



**University
of Manitoba**

Semi-Annual Newsletter Issue 19

GFT Pension Plan (1986)

December 31, 2020

The Pension Committee Members as at December 31, 2020 are:

Janice Martin (Chair)
Appointed by the Board

Jeff Leclerc (Vice Chair)
Appointed by the Board

Darlene Smith (Secretary)
Appointed by Position

Naomi Andrew – *Appointed by Position*

Carla Buchanan
Appointed by the Board

Dr. Aaron Chiu
Elected by Active Membership

Lance McKinley
Appointed by the Board

Dr. David Stangeland
Appointed by the Board

Fund Facts

at December 31, 2020

Total Fund

\$65.68 Million*

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

2021 Contribution Updates

For 2021, the maximum annual contribution to the Plan is \$5,854.32. This contribution is directed to the Plan except that under current tax laws, the University's contributions to a registered pension plan are limited to 18% of actual salary paid by the University. Therefore, in 2021 if the salary received from the University is less than \$32,524.00, the University's contribution to the Plan will be limited to 18% of that salary and the difference will be paid to you as a taxable cash benefit.

- 6% of the floor salary of a full professor (\$115,002.00 for 2021) up to the Year's Basic Exemption (YBE) (\$3,500) plus
- 4.2% of that floor salary between the YBE and the Year's Maximum Pension Earnings (YMPE) is \$61,600 for 2021, plus
- 6% of that floor salary above the YMPE.

The Role of the Pension Committee

The Pension Committee is the Plan Administrator. The University is the Plan Sponsor.

The overall purposes of the Pension Committee include:

- Monitoring the operation of the Plan;
- Taking responsibility for the Plan's administration;
- Ensuring that the Plan is in compliance with all applicable legislation; and
- Acting in an advisory capacity to the University's Board of Governors making recommendations as required.

Historical Pension Plan Performance (Gross) — December 31, 2020

	YTD	5 Years
Pension Plan Performance	9.97%	8.58%
Policy Benchmark Performance**	8.55%	7.83%
Value Added	1.42%	0.75%
Plan Fees	-0.57%	-0.60%
Return applied to member accounts	9.40%	7.98%

**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 December 31, 2020

Equity markets continued their strong recovery over the last half of 2020. U.S. equity markets led the way and were driven by the strength in large cap names with strong earnings growth potential. Improving economic fundamentals helped keep a robust risk appetite with investors.

Following some volatility leading into the U.S. presidential election, risk sentiment improved through the end of the fourth quarter, with increased clarity around the election results and vaccine developments. After the election, markets witnessed broad-based improvement in credit spreads, implied volatility, and sector rotation to cyclicals. COVID-19 infections had been trending down until the U.S. joined European regions with rapidly rising cases, higher virus reproduction rates, nationwide hospitalizations, and ICU utilization that surpassed the summer peak. This news, however, had minimal impact on markets as promising vaccine developments, including vaccine distribution, were made.

The pandemic has demonstrated the importance of e-commerce and supply chain logistics, as well as the need for industrial assets such as distribution, warehousing and fulfillment centers. Moreover, multi-family assets are providing capital preservation and income predictability given their counter cyclical characteristics and strong fundamentals.

Historically, low interest rates are compounding the opportunity to acquire new infrastructure. Currently, infrastructure offers some of the largest expected spreads over government yields versus most other asset classes. We continue to believe that the diversified exposure to real assets in the Fund will help offset the effect of low interest rates in the long term.

The portfolio outperformed the benchmark through the second half of 2020. Within public markets, benchmark relative outperformance of International equities and fixed income benefited the portfolio. The U.S. and Canadian equity strategies witnessed double digit performance over the period, however modestly lagged their respective benchmarks. Mortgage spreads narrowed through the second half of the year contributing to mortgages outperforming the benchmark and further benefiting the portfolio. An equity overweight contributed to positive tactical asset allocation.

Portfolio as at December 31, 2020

	Average Portfolio Weight ¹	Average Benchmark Weight ¹	Relative Benchmark Weight ¹
Total Portfolio	100	100	0
Cash & Equivalents	1.1	0.8	0.3
Short Term	1.0	0.0	1.0
Fixed Income	22.5	25.8	-3.3
Mortgages	6.6	6.0	0.6
Equities	55.9	52.7	3.2
Canadian Equities	18.7	17.8	1.0
Foreign Equities	37.2	35.0	2.2
U.S. Equities	14.2	13.3	0.9
International Equities	13.2	13.3	-0.1
Global Income & Growth	8.5	8.3	0.1
China Income & Growth	1.4	0.0	1.4
Real Estate	6.4	7.5	-1.1
Infrastructure*	6.5	7.2	-0.7

* 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. ¹ Average weight from December 1, 2020 to December 31, 2020.

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