UNIVERSITY OF VICTORIA MONEY PURCHASE PENSION PLAN

ANNUAL REPORT TO MEMBERS

2014

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Contents

The information in this report is provided for the general information of members. The precise terms and conditions of the Plan are provided in the relevant plan documents. If there is a discrepancy between this report and the plan documents, the plan documents apply.

Letter from the Chair

When I came to the University of Victoria 1st July 1968, coincidentally on the very day the pension plan was created, I very much doubt that any thought of pensions was on my 28 year old mind, let alone that I would be Chairing a Pension Board that has responsibility for pension plans with assets exceeding a billion dollars. But, there it is: As of 31st December 2014, combined assets for the Combination and Money Purchase Pension Plans total $1,008,502,597, a major milestone indeed!

There are, of course, many who have contributed as Trustees and in other roles since the Money Purchase Plan was created in 1990. I apologize that space does not permit a full list, but a few names do stand out. Bill Pfaffenberger was Chair of the Pension Board until 1995 and Fred Fischer until 2000. This period was especially important as it coincided with the introduction of pension standards legislation in B.C. in 1993. Fred was a major driving force in this period, no doubt aided and abetted by Trevor Matthews, whose long service record as a Trustee is likely to stand for all time!

Somewhat remarkably, on the administrative side there have been only two pension managers over the 25 year history of the plan: John Levey until 1998 and Susan Service to the present day. The smooth management and progress of the plans over those years is a testament to their abilities.

Last, but certainly not least, we must acknowledge the role of the University in creating, nourishing and developing the plan.

To all of the above and all the other Trustees who volunteered their time:

THANK YOU FROM ALL OF US!

And so to more minor matters, you will see from the tables that Susan has created for this report (page 9), our gross returns for recent periods are: 2014 12.21%, last four years 9.47% and last ten years 7.36%. The four year number is lower because it includes the worldwide financial problems of 2008. Corresponding net returns are 11.87%, 9.17% and 7.07%, illustrating once again our extremely low operating expenses. The largest part of this expense is investment management, at 0.26% with the pension office costing only 0.05%.

As I noted in my 2013 letter: "world economies have recovered from the 2008 meltdown, but generally rather slowly." This remains true and in consequence, economists remain pessimistic about the returns to be expected for a plan such as ours. In this context we can be delighted and relieved with our 11.9% reported above. But we must remain cautious, since market volatility remains and may even be increasing with the unexpected drop in oil prices. Our new-found billion dollar status may yet be under threat but always remember that the health of a pension plan is best measured over long periods, and our annualized net ten year return at 7.1% is respectable indeed.

Information on the breakdown of our assets between managers and asset classes and the individual returns for those assets is included in the table on page 9 of this annual report. Early in 2014, the Trustees took the decision to decrease our exposure to Canadian equities (from a benchmark weight of 27% to 22%) whilst increasing the foreign equity benchmark from 27% to 32%. This move was similar to changes made by many Canadian pension funds and investment managers as concerns have deepened over the sector concentration (energy, materials and financials) and resulting high volatility of Canadian markets. Predictably our timing was not perfect, since Canadian equities did very well for a short time after our change! However, later in the year the relative market changes reversed and at year end our foreign return was 15.2% compared with 12.7% for Canada. So, a good decision so far!

Fixed income investments had a remarkable year, rising 10.2% despite the universal predictions of disaster from rising interest rates. However, we must keep in mind that although the interest rate shoe did not drop this year, it will at some point. Returns on real estate were very satisfactory at 8.5%. Not quite the returns of some previous periods when valuations were rising rapidly, but this figure represents the solid cash flow from rental and lease agreements and will always provide a buffer against any losses of capital value.

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Letter from the Chair

Over the last several years, a new Pension Benefits Standards Act was developed jointly by the governments of Alberta and British Columbia and passed the B.C. legislature on 31st May 2012. The accompanying detailed regulations have still not been released but are expected shortly. The law will require the plans to develop new funding and governance policies, the former covering in more detail the management of long term objectives and risks such as those which recently led to increases in contribution rates. Many other plans have combined this sort of policy making with formalized statements of investment beliefs. These statements constitute a more generalized view of plan philosophy than the relatively factual, investment rules-based approach of our current Statement of Investment Policies and Goals, which is still required under the new law. It seems likely that drafting and approving new policies will consume much Trustee time and effort over the next few years. During this process the Trustees will continue to question our professional managers and consultants as to the most appropriate and sustainable investment choices. From recent conferences and publications it is clear that the financial management industry is moving towards accepting as best practice the incorporation of environmental, social, and governance (ESG) considerations into stock selection, and there is some initial evidence that companies which incorporate sustainability considerations into their business plans may perform better. However, it remains the view of the managers, and the Trustees, that engaging with companies and urging sustainable approaches is a better option than divestment. It remains true that the Trustees have sole legal responsibility for setting investment policy and that a well-diversified portfolio minimizes investment risk. The new Act confirms that Trustees' fiduciary duty in B.C. must remain focussed on the best "financial" interests of the members.

