



Combination Pension Plan

ANNUAL GENERAL MEETING

www.uvic.ca/pensions

Acknowledgement

We acknowledge and respect the Ləkʷəŋən (Songhees and Esquimalt) Peoples on whose territory the university stands, and the Ləkʷəŋən and W̱SÁNEĆ Peoples whose historical relationships with the land continue to this day.

Agenda

- Introductions
- 2023 Plan Highlights
- Membership
- Investments
- Financial Highlights
- Risk Management
- Pension Plan Funding
- 2024 Priorities

Meeting Process: Questions

- Questions will be addressed at points throughout the presentation.
- **Zoom:** Enter your question using the Q&A function which is available on the bottom of your screen. The moderator will relay your questions to the Board.

2024 Pension Board of Trustees

University of Victoria Combination Pension Plan

Member Elected Trustees

Ori Granot	Term ending December 31, 2025	Policies & Procedures Subcommittee Chair
Stefan Grbavec¹	Term ending December 31, 2026	
Michael Miller	Term ending December 31, 2025	2024 Vice Chair, 2023 Chair
Matt Murphy²	Term ending December 31, 2026	

University Appointed Trustees

Andrew Coward	Appointed <i>ex-officio</i>	
Barry Gros	Term ending December 31, 2024	2024 Chair, 2024 Governance & Communications Committee Chair, 2023 Vice Chair
Catherine Heath	Term ending December 31, 2024	Investment Subcommittee Chair
Melanie Nadeau-Roy³	Term ending June 30, 2026	

¹ S. Grbavec was elected effective January 1, 2024. He replaces David Boudinot, who stepped down after 2 terms on the Board.

² M. Murphy was re-elected effective January 1, 2024.

³ M. Nadeau-Roy was appointed in mid-2023, replacing John Gilfoyle, who stepped down after nearly 12 years on the Board.

Pension Services

Executive Director, Pensions and Plan Governance	Randi Topp
Director, Pension Services	Oliver Cowern
Manager, Member Services	Sarah Thomas
Administrative Assistant	Meaghan Vardy
Paralegal & Governance Coordinator	Chrissy Drew
Pension Entitlements Clerks	Donna LeBere, Gail Ronayne
Pension Entitlements Officers	Ian Jones, Shirley Omelchuk, Karli Ross
Pension Entitlements & Projects Officer	Christine Mojica
Senior Administrative Clerk	Sutti Tungsiriratana
Pensions Accountant	Nicole Pan
Accounting Associate	Matthew Denning
Pension Communications Officer	Hervey Simard

2023 Plan Highlights

01

MEMBERSHIP

Active | 1,969

Inactive | 801

Pensioners | 1,058



Pension Seminars delivered to 149 members.
Trustee election for two member-elected trustees.
Annual General Meeting held both in person
and virtually.

02

INVESTMENTS

Balanced Fund

10.3% | Net Investment Return in 2023

7.7% | 10-Year Annualized Net Rate of Return

0.32% | Expenses in 2023

Returns over the last 3, 5 and 10 year timeframes
are above benchmark and in top quartile
compared to other balanced funds as measured
by our custodian, Northern Trust.

Two new equity managers added in 2023.

Project started to hire a consultant to support the
Board with moving its responsible investment
approach forward.

03

FINANCIALS & RISK MANAGEMENT



Contributions received: \$40.3M
Benefits paid: \$65.0M
Total assets: \$1.7B



Risk management evolving:
Governance and investment policies updated to enhance documentation of key risks and how these risks are managed.

04

FUNDING



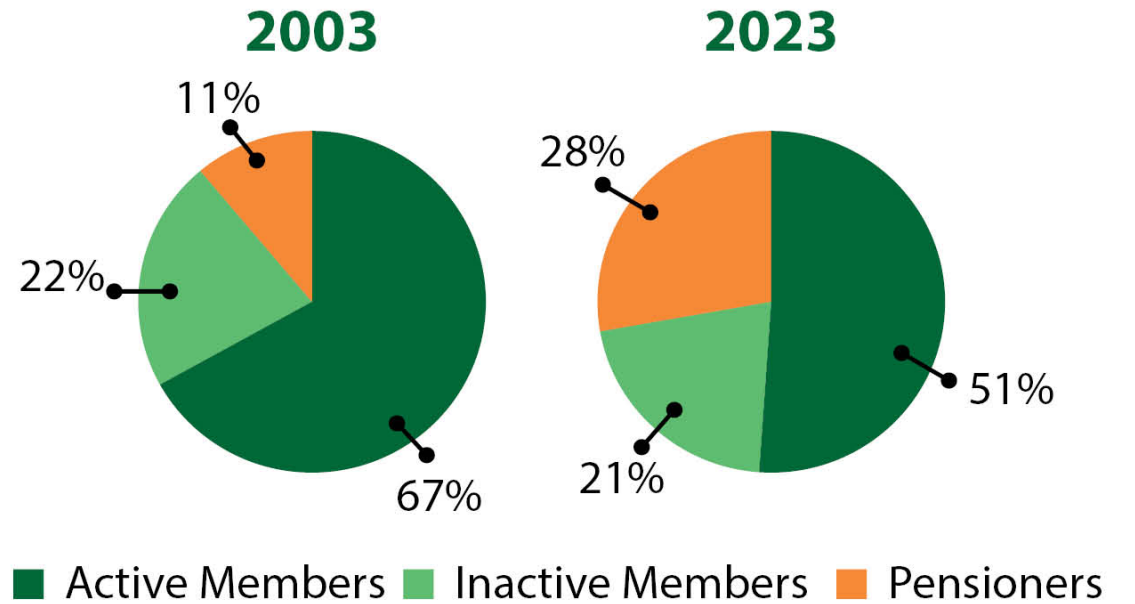
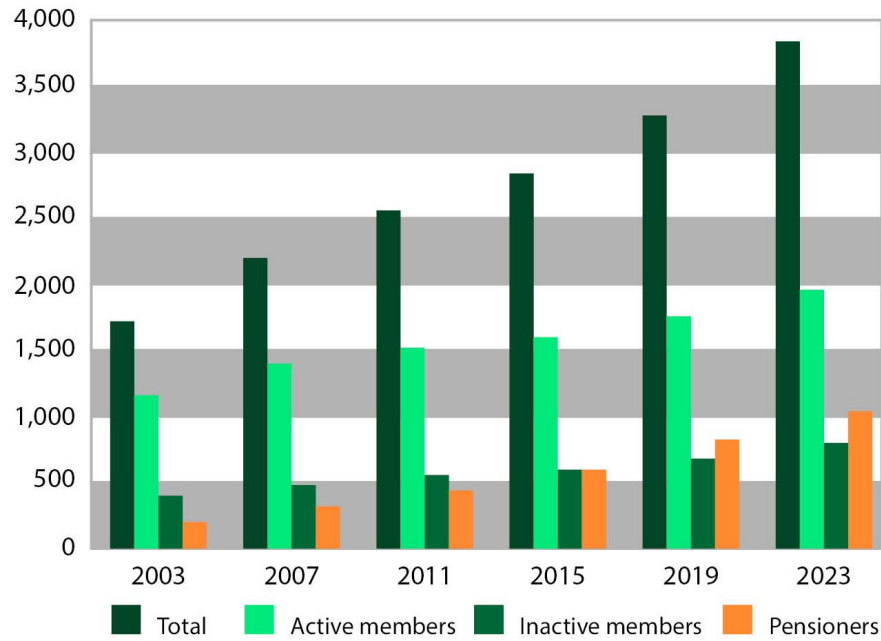
New actuarial valuation completed as of December 31, 2022. Plan remains in a strong position.

