



# Combination Pension Plan **ANNUAL GENERAL MEETING**

May 17, 2023

# Acknowledgement

*We acknowledge and respect the ləkʷəŋən peoples on whose traditional territory the university stands and the Songhees, Esquimalt and WSÁNEĆ peoples whose historical relationships with the land continue to this day.*

# Meeting Process: Questions

- Questions will be addressed throughout the presentation.
- **Zoom:** Enter your question using the Q&A function which is available on the bottom of your screen. The moderator will relay your questions to the Board.
- **In-Person:** Go to the microphone, where the Chair will call on you.

*We ask that you use a microphone in order that participants on Zoom can hear your question.*

# 2022 Pension Board of Trustees

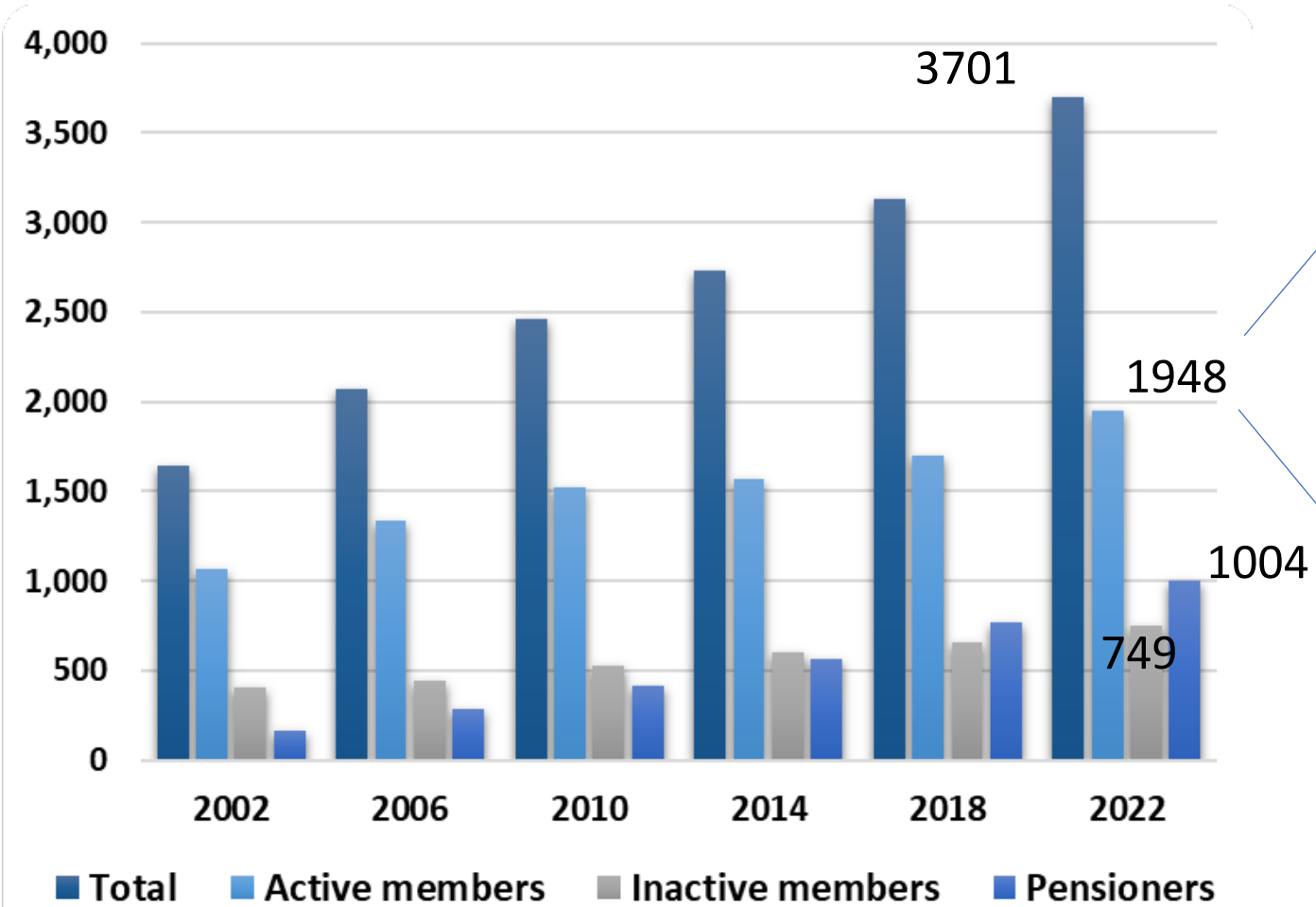
## University of Victoria Combination Pension Plan