You will recall that our Board of Trustees is composed of eight trustees. Bob Worth's term ended on 30th June 2014 and he decided to decline reappointment because of other similar commitments, which include for example the Victoria Foundation. His 9 years on the Board have been very valuable to us, especially his expertise on the valuation committee and we extend our thanks for his work and our best wishes for his future endeavours. Bob was replaced by Lisa Hill, an investment manager with Raymond James, who has already proved her value on the University Foundation Board for over 10 years and acting as its Chair for 6 years. We welcome the opportunity to make use of her skills. Martin Barnes also decided in October to resign because the pressures of his work and travel schedule were greatly reducing his attendance at meetings. His international economic expertise and probing questioning of our service providers were very valuable and we thank him for his 8 years of service. When Martin resigned the BOG took note of the expiration of my elected term scheduled for Dec 31st and asked if I would consider continuing as an appointed trustee. I was honoured by the confidence shown by the BOG in this request, and was happy to accept. In consequence, I will continue in the new status of an appointed trustee. Joe Sass, UVic's manager of financial accounting and training, was elected as a new Trustee and his term started in 2015. He has already demonstrated a quick grasp of pension matters and will contribute valuable accounting and governance expertise. Deborah George has agreed to continue in the role of Vice-Chair until her term ends 30th June, 2015 and I continue to value her support and wise counsel.

Finally, I look forward to meeting many of you at our Annual General Meeting on April 14th.

Best Wishes to All,

KR Dixon

Keith R. Dixon
Chair, Board of Pension Trustees

The Plan is governed by a Board of Trustees (the "Pension Board"). The Board of Trustees for the University of Victoria Combination Pension Plan also serves as the Pension Board for this Plan.

The Pension Board oversees investment of the pension fund, financial management of the Plan and ensures the Plan is administered in accordance with the trust agreement, the *Income Tax Act (Canada)* and *Pension Benefit Standards Act (BC)*.

As at 31 December 2014, the Trustees were:

Dr. Keith Dixon – CHAIR
Professor Emeritus, Department of Chemistry
Term from 1 January 2012 to 31 December 2014

Dr. Deborah George—VICE-CHAIR
Term from 1 July 2014 to 30 June 2015

Ms. Lisa Hill
Term from 1 September 2014 to 31 August 2017

Mr. Duc Le
Term from 1 January 2014 to 31 December 2016

Dr. Michael Miller
Associate Vice-President, Research
Term from 1 January 2014 to 31 December 2016

Professor Martha O'Brien
Professor, Faculty of Law
Term from 1 January 2012 to 31 December 2014

Ms. Kristi Simpson
Associate Vice-President, Financial Planning & Operations
Appointed ex-officio

Vacancy (Board of Governors appointee)
Term vacated by Mr. Martin Barnes October 2014; to be filled by Dr. Keith Dixon 1 January 2015.

Annual General Meeting

4:30 p.m. Tuesday, 14 April 2015
Room A104
Bob Wright Centre

This is an informal meeting at which the Pension Board reports to the membership, and answers questions. This year's meeting will include a brief presentation. The Pension Board hopes members will be able to

Financial information at a glance

Investments and Returns	**2012**		**2013**		**2014**	
Market value of investments						
Balanced Fund	$35,314,774		$41,938,215		$48,260,564	
Balanced Fund		%		%		%
Gross returns	$3,195,984	9.98	$5,491,912	15.31	$5,186,216	12.21
Expenses	(90,479)	(0.29)	(112,215)	(0.31)	(146,108)	(0.34)
Net returns distributed to accounts	3,105,505	9.69	5,379,697	15.00	5,040,108	11.87

Benefit Payments	**2012**	**2013**	**2014**
Lump sum payments and transfers	$2,123,061	$1,425,674	$1,553,107
Variable benefit pensions	160,660	180,884	263,097

The variable benefit was added in 2006, subject to a minimum account size.

Contributions	**2012**	**2013**	**2014**
Members' required	$ 787,661	$ 809,182	$ 852,474
University required	1,775,778	1,867,715	1,980,791
Members' voluntary	21,423	28,580	48,926
Transfers from other plans	79,247	78,898	258,753

Full audited financial statements are available online at: http://www.uvic.ca/financialplanning/pensions/moneypurchase/index.php. A print copy may also be requested from the Pension Office at (250) 721-7030 or by email at pensions@uvic.ca with the subject line "Money Purchase Plan Financial Statements Print Copy".

