



MONEY PURCHASE PENSION PLAN 2023 ANNUAL REPORT

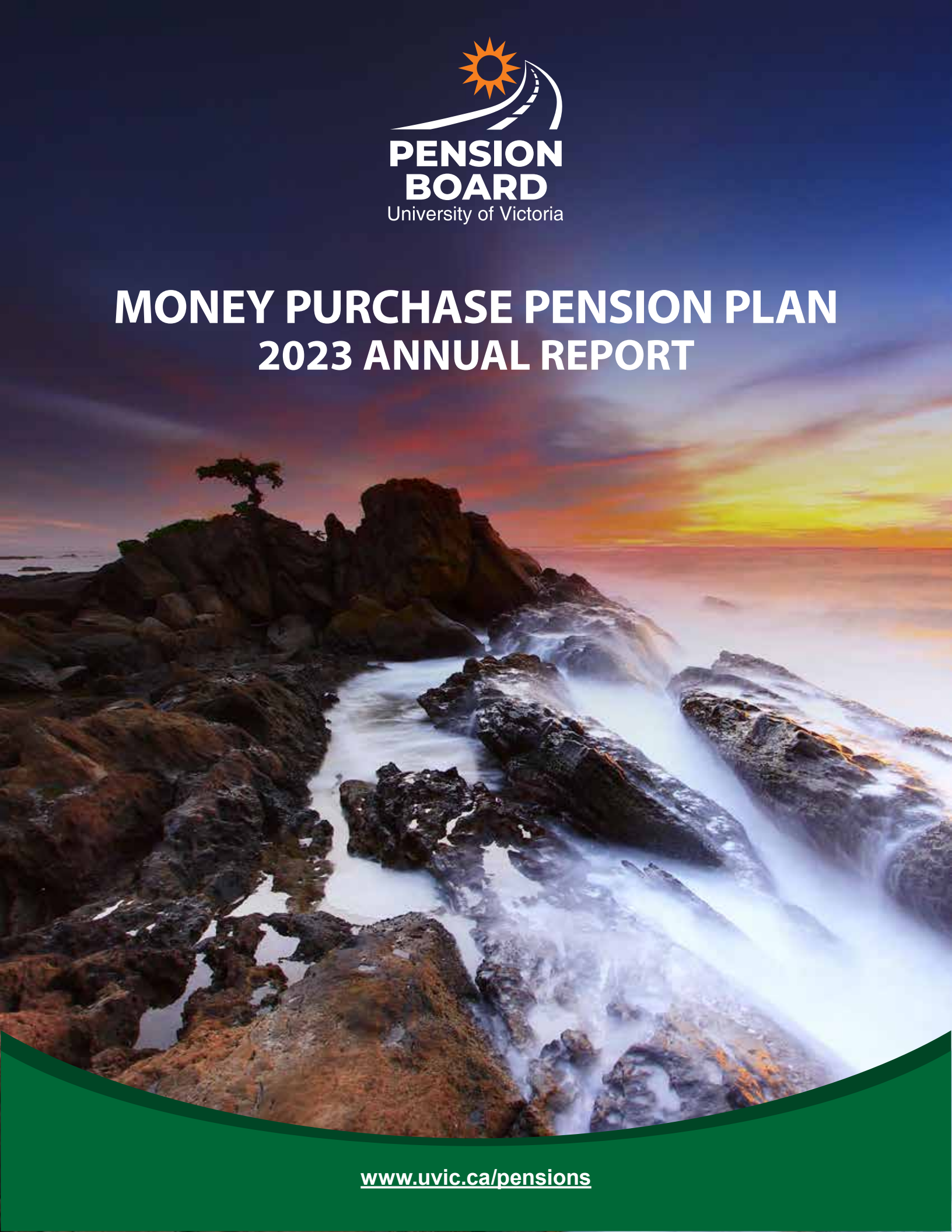


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MESSAGE FROM THE CHAIRS

It is our pleasure to share with you the 2023 Annual Report for the UVic Money Purchase Pension Plan (the “Plan”). In this report, you’ll find information on the Plan’s investments, expenses and overall management. The Board prioritizes achieving strong long-term returns for its members while also balancing risk and return.

