

Financial Statements of

**UNIVERSITY OF VICTORIA  
COMBINATION PENSION PLAN**

And Independent Auditor's Report thereon

Year ended December 31, 2024



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## **INDEPENDENT AUDITOR'S REPORT**

To the Trustees of the University of Victoria Combination Pension Plan (the "Plan")

### ***Opinion***

We have audited the financial statements of the Plan, which comprise:

- the statement of financial position as at December 31, 2024
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2024, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 38(1)(c) of the Pension Benefits Standards Act (British Columbia) and Section 47(2) of the Pension Benefits Standards Regulation (British Columbia).

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter – Financial Reporting Framework***

We draw attention to note 2(a) in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



### ***Other Matter – Comparative Information***

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 14, 2024.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Section 38(1)(c) of the Pension Benefits Standards Act (British Columbia) and Section 47(2) of the Pension Benefits Standards Regulation (British Columbia), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Vancouver, Canada  
May 21, 2025

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Statement of Financial Position  
(Expressed in thousands of dollars)

December 31, 2024, with comparative information for 2023

	Notes	2024	2023
<b>Assets</b>			
Cash		\$ 15,833	\$ 7,744
Investments:	4		
Short-term		936	4,392
Equities		424,899	363,634
Pooled funds		1,441,920	1,316,325
		1,867,755	1,684,351
Receivables		1,086	3,974
Total assets		1,884,674	1,696,069
<b>Liabilities</b>			
Accounts payable and accrued liabilities		2,574	6,629
<b>Net assets available for benefits</b>		<b>\$ 1,882,100</b>	<b>\$ 1,689,440</b>
Net assets available for benefits:			
Defined contribution		\$ 1,454,267	\$ 1,327,616
Defined benefit pensions and supplements		427,833	361,824
		\$ 1,882,100	\$ 1,689,440

See accompanying notes to financial statements.

Approved by the Board of Pension Trustees:

\_\_\_\_\_ Chair \_\_\_\_\_ Vice-Chair

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Statement of Changes in Net Assets Available for Benefits  
(Expressed in thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	Notes	2024	2023
Increase (decrease) in net assets available for benefits:			
Investment income:	5		
Interest income		\$ 22,602	\$ 22,925
Dividend income		11,915	5,682
Realized gains		94,314	117,617
Unrealized gains		96,710	19,596
Investment costs		(6,379)	(3,841)
Contributions	1(b), 7	42,316	40,870
		261,478	202,849
Decrease in net assets available for benefits:			
Pension payments	8	67,614	64,991
Operating expenses:			
Office and administrative costs		962	807
Actuarial fees		126	264
Audit and registration fees and legal fees		116	124
		68,818	66,186
Net increase in net assets available for benefits during the year		192,660	136,663
Net assets available for benefits, beginning of year		1,689,440	1,552,777
Net assets available for benefits, end of year		\$ 1,882,100	\$ 1,689,440

See accompanying notes to financial statements.

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

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## 1. Description of the Plan:

The following description of the University of Victoria Combination Pension Plan ("the Plan") is a summary only. Plan assets are distributed over two funds: the Balanced Fund and the Defined Retirement Benefit Fund. Individual member accounts (Combined Contribution Accounts, Variable Benefit Accounts, and Additional Voluntary Contribution Accounts) are held in the Balanced Fund. The Defined Retirement Benefit Fund holds the assets of the Defined Retirement Benefit Account ("DRBA") from which defined benefit pensions and supplements are paid. For more complete information, reference should be made to the Trust Agreement.

### (a) General:

The Plan is a defined contribution pension plan which contains, subject to eligibility and member choice, a defined benefit supplement to bring a retirement pension up to a minimum calculated under a defined benefit formula. The Plan covers all full-time research stream faculty, librarians, academic and professional staff holding regular appointments.

