

University of Victoria

MONEY PURCHASE PENSION PLAN

2021 ANNUAL REPORT



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NOTE: Unless otherwise indicated, the data and figures in this report are as at December 31, 2021
,Minor inconsistencies may appear due to rounding.

LOOKING FOR MORE?

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

- Information on early and deferred retirement benefits; survivor benefits
- Your options at retirement; options available to you when leaving UVic
- PDF versions of this annual report and those from previous years
- Audited financial statements and comprehensive portfolio listings
- History of the Plan and official Plan documents

www.uvic.ca/pensions

LETTER FROM THE CHAIR

2021 was a second, globally-challenging year. The net of fees return of 14.44% for the Money Purchase Pension Plan was, as a result, particularly noteworthy – especially following similarly strong returns in 2020, the first year of the COVID pandemic.

It is, of course, important to consider Plan investments over the long-term. A performance monitoring report for the period ending December 31, 2021, prepared by the Plan's investment consultant PBI, included the following table, which shows that the Balanced Fund achieved significant value added in comparison to an applicable benchmark.

BALANCED FUND	1 YEAR	2 YEAR	3 YEAR	5 YEAR	10 YEAR
Total Plan Return*	14.5%	13.4%	14.4%	10.4%	10.3%
Asset Mix Benchmark	11.7%	10.8%	12.1%	8.6%	8.7%
Value Added*	2.8%	2.6%	2.3%	1.8%	1.6%

* NET OF INVESTMENT MANAGEMENT FEES

AS AT DECEMBER 31, 2021

PBI also notes that the Balanced Fund has achieved strong one, three, five and ten-year performance compared to a universe of 34 pension plan clients of Northern Trust and PBI, placing in the first quartile.

In early 2021, the Pension Board of Trustees, assisted by Pension Services and Mercer (Canada), completed a triennial assessment of the Combination and Money Purchase Plans for the review period January 2017 to December 2019. The assessment was generally positive, and highlighted certain priorities for the Board – including the need for more attention to environmental, social and governance (ESG) issues.

The Board of Trustees has been steadily increasing its consideration of ESG, specifically including climate change. The Board now requests that investment managers provide their carbon footprint and more robust reporting on climate change-related factors. These factors are also addressed when the Board meets with each manager. The 2021 PBI Performance Monitoring Report provides a detailed ESG reporting assessment for each of our managers: BC Investment Management; Fiera Capital; and Phillips Hager & North Investment Management. The assessments are positive, but also identify factors for the Board to pursue in more detail with each of the managers.

In fall 2021, Trustees furthered their understanding of ESG and climate change via two education sessions hosted by BCI. Trustees also hosted a session on ESG and Climate Change by the Canada Climate Law Initiative in February 2022.

Cybersecurity is an ongoing concern for all pension plans. The Board is continuing to educate itself on the issue and persists in assessing Plan service providers to ensure appropriate measures are in place.

The Board of Trustees is composed of eight Trustees serving terms of up to three years. Trustees who served in 2021 are listed on page 5 of this report. In 2021 the Board had four sub-committees: Investments [K. Dixon (chair), L. Hill, M. Murphy]; Policy & Procedures, [S. Service (chair), D. Boudinot, J. Gilfoyle]; Governance & Communications [M. Miller (chair), K. Dixon, S. Service]; and Actuarial Valuation [A. Coward (chair), J. Gilfoyle, S. Service].

Two multi-term Trustees resigned their appointments to the Board in 2021. Ms. Lisa Hill resigned as a Trustee at the end of October, having served as a Trustee since 2014. In December, Dr. Keith Dixon also completed his long tenure on the Board, including twenty years as Board Chair. We thank Lisa and Keith for their dedicated service on the Board. We are quite pleased to welcome Mr. Barry Gros and Ms. Catherine Heath as newly appointed trustees. Both bring substantial experience in pensions and investing to the Board.

“The Balanced Fund achieved strong one, three, five and ten-year performance compared to a universe of 34 pension plan clients... placing in the first quartile.”

LETTER FROM THE CHAIR, CONTINUED

Starting in 2021 and continuing into 2022, a sequence of mainly pandemic-related resourcing challenges has led to delays in the preparation of the audited financial statements for 2021. That has resulted in the publication of this annual report being later than past years, and subsequently, a delay in holding the Annual General Meeting. While unfortunate, we are pleased these delays have not impacted Pension Services' attention to matters for plan members and beneficiaries. Indeed, the Director of Pension Services and all members of the Pensions team are to be commended for providing continued services through the challenges of the global pandemic.

