiera ¹ | 286,995 | 22% | 22% |
| | Global Equities | BCI & Walter Scott ² | 438,638 | 33% | 32% |
| | Real Estate | BCI/QuadReal | 136,438 | 10% | 10% |
| | Short Term | <i>within manager portfolios</i> | 3,667 | 0% | 0% |
| | TOTAL MARKET VALUE | | | 1,320,415 | 100% |
| Defined Retirement Benefit Fund | Fixed Income | PH&N | 74,380 | 20% | 20% |
| | Canadian Equities | PH&N | 90,539 | 25% | 25% |
| | Global Equities | BCI & Walter Scott ² | 165,559 | 46% | 45% |
| | Real Estate | BCI/QuadReal | 32,183 | 9% | 10% |
| | Short Term | <i>within manager portfolios</i> | 814 | 0% | 0% |
| | TOTAL MARKET VALUE | | | 363,475 | 100% |

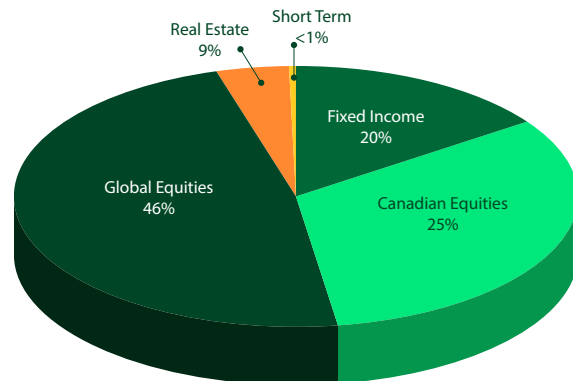
1- For Canadian Equity Managers, the target allocation is split 50/50 between BCI and Fiera,

2- For Global Equity Managers, the target allocation is split 60/40 between BCI and Walter Scott. Walter Scott was added in March 2023. The BCI allocation has since been split further, adding Pier21 (subadvised by C-WorldWide) in March 2024.

**ASSET MIX:
BALANCED FUND**



**ASSET MIX:
DEFINED RETIREMENT BENEFIT FUND**



A study is underway to review the current asset mix to ensure we are continuing to optimize risk adjusted returns and member outcomes. Results will be available in next year's annual report.

INVESTMENTS: PERFORMANCE

The Plan assets are distributed between two funds. The Balanced Fund is the fund in which member contribution accounts are invested, while the DRBF is the fund used to secure the defined benefit guarantee provided to members in their retirement. The majority of Plan assets are in the Balanced Fund (see previous page). Performance between the Balanced Fund and DRBF will differ, primarily because the asset mix is different between the two funds (see previous page).

BALANCED FUND ANNUALIZED RETURNS (%¹) AS OF DECEMBER 31, 2023

| | 1 YEAR | | 4 YEAR | 10 YEAR |
|-------------|--------------|--------------|-------------|-------------|
| | Gross | Net | Net | Net |
| 2023 | 10.66 | 10.34 | 6.83 | 7.66 |
| 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 |

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.

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.

1- These returns are calculated using a money-weighted methodology, which reflects cash flows into and out of the portfolio. These returns are calculated based on information provided by Northern Trust.

BALANCED FUND MANAGER PERFORMANCE

| INVESTMENT MANAGER | RETURN (% ²⁻³) AS OF DECEMBER 31, 2023 | | | |
|---------------------------|--|-------------|------------|------------|
| | 1 YEAR | 1 YEAR | 4 YEAR | 4 YEAR |
| | GROSS | BENCHMARK | GROSS | BENCHMARK |
| FIXED INCOME | | | | |
| PH&N | 7.5 | 6.7 | 1.5 | 0.0 |
| CANADIAN EQUITIES | | | | |
| BCI | 15.8 | 11.8 | 10.8 | 8.6 |
| Fiera | 10.7 | 11.8 | 10.5 | 8.6 |
| Total | 13.3 | 11.8 | 10.7 | 8.6 |
| GLOBAL EQUITIES | | | | |
| BCI | 18.0 | 20.8 | 9.9 | 9.9 |
| Walter Scott ⁴ | NA | NA | NA | NA |
| Total | 17.9 | 20.8 | 9.9 | 9.9 |
| REAL ESTATE | | | | |
| BCI | -5.5 | 7.5 | 3.8 | 7.9 |
| TOTAL FUND | 10.5 | 12.4 | 7.0 | 6.0 |