Financial Update

Investment returns for 2023 for the Balanced Fund (the fund in which all Plan 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 over 7.6% per year.

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 was sent to members of all three of the University’s pension plans, and 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.

Your Pension Board and Leadership Updates

The Plan’s Pension Board includes eight trustees; four appointed by the university, and four UVic pension plan members. As the Plan’s Balanced Fund is the same fund used for UVic’s Combination Pension Plan contribution accounts, and the processes and requirements overlap in many other ways as well, the two plans share the same Pension Board. This structure has been in place for many years, and has proven very successful, with trustees navigating the Plan through economic cycles, geopolitical risks and societal and demographic change. The trustees remain committed to the long term sustainability of the Plan on behalf of its members.

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.

Trustees are elected or appointed for three-year terms. In 2023, the Pension Board and the University of Victoria amended the Combination Pension Plan 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. Since the Combination Pension Board also forms the Money Purchase Pension Board, these term limits also apply to Money Purchase Pension Plan trustees.

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 Wednesday, May 22, 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 | 336

Inactive | 707

Pensioners | 94



Pension Seminars delivered to 58 members.
Trustee election for two trustee vacancies.
Annual General Meeting held virtually in May.

02

INVESTMENTS

10.3% | Net Investment Return in 2023

7.6% | 10-Year Annualized Net Rate of Return

0.37% | 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: \$4.3M

Benefits paid: \$3.6M

Total assets: \$104.8M



Risk management evolving:

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

04

GOVERNANCE

BC Financial Services Authority (BCFSA) selected the Plan to be reviewed as part of its risk management framework, and provided a report to the Pension Board in early 2023. Some strengths and also areas of improvement were identified, as would be expected. Recommendations were implemented during 2023, strengthening the Plan's oversight and processes and helping to ensure the Plan remains strong and sustainable for many years ahead.

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

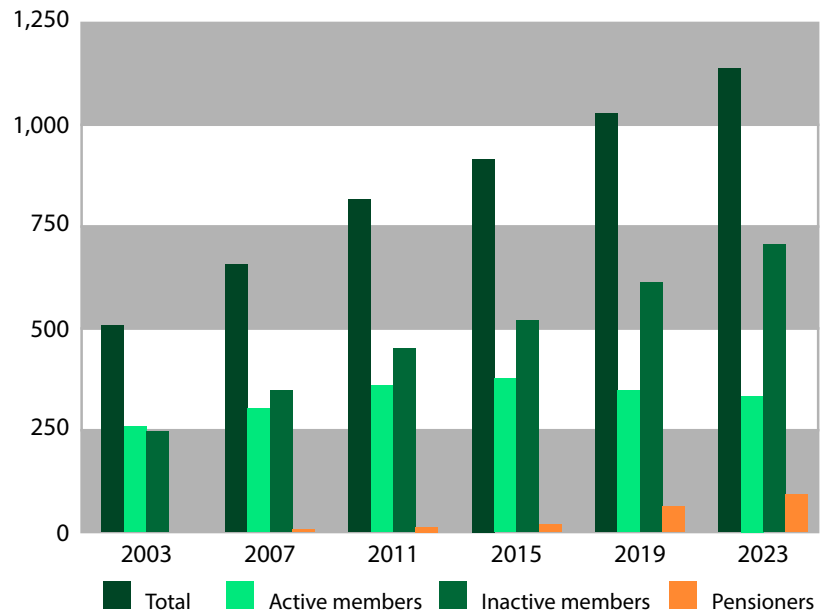
ACTIVE MEMBERS are employed by the University and contributing to the Plan. In 2023, this group comprised 336 members, a decrease from 343 in 2022. This group is proportionally shrinking relative to the other Plan membership. In 2023, active members comprised just over 30% of the Plan, whereas in 2018, 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 2023, this group comprised 707 members, an increase of 6 from 2022.