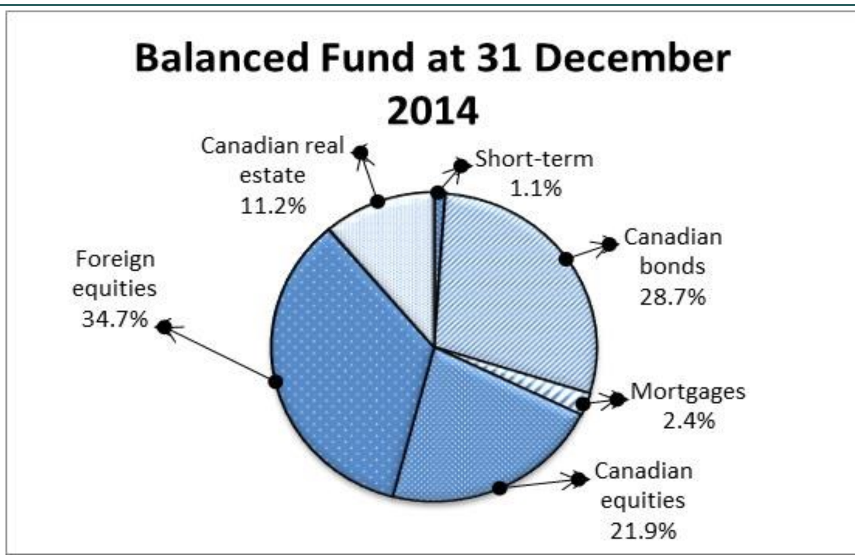
Objectives

Plan assets (Money Purchase Contribution Accounts, Variable Benefit Accounts and Additional Voluntary Contribution Accounts of active and inactive members) are invested in the Balanced Fund, together with member accounts from the Combination Pension Plan.

The main long-term investment objectives set by the Pension Board and accepted by the Plan's investment managers (refer to Appendix C) are to secure the obligation of the Plan and the University for pension benefit payments. 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.

The primary objective for the Balanced 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 **chart below** shows actual asset mix at 31 December 2014, and the policy benchmark and range.

Asset Mix



Investment Returns

Investment returns are measured on a time-weighted basis. The return objectives include realized and unrealized capital gains or losses, plus income from all sources.

The Investment Committee monitors and reviews performance and reports to the Pension Board on a quarterly basis. 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. Over rolling four-year periods, the domestic managers are expected to meet the benchmark plus 0.5% per annum, plus investment management and pooled fund custodial fees. The foreign equity manager is expected to meet the standard plus 1.0% per annum, plus investment management and pooled fund custodial fees. The real estate manager is expected to return the Canadian Consumer Price Index plus 4%. The benchmark for the total fund is a composite of the benchmarks for the individual asset classes.

Investments

Balanced Fund Asset Mix and Performance as at 31 December 2014

ASSET CLASS (benchmark) Underlying manager	**Actual Weight** (%)	**Benchmark Weight (Range)** (%)	**1 year Gross Return** (%)	**1 year Benchmark Return** (%)	**4 year Gross Return** (%)	**4 year Benchmark Return** (%)
SHORT-TERM (FTSE TMX Canada 91-day T-Bill Index)						
BC Investment Management Corporation	0.1					
Fiera Capital Corporation	-					
Phillips, Hager & North Investment Management Limited	1.0					
Total	1.1	0 (0-21)	4.0	0.9	1.9	1.0
FIXED INCOME (FTSE TMX Canada Universe Bond Index)						
Phillips, Hager & North Investment Management Limited	31.1	36 (20-46)	10.2	8.8	5.9	5.1
CANADIAN EQUITIES (S&P/TSX Capped Composite Index)						
BC Investment Management Corporation	11.0	11 each	12.7		n/a	
Fiera Capital Corporation	10.9	(9-13)	12.5		6.3	
Total	21.9	22 (14-27)	12.7	10.6	7.3	5.2
FOREIGN EQUITIES (MSCI World Ex-Canada Net, $Cdn, Index)						
BC Investment Management Corporation	34.7	32 (20-40)	15.2	14.6	14.8	14.6
REAL ESTATE (Canadian Consumer Price Index plus 4%)						
BC Investment Management Corporation	11.2	10 (0-15)	8.5	5.5	12.3	5.5
TOTAL FUND (Composite Benchmark)			**12.2**	**10.9**	**9.5**	**7.9**

Balanced Fund - annualized returns

The table below shows the annualized rates of return on the Balanced Fund portfolio over the last ten calendar years. "Gross Gain (Loss)" are returns before expenses. "Net Gain (Loss)" are returns after all investment and operating expenses. "Net Gain (Loss)" is the rate of return credited to members' individual Money Purchase Contribution Accounts, Variable Benefit Accounts and Voluntary Contribution Accounts. Past performance is not a reliable indicator of future performance.