Contribution reduction for employees and UVic in 2024 while maintaining benefit levels and guarantees.

Membership

Membership

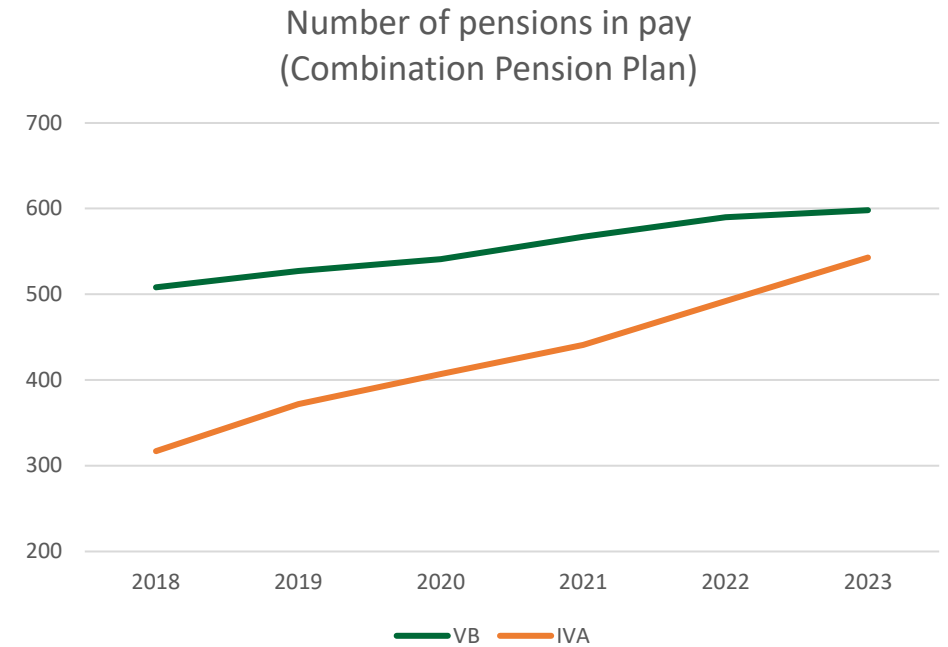
MEMBERSHIP: 20 YEAR HISTORY



2023 Member Trends – Number of Pensions in Pay

Pensions in pay:

- The Variable Benefit (VB) has historically been the most common (introduced in 1997)
 - For members seeking to maintain access to their account balance in retirement, and the flexibility to increase or decrease withdrawals (within tax limits).
- The Internal Variable Annuity (IVA) use has trended upwards
 - For members seeking the stability of a lifetime income with a defined benefit (DB) minimum.



2023 Member Trends – Benefit Selection by Age

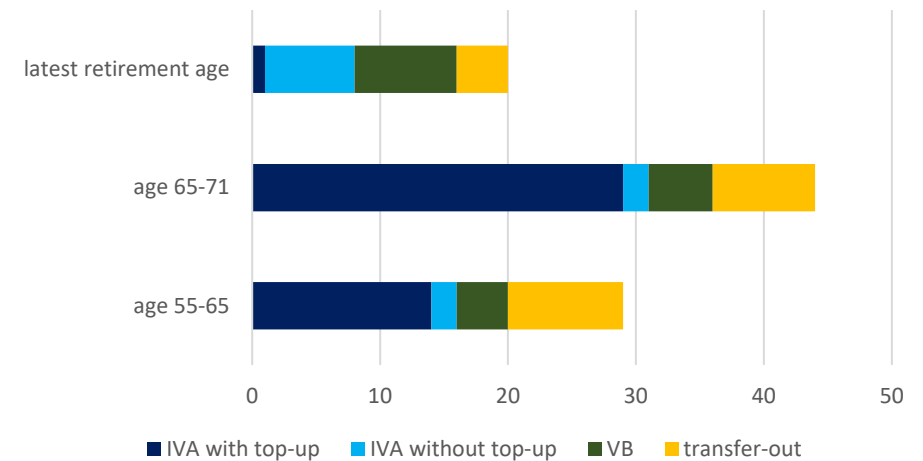
Internal Variable Annuity (IVA):