<b>David Boudinot</b>	Term ending December 31, 2023
<b>Barry Gros</b>	Term ending December 31, 2024
<b>John Gilfoyle (Vice-Chair)</b>	Term ending June 30, 2023
<b>Catherine Heath</b>	Term ending December 31, 2024
<b>Michael Miller (Chair)</b>	Term ending December 31, 2025
<b>Matt Murphy</b>	Term ending December 31, 2023
<b>Susan Service</b>	Term ended December 31, 2022
<b>Andrew Coward</b>	Appointed <i>ex-officio</i>
<b><i>Effective January 2023</i></b>	
<b>Ori Granot</b>	Term ending December 31, 2025

# Pension Services

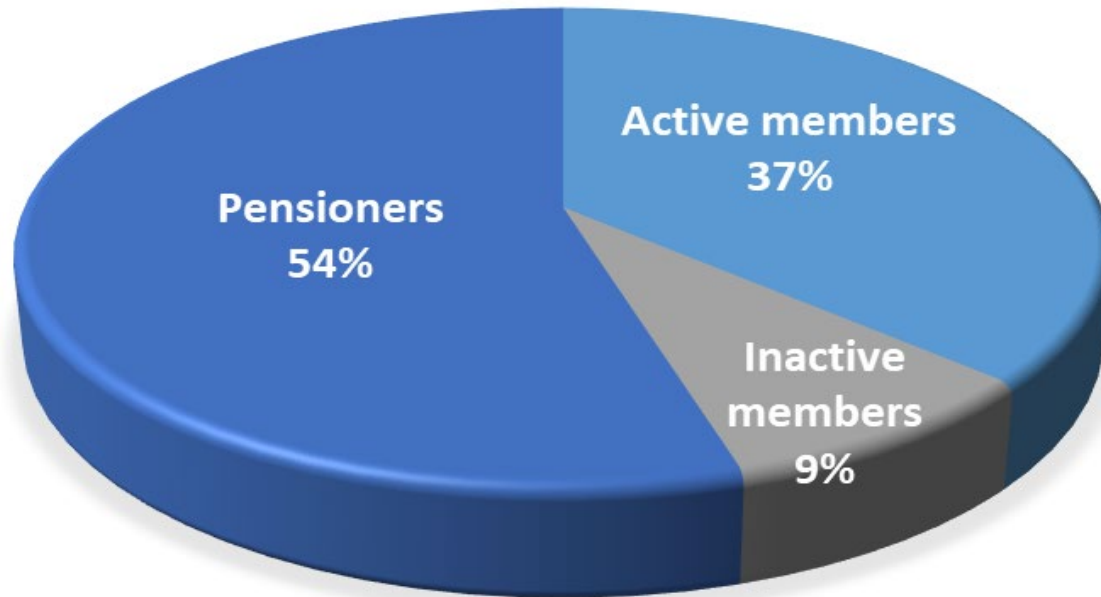
Director, Pension Services	<b>Oliver Cowern – Acting</b> <b>Christa Taylor (resigned Dec. 31, 2022)</b>
Associate Director, Pension Services	<b>Sarah Thomas – Acting</b>
Administrative Assistant	<b>Meaghan Vardy</b>
Paralegal & Governance Coordinator	<b>Chrissy Drew</b>
Pension Entitlements Clerks	<b>Donna LeBere, Gail Ronayne</b>
Pension Entitlements Officers	<b>Sheryl Jackson, Ian Jones</b>
Pension Entitlements & Projects Officer	<b>Christine Mojica</b>
Senior Administrative Clerk	<b>Sutti Tungsiriratana</b>
Pensions Accountant	<b>Nicole Pan</b>
Pensions Accounting & Entitlements Clerk	<b>Shirley Omelchuk</b>
Pensions Communications Officer	<b>Marshal McLernon</b>

# Plan Membership



Active Members: 2022	
Faculty	759
Librarian	34
PEA	930
ME	150
Other	35
<b>Total</b>	<b>1948</b>