	1 year		**4 year**		**10 year**	
Year ended 31 December	**Gross Gain (Loss)**	**Net Gain (Loss)**	**Gross Gain (Loss)**	**Net Gain (Loss)**	**Gross Gain (Loss)**	**Net Gain (Loss)**
	%	%	%	%	%	%
2014	12.21	11.87	9.47	9.17	7.36	7.07
2013	15.31	15.00	8.82	8.53	7.32	7.04
2012	9.98	9.69	8.98	8.70	7.28	7.01
2011	0.92	0.64	2.17	1.90	5.86	5.59
2010	9.56	9.28	2.68	2.41	6.00	5.73
2009	16.01	15.71	3.44	3.17	6.31	6.04
2008	(15.05)	(15.29)	2.75	2.48	5.81	5.54
2007	2.94	2.68	10.05	9.78	8.49	8.20
2006	12.87	12.59	13.12	12.84	9.12	8.82
2005	12.91	12.62	8.70	8.42	9.69	9.38

Investments

Balanced Fund - expense ratio detail

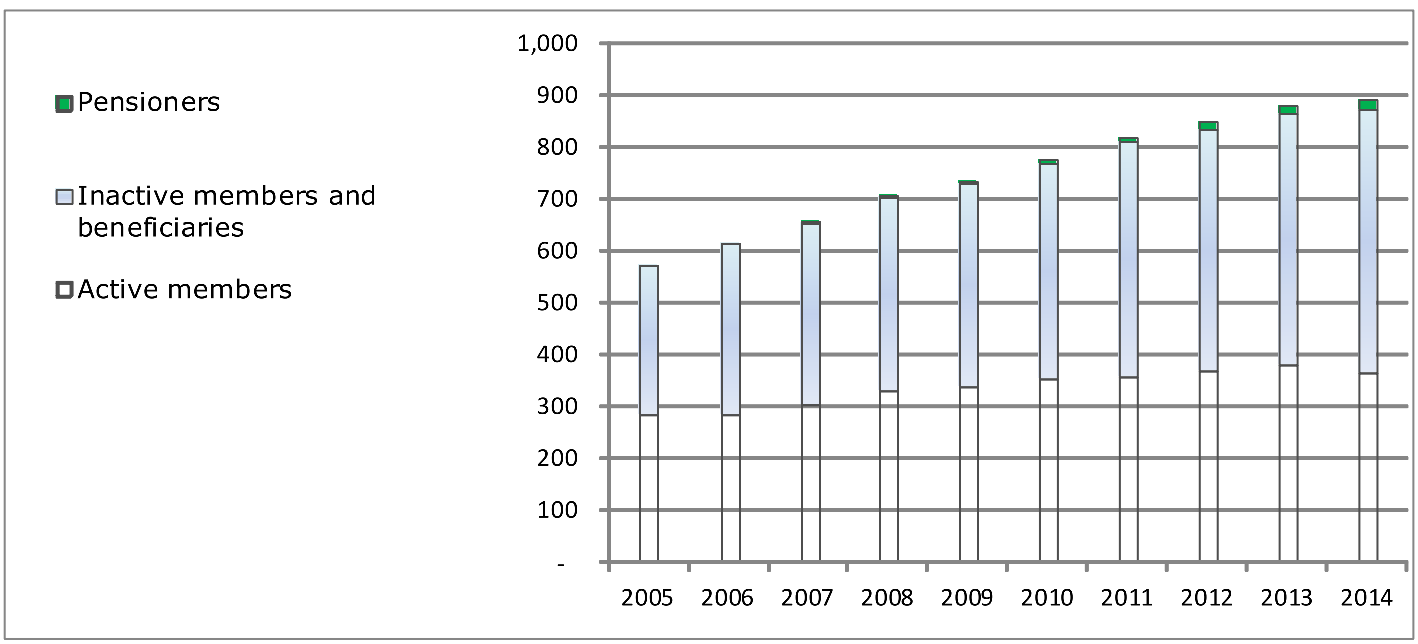
The table below provides the detail of all expenses incurred in investing and operating the pension plan. Expenses are deducted from gross gain (loss) to determine net gain (loss). Due to the effect of compounding, over extended periods of time expenses can have a material impact on final account balances. Expenses are often described as expense ratios and expressed as basis points; 0.34% is 34 basis points.

	2012		**2013**		**2014**	
Balanced Fund		%		%		%
Investment management expenses	$64,015	0.21	$82,471	0.23	$112,838	0.26
Custodial and consulting expenses	7,741	0.02	7,588	0.02	7,242	0.02
Office and administration expenses	13,574	0.04	16,440	0.05	20,235	0.05
Audit and legal expenses	5,149	0.02	5,716	0.01	5,793	0.01
Total expenses	$90,479	0.29	$112,215	0.31	$146,108	0.34

Membership statistics

The table and chart below show the growth in plan membership over the past ten years. Active members are members who are still employed by the University and contributing to the plan. Inactive members are members who have 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. Pensioners are members and beneficiaries who are drawing a monthly pension from the plan.

	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Active members	287	285	305	334	339	356	360	370	385	366
Inactive members	283	331	347	370	389	412	449	465	480	506
Pensioners	-	-	4	4	6	9	10	13	16	21
Total	570	616	656	708	734	777	819	848	881	893



Understanding the Plan

What are the Contributions?

Members and the University share the cost of the plan.

Money Purchase Contribution Account: For 2015, members' contributions are 3% of basic salary up to the YMPE (Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan) of $53,600 plus 5% of basic salary in excess of that amount. Members' contributions are credited to members' individual Money Purchase Contribution Accounts (MPCAs).

