

Financial Statements of

**UNIVERSITY OF VICTORIA
STAFF PENSION PLAN**

And Independent Auditor's Report thereon

Year ended December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Investments and Administration Committee of the University of Victoria

Opinion

We have audited the financial statements of the University of Victoria Staff Pension Plan (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 15, 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' in a cursive, stylized font, with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada
May 21, 2025

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2024, with comparative information for 2023

	Notes	2024	2023
Assets			
Cash		\$ 2,651	\$ 2,738
Investments:	4		
Equities		60,261	59,629
Pooled funds		321,084	290,536
		381,345	350,165
Receivables		937	857
Total assets		384,933	353,760
Liabilities			
Accounts payable and accrued liabilities		433	327
Net assets available for benefits		\$ 384,500	\$ 353,433
Net assets available for benefits:			
Basic Plan		\$ 358,474	\$ 329,659
Supplementary		25,560	23,266
Voluntary Contribution		466	508
		\$ 384,500	353,433

See accompanying notes to financial statements.

Approved by:

Chair, Staff Pension Plan Investments and
Administration Committee, University of Victoria

Vice-President, Finance and Operations
University of Victoria

UNIVERSITY OF VICTORIA STAFF 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:	6		
Interest income		\$ 7,674	\$ 6,988
Dividend income		769	322
Realized gains on investments		11,347	17,348
Unrealized gains on investments		20,968	10,012
Investment costs		(1,721)	(1,183)
Contributions	1(b), 8	9,267	9,537
		48,304	43,024
Decrease in net assets available for benefits:			
Pension payments	9	16,330	15,185
Operating expenses:			
Actuarial fees		13	158
Office and administrative		690	587
Consulting, audit and legal fees		181	66
Provincial registration fees		23	22
		17,237	16,018
Net increase in net assets available for benefits during the year		31,067	27,006
Net assets available for benefits, beginning of year		353,433	326,427
Net assets available for benefits, end of year		\$ 384,500	\$ 353,433

See accompanying notes to financial statements.

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Notes to Financial Statements

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

Year ended December 31, 2024

1. Description of the Plan:

The following description of the University of Victoria Staff Pension Plan ("the Plan"), established by the University of Victoria ("the University"), is a summary only. For more complete information, reference should be made to the Plan text, which is available from Pension Services.

(a) General:

The Plan is a defined benefit pension plan that covers primarily regular members of the Canadian Union of Public Employees (CUPE) locals 917,951 and 4163 and exempt staff.

(b) Funding:

In accordance with the Plan text, members are required to contribute no less than 4.53% of their basic salary up to the Canada Pension Plan Year's Maximum Pensionable Earnings ("YMPE") which was \$68,500 (2023 - \$66,600), and 6.28% of their basic salary in excess of that amount to the Basic Plan to fund basic pension benefits.

If a valuation requires contribution changes (up or down) as a result of normal cost changes, then the increase or decrease will be shared on a one-for-one basis between the University and plan members.

A valuation for the Plan was completed for the year ended December 31, 2022. The University's contribution rate was decreased to 10.84% (from 12.08%), and the member contribution rate was decreased to 4.53% below the YMPE (from 4.86%) and 6.28% above the YMPE (from 6.61%). Members and the University contribute an additional 0.25% of salary to the Supplementary Retirement Benefit Account. The new contribution rates were effective August 1, 2023.

Minimum contribution rates will be 10.5% for the University and 4.78% for the employee (6.53% on salary above YPME), except at a time when the Plan has excess surplus as defined under the Income Tax Act and a further reduction in contributions becomes a requirement. The parties may also negotiate a one-time benefit improvement or a combination of an employee contribution holiday and a one-time benefit improvement to use the employees' share of excess surplus. Notwithstanding the above, should the University be required to make contributions as a result of a solvency and/or going concern deficiency, the University will contribute 100% of the cost and the University will then be entitled to 100% of future surplus until the amount contributed is fully recovered.

