



MONEY PURCHASE PENSION PLAN

2020 ANNUAL REPORT

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

- Early and deferred retirement benefits
- Your options at retirement
- Options available to you when leaving UVic
- Survivor Benefits
- History of the Plan and official Plan documents

Audited financial statements and detailed portfolio holdings are available on the Pension Services website.

www.uvic.ca/pensions

LETTER FROM THE CHAIR

TO say that 2020 was an unprecedented year has already become a cliché — to the extent that I am tempted to quote the Plan's composite return, 12.37%, and say no more.

Tracking the TSX composite index as one example, 2019 to early March 2020 saw a steady trend from about 16,500 points to almost 18,000 followed by a precipitous drop in March 2020 to below 12,000 points. April saw a recovery of about 2,000 points and then a fairly steady rise to almost 19,000, as I write this in mid-March 2021. Fortunately, these equity fluctuations were in part compensated by some very astute bond management by Phillips, Hager & North (PH&N) — yielding, for example, about 8% in the second quarter.

In my view, our plan return was quite remarkable and places us very high relative to the universe of pension plans maintained by our consultant. The median plan earned 9.9% over one year and 8.1% over 10 years, compared to our 12.4% and 9.1%, and our plan would be approximately 10th percentile over both periods. As I noted last year, and probably many times before that, these events are striking examples of the importance of a long-term view of pension, or indeed any, investing.

As I write this the COVID vaccine situation is promising, the US is announcing huge stimulus, analysts are cautiously optimistic and markets are responding strongly. On the other side of the coin there is all that government debt to be dealt with — once again: remember the long-term!

Our asset manager structure remained unchanged during 2020, with PH&N managing our fixed income portfolio. Our main Canadian equity investments are split roughly equally between Fiera and BCI, with the latter also responsible for our foreign equity and real estate. Some further detail on the performance of these managers is on page 10 of this report, but in general the Board and our investment consultant, PBI, are well-satisfied with the performance.

PH&N fixed income management has been a stand-out, fully justifying the Board's decision (reported in this letter last year) to shift our fixed investment assets from the very traditional PH&N Enhanced Total Return Bond Fund to their Core Plus Bond Fund which accesses off-benchmark investments and global fixed income markets to seek yield-enhancing and diversifying opportunities beyond domestic Universe bonds. Real estate managed by BCI has been a weak spot from the performance point of view in 2020, which is hardly surprising in view of the pandemic and the shift away from central office locations. As I reported last year, BCI took a decision to move from a purely domestic real estate portfolio to a more global portfolio, with an ultimate aim of about 30% global. It is too early to assess the effectiveness of this change, but the Board is maintaining a watching brief.

One important change, which became effective January 1, 2020, is the replacement of our custodian (formerly RBC) by Northern Trust. The agreement with Northern Trust was not negotiated by the Trustees, but rather by the University, to include not only the Combination and Money Purchase Plans but also other University holdings such as the Staff Pension Plan and the Foundation. This larger ranging contract should be beneficial in the longer term, providing lower fees and more services. The Custodian provides a range of essential services including custody of our assets, reconciliation and documentation of accounts, performance reporting and, of course, payments to pensioners and provision of documentation for tax purposes. Perhaps not surprisingly for such a large undertaking, there have been a few start-up problems and we apologize to some members who received incorrect preliminary income figures for the year. The Board remains hopeful that the switch in providers will offer an improved and wider range service, whilst being more cost efficient.

You may recall that a large increase in Plan contribution rates was required after the recession of 2008 and the contribution rate had been set at 5.05% of salary since 2011. This strategy was successful, and effective January 1, 2020, the University contribution rate to the DRBA was reduced to 4.0% with a consequent modest reduction of 0.35% of salary to the employees' contribution rate. This change has no effect on the pension benefits you are earning under the Plan. The Board will continue to monitor market conditions, investment performance, and other

LETTER FROM THE CHAIR, CONTINUED

factors which can affect the contribution rate. The outcome of these changes will be an important part of our next triennial valuation, which is scheduled to begin based on plan assets and liabilities as of December 31, 2021.

Continuing review of our Statement of Investment Policies and Procedures (SIPP) is an annual requirement, but this year's revisions were more extensive than usual — especially with respect to more detailed discussions with our managers regarding their consideration and reporting of environmental, social and governance (ESG) issues, including climate change. It is noteworthy that the annual report from our investment consultant, PBI, ranks BCI as one of the very best Canadian managers in this respect. Fiera is also strong in this area. PH&N is slightly weaker, but still on par with most Canadian managers.

