THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Annual Report and Financial Statements

For the Year Ended December 31, 2022

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

BOARD OF TRUSTEES

BOARD EXECUTIVE AND BOARD COMMITTEES

Board Executive:

- Ron Youngson (Chair)
- Colin Morrison (Vice-Chair)
- Julia Peemoeller (Treasurer)
- Navinder Basra (Treasurer, effective January 16, 2023)
- Mark Betcher (Secretary)

Defined Contribution Committee:

- Andrew Bendor-Samuel (Chair)
- Mark Betcher
- Rosalie Harms
- Ron Youngson
- Colin Morrison
- James Townsend
- Murray Wiegand
- Brian Schlag
- Lorne Hilton

Operations Committee:

- Mark Betcher (Chair)
- Mary Anne Walls
- Ron Youngson
- Andrew Bendor-Samuel
- Sheila Wilson-Kowal
- Marni Yasumatsu (Chair, effective March 6, 2023)
- Julia Peemoeller

Defined Benefit Committee:

- Murray Wiegand (Chair)
- Lorne Hilton
- James Townsend
- Colin Morrison
- Ron Youngson
- Sheila Wilson-Kowal Henry Hudek
- Julia Peemoeller
- Joan Duesterdiek
- Greg Gillis

Board of Trustees Code of Conduct

1. *Act in good faith and in the best interest of Plan beneficiaries*
2. *Act with prudence and reasonable care*
3. *Act with skill, competence and diligence*
4. *Maintain independence and objectivity and avoid conflict of interest*
5. *Abide by all applicable laws, rules and regulations including the terms of the Plan*
6. *Deal fairly, objectively and impartially with all beneficiaries*
7. *Take actions that are consistent with the established mission of the Plan*
8. *Review on a regular basis the efficiency and effectiveness of the Plan's success in meeting its goals*
9. *Maintain confidentiality of Plan and beneficiary information*
10. *Communicate with beneficiaries and supervisory authorities in a timely, accurate and transparent manner*
11. *Maintain clarity and respect in the relationship between the stakeholders and the Trustees*

REPORT OF THE CHAIR

Another year has passed and as you may recall from my last report that I said while COVID may never be eradicated we will all come to learn to manage it within our lives. That certainly seems to have come true with only passing mention in the news and the removal of virtually all mandatory masking mandates. I, for one, have welcomed the return to "normalcy".

2022 was a difficult year for investments in Defined Benefit Component of the Pension Plan. Both the equity and fixed income assed classes declined. Although most of that decline occurred in the first three quarters there were more positive returns showing in the fourth quarter.

The Fund's overall performance for the year was -6.9%. As a result, there was no COLA granted. As this Component continues to mature, the Statement of Investment Policy and Procedure (SIPP) is reviewed on a regular basis to ensure that this Component of the Plan is able to deliver on it's promised benefits.

The year was also unusual with inflation rearing its ugly head and the Bank of Canada trying to reign that in with several significant hikes in the overnight interest rate. Starting out at 0.25% at the beginning of the year and ending up at 4.25% at the end of the year. While this seemed initially to be working, inflation has remained stubborn. The Bank of Canada did pause continued rate hikes for a few months, but as of the writing of this Report, the Bank has raised rates once again by 025% to 4.75%. This is good news for savers but bad news for borrowers especially In the housing market where mortgages are getting more expensive as a result. Only time will tell if this will be the last increase and inflation will start to go down to the Bank's target of around 2%.

Looking at the Defined Contribution Component we have now had a full year under our belt using Desjardins Financial as the service provider. The transition can now be considered complete. The Board has received a few comments on the negative investment performance of some of the Investment Funds offered under the Plan. This was in no way the result of the move away from Sun Life to Desjardins but a reflection of the fact that 2022 was a difficult year for all investments. The Board, through the Defined Contribution Committee continues to monitor the available Investment Fund offerings and will make changes as deemed necessary.

Three new retirement savings Plans were added to this Component in 2022 -these were a Spousal RRSP for Plan Members, the ability for the spouse of a Plan Member to open their own RRSP account and a TFSA for both Plan Members and their spouses.

Members continue to take advantage of the services of ONYX Financial in helping members in preparing a retirement plan and assistance to those Members exiting the Plan by termination of employment or retirement. For those of you who have not done so we would encourage you to reach out to ONYX as this is a valuable service that is offered at no cost to you.

This will be my last Report as Chair because while remaining as a Trustee, I am stepping away from my additional role as Chair. I have enjoyed my time in that position but it is time to give another Trustee the opportunity to take on that function and grow and learn from it as I have.

Ron Youngson (Chair)

OPERATIONS COMMITTEE REPORT

The Operations Committee of the Board of Trustees serves the Board in three main areas: it acts as an annual audit committee, the Governance Committee for the Board of Trustees, and it is responsible for Trustee education. The Committee reviews the services provided to the Pension Plan on a regular basis to ensure they are of a high quality and reasonable cost. Where indicated, the Committee undertakes the work necessary to improve the governance of the Plan.

Audit - The Committee reviewed the annual audit report with the auditors and recommended the report to the Board. The Committee also reviewed the budget for the administration of the Plan before recommending it to the Board for approval. The Committee regularly reviews the financial statements of the Plan and monitors budgetary expenditures quarterly. An annual custodial services review was also undertaken to ensure the Board is satisfied by the level of service being offered.

Governance - The Committee is responsible for ensuring that the governance practices of the Plan are regularly evaluated against industry best practice guidelines as outlined by the Canadian Association of Pension Supervisory Authorities (CAPSA). The Committee maintains a Calendar of Deliverables, outlining responsibilities for each of the DB, DC and Operations Committees, which is reviewed quarterly to ensure compliance. In addition, the Committee monitors Trustee appointments and replaced 2 departing Trustees in 2022.

The Committee also continues to use the Civic Web document portal for the storage of current and archival Board materials including meeting minutes and supporting documentation from the Board and its committees. This resource continued to be essential during 2022 as we continued to conduct all our Board and committee meetings virtually.

Education - The Operations Committee encourages and promotes Trustee education. Since 2016, the Committee has dedicated time at each Board meeting for Trustees who attend workshops and conferences to present on the important issues and developments in pensions and trust law. In 2022, the Committee heard from Trustees who took the Foundations of Trust Management course as well as a Trustee who attended Benefits Canada's DC Summit.

Conclusion - Finally, on behalf of the members of the Operations Committee, we wish to thank the following Trustees who left the Board and the various Board Committees:

- Ed Byard, representing the UWRA; and
- Marc Lafond, representing the IUOE.

