



# 2022

## Pension Committee's Annual Report

## A Message from the Chair

I am pleased to present the 2022 Annual Report, which provides important information about the financial status of the Plan and its investment performance. Overall, our Plan realized a gross investment return of -5.77%. On a relative basis, this one-year return outperformed the Plan's benchmark return of -7.77%. Net of the investment and administrative expenses, the rate of return was -6.26%, which is applied to members' contribution accounts. For more detail on the Plan's investment performance, I refer you to the "Plan Performance in 2022" on page 3.

The Pension Committee is pleased to report the funding of an infrastructure investment of \$55 million USD with Brookfield Super-Core Infrastructure Partners in 2022 and a funding commitment of \$70 million CDN with IFM Global Infrastructure (Canada) due January 3, 2023. The addition of infrastructure adds important diversification benefits, the probability of enhancing investment returns, and the reduction of overall investment risk. The Plan's legislatively required Actuarial Valuation Report will be filed with the regulator before September 30, 2023. It determines the financial position of the Plan as of December 31, 2022.

In 2022, your active plan member Pension Statements were posted in Employee Self Service (ESS) like your T4s for the first time, instead of being sent in the mail. The posting of Pension Statements in ESS will continue for all future years and active plan members will be able to access all previous years' Pension Statements back to their 2021 Pension Statement. With the posting of the Pension Statements there is also a link to the Plan's most current Annual Report.

On behalf of the Pension Committee, I encourage you to read this report carefully. Our goal is to provide you with enough helpful information to make informed decisions about your pension benefits and better understand your Plan. Your pension benefit may be, or may become one of your largest financial assets and you earn it through your employment with the University.

**Mike Emslie**  
Chair, Pension Committee

### Why should you read this report?

The University of Manitoba Pension Plan (1993) belongs to you, as one of its plan members. This report provides an update on the Plan's financial status as of December 31, 2022. It includes key information on performance and investment earnings, as well as Plan developments and changes over the course of the year. We encourage you to read it carefully and get in touch if you have any questions. Remember, while your Plan is a valuable asset, it's important to consider the impact of all retirement income sources, not just your pension, when saving and planning for retirement.

### Our commitment

We're committed to being fully transparent about your Plan's operations and financial health. It's our priority to ensure you have the information you need to know how the Plan works, its main advantages and your role as a plan member.

### What's inside

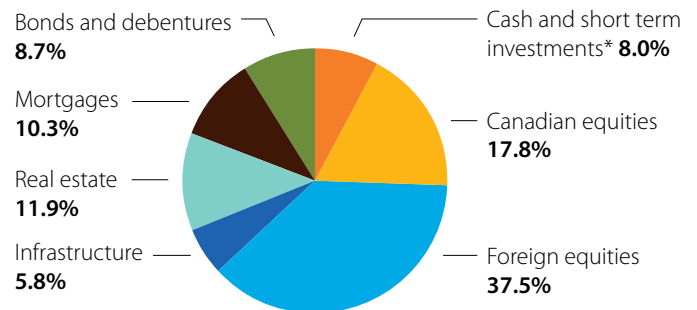
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# Financial Highlights

	(\$ thousands)	
	2022	2021
<b>Financial Position</b>		
Net Assets Available for Benefits	1,326,094	1,451,691
Pension Obligations	1,339,915	1,390,637
Plan (Deficit) Surplus based on accounting valuation as at December 31	(13,821)	61,054
<b>Changes in Net Assets Available for Benefits</b>		
<b>Increase in Assets</b>		
Investment Income	31,712	28,333
Current period change in fair value of investments		130,572
Employee contributions	30,901	27,713
Employee voluntary contributions	692	749
Employer matching contributions	30,901	27,713
Employer current service funding	5,285	4,590
Employer special payment for unfunded liability	156	156
<b>Decrease in assets</b>		
Current period change in fair value of investments	115,810	
Benefit payments	102,791	103,263
Administrative expenses	6,643	6,593
<b>Net (decrease) increase in net assets</b>	<b>(125,597)</b>	<b>109,970</b>