# Distribution of Assets



# Investments

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



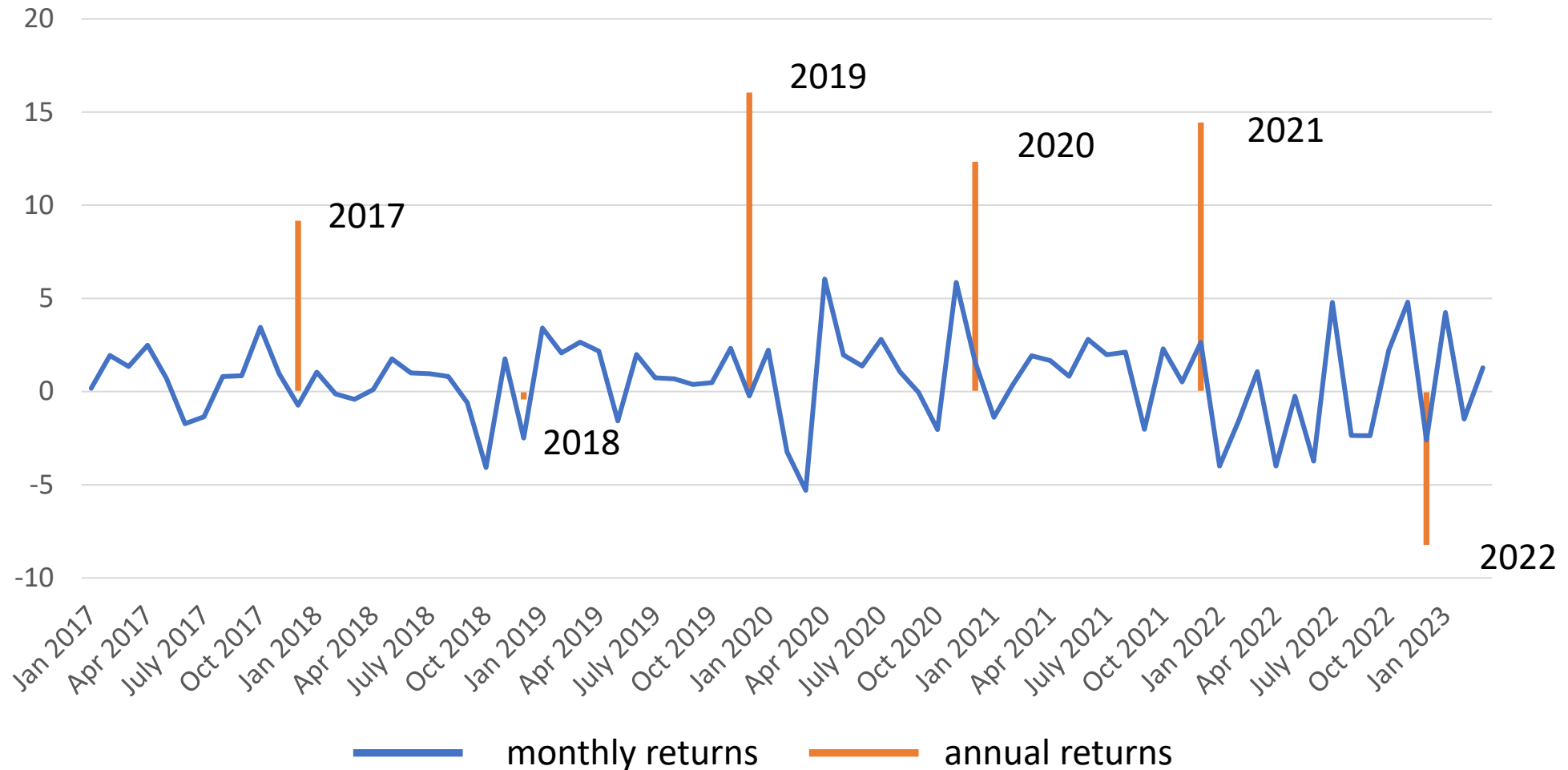
# Investment Returns

		2020		2021		2022	
<i>Expressed in \$000's</i>		\$	%	\$	%	\$	%
<b>Balanced Fund</b>	Gross returns	139,725	12.75	180,258	14.85	(107,785)	(7.87)
	Expenses	(4,172)	(0.38)	(4,698)	(0.39)	(4,942)	(0.36)
	<b>Net returns</b>	<b>135,553</b>	<b>12.37</b>	<b>175,560</b>	<b>14.46</b>	<b>(112,727)</b>	<b>(8.23)</b>
<b>Defined Retirement Benefit Fund</b>	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)
	<b>Net returns</b>	<b>32,582</b>	<b>13.05</b>	<b>50,015</b>	<b>17.41</b>	<b>(30,916)</b>	<b>(9.05)</b>