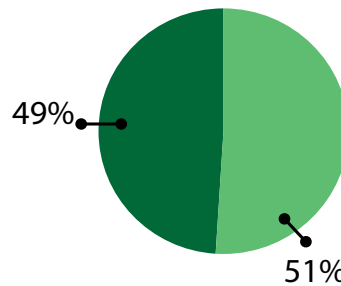
PENSIONERS are members and/or beneficiaries who are drawing a monthly pension from the Plan. In 2023, there were 94 pensioners, a small increase from 82 pensioners in 2022.



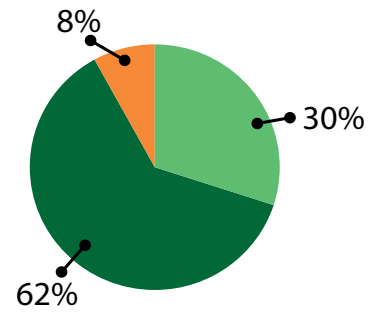
MEMBERSHIP: 20 YEAR HISTORY



2003



2023



■ Active Members ■ Inactive Members ■ Pensioners

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, responses from Money Purchase Plan members represented a proportional number 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.

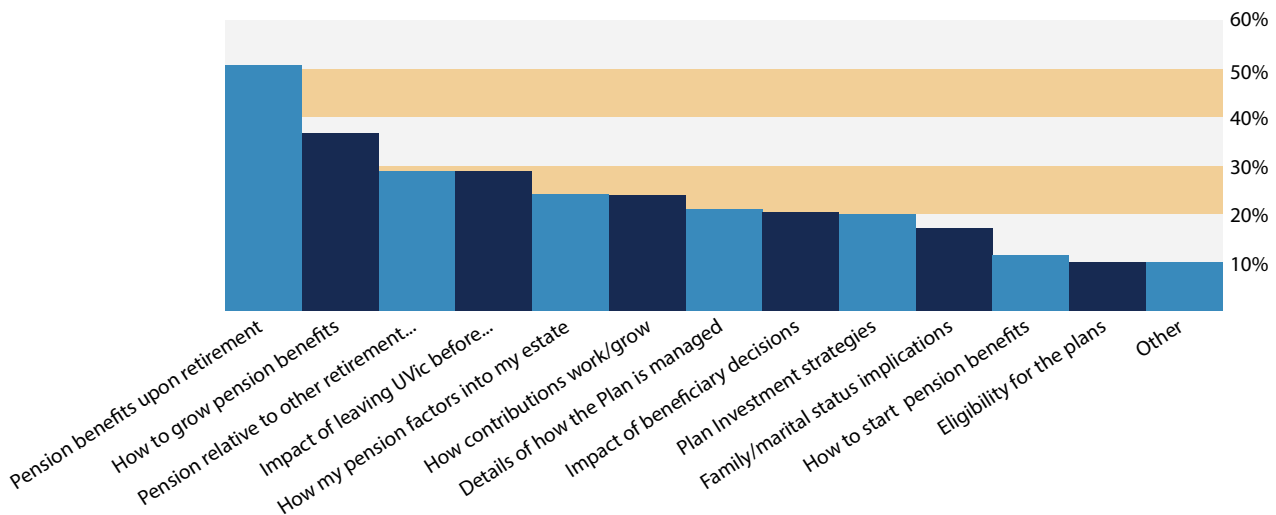
Thank you for your input.

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.

