

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Annual Report and Financial Statements

For the Year Ended December 31, 2019

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

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BOARD OF TRUSTEES

For the Association of Employees Supporting Education Services (AESES):

Barry Barske is a retired Support employee from the Department of Psychology

Lorne Hilton is the Labour Relations Officer for AESES and has extensive experience and training in both Pension and Benefits Administration

For the International Union of Operating Engineers (IUOE):

Trevor Yuriy is the Membership Services Representative for IUOE

For the University:

Michael Emslie is the Vice-President (Finance & Administration)

Colin Morrison is the General Counsel

Roberta Marsh is the Chief Human Resources Officer

For the University of Winnipeg Excluded Employees:

Mark Betcher is the University's Manager, Pay and Benefits

For the University of Winnipeg Faculty Association (UWFA & UWFA-Collegiate):

Andrew Bendor-Samuel is an instructor in the Math & Science Tutoring Centre

Murray Wiegand is a Professor in Biology

James Townsend is a Professor in Economics

For the University of Winnipeg Retirees Association (UWRA):

Ed Byard is a retired Biology Professor

Bill Evans is a retired Biology Professor

External Trustees:

Ray Erb is a retired Staff Representative and Pensions & Benefits Specialist from the Manitoba Government and General Employee's Union (MGEU) where he was employed for 35 years. For the last ten years he continues to serve as Vice Chair of the Civil Service Superannuation Board and Chair of the Manitoba Home Care Employees Defined Contribution Pension Plan.

Henry Hudek, MBA, CFA, is a retired Vice-President, Business Development with Cardinal Capital Investment where he worked directly with the Cardinal advisor network, supporting referring advisors and their clients within Manitoba and across Western Canada.

Ron Youngson is a retired Director of Group Retirement for Onyx Financial Group, responsible for all phases of new case establishment, including plan design, investment menu selection, member communication and education.

BOARD EXECUTIVE AND BOARD COMMITTEES

Board Executive:

- Henry Hudek (Chair)
- Colin Morrison (Vice-Chair)
- Mike Emslie (Treasurer)
- Mark Betcher (Secretary)

Defined Contribution Committee:

- Andrew Bendor-Samuel (Chair)
- Mark Betcher
- Roberta Marsh
- Ray Erb
- Ron Youngson
- Colin Morrison
- James Townsend
- Mike Emslie
- Lorraine Parrington

Operations Committee:

- Ed Byard (Chair)
- Henry Hudek
- James Townsend
- Mark Betcher
- Mike Emslie
- Ray Erb
- Roberta Marsh

Defined Benefit Committee:

- Mike Emslie (Chair)
- Barry Barske
- Lorne Hilton
- Andrew Bendor-Samuel
- Colin Morrison
- Ron Youngson
- Murray Wiegand
- Henry Hudek

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

This is my final report to Members of this Pension Plan and this report covers the year 2019. However, it would be completely naive to talk only about 2019 with no reference to the subsequent events of 2020. My previous report talked about 2018 being a negative year since its final quarter saw a precipitous decline in equity prices. The year 2019 saw a dramatic reversal of this and your DB Plan saw material gains in its returns and all your DC plan offerings also had solid positive returns, almost all over 10% and many over 20%. The conclusion of this for you should be “Do not fear being invested!” Your retirement is one of your most crucial goals in your life and, I’m sorry to say, comes a lot sooner than you can anticipate. You must make plans for it as early as you can. Any pension is unlikely to be enough, but an uninvested pension will likely be entirely inadequate if you have hopes for a quality retirement. You must save more than your pension – look to RRSPs and TFSAs – and you must ensure your pension is invested.

This Covid pandemic of 2020 will likely result in one of the most negative economic environments we will see in our lifetimes. I do not know how long GDP growth will be negative, or how fast growth will resume WHEN it does. But there is no “IF”, only WHEN. Growth will resume. History has shown this, and human nature affirms it. Like the 4th quarter of 2018 (and 2008, and 2000 and 1987 and the 1930s before that) your investments will recover and go on to new highs – if you let them. Market gyrations are terrifying, but normal and natural – even this one. Do not be sucked into the maelstrom of anxiety that the media promotes and our natural instincts magnify. Stay Calm and Carry On is not just a T-shirt slogan. As true as it was in the London Blitz, is as true as it is now.

The financial industry is a fee-seeking, profit oriented marketing machine and it is within its confines that you must proceed with your retirement investments. Your Board does its utmost to identify and eliminate inefficiencies and any malfeasance in your Plan, but it is up to you to take advantage of what is available and use it to your advantage. Invest as much as you can – and do not focus on bonds or cash unless you are within 10 years of taking income, and even then remember that your money needs to continue to grow in order to last another 40 or 50 years. Bonds are only for security of near-term income requirements. Equities – volatile as their markets are – are the only asset class that will provide the growth your pension investments need.

Your Board of Trustees is a group of intelligent people dedicated to providing you with the tools to realize the resources a happy retirement, I have been very proud to have worked with them over the past many years and wish them continued success in this task. On the DB Plan we have taken decisions that have mitigated the cost of the Plan for the University while ensuring that your benefits will be forthcoming as the Plan requires. On the DC side we have a line-up of offerings that give you choices, if you desire, but also defaults that should generally do well for you over time. In this regard, you are very fortunate relative to many others in our society. Please do not squander this good fortune due to fear or anxiety, or worse, apathy.