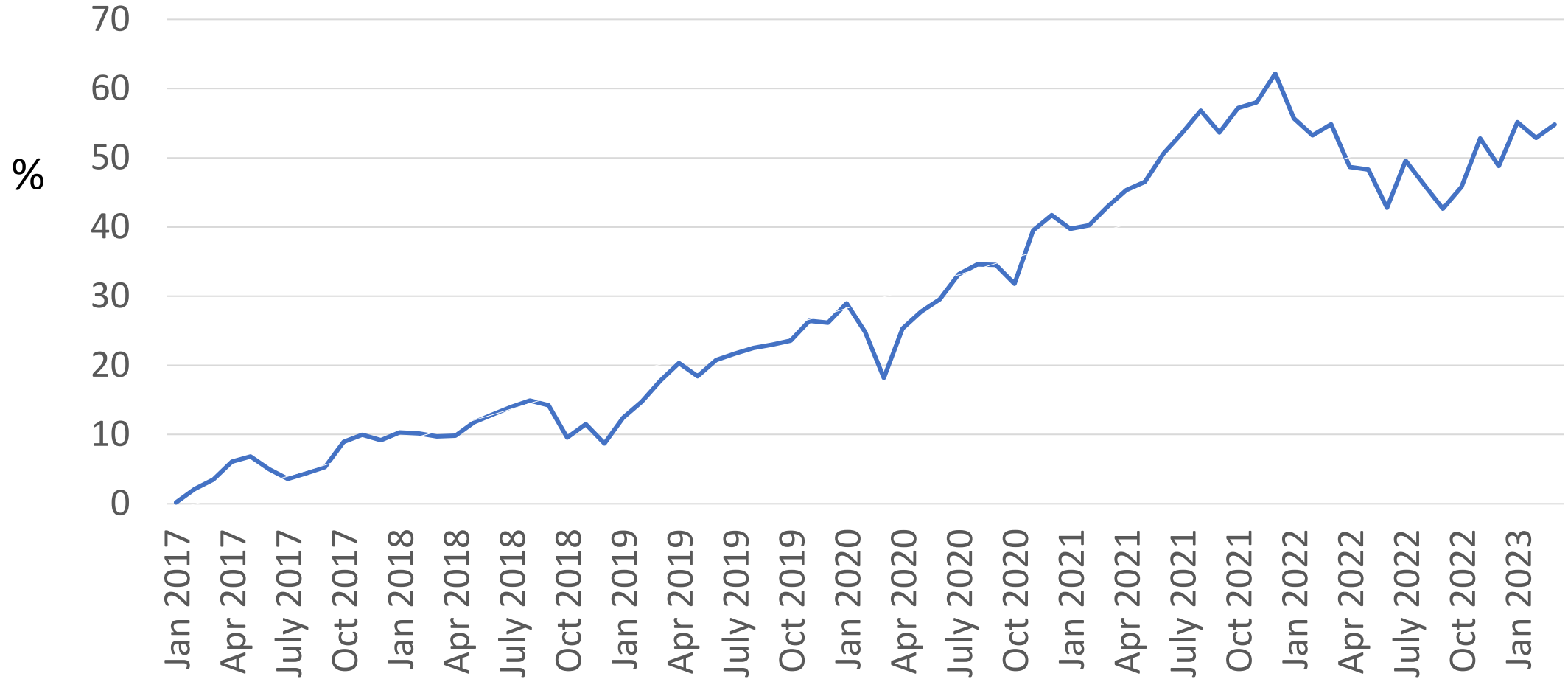
# Expenses

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	513	0.05	554	0.05	558	0.04
Audit and legal	43	0.00	59	0.00	99	0.01
<b>Total Expenses</b>	<b>4,172</b>	<b>0.38</b>	<b>4,698</b>	<b>0.39</b>	<b>4,942</b>	<b>0.36</b>