- Lifetime income
- Adjusted each year based on experience (e.g. investment, mortality)
- Eligible for DB ‘top-up’ if IVA pension is less than the amount that would be provided by the Plan’s DB minimum formula

Variable Benefit (VB)

- Account balance remains invested in the Plan’s Balanced Fund.
 - Lower fees than may be found at a financial institution
 - Pension Board selects investments of the fund
- Members can choose amount withdraw each year (subject to minimum and maximum set by legislation).

Number of new pensions by age in 2023
(Combination Pension Plan)



2023 Member Trends – Inflation Protection

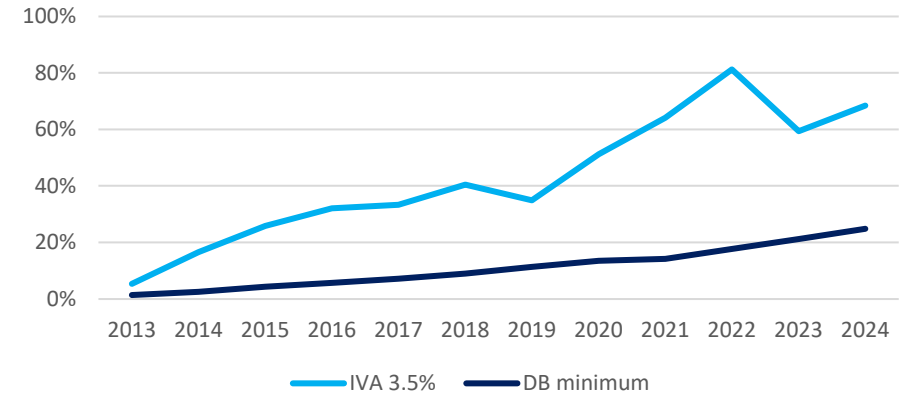
DB minimum:

- Cost of living adjustments are granted each year with reference to the increase in CPI, to a maximum of 3% with excess carried-forward.
- This maintains the value of the DB minimum in real terms.

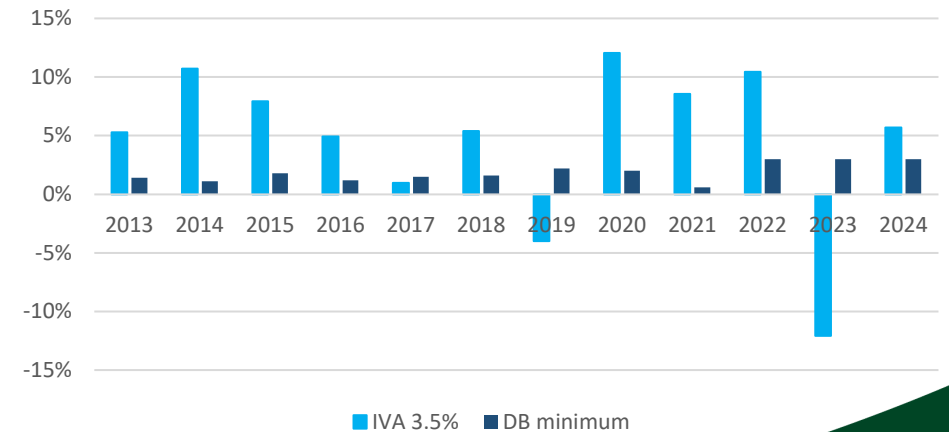
IVA 3.5% annuity:

- Annual adjustments are made with reference to investment performance and mortality gains/losses.
- Since 2013, cumulative IVA adjustments (68%) have significantly exceeded cumulative increases to the DB minimum (25%).

Cumulative adjustments from 2013-2024



Annual adjustments



2023 Member Trends – Benefit Payments/Annual Adjustments

Benefit Payments/Annual Adjustments :

- Members' IVA and DB minimum are adjusted each year (as shown on the prior slide)
- Depending on investment returns or other experience greater or fewer members may be eligible for a top-up in any given year
 - For example: Investment returns were negative in 2022. With the negative IVA adjustment, the DB minimum applied to a greater proportion of IVA pensioners.
 - In 2023, the DB minimum applied for 66% of pensioners, where as it applied for 43% in 2022.

BENEFIT PAYMENTS: TYPE & NUMBER OF RECIPIENTS			
	2021	2022	2023
Variable Benefits	567	590	598
IVA - Not Receiving DB Minimum Top-Up	209	260	186
IVA - Receiving DB Minimum Top-Up	232	232	357
Transfers & Lump Sums	75	84	93
Total	1,083	1,166	1,234

2023 Member Trends – Voluntary Contributions

Through payroll:

- Members can enhance their retirement savings by making additional voluntary (VOL) contributions through payroll - however only 5% of active members take advantage.