Up to December 31, 2015, members could elect to make additional contributions to a voluntary contribution account through payroll deduction or by transfer from other registered vehicles, subject to Income Tax Act maximums. These contributions are invested with the Plan's other assets and investment returns match the rates earned by the other assets of the Plan.

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Notes to Financial Statements

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

Year ended December 31, 2024

1. Description of the Plan (continued):

(c) Normal retirement:

All members are eligible for a retirement benefit. Normal retirement is the end of the month in which the member reaches age 65. Pension benefits are calculated using the following formula:

Benefit accrual rate x highest five-year average salary x years of credited service (full time equivalent).

The benefit accrual rates since the Plan's inception in 1972 are as follows:

	On average salary up to the average YMPE	On average salary over the average YMPE
On service up to December 31, 1989	1.65%	2.00%
On service during 1990 and 1991	1.30%	2.00%
On service from 1992 through 1999	1.50%	2.00%
On service from January 1, 2000	1.70%	2.00%

(d) Early retirement:

Members may elect early retirement at the end of any month following attainment of age 60 with no reduction provided that the member retired from active status. Members may retire between age 55 and 60 on a reduced pension. The reduction rates for retirement on an immediate pension are 3% for each year that the member is under age 60 when the pension commences. Should a member retire from inactive status, an actuarial reduction applies prior to age 65.

(e) Disability pensions:

Prior to April 1, 2006, members who became totally and permanently disabled and were in receipt of a disability pension from Canada Pension Plan were eligible to receive a disability pension from the Plan equal to the pension they would have received had they continued to contribute to the Plan to normal retirement. Only those members who met disability criteria prior to April 1, 2006 are in receipt of this benefit.

(f) Adjustments to pensions:

Pensions are adjusted each January 1st by reference to the change in the Canadian Consumer Price Index (CPI) to a maximum of % per year since the member's last contribution date. The change in the CPI effective January 1, 2024 was 4.7%; per the Plan document, 3% was granted effective January 1, 2024, with the remaining 1.7% carried forward.

When the change in the CPI exceeds 3%, the Investments and Administration Committee (IAC) may authorize additional indexing from the Supplementary Retirement Benefit Account in lieu of carry-forward to pensioners who are at least age 66, provided the actuary certifies that the increase can be financed by the assets of the Supplementary Retirement Benefit Account on a sound actuarial basis. Effective January 1, 2024, the IAC authorized additional indexing of 1.7% for eligible pensioners.

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Notes to Financial Statements

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

Year ended December 31, 2024

1. Description of the Plan (continued):

(g) Termination and portability benefits:

Upon termination of employment, members may leave their contributions on deposit for a deferred pension or elect to transfer the lump sum commuted value of their pension to a locked-in retirement account or another registered pension plan. If the lump sum value is less than 20% of the YMPE, the member may transfer the commuted value on a non-locked-in basis or receive a cash payment, less withholding tax.

(h) Survivor benefits before retirement:

If a member has a spouse, their spouse is automatically entitled to the survivor benefit; however, they can designate another beneficiary if their spouse has waived their entitlement. A spouse who has not waived their entitlement has the choice of one of the following survivor benefits:

- (i) a lifetime monthly pension but guaranteed for 120 payments in any event which is the actuarial equivalent to the commuted value amount calculated in ii) below, payable the first of the month following the member's death; or
- (ii) a lump sum transfer of the full commuted value of the pension accrued to the member's date of death.

A beneficiary who is not a spouse is entitled to a lump sum equal to the full commuted value of the accrued pension.

(i) Survivor benefits after retirement:

The survivor benefit after retirement or commencement of a disability pension is determined by the optional form selected by the member when the pension commenced. The normal form for a member who has a spouse is a joint and last survivor pension where 50% of the benefit continues to the surviving spouse. The normal form for a member who does not have a spouse is a single life pension where payments continue for the member's lifetime with a guaranteed minimum of 10 years if the member does not survive for 10 years after retirement.