I also offer the Board's thanks to Mr. Andrew Coward for his work as Acting Director of Pension Services while Ms. Christa Taylor was on maternity leave, and for his continued service as an ex-officio Trustee in his capacity as the Acting Associate Vice-President Financial Planning and Operations for UVic.

The Annual General Meeting will be held on Wednesday, July 6 as a virtual meeting as that remains, under the circumstances, the safest and most appropriate delivery mode. I look forward to seeing many of you at the meeting, at least virtually.

Best wishes to all,



D. Michael Miller
Chair, Board of Pension Trustees 2021

***IN MEMORIAM:* Alfred "Fred" Fischer | 1932 – 2021**



Dr. Fred Fischer contributed to the development and growth of the University of Victoria in diverse ways. We wish to highlight Fred's outstanding leadership with regard to the Combination and Money Purchase Pension Plans. He served on the Pension Board from 1988 through 2001 and as Board Chair from 1996 through 2000.

Fred applied a creative approach to plan design and led the country with implementation of the popular LIF-type option, an option eventually adopted in provincial and federal legislation, and now in many other pension plans. His insights and diligent work contributed much to the success of the UVic plans – lasting contributions benefiting all retirees, as well as current and future faculty and staff at the university.

We extend our sincere condolences to Fred's family, friends and colleagues.

PLAN GOVERNANCE

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

Trustees have a fiduciary duty to act in the best financial interest of Plan beneficiaries and as a result, they have an obligation to ensure every decision made as Trustees is motivated by the aim of furthering the interest of the Plan’s beneficiaries.

The Trust Agreement between the University of Victoria and the Pension Board sets out the rights and responsibilities of the Pension Board, as well as the rules and procedures related to the appointment of Trustees.

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

2021 PENSION BOARD TRUSTEES	
NAME & TITLE	TERM ENDING
David Boudinot <i>Acquisitions Librarian, UVic libraries</i>	December 31, 2023
Andrew Coward <i>Acting Associate Vice-President, Financial Planning & Operations</i>	Appointed <i>ex-officio</i>
Keith Dixon (2021 Vice-Chair) <i>Professor Emeritus, Department of Chemistry</i>	December 31, 2022 <i>Resigned effective December 31, 2021</i>
John Gilfoyle <i>Investment & Strategy Consultant</i>	June 30, 2023
Lisa Hill <i>Senior Vice-President, Portfolio Manager, Raymond James Ltd.</i>	August 31, 2023 <i>Resigned effective October 31, 2021</i>
Michael Miller (2021 Chair) <i>Professor Emeritus, Department of Computer Science</i>	December 31, 2022
Matthew Murphy <i>Associate Professor, School of Business</i>	December 31, 2023
Susan Service <i>Professional Accountant</i>	December 31, 2022

FINANCIAL HIGHLIGHTS

INVESTMENTS

MARKET VALUE OF INVESTMENTS	2019	2020	2021
Expressed in \$000's	\$	\$	\$
Balanced Fund	78,372	89,073	103,335

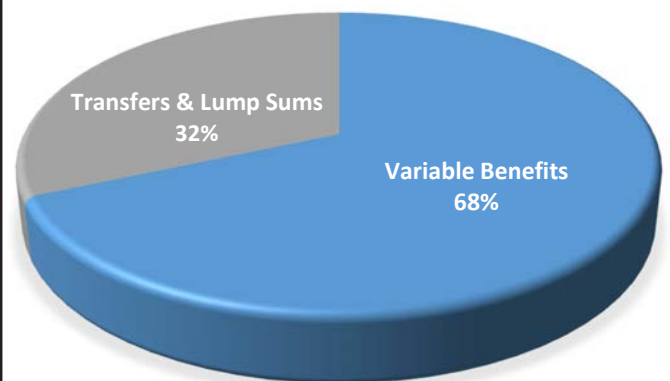
INVESTMENT RETURNS		2019		2020		2021	
Expressed in \$000's		\$	%	\$	%	\$	%
Balanced Fund	Gross returns	10,857	16.50	10,075	12.75	13,335	14.85
	Expenses	-299	-0.45	-323	-0.41	-366	-0.41
	Net returns	10,558	16.05	9,752	12.34	12,969	14.44