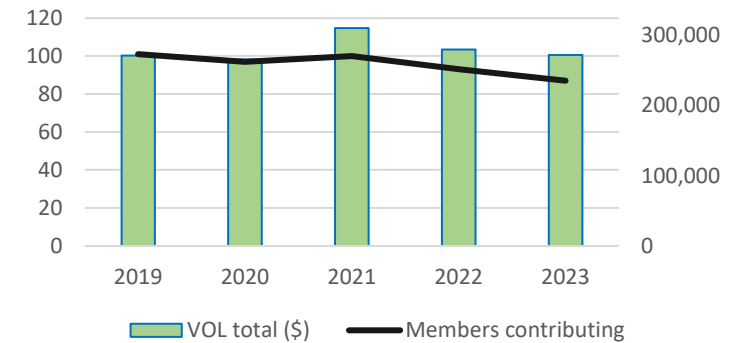
Transferring-in:

- In 2023, 22 members (1%) chose to transfer-in RRSPs/LIRAs.

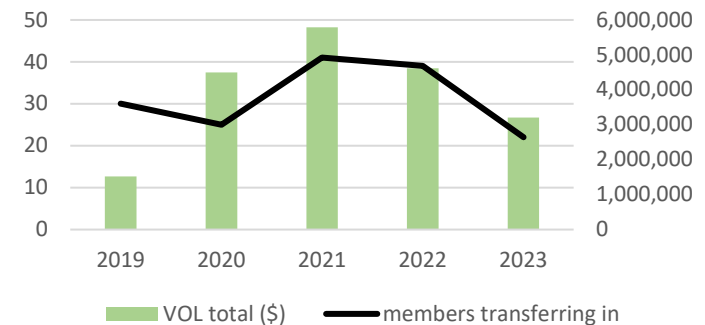
Voluntary contribution features:

- Immediate tax deduction through payroll contributions
- Flexibility to easily increase or decrease deductions as needed
- Low management fees compared with financial institutions