If the member has a spouse, the member must select a form which provides at least a 60% survivor benefit unless the spouse completes a waiver.

(j) Income taxes:

The Plan is a registered pension plan as defined in the Income Tax Act (Canada) and is not subject to income taxes.

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Notes to Financial Statements

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

Year ended December 31, 2024

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.

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.

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Notes to Financial Statements

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

Year ended December 31, 2024

3. Material accounting policies (continued):

(c) Contributions:

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

(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.

4. Investments:

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.

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 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 STAFF 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
December 31, 2024:				
Equities	\$ 60,261	\$ -	\$ -	\$ 60,261
Pooled funds:				
Fixed income	131,079	-	-	131,079
Equities	-	90,328	-	90,328
Real estate	-	-	40,023	40,023
Infrastructure	-	(859)	60,513	59,654
Total pooled funds	131,079	89,469	100,536	321,084
	\$ 191,340	\$ 89,469	\$ 100,536	\$ 381,345

	Level 1	Level 2	Level 3	Total
December 31, 2023:				
Equities	\$ 59,629	\$ -	\$ -	\$ 59,629
Pooled funds:				
Fixed income	114,281	-	-	114,281
Equities	-	96,956	-	96,956
Real estate	-	-	37,317	37,317
Infrastructure	-	285	41,697	41,982
Total pooled funds	114,281	97,241	79,014	290,536
	\$ 173,910	\$ 97,241	\$ 79,014	\$ 350,165

UNIVERSITY OF VICTORIA STAFF 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:

	Real estate	Infrastructure	Total
Beginning balance, January 1, 2024	\$ 37,317	\$ 41,697	\$ 79,014
Purchases	6,214	14,642	20,856
Sales	(2,601)	(5,369)	(7,970)
Unrealized gains (losses)	(908)	9,544	8,636
Ending balance, December 31, 2024	\$ 40,022	\$ 60,514	\$ 100,536
Beginning balance, January 1, 2023	\$ 39,009	\$ 39,896	\$ 78,905
Purchases	1,614	4,469	6,083
Sales	(1,592)	(3,915)	(5,507)
Unrealized gains (losses)	(1,714)	1,247	(467)
Ending balance, December 31, 2023	\$ 37,317	\$ 41,697	\$ 79,014

Short-term notes consist of Canadian money market securities, such as treasury bills, with terms of 12 months or less.

The equities consist of publicly traded shares. Real estate investments consist of diversified Canadian and Global income-producing properties. Infrastructure investments refer collectively to the roads, bridges, rail lines, and similar public works that are required for an industrial economy, or a portion of it, to function. Investments may be segregated or consist of units of pooled funds.

Currency contracts may be held individually by managers. The contracts are used for defensive purposes in order to protect clients' global investments from the impact of an appreciating Canadian dollar (relative to the foreign currency). The manager purchases and sells currencies through the spot market, forward contracts, and/or futures. Unit values are calculated based on the net realized and unrealized gains (losses) of the derivative financial instruments.

5. Commitments:

The Plan has commitments in the amount of \$8.2 million (2023 - \$1.9 million) to fund infrastructure investments. It is anticipated that these commitments will be met in the normal course of operations.

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Notes to Financial Statements

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

Year ended December 31, 2024

6. Investment income:

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

	2024	2023
Interest	\$ 7,674	\$ 6,988
Dividends	769	322
Net realized gains	11,347	17,348
Net unrealized gains	20,968	10,012
	40,758	34,670
Investment costs:		
Manager fees	1,569	1,052
Custodial fees	69	77
Other	83	54
	1,721	1,183
Total investment income	\$ 39,037	\$ 33,487

7. Supplementary retirement benefit account:

The Supplementary Retirement Benefit Account is a reserve to provide pensioners who have reached age 66 with increases that are supplemental to the increases provided under the Basic Plan (Note 1(f)). Supplementary increases are authorized by the Staff Pension Plan Investments and Administration Committee in consultation with the plan actuary and are subject to the availability of funds in the Supplementary Retirement Benefit Account. The increases are limited so that the total increase in any one year from the combined basic and supplementary provisions does not exceed the increase in the Canadian CPI.