Henry Hudek (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 the committee responsible for Trustee education topics and events. The Operations Committee is responsible for ensuring that the services provided to the Pension Plan and its stakeholders are of a high quality and provided at reasonable cost thus the Committee reviews these services from time to time as needed. The Committee takes on, from time to time, projects to improve the governance of the Plan as needed, or as they present themselves

With respect to the annual audit process, the Committee reviewed the annual audit plan, met with the auditors to review the audit report, and recommended the report to the Board. The Committee also reviewed the budget for the administration of the Plan before recommending it for Board approval. The Committee regularly reviews the financial statements of the Pension Plan and monitors budgetary expenditures quarterly.

With respect to governance matters, the Committee is continuing in its efforts to be more transparent with our internal documentation. To that end, a project planned for 2020 is to improve the organization of current and archival materials--such as meeting minutes and supporting documentation---in the Civic Web document portal with a goal of having better organization of documents and access via Civic Web.

The Operations Committee also bears the responsibility for ensuring that our governance practices are regularly evaluated against industry best practice guidelines as outlined by the Canadian Association of Pension Supervisory Authorities (CAPSA). Further, the Plan actuary brings to the Operations Committee Pension plan amendments from time to time that need to be reviewed and recommended to the Board of Trustees for approval. With respect to the latter, the Plan Actuary, this past year, completed a comprehensive Pension Plan text consolidation that was approved by the Board of Trustees.

The Operations Committee seeks to make sure that Trustees are equipped to fulfil their role by organizing and promoting Trustee education. Since 2016, the Committee initiated the setting aside of a time at each Board meeting where members who had attended workshops and conferences make presentations on pertinent issues and developments in the Pension world, and this continued in 2019. The Committee also occasionally surveys Trustees to assist in addressing any gaps in knowledge as it relates to their role as a Trustee--- as I write this report, a new Trustee education survey is being prepared for circulation to Trustees.

Finally, on behalf of the members of the Operations Committee, I wish to thank Henry Hudek, outgoing Chair of the Board of Trustees after a long period of service to the Board--- Henry is one of the three External Trustee member of the Board, each an expert who volunteers their wisdom and guidance to the University community. Henry, enjoy your retirement, and thank you for your service.

Ed Byard (Chair)

DEFINED BENEFIT COMMITTEE REPORT

Equity markets finished 2019 on a high note, with the assets of the Defined Benefit (DB) component of the Plan posting an annual return of 11.75%. While this performance was strong on an absolute basis, the plan underperformed the benchmark return for the Plan of 15.25%. Part of this underperformance is attributable to the investment style of our managers, who focus on value as opposed to growth. Value managers have underperformed their peers who focus on growth investments in recent years. Our global equity manager performed well relative to their value peers, however our Canadian equity manager, Foyston Gordon Payne (FGP) performed poorly even when measured against other value managers. The DB Committee identified concerns about FGP's investment approach earlier in the year and initiated a manager search to replace them as the Plan's Canadian equity manager. The search was finalized in early January 2020 and the Canadian equity assets were transferred to Beutel Goodman in February 2020.

With the help of our investment consultant from AON Hewitt, the committee continues to monitor the performance of asset managers quarterly. Performance will vary from year-to-year based on market conditions. The Committee and its consultant focus on whether the managers manage consistently with their investment philosophy, which we believe, will add value over the long term. The Committee also spent time this year reviewing The Plan's compliance with CAPSA guidelines and overseeing the annual plan valuation performed by the Plan Actuary.

The Committee also reviewed the Statement of Investment Policy (SIP) in the year with the help of Willis Towers Watson, an investment-consulting firm. This review resulted in a proposal to better align the bond portfolio with the duration of the Plan's liabilities. This proposed change will become effective once approved by the Board of Trustees.

The positive return this year means there will be a cost of living increase of 0.89% for pensioners this year as the average returns over the past four years exceeded 6% by that amount. COLAs have been provided in six of the past seven years.

Mike Emslie
(Chair)

DEFINED CONTRIBUTION COMMITTEE REPORT

The Defined Contribution (DC) portion of the pension plan continues to grow, both in the number of members as well as the plan's assets. Growth is good for the plan as an increase in assets helps the Board of Trustees negotiate lower fees for plan members.

The markets made strong gains early in 2019. Most funds continued to post positive returns through to the end of the year. Returns on each individual fund available tend to vary based on the risk associated with each investment.

In 2018 the University of Winnipeg began work on adding a Tax Free Savings Account (TFSA) to the savings options available to university employees. Contributions to the TFSA started on February 5, 2019. While the TFSA and RRSP programs are neither the responsibility of the DC Committee nor the Board, contributions to both accounts have the same fund options and fee structure as a member's DC Plan. The TFSA and RRSP both contribute to an increase in assets.

Sun Life remains the Service Provider for the DC Plan, RRSP and TFSA. They provide quarterly reports on their Service Standards and Action Plans. While some issues arise, most are solved quickly. Sun Life continues to receive a passing grade.

Faculty and Staff at the UofW come from diverse financial backgrounds. Some have been contributing to their retirement savings since early on. Others have had to postpone contributions until later. Some members have modest plans for their retirement; others plan a life of globetrotting. The DC Committee sees a benefit in plan member education, and encourages members to inform themselves about their investments. While Sun Life has been contracted by the Board to provide investment services to DC Plan Members as well as those taking advantage of the RRSP and TFSA investment options, these services are not restricted to holding your funds. They include providing education and investment tools to help you plan for your retirement. Sun Life group education and 1-on-1 sessions are just some of the opportunities available. In 2019 those sessions were held in the beginning of April. The Sun Life website gets you access to your balances, annual and semi-annual statements for the last few years, and tools like an easy to use retirement planner. Members can register for free webinars through www.sunlife.ca/mymoney. If you're the type that likes to keep a regular eye on how your finances are doing, an app is also available.