COM voluntary contributions through payroll



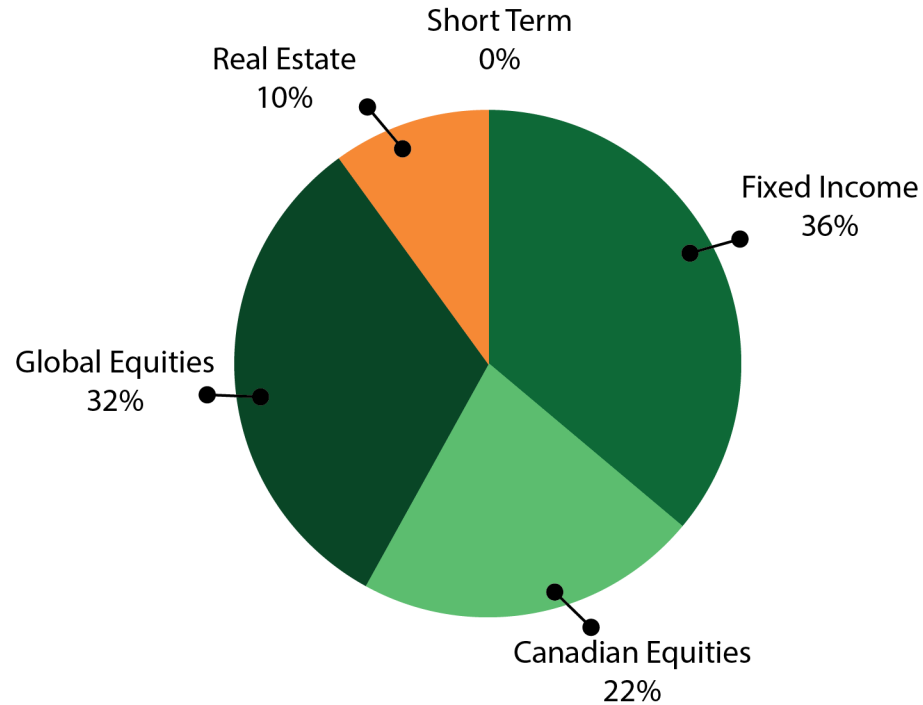
COM voluntary transfers-in



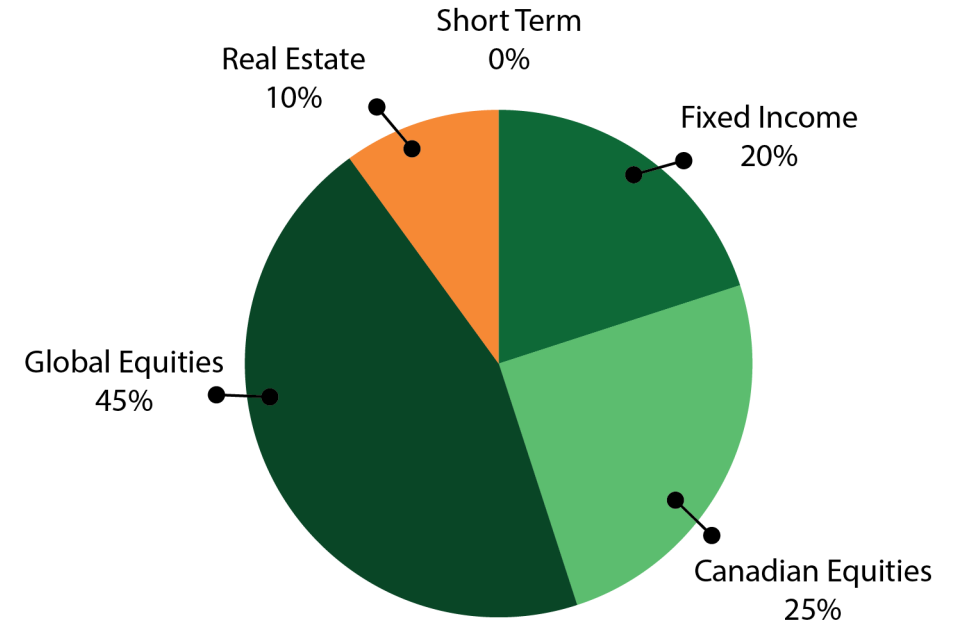
Investments

Investments: Target Asset Mix

BALANCED FUND



DEFINED RETIREMENT BENEFIT FUND



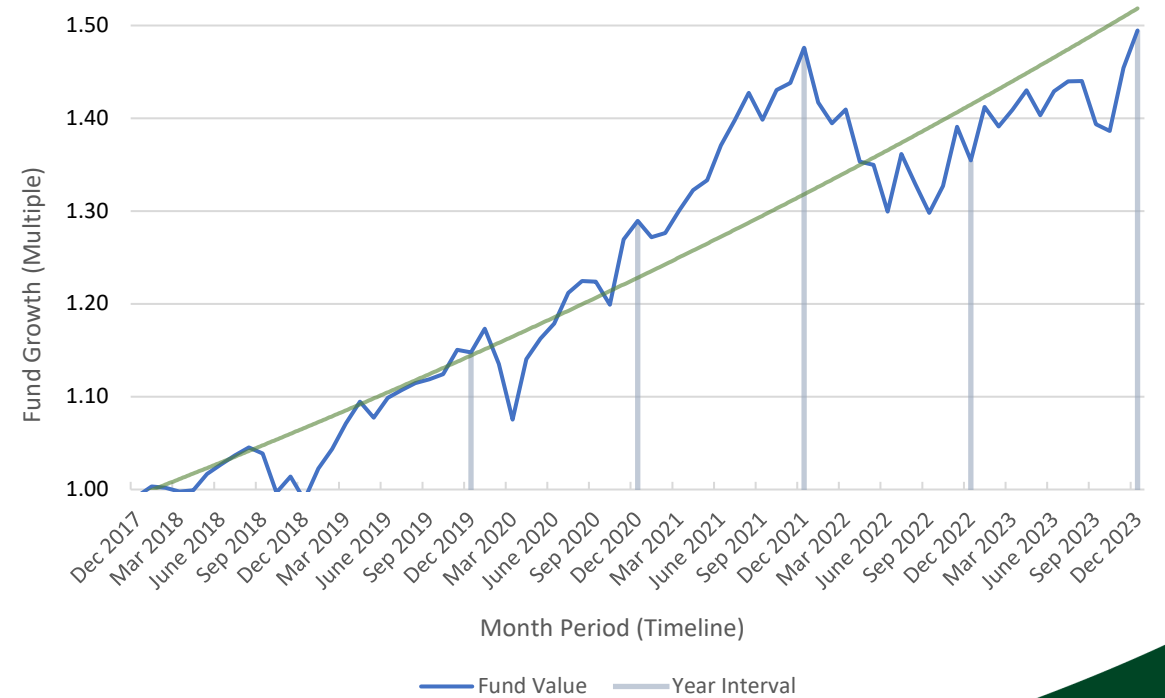
Investments: Balanced Fund Performance and Growth

(as of Dec. 31, 2023)

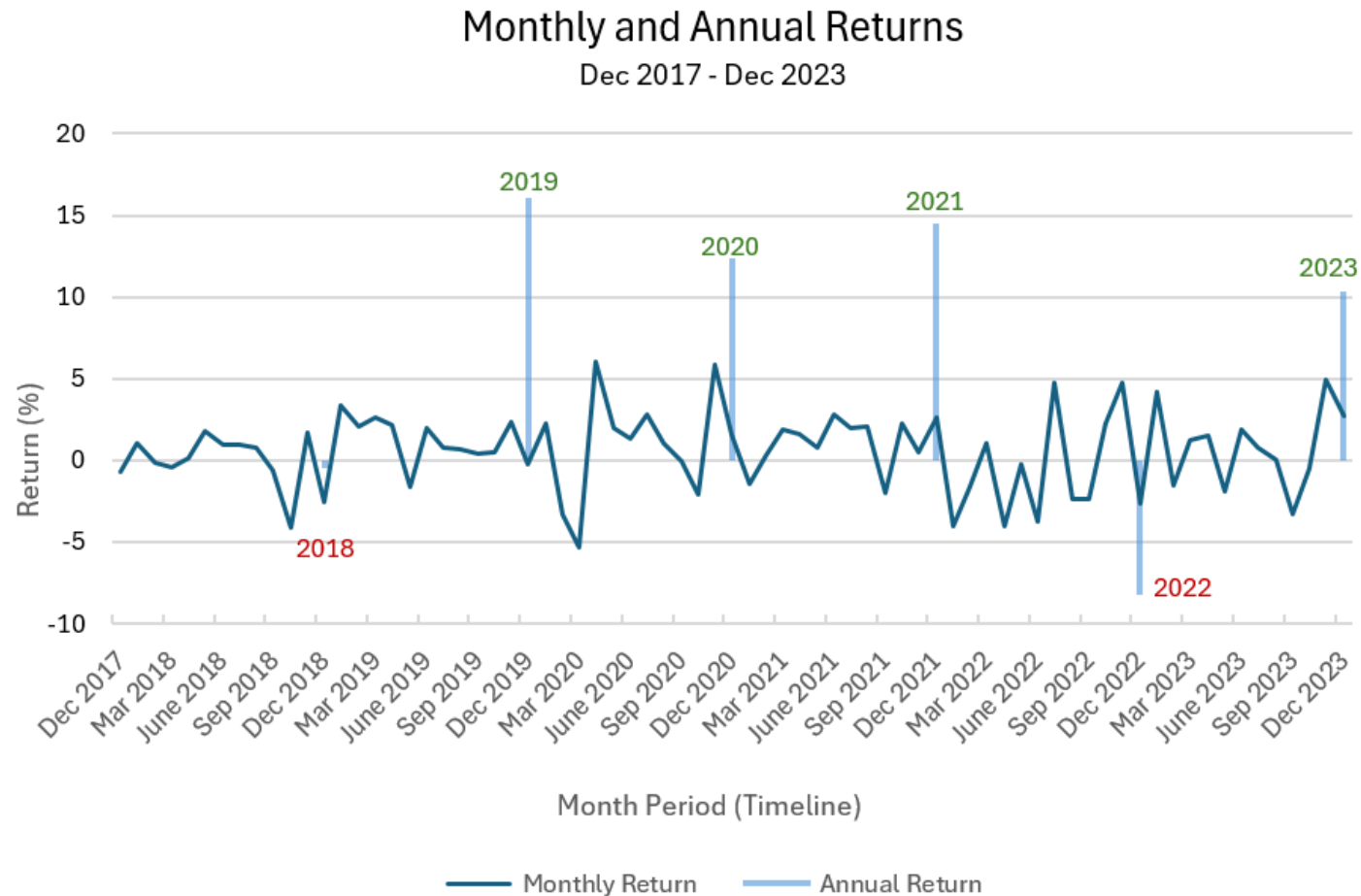
BALANCED FUND ANNUALIZED RETURNS (% ¹) AS OF DECEMBER 31, 2023				
	1 YEAR		4 YEAR	10 YEAR
	Gross	Net	Net	Net
2023	10.72	10.34	6.83	7.66
2022	-7.87	-8.23	8.19	8.11
2021	14.85	14.46	10.42	10.06
2020	12.75	12.37	9.12	8.65
2019	16.50	16.08	7.20	8.35
2018	0.03	-0.42	5.47	8.32
2017	9.52	9.17	8.58	6.58
2016	4.98	4.64	10.00	5.93
2015	9.10	8.75	11.31	6.71
2014	12.21	11.88	9.18	7.08