The University contributes to individual MPCAs an amount equal to 8.37% of basic salary up to the $53,600 plus 10% in excess of that amount.

Total contributions to individual members' MPCAs are therefore 11.37% of salary up to the $53,600 plus 15% in excess of that amount, subject to the limit that they may not exceed the lesser of 18% of the member's earnings and the annual defined contribution maximum set under the *Income Tax Act* ($25,370 in 2015).

Voluntary: Subject to *Income Tax Act* maximums, members may elect to make additional contributions to a voluntary contribution account through payroll deduction or by transfer from another registered plan (RRSP or Canadian registered pension plan). Transfers from spousal RRSPs are not permitted.

Example of 2015 pension contributions based on an annual salary of $67,000

	Member Amount (%)	University Amount (%)	Total Amount (%)
Money Purchase Contribution Account	$2,278 (3.4)	$5,826 (8.7)	$8,104 (12.1)
Canada Pension Plan	2,480 (3.7)	2,480 (3.7)	4,960 (7.4)
Total pension contributions	$4,758 (7.1)	$8,306 (12.4)	$13,064 (19.5)

When are members eligible for a retirement benefit?

Retiring members of the Money Purchase Pension Plan may use the monies accumulated in their Money Purchase Contribution Account (and Voluntary Contribution Account, if applicable) to provide a lifetime retirement income. Retirement ages are defined below.

Normal retirement date for a member of the Money Purchase Pension Plan is the last day of the month in which the member attains 65 years of age.

Early retirement A member may elect to take early retirement on or after the end of the month in which the member attains 55 years of age.

Deferred retirement A member may defer commencement of retirement benefits until the end of the calendar year in which the member attains 71 years of age. If a member does not select a benefit by 31 October of the year they turn age 71, they will be deemed to have selected an option that does not require spousal consent or waivers and provides maximum future flexibility; non locked-in amounts that are under $107,200 are paid out in cash, less withholding tax.

What are the options at retirement?

Options at a Glance

- Start a variable benefit (RRIF/LIF-type option) from the Plan, subject to a minimum account size
- Purchase a life annuity from an insurance company
- Transfer MPCA to a RRIF/LIF
- Transfer MPCA to a (locked-in) RRSP
- Transfer MPCA to another registered pension plan
- Leave MPCA on deposit for a future pension (default option)

A member has a range of options designed to allow tailoring of retirement income to suit his or her individual situation, preferences, and financial plan. The detailed selection of any one option or a combination of options is a matter for the individual member and his or her private financial advisor, and the plan cannot provide this type of advice. Spousal consent is required for some options. Subject to some restrictions, options may be combined for maximum flexibility.

With minor variations, there is basically one option available directly from the Plan and two options outside the Plan. Within the Plan, a member may choose a variable benefit (basically similar to an external life income fund). Alternatively the member may remove his or her funds from the Plan, and choose between an external annuity, for example from an insurance company, or a registered retirement/life income fund. When an annuity is purchased with a member's Money Purchase Contribution Account (MPCA) balance, control and ownership of the account balance is relinquished in exchange for the promise of a future lifetime income. This is in contrast to the variable benefit or a retirement income fund, where the member retains control and ownership of the account balance, and makes withdrawals within statutory limits.

If a member wishes to defer commencement of benefits, this can be accomplished (to age 71) by leaving the money within his or her MPCA, or external to the plan by making use of (locked-in) registered retirement savings plans (RRSPs).

1. Variable Benefit

This option is similar to an external life income fund. A member is eligible for this option if his/her account balance is at least twice the Year's Maximum Pensionable Earnings (YMPE). The YMPE in 2015 is $53,600. The funds that accumulate in a member's MPCA and Unrestricted or Restricted Voluntary Account(s), if applicable, are held in a Variable Benefit Account (VBA). The member retains ownership of the funds and each year sets the monthly retirement benefit, subject to statutory minima and maxima. The minimum does not take effect until the year the member reaches age 72 and, for a particular year after age 71, is the value of the account at the start of the year multiplied by the appropriate percentage rate from an age-based table. A member with a younger spouse may elect to use the spouse's age for purposes of determining the appropriate percentage rate for the minimum withdrawal. The maximum for a particular year only applies to the locked-in (post-1992) portion of a member's account. For pensioners who have been on the option for a full calendar year, the maximum is the greater of: (a) actual investment returns for the preceding year; and (b) the locked-in portion of the account at the start of the year multiplied by the appropriate factor from an age-based table. A booklet explaining the variable benefit in more detail is available upon request from the Pension Office. The booklet contains a table of withdrawal rate limits.

The balance remaining in a member's account after each month's withdrawal shares in the investment performance of the Balanced Fund and, when the member dies, any remaining balance forms the survivor benefit.

If the member has a spouse, spousal consent is required for the variable benefit option.