CONTRIBUTIONS & BENEFIT PAYMENTS

TOTAL CONTRIBUTIONS		2019	2020	2021
Expressed in \$000's		\$	\$	\$
Members	Required	963	1,008	1,116
	Voluntary	46	62	58
	Transfers in	1,599	397	686
University (Required)		2,239	2,366	2,551
Total		4,847	3,833	4,411

VALUE OF BENEFIT PAYMENTS		2019	2020	2021
Expressed in \$000's		\$	\$	\$
Variable Benefits (VB)		842	1,131	1,279
Transfers & lump sums		1,087	1,761	1,762
Total		1,929	2,892	3,041

NUMBER OF BENEFIT PAYMENTS: 2021



FINANCIAL HIGHLIGHTS

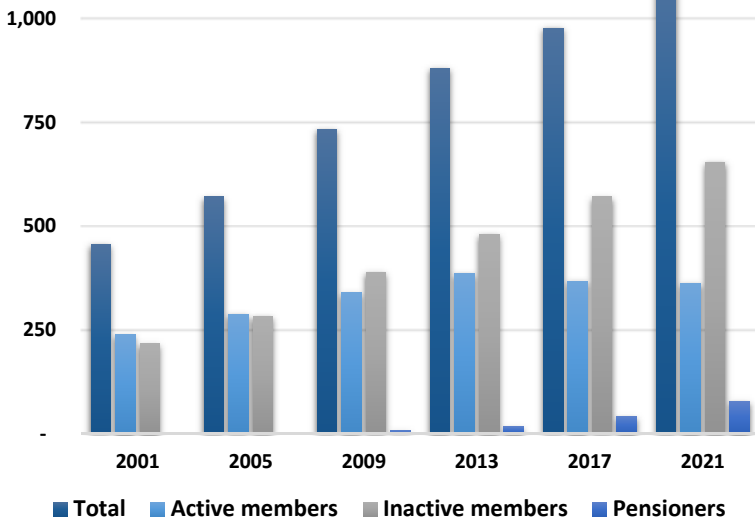
EXPENSES

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			2019		2020		2021	
	<i>Expressed in \$000's</i>		\$	%	\$	%	\$	%
	Investment management	235	0.35	257	0.33	298	0.33	
Custodial and consulting	6	0.01	4	0.01	4	0.01		
Office and administration ¹	37	0.06	37	0.04	41	0.05		
Audit and legal	21	0.03	25	0.03	23	0.02		
Total expenses	299	0.45	323	0.41	366	0.41		

¹ 0.12% of 2021 office and administration expenses were for individual Trustee expenses.

MEMBERSHIP: 20 YEAR HISTORY



MEMBERSHIP

These charts describe the distribution of assets in 2021 among different member groups, as well as the status and growth in Plan membership since 2001.

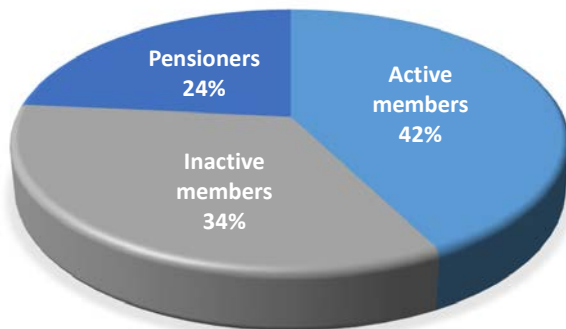
The Money Purchase Plan had a total of 1,094 members in 2021, up from 1,050 members in 2020. Total membership has increased 11.9% since 2017.

ACTIVE MEMBERS are employed by the University and contributing to the Plan. In 2021, this group comprised 362 members, up from 349 in 2020.

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 2021, this group comprised 654 members.

PENSIONERS are members and/or beneficiaries who are drawing a monthly pension from the Plan. In 2021, there were 78 pensioners, up 13% from the year 2020.

2021 DISTRIBUTION OF ASSETS



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

As required, 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 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.

All investment managers involved with the Balanced Fund are signatories to the United Nations-supported Principles for Responsible Investment (UNPRI).