¹- These returns are calculated using a money-weighted methodology, which reflects cash flows into and out of the portfolio. These returns are calculated based on information provided by Northern Trust.

Balanced Fund Growth
Dec 2017 - Dec 2023



Balanced Fund Performance: Monthly & Annual Returns



Investments: Manager Performance (as of Dec. 31, 2023)

BALANCED FUND MANAGER PERFORMANCE

INVESTMENT MANAGER	RETURN (% ²⁻³) AS OF DECEMBER 31, 2023			
	1 YEAR	1 YEAR	4 YEAR	4 YEAR
	GROSS	BENCHMARK	GROSS	BENCHMARK
FIXED INCOME				
PH&N	7.5	6.7	1.5	0.0
CANADIAN EQUITIES				
BCI	15.8	11.8	10.8	8.6
Fiera	10.7	11.8	10.5	8.6
Total	13.3	11.8	10.7	8.6
GLOBAL EQUITIES				
BCI	18.0	20.8	9.9	9.9
Walter Scott ⁴	NA	NA	NA	NA
Total	17.9	20.8	9.9	9.9
REAL ESTATE				
BCI	-5.5	7.5	3.8	7.9
TOTAL FUND	10.5	12.4	7.0	6.0

DEFINED RETIREMENT BENEFIT FUND MANAGER PERFORMANCE

INVESTMENT MANAGER	RETURN (% ²⁻³) AS OF DECEMBER 31, 2023			
	1 YEAR	1 YEAR	4 YEAR	4 YEAR
	GROSS	BENCHMARK	GROSS	BENCHMARK
FIXED INCOME				
PH&N	7.7	6.7	1.6	0.0
CANADIAN EQUITIES				
PH&N	12.4	11.8	9.5	8.6
GLOBAL EQUITIES				
BCI	18.0	20.8	9.8	9.9
Walter Scott	NA	NA	NA	NA
Total	17.9	20.8	9.8	9.9
REAL ESTATE				
BCI	-5.6	7.5	3.7	7.9
TOTAL FUND	11.9	14.3	8.0	7.6

2- These returns are calculated using a time-weighted methodology. This methodology does not reflect cash flows into and out of the portfolio, and is more appropriate for measuring performance against benchmarks. The returns are calculated by Northern Trust and verified by the Plan's investment consultant, PBI.

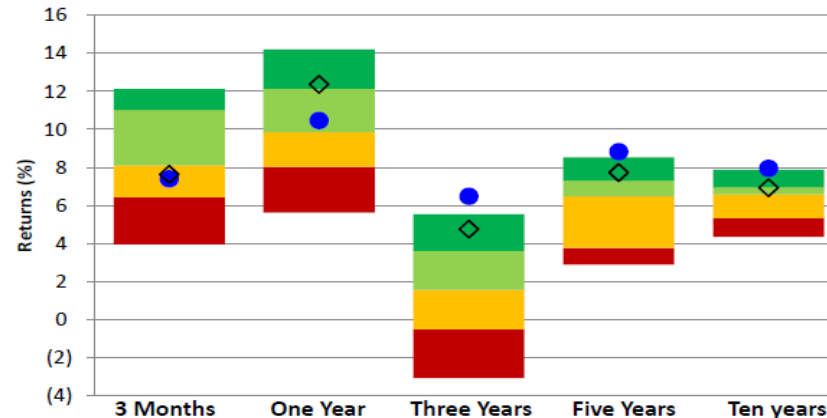
3- Short term investment results are grouped with respective managers.

4- Walter Scott began managing funds for the Plan in mid-2023. A full year of returns is not yet available.