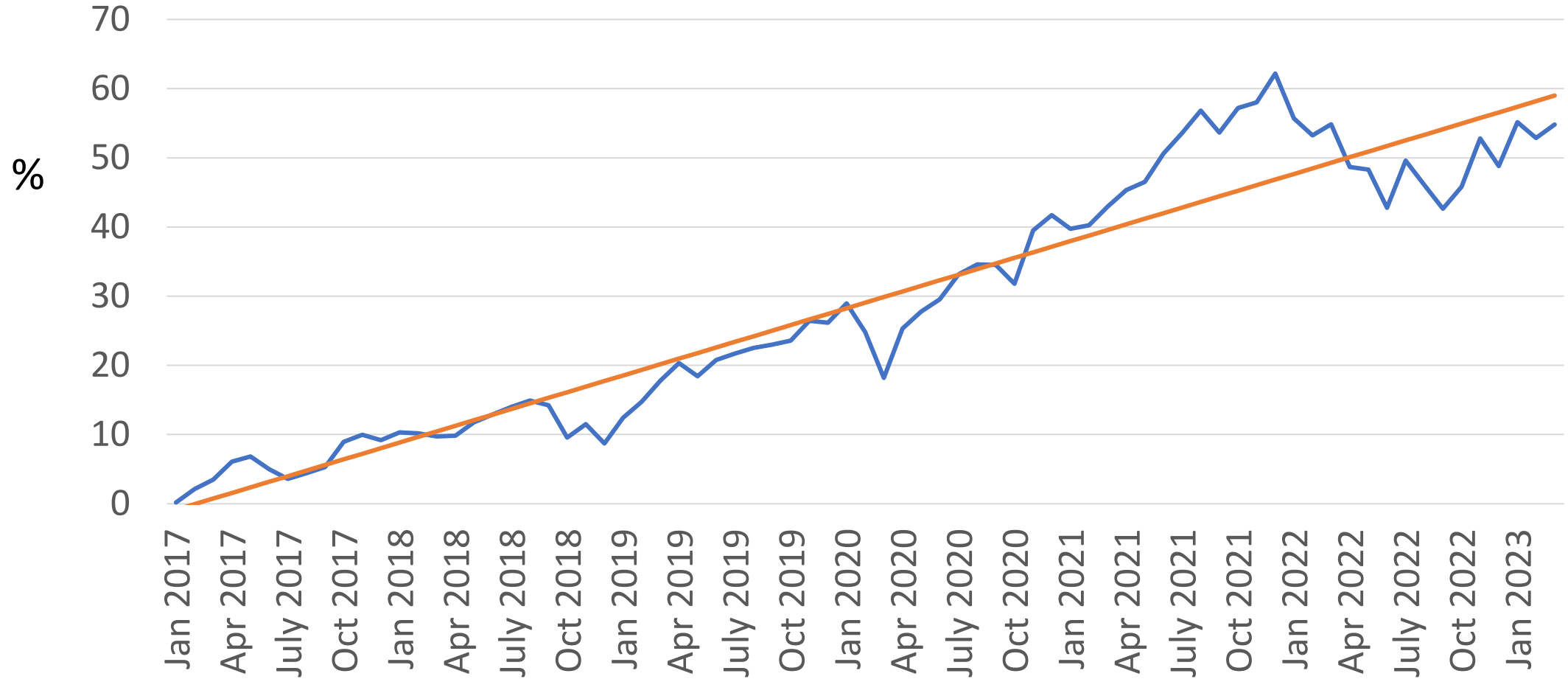
# Balanced Fund Performance: Monthly & Annual % Returns