In the fall of 2019 Sun Life rolled out a new "Retirement Income Roadmap" program for members at least 50 years old. This will be an on-going program available to members as they turn 50. Eligible members are contacted by a non-commissioned Sun Life Retirement Associate. Together, the member and the associate compile an overview of the member's current financial status and retirement goals. A few days later the member will receive a detailed evaluation of your current retirement projection based on the information provided. The contact with advisor is left open for further discussion later.

The DC Committee encourages members to try some of the tools available to see how your retirement savings align with your goals.

Andrew Bendor-Samuel (Chair)

REPORT OF THE TREASURER

Overview:

This report provides a summary of the financial performance of the University of Winnipeg Trusteed Pension Plan for the year ended December 31, 2019, including:

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

The Plan:

The University of Winnipeg Trusteed Pension 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, 2000, which all new employees join upon becoming eligible.

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:

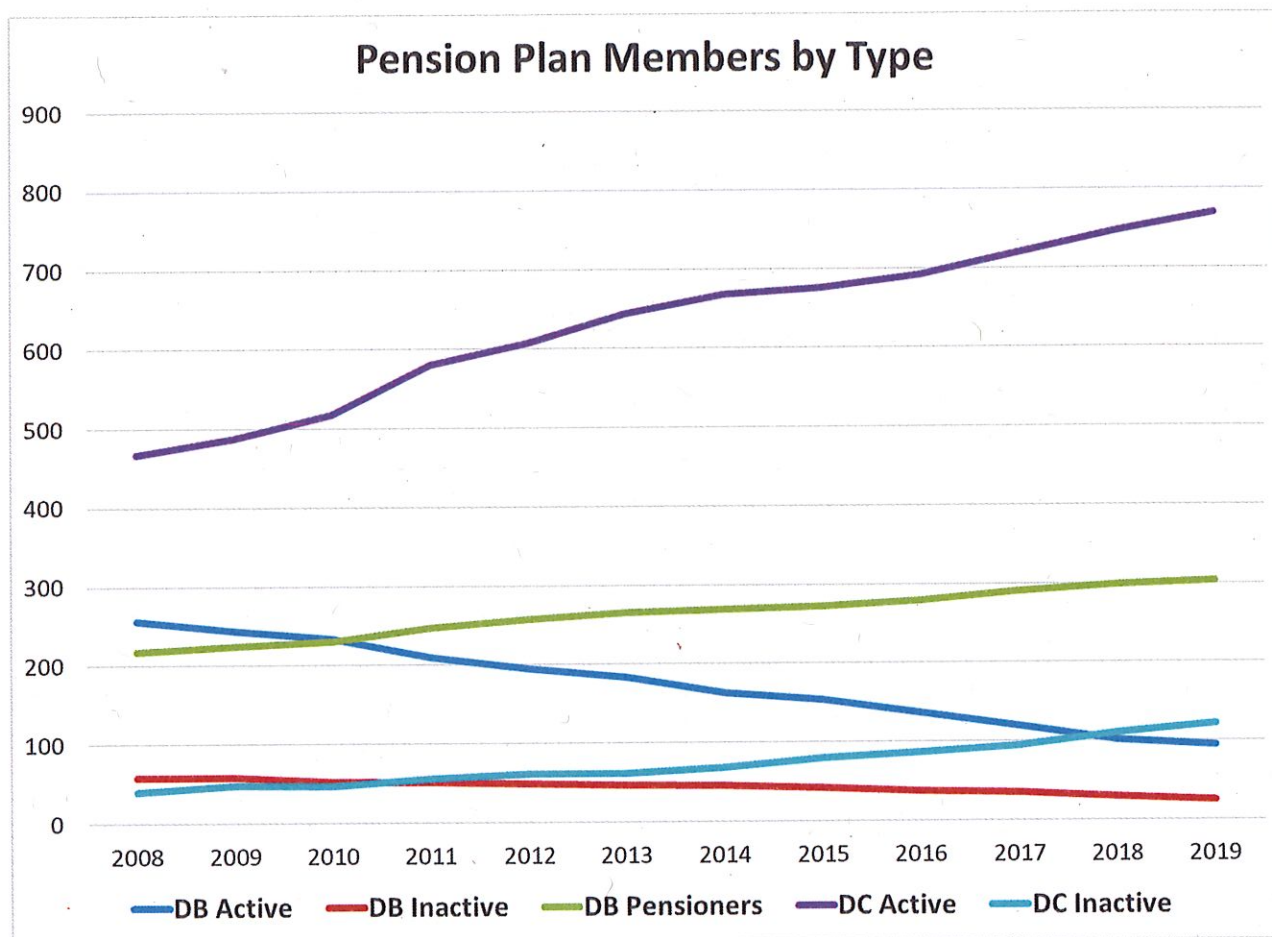
- Years of credited service
- Average pensionable salary (with a reduction for the Canada Pension Plan)

The formula pension is subject to a Plan benefit maximum of \$1,722.22 per year of pensionable service, according to the current Plan provisions. 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 Sun Life Financial. The combination of the contributions and investment earnings provide Plan members with a lump sum value that can be transferred into another registered retirement investment vehicle, or invested through Sun Life to provide a monthly pension benefit.