8. 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:		
Basic	\$ 2,593	\$ 2,648
Supplementary	142	138
University:		
Basic	6,142	6,358
Supplementary	142	138
CV transfer deficiency	248	255
Total contributions	\$ 9,267	\$ 9,537

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Notes to Financial Statements

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

Year ended December 31, 2024

9. 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:		
Basic	\$ 14,148	\$ 12,993
Supplementary	510	334
Pensions to disabled members	21	49
Termination payments and transfers to other plans	1,651	1,809
Total pension payments	\$ 16,330	\$ 15,185

10. Related party transactions:

Administrative costs of \$690,000 (2023 - \$587,000) represent a portion of the general administration costs incurred by the University and charged to the Pension Plan. The costs include salaries for Pension Services and other operating and administrative costs.

11. Risk management:

The Plan's investments are recorded at fair value. Other financial instruments consist of cash, receivables, and payables and accruals. The fair value of these financial instruments approximates their carrying values. Fair values of investments are exposed to price risk, liquidity risk and credit risk.

(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) the value of global equities and infrastructure investments by approximately \$10.6 million (2023 - \$9.9 million).

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

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Notes to Financial Statements

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

Year ended December 31, 2024

11. Risk management (continued):

(a) Market risk (continued):

(i) Currency risk (continued):

The Fixed Income Manager, the Global Equity Manager and the Infrastructure Manager will (or may) purchase securities denominated in foreign currencies. The Investments and Administration Committee may give discretion to a manager to hedge some or all of its foreign currency exposures. The Committee will make such direction for either defensive or strategic reasons.

(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 and that pension liabilities are exposed to the impact of changes in long term market interest rates. Duration is an appropriate measure of interest rate risk for fixed-income funds as a rise in interest rates will cause a decrease in bond prices – the longer the duration, the greater the effect. At December 31, 2024, the average duration of the bond portfolio was 7.26 years (2023 - 7.31 years). Therefore, if interest rates were to increase by 1%, the value of the bond portfolio 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 Governors 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 decrease of \$6,026 (2023 – \$5,963). Other price risk is managed by diversification of the portfolio, both by investment managers with differing investment styles and mandates and by allocation of equities across a range of sectors and companies.

(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 future benefit obligations and operating expenses. Liquidity requirements are managed through income generated by monthly contributions and investing in sufficiently liquid (e.g. publicly traded) equities, pooled funds and other easily marketable instruments.

UNIVERSITY OF VICTORIA STAFF PENSION PLAN

Notes to Financial Statements

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

Year ended December 31, 2024

11. Risk management (continued):

(c) Credit risk:

Credit risk relates to the possibility that a loss may occur from failure of a fixed income security issuer or derivative contract counter-party to meet its debt obligations. At December 31, 2024, the maximum risk exposure for this type of investment is \$131.1 Million (2023 - \$114.3 Million).

The Plan limits the risk in the event of non-performance related to derivative financial instruments by dealing principally with counter-parties that have a credit rating of A or higher as rated by the Dominion Bond Rating Service or equivalent.

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

Rating	Allocation
Cash and short-term securities	9.5%
AAA	19.5%
AA	28.2%
A	14.8%
BBB	16.2%
BB and below	7.8%
Mortgages	4.0%
	100.0%

12. Capital disclosures:

The purpose of Plan is to provide 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. With the assistance of an outside consultant, the Plan's Investments and Administration Committee and Pension Services regularly monitor the asset mix to ensure compliance with the Statement of Investment Policies and Procedures so that both immediate and long-term obligations can be met within an acceptable level of risk. An Asset-Liability Modeling Study (ALM) was also completed in 2018 for the purpose of determining a strategic asset mix that meets the objectives of the Plan given its underlying liability structure. The results of the study were used in the development of a strategic asset mix that meets the objectives of the Plan.