



**University
of Manitoba**

Semi-Annual Newsletter Issue 21

GFT Pension Plan (1986)

December 31, 2021

The Pension Committee Members as at December 31, 2021 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*

Mike Emslie – *Appointed by Position*

Lance McKinley
Appointed by the Board

Dr. David Stangeland
Appointed by the Board

Fund Facts at December 31, 2021

Total Fund

\$71.63 Million*

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

About Your Plan

The University of Manitoba GFT Pension Plan (1986) provides pension benefits for members of the Max Rady College of Medicine who sign a Geographical Full-Time Agreement.

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 or if you leave prior to retirement is based on the amount you accumulate during your years of Plan membership. Your funds must be transferred out of the Plan to either an insurance company to purchase a lifetime annuity, or to a retirement investment/income vehicle with a financial institution.

2022 Contribution Updates

For 2022, the maximum annual contribution to the Plan is \$6,804.96. 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 2022 if the salary received from the University is less than \$37,805.33, 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 (\$131,838.00 for 2022) 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 \$64,900 for 2022, plus
- 6% of that floor salary above the YMPE.

Historical Pension Plan Performance (Gross) — December 31, 2021

	YTD	5 Years
Pension Plan Performance	13.53%	9.63%
Policy Benchmark Performance**	11.21%	8.36%
Value Added	2.32%	1.27%
Plan Fees	-0.62%	-0.63%
Return applied to member accounts	12.91%	9.00%

**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) + 9.5% MSCI World 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)

University of Manitoba GFT Pension Plan (1986)

Six Month Commentary Ending December 31, 2021

Equity markets provided robust returns to end the calendar year despite continued bouts of higher volatility over the second half of 2021. Pandemic fears related to variants were once again front and centre driving sentiment; however, the grip on markets was short lived as investors appeared comfortable with lower severity from new strains. Bond markets mimicked the roller coaster in equities, but Government of Canada 10-year yields ended relatively close to their June levels, despite large movements both upwards and downwards.

Market returns for balanced investors were strong over the last half of the year, led by double digit returns from U.S. equities. Canadian and international equities also provided positive contribution. The University of Manitoba GFT Pension Plan (1986) portfolio outperformed its benchmark over both the second half of 2021 and for the entire calendar year. The portfolio benefitted from both tactical asset mix decisions and security selection from the underlying strategies. From an asset mix perspective, a continued underweight to fixed income and an overweight to North American equities was beneficial over the last six months and for the calendar year. A focus on quality earnings growth drove positive underlying fund selection effects. Alternative investments in real estate and infrastructure have also contributed positively to total returns, while helping to mitigate shorter-term volatility of portfolio returns.

We believe that investors should expect more modest investment returns over the next 12-24 months, relative to previous years. Market expectations for earnings and economic growth are closer to the underlying fundamentals and we believe that financial conditions will tighten as central banks are expected to begin removing monetary stimulus. Our bias remains away from fixed income; however, we will look to scale active asset mix risk towards a more neutral posture as we progress through the mid-to-late stages of the economic cycle. Within equities we believe that quality earnings growth will provide the best exposure on a longer-term basis; however, we do recognize the risk of near-term underperformance, particularly if interest rates rise further.

Portfolio as at December 31, 2021

	Average Portfolio Weight ¹	Average Benchmark Weight ¹	Relative Benchmark Weight ¹
Total Portfolio	100	100	0
Cash & Equivalents	1.7	1.0	0.7
Fixed Income	19.9	23.7	-3.8
Mortgages	8.2	6.8	1.4
Equities	54.5	51.5	3.0
Canadian Equities	18.5	17.4	1.1
Foreign Equities	36.0	34.1	1.9
U.S. Equities	13.5	12.5	1.2
International Equities	12.9	12.4	0.5
Global Income & Growth	9.6	9.4	0.2
Real Estate	8.3	8.5	-0.2
Infrastructure*	7.4	8.5	-1.1

* 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, 2021 to December 31, 2021.