For additional information relating to the University of Winnipeg Trusteed Pension Plan please go to <http://www.uwinnipeg.ca/hr/benefits/pension.html>.

The following graph shows the number of members in each Plan category for the past six years. 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 2019 financial statements were prepared in accordance with Canadian accounting standards for Pension Plans. After falling in 2018, markets posted gains in 2019. The net assets of the plan at December 31, 2019 increased by \$21.6 million to \$228.2 million, down from \$206.6 million at December 31, 2018. The DB component of the plan continues to show a large deficiency as the actuarially calculated obligations for benefits exceed the assets available for benefits by \$17.6 million (\$25.4 million for 2018).

The net return for 2019 on the Defined Benefit component, based on market value and net of expenses, was 11.16% (as compared to -3.16% for 2018). According to the smoothing

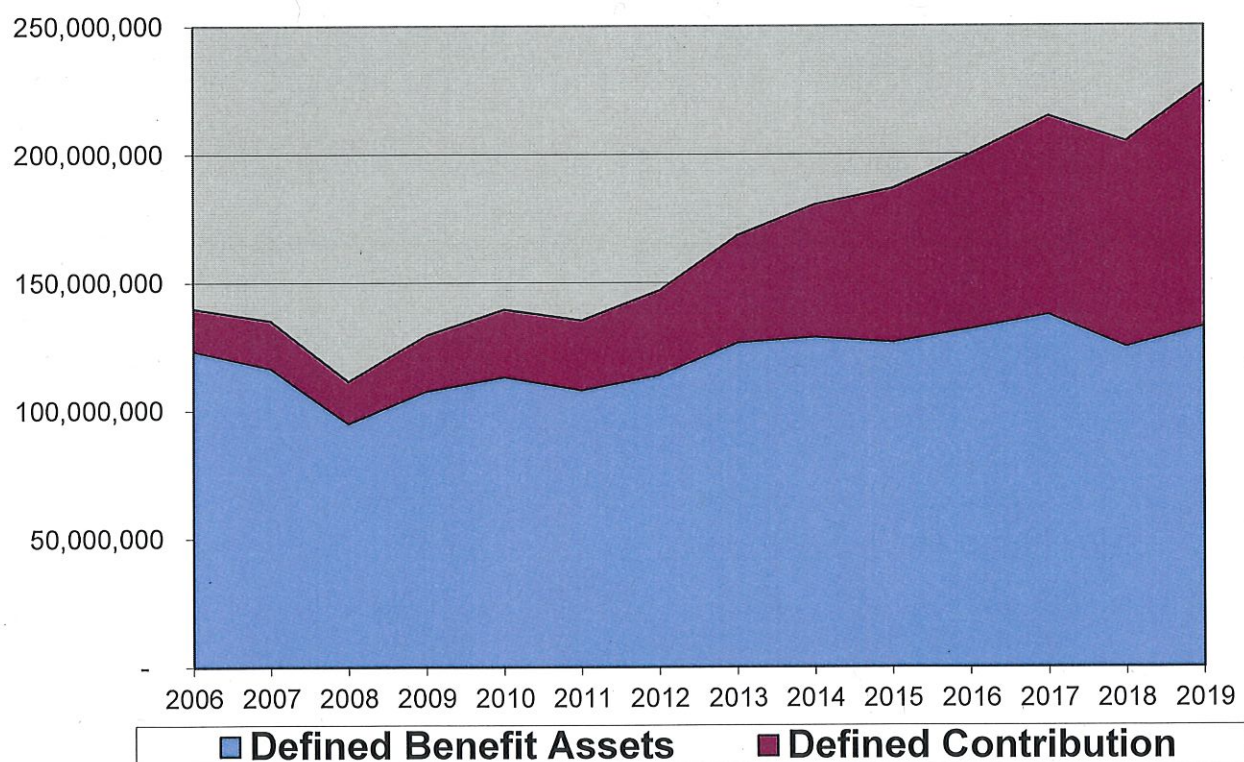
calculation, which is a geometric average of returns over a four year period ended December 31, 2019, the return on the fund was 6.89% (as compared to 4.95% for 2018).

This smoothing method of calculating the return on the 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 earned by the Fund must be greater than 6%. Since the smoothed rate for 2019 was higher than 6%, there will be a cost of living increase of 0.89% effective July 1, 2020. The plan has provided a cost of living increase in seven of the last eight years.

The net return on the Defined Contribution component varies by investment fund and by Plan member depending on individual fund selection.

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

Plan Assets 2006 - 2019



Valuation:

The DB component of the Pension Plan is required to undergo an actuarial valuation on a regular basis. The last full valuation was performed as of December 31, 2018.

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 increased at December 31, 2018 from December 31, 2017. As a result the University's special funding payments for the period starting January 1, 2019 were increased. The increase in the unfunded liability is primarily the result of returns in 2018 falling short of the assumptions built into the calculation of the liability. We anticipate contributions will decrease in 2020 as a result of returns in 2019 being higher than the assumptions used by the actuary.

The Statement of Investment Policy (SIP) for the DB component of the Plan calls for the Plan to reduce the risk in the investment portfolio as the Plan becomes better funded, and conversely, to increase risk if funding levels fall. The 2018 going concern ratio decreased but not enough to trigger an adjustment to the asset mix.

It is important to note that the unfunded actuarial liability in the Plan does not impact the benefits that the Defined Benefit 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 of the Pension Plan based on the contribution formulas set out in the Plan.