### (b) Funding policy:

In accordance with the Trust Agreement, Funding Policy, and subject to agreement of the plan actuary, members are required to contribute 3.83% of their basic salary up to the Canada Pension Plan Year's Maximum Pensionable Earnings (YMPE) \$68,500 (2023 - \$66,600), and 5.83% of the basic salary in excess of that amount. The contributions are directed to the members' Combined Contribution Accounts. The University contributes 6.54% of basic salary up to the YMPE, and 8.17% of the basic salary in excess of that amount. The contributions are directed to the members' Combined Contribution Accounts. The University contributes an additional 3.50% of basic salary to the Defined Benefit Retirement Fund to fund the defined benefit minimum. In the event that the actuary recommends additional contributions to fund the defined benefit minimum, the Plan document provides for one-third and two-thirds sharing between members and the University.

The total combined member and University contributions to a member's Combined Contribution Account in a calendar year are limited to the Income Tax Act (Canada) maximum \$32,490 (2023 - \$31,560).

Subject to Income Tax Act (Canada) maximums, members may elect to make additional contributions to a voluntary contribution account through payroll deduction or by transfer from other registered vehicles.

### (c) Investment options:

Members' Combined Contribution Accounts and additional voluntary accounts are invested in the Balanced Fund.

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

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## 1. Description of the Plan (continued):

### (d) Retirement:

All members are eligible for a retirement benefit. Normal retirement is the end of the month in which the member attains age 65. Members may elect early retirement any time after attaining the age of 55, or postpone retirement benefits until December 1st of the calendar year in which the member attains age 71.

### (e) Retirement options:

At retirement, members can apply the balance in their Combined Contribution Accounts to one or a combination of the following forms of benefits:

- Internal variable annuity with, subject to eligibility, a defined benefit supplement. The defined benefit supplement is the amount, if any, by which the defined benefit minimum exceeds the internal variable annuity. The defined benefit minimum at normal retirement is 1.3% of the member's final average earnings up to the three-year average YMPE, multiplied by years of service; plus 2.0% of the member's final average earnings that are in excess of the three year average YMPE, multiplied by years of service. The final average earnings are calculated as the member's average for the highest consecutive five years. The defined benefit minimum is limited to \$3,610 (2023 - \$3,506.67 per year of service credited after 1990 and is actuarially reduced for early retirement.
- External annuity from a life insurance company.
- Variable benefit.
- Transfer to a locked-in retirement account.
- Transfer to a combination of registered retirement income funds and life income funds.

### (f) Termination and portability benefits:

Upon termination of employment, members may retain the balance in their Combined Contribution Account or transfer it to a locked-in retirement account or to another registered pension plan that will accept the transfer.

Active members may transfer pension entitlements from other registered pension plans into a voluntary account in the Plan.

### (g) Survivor benefits:

A spouse is automatically entitled to the pre-retirement survivor benefit unless they waive that right by completing a Spousal Waiver (Pension Benefits Standards Regulation BC). The survivor benefit for a spouse is 100% of the benefit accrued by the member. The surviving spouse is entitled to any of the options that are available to the member, with the exception that the spouse need not have attained 55 years of age to commence a monthly benefit and the spouse's defined benefit minimum is the actuarial equivalent of the member's defined benefit minimum. A surviving spouse must commence a pension benefit or elect a transfer from the Plan by the later of one year following the member's date of death or the end of the calendar year in which the spouse attains 71 years of age.



# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

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## 1. Description of Plan (continued):

### (g) Survivor benefits (continued):

The survivor benefit for a beneficiary who is not a spouse is the balance accumulated in the Combined Contribution Account (CCA) and, if applicable, Voluntary Contribution Account(s), payable in a cash lump sum, less applicable withholding tax.

The survivor benefit for a variable benefit pensioner is the total in the member's Variable Benefit Account.

The survivor benefit for a pensioner in receipt of an internal variable annuity pension from the Plan is determined by the optional form selected by the member immediately prior to commencement of the annuity. If the member has a spouse, the member must select a form which provides at least a lifetime 60% survivor benefit unless the spouse completes a waiver.