You will recall that your Board of Trustees is composed of four trustees elected by the membership and four appointed by the Board of Governors. The trustees who served in 2020 are listed on page 5 of this report. Terms are normally three years. Michael Miller's covering letter reports on the changes resulting from the November trustee elections. For my own part, I thank Ori Granot for his service on the Board and welcome Matthew Murphy as a new trustee.

In 2020 we had three sub-committees composed as follows, with the first-named serving as Chair in each case: Investment (Lisa Hill, Ori Granot, Michael Miller, and Susan Service); Policy & Procedures (Michael Miller, David Boudinot and John Gilfoyle); Governance (Keith Dixon, Lisa Hill, and Michael Miller). Thanks are due to all these hard-working people for agreeing to stand as Trustees. Special plaudits are due to Lisa and Michael for undertaking the extra work of chairing sub-committees. Investment, Policy and Procedures are all complex and at times demanding of special skills and knowledge so we are fortunate indeed to have these very hard working and competent people. Michael also continued in his role as Vice-Chair and provided very welcome counsel and support throughout the year. Thank you Michael!

As you will have seen from Michael Miller's covering letter, this will be my 20th letter to you as Chair. So perhaps I am permitted some final personal remarks. When Fred Fischer approached me in 1997 asking if I would stand for election to the Pension Board of Trustees, I accepted with some reticence, since I had been diagnosed with a severe allergy to certain chemicals used in my research, and I was likely to have to remove myself entirely from that working environment. Certainly, I had no idea what an interesting, educational, and personally rewarding experience the Board position would ultimately yield.

I sincerely thank all of you members for making my tenure possible and all of my friends and colleagues who have served as trustees over the years or offered support in other ways. There are also many talented and dedicated people who deserve especial praise as the creators of the shape and benefits of the excellent plan we enjoy today. Names are obviously too numerous to list but Bob McQueen, Trevor Matthews and Fred Fischer certainly deserve special praise. I can't claim to have been responsible for the growth of the Plan from about \$300 million in 1997 to \$1.5 billion today, but do hope I have not hindered that growth.

We have a very able new Chair in Michael Miller, and I will continue to support him for a year or two before age and health catch up with me.

I would have loved to meet many of you again at our Annual General Meeting on April 27, but sadly we will be restricted to a virtual meeting. Perhaps next year!

Best wishes to all for the coming year and beyond,



Keith R. Dixon
Chair, Board of Pension Trustees 2020

PLAN GOVERNANCE

The Money Purchase Pension Plan (the “Plan”) is governed by the Pension Board. 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.

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 selection of Trustees.

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

2020 PENSION BOARD TRUSTEES	
APPOINTED	TERM ENDING
Keith Dixon (2020 Chair) <i>Professor Emeritus, Department of Chemistry</i>	December 31, 2022
John Gilfoyle <i>Investment & Strategy Consultant</i>	June 30, 2021
Lisa Hill <i>Senior Vice-President, Portfolio Manager, Raymond James Ltd.</i>	August 31, 2023
Kristi Simpson <i>Associate Vice-President, Financial Planning & Operations</i>	Appointed <i>ex-officio</i>
ELECTED	TERM ENDING
David Boudinot <i>Acquisitions Librarian, UVic libraries</i>	December 31, 2023
Ori Granot <i>Facility Manager, Department of Chemistry</i>	December 31, 2020
Michael Miller (2020 Vice-Chair) <i>Professor Emeritus, Department of Computer Science</i>	December 31, 2022
Susan Service <i>Professional Accountant</i>	December 31, 2022

FINANCIAL HIGHLIGHTS

INVESTMENTS

MARKET VALUE OF INVESTMENTS	2018	2019	2020
Expressed in \$000's	\$	\$	\$
Balanced Fund	64,923	78,372	89,073

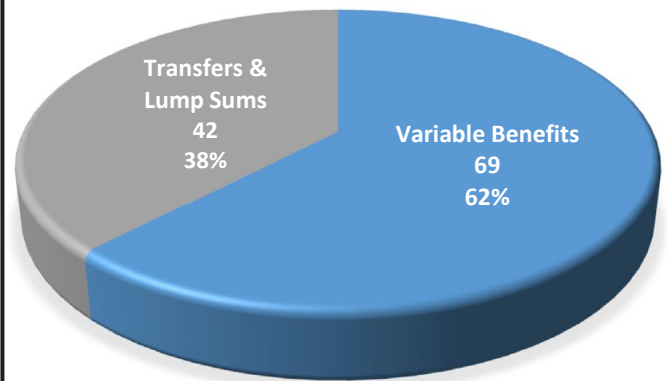
INVESTMENT RETURNS	2018		2019		2020	
Expressed in \$000's	\$	%	\$	%	\$	%
Balanced Fund	Gross returns	19	0.03	10,857	16.50	10,075
	Expenses	-303	-0.45	-299	-0.45	-323
	Net returns	-284	-0.42	10,558	16.05	9,752