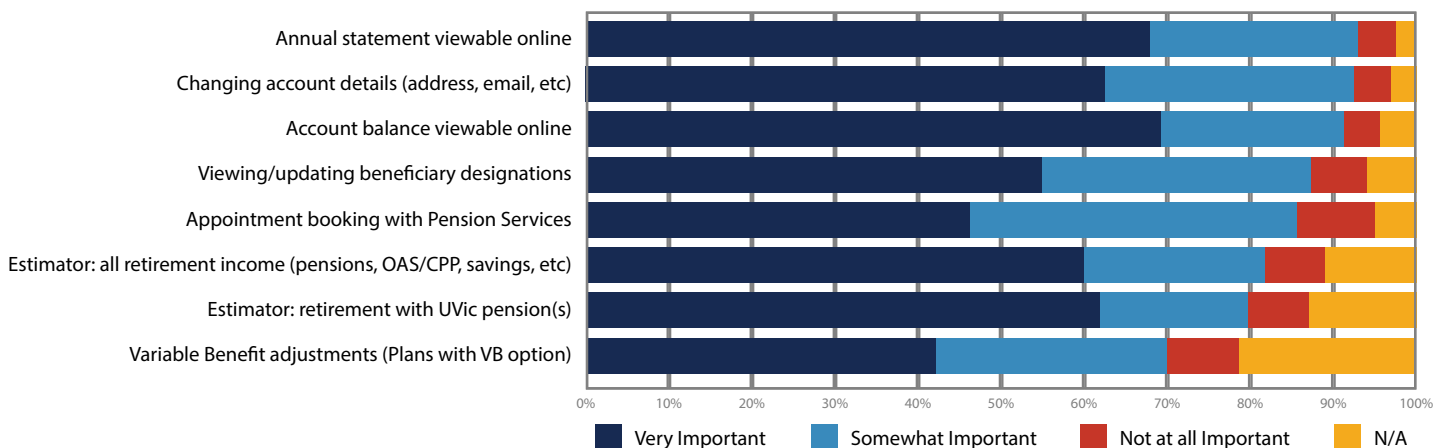
More detailed survey results can be found on our [website](#).

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 FUND

Plan assets are held in a Balanced Fund, which is a mix of investments such as stocks, bonds and other holdings.

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 UVic's Combination Pension Plan.

PERFORMANCE MONITORING AND EXPECTATIONS

The primary objective of the Balanced Fund 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.

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. 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 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

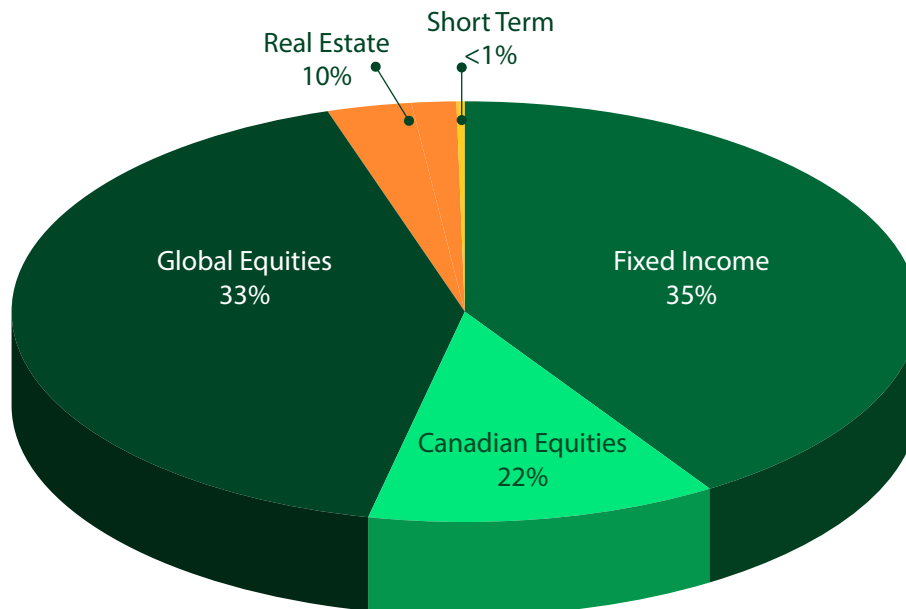
The following charts illustrate the asset mix for the Balanced Fund, as at December 31, 2023.