## Where are your pension contributions invested? (the Plan's asset mix)

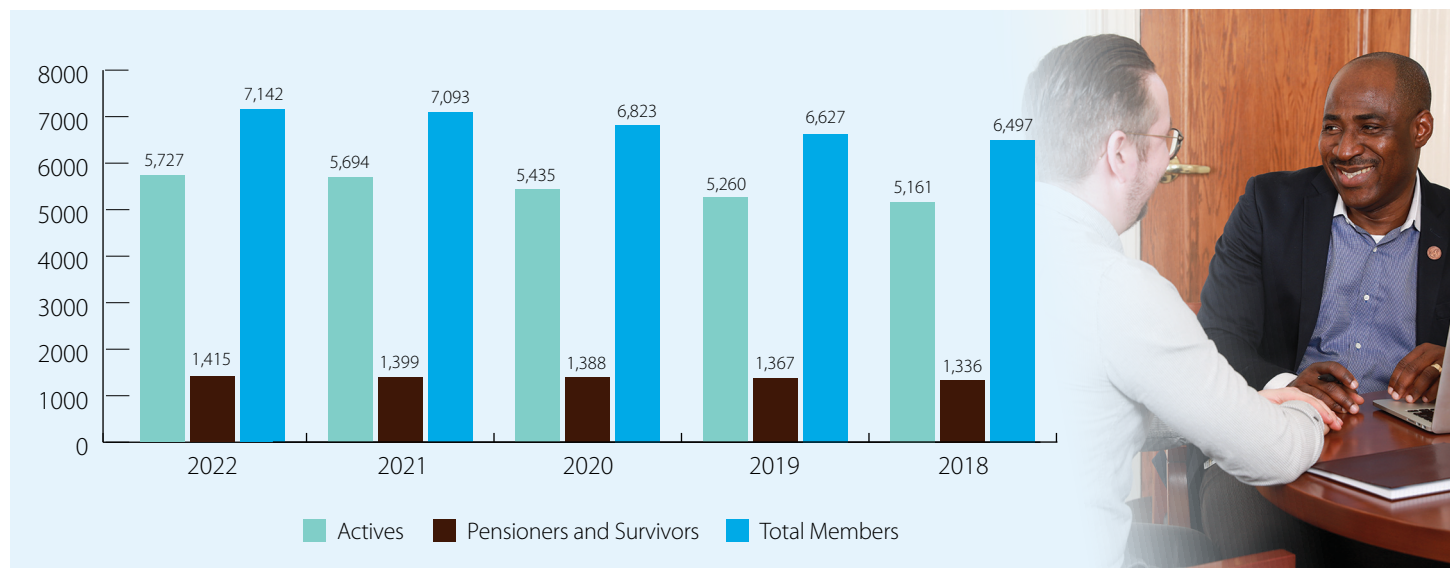
as at December 31, 2022



\* Cash and short-term investments at December 31, 2022, include an infrastructure capital call of \$70 (CAD) million that was executed on January 3, 2023.

For the Plan's complete audited financial statements, go to: [www.umanitoba.ca/pension](http://www.umanitoba.ca/pension).