The Committee welcomed the following Trustees to the Board in 2022:

- Mary Anne Walls, representing the UWRA; and
- Brian Schlag, representing the IUOE.

Marni Yasumatsu (Chair)

DEFINED BENEFIT COMMITTEE REPORT

The year 2022 was unusual in that both equity (stock market) and fixed income (bond market) indices declined. This was also true for all relevant equity and fixed income benchmarks (standards) used by the plan. While the overall returns for the plan were negative in 2022, both stocks and bonds increased in value in the fourth quarter. The year's returns occurred against a background of a dramatic increase in central bank rates; the Bank of Canada overnight rate increased from 0.25% at the beginning of January to 4.25% at the end of December, 2022.

The DB Committee continuously monitors the performance of our investment managers with the assistance of our external consultant, AON, from whom we receive quarterly statistical data on market performance and performance of our managers. In addition, AON provides analyses and recommendations.

Benchmarks are established for each component of the fund, along with the total fund, to allow assessment of managers' performances. Overall, the total fund returned -6.9% in 2022, although it exceeded its benchmark by 0.8%. The Canadian Equity portion of the portfolio, managed by Beutel Goodman, exceeded its benchmark by almost 4.8%, with a return of -1.1%, and the Real Estate portion, managed by the Civil Service pension plan (CSSB) returned over 9.2%, exceeding the benchmark by 6.9%. Both the International Equity (BlackRock) and Liability Matching (bond) (Beutel Goodman) portfolios had returns very close to their benchmarks, while our Emerging Markets (Somerset) portfolio trailed its benchmark by over 3%. As a result of the comparatively low returns over several years from our Emerging Markets portfolio, the funds in that section were transferred to the International Equities Manager, BlackRock, in December.

In September 2022, the committee received the actuarial valuation of the fund as of 31 December, 2021. The going concern funded status had improved to 92.9% from 87.8% the previous year. As a result of that improvement, and in accordance with glidepath specified the Plan's Statement of Investment Policies and Procedures (SIPP), the ratio of Growth assets (stocks and real estate) to Liability Matching (bond) assets in the plan was adjusted from 65% - 35% to 55% - 45% in November.

A subcommittee was tasked to evaluate long term investment in Emerging Markets. Their recommendations led to discussions that are ongoing within the DB committee and with AON, on the various implications of changing demographics of the plan. These include the potential consequences of further de-risking of the plan and their implications to the future granting of Cost of Living Adjustments (COLAs) to pensions in the future.

The annual review of the SIPP was concluded in November, 2022 and the CAPSA Self-Assessment Questionnaire was completed in February, 2023. The latter is a pension industry best-practices governance tool for use by Boards of Trustees.

The committee was advised by the actuary, Eckler, that the geometric average annual return on the fund over the previous four years was 4.63%. Since that return is not in excess of the minimum required 6.0% return for the automatic granting of a COLA, there will be no COLA provided effective July 1, 2023.

Respectfully submitted on behalf of the Defined Benefit Committee,

Murray Wiegand (Chair)

DEFINED CONTRIBUTION COMMITTEE REPORT

This past year saw the Defined Contribution side of the University of Winnipeg Pension Plan complete its first full year with Desjardins Financial Services as our service provider. Financially the markets were down significantly at the beginning of the year, but started to rally late in the fall. In August, the DC Plan added new options for spouses and common-law partners of Plan Members.

After many years working with Sun Life, the switch to Desjardins went smoothly. As expected in any major change there have been a few bugs to work through. On the whole things have gotten into a routine. Moving to Desjardins reduced our fees while increasing the services available. It also allowed for the addition of three new savings accounts for DC Plan Members and their families. These are: The Spousal RRSP, as well as RRSPs and TFSAs for a Member's spouse or common-law partner. The Spousal RRSP allows a Member to make contributions to their spouse's RRSP account, however, the Member receives the tax credit. Once set-up contributions to the Spousal RRSP can be made through regular payroll deductions or directly through the Desjardins website. Meanwhile the TFSA and RRSP for spouses and common-law partners allow a Member's partner to contribute to their own TFSA and RRSP accounts. Once these account(s) are set—up, contributions are made directly through the Desjardins website. By using any of these accounts a Member's spouse can benefit from the reduced fees offered through the DC group plan.

As is mentioned in the Treasurer's report, 2022 was a difficult year for investments. Most of the major market indices started a decline in November 2021. This affected not just the funds on the Defined Contribution line-up, but all the major indices saw significant losses. Markets did start to rally late in the Fall of 2022, although most indices were still below their November 2022 peak at the end of the year. While short-term instability is not uncommon, past experience has shown that up markets tend to last longer than down ones. Investing for retirement needs to generally be viewed with an eye on the long term. For those concerned about the volatility of their investments the Desjardins website does have at least one webinar on volatility. You can find it, and others under the Wellness Centre tab.

The DC Committee continues our relationship with ONYX Financial Group, a local benefits consulting and wealth management firm. Saving for retirement can be a complicated topic for most DC Plan Members. ONYX was brought in to assist DC Plan Members with individual financial retirement advice. There are plans to offer group education sessions starting in 2023. The services that ONYX provides are free for DC Plan Members.

I would encourage DC Plan Members that have not yet visited the Desjardins website, or tried their fully functional Omni app, to consider doing so. Whether you are the type that wants to know the value of their funds every day, or whether you are happy to wait for the semiannual statements, there is a lot to discover. Members can get information about the funds on the line-up, change their investment options, make contributions, assign a beneficiary, and more. As already mentioned, webinars and other information are available as well. I think it is worth logging in and checking it out.

Andrew Bendor-Samuel (Chair)

REPORT OF THE TREASURER

Overview

This report provides a summary of the financial performance of the University of Winnipeg ("University") Trusteed Pension Plan (the "Plan") for the year ended December 31, 2022, including:

- A brief description of the Plan
- Summary of changes in membership
- Discussion of the change in asset values

The Plan

The Plan has two distinct components: The Defined Benefit ("DB") component, which is closed to new members, and the Defined Contribution ("DC") component, established January 1, 2001, which all new employees join on their date of employment.