# Balanced Fund Growth



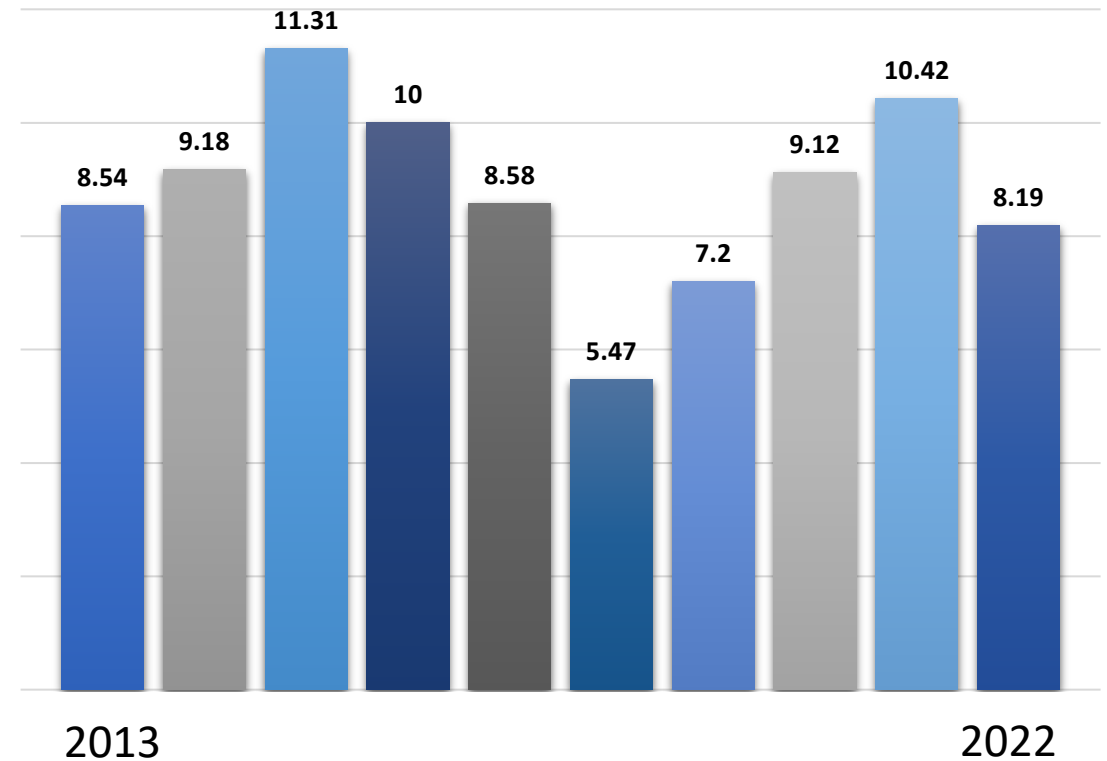
# Balanced Fund % Growth



# Balanced Fund Growth

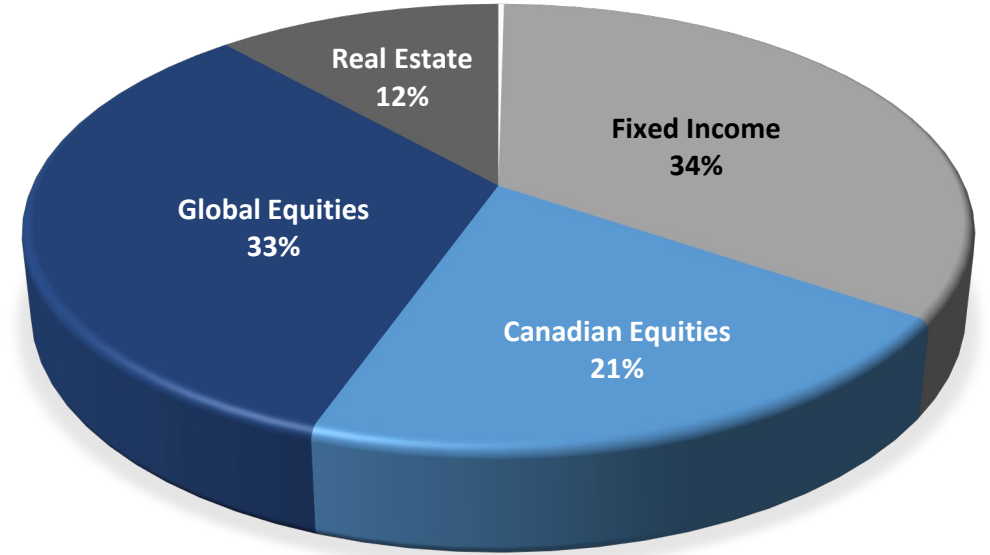
<b>Balanced Fund Annualized Returns (%)</b>				
Period ended December 31				
	1 year		4 year	10 year
	Gross	Net		
<b>2022</b>	-7.87	-8.23	8.19	8.11
<b>2021</b>	14.85	14.46	10.42	10.06
<b>2020</b>	12.75	12.37	9.12	8.65
<b>2019</b>	16.5	16.08	7.2	8.35
<b>2018</b>	0.03	-0.42	5.47	8.32
<b>2017</b>	9.52	9.17	8.58	6.58
<b>2016</b>	4.98	4.64	10	5.93
<b>2015</b>	9.1	8.75	11.31	6.71
<b>2014</b>	12.21	11.88	9.18	7.08
<b>2013</b>	15.31	15.01	8.54	7.06

4 Yr Net Annualized Returns (%)



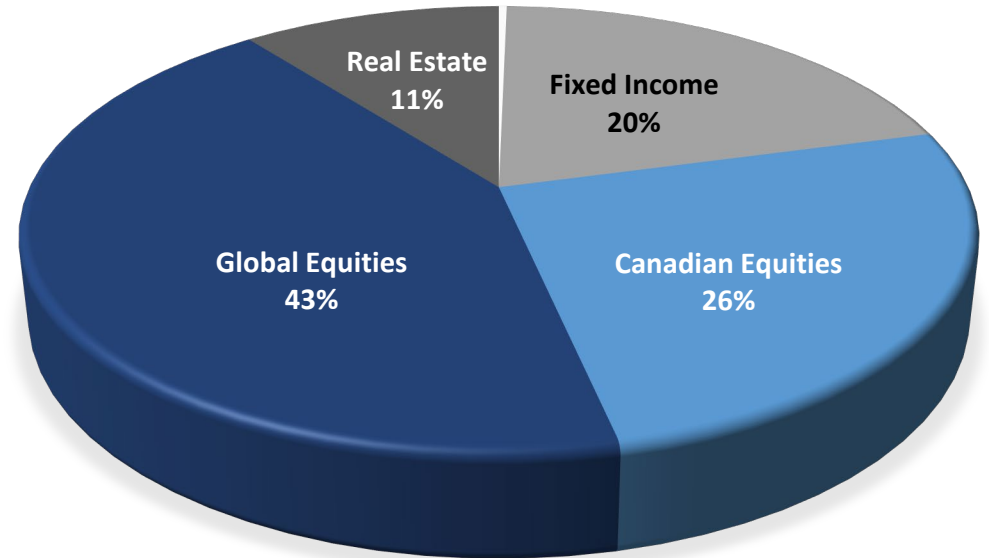
# Asset Mix: Balanced Fund

Asset Class	\$	%
Short Term	3,039	0.23%
Fixed Income	454,493	34.29%
Canadian Equities	276,992	20.90%
Foreign Equities	437,027	32.97%
Real Estate	153,949	11.61%
<b>Total Value</b>	<b>1,325,500</b>	<b>100.00%</b>