### (h) Adjustments to pensions:

Internal variable annuities are adjusted each July 1st based on the investment performance of the underlying net assets for the preceding calendar year. As at July 1, 2024 the 3.5% and 5.0% internal variable annuities were increased for investment performance by 6.61% (2023 - 11.69% decrease) and 5.09% (2023 - 12.95% decrease), respectively. In accordance with the Plan Document these annuities are then subject to adjustment arising from the longevity experience of the annuitant group. As at July 1, 2024 the internal variable annuities were reduced by 0.87% (2023 - 0.45% reduction) to reflect the annual adjustment for net mortality loss.

Defined benefit pensions and the defined benefit minimum for eligible 3.5% annuitants, are adjusted each July 1st, by reference to the annual change in the Canadian Consumer Price Index (CPI) to a maximum of 3.0% per year since the commencement date of the pension. The maximum adjustment in any one year is also 3.0%. The increase in the CPI was 3.3% from 2023 to 2024 resulting in an adjustment to defined benefit pensions and minimum benefits on July 1, 2024 of 3.0% (2023 - 3.0%).

### (i) Income taxes:

The Plan is a registered pension plan as defined in the Income Tax Act (Canada) and is not subject to income taxes, but is subject to indirect taxes including British Columbia provincial sales tax (PST) and goods and services tax (GST). The Plan receives a 33% rebate of the GST paid.

## 2. Basis of presentation:

### (a) Basis of presentation:

These financial statements have been prepared for the Plan in order to meet the requirements of Section 38(1)(c) of the Pension Benefits Standards Act (British Columbia) and Section 47(2) of the Pension Benefits Standards Regulation (British Columbia). In connection with meeting these requirements, these financial statements have been prepared in accordance with Canadian accounting standards for pension plans, except that such financial statements do not include information in relation to the Plan's pension obligations and any resulting surplus or deficit.

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

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## 2. Basis of presentation (continued):

### (a) Basis of presentation (continued):

Canadian accounting standards for pension plans require the Plan, in selecting or changing accounting policies that do not relate to its investments or pension obligation, to comply on a consistent basis with either IFRS Accounting Standards ("IFRS") in Part I of the CPA Canada Handbook - Accounting, or Canadian accounting standards for private enterprises ("ASPE") in Part II of the CPA Canada Handbook - Accounting. The Plan has chosen to IFRS for such accounts on a consistent basis and to the extent that these standards do not conflict with the requirements of the accounting standards for pension plans.

These financial statements present the information of the Plan as a separate financial reporting entity independent of the University and Plan members.

These financial statements differ materially from financial statements prepared in accordance with Canadian accounting standards for pension plans and do not purport to show the adequacy of the Plan's assets to meet its pension obligations. They have been prepared to assist in meeting the requirements of the pension regulator.

### (b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Plan's functional currency.

## 3. Material accounting policies:

### (a) Investments:

Investments are stated at fair value. Purchases and sales of investments are recorded as of the trade date. Transaction costs on the purchase and sale of investments are expensed as incurred.

### (b) Investment income:

Interest income is recorded on the accrual basis. Dividend income is recognized on the ex-dividend date. Any adjustments to investments due to the fluctuation of market prices are reflected as part of the return on investments in the statement of changes in net assets available for benefits.

### (c) Contributions:

Contributions for current service are recorded in the year in which the related payroll costs are incurred.

Contributions for approved leaves of absence without pay are recorded in the year in which the leave without pay occurred. Special payments and transfer deficiency payments are recorded in the year to which they relate.

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

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## 3. Material accounting policies (continued):

### (d) Use of estimates:

The preparation of financial statements, in conformity with Canadian accounting standards for pension plans, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in assets during the period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of investments.

### (e) Foreign currency translation:

Transactions denominated in foreign currencies are translated at the rates of exchange at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange in effect at the statement of financial position date. Unrealized exchange gains or losses on foreign currency are included in the change in fair value of investments.

## 4. Investments:

Except for the assets of the DRBA, the assets of the Plan are pooled for investment purposes with the assets of the University of Victoria Money Purchase Pension Plan. At December 31, 2024, 92.57% (2023 - 92.65%) of the assets held in the Balanced Fund were in respect of the University of Victoria Combination Pension Plan. The allocation of Balanced Fund between University of Victoria Combination Pension Plan and University of Victoria Money Purchase Pension Plan is calculated by dividing the defined contribution assets of each Plan that is held in the Balanced Fund by total Balanced Fund assets.

