



**University
of Manitoba**

Semi-Annual Newsletter Issue 25

GFT Pension Plan (1986)

December 31, 2023

The Pension Committee Members as at December 31, 2023 are:

Mike Emslie (Chair)
Appointed by Position

René Ouellette (Vice Chair)
Appointed by Position

Naomi Andrew
Appointed by Position

Carla Buchanan
Appointed by the Board

Robin Campbell (Secretary)
Appointed by the Board

Dr. Aaron Chiu
Elected by Active Membership

Jamie Gerlach
Appointed by the Board

How Your Contribution is Determined

The University of Manitoba GFT Pension Plan (1986) is a defined contribution or money purchase arrangement. Under this type of Plan, the benefit you receive at retirement is based on the amount you accumulate during your years of Plan membership. The Plan is provided at no cost to you.

The contribution is the same for each member which is equal to:

- 6% of the floor salary of a full professor (\$137,837.00 for 2024) 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 Pensionable Earnings (YMPE) is \$68,500 for 2024, plus
- 6% of that floor salary above the YMPE.

For 2024, the maximum annual contribution to the Plan is \$7,100.40. This contribution is directed to the Plan except that under current tax laws, the University's contribution to a registered pension plan are limited to 18% of the actual salary paid by the University. Therefore, in 2024 if the salary received from the University is less than \$39,446.67 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.

Fund Facts

at December 31, 2023

Total Fund

\$65.7 Million*

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

Historical Pension Plan Performance (Gross) — December 31, 2023 (Annualized)

	1 Year	5 Years
Pension Plan Performance	9.01%	8.64%
Policy Benchmark Performance**	11.48%	7.60%
Value Added	-2.47%	1.04%
Plan Fees	-0.63%	-0.61%
Return applies to member accounts	8.38%	8.03%

**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 (CAD).



University of Manitoba GFT Pension Plan (1986)

Six Month Commentary Ending December 31, 2023

The global and U.S. economies averted a recession in 2023 despite uncertainty over the economic outlook, which caused a whipsawing of expectations in interest rates. Equity and bond markets both posted positive returns for the six-month period and the past year. As the fourth quarter progressed, inflation, while still elevated, trended down and central banks pivoted to a dovish tone. The markets rotated to pricing in rate cuts for 2024 with hopes for a soft landing. Most sectors posted positive returns. Ten-year bond yields decreased from a decade high peaking just below 5 percent, and the yield curve remains inverted.

The portfolio posted a positive absolute return over the six months although lagged the benchmark. Stock selection effects in equities were mixed – U.S. equity contributed to relative performance, which benefitted from exposure to Megacap stocks while the other equity strategies were a drag on relative returns. Fixed income was positioned for falling rates and contributed to relative performance. Performance of the alternatives was mixed with infrastructure and mortgages contributing to relative performance and offset by Canadian real estate, which detracted. Capital write downs were a drag on the real estate portfolio. Asset allocation effects were neutral. A small non-benchmark weight to China detracted, as Chinese markets were weak relative to other markets. The timing of fixed income rebalances through the six months ending the year added value.

Our view over the past two years has been that markets will oscillate between expectations for a soft landing (optimistic), persistent inflation, and a recession (pessimistic). The soft landing outcome was priced in substantially over the course of 2023 and resulted in very concentrated leadership of returns. Diversification across asset classes and within equities was not rewarded, however, we believe the merits of a prudently balanced portfolio will become important if and when markets oscillate back towards risk of inflation or a recession. We view this as having a higher probability over the course of 2024.

Portfolio as at December 31, 2023

	Average Portfolio Weight ¹	Average Benchmark Weight ¹	Relative Benchmark Weight ¹
Total Portfolio	100.0	100.0	0.0
Cash & Equivalents	1.2	1.3	-0.1
Fixed Income	22.4	23.4	-1.0
Mortgages	7.5	6.8	0.7
Equities	52.4	51.5	0.9
Canadian Equities	18.6	17.5	1.1
Foreign Equities	33.8	34.1	-0.2
U.S. Equities	11.8	12.4	-0.6
International Equities	11.7	12.4	-0.6
Global Equities	10.3	9.4	1.0
Real Estate	7.7	8.5	-0.8
Infrastructure*	8.7	8.5	0.2

* 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, 2023 to December 31, 2023.

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