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 of Canadian equities are expected to meet the benchmark plus 0.5% per annum, plus investment management and pooled fund custodial fees; for fixed income, the expectation is 1.25% gross of fees.
- The global equity manager is expected to meet the benchmark plus 1.0% per annum, plus investment management and pooled fund custodial fees.
- 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 2021, 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 each of the asset classes.

PERFORMANCE MONITORING

The primary objective 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 monitors and reviews performance regularly. While short-term results are of interest, it is important that an investment strategy provide good results over the longer term. As a result, the focus is on evaluating investment performance over rolling four-year periods.

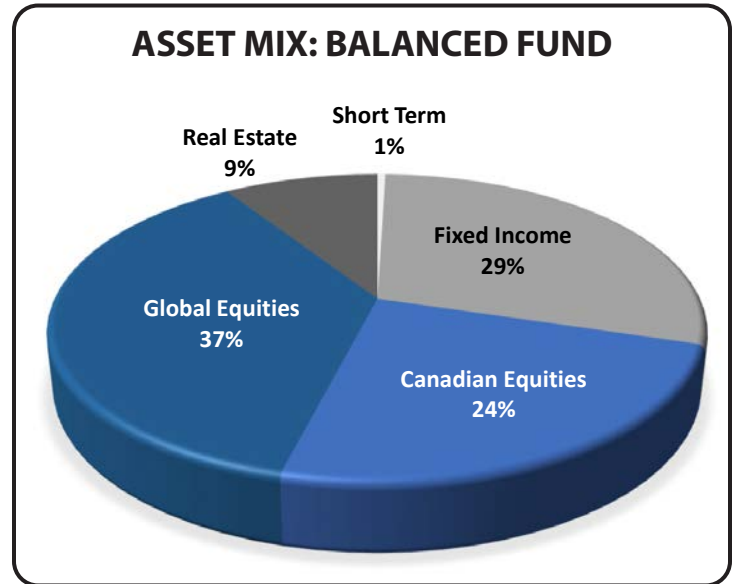
INVESTMENTS

ASSET MIX

This chart illustrates the Fund's asset mix, as at December 31, 2021. Target asset mix ranges are listed in the table on page 10 of this report. Assets are invested with three investment managers, as listed in the Service Providers section.

ASSET MIX		\$	%
<i>Expressed in \$000s</i>			
Balanced Fund	Short Term	6,918	0.47%
	Fixed Income	433,698	29.26%
	Canadian Equities	359,371	24.24%
	Global Equities	546,952	36.90%
	Real Estate	135,304	9.13%
	TOTAL MARKET VALUE	1,482,238	100.00%

The Money Purchase Pension Plan share of the Balanced Fund is 6.97%.



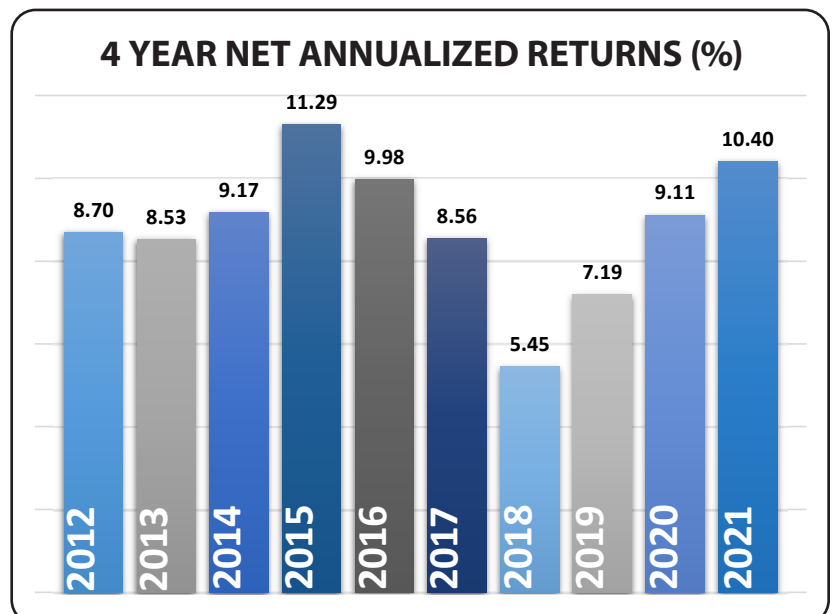
TOTAL PLAN PERFORMANCE

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
2021	14.85	14.44	10.40	10.04
2020	12.75	12.34	9.11	8.64
2019	16.50	16.05	7.19	8.34
2018	0.03	-0.42	5.45	8.30
2017	9.52	9.17	8.56	6.57
2016	4.98	4.63	9.98	5.92
2015	9.10	8.71	11.29	6.70
2014	12.21	11.87	9.17	7.07
2013	15.31	15.00	8.53	7.04
2012	9.98	9.69	8.70	7.01