# Membership Statistics



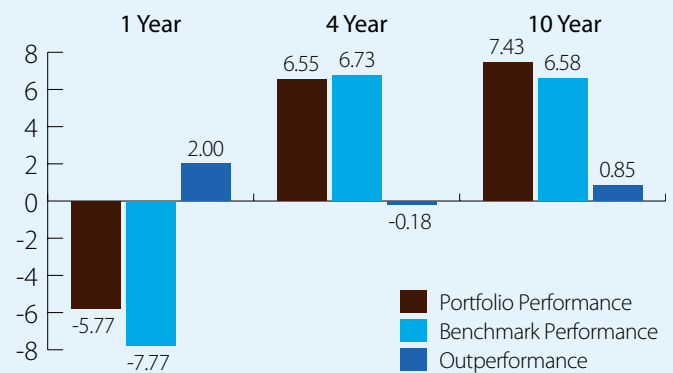
# Plan Performance in 2022

The gross investment return of the 1993 Plan assets was -5.77% for the fiscal year ending December 31, 2022, which exceeded the policy benchmark return of -7.77%. Plan performance exceeding the policy benchmark on a relative basis is always a positive result despite the negative absolute return for the year. Positive absolute returns are important in funding the Plan's liabilities and providing long-term financial stability. The annualized returns over the past two-, three-, and four-year periods were 2.76%, 4.11% and 6.55% respectively, each less than the corresponding values of 9.43%, 11.01% and 8.06% reported in 2021 due to the impact of the 2022 negative absolute return.

During the market downturn in 2022, both bonds and equities suffered together being highly correlated to each other. The markets recovered somewhat in the second half of 2022. Contributing to the Plan's above benchmark performance were US equity managers Aristotle and Wellington. Aristotle and Wellington exceeded the S&P 500 Index of -12.16% by 4.79% and 14.51% respectively. Wellington in particular offers protection to the Plan in down markets. Canadian equity manager, PH&N performed well exceeding the S&P/TSX Composite Index of -5.84% by 4.28%. The TD Greystone real estate fund returned 7.40% for the year, and the Canada Life fund returned 7.21%.

The two international equity managers Burgundy and Mawer returned -11.29% and -15.55% respectively, well below their policy benchmark, the MSCI EAFE Index of -7.76%. Burgundy was hurt primarily due to its underweight to the Energy and Financial sectors. Mawer struggled with a large position in emerging

## Gross annualized returns (%)



market equities. The Plan's bond manager MFS performed close to its benchmark, the FTSE Canada Universe Overall Bond Index, but that was -11.69%. Rising interest rates also hurt the Plan's two mortgage portfolios, TD Greystone and Canada Life but not to the same extent as bonds. They returned -0.49% and -5.44% respectively and each exceeded the benchmark return of -6.06%.

During 2022, the Statement of Investment Policies and Procedure was amended to move to the Plan's long-term benchmark that includes a 10% target allocation to infrastructure. Prior to funding the infrastructure manager, Brookfield, the benchmark had a 20.75% target allocation to bonds, now reduced to 10.75%. The target percentage allocations for each asset class are indicated in the table below.

## 2022 University of Manitoba Pension Plan (1993) Investment Performance

Investment Mandate and Manager		Assets Invested		Target Asset Mix (%)***	1 Year Return (%)	Index Return (%)*	Value Added (%)
		\$ Millions	%				
Canadian Bonds:	MFS Investment Management	117	8.8	10.75	-11.60	-11.69	0.09
Mortgages:	TD Greystone	73	5.5	5.5	-0.49	-6.06	5.57
	Canada Life	63	4.7	5.25	-5.44	-6.06	0.62
Real Estate:	TD Greystone	81	6.1	5	7.40	3.71	3.69
	Canada Life	77	5.8	5	7.21	3.71	3.50
Canadian Equity:	PH&N	109	8.2	9	-1.56	-5.84	4.28
	TD Asset Management	125	9.4	9	-5.83	-5.84	0.01
EAFE Equity**:	Mawer Investment Management	115	8.7	9.5	-15.55	-7.76	-7.79
	Burgundy Asset Management	118	8.9	9.5	-11.29	-7.76	-3.53
US Equity**:	Aristotle Capital Management	89	6.7	6.5	-7.37	-12.16	4.79
	Wellington Management Company	101	7.6	6.5	2.35	-12.16	14.51
	TD Asset Management	84	6.3	6.5	-12.12	-12.16	0.04
Infrastructure:	Brookfield	77	5.8	5	n/a	n/a	n/a
	IFM****	n/a	n/a	5	n/a	n/a	n/a

Source: BNY Mellon

\*Canadian bonds = FTSE Canada Bond Universe Index; mortgages = bond 60% + FTSE Canada mid term overall bond 40% + 0.5%; real estate = REALpac/IPD Canadian property index; Canadian equity = S&P/TSX composite index; NNA equity = MSCI EAFE index (CAD); US equity = S&P 500 total return index (CAD); infrastructure = CPI + 5% (per annum).