The DB component is intended to provide members with a monthly benefit upon retirement. The benefit is calculated using a prescribed formula that takes into account:

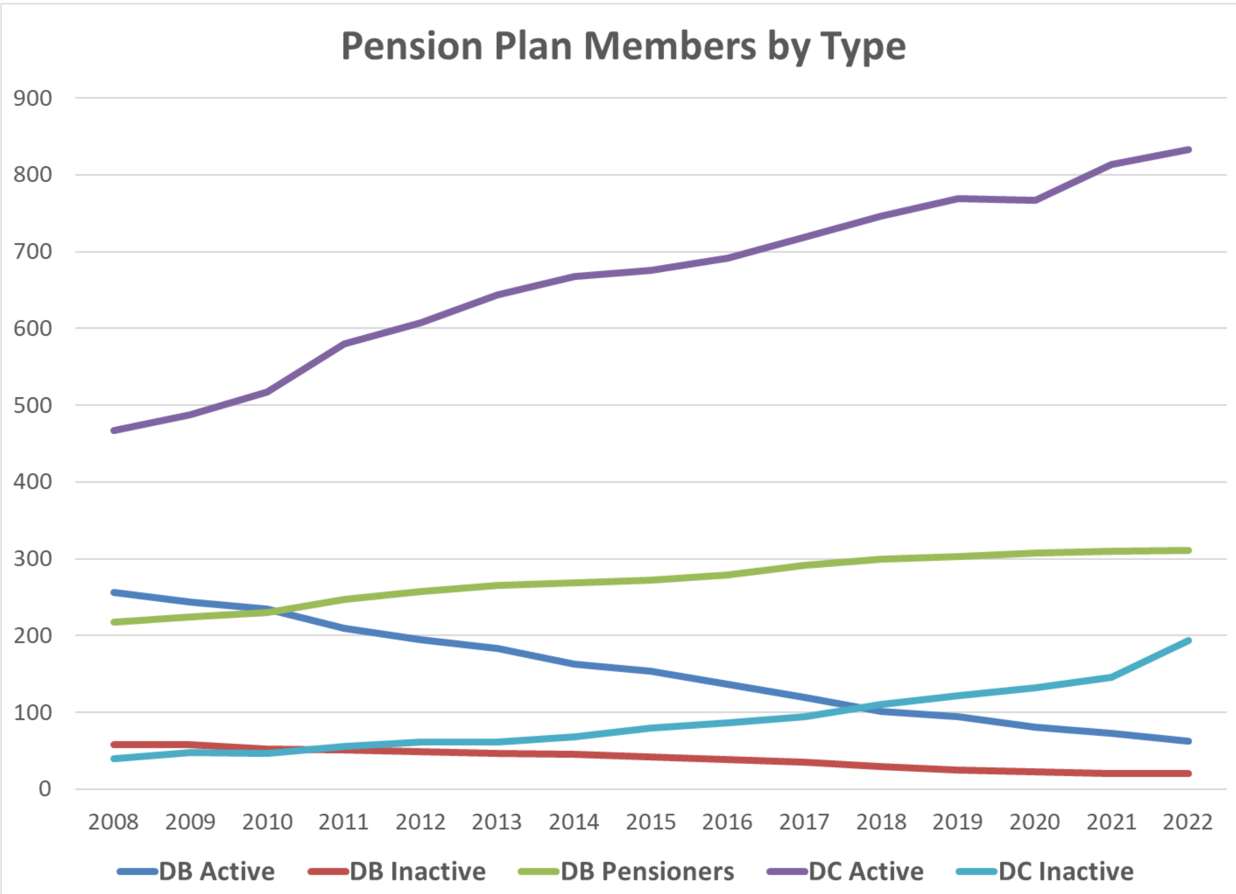
- Years of credited service
- Average pensionable salary (with a reduction for the Canada Pension Plan)

According to current Plan provisions, the pension formula is subject to a Plan benefit maximum of $1,722.22 per year of pensionable service. Retirement options include a choice of monthly pension from a variety of payment options, or a transfer of the commuted value to a LIRA (locked-in retirement account) or a LIF (life income fund). The DB pension benefit is funded by member and University contributions and investment earnings.

The DC component is intended to provide members with a pension benefit upon retirement that is based on contributions made by the member and the University into a range of investment choices provided through Desjardins Insurance ("Desjardins"). The combination of the contributions and investment earnings provide members with a lump sum value that can be transferred into another registered retirement investment vehicle, or invested through Desjardins to provide a monthly pension benefit.

For additional information relating to the Plan, please visit http://www.uwinnipeg.ca/hr/benefits/pension.html.

The following graph shows the change in membership over time broken down by member type. An inactive member is a DB or DC member who has left the University but has not yet settled his/her pension benefit.



Financial Results

The 2022 financial statements were prepared in accordance with Canadian accounting standards for pension plans for accounting policies related to its investment portfolio and pension obligations.

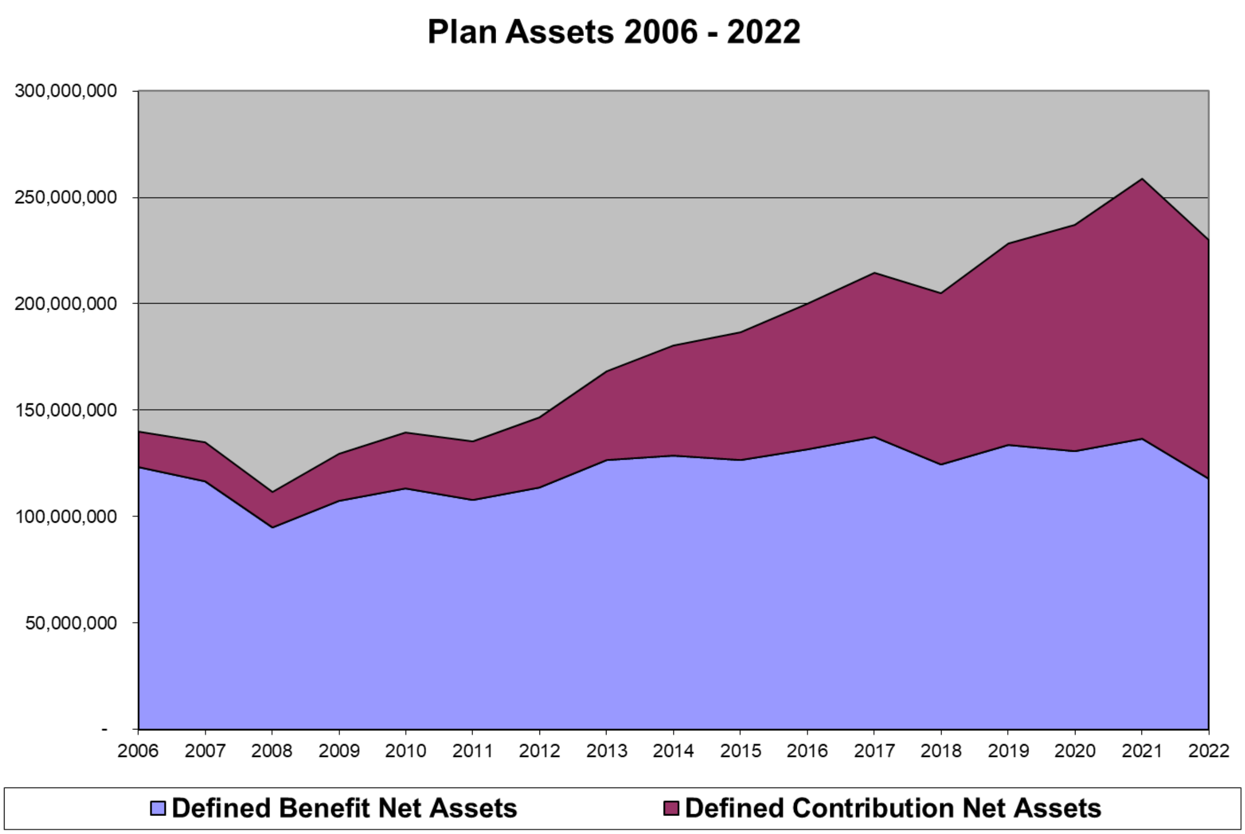
The pandemic and government response, inflation, and interest rates have all played a role in the unusual market environment of 2022. With 2022 being the stock market's worst year since 2008 and major indexes were significantly down from the prior year; the Nasdaq was down 33.1%, S&P 500 was down 19.4% and Dow Jones was down 8.8%. Due to the decline in the market, net assets of the Plan as at December 31, 2022 decreased by $28.7 million to $230.1 million, down from $258.8 million as at December 31, 2021. In the DB component of the Plan, the market losses caused the deficiency of net assets available for benefits over the actuarially calculated obligations to increase to $16.7 million as at December 31, 2022 ($7.4 million as at December 31, 2021).