### Fair value information:

The Plan's investments are recorded at fair value. The investments are categorized according to a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 – Inputs that are unobservable for the asset or liability.

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

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## 4. Investments (continued):

### Valuation methodologies:

- The fair value of investments in pooled funds is estimated based on the Plan's interests in the net asset value of the respective funds. Investments in pooled funds classified as Level 2 in the hierarchy are valued based on their net asset values but do not have sufficient frequency of trading to constitute an active market. Investments in pooled funds classified as Level 3 in the hierarchy are valued based on their net asset values that are unobservable.
- The fair value of short-term notes and equities is determined using quoted prices in active markets where available. Where this is not available, the investments are valued using observable market data such as prices quoted by major dealers or in secondary markets, or transactions for similar securities of the same issuer.

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

## 4. Investments (continued):

The Plan's investments, categorized according to the fair value hierarchy, are as follows:

	Level 1		Level 2		Level 3		Total
	Balanced Fund	DRBA	Balanced Fund	DRBA	Balanced Fund	DRBA	
<b>December 31, 2024:</b>							
Short-term investments	\$ 936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 936
Equities	347,159	77,740	-	-	-	-	424,899
Pooled funds:							
Fixed income	475,973	83,360	-	-	-	-	559,333
Equities	-	104,856	476,010	121,001	-	-	701,867
Real estate	-	-	-	-	146,200	34,520	180,720
	475,973	188,216	476,010	121,001	146,200	34,520	1,441,920
	\$ 824,068	\$ 265,956	\$ 476,010	\$ 121,001	\$ 146,200	\$ 34,520	\$ 1,867,755

	Level 1		Level 2		Level 3		Total
	Balanced Fund	DRBA	Balanced Fund	DRBA	Balanced Fund	DRBA	
<b>December 31, 2023:</b>							
Short-term investments	\$ 3,667	\$ 725	\$ -	\$ -	\$ -	\$ -	\$ 4,392
Equities	297,929	65,705	-	-	-	-	363,634
Pooled funds:							
Fixed income	454,671	74,469	-	-	-	-	529,140
Equities	8,881	90,539	419,289	99,854	-	-	618,563
Real estate	-	-	-	-	136,439	32,183	168,622
	463,552	165,008	419,289	99,854	136,439	32,183	1,316,325
	\$ 765,148	\$ 231,438	\$ 419,289	\$ 99,854	\$ 136,439	\$ 32,183	\$ 1,684,351

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

## 4. Investments (continued):

The following table summarizes the changes in the fair value of the Plan's financial instruments classified as level 3 investments.

	2024			2023
	Balanced fund	DRBA	Total	Total
Beginning balance, January 1, 2024	\$ 136,439	\$ 32,183	\$ 168,622	\$ 176,349
Purchases	22,435	5,366	27,801	6,582
Sales	(11,963)	(2,857)	(14,820)	(6,486)
Realized and unrealized gains (losses)	(711)	(172)	(883)	(7,823)
Ending balance, December 31, 2024	\$ 146,200	\$ 34,520	\$ 180,720	\$ 168,622

Short-term notes consist of Canadian money market securities maturing in 12 months or less and include treasury bills and guaranteed investment certificates. Equities consist of publicly traded shares. Real estate investments consist of diversified Canadian and Global income-producing properties. Investments may be segregated or consist of units of pooled investment portfolios of the investment managers.