With one full calendar month of notice, a variable benefit pensioner may terminate the pension and apply the balance remaining to one or a combination of the other options. If the member is over 71 years of age, the minimum withdrawal for the year must be satisfied before the funds are applied to another option. If the funds are transferred to a life income fund, no withdrawal is permitted from the new life income fund until the following calendar year.

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Options at retirement continued

2. **Life Annuity from a life insurance company**
   Life annuities may be purchased from life insurance companies. Normally, a life annuity pays a fixed annual amount, unlike our internal annuities, which vary according to investment performance. Some companies may offer annuities with a fixed annual percentage escalation over time. As with the internal annuities, the initial payments depend on the balance available, the age of the annuitant, and the survivor option selected. Annuity rates offered are based on prevailing interest rates and other market factors, and can vary substantially from one company to another.

3. **Registered Retirement and Life Income Funds (RRIFs and LIFs)**
   The portion of a member's account that is attributable to pre-1993 contributions may be transferred to a registered retirement income fund (RRIF). The remainder (post-1992) is locked-in and is only transferable to a life income fund (LIF). In both cases, the member retains ownership of the monies. The permissible underlying investments of RRIFs and LIFs are the same as for registered retirement savings plans (RRSPs) and may be self-directed. Based on the age of the member, there are statutory annual minimums for withdrawals from RRIFs and LIFs, and a maximum for LIFs, but no maximum for RRIFs. If the member has a spouse, spousal consent is required for a transfer to a LIF.

What are the options upon termination of employment?

If a member leaves the employ of the University before earliest retirement age (55 years of age), the member is eligible for one of the following options:

- Leave Money Purchase Contribution Account (MPCA) on deposit for a future pension (default option)
- Transfer MPCA to a (locked-in) RRSP
- Transfer MPCA to another registered pension plan
- Purchase a deferred life annuity from an insurance company

Any portion of the member's account that is attributable to contributions made prior to 1993 is not subject to lock-in conditions and may be transferred to a regular RRSP or Registered Retirement Income Fund (RRIF) or be paid in cash less withholding tax. A member must commence a pension benefit or effect a transfer from the plan by the end of the calendar year in which the member attains 71 years of age.

What are the survivor benefits?

The survivor benefit for a member who dies **before commencing a benefit, or for a variable benefit pensioner**, is the balance in the member's account(s).

Under the *Pension Benefits Standards Act*, the beneficiary for the survivor benefit must be the member's spouse (if the member has a spouse), unless the spouse has completed and filed a Spouse's Waiver of Pre-retirement Benefits with the Pension Office; or, in the case of the variable benefit, the member did not have a spouse at the start date of the variable benefit. The definition of spouse includes a common-law or same sex partner.

Members who have ended a legal marriage or who have had a common-law partner for at least two years are encouraged to verify that their beneficiary designation is current and valid. A person to whom you are married retains spousal status for up to two years following separation.

A beneficiary who is a spouse may elect a monthly benefit or a transfer of the member's account balance to (locked-in) RRSPs or RRIFs/LIFs. All options that are available to a member are available to a surviving spouse, with the exception that the spouse need not have attained 55 years of age to commence a monthly benefit. The spouse must commence a pension benefit or effect 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.

Under the *Income Tax Act* a beneficiary who is not a spouse is required to withdraw the death benefit in cash as soon as is practicable. Withholding tax of up to 30% will be deducted from any cash payment. The actual tax payable depends on the beneficiary's marginal tax rate in the year in which the cash payment is issued.

Plan administration

General enquiries or requests for statements should be directed to the Pension Office at (250) 721-7030, by email to pensions@uvic.ca, or to:

Mailing address	**Physical address/courier**
Pension Services University of Victoria PO Box 1700, Stn CSC Victoria BC V8W 2Y2	Pension Services University of Victoria ASB—Room B278 3800 Finnerty Rd Victoria BC V8P 5C2

Retiring members should contact the Pension Office at least 3-6 months before their retirement date (last date on pay *vs* last day at work). The Pension Office will send the member a statement of options and the forms required for the various options. **The forms must be received in the Pension Office at least one full calendar month prior to the benefit payment date**.

Pensions are paid on the first of each month. Lump sum payments and transfers are processed at the end of each calendar month; the payment or transfer value is the market value at the end of the previous month, plus interest for the final month.

APPENDIX A: Portfolio holdings at 31 December 2014, Balanced Fund

Short-term investments (1.12% of total)

	Par Value or Units	Market Value
Canada Treasury Bills	$1,285,000	$1,282,070.16
Pooled Funds		
bcIMC Canadian Money Market Fund ST2	2.15	850.87
Phillips, Hager & North Institutional STIF	847,591.858	8,475,918.58
		$9,758,839.61

Canadian bonds (28.73% of total)