The net negative return on investments for the year ended December 31, 2022 on the DB component of the Plan, based on market value and net of expenses, was 7.07% as compared to 10.45% net return on investments for the year ended December 31, 2021. According to the smoothing calculation, which is a geometric average of returns over a four-year period ended December 31, 2022, the average return on the fund was 4.63% as compared to 5.74% for the four-year period ended December 31, 2021.

This smoothing method of calculating the return on the DB fund is used to determine whether a cost of living increase is payable to pensioners. For a cost of living increase to be payable, the smoothed rate of return earned by the fund must be greater than 6%. Since the smoothed rate for 2022 was less than 6%, there will be no cost of living increase effective July 1, 2023. The plan has not provided a cost of living increase in the last three years.

Overall the net return on investments for 2022 on the DC component of the Plan was negative however the return by member will vary depending on the funds selected.

The following graph provides an overview of the changes in Plan assets over time



Valuation

The DB component of the Plan is required to undergo an actuarial valuation on a regular basis. The last full valuation was performed as at December 31, 2021.

As the DB pension fund is below 90% funded on a solvency basis, it is subject to annual actuarial reviews. According to the most recent valuation, the Plan's unfunded liability position improved as at December 31, 2021 compared to December 31, 2020. The University's special funding payments for the period decreased from $2.5 million in 2021 to $0.9 million in 2022.

It is important to note that the unfunded actuarial liability in the Plan does not impact the benefits that the DB members are accruing or are receiving, but it does affect the amounts that the University is required to pay into the Plan to fund those benefits.

More information on the valuation is available on the Trustees website under Documents & Forms at: http://www.uwinnipeg.ca/hr/benefits/pension-trustees.html

Contributions, Benefit Payments and Plan Expenses

Active members and the University make regular contributions to the DB and DC components based on the contribution formulas set out in the Plan.

The University was also required to make additional contributions of $1.4 million to the DB component of the Plan in 2022. These required contributions include $0.9 million in special funding payments to address the "going-concern" actuarial valuation deficiency for 2021 (as described above), and $0.5 million to fund a current service shortfall and Plan expenses. These additional contributions will continue to be required on an annual basis until the actuarial deficiency is eliminated.

The attached financial statements are prepared to assist Plan members and other financial statement users in reviewing the activities of the Plan for the year. The financial statements do not report on the funding requirements of the Plan. This information is provided in the actuarial report on the DB Component of the Plan.

The Plan's 2022 Financial Statements received an unqualified audit opinion from KPMG, an independent audit firm appointed by the Board of Trustees.

The following table summarizes the non-investment related transactions of the Plan.

	Years Ended December 31,				
	2018	2019	2020	2021	2022
Contributions					
DB Member	582,432	507,821	444,419	381,217	348,346
DB University	3,666,955	3,957,924	3,953,762	3,433,873	1,859,853
DC Member	3,418,409	3,534,966	3,659,535	3,768,539	4,122,909
DC University	3,461,019	3,604,358	3,712,600	3,835,981	4,196,292
Total Contributions	11,128,815	11,605,069	11,770,316	11,419,610	10,527,400
Distributions					
DB Pensioners	9,253,668	9,710,896	9,970,734	10,100,498	10,236,051
DB Refunds & Transfers	1,747,653	1,143,720	3,942,099	1,135,309	1,500,870
DC Refunds & Transfers	3,045,703	6,561,163	4,224,010	5,561,668	4,625,363
DB Investment Manager Fees	530,144	439,426	361,951	240,778	212,085
DB Actuarial Fees	62,214	73,548	52,974	55,207	38,115
DB Custodial Fees	32,178	31,835	49,741	64,656	64,034
DB/DC Administration Fees	33,110	28,645	29,036	35,279	31,434
DB/DC Other Expenses	63,288	160,870	56,953	73,786	52,319
Total Distributions	14,767,958	18,150,103	18,687,498	17,267,181	16,760,271

Benefit Payments

Benefit payments to DB pensioners increased by $0.1 million. DC refunds and transfers were $0.9 million lower than last year. Actuarial fees decreased over the prior year mostly due to expense for out of scope work incurred in the prior year. Other expenses decreased over the prior year due to non-recurring costs incurred in 2021 for Board education and development of new Board members and consulting fees related to a record keeper search.

DC Fund Asset Mix

The DC component of the Plan is a member directed investment plan administered through Desjardins.

The following table summarizes the percentage of assets invested in each fund offered by the Plan as at December 31, 2022.