ASSET MIX AS OF DECEMBER 31, 2023					
		Investment Manager	Market Value (\$000's)	Current Allocation	Target Allocation
Balanced Fund	Fixed Income	PH&N	36,092	35%	36%
	Canadian Equities	BCI & Fiera ¹	22,782	22%	22%
	Global Equities	BCI & Walter Scott ²	34,819	33%	32%
	Real Estate	BCI/QuadReal	10,830	10%	10%
	Short Term	within manager portfolios	291	0%	0%
	TOTAL MARKET VALUE			104,814	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



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

BALANCED FUND ANNUALIZED RETURNS (%¹) as of December 31, 2023

	1 YEAR		4 YEAR	10 YEAR
	Gross	Net	Net	Net
2023	10.66	10.28	6.80	7.64
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

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.

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.

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

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

MARKET VALUE OF INVESTMENTS

MARKET VALUE OF INVESTMENTS		2021	2022	2023
	<i>Expressed in \$000's</i>	\$	\$	\$
	Balanced Fund	103,335	95,046	104,815

EXPENSES

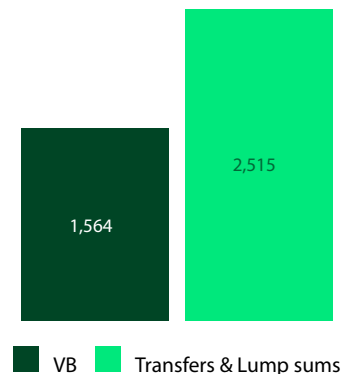
The following table details the expenses incurred to invest and administer the Plan. Expenses are deducted from gross returns to determine net returns. Net returns are distributed to members' accounts.

BALANCED FUND EXPENSES		2021		2022		2023	
	<i>Expressed in \$000's</i>	\$	%	\$	%	\$	%
	Investment management	298	0.33	316	0.29	236	0.25
Custodial and consulting	4	0.01	7	0.01	8	0.01	
Office and administration	41	0.05	42	0.04	51	0.05	
Audit and legal	23	0.02	20	0.02	59	0.06	
Total expenses	366	0.41	385	0.36	354	0.37	

BENEFIT PAYMENTS AND CONTRIBUTIONS

VALUE OF BENEFIT PAYMENTS			
	2021	2022	2023
<i>Expressed in \$000's</i>	\$	\$	\$
Variable Benefits (VB)	1,279	1,488	1,564
Transfers & lump sums	1,762	1,897	2,515
Total	3,041	3,385	4,079

VALUE OF PAYMENTS 2023
\$000's



CONTRIBUTIONS Balanced Fund				
	2021	2022	2023	
<i>Expressed in \$000's</i>	\$	\$	\$	
Members	Required	1,116	1,090	1,237
	Voluntary	58	50	54
	Transfers in	686	275	185
University (Required)	2,551	2,541	2,848	
Total	4,411	3,956	4,324	

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.

» 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.

BC FINANCIAL SERVICES AUTHORITY - PLAN REVIEW



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 the report from BCFSA in January 2023. Areas reviewed and commented upon include controls and oversight, administration and member communications. Overall, the assessment was acceptable, with strengths identified, and certain areas for improvement as well, as would be expected in this type of review.

Throughout 2023, the Board reviewed, addressed and responded to BCFSA's comments, implementing recommendations and strengthening the Plan's oversight and processes. Changes made during the year will help to ensure the Plan remains strong and sustainable for many years ahead.

PLAN GOVERNANCE

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

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 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

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.
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.
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.
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INVESTMENT CONSULTANT

PBI Actuaries & Consultants

PERFORMANCE MEASUREMENT

PBI Actuaries & Consultants

ACTUARY

Mercer (Canada) Limited

AUDITOR

Grant Thornton LLP

In 2023, the Plan Text was amended to reflect an update to the name of the CANSIM series used to calculate interest (as required by legislation), and to add an appendix outlining participating employers.

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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