\*\*All returns are calculated in Canadian dollars. For non-Canadian dollar asset classes the actual returns include the impact of currency.

\*\*\* Target asset mix includes 2% for cash account.

\*\*\*\* Residual operating account holds 7.4% of assets to fund IFM capital call of \$70 million CDN on January 3, 2023.



# Plan Funding: What Does the University of Manitoba Pay?

In accordance with the Plan Document (the Plan rules), the University is responsible for funding the Plan by matching members' contributions, and making any additional contributions required under the *Pension Benefits Act* (Manitoba). To this effect, an actuarial valuation of the Plan is conducted periodically to determine the Plan's financial position, establish the minimum and maximum permitted contributions, and provide the actuarial certifications required under the *Pension Benefits Act* (Manitoba) and the federal *Income Tax Act*.

The Plan's financial position is made up of investment assets that are used to fund benefits to Plan members (promises made under the Plan terms). If the value of the Plan's liabilities (or promises) exceed the value of the assets set aside for benefits, then the Plan is in a deficit, and the University is responsible for funding the deficit by way of special payments. This can happen when financial markets experience a downturn.

In addition, the University must pay for the cost of benefits accruing in a particular year, in two parts. The first part is the University matching your contributions to the Plan, dollar for dollar. The second part is required when the value of the benefits accrued under the Plan, for a given year, exceeds the value of your contributions plus the University's matching contributions. This additional contribution is called the current service cost, and it must be contributed by the University in its entirety.

The actuarial valuation also includes the solvency or wind-up test. The University elected an exemption under the Solvency Exemption for Public Sector Pension Plans Regulation in 2010, which removes the requirement for Public Sector Pension Plans to fund solvency special payments that would otherwise be required under the *Pension Benefits Act* (Manitoba). Regardless, this test must still be performed to show whether the Plan is solvent on this basis.

The table shows the Plan's long-term (or going concern) financial position, per the latest actuarial report. It also shows the minimum University contribution requirements, as well as the result of the most recent solvency test (as at December 31, 2019).

The next actuarial valuation is required at December 31, 2022, to comply with the filing requirement of the *Pension Benefits Act* (Manitoba).



Highlights of the December 31, 2019 Actuarial Funding Valuation	(\$ thousands)
<b>Going Concern</b>	
Going concern assets	\$1,304,375
Going concern liabilities	\$1,305,982
Going concern surplus/(unfunded liability)	(\$1,607)
Going concern ratio (defined benefit only)	0.999
<b>Going concern</b> measures the financial position of our Plan assuming it will continue to operate indefinitely	
<b>Solvency Valuation</b>	
Solvency assets net of provision for expenses	\$1,303,258
Solvency liabilities	\$1,403,606
Solvency excess/(deficiency)	(\$100,348)
Solvency ratio (defined benefit only)	0.902
<b>Solvency</b> measures the Plan's health assuming all benefits must be settled as at December 31, 2019	
<b>Minimum University Contributions (Annual Estimate)</b>	
Matching member contributions	\$29,004
Current service cost	\$4,713
Minimum special payments	\$156
Total minimum University contribution	\$33,873
<b>Employee Contributions</b>	\$29,004
<b>Wind-up Financial Position</b>	
Market value of assets net of provision for expenses	\$1,302,524
Wind-up liability	\$1,403,606
Wind-up excess/(deficiency)	(\$101,082)