Fund Name	% of Fair Value
BG American Equity	0.8%
DFS BlackRock Cnd Equity Index	0.9%
DFS BlackRock MSCI EAFE Equity Index	0.7%
DFS BlackRock Univ Bond Index	0.2%
DFS BlackRock US Equity Index	0.6%
DFS BlackRock US Equity Index (Reg)	2.1%
DGIA Money Market	1.9%
Fidelity ClearPath Inst. 2020	5.3%
Fidelity ClearPath Inst. 2025	15.4%
Fidelity ClearPath Inst. 2030	13.6%
Fidelity ClearPath Inst. 2035	18.8%
Fidelity ClearPath Inst. 2040	15.9%
Fidelity ClearPath Inst. 2045	11.3%
Fidelity ClearPath Inst. 2050	5.8%
Fidelity ClearPath Inst. 2055	2.0%
Fidelity ClearPath Inst. 2060	0.5%
Fidelity ClearPath Inst. Income	0.6%
Jarislowsky Fraser Cnd Equity	1.2%
Mawer International Equity	0.8%
PH&N Core Plus Bond Fund	0.2%
SocieTerra Equity	1.2%
SocieTerra Fixed Income	0.2%

Navinder Basra, BA, CPFA, CPA, CMA
Treasurer, University of Winnipeg Trusteed Pension Plan

June 1, 2023

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The University of Winnipeg contracted by the Trusteed Board of The University of Winnipeg Trusteed Pension Plan are responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with the accounting principles stated in the financial statements and approved by the Board of Trustees.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available at the time of preparing the financial statements.

(Original signed by Navinder Basra)

Navinder Basra, BA, CPFA, CPA, CMA
Vice-President Finance & Administration

(Original signed by Kathy Vlaming)

Kathy Vlaming, CPA, CA
Interim Comptroller

June 12, 2023

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Andrew Kulyk, FSA, FCIA

Actuary's Opinion

Eckler Ltd. had been retained by The Board of Trustees of the University of Winnipeg Trusteed Pension Plan Trust to perform an actuarial valuation of the assets and the going-concern liabilities of the defined benefit part of the University of Winnipeg Pension Plan (the "Plan") as at December 31, 2021 and adapted that valuation for inclusion in the Plan's financial statements. Eckler Ltd. has prepared an extrapolation of the results of that valuation to December 31, 2022 for inclusion in the Plan's financial statements.

In my opinion, for the purposes of the valuation,

(a) the membership data on which the valuation is based are sufficient and reliable,
(b) the assumptions are appropriate, and
(c) the methods employed in the valuation are appropriate.

This report has been prepared and my opinion given in accordance with accepted actuarial practice in Canada.

June 12, 2023	*(Original signed by Andrew Kulyk)*
Date	Andrew Kulyk, Fellow of the Society of Actuaries Fellow of the Canadian Institute of Actuaries

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The University of Winnipeg Trusteed Pension Plan

Opinion

We have audited the financial statements of The University of Winnipeg Trusteed Pension Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2022, the statements of changes in net assets available for benefits and changes in obligations for pension benefits for the year then ended, and notes, comprising a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2022, and the changes in its net assets available for benefits and changes in its obligations for pension benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Signed **"KPMG LLP"**

Chartered Professional Accountants

Winnipeg, Canada

June 12, 2023

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN
STATEMENT OF FINANCIAL POSITION

(see Schedule B)

	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 1,559,497	$ 4,297,826
Contributions receivable:		
Members	24,104	28,395
University	-	276,480
Investment income receivable	32,225	195,937
Investments (Schedule A)	228,961,890	254,142,134
	230,577,716	258,940,772
Liabilities		
Accounts payable and accrued liabilities	112,827	116,923
Contributions overpayment:		
University	241,667	-
Due to The University of Winnipeg	98,555	3,088
	453,049	120,011
Net assets available for benefits	230,124,667	258,820,761
Obligation for pension benefits	246,778,552	266,244,517
Deficiency of net assets available for benefits over obligations for pension benefits	$ (16,653,885)	$ (7,423,756)

Continuity of operations [Note 2(a)(ii)]

On behalf of the Board of Trustees:

(Original signed by Ron Youngson) Chair

(Original signed by Colin Morrison) Vice-Chair

The accompanying notes are an integral part of the financial statements.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(see Schedule C)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Increase (decrease) in net assets		
Contributions (Note 6)		
Members' required	$ 4,471,255	$ 4,149,756
University's current service	5,108,145	4,794,854
University's special payments	948,000	2,475,000
Transfers from other plans	118,224	123,792
	10,645,624	11,543,402
Net return on investments		
Investment income	5,449,804	4,472,847
Change in fair value of investments:		
Net change in unrealized gain (loss) on investments	(29,102,111)	22,379,907
Net realized gain on investments	1,070,860	427,574
	(22,581,447)	27,280,328
Payments to or on behalf of members		
Retirement benefit payments	(10,236,051)	(10,100,498)
Termination benefit payments	(6,126,233)	(6,696,977)
	(16,362,284)	(16,797,475)
Administrative expenses		
Investment management fees	(212,085)	(240,778)
Actuarial fees	(38,115)	(55,207)
Administrative fees	(31,434)	(35,279)
Custodial fees	(64,034)	(64,656)
Audit fees	(26,383)	(21,280)
Other expenses	(25,936)	(52,506)
	(397,987)	(469,706)
Net increase (decrease) in net assets	(28,696,094)	21,556,549
Net assets available for benefits, beginning of year	258,820,761	237,264,212
Net assets available for benefits, end of year	$ 230,124,667	$ 258,820,761

The accompanying notes are an integral part of the financial statements.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN
STATEMENT OF CHANGES IN OBLIGATIONS FOR PENSION BENEFITS

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Defined Benefit Segment	Defined Contribution Segment	Total	Defined Benefit Segment	Defined Contribution Segment	Total
Obligations for pension benefits, beginning of year	$ 144,030,000	$ 122,214,517	$ 266,244,517	$ 156,044,000	$ 106,508,636	$ 262,552,636
Interest accrued on benefits	6,378,000	-	6,378,000	6,645,000	-	6,645,000
Net investment return	-	(13,654,027)	(13,654,027)	-	13,539,237	13,539,237
Experience (gain) loss	359,000	-	359,000	(2,677,000)	-	(2,677,000)
Contributions and transfers in	-	8,437,425	8,437,425	-	7,728,312	7,728,312
Benefits accrued	968,000	-	968,000	1,205,000	-	1,205,000
Benefits paid, refunds and transfers	(11,737,000)	(4,625,363)	(16,362,363)	(11,236,000)	(5,561,668)	(16,797,668)
Actuarial gain	(5,592,000)	-	(5,592,000)	(5,951,000)	-	(5,951,000)
Obligations for pension benefits, end of year	$ 134,406,000	$ 112,372,552	$ 246,778,552	$ 144,030,000	$ 122,214,517	$ 266,244,517

The accompanying notes are an integral part of the financial statements.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN
SUMMARY OF INVESTMENTS