## 5. Investment income:

Investment income for the years ended December 31 is summarized as follows:

	2024			2023
	Balanced fund	DRBA	Total	Total
Interest	\$ 19,244	\$ 3,358	\$ 22,602	\$ 22,925
Dividends	7,490	4,425	11,915	5,682
Net realized gains	70,134	24,180	94,314	117,617
Net unrealized gains	67,790	28,920	96,710	19,596
	164,658	60,883	225,541	165,820
Investment costs:				
Management fees	4,849	1,280	6,129	3,692
Custodial fees	118	9	127	101
Other	123	-	123	48
	5,090	1,289	6,379	3,841
Net investment return	\$ 159,568	\$ 59,594	\$ 219,162	\$ 161,979

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

## 6. Net assets available for benefits:

The net assets available for benefits as at December 31 are allocated as follows:

	2024	2023
Defined contribution:		
Combined contribution accounts ("CCA") <sup>1</sup>	\$ 613,326	\$ 571,324
Variable benefit accounts ("VBA") <sup>2</sup>	539,547	495,370
Additional voluntary contribution accounts ("AVC")	20,978	20,985
Internal variable annuity account ("IVAA")	280,416	239,937
	1,454,267	1,327,616
Defined benefit pensions and supplements:		
Defined retirement benefit account ("DRBA")	427,833	361,824
	\$ 1,882,100	\$ 1,689,440

1 Each member of the Plan who is not a pensioner has a CCA which is reported annually to the member. CCAs are invested in the Balanced Fund.

2 Each member of the Plan in receipt of a variable benefit pension has a VBA. VBAs are invested in the Balanced Fund.

## 7. Contributions:

The breakdown of contributions from both Members and the University for the year ended December 31, 2024 and 2023 are as follows:

	2024	2023
Members' required	\$ 12,728	\$ 12,643
Members' additional voluntary and re-contributions	284	272
University's required:		
Combined contribution accounts	17,879	16,870
Defined retirement benefit account	8,944	9,847
Transfers from other plans	2,481	1,238
Total contributions	\$ 42,316	\$ 40,870

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

## 8. Pension payments:

The breakdown of pension payments made to or on behalf of members for the year ended December 31, 2024 and 2023 are as follows:

	2024	2023
Payments to or on behalf of members:		
Pensions to retired members or beneficiaries	\$ 53,949	\$ 49,404
Members' accounts transferred and refunded, and death benefits	13,665	15,587
Total pension payments	\$ 67,614	\$ 64,991

## 9. Additional voluntary contribution accounts ("AVC"):

Additional voluntary contribution accounts are divided into restricted voluntary accounts ("RVA") and unrestricted voluntary accounts ("UVA"). Transfers from other pension plans that have restrictions imposed by the exporting plans are placed in RVA. Contributions made by members on a voluntary basis and transfers that are unrestricted are placed in UVA. All RVA and UVA are invested in the Balanced Fund as follows:

	2024	2023
Restricted voluntary accounts	\$ 8,848	\$ 8,021
Unrestricted voluntary accounts	12,130	12,964
	\$ 20,978	\$ 20,985

## 10. Defined retirement benefit account ("DRBA"):

The DRBA is a reserve to fund existing defined benefit pensions and supplements and to offset future obligations for defined benefit supplements.

## 11. Internal variable annuity account ("IVAA"):

The IVAA provides benefits to members who elected to take internal variable annuities with all or part of their CCA, VBA and AVC. The IVAA is invested in the Balanced Fund.

## 12. Risk management:

The Plan's investments are recorded at fair value. Other financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values. Fair values of investments are exposed to market risk, liquidity risk and credit risk.



# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

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## 12. Risk management (continued):

### (a) Market risk:

Market risk is comprised of currency risk, interest rate risk, and other price risk.

#### (i) Currency risk:

Currency risk relates to the possibility that the investments will change in value due to future fluctuations in US, Euro and other international foreign exchange rates. For example, a 5% strengthening (weakening) of the Canadian dollar against foreign currencies at December 31, 2024 would have decreased (increased) investments held in foreign currencies by approximately \$35.1 million (2023 - \$30.2 million).

Currency risk associated with foreign equities may be hedged at the discretion of global equity managers, in order to protect the value of foreign equity investments from the impact of an appreciating Canadian dollar (relative to the foreign currency).

The Fixed Income Manager may purchase US Treasury Bonds, provided the foreign currency exposure is hedged through the purchase of currency contracts.