CONTRIBUTIONS & BENEFIT PAYMENTS

TOTAL CONTRIBUTIONS	2018	2019	2020
Expressed in \$000's	\$	\$	\$
Members	Required	923	963
	Voluntary	41	46
	Transfers in	391	1,599
University (Required)	2,153	2,239	2,366
Total	3,508	4,847	3,833

VALUE OF BENEFIT PAYMENTS	2018	2019	2020
Expressed in \$000's	\$	\$	\$
Variable Benefits (VB)	732	842	1,131
Transfers & lump sums	1,935	1,087	1,761
Total	2,667	1,929	2,892

NUMBER OF BENEFIT PAYMENTS: 2020



VALUE OF BENEFIT PAYMENTS: 2020

TRANSFERS & LUMP SUMS
\$1,761

VARIABLE BENEFITS
\$1,131

FINANCIAL HIGHLIGHTS

EXPENSES

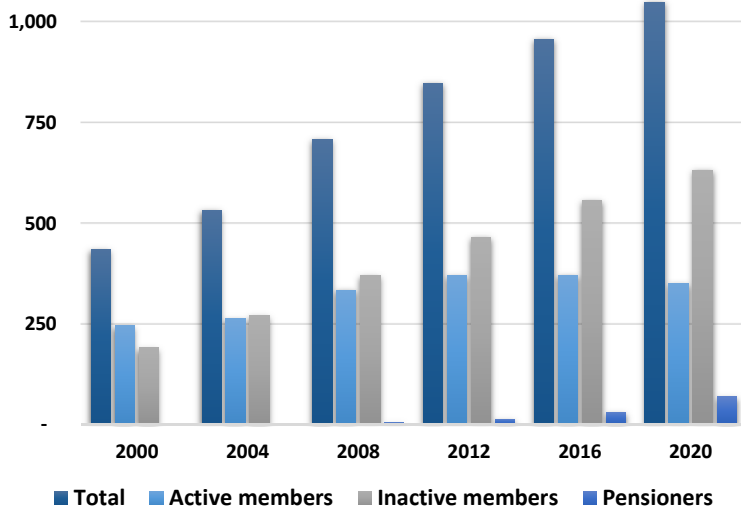
The following details the expenses incurred to invest and administer the Plan. Expenses are deducted from gross returns to determine net returns, which are distributed to members' accounts.

BALANCED FUND EXPENSES		2018		2019		2020	
	Expressed in \$000's	\$	%	\$	%	\$	%
	Investment management ¹	252	0.38	235	0.35	257	0.33
	Custodial and consulting	8	0.01	6	0.01	4	0.01
	Office and administration ²	36	0.05	37	0.06	37	0.04
	Audit and legal	7	0.01	21	0.03	25	0.03
	Total expenses	303	0.45	299	0.45	323	0.41

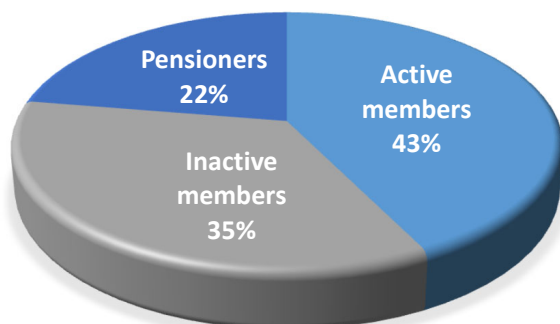
¹ The 2018 figure includes BCI's allocation of an accrued liability related to an ongoing GST/HST court case contesting the Government of Canada's challenge to the Pooled Investment Portfolios' immunity from taxation, for the period ended March 31, 2018.

² 0.1% of 2020 office and administration expenses were for individual Trustee expenses.

MEMBERSHIP: 20 YEAR HISTORY



2020 DISTRIBUTION OF ASSETS



MEMBERSHIP

These charts describe the distribution of assets in 2020 among different member groups, as well as the status and growth in Plan membership since 2000. The Money Purchase Plan comprised 1050 members in 2020, up from 1,025 total members in 2019.

ACTIVE MEMBERS are employed by the University and contributing to the Plan. In 2020, this group comprised 349 members, a minor increase from 346 in 2019.

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 2020, the number of inactive members increased to 632, compared to 615 in the previous year.