# Asset Mix: Defined Retirement Benefit Fund

Asset Class	\$	%
Short Term	1,017	0.32%
Fixed Income	65,191	20.49%
Canadian Equities	82,061	25.79%
Foreign Equities	136,492	42.90%
Real Estate	33,438	10.51%
<b>Total Value</b>	<b>318,199</b>	<b>100.00%</b>





# Manager Allocation & Performance: Balanced Fund

MANAGER	Allocation (%)			Return (%)			
	Actual	Benchmark		1 year	1 year	4 year	4 year
	Weight	Weight	Allowable Range	Gross	Benchmark	Gross	Benchmark
<b>FIXED INCOME</b>							
<b>PH&amp;N</b>	34.2	36	20-46	-11.2	-11.7	1.4	0.0
<b>CANADIAN EQUITIES</b>							
<b>BCI</b>	10.8			-5.9		12.4	
<b>Fiera</b>	10.2			0.2		13.5	
<b>Total</b>	21.0	22	14-27	-2.9	-5.8	13.0	11.2
<b>GLOBAL EQUITIES</b>							
<b>BCI</b>	32.8	32	20-40	-14.0	-12.4	11.2	10.0
<b>REAL ESTATE</b>							
<b>BCI</b>	11.7	10	5-15	7.1	10.6	7.7	7.6

# Manager Allocation & Performance: DRBA

MANAGER	Allocation (%)			Return (%)			
	Actual	Benchmark		1 year	1 year	4 year	4 year
	Weight	Weight	Allowable Range	Gross	Benchmark	Gross	Benchmark
<b>FIXED INCOME</b>							
<b>PH&amp;N</b>	20.5	20	15-25	-11.1	-11.7	1.4	0.0
<b>CANADIAN EQUITIES</b>							
<b>PH&amp;N</b>	25.8	25	15-35	-5.0	-5.8	11.9	11.2
<b>FOREIGN EQUITIES</b>							
<b>BCI</b>	42.9	45	40-50	-13.8	-12.4	11.1	10.0
<b>REAL ESTATE</b>							
<b>BCI</b>	10.8	10	5-15	9.4	10.6	7.5	7.6

# Global Equities: Allocation to Walter Scott

- 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.

# Contributions

<b>BALANCED FUND &amp; DEFINED RETIREMENT BENEFIT FUND</b>		<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>Expressed in \$000's</i>		\$	\$	\$
<b>Members</b>	<b>Required</b>	9,908	10,676	11,120
	<b>Voluntary</b>	266	311	281
	<b>Transfers in</b>	3,104	4,016	998
<b>University (Required)</b>		21,369	22,865	23,893
<b>Total Contributions</b>		<b>34,647</b>	<b>37,868</b>	<b>36,292</b>

# Benefit Payments

NUMBER OF BENEFIT PAYMENTS		2019	2020	2021	2022
	VB	527	541	567	590
	IVA w/nil DB	131	157	209	260
	IVA w/DB	241	250	232	232
	Transfers & Lump Sums	74	74	75	84
	<b>Total</b>	<b>973</b>	<b>1,022</b>	<b>1,083</b>	<b>1,166</b>

VALUE OF BENEFIT PAYMENTS	<i>Expressed in \$000's</i>	2019	2020	2021	2022
	Variable Benefits (VB)	25,271	25,243	30,115	34,114
	Internal Variable Annuities (IVA)	8,388	10,056	11,806	14,243
	Defined Benefit Pensions & Supplements (DB)	1,100	1,261	1,034	904
	Transfers & Lump Sums	7,581	12,434	9,718	14,826
	<b>Total</b>	<b>42,340</b>	<b>48,994</b>	<b>52,673</b>	<b>64,087</b>

# ESG Reporting

The Plan's investment consultant (PBI) provides quarterly ESG reporting on investment managers including:

- Investment, voting right and shareholder engagement policies
- Manager ESG ratings: governance, integration, voting and engagement
- Carbon score relative to benchmark