	December 31, 2022			December 31, 2021		
	Fair Value	Cost	% of Fair Value	Fair Value	Cost	% of Fair Value
Defined benefit:						
Fixed income	$ 52,545,251	$ 55,247,158	45.1	$ 43,422,324	$ 44,066,368	32.9
Canadian equities	18,132,219	16,585,288	15.5	25,440,403	21,181,023	19.3
U.S. equities	23,505,554	24,423,620	20.2	29,795,475	26,232,372	22.6
International equities	9,902,722	10,289,497	8.5	19,739,779	16,814,955	15.0
Real estate	12,257,809	6,316,637	10.5	13,335,230	7,457,720	10.1
Short-term	245,783	245,783	0.2	194,406	194,406	0.1
	116,589,338	113,107,983	100.0	131,927,617	115,946,844	100.0
Defined contribution	112,372,552	130,548,221		122,214,517	123,787,528	
Total investments	$228,961,890	$243,656,204		$254,142,134	$239,734,372	

The accompanying notes are an integral part of the financial statements.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN
STATEMENT OF FINANCIAL POSITION BY SEGMENT

As at December 31, 2022

	Defined Benefit Segment	Defined Contribution Segment	Total
Assets			
Cash and cash equivalents	$ 1,559,497	$ -	$ 1,559,497
Contributions receivable:			
Members	24,104	-	24,104
Investment income receivable	32,225	-	32,225
Investments (Schedule A)	116,589,338	112,372,552	228,961,890
	118,205,164	112,372,552	230,577,716
Liabilities			
Accounts payable and accrued liabilities	112,827	-	112,827
Contributions overpayment:			
University	241,667	-	241,667
Due to The University of Winnipeg	98,555	-	98,555
	453,049	-	453,049
Net assets available for benefits	117,752,115	112,372,552	230,124,667
Obligations for pension benefits	134,406,000	112,372,552	246,778,552
Deficiency of net assets available for benefits over obligations for pension benefits	$ (16,653,885)	$ -	$ (16,653,885)

The accompanying notes are an integral part of the financial statements.

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS BY SEGMENT

For the year ended December 31, 2022

	Defined Benefit Segment	Defined Contribution Segment	Total
Increase (decrease) in net assets			
Contributions (Note 6)			
Members' required	$ 348,346	$ 4,122,909	$ 4,471,255
University's current service	911,853	4,196,292	5,108,145
University's special payments	948,000	-	948,000
Transfers from other plans	-	118,224	118,224
	2,208,199	8,437,425	10,645,624
Net return on investments			
Investment income	2,845,827	2,603,977	5,449,804
Change in fair value of investments:			
Net change in unrealized loss on investments	(12,499,452)	(16,602,659)	(29,102,111)
Net realized gain on investments	726,205	344,655	1,070,860
	(8,927,420)	(13,654,027)	(22,581,447)
Payments to or on behalf of members			
Retirement benefit payments	(10,236,051)	-	(10,236,051)
Termination benefit payments	(1,500,870)	(4,625,363)	(6,126,233)
	(11,736,921)	(4,625,363)	(16,362,284)
Administrative expenses:			
Investment management fees	(212,085)	-	(212,085)
Actuarial fees	(38,115)	-	(38,115)
Administrative fees	(31,434)	-	(31,434)
Custodial fees	(64,034)	-	(64,034)
Audit fees	(26,383)	-	(26,383)
Other expenses	(25,936)	-	(25,936)
	(397,987)	-	(397,987)
Net decrease in net assets	(18,854,129)	(9,841,965)	(28,696,094)
Net assets available for benefits, beginning of year	136,606,244	122,214,517	258,820,761
Net assets available for benefits, end of year	$ 117,752,115	$ 112,372,552	$ 230,124,667

The accompanying notes are an integral part of the financial statements.

1. Description of the trusteed pension plan

The following description of the University of Winnipeg Trusteed Pension Plan "the Plan" is a summary only. For more complete information, reference should be made to the Plan Agreement, Trust Agreement and Transition Agreement.

The Plan was established as a contributory defined benefit pension plan on September 1, 1972, at which time the funds were invested with an insurance company. In 1977, the funds were transferred to a trust fund and professional investment counselors were retained. Eligible Plan members at December 31, 2000, were given the option to remain in the defined benefit segment of the Plan or convert their accrued benefits to the newly formed defined contribution segment of the Plan. All new employees hired after that date are required to become members of the defined contribution segment of the Plan. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914).

On July 7, 2008 responsibility for plan administration was transferred to a Board of Trustees. The Board which includes representatives from stakeholder groups is responsible for all decisions related to the plan, except plan amendments which would cause an increase in cost to any stakeholder.

Prior to the transfer of responsibilities, a pension committee oversaw the administration of the Plan, monitored the investments with the assistance and advice of the investment committee, and made policy recommendations to the Board of Regents of the University of Winnipeg (University).

The Plan covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan and those who are members of the Teachers' Retirement Allowances Fund. All employees join the Plan on their date of employment. Under the Plan, contributions are made by plan members and by the University (see Note 6 for funding policy).

The annual pension payable to a defined benefit member on retirement is based on the member's highest five year average earnings of their last 15 years of employment and years of credited service, subject to the Plan's maximum.

2. Significant accounting policies

(a) (i) Basis of presentation

The Plan follows Canadian accounting standards for pension plans for accounting policies related to its investment portfolio and pension obligations. In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises.

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity. Only the net assets of the Plan and obligations to the members eligible to participate in the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the security of benefits of individual Plan members.

(ii) Continuity of operations

In accordance with the *Pension Benefits Act*, an actuarial valuation is required at least every three years. An actuarial valuation of the defined benefit segment of the Plan was completed as at December 31, 2021.

The actuarial valuation at December 31, 2021 reported that the defined benefit segment of the Plan had a solvency deficiency of $25,949,000 at that date.

The University would normally be required under the *Pension Benefits Act* to make additional contributions to amortize the solvency deficiency over a five year period. However, the Provincial Government has provided universities in Manitoba with an opportunity to be permanently exempted from the usual solvency funding requirements while the Plan continues on a going concern basis. The University Pension Plans Exemption Regulation (Regulation 141/2007) was registered October 15, 2007. In February 2008, the Manitoba Pension Commission provided the University with confirmation of a permanent exemption from meeting the solvency funding requirements.

A full actuarial valuation of the Plan as at December 31, 2021 was completed in 2022. This valuation established a going concern unfunded liability of $10,462,000 with annual special payments of $948,000 required to amortize the deficiency over 15 years starting January 1, 2022. Based on the current financial position of the plan, annual valuations are required. The next actuarial valuation of the Plan is required as at December 31, 2022 and will be completed during 2023.