PENSIONERS are members and/or beneficiaries who are drawing a monthly pension from the Plan. This option became available to members in 2006, and within the next year, 4 members took the option. There were 69 pensioners in 2020, an increase of 5 from 2019.

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

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 at least annually 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.

Currently, all investment managers involved with the Balanced Fund are signatories to the United Nations-supported Principles for Responsible Investment.

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 are expected to meet the benchmark plus 0.5% per annum, plus investment management and pooled fund custodial fees.
- The global equity manager is expected to meet the benchmark plus 1.0% per annum, plus investment management and pooled fund custodial fees.
- Effective November 2020, 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 2020, 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 the individual asset classes.

PERFORMANCE MONITORING

The primary objective for the 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 asset mix policy.

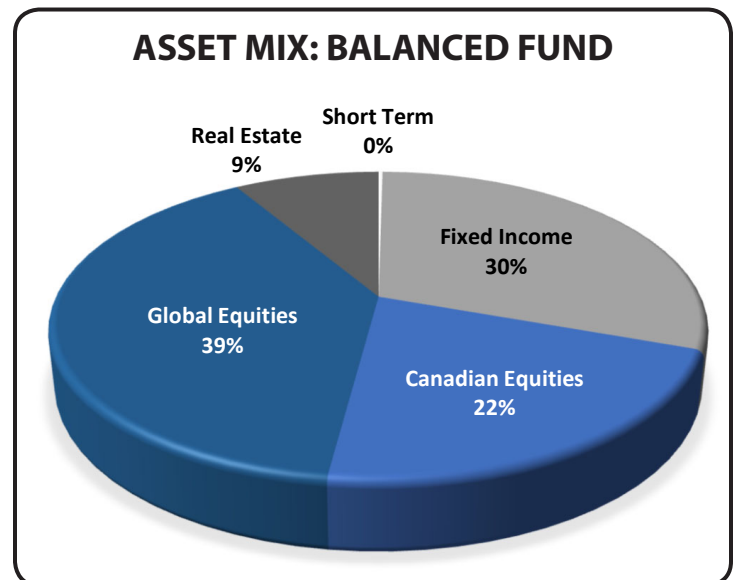
The Pension Board's Investment Sub-Committee monitors and reviews performance and reports to the Pension Board. While short-term results are of interest, it is important to recognize that an investment strategy ought to provide good results over the longer term. As a consequence, the Pension Board focuses on evaluating investment performance over rolling four-year periods.

INVESTMENTS

ASSET MIX

This chart illustrates the Fund's asset mix, as at December 31, 2020. Assets are invested with three investment managers, as listed in the Service Providers section of this report. The Portfolio Holdings section of this report also provides a summary of the Fund's holdings.

ASSET MIX		\$	%
Balanced Fund	Short Term	2,990	0.23
	Fixed Income	397,728	30.23
	Canadian Equities	284,493	21.62
	Global Equities	517,613	39.34
	Real Estate	112,846	8.58
	TOTAL MARKET VALUE	1,315,670	100.00



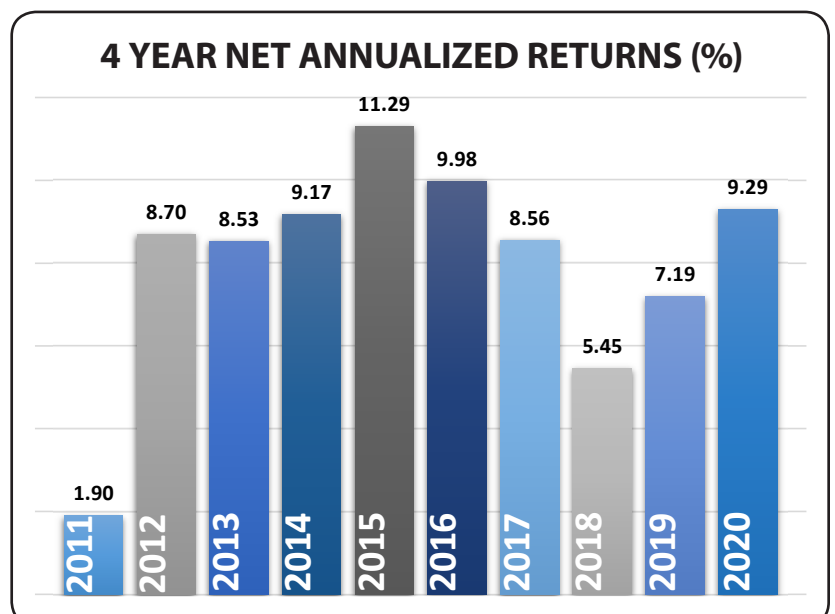
TOTAL PLAN PERFORMANCE

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.