The University also made required additional contributions to the DB component in 2019 of \$3.4 million. This is made up of \$2.9 million to address the "going-concern" actuarial valuation deficiency for 2019, and \$0.4 million to fund a current service shortfall and Plan expenses (the cost of DB benefits earned by active DB members plus Plan expenses in 2019 were \$400,000 higher than the member and University's basic contributions for the year, that difference was made up by additional contributions from the University). These payments will continue to be required until the actuarial deficiency is eliminated.

The attached financial statements are prepared to assist Plan members and others in reviewing the activities of the Plan for the year. They do not report on the funding requirements of the Plan. This information is provided in the actuarial valuations.

The Plan's 2019 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

Contributions	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
DB Member	830,921	759,820	673,831	582,432	507,821
DB University	3,173,885	4,020,914	3,483,380	3,666,955	3,957,924
DC Member	3,003,486	3,083,115	3,237,264	3,418,409	3,534,966
DC University	3,019,152	3,091,693	3,250,241	3,461,019	3,604,358
	10,027,444	10,955,542	10,644,716	11,128,815	11,605,069
Distributions					
DB Pensioners	8,111,698	8,326,623	8,717,591	9,253,668	9,710,896
DB Refunds & Transfers	1,977,876	3,319,671	3,173,453	1,747,653	1,143,720
DC Refunds & Transfers	1,508,938	2,810,489	3,550,131	3,045,703	6,561,163
DB Investment Manager Fees	531,730	522,668	575,665	530,144	439,426
DB Actuarial Fees	40,116	47,469	62,496	62,214	73,548
DB Custodial Fees	47,187	39,842	31,211	32,178	31,835
DB/DC Administration Fees	23,982	32,144	26,119	33,110	28,645
DB/DC Other Expenses	53,541	83,536	85,875	63,288	160,870
	12,295,068	15,182,442	16,222,541	14,767,958	18,150,103

Benefit Payments:

Benefit payments to DB pensioners increased by \$457,228. DC refunds and transfers were \$3.5 million higher than last year. Investment management fees decreased as our largest manager offered a reduced fee for one year. Actuarial Fees and Other Expenses increased in the year as a result of consulting engagements to revise the Statement of Investment Policy and Procedures (SIPP), and a manager search for a Canadian Equity Manager.

DC Fund Asset Mix:

The Defined Contribution component of the Plan is a member directed investment plan administered through Sun Life Financial.

The following table summarizes the percentage of assets invested in each fund offered by the Plan as at December 31, 2019.

Fund Name	%	Fund Name	%
B.G. Balanced Fund	8.2%	MFS Lifeplan Retiree	0.5%
B.G. American Equity	2.8%	MFS Responsible Balanced	1.2%
B.G. Fundamental Cdn Equity	0.2%	MFS Responsible Cdn. Equity	1.3%
JF Canadian Equity Fund C	2.2%	MFS Responsible Global Research	0.8%
MFS Global Research A	3.2%	PH&N Fossil Fuel Free Global Equity	0.4%
MFS Global Equity Fund	1.6%	SLA Universe Bond Fund	3.1%
MFS Lifeplan 2020	4.7%	SLA 5Yr Guaranteed Fund	1.1%
MFS Lifeplan 2025	4.8%	SLF Money Market	2.5%
MFS Lifeplan 2030	5.8%	TDAM Balanced Index Fund	25.3%
MFS Lifeplan 2035	6.3%	TDAM Cdn Bond Index Fund	2.1%
MFS Lifeplan 2040	6.4%	TDAM Cdn Equity Index Fund	4.6%
MFS Lifeplan 2045	5.1%	TDAM Global Equity Index	0.7%
MFS Lifeplan 2050	2.6%	TDAM US Market Index Fund	2.3%
MFS Lifeplan 2055	0.3%		
MFS Lifeplan 2060	0.0%		

Michael D. Emslie, CPA, CA
Treasurer, University of Winnipeg Trusteed Pension Plan

June 8, 2020



THE UNIVERSITY OF WINNIPEG

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 Michael Emslie)

Michael Emslie, CPA, CA
Vice-President Finance & Administration

(Original signed by Julia Peemoeller)

Julia Peemoeller, CPA, CGA, MBA
Comptroller

June 8, 2020

Andrew Kulyk, FSA, FCIA

Actuary's Opinion

Eckler Ltd. had been retained by The Board of Trustees of the University of Winnipeg 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, 2018 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, 2019 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 15, 2020

Date

(Original signed by Andrew Kulyk)

Andrew Kulyk,
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
University of Winnipeg Trusteed Pension Plan

Opinion

We have audited the financial statements of University of Winnipeg Trusteed Pension Plan (the "Plan"), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 8, 2020

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Financial Position

December 31, 2019, with comparative figures for 2018

	2019	2018
Assets		
Cash	1,134,274	1,639,040
Contributions receivable:		
Members	36,793	41,183
University	319,428	280,627
Investments (schedule A)	<u>227,011,363</u>	<u>204,800,843</u>
	<u>228,501,858</u>	<u>206,761,693</u>
Liabilities		
Accounts payable and accrued liabilities	164,215	161,037
Due to University of Winnipeg	<u>166,726</u>	<u>27,064</u>
	<u>330,941</u>	<u>188,101</u>
Net Assets Available for Benefits		
Available for defined contribution obligations	94,419,800	80,184,700
Available for defined benefit obligations	<u>133,751,117</u>	<u>126,388,892</u>
	228,170,917	206,573,592
Obligations for Pension Benefits		
Defined contribution obligations	94,419,800	80,184,700
Actuarial present value of accrued pension benefits	<u>151,377,000</u>	<u>151,787,000</u>
Deficiency of Net Assets Available for Benefits over Obligations for Pension Benefits	<u>(17,625,883)</u>	<u>(25,398,108)</u>