## Visit our website

For more relevant content and intuitive, user-friendly navigation, check out our website at [umanitoba.ca/pension](http://umanitoba.ca/pension)



# Plan Governance

In 2022, there were three additions by Board appointment to the Pension Committee, Robin Campbell (Treasury Services), Maria Sabourin (Legal Counsel) and Shannon Patershuk (actuary). The Pension Committee takes this moment to thank and acknowledge the nine years of service and many contributions of Janice Martin and Lance McKinley to the Pension Committee. During their tenure they took leadership roles both as Officers of the Pension Committee and the subcommittees. Two members of the Pension Committee will reach their nine-year term limits in 2023.

The overall purpose of the Pension Committee includes:

- monitoring the operations of the Plan,
- taking responsibility for the Plan's administration,
- ensuring compliance with all applicable legislation, and
- acting in an advisory capacity to the Board of Governors.

An important component of monitoring the Plan is risk management and oversight. This includes investment of the Plan's assets and all operational aspects of the Plan's administration. The Pension Committee has implemented its Enterprise Risk Management (ERM) program to focus on the Plan's key risks. The top three risks identified include investment manager performance, data theft/privacy breach and loss of key personnel. Risk management and oversight is a continuous process and a major priority for the Pension Committee, the Audit Subcommittee, the Governance Subcommittee, and the Investment Subcommittee.

The governance requirements of the Plan demand the support of external vendors. On behalf of the Plan, the Pension Committee has service contracts in effect with the following vendors:

- CIBC Mellon – custodial and corporate trustee services
- BNY Mellon – investment performance reporting and risk analytic services
- Eckler Ltd – actuarial consulting services
- KPMG – auditing and tax services
- Aon – investment monitoring services

In 2022, the Office of Legal Counsel completed a review of the Plan's Administrative Services Agreement. It covers the services provided by the University to the Pension Committee in respect of the day-to-day administration of the Plan done by the Pension Office. The triennial review of the Plan's Governance Document is scheduled for 2023. The Governance Document provides direction to the Pension Committee in discharging its fiduciary duties. Each Pension Committee member signs a Code of Conduct and a Conflict-of-Interest Disclosure Form annually.



## At December 31, 2022, the 1993 Pension Committee members were:

**Naomi Andrew**, B.A. (Advanced), LL.B. <sup>2</sup>  
Vice-President (Administration)  
(Appointed by Position)

**Dr. Shiu-Yik (Yik) Au**, MBA, PhD, CFA <sup>3</sup>  
Assistant Professor, Finance  
(Elected from Active Members)

**Carla Buchanan**, CPA, CA, CIM® <sup>1&3</sup>  
Manager, Financial Reporting, Financial Services  
(Appointed by the Board)

**Robin Campbell**, CPA, CA <sup>1&3</sup>  
Manager, Treasury Services  
(Appointed by the Board)

**Will Christie**, B.Sc (ME), B.Sc (CS) <sup>2&3</sup>  
Information Technology Specialist  
(Elected from Active Members)

**Mike Emslie**, CPA, CA <sup>1&3</sup>  
Chief Financial Officer/Comptroller  
(Appointed by Position)

**Jeff Leclerc**, B.Ed., M.Ed., C.Dir. (Vice-Chair) <sup>2</sup>  
University Secretary  
(Appointed by the Board)

**Shannon Patershuk**, FCIA, FSA, CERA, MBA <sup>3</sup>  
Retired  
(Appointed by the Board)

**Bill Reid**, M.Sc. <sup>1&3</sup>  
Retired, Information Services and Technology  
(Elected from Non-Active Members/Retirees)

**Maria Sabourin**, B.A.(Adv.), LL.B., M.I.R. <sup>2</sup>  
Legal Counsel, Office of Legal Counsel  
(Appointed by the Board)