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 (%)				
Period ended December 31	1 YEAR		4 YEAR	10 YEAR
	Gross	Net	Net	Net
2020	12.75	12.34	9.29	9.67
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
2012	9.98	9.69	8.70	7.01
2011	0.92	0.64	1.90	5.59



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		1 YEAR	1 YEAR	4 YEAR	4 YEAR
	WEIGHT	WEIGHT	ALLOWABLE RANGE	GROSS	BENCHMARK	GROSS	BENCHMARK
FIXED INCOME							
PH&N	30.2	36.0	20-46	13.4	8.7	6.0	4.8
CANADIAN EQUITIES							
BCI	11.1		9-13	8.1		7.5	
Fiera	10.8			5.0		6.9	
Total	21.9	22.0	14-27	6.6	5.6	7.1	6.6
GLOBAL EQUITIES							
BCI	39.3	32.0	20-40	18.4	14.3	14.6	12.2
REAL ESTATE							
BCI	8.6	10.0	5-15	1.4	4.8	4.5	5.8
TOTAL FUND				12.8	9.9	9.5	7.9

Short term investment results represent under 3% of the fund and are grouped with respective managers.

Inconsistencies may exist due to rounding.

PORTFOLIO HOLDINGS

BALANCED FUND: GLOBAL EQUITIES

TOP 10 EXPOSURES	WEIGHT*
MICROSOFT CORP	1.71%
VISA INC CLASS A	1.34%
KEYENCE CORP	1.23%
NOVO NORDISK A/S-B	1.19%
AIA GROUP LTD	1.11%
ALPHABET INC CLASS C	1.06%
SONY CORP	0.96%
AMAZON.COM INC	0.91%
HOME DEPOT INC	0.86%
TAIWAN SEMICONDUCTOR - SP ADR	0.85%
Total Weight: Top 10 Exposures	11.22%

* As a percentage of total Global Equity Holdings

BALANCED FUND: CANADIAN EQUITIES

TOP 10 EXPOSURES	WEIGHT*
ROYAL BANK OF CANADA	8.59%
TORONTO-DOMINION BANK	6.90%
BROOKFIELD ASSET MANAGEMENT CLA	5.69%
CANADIAN PACIFIC RAILWAY LTD	4.84%
CONSTELLATION SOFTWARE INC	3.50%
CANADIAN NATIONAL RAILWAY CO	3.39%
SHOPIFY INC CLASS A	2.82%
ALIMENTATION COUCHE CLASS B	2.69%
FRANCO-NEVADA CORP	2.68%
INTACT FINANCIAL CORP	2.44%
Total Weight: Top 10 Exposures	43.55%

* As a percentage of total Canadian Equity Holdings

PORTFOLIO HOLDINGS

BALANCED FUND, AS AT DECEMBER 31, 2020

ASSET		MARKET VALUE \$
		Expressed in \$000's
SHORT-TERM INVESTMENTS (0.23%)	CANADA TREASURY BILLS	2,485
	POOLED FUNDS	505
	CURRENCY HEDGES	0
CANADIAN BONDS (30.23%)	POOLED BOND FUNDS	397,728
CANADIAN EQUITIES (21.62%)	CONSUMER DISCRETIONARY	5,235
	CONSUMER STAPLES	7,779
	ENERGY	10,797
	FINANCIALS	44,015
	HEALTH CARE	0
	INDUSTRIALS	22,453
	MATERIALS	12,868
	INFORMATION TECHNOLOGY	13,163
	TELECOMMUNICATION SERVICES	6,510
	UTILITIES	4,146
	POOLED FUNDS	157,527
GLOBAL EQUITIES (39.34%)	POOLED FUNDS	517,613
REAL ESTATE (8.58%)	POOLED FUNDS	80,770
	SEGREGATED FUNDS	32,223
	HEDGES	-147
TOTAL BALANCED FUND PORTFOLIO		1,315,670
COMBINATION PENSION PLAN		1,226,597
MONEY PURCHASE PENSION PLAN		89,073

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)	Manages one-half the Canadian equity portion, and all the foreign equity and real estate portions of the Balanced Fund.
Fiera Capital Corporation	Manages one-half the Canadian equity portion of the Balanced Fund.
Phillips, Hager & North Investment Management Limited (PH&N)	Manages 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 statement and contact Pension Services with any required updates to your information. Current UVic employees: please also ensure your information is up-to-date on MyPage.

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 Plan can be obtained on Pension Services' website: www.uvic.ca/pensions.

HOW TO REACH PENSION SERVICES:

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