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

On behalf of the Board of Trustees:

*(Original signed by Henry Hudek) Chair**(Original signed by Colin Morrison) Vice-Chair*

See accompanying notes to financial statements

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

December 31, 2019, with comparative figures for 2018
(see schedule C)

	2019	2018
Increase (decrease) in assets:		
Contributions (note 6):		
Members		
Required contributions	4,042,787	4,000,841
University		
Current service contributions	4,659,812	4,806,098
Special contributions	2,902,470	2,321,876
Transfers from other plans	92,780	16,577
Investment income	8,141,243	8,612,944
Current period change in fair value of investments	18,810,752	(14,447,513)
Net realized gain on sale of investments	1,097,584	1,348,293
	<u>39,747,428</u>	<u>6,659,116</u>
Decrease in assets:		
Benefits paid		
Retirement benefit payments	9,710,896	9,253,668
Termination benefit payments	7,704,883	4,793,356
Administrative expenses:		
Investment managers' fees	439,426	530,144
Actuarial fees	73,548	62,214
Administrator's fees	28,645	33,110
Custodial fees	31,835	32,178
Audit fees	19,145	18,080
Other expenses	141,725	45,208
	<u>734,324</u>	<u>720,934</u>
	<u>18,150,103</u>	<u>14,767,958</u>
Net increase (decrease) in assets available for benefits	21,597,325	(8,108,842)
Net assets available for benefits, beginning of year	<u>206,573,592</u>	<u>214,682,434</u>
Net assets available for benefits, end of year	<u>228,170,917</u>	<u>206,573,592</u>

See accompanying notes to financial statements

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Changes in Obligations for Pension Benefits

Year ended December 31, 2019, with comparative figures for 2018

	2019			2018		
	Defined Benefit Segment	Defined Contribution Segment	Total	Defined Benefit Segment	Defined Contribution Segment	Total
OBLIGATIONS FOR PENSION BENEFITS, BEGINNING OF YEAR	151,787,000	80,184,700	231,971,700	153,010,000	77,441,083	230,451,083
Interest accrued on benefits	7,501,000	-	7,501,000	7,564,000	-	7,564,000
Net investment return	-	13,564,000	13,564,000	-	(1,106,685)	(1,106,685)
Experience gains and losses	777,000	-	777,000	598,000	-	598,000
Contributions and transfers in	-	7,232,100	7,232,100	-	6,896,005	6,896,005
Benefits accrued	1,432,000	-	1,432,000	1,616,000	-	1,616,000
Benefits paid, refunds and transfers	(10,855,000)	(6,561,000)	(17,416,000)	(11,001,000)	(3,045,703)	(14,046,703)
Actuarial (gain) loss	735,000	-	735,000	-	-	-
OBLIGATIONS FOR PENSION BENEFITS, END OF YEAR	<u>151,377,000</u>	<u>94,419,800</u>	<u>245,796,800</u>	<u>151,787,000</u>	<u>80,184,700</u>	<u>231,971,700</u>

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Summary of Investments

December 31, 2019, with comparative figures for 2018

	2019			2018		
	Fair Value	Cost	% Fair Value	Fair Value	Cost	% Fair Value
Defined benefit:						
Fixed Income	45,882,141	44,099,711	34.60	44,564,257	44,987,045	35.76
Canadian Equities	20,026,193	19,394,268	15.10	19,339,720	19,387,860	15.52
U.S. Equities	17,948,355	30,427,987	13.54	12,941,243	24,488,997	10.39
International Equities	31,767,173	47,948,604	23.96	32,288,133	55,070,212	25.91
Real Estate	16,967,621	10,346,354	12.80	15,482,713	10,346,354	12.42
Short-term	80	77	-	77	77	-
	132,591,563	152,217,001	100.00	124,616,143	154,280,545	100.00
Defined contribution	94,419,800	86,270,980	100.00	80,184,700	80,807,670	100.00
Total investments	227,011,363	238,487,981	100.00	204,800,843	235,088,215	100.00

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Financial Position by Segment

December 31, 2019

	Defined Benefit Segment	Defined Contribution Segment	Total
Assets			
Cash	1,134,274	-	1,134,274
Contributions receivable:			
Members	36,793	-	36,793
University	319,428	-	319,428
Investments (schedule A)	132,591,563	94,419,800	227,011,363
	<u>134,082,058</u>	<u>94,419,800</u>	<u>228,501,858</u>
Liabilities			
Accounts payable and accrued liabilities	164,215	-	164,215
Due to University of Winnipeg	166,726	-	166,726
	<u>330,941</u>	<u>-</u>	<u>330,941</u>
Net Assets Available for Benefits	133,751,117	94,419,800	228,170,917
Obligations for Pension Benefits	<u>(151,377,000)</u>	<u>(94,419,800)</u>	<u>(245,796,800)</u>
Deficiency of Net Assets Available for Benefits over Obligations for Pension Benefits	<u>(17,625,883)</u>	<u>-</u>	<u>(17,625,883)</u>

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Changes in Net Assets Available for Benefits by Segment

Year ended December 31, 2019

	Defined Benefit Segment	Defined Contribution Segment	Total
Increase (decrease) in assets:			
Contributions			
Members			
Required contributions	507,821	3,534,966	4,042,787
University			
Current service contributions	1,055,454	3,604,358	4,659,812
Special contributions	2,902,470	-	2,902,470
Transfers from other plans	-	92,780	92,780
Investment income	3,794,248	4,346,995	8,141,243
Current period change in fair value of Investments	10,038,962	8,771,790	18,810,752
Net realized gain on sale of investments	652,210	445,374	1,097,584
	<u>18,951,165</u>	<u>20,796,263</u>	<u>39,747,428</u>
Decrease in assets:			
Benefits paid			
Retirement benefit payments	9,710,896	-	9,710,896
Termination benefit payments	1,143,720	6,561,163	7,704,883
Administrative expenses:			
Investment managers' fees	439,426	-	439,426
Actuarial fees	73,548	-	73,548
Administrator's fees	28,645	-	28,645
Custodial fees	31,835	-	31,835
Audit fees	19,145	-	19,145
Other expenses	141,725	-	141,725
	<u>734,324</u>	<u>-</u>	<u>734,324</u>
	<u>11,588,940</u>	<u>6,561,163</u>	<u>18,150,103</u>
Net increase (decrease) in assets available for benefits	7,362,225	14,235,100	21,597,325
Net assets available for benefits, beginning of year	<u>126,388,892</u>	<u>80,184,700</u>	<u>206,573,592</u>
Net assets available for benefits, end of year	<u>133,751,117</u>	<u>94,419,800</u>	<u>228,170,917</u>

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

1. Description of the trustee 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. Permanent academic employees join the Plan on their date of employment. Permanent non-academic employees may elect to join the Plan on their date of employment and must join by the first anniversary date of their employment. Under the Plan, contributions are made by plan members and by the University (note 6). As of January 1, 2017 all employees will join the Plan on date of employment.

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.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

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, 2018.

The actuarial valuation at December 31, 2018 reported that the defined benefit segment of the Plan had a solvency deficiency of \$35,906,000 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, 2018 was completed in 2019. This valuation established a going concern unfunded liability of \$23,024,000 with annual special payments of \$2,897,000 required to amortize the deficiency over 15 years starting January 1, 2019. 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, 2019 and will be completed during 2020.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

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 reflected in the statement of changes in net assets available for benefits as the current period change in fair value of 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 the market participants would use in pricing assets or liabilities.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

2. Significant accounting policies (continued):

(d) Net realized (loss) gain on sale of investments:

The net realized (loss) gain on sale of 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 income and dividends.

(f) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of financial position are translated into Canadian dollars at year end rates of exchange. Gains and losses arising from translations are included in the change in fair value of investments.

Foreign currency denominated transactions, as well as cost amounts included in schedule A to the financial statements 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 included in net realized gains or losses.

(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 at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and 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.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

3. Summary of investments:

The summary of investments (schedule A) 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:

Fair value of investments and therefore the Plan's net assets available for benefits are exposed to the following risks:

(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.

(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.

(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).

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

4. Risk management (continued):

(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.

(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.

Defined Benefit

(a) Market risk

(i) Interest rate risk

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, 2019, if the prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, net assets would be estimated to decrease or increase, respectively, by approximately \$4,254,881 (\$3,829,004 - 2018). The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

(ii) Foreign currency risk

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. The Plan is exposed to fluctuations in the U.S. dollar, Japanese yen and European currencies, notably the Euro and British pound sterling.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

4. Risk management (continued):

The Plan's exposure to foreign currencies to Canadian dollars is shown below:

As at December 31, 2019	Actual currency exposure	%
Canadian	82,875,953	62.5
US dollar	19,007,990	14.3
British pound sterling	6,213,204	4.7
Euro	5,951,342	4.5
Japanese yen	3,010,423	2.3
Hong Kong dollar	2,842,608	2.1
Swiss franc	2,756,037	2.1
Other currencies	9,934,006	7.5
	132,591,563	100.0

As at December 31, 2018	Actual currency exposure	%
Canadian	79,386,390	63.7
US dollar	13,051,509	10.5
British pound sterling	6,716,524	5.4
Euro	6,340,916	5.1
Japanese yen	3,965,474	3.2
Swiss franc	2,923,325	2.3
Hong Kong dollar	2,771,378	2.2
Other currencies	9,460,627	7.6
	124,616,143	100.0

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

4. Risk management (continued):

A 10 percent increase or decrease in exchange rates, with all other factors held constant would result in a change in unrealized gains (losses) of approximately \$4,972,000 (\$4,523,000 - 2018) as at December 31, 2019.

(iii) Other price 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, 2019, a decline of 10 percent in equity values, with all other variables held constant, would have impacted the Plan's equity investments by an approximate unrealized loss of \$6,974,000 (\$6,457,000 - 2018).

(b) Credit risk

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 market value) by credit ratings from various rating agencies is presented below:

	2019	2018
Credit Rating		
AAA	13,594,431	12,605,687
AA	5,811,697	5,568,897
A	16,966,174	16,895,543
B - BBB	9,509,839	9,494,130
	45,882,141	44,564,257

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

4. Risk management (continued):

(c) Liquidity risk

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 market value by the earliest contractual maturity of the Plan's fixed income investments:

	2019	2018
Less than one year	784,350	792,365
One to five years	7,889,823	7,114,897
After five years	37,207,968	36,656,995
Total fair value	45,882,141	44,564,257

Defined Contribution

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:

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

4. Risk management (continued):

Fund Name	Fair Value 2019	Fair Value 2018	Credit Risk	Currency Risk	Interest Rate Risk	Liquidity Risk	Other Price Risk
BG Balanced	7,556,424	7,872,593	X	X	X		X
BG American Equity	2,611,883	2,225,667		X			X
BG Fundamental Cdn Equity	204,667	166,223		X			X
JF Canadian Equity	2,042,366	1,863,293		X			X
MFS Global Research	2,973,352	2,551,018		X		X	X
MFS Global Equity	1,483,071	1,159,017		X		X	X
MFS Lifeplan 2020	4,303,774	3,886,817	X	X	X	X	X
MFS Lifeplan 2025	4,421,725	4,045,386	X	X	X	X	X
MFS Lifeplan 2030	5,332,995	3,813,893	X	X	X	X	X
MFS Lifeplan 2035	5,868,214	4,089,619	X	X	X	X	X
MFS Lifeplan 2040	5,938,303	4,299,139	X	X	X	X	X
MFS Lifeplan 2045	4,667,885	3,222,303	X	X	X	X	X
MFS Lifeplan 2050	2,390,016	1,614,183	X	X	X	X	X
MFS Lifeplan 2055	311,980	223,992	X	X	X	X	X
MFS Lifeplan 2060	21	-	X	X	X	X	X
MFS Lifeplan Retiree	451,543	1,772,858	X	X	X	X	X
MFS Responsible Balanced	1,137,215	836,163	X	X	X	X	X
MFS Responsible Cdn Equity	1,161,189	894,471		X		X	X
MFS Responsible Global Research	718,390	549,092		X		X	X
PH&N Fossil Fuel Free Global Equity	336,380	307,188		X		X	X
SL Multi-Strategy Bond	2,820,788	-	X	X	X	X	X
SLA 5Yr Guaranteed	1,007,165	407,291	X	X	X	X	X
SLF Money Market	2,282,906	1,985,118	X		X		
SLF Universe Bond	-	2,383,540	X	X	X	X	X
TDAM Balanced Index	25,359,684	22,108,422	X	X	X	X	X
TDAM Cdn Bond Index	1,935,073	1,842,537	X	X	X	X	X
TDAM Cdn Equity Index	4,273,240	3,661,032		X		X	X
TDAM Global Equity Index	682,277	593,523		X		X	X
TDAM US Mkt Index	2,147,274	1,810,322		X		X	X
	94,419,800	80,184,700					

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

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, 2018 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by them to December 31, 2019. The extrapolation of the actuarial present value of the pension benefits as at December 31, 2018 and the principal components of changes in actuarial present values during the year are provided in the financial statements (Statement III).

The actuarial gain in 2019 was measured as the impact of changes in membership, including the impact of salary changes, between the previous actuarial valuation as at December 31, 2017 and the actuarial valuation as at December 31, 2018.

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 CPI in that year. The four year geometric average rate of return for the period ending December 31, 2019 was greater than 6%, therefore, there will be a pension increase in respect of 2019 to be provided to retirees effective July 1, 2020. As the excess return for 2019 was less than the increase in CPI for that year, the pension increase effective July 1, 2020 of 0.89% has not been limited to the increase in CPI for 2019 of 2.25%.

The four year geometric average rate of return for the period ending December 31, 2018 was less than 6%, therefore, no pension increase was provided to pensioners effective July 1, 2019.

The value of net assets available for benefits at December 31, was:

	2019	2018
Market Value of net assets	133,751,000	126,389,000

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2019

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, 2019 and were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

	2019	2018
Rate of return on investments	5.05%	5.10%
Post-retirement pension increases	0.75%	0.75%
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 each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

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Year ended December 31, 2019

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 DB and DC members. For members receiving long-term disability benefits, the University pays the employee 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. See note 2(c) for a discussion of the Plan's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Plan's investments measured at fair value as at December 31, 2019. There have been no transfers between levels during 2019 or 2018.

Investments at Fair Value as at December 31, 2019				
	Level 1	Level 2	Level 3	Total
Fixed Income	-	45,882,141	-	45,882,141
Canadian Equities	20,026,193	-	-	20,026,193
U.S. Equities	17,948,355	-	-	17,948,355
International Equities	31,767,173	-	-	31,767,173
Real Estate	-	-	16,967,621	16,967,621
Short-Term	-	80	-	80
Defined Contribution	-	94,419,800	-	94,419,800
	69,741,721	140,302,021	16,967,621	227,011,363

Investments at Fair Value as at December 31, 2018				
	Level 1	Level 2	Level 3	Total
Fixed Income	-	44,564,257	-	44,564,257
Canadian Equities	19,339,720	-	-	19,339,720
U.S. Equities	12,941,243	-	-	12,941,243
International Equities	32,288,133	-	-	32,288,133
Real Estate	-	-	15,482,713	15,482,713
Short-Term	-	77	-	77
Defined Contribution	-	80,184,700	-	80,184,700
	64,569,096	124,749,034	15,482,713	204,800,843

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Year ended December 31, 2019

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 are 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 (Statement II) sets out the balances at the beginning and the end of the year.

In the year ended December 31, 2014 the Plan introduced two new asset classes into the Plan. These new asset classes, Real Estate and Emerging Market Equities, are also managed by professional third party investment managers. The Plan has complied with its externally imposed capital requirements.

9. Subsequent events:

Since December 31, 2019, and as of the date of this report, there has been a deterioration to global equity markets as well as declining bond yields in connection with COVID-19. The impact on the market value of assets, underlying assumptions and any other effects related to COVID-19 are not reflected in the valuation results and as such, the plan financial position shown in this report may be materially different if those factors were incorporated in our valuation. These effects will be revealed in future valuations.