DEFINED RETIREMENT BENEFIT FUND MANAGER PERFORMANCE

| INVESTMENT MANAGER | RETURN (% ²⁻³) AS OF DECEMBER 31, 2023 | | | |
|--------------------------|--|-------------|------------|------------|
| | 1 YEAR | 1 YEAR | 4 YEAR | 4 YEAR |
| | GROSS | BENCHMARK | GROSS | BENCHMARK |
| FIXED INCOME | | | | |
| PH&N | 7.5 | 6.7 | 1.6 | 0.0 |
| CANADIAN EQUITIES | | | | |
| PH&N | 12.4 | 11.8 | 9.5 | 8.6 |
| GLOBAL EQUITIES | | | | |
| BCI | 18.0 | 20.8 | 9.8 | 9.9 |
| Walter Scott | NA | NA | NA | NA |
| Total | 17.9 | 20.8 | 9.8 | 9.9 |
| REAL ESTATE | | | | |
| BCI | -5.6 | 7.5 | 3.7 | 7.9 |
| TOTAL FUND | 11.9 | 14.3 | 8.0 | 7.6 |

2- These returns are calculated using a time-weighted methodology. This methodology does not reflect cash flows into and out of the portfolio, and is more appropriate for measuring performance against benchmarks. The returns are calculated by Northern Trust and verified by the Plan's investment consultant, PBI.

3- Short term investment results are grouped with respective managers.

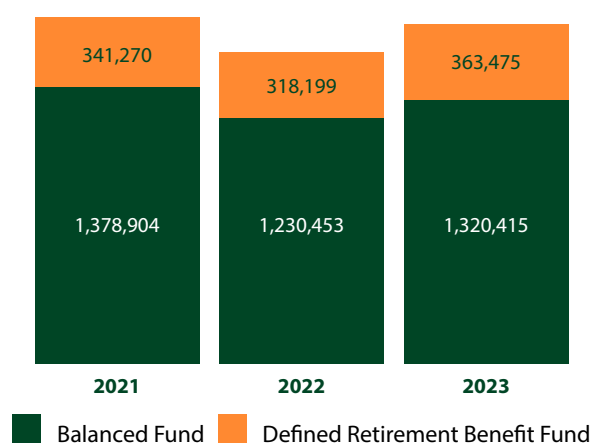
4- Walter Scott began managing funds for the Plan in mid-2023. A full year of returns is not yet available.

FINANCIAL HIGHLIGHTS: INVESTMENTS & EXPENSES

MARKET VALUE OF INVESTMENTS

| MARKET VALUE OF INVESTMENTS | | 2021 | 2022 | 2023 |
|-----------------------------|---------------------------------|------------------|------------------|------------------|
| | <i>Expressed in \$000's</i> | \$ | \$ | \$ |
| | Balanced Fund | 1,378,904 | 1,230,453 | 1,320,415 |
| | Defined Retirement Benefit Fund | 341,270 | 318,199 | 363,475 |
| | Total | 1,720,174 | 1,548,652 | 1,683,890 |

MARKET VALUE OF INVESTMENTS \$000's



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 | | 2021 | | 2022 | | 2023 | |
|---------------------------|-----------------------------|-------------|--------------|-------------|--------------|-------------|---|
| | <i>Expressed in \$000's</i> | \$ | % | \$ | % | \$ | % |
| Investment management | 4,023 | 0.34 | 4,187 | 0.31 | 2,959 | 0.25 | |
| Custodial and consulting | 62 | 0.00 | 98 | 0.00 | 130 | 0.01 | |
| Office and administration | 554 | 0.05 | 558 | 0.04 | 649 | 0.05 | |
| Audit and legal | 59 | 0.00 | 99 | 0.01 | 108 | 0.01 | |
| Total expenses | 4,698 | 0.39 | 4,942 | 0.36 | 3,846 | 0.32 | |

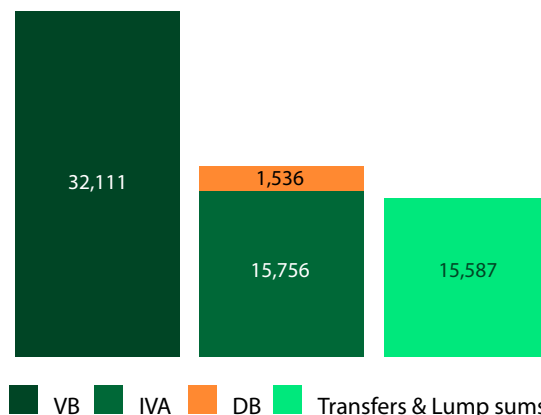
FINANCIAL HIGHLIGHTS: BENEFIT PAYMENTS & CONTRIBUTIONS

BENEFIT PAYMENTS

| VALUE OF BENEFIT PAYMENTS | | | |
|---|---------------|---------------|---------------|
| | 2021 | 2022 | 2023 |
| <i>Expressed in \$000's</i> | \$ | \$ | \$ |
| Variable Benefits (VB) | 30,115 | 34,114 | 32,111 |
| Internal Variable Annuities (IVA) | 11,806 | 14,243 | 15,756 |
| Defined Benefit Pensions & Supplements (DB) | 1,034 | 904 | 1,536 |
| Transfers & Lump Sums | 9,718 | 14,826 | 15,587 |
| Total | 52,673 | 64,087 | 64,990 |