	Interest Rate	Maturity Date	Par Value or Units	Market Value
Federal (government and government guaranteed)				
Canada	1.750	2019	$ 2,680,000	$ 2,729,915.00
Canada	2.500	2024	1,109,000	1,177,290.00
Canada	3.500	2045	5,239,000	6,577,234.44
Canada	5.000	2037	1,298,000	1,907,343.50
Canada Housing Trust	2.000	2019	2,261,000	2,297,042.60
Canada Housing Trust	2.000	2019	328,000	333,183.38
Canada Housing Trust	2.650	2022	553,000	577,451.45
Canada Housing Trust	3.350	2020	1,962,000	2,131,122.44
Canada Housing Trust	3.750	2020	827,000	910,555.95
Canada Housing Trust	3.800	2021	10,652,000	11,880,974.50
Canada Housing Trust	4.100	2018	4,010,000	4,410,105.77
NHA MBS #96505011 by Peoples Trust Co	4.200	2019	185,000	181,985.80
NHA MBS #96503636 by Equitable Trust Co	4.350	2018	620,000	572,438.56
Provincial (government and government guaranteed)				
Manitoba	4.050	2045	456,000	526,775.76
New Brunswick - Sinking Fund Debenture	2.850	2023	384,000	394,227.46
New Brunswick - Sinking Fund Debenture	3.550	2043	357,000	367,445.82
New Brunswick - Sinking Fund Debenture	3.800	2045	776,000	837,351.34
New Brunswick	4.800	2041	625,000	778,593.13
Ontario - residual strip	0.000	2041	1,548,000	638,316.25
Ontario	3.450	2045	12,135,000	12,561,326.82
Ontario	3.500	2043	6,379,000	6,641,993.41
Ontario	3.500	2024	8,054,000	8,655,142.51
Ontario	4.600	2039	609,000	744,288.74
Ontario	4.700	2037	413,000	507,721.96
Ontario	5.600	2035	335,000	453,813.11
Ontario	5.850	2033	1,326,000	1,817,631.74
Ontario	6.200	2031	1,414,000	1,980,093.49
Ontario	6.500	2029	13,999,000	19,687,073.68
Ontario	7.600	2027	9,193,000	13,754,401.13
Ontario	8.000	2026	505,000	761,013.79
Ontario	8.100	2023	3,094,000	4,451,894.72
Ontario	8.500	2025	1,715,000	2,640,837.61
Ontario Hydro	8.250	2026	2,286,000	3,489,325.25
Quebec - residual strip	0.000	2041	1,080,000	429,101.28
Quebec	4.250	2043	685,000	799,079.90
Quebec	6.000	2029	1,302,000	1,753,597.40
Quebec	8.500	2026	2,369,000	3,643,770.75
Quebec	9.375	2023	1,516,000	2,283,256.70
Municipal (government and government guaranteed)				
Municipal Finance Authority BC	3.350	2022	139,000	148,649.94
South Coast BC Transportation	3.800	2020	705,000	768,106.67

Canadian bonds continued

	Interest Rate	Maturity Date	Par Value or Units	Market Value
Corporate				
CBC Monetization Trust	4.688	2027	$139,531	$ 159,591.79
CDP Financial Inc	4.600	2020	138,000	155,950.49
Hospital for Sick Children	5.217	2049	330,000	409,822.05
Pooled Funds				
Phillips, Hager & North High Yield Bond Fund			271,940.925	3,107,876.86
Phillips, Hager & North Investment Grade Corp Bond Trust			11,933,314.590	120,193,537.88
				$251,228,252.82

Mortgages (2.42% of total)

	Units	Market Value
Phillips, Hager & North Mortgage Pension Trust Fund	1,977,268.020	$21,174,958.68

Canadian equities (21.84% of total)

	Shares	Market Value
Consumer Discretionary		
Cineplex Inc	28,803	$1,291,238.49
Dollarama Inc	33,798	2,007,601.20
Gildan Activewear Inc	44,242	2,906,699.40
Magna International Inc	17,231	2,169,210.59
Consumer Staples		
Alimentation Couche-Tard Inc Class B Sub-Vtg	80,492	3,919,155.48
Energy		
Arc Resources Ltd	57,852	1,455,556.32
Canadian Natural Resources Ltd	62,286	2,237,313.12
Canadian Energy Services & Technology Corp	100,015	635,095.25
Inter Pipeline Ltd	49,824	1,790,674.56
Keyera Corp	12,567	1,018,806.69
Paramount Resources Ltd	39,807	1,119,372.84
ShawCor Ltd	25,793	1,093,623.20
Suncor Energy Inc	77,987	2,877,720.30
Tourmaline Oil Corp	38,610	1,494,207.00
Vermilion Energy Inc	27,141	1,547,037.00
Financials		
Bank of Nova Scotia	74,458	4,937,309.98
Brookfield Asset Management Inc Class A Ltd Vtg	65,887	3,835,941.14
Brookfield Property Partners LP	54,001	1,428,326.45
Element Financial Corp	147,746	2,089,128.44
Manulife Financial Corp	199,527	4,425,508.86
Onex Corp Sub-Vtg	20,289	1,368,695.94
Royal Bank of Canada	81,826	6,565,718.24
Toronto-Dominion Bank	117,068	6,498,444.68
Health Care		
Catamaran Corp	27,522	1,654,622.64
Industrials		
Canadian National Railway Co	66,068	5,286,761.36
TransForce Inc	67,236	1,989,513.24

