



**University
of Manitoba**

Semi-Annual Newsletter Issue 18

GFT Pension Plan (1986)

June 30, 2020

The Pension Committee Members as at June 1, 2020 are:

Lynn Zapshala-Kelln (Chair)
Appointed by Position

Janice Martin (Vice Chair)
Appointed by the Board

Jeff Leclerc (Secretary)
Appointed by the Board

Darlene Smith – *Appointed by Position*

Dr. Aaron Chiu – *Elected by Active
Membership*

Lance McKinley – *Appointed by the
Board*

Dr. David Stangeland – *Appointed by
the Board*

Pension Committee Election Results

Dr. Aaron Chiu has by acclamation succeeded Dr. Allen Kraut as the active voting member on the Pension Committee effective June 1, 2020. Dr. Chiu's term extends through to May 31, 2023. The active member's term on the Pension Committee is subject to a maximum of 3 three-year terms or nine consecutive years upon acclamation or successful re-election. We would like to thank Dr. Allen Kraut for his hard work and commitment over the last nine years for the benefit of all plan members. The list of current Pension Committee members as of June 1, 2020 is displayed adjacent to this text.

Your 2019 Pension Statement

Your Pension Statement was mailed to you the week of July 10. There were some delays in the delivery this year, in particular due to COVID-19. If you have any questions about your Pension Statement, or if you did not receive it, please contact the Pension Office at pension-admin@lists.umanitoba.ca.

For more information about the Plan please go to our website by typing umanitoba.ca/pension in your browser's address bar and then click on "1986 Pension Plan information for GFT members".

Financial Highlights from 2019

	(\$ Thousands)
Contributions	2,219
Net investment income	8,315
Retirement benefits	-6,166
Other benefits (ie terminations)	-587
Net assets available for benefits at beginning of the year	55,807
Net assets available for benefits at the end of the year	59,588
Net rate of return for the calendar year 2019	14.84%
Active members as at December 31, 2019	624
Active members as at May 31, 2020	626

Fund Facts at June 30, 2020

Total Fund
\$60.8 Million*

*a balance of cash and short-term investments is maintained to ensure liquidity for payment of pension benefits.

Historical Pension Plan Performance (Gross) — June 30, 2020 (Annualized)

	YTD ^	1 Year	5 Years
Pension Plan Performance	1.10%	6.41%	6.82%
Policy Benchmark Performance**	0.95%	5.50%	6.19%
Value Added	0.15%	0.91%	0.63%
Plan Fees	-0.26%	-0.57%	-0.56%
Return applied to member accounts	0.84%	5.84%	6.26%

^ YTD not annualized

**Policy Benchmark changed in October 2018. Gross of investment management fees. Benchmark is S&P/TSX Composite Index 18%, S&P 500 Index (CAD) 17.5%, MSCI EAFE (Gross) Index (CAD) 17.5%, REALpac/IPD Canadian Property Index 7.5%, Custom Infrastructure benchmark 7.5%, FTSE Canada Bond Universe Index 26%, Mortgage benchmark 6% (60% FTSE Canada Short Term Bond Index and 40% FTSE Canada Mid Term Bond Index plus 50 basis points per annum).



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Six Month Commentary Ending June 30, 2020

In the first quarter of 2020, equity markets witnessed their biggest selloff since the Financial Crisis due to impacts from the COVID-19 global pandemic. Many of the world's largest nations locked down to combat the spread. This fastest bear market in history was offset in the second quarter by the fastest market recovery in history. The path for equities however, has not been without its challenges as market volatility remains elevated.

Canadian fixed income markets observed stressed liquidity through March. Swift actions by central banks, including emergency rate cuts and large asset purchase programs, greatly improved fixed income market functionality. Positive investor demand for corporate bonds, the relative yield premium over sovereign yields, and the risk-on tone in equities, supported credit rallies through the second quarter. Similarly, high-quality commercial mortgage spreads narrowed across maturities.

Following the most significant widening of mortgage and corporate bond spreads witnessed since the global financial crisis, mortgages retraced nearly a third of the first quarter widening while corporates retraced over a half of the widening observed in the first quarter. Five-year high-quality commercial mortgage spreads fell from 300 bps to 255 bps and remain elevated versus their long-term average of 175 basis points.¹

The portfolio has demonstrated a robust ability to deliver strong risk-adjusted returns so far in 2020, although underperformed the benchmark. Strong security selection in growth-oriented U.S. and International equities and a tactical overweight in credit, initiated in the second quarter, benefited the portfolio. These impacts were partially offset by an overweight to cash and by the underperformance of dividend equities. The absolute return nature of underlying alternative asset class benchmarks was an additional headwind to benchmark relative performance.

Portfolio as at June 30, 2020

	Average Portfolio Weight ¹	Average Benchmark Weight ¹	Relative Benchmark Weight ¹
Total Portfolio	100	100	0
Cash & Equivalents	4.1	0.8	3.3
Fixed Income	22.5	25.8	-3.3
Mortgages	7.0	6.0	1.0
Equities	54.6	52.7	1.9
Canadian Equities	17.3	17.8	-0.5
Foreign Equities	37.4	35.0	2.4
U.S. Equities	14.6	13.3	1.2
International Equities	14.5	13.3	1.2
Global Income & Growth	8.3	8.3	-0.1
Real Estate	5.5	7.5	-2.0
Infrastructure*	6.3	7.2	-0.9

* TD Greystone Balanced Plus Fund invests in the TD Greystone Infrastructure Fund (Canada) LP II.

Source: TD Asset Management. Canadian dollars. Includes cash. May be subject to rounding. Assets presented are based on trade date accounting and include accruals. ¹Average weight from June 1, 2020 to June 30, 2020.

¹CMLS Financial

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