VALUE OF PAYMENTS 2023

\$000's



| BENEFIT PAYMENTS: TYPE & NUMBER OF RECIPIENTS | | | |
|---|--------------|--------------|--------------|
| | 2021 | 2022 | 2023 |
| Variable Benefits | 567 | 590 | 598 |
| IVA - Not Receiving DB Minimum Top-Up | 209 | 260 | 186 |
| IVA - Receiving DB Minimum Top-Up | 232 | 232 | 357 |
| Transfers & Lump Sums | 75 | 84 | 93 |
| Total | 1,083 | 1,166 | 1,234 |

At retirement, in addition to being able to transfer account balances out of the Plan, members have an option of receiving a Variable Benefit (VB) (i.e. account remains invested, with chosen monthly withdrawal within a range permitted by legislation) or an Internal Variable Annuity (IVA) (i.e. converting the DC balance to regular lifetime monthly payments) within the Plan. If an IVA is selected, the monthly payments for eligible members have a minimum monthly payment as defined in the Plan (the "DB minimum"). This is reviewed each year, and if the minimum kicks in, the monthly payment will be 'topped up' to the minimum applicable level for the year. For more information, please see the [pension website](#).

| CONTRIBUTIONS | | | | |
|--|---------------|---------------|---------------|--------|
| Balanced Fund & Defined Retirement Benefit Account | | | | |
| | 2021 | 2022 | 2023 | |
| <i>Expressed in \$000's</i> | \$ | \$ | \$ | |
| Members | Required | 10,676 | 11,120 | 12,643 |
| | Voluntary | 311 | 281 | 272 |
| | Transfers in | 4,016 | 998 | 716 |
| University (Required) | 22,865 | 23,893 | 26,717 | |
| Total | 37,868 | 36,292 | 40,348 | |

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.

RISK MANAGEMENT

The Pension Board is focused on prudently and proactively managing key risks associated with the Plan. The Plan's Governance Policy outlines risk management practices and processes, including:

» GOVERNANCE

The Board has created and maintained several policies covering in detail the roles and responsibilities of university staff, service providers and the Board itself. In addition to areas noted below, other topics covered include Trustee Education, Code of Conduct and Plan Communications to guide oversight.

» PLAN OPERATIONS

A dedicated Pensions Services office with highly trained staff who specialize in pension expertise has been created to be responsible for the Plan's operations. The Board and Subcommittees monitor the Plan's operations and the Pension Services office through regular meetings, reports and information sharing. All entities with pension plan responsibilities, including Pension Services, third-party service providers and Investment Managers are expected to have in place robust cybersecurity policies and practices which meet industry standards.

» INVESTMENTS

In addition to selecting professional institutional investment managers and consultants, an Investment Subcommittee, with specific investment and/or financial expertise, has been established by the Pension Board to meet with managers regularly, monitor investments, managers and associated risks and ensure proper responsible investment practices are in place. The Plan's asset mix and investment beliefs are also reviewed periodically to ensure that investments remain consistent with the Plan's goals.

» FUNDING

The Board has established a Funding Policy that reflects the nature of the Plan's liabilities and works in concert with the investment policies. The Funding Policy takes a long-term approach and involves financial modelling to assess and maintain the sustainability of the Plan and contribution levels. In addition, regular actuarial valuations are performed to review Plan funding and to ensure current Plan demographics are reflected and economic and other assumptions remain appropriate.

» LEGAL AND REGULATORY

Pension Services reports to the Pension Board at least annually on compliance with all pension regulations and Board Policies. Updates are also provided to the Board regularly on any legal or regulatory changes, either by Pension Services or via work with legal advisors with specific pension expertise.

PENSION PLAN FUNDING

NEW FUNDING AND VALUATION RESULTS

A new valuation and financial modelling completed as of December 31, 2022 showed that the Plan remains strong and financially sustainable, demonstrating the Plan's resilience, even during volatile times.

This allowed for a reduction in contributions effective January 1, 2024 for Plan members and the University, while maintaining current benefits and guarantees. For more information on these contribution changes, please visit our [website](#).

Contributions to the Plan are determined as a percentage of Plan members' earnings. While this Plan operates as a defined contribution ("DC") plan up to a member's retirement, upon retirement the Plan provides a minimum defined benefit ("DB") guarantee. Assets for this guaranteed component are held in the "Defined Retirement Benefit Fund" ("DRBF").