Canadian equities continued

	Shares	Market Value
Materials		
Agrium Inc	14,225	$ 1,564,750.00
Franco-Nevada Corp	43,617	2,495,328.57
Lundin Mining Corp	156,204	893,486.88
Methanex Corp	20,692	1,104,332.04
West Fraser Timber Co Ltd	43,681	2,903,476.07
Information Technology		
CGI Group Inc Class A Sub-Vtg	38,735	1,715,573.15
Open Text Corp	29,273	1,979,147.53
Telecommunication Services		
Telus Corp	59,806	2,505,273.34
Utilities		
Brookfield Infrastructure Partners LP	25,162	1,222,203.56
Pooled Funds		
bcIMC Active Canadian Equity Fund	9,727.182	95,792,920.73
Fiera Canadian Equity Small Cap Core Fund	52,706.757	11,144,569.69
		$190,964,343.97

Foreign equities (34.58% of total)

	Units	Market Value
bcIMC Active US Equity Fund	5.436626	$ 41,628,165.71
bcIMC Active US Small Cap Equity Fund	3.176618	7,303,800.05
bcIMC Indexed US Equity Fund	0.440994	3,204,041.41
bcIMC Active Asian Equity Fund	3.017972	7,825,155.22
bcIMC Indexed Asian Equity Fund	0.846871	1,165,826.44
bcIMC Active European Equity Fund	6.870370	11,921,013.18
bcIMC Indexed European Equity Fund	1.039745	1,831,404.99
bcIMC Active Emerging Markets Equity Fund	2.165740	2,591,502.35
bcIMC Active Global Equity Fund	70.165090	121,613,432.05
bcIMC Indexed Global Equity Fund	57.832898	103,364,564.81
		$302,448,906.21

Currency hedges (0.07% of total)

	Units	Market Value
Net Currency Forward Contracts	n/a	$(17,544.10)
bcIMC Euro Currency Hedging Fund	0.617576	615,216.00
		$597,671.90

Real estate (11.24% of total)

	Units	Market Value
bcIMC Realpool Investment Fund	11.819823	$98,267,623.63

Total Balanced Fund investment portfolio at market value	**$874,440,596.82**
Portion held by the University of Victoria Money Purchase Pension Plan (5.52%)	**$48,260,563.67**

APPENDIX B: History of the Plan

The Money Purchase Pension Plan is a defined contribution plan. It was created 1 January 1991 for members of the faculty and administrative and academic professional staff holding term appointments or regular (continuing) appointments of 50% or more of full time, but less than full time and for assistant teaching professors and sessional lecturers. In a defined contribution plan, the contributions of the member and his or her employer, together with net investment earnings or losses, accumulate throughout the member's career. At retirement, the accumulated sum is used to purchase a pension. In a defined contribution plan, net investment returns are obviously of great importance to the member.

Member contribution rates. Members of the plan contribute an amount equal to:

(a) 3% of basic salary up to the contributory earnings upper limit for the Canada Pension Plan (the "Year's Maximum Pensionable Earnings" - YMPE), plus

(b) 5% on the salary in excess of that limit.

University contribution rates. The University contributes an amount equal to:

(a) 8.37% of basic salary up to the YMPE, plus

(b) 10% on the salary in excess of that limit.

The contributions are directed to the members' Money Purchase Contribution Accounts. The University's contributions in respect of a member, when combined with the member's required contributions, cannot exceed the lesser of 18% of the member's earnings and the annual defined contribution limit set under the *Income Tax Act*.

In 1994, in response to these limits, the Supplemental Benefit Arrangement (SBA) was created. The SBA is a complement to the Money Purchase Pension Plan. It provides benefits that may not be provided under the registered pension plan.

On 1 January 1993, minimum pension standards legislation became effective in BC. The most significant impact this had on members of the Money Purchase Pension Plan is that contributions made on or after 1 January 1993 must be locked-in to provide a lifetime retirement income. Contributions made prior to 1993 were restricted under the plan document. The restrictions did not amount to full lock-in under pension standards and were removed on 1 November 2006.

On 1 November 2006, the variable benefit was added as an option for retiring members with an account balance at least twice the Year's Maximum Pensionable Earnings (YMPE). The variable benefit is essentially a life income fund operated by the pension plan. It provides members with a regular but flexible retirement income. A booklet explaining the variable benefit in more detail is available upon request from the Pension Office.

Service providers at the end of December 2014	
Investment Managers	BC Investment Management Corporation (bcIMC) • 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 • manages the fixed income portion of the Balanced Fund
Custodian	RBC Investor Services Trust • custodian of plan assets, excluding bcIMC funds • payment service for pensions and taxable lump sums
Investment consultant	Towers Watson
Performance measurement	RBC Investor Services Limited
Actuary	Mercer (Canada) Limited
Auditor	Grant Thornton LLP