#### (ii) Interest rate risk:

Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Duration is an appropriate measure of interest rate risk for fixed-income securities (bonds, mortgages and short-term notes) as a rise in interest rates will cause a decrease in the price of fixed income securities – the longer the duration, the greater the effect. At December 31, 2024, the average duration of the fixed income securities in the Balanced Fund was 7.26 years (2023 - 7.31 years). Therefore, if nominal interest rates were to increase by 1%, the value of the Balanced Fund fixed income securities would drop by 7.26% (2023 - 7.31%).

#### (iii) Other price risk:

Other price risk relates to the possibility that the investments will change in value due to future fluctuations in market prices. This risk is reduced by the investment policy provisions approved by the Board of Pension Trustees for a structured asset mix to be followed by the investment managers, the requirement for diversification of investments within each asset class and credit quality constraints on fixed income instruments. Assuming equity markets increased or decreased in price by 10%, the impact on the net assets available for benefits would be an increase or \$52,976 (2023 - \$46,305).

Other price risk is managed by diversification of the portfolio, both by investment managers (three) with differing investment styles and mandates and by allocation of equities across a range of sectors and companies.

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

## 12. Risk management (continued):

### (b) Liquidity risk:

Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost effective manner in order to meet commitments as they come due. The primary liabilities in the Plan are defined contribution entitlements, internal variable annuities, future defined benefit obligations and operating expenses. Liquidity requirements are managed through income generated by monthly contributions and investing in sufficiently liquid equities, pooled funds and other easily marketable instruments.

### (c) Credit risk:

Credit risk relates to the possibility that a loss may occur from failure of a fixed income security issuer to meet its debt obligations. At December 31, 2024, the maximum risk exposure for this type of investment is \$476.9 million (2023 - \$458.3 million) in the Balanced Fund and \$83.4 million (2023 - \$75.2 million) in the Defined Retirement Benefit Fund.

The Plan limits credit risk by investing only in short term debt rated R1 or higher and other debt rated BBB or higher, as rated by the Dominion Bond Rating Service or equivalent. Debt rated below BBB is only permitted in the case of a high yield bond fund which has been specifically approved for investment by the Board of Pension Trustees.

The following shows the percentage of underlying holdings of bond funds by credit rating.

Rating	Balanced fund	Defined retirement benefit fund
AAA	19.5%	19.5%
AA	28.2%	28.2%
A	14.8%	14.8%
BBB	16.2%	16.2%
BB and below	10.8%	10.8%
Cash	8.6%	8.6%
Unrated	1.9%	1.9%

## 13. Capital disclosures:

The purpose of the Plan is to provide pension benefits to plan members. As such, when managing capital, the objective is to preserve assets in a manner that provides the Plan with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits and to have sufficient liquidity to meet all benefit and expense payments.

# UNIVERSITY OF VICTORIA COMBINATION PENSION PLAN

Notes to Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

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## **13. Capital disclosures (continued):**

In accordance with regulatory requirements, the Board of Pension Trustees has established a Statement of Investment Policies and Procedures ("SIP&P") which sets out the investment principles, guidelines and monitoring procedures that are appropriate to the needs and objectives of the Plan. The SIP&P sets out benchmarks and asset allocation ranges that are intended to best secure the obligations for pension benefits and result in reasonable risk-adjusted return on investment. Individual investment decisions are delegated to investment managers subject to the constraints of the SIP&P and individual manager mandates. As required, the Board of Pension Trustees reviews the SIP&P and manager structure at least annually, and makes such changes to the SIP&P and/or mandates as it deems necessary. With the assistance of an outside consultant, the Board of Pension Trustees and the Pension Services regularly monitor the asset mix of each manager and fund to ensure compliance with the SIP&P and mandates.

The Plan is also subject to the Pension Benefits Standards Act (BC) and Regulations, which require that solvency and going concern actuarial valuations are performed every three years, at which time the Plan must take measures to eliminate any funding deficiencies that may arise.

## **14. Member's account transferred, refunded and death benefits:**

During the year, the Plan paid out a total of \$7,012,240 in death benefits to beneficiaries, and \$6,652,916 in account transfers or refunds to members.