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	Allowable Range	1 YEAR	1 YEAR	4 YEAR	4 YEAR
	WEIGHT	WEIGHT		GROSS	BENCHMARK	GROSS	BENCHMARK
FIXED INCOME							
PH&N	29.2	36.0	20-46	-2.0	-2.5	4.8	3.5
CANADIAN EQUITIES							
BCI	12.3		9-13	25.0		11.5	
Fiera	12.1			27.9		11.1	
Total	24.4	22.0	14-27	26.4	25.1	11.3	10.3
GLOBAL EQUITIES							
BCI	36.8	32.0	20-40	24.5	20.7	16.5	13.7
REAL ESTATE							
BCI	9.1	10.0	5-15	11.1	9.0	6.0	6.5
TOTAL FUND				14.9	11.7	10.7	8.7

Short term investment results are grouped with respective managers.

PORTFOLIO HOLDINGS: BALANCED FUND

GLOBAL EQUITIES

TOP 10 EXPOSURES	WEIGHT*
Alphabet Inc	6.1%
Microsoft Corp	5.4%
Novo Nordisk A/S	4.8%
Sony Group Corp	4.3%
Thermo Fisher Scientific Inc	4.3%
Home Depot Inc	4.2%
Visa Inc	3.5%
Amazon.com Inc	3.4%
Hoya Corp	2.8%
Nestle SA	2.7%
Total Weight: Top 10 Exposures	41.5%

* As a percentage of total Global Equity Holdings

CANADIAN EQUITIES

TOP 10 EXPOSURES	WEIGHT*
Royal Bank of Canada	8.8%
Toronto-Dominion Bank/The	7.8%
Brookfield Asset Management Inc	5.4%
Canadian Pacific Railway Ltd	4.7%
Constellation Software Inc	4.0%
Shopify Inc	4.0%
WSP Global Inc	3.2%
Bank of Nova Scotia	2.6%
Nutrien Ltd	2.1%
Bank of Montreal	2.0%
Total Weight: Top 10 Exposures	44.5%

* As a percentage of total Canadian Equity Holdings

PORTFOLIO HOLDINGS

BALANCED FUND

ASSET		MARKET VALUE \$
		Expressed in \$000's
SHORT-TERM INVESTMENTS (0.47%)	CANADA TREASURY BILLS	2,800
	POOLED FUNDS	4,118
	CURRENCY HEDGES	0
CANADIAN BONDS (29.26%)	POOLED BOND FUNDS	433,693
CANADIAN EQUITIES (24.24%)	CONSUMER DISCRETIONARY	5,273
	CONSUMER STAPLES	9,384
	ENERGY	17,325
	FINANCIALS	59,218
	HEALTH CARE	-
	INDUSTRIALS	28,063
	MATERIALS	16,763
	INFORMATION TECHNOLOGY	13,803
	TELECOMMUNICATION SERVICES	7,102
	UTILITIES	4,722
	POOLED FUNDS	197,718
GLOBAL EQUITIES (36.90%)	POOLED FUNDS	546,952
REAL ESTATE (9.13%)	POOLED FUNDS	92,199
	SEGREGATED FUNDS	43,374
	HEDGES	-269
TOTAL BALANCED FUND PORTFOLIO		1,482,238
COMBINATION PENSION PLAN		1,378,903
MONEY PURCHASE PENSION PLAN		103,335

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 annual statement and contact Pension Services with any updates to your information.

Current UVic employees, please also ensure your information is up-to-date on your UVic MyPage.

Accessibility: If you require your annual statement digitally, please contact Pension Services to request a PDF version.

Retiring members 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 Pension Plan and a PDF version of this report can be found at: www.uvic.ca/pensions

HOW TO REACH PENSION SERVICES:

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