Managers	Fiera	PH&N	BCI
PRI Signatory	2009	2015	Since inception of PRI
Responsible investment policy	Yes	Yes	Yes
Voting Rights Policy	Yes (ISS)	Yes (ISS)	Yes
Shareholder Engagement Policy	No	Yes (internal)	Yes
External ESG Resources	MSCI, CCGG, CBIA, Bloomberg, Sustainalytics, ISS, CDP Climate Score, SASB	MSCI, Sustainalytics, ISS, Glass Lewis, Bloomberg, TruValue	BCI has not provided information on the external ESG resources used. A number of providers are footnoted/credit in BCI's ESG reporting.
ESG issue notification/action	Yes	Yes	Yes
PRI Rating: <ul style="list-style-type: none"> <li>▪ Governance</li> <li>▪ Filtering</li> <li>▪ Intergration</li> <li>▪ Engagement</li> <li>▪ Voting Rights</li> </ul>	A+ A A A B	A+ A+ A+ A+ A	BCI is classified as an asset owner rather a fund manager by the PRI. They score A+ for strategy and governance.
Consideration of UN Sustainable Development Goals	Yes	No	Yes
Carbon Score	Yes (MSCI)	Yes (Bloomberg)	Yes
ESG Score	Yes (MSCI)	Yes (MSCI, Sustainalytics)	BCI provides an annual report with a comprehensive assessment, including numerical scoring on ESG metrics.

Managers	Walter Scott	C-WorldWide
PRI Signatory	2017	2012
Responsible investment policy	Yes	Yes
Voting Rights Policy	Yes (ISS)	Yes (ISS)
Shareholder Engagement Policy	Yes	Yes (GES Investment Services/Sustainalytics)
External ESG Resources	MSCI and ISS	GES Investment Services/Sustainalytics, ISS, Dansif, Nordsif, Swesif, Finsif
ESG issue notification/action	Yes	Yes
PRI Rating:		
• Governance	A+	A+
• Strategy	A+	A+
• Integration	A	A+
• Engagement	A	A
• Voting Rights	A	A
Consideration of UN Sustainable Development Goals	Yes	Yes
Carbon Score	Yes (MSCI)	Yes
ESG Score	Yes (MSCI)	Yes



# Actuarial Reviews

- Over the first half of 2022, an actuarial valuation of the Defined Retirement Benefit Account (DRBA) was conducted as required by Pension legislation with respect to the three-year period ending December 31, 2021.
- The valuation showed the DRBA to be on a sound footing.
- 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.

# Governance Review

## **Consider appropriate level of engagement with investment managers**

*Board Investment Subcommittee to meet with managers and identify issues to bring to the Board*

**Revise plan governance to better reflect the size and sophistication of the Plans and standards for pension plan governance; and,**

## **More actively engage in goal setting and strategic planning**

*The university will be appointing an Executive Director of Pensions and the Board is considering ways to devote more time to strategic planning*

## **Take steps to more actively engage members in the election process**

*Board has prepared a proposal to allow for electronic voting*

# Governance Review

**Establish a formal services agreement with the university**

*In progress*

**Consider term limits and eligibility for Trustees**

*Currently being considered by the Board*

**Reconsider the approach to Trustee education**

*Currently being considered by the Board's Policy & Procedures Subcommittee*

# Pension Services: Initiatives

Pension Services is undertaking a number of initiatives to enhance the service provided to Plan members:

- Systems & tools
- Communications transformation
- Employer pension-related process review

# Pension Services: Systems & Tools

- Existing systems have been in place for 15+ years
- Calculations are currently performed manually using Excel-based calculators, and an Oracle database
- Systems have served well over the years, however to enhance service to members while meeting increasing volumes, need systems/tools that have been specifically designed for pension administration
- A key deliverable is to provide members with access to online services to support decision-making, and the ability to more easily model various retirement dates and income in retirement

# Communications Transformation

- Aims to improve and enhance communications for UVic's three pension plans
- Provide plan members with confidence in the viability, administration, management and oversight of their pension plans
- Ensure plan members fully understand their pension plans and benefits; and, are equipped to make sound financial decisions for their retirement
- Comply with regulatory requirements for pension plan communications

# Pension Services: Pension-Related Process Review

- Pension Services collaborates with other university departments such as Benefits and Payroll on a variety of processes
- The most recent end-to-end process review was 10+ years ago; much has changed since
- This process review will document and streamline a number of processes relating to pensions

# Pension Services: Member Survey

- The pensions member survey is open to **May 31**.
- If you have already responded, thank you!
- You can access the survey using the link sent to you by email.
- If you did not receive an email, please contact the Pension Services Office for details. **250-721-7030** [pensions@uvic.ca](mailto:pensions@uvic.ca)





**[pensboard@uvic.ca](mailto:pensboard@uvic.ca) 250-721-7030 [www.uvic.ca/pensions](http://www.uvic.ca/pensions)**