



**University
of Manitoba**

Semi-Annual Newsletter Issue 23

GFT Pension Plan (1986)

December 31, 2022

The Pension Committee Members as at December 31, 2022 are:

Mike Emslie (Chair)
Appointed by Position

Jeff Leclerc (Vice Chair)
Appointed by the Board

Naomi Andrew
Appointed by Position

Carla Buchanan
Appointed by the Board

Robin Campbell
Appointed by the Board

Maria Sabourin
Appointed by the Board

Dr. David Stangeland
Appointed by the Board

Dr. Aaron Chiu
Elected by Active Membership

Fund Facts

at December 31, 2022

Total Fund

\$63.60 Million*

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

2022 Electronic Pension Statements

The University will be providing your 2022 Pension Statement electronically through your secure login to the Employee Self Service (ESS) portal. You will be able to view and print your 2022 Pension Statement and those in future years, as you can with your T4s.

Unlocatable Plan Members

Please ensure that you keep your address up to date with the Pension Office. You may advise the Pension Office of a mailing address or email address change at the email address pension.office@umanitoba.ca. This also ensures upon leaving the University that we can correspond with you to process your pension benefit settlement in a timely manner.

2023 Contribution Updates

For 2023, the maximum annual contribution to the Plan is \$6,952.56. 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 2023 if the salary received from the University is less than \$38,625.33 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 (\$134,804.00 for 2023) 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 \$66,600 for 2023, plus
- 6% of that floor salary above the YMPE.

Historical Pension Plan Performance (Gross) — December 31, 2022

	YTD	5 Years
Pension Plan Performance	-3.72%	6.58%
Policy Benchmark Performance**	-6.00%	5.44%
Value Added	2.28%	1.14%
Plan Fees	-0.56%	-0.60%
Return applies to member accounts	-4.28%	5.98%

**Gross of investment management fees. Policy Benchmark = 17.5% S&P/TSX Composite Index + 12.5% S&P 500 Index (CAD) + 12.5% MSCI EAFE Gross Index (CAD) + 8.5% REALpac/IPD Canadian Property Index + 8.5% custom Infrastructure Benchmark + 24% FTSE Canada Bond Universe Index + 7% Mortgage benchmark (60% FTSE Canada Short Term Bond Index and 40% FTSE Canada Mid Term Bond Index plus 50 basis point per annum) + 9.5% MSCI World Index



University of Manitoba GFT Pension Plan (1986)

Six Month Commentary Ending December 31, 2022

Markets have oscillated over recent quarters between three primary themes: persistent inflation, an economic retraction, and a more optimistic soft landing where inflation moderates without a recession. Despite large swings in yields, Canadian longer-term rates ended the six-month period relatively unchanged. Canadian 10-year government bonds, as an example, fell by over half a percent at the start of the summer, rebounded by over one percent into the autumn, fell by close to a percent into the winter, and then rose to their June 30th level by year end.

Equity markets rebounded sharply over the fourth quarter, providing investors with some relief from the dramatic cross asset sell-off witnessed over 2022. International markets were a particular area of strength as investors were attracted to lower valuations of non-North American markets. Unhedged Canadian investors witnessed additional benefits as inflation data and relative interest rate expectations supported an appreciation of the British pound, euro and yen relative to the Canadian dollar.

Real assets continue to provide strong diversification to the portfolio and have stabilized returns amid market fluctuations. Tactically, the portfolio has used cash flows to modestly reduce real estate exposure, while continuing to hold infrastructure closer to benchmark weights. The primary drag on benchmark relative performance has been off-benchmark exposure to mainland China equities, which underperformed broader international markets.

We are beginning to see tighter monetary policy reducing the pricing power for firms and presenting headwinds to earnings growth. While expectations for earnings growth have also fallen, we believe downward revisions will likely continue. Along the way, markets will likely provide sharp relief rallies as pricing of optimistic scenarios regarding softer inflation data occur. Our view is that a normalization of inflation is unlikely without higher unemployment and negative economic growth rates. We have continued to reduce equity weight in portfolios towards neutral weights and will seek to take profits through strong equity rallies. The fixed income allocation has increased exposure to non-Canadian bonds, particularly in the U.S. where there are opportunities for increased yields

Portfolio as at December 31, 2022

	Average Portfolio Weight ¹	Average Benchmark Weight ¹	Relative Benchmark Weight ¹
Total Portfolio	100.0	100.0	0.0
Cash & Equivalents	2.0	1.3	0.7
Fixed Income	22.9	23.4	-0.5
Mortgages	7.1	6.8	0.3
Equities	52.7	51.5	1.2
Canadian Equities	17.9	17.5	0.4
Foreign Equities	34.8	34.1	0.8
U.S. Equities	13.1	12.4	0.7
International Equities	12.1	12.4	-0.2
Global Equities	9.6	9.4	0.3
Real Estate	7.6	8.5	-0.9
Infrastructure*	7.7	8.5	-0.8

* 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 December 1, 2022 to December 31, 2022.

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