To ensure the assets in the DRBF remain sufficient and the Plan remains sustainable, the Pension Board periodically assesses the fund value relative to the benefits promised, as well as contribution levels. This is done using stochastic modelling of future economic scenarios and considers future benefits expected to be earned in the Plan as well as benefits already earned. Depending on the results of the modelling, future contributions may be adjusted up or down. Details about the process are included in the Plan's funding policy.

In addition, pension legislation requires that pension plans with defined benefit provisions complete actuarial valuations at least every three years. These valuations compare a plan's assets and liabilities and provide a snapshot of a pension plan's estimated financial condition at a particular point in time (see boxes below for more information). The Plan's last triennial valuation was completed as of December 31, 2021. Although a new valuation was not required until December 31, 2024, the Trustees decided that it would be prudent to complete an off-cycle valuation for the Plan as of December 31, 2022 to reflect the material economic changes that occurred in 2022. This was completed during 2023.

STATUTORY MEASURES OF A PLAN'S FINANCIAL HEALTH

SOLVENCY VALUATION

Measures whether the pension plan would have the ability to meet its obligations (liabilities) to its members if the plan were to be terminated at the valuation date.



GOING CONCERN VALUATION

Measures a pension plan's position assuming that the plan continues indefinitely.



Plan is
FULLY FUNDED
in both valuations

After considering all elements of the valuation and modelling, the Trustees were able to approve a reduction in the contribution rate for the DRBF during 2023, from 4.0% to 3.5% effective January 1, 2024, which also resulted in a reduction of 0.17% to the employee contribution rate and corresponding increase to the University's basic contribution, such that the total contribution into member accounts remained unchanged.

The next actuarial valuation of the Plan is expected to take place in 2026 (effective date: December 31, 2025).

PLAN GOVERNANCE

The Combination Pension Plan (the “Plan”) is governed and administered by a Board of Trustees (the “Pension Board”), which operates independently from the University under the terms of a Trust Agreement. 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*. The University maintains responsibility for areas such as the design of the Plan and Plan eligibility.

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

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 on our [website](#) or by request from Pension Services.

| 2024 PENSION BOARD TRUSTEES | |
|---|-----------------------------|
| APPOINTED | TERM ENDING |
| Andrew Coward <i>Associate Vice-President, Financial Planning & Operations</i> | Appointed <i>ex-officio</i> |
| Barry Gros (2024 Chair, 2023 Vice Chair) <i>Retired Pensions Actuary</i> | December 31, 2024 |
| Catherine Heath <i>Principal, Portfolio Manager, Leith Wheeler Investment Counsel</i> | December 31, 2024 |
| Melanie Nadeau-Roy <i>Associate Partner at Aon plc.</i> | June 30, 2026 |
| ELECTED | TERM ENDING |
| Ori Granot <i>Facility Manager, Department of Chemistry</i> | December 31, 2025 |
| Stefan Grbavec <i>Director of Finance and Operations, Continuing Studies</i> | December 31, 2026 |
| Michael Miller (2024 Vice Chair, 2023 Chair) <i>Professor Emeritus, Department of Computer Science</i> | December 31, 2025 |
| Matthew Murphy <i>Associate Professor, School of Business</i> | December 31, 2026 |

PLAN SERVICE PROVIDERS

INVESTMENT MANAGERS

| | |
|---|--|
| BC Investment Management Corporation (BCI) | BCI manages all of the Plan's real estate investments, 50% of the Canadian equity investments in the Balanced Fund and 60% of the global equity investments of the Balanced Fund and DRBF. |
| Fiera Capital Corporation | Fiera manages 50% of the Canadian equity investments for the Balanced Fund. |
| Phillips, Hager & North Investment Management Limited (PH&N) | PH&N manages all of the Plan's fixed income investments and all of the Canadian equity investments in the DRBF. |
| Walter Scott & Partners Limited | Walter Scott manages 40% of the Plan's global equity investments. (They were appointed in mid-2023). |

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

In 2023, the Trust Agreement was amended to provide that the Pension Board may establish a policy setting out the process for electing Member Trustees (to allow for the addition of electronic voting), and to introduce a maximum limit of four terms for trustees, with the exception of ex-officio appointments (to allow for new ideas and representation on the Board, while also providing continuity). In addition, the Plan Text was amended to reflect an update to the name of the CANSIM series used to calculate interest (as required by legislation).

PLAN AMENDMENTS

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:

EMAIL: pensions@uvic.ca

TELEPHONE: (250) 721-7030

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University of Victoria
Michael Williams Building
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Victoria, BC V8P 5C2

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