Investments: Manager Performance (as of Dec. 31, 2023)

PBI

Balanced Fund Performance vs Pension Plan Universe (Gross of Fee returns)



	3 Months	One Year	Three Years	Five Years	Ten years
5th Percentile	12.1	14.2	5.5	8.5	7.9
25th Percentile	11.0	12.1	3.6	7.3	7.0
Median	8.1	9.8	1.6	6.5	6.6
75th Percentile	6.4	8.0	(0.5)	3.8	5.3
95th Percentile	4.0	5.6	(3.1)	2.9	4.3
• Balanced Fund (quartile)	7.4 (3rd)	10.5 (2nd)	6.5 (1st)	8.8 (1st)	8.0 (1st)
◇ Total Plan benchmark	7.6 (3rd)	12.4 (1st)	4.8 (1st)	7.7 (1st)	6.9 (2nd)

All fund and quartile returns are gross of investment management fees
Universe: Northern Trust

PERFORMANCE MONITORING REPORT DECEMBER 2023

1

Appointment of New Managers in 2023

- BC Investment Management Corporation (BCI)'s global equity fund previously included allocations to Walter Scott and C WorldWide investment funds in addition to an internally managed sleeve
 - BCI terminated Walter Scott in 2021 and C WorldWide in 2023, choosing to manage the full fund internally.
- The Pension Board preferred the prior diversification and managers, and following a detailed review of each, decided to engage both Walter Scott and C WorldWide (through Pier21) directly.
 - 40% of the global equity allocation was transferred Walter Scott in March 2023, and 30% was transferred to Pier-21/C WorldWide in March 2024 (leaving 30% with BCI)

Responsible Investing - Overview

- The Pension Board is committed to investing responsibly
 - Taking environment, social and governance (ESG) factors into consideration can positively affect long-term financial performance
 - Acknowledgement that climate change represents a long-term systematic risk that needs to be managed
- Managers are expected to consider ESG (and other) risks in selecting stocks and report regularly to the Board/Investment Subcommittee on how these risks are being managed
- The Board's Investment Consultant assists in assessing the managers in these areas

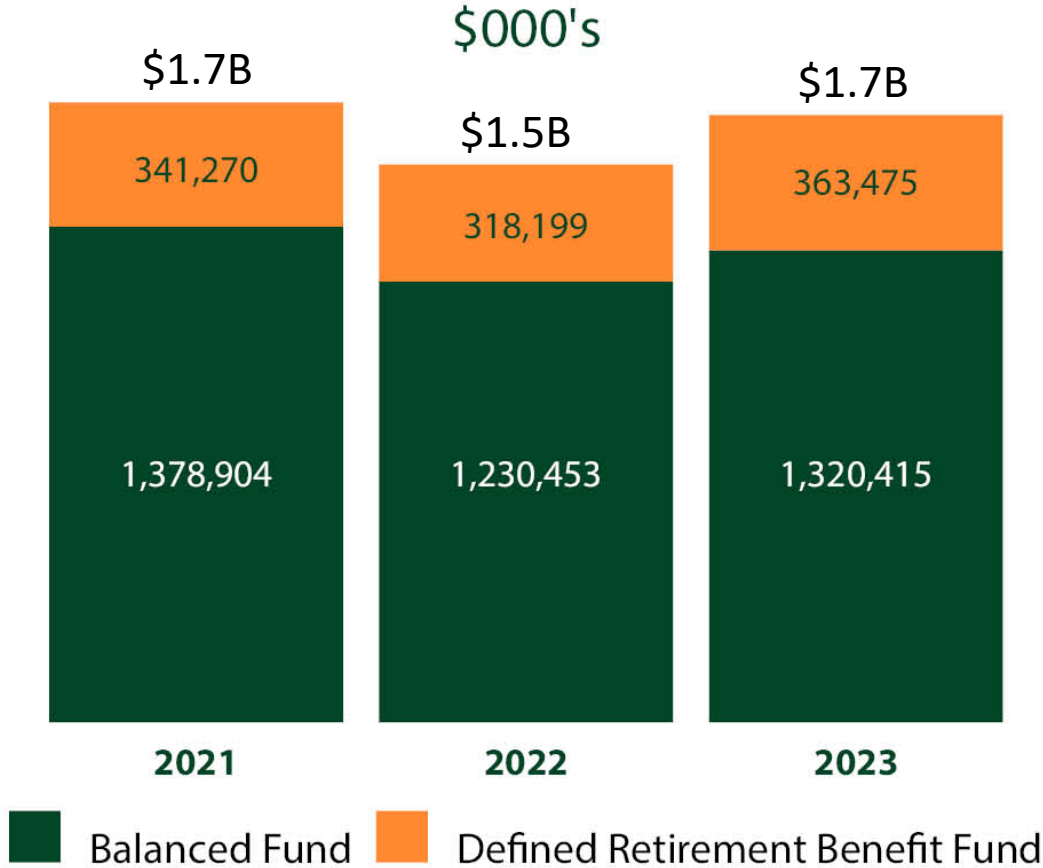
Responsible Investing – Managers

- For each manager, the Board (Investment Subcommittee) reviews and considers, when selecting and monitoring managers, items such as:
 - Is the manager a PRI Signatory? – *All are signatories*
 - Do they have a responsible investment policy? – *All do*
 - How are ESG factors integrated into their decision-making processes?
 - How do the managers vote their proxies and how do they engage with companies to improve? – *Examples are reviewed*
 - Do they consider sustainable investment goals? – *All equity/RE managers do*
 - Carbon footprints, or other metrics, where available, including progress over time and footprint vs. benchmark.
 - *This is an evolving area. All of the Plan's equity managers have footprints below their benchmark's footprint.*