**Dr. David Stangeland**, PhD, B. Comm, CPA, CMA <sup>3</sup>  
Associate Dean, Professional Programs  
(MBA, MFin, Executive Education)  
Professor of Finance  
(Appointed by the Board)

## External Investment Subcommittee Members

(Appointed by the Pension Committee):

**Greg Ozechowsky**, CIM®, FCSI, PFP

**John Smith**, CIM®

<sup>1</sup> also Audit Subcommittee Member

<sup>2</sup> also Governance Subcommittee Member

<sup>3</sup> also Investment Subcommittee Member

# Important Information for Pensioners

## The Pensioner Account

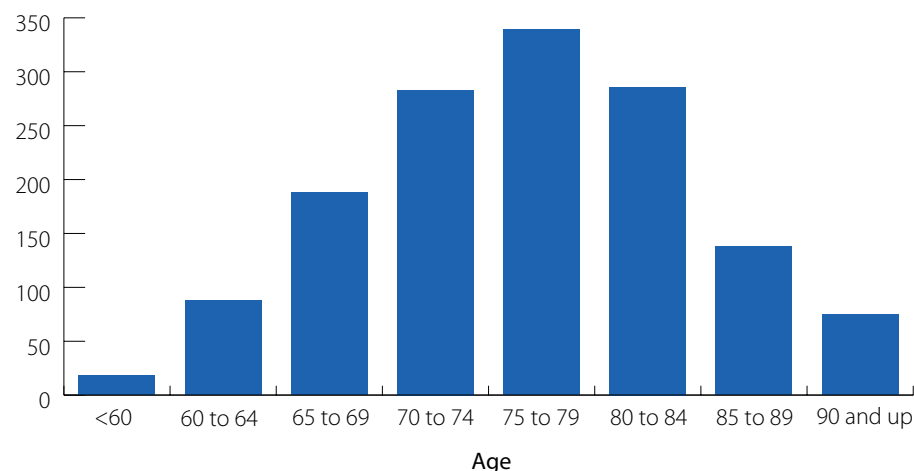
At retirement, Plan members can choose to collect a monthly pension from the Plan. Upon electing this option, the member's total account balance – and any pension guarantee funding required, if applicable – is transferred to the Pensioner Account.

As part of the actuarial valuation, the actuary reviews the Pensioner Account assets versus the liabilities for all pensioners. If the actuary determines that the assets are sufficient to cover a full or partial pension increase (based on the Plan's financial position), then an increase in pension will be provided at the following April 1. Due to the continuing shortfall of the Plan and the Pensioner Account, there was no increase granted on April 1, 2022. The next Pensioner Account review will be completed as part of the upcoming actuarial valuation as at December 31, 2022 to be filed no later than September 2023.

The most recent valuation of the Pensioner Account was at December 31, 2019, and the results (based on the market value of assets) were as follows:

	(\$ thousands)
Assets at market value	\$360,483
Liabilities	\$414,794
Excess/Shortfall	(\$54,311)

## Number of Pensioners



### Have questions or need more information?

Contact the Pension Office at:

Email:

**[Pension.Office@umanitoba.ca](mailto:Pension.Office@umanitoba.ca)**

Phone: (204) 474-6661

Fax: (204) 474-7640

Or visit our website:

**[umanitoba.ca/pension](http://umanitoba.ca/pension)**

If you require an alternate format for accessibility reasons, please contact the Pension Office.

## Final word

You, your spouse, beneficiary or agent have the right to examine any official document relating to the Plan that is filed with the Office of the Superintendent – Pension Commission (Manitoba), including the most recent copies of the following: annual information return; actuarial valuation report and cost certificate; and the statement of investment policies and procedures. These documents are available within 30 days of filing a written request (one per year) with the Plan administrator, who may charge a reasonable fee for providing copies of any of these documents.

**The University of Manitoba Pension Plan (1993) – Registration No. 0695486**