2. Significant accounting policies (continued):

(b) Investments

Investments are stated at fair value. In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between the fair value and cost of investments at the beginning and end of each year is recorded in the Statement of Changes in Net Assets Available for Benefits in the line item entitled "Net change in unrealized gain (loss) on investments".

Fair value of investments are determined as follows:

Bonds and equities are valued at year end quoted market prices where available. Where quoted prices are not available, estimated fair values are determined using comparable securities.

Real estate investments are valued at the most recent appraisals or external manager's valuations of the underlying properties.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

(c) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction on the measurement date.

The Plan has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on priority of the inputs to the valuation techniques used to measure fair value, into three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical unrestricted assets or liabilities.

Level 2: Fair value is based on quoted prices for similar assets and liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation of other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Plan’s assumptions about what the market participants would use in pricing assets or liabilities.

2. Significant accounting policies (continued)

(d) Net realized gain on investments

The net realized gain on investments is the difference between proceeds received and the average cost of investments sold.

(e) Investment income

Investment income, which is recorded on the accrual basis, includes interest, dividends and pooled fund distributions.

(f) Foreign currency translation

The fair values of foreign currency denominated investments recorded in the Statement of Financial Position are translated into Canadian dollars at the year end rates of exchange. Gains and losses arising from translations are recorded in the Statement of Changes in Net Assets Available for Benefits in the line entitled "Net change in unrealized gain (loss) on investments".

Foreign currency denominated transactions, as well as cost amounts included in Schedule A Summary of Investments, are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

(g) Transaction costs

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Actual transaction costs incurred are expensed and recorded in the Statement of Changes in Net Assts Available for Benefits in the line item entitled 'Net realized gain on investments".

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(i) Fair value of other financial assets and financial liabilities

The carrying values of all other financial assets and liabilities approximate their fair market values due to the short term nature of these amounts.

3. Summary of investments

Schedule A Summary of Investments represents the total investments of the defined benefit segment and defined contribution segment of the Plan held by the custodians. In respect to the defined benefit segment of the Plan, an external investment manager invests the Plan assets pursuant to the approved investment policy. The members of the defined contribution plan select their own investments and have the right to allocate their pension assets to investment funds that are offered by the custodian for the defined contribution segment of the Plan.

4. Risk management

The Plan's investment activities are exposed to market risk, credit risk and liquidity risk. Market risk is comprised of interest rate risk, foreign currency risk and other price risk.

Defined Benefit Segment

(a) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial assets. The Plan is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates.

The Plan's exposure to interest rate risk is concentrated in its investments in bonds, debentures, short-term notes and deposits. To manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set and monitored by the Board of Trustees. As at December 31, 2022, if the prevailing interest rates increased or decreased by 100 basis points, with all other variables held constant, the Plan's net assets would have decreased or increased by approximately $5,064,114 ($3,515,722 as at December 31, 2021). The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

(ii) Foreign currency risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments.

The Plan and its investment managers have the ability to utilize derivative instruments to mitigate foreign currency risk, subject to the approval of the Board of Trustees.

4. Risk management (continued)

The Plan's exposure to foreign currencies as a percentage of total defined benefit investments:

As at December 31, 2022	Actual Currency Exposure	% of Investments
Canadian dollar	$ 81,880,508	70.2
U.S. dollar	24,806,108	21.3
Euro	3,167,071	2.7
Japanese yen	2,166,761	1.9
British pound sterling	1,509,118	1.3
Swiss franc	1,000,310	0.9
Other currencies	2,059,462	1.7
	$ 116,589,338	100.0

As at December 31, 2021	Actual Currency Exposure	% of Investments
Canadian dollar	$ 82,594,771	62.7
U.S. dollar	30,636,901	23.2
Euro	4,245,175	3.2
Japanese yen	2,690,619	2.0
Hong Kong dollar	1,932,756	1.5
British pound sterling	1,749,118	1.3
Swiss franc	1,252,455	0.9
Other currencies	6,825,822	5.2
	$ 131,927,617	100.0

4. Risk management (continued)

As at December 31, 2022, if the Canadian dollar had strengthened or weakened by 10% in relationship to all foreign currencies, with all other variables held constant, the Plan's net assets would have decreased or increased by approximately $3,470,883 ($4,933,285 as at December 31, 2021).

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

To manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored by the Board of Trustees. As at December 31, 2022, if equity prices had increased or decreased by 10%, with all other variables held constant, the Plan's net assets would have increased or decreased by approximately $5,154,050 ($7,497,566 as at December 31, 2021).

(b) Credit risk

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation. The breakdown of the Plan’s fixed income portfolio (at fair value) by credit ratings from various rating agencies is presented below:

Credit Rating	December 31, 2022	December 31, 2021
AAA	$ 12,398,223	$ 5,208,957
AA	21,057,633	13,651,471
A	11,562,976	18,640,963
BBB	7,526,419	5,920,933
Total	$ 52,545,251	$ 43,422,324

4. Risk management (continued)

(c) Liquidity risk

Liquidity risk is the possibility that investments in the Plan cannot be readily converted into cash when required. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or the securities may be subject to legal or contractual restrictions on their resale.

Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

The table below summarizes the fair value by the earliest contractual maturity of the Plan's fixed income investments:

Maturity Date	December 31, 2022	December 31, 2021
Less than 1 year	$ 338,567	$ 1,941,868
1 - 5 years	11,080,523	31,813,380
Greater than 5 years	41,126,161	9,667,076
Total	$ 52,545,251	$ 43,422,324

Defined Contribution Segment

Investment allocation for the defined contribution segment of the Plan is directed by individual plan members to a series of investment funds. The funds may be exposed to a variety of financial risks. Each of the fund's exposures to financial risks is concentrated in its investment holdings and is managed by the respective fund managers. The risk management process for each fund manager includes the monitoring of compliance to the fund's investment policies and objectives. It is the responsibility of each fund manager to manage the potential effects of these financial risks on the fund's performance by regularly monitoring the fund's positions, market events and making adjustments to the fund as necessary to diversify investment portfolios within the constraints of the investment guidelines. The following is a list of the potential risks individual funds may be exposed to:

4. Risk management (continued)

Fund Name	Fair Value 2022	Fair Value 2021	Interest Rate Risk	Foreign Currency Risk	Other Price Risk	Credit Risk	Liquidity Risk
BG American Equity	$ 883,189	$ 577,843		X	X		
Daily Interest Savings	214	1,266	X				
DFS BlackRock Cdn Equity Index	984,001	899,212		X	X		X
DFS BlackRock MSCI EAFE Equity Index	774,986	795,368		X	X		X
DFS BlackRock Univ Bond Index	218,037	529,596	X	X	X	X	X
DFS BlackRock US Equity Index	627,808	669,697		X	X		X
DFS BlackRock US Equity Index (Reg)	2,412,102	2,439,021		X	X		X
DGIA Money Market	2,152,968	990,691	X			X	
Fidelity ClearPath Inst. 2020	5,965,505	8,147,469	X	X	X	X	X
Fidelity ClearPath Inst. 2025	17,181,546	18,941,525	X	X	X	X	X
Fidelity ClearPath Inst. 2030	15,316,305	18,283,206	X	X	X	X	X
Fidelity ClearPath Inst. 2035	21,099,073	21,756,975	X	X	X	X	X
Fidelity ClearPath Inst. 2040	17,870,952	19,829,276	X	X	X	X	X
Fidelity ClearPath Inst. 2045	12,695,608	13,276,101	X	X	X	X	X
Fidelity ClearPath Inst. 2050	6,470,988	6,132,564	X	X	X	X	X
Fidelity ClearPath Inst. 2055	2,284,512	2,318,060	X	X	X	X	X
Fidelity ClearPath Inst. 2060	605,050	488,213	X	X	X	X	X
Fidelity ClearPath Inst. Income	660,223	1,812,778	X	X	X	X	X
Jarislowsky Fraser Cdn Equity	1,389,875	1,301,544			X		
Mawer International Equity	952,686	864,988		X	X		X
PH&N Core Plus Bond Fund	236,272	354,571	X	X	X	X	X
SocieTerra Equity	1,336,597	1,553,690		X	X		
SocieTerra Fixed Income	254,055	250,863	X	X	X	X	X
	$ 112,372,552	$ 122,214,517					

5. Obligation for pension benefits

(a) Defined benefit obligation

The actuarial present value of accrued pension benefits under the defined benefit segment was determined using the projected unit credit actuarial method and using assumptions recommended by the actuary and approved by the Board of Trustees. An actuarial valuation of the Plan was prepared, effective December 31, 2021 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by Eckler Ltd. to December 31, 2022. The extrapolation of the actuarial present value of the pension benefits as at December 31, 2021 and the principal components of changes in actuarial present values during the year are provided in the Statement of Changes in Obligations for Pension Benefits.

The experience loss in 2022 was measured as the impact of changes in membership, including the impact of salary changes, between the previous actuarial valuation as at December 31, 2020 and the actuarial valuation as at December 31, 2021.

The Plan provides that a pension increase in respect of a year is effective July 1 of the following year and is equal to the excess of the four year geometric average rate of return of the fund, over 6%, subject to a maximum of the increase in the Consumer Price Index in that year. The four-year geometric average rate of return for the periods ending December 31, 2021 and 2022 was less than 6%; therefore, no pension increase in respect of 2021 and 2022 will be provided to retirees.

The value of net assets available for benefits was:

	December 31, 2022	December 31, 2021
Fair value of net assets	$ 117,752,115	$ 136,606,244

5. Obligation for pension benefits (continued)

The economic assumptions used in determining the actuarial value of accrued benefits were changed for the extrapolation to December 31, 2022 and were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

	December 31, 2022	December 31, 2021
Rate of return on investments	5.00%	4.60%
Post-retirement pension increases	0.50%	0.50%
Rate of salary increase *	3.0% per year, plus merit, if applicable	3.0% per year, plus merit, if applicable

* Salaries are assumed to increase in accordance with general wage increases in Canada at the rate of 3.00% per year for all members. Salaries for academic plan members are assumed to increase by an additional merit and promotion component in accordance with the following table:

Age	Average Annual Increase Over Next 5 Years	Average Annual Increase to Age 65
40	2.3%	1.9%
45	2.1%	1.8%
50	1.9%	1.7%
55	1.7%	1.7%
60	1.6%	1.6%

(b) Defined contribution obligation

The obligation for pension benefits under the defined contribution segment will always be equal to the net assets in the members' account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

6. Funding policy

The University's regular contribution to the defined benefit segment is 9.0% of contributory earnings less an adjustment for the Canada Pension Plan. The University's contribution to the defined contribution segment is 6.2% of contributory earnings. The Plan defines maximum contributory earnings for both defined benefit and defined contribution members. For members receiving long-term disability benefits, the University pays the member's regular contributions as well as its own contributions. In addition, the University is responsible for any additional contributions required under the Pension Benefits Act of Manitoba.

7. Fair value disclosure

The Plan's investments have been categorized based upon a fair value hierarchy as described in Note 2(c). The following table presents the classification of the Plan's investments measured at fair value. There have been no transfers between levels during 2022 or 2021.

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Fixed income	$ -	$ 52,545,251	$ -	$ 52,545,251
Canadian equities	18,132,219	-	-	18,132,219
U.S. equities	23,505,554	-	-	23,505,554
International equities	9,902,722	-	-	9,902,722
Real estate	-	-	12,257,809	12,257,809
Short-term	-	245,783	-	245,783
Defined contribution	-	112,372,552	-	112,372,552
	$ 51,540,495	$ 165,163,586	$ 12,257,809	$ 228,961,890

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Fixed income	$ -	$ 43,422,324	$ -	$ 43,422,324
Canadian equities	25,440,403	-	-	25,440,403
U.S. equities	29,795,475	-	-	29,795,475
International equities	19,739,779	-	-	19,739,779
Real estate	-	-	13,335,230	13,335,230
Short-term	-	194,406	-	194,406
Defined contribution	-	122,214,517	-	122,214,517
	$ 74,975,657	$ 165,831,247	$ 13,335,230	$ 254,142,134

7. Fair value disclosure (continued)

The following table summarizes the changes in fair value of the Plan's real estate investments classified as Level 3:

	2022	2021
Balance as at January 1	$ 13,335,230	$ 11,878,112
Disposals	(2,100,000)	-
Realized gain	958,917	-
Change in unrealized gain	63,662	1,457,118
Balance as at December 31	$ 12,257,809	$ 13,335,230

8. Capital disclosures

The Plan’s objective in managing capital is to preserve the net assets available for pension benefits for its membership. The Board of Trustees is responsible for all aspects of the operation and administration of the Plan. Managing capital takes into account capital requirements provided in the terms of the respective components of the Plan and applicable legislation within the Manitoba Pension Benefits Act and the Income Tax Act.

The Plan’s capital is comprised of the net assets available for benefits. The Plan’s risks are defined in Note 4 as well as the Board of Trustees risk management strategies. A trust company holds the assets under a Trust Agreement and provides daily administration of the Plan. Professional investment managers administer the portfolio. In regards to the defined contribution component of the Plan, all members make their own investment decisions.

The Statement of Changes in Net Assets Available for Benefits sets out the net asset balances at the beginning and the end of the year.