Financial Highlights

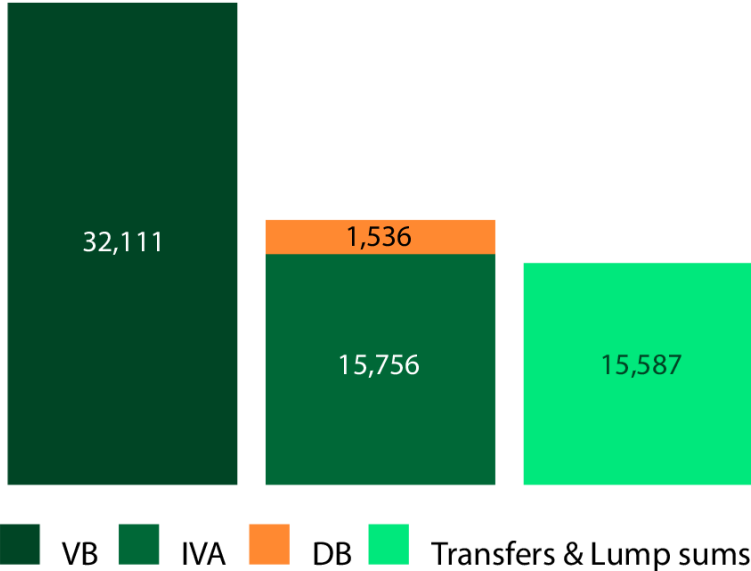
Financial Highlights

MARKET VALUE OF INVESTMENTS

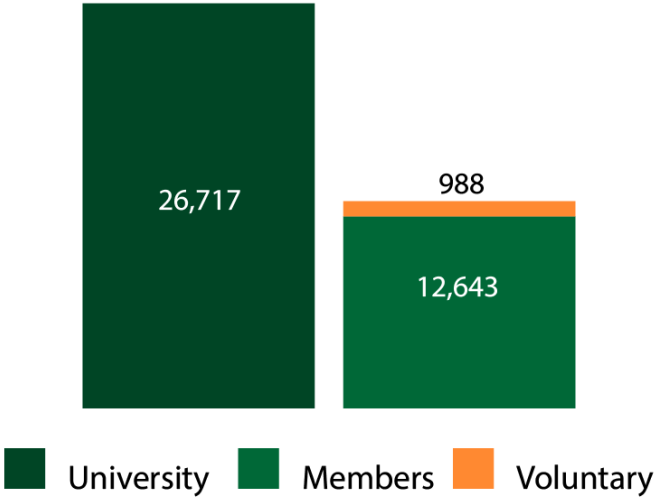


Financial Highlights

VALUE OF PAYMENTS 2023
\$000's



CONTRIBUTIONS 2023
\$000's



Financial Highlights (Balanced Fund)

EXPENSES

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

BALANCED FUND EXPENSES	2021		2022		2023	
	<i>Expressed in \$000's</i>					
	\$	%	\$	%	\$	%
Investment management	4,023	0.34	4,187	0.31	2,959	0.25
Custodial and consulting	62	0.00	98	0.00	130	0.01
Office and administration	554	0.05	558	0.04	649	0.05
Audit and legal	59	0.00	99	0.01	108	0.01
Total expenses	4,698	0.39	4,942	0.36	3,846	0.32

Risk Management

Risk Management

Governance

- Pension Board with diverse skills and backgrounds
- Robust policies reviewed regularly (e.g. governance, funding, investment)
- Ongoing monitoring

Plan operations

- Dedicated Pension Services office with pension expertise
- Annual compliance reports & detailed triennial assessment
- Regular reporting to Board

Investments

- Professional managers and expert consultants
- Asset mix studies
- Audited financial statements

Funding

- Actuarial valuations, with stochastic modelling
- Funding policy beyond minimum requirements

Pension Plan Funding

Pension Plan Funding

New Valuation Completed as of December 31, 2022 (work done in 2023)

- Results showed the Plan remains financially strong
- Fully funded on both solvency and going-concern (long-term) bases for benefits earned to date

The Plan's funding policy goes beyond what is required by legislation

- Stochastic modelling used to determine contributions and assess sufficiency
- Future benefits expected to be earned are considered
- Reduction in contributions effective January 1, 2024, while
- maintaining current benefits and guarantees.

2024 Priorities

2024 Priorities for Board and Pension Services

Continued focus on Risk Management

Ensuring the financial stability of the Plan is critical. Risks are evolving and processes should too:

- *Reviewing cyber security risk*
- *Completing an asset mix study to ensure an optimal risk adjusted return for members and the Plan*
- *Working with a climate/ESG consultant to advance progress in this area.*

Communications Transformation

Following from 2023 survey, enhance communications to better serve Plan members:

- *e.g. website content being reviewed, pension seminar recordings to be available, looking into online access for members*

Ensure Continued Compliance and Excellence in Plan Oversight and Member Service

You've given us your trust and we want to continue to earn and build it

Questions or Comments?



pensboard@uvic.ca 250.721.7030 www.uvic.ca/pensions

Thank you for attending.



pensboard@uvic.ca 250.721.7030 www.uvic.ca/pensions

Appendix

Service Providers

INVESTMENT MANAGERS

BC Investment Management Corporation (BCI)	BCI manages all of the Plan’s real estate investments, 50% of the Canadian equity investments in the Balanced Fund and 60% of the global equity investments of the Balanced Fund and DRBF.
Fiera Capital Corporation	Fiera manages 50% of the Canadian equity investments for the Balanced Fund.
Phillips, Hager & North Investment Management Limited (PH&N)	PH&N manages all of the Plan’s fixed income investments and all of the Canadian equity investments in the DRBF.
Walter Scott & Partners Limited	Walter Scott manages 40% of the Plan’s global equity investments. (They